

Texas Central's High Speed Rail: An idea or a reality?

BY ANNA DEMMLER



Marvalette Hunter



Drayton McLane Jr.

Texas Central Partners (Texas Central), a private company in Texas, hopes to start construction for a high-speed rail connecting Dallas to Houston in 2018, and hopes to have the rail running by 2023.

REDNews talked to **Drayton McLane Jr.**, a Houston business leader, and both an investor and Board Member for Texas Central.

"I feel this is a great project for the citizens of Texas to connect the two biggest cities," says McLane. "Houston has six million people and Dallas Fort

Worth has six million people and to have a rail connection, I think this could be some of the best economic development Texas has ever done. It will certainly help with the TxDOT, our transportation that builds our highways and bridges... because it will take people off the highways and using the high-speed rail."

Eminent Domain: Texas Central vs. Landowners?

If a legal entity operates a railroad (Transportation Code, Section 81.002), the entity will be considered a railroad company, and railroad companies may exercise the power of eminent domain (Transportation Code, Section 112.002). However, does Texas Central fit the bill?

Some might not think so.

Texas Central filed a lawsuit against Calvin House, a property owner living in northwestern Harris County, because House denied Texas Central permission to survey his land.

In December 2016, the judge involved in House's case, Harris County District Judge Joseph "Tad" Halbach, denied Texas Central's request for a summary judgment (or pre-trial decision). Halbach moved the case to trial starting July 3, 2017.

"The decision does not set any kind of precedent, and we will show in a full trial that state law, established for more than a century, clearly gives railroad companies the right to conduct land surveys without interference," a Texas Central representative said in a statement. "This is needed to determine the most advantageous high-speed train route. We will demonstrate that in the trial and look forward to our day in court, scheduled July 3."

House is represented by lawyers working with Texans Against High Speed Rail (TAHSR), an organization opposing Texas Central's rail project.

Desi Burns Porter of TAHSR says there have been 39 lawsuits filed by Texas Central against landowners with TAHSR so far.

However, in early February 2017 Texas Central announced they are dropping all lawsuits, stating "a favorable resolution" was made between Texas Central and landowners during conversations outside the court, and that Texas Central has acquired 30% of parcels possibly needed for the bullet train. Yet, the total number of lawsuits dropped, it should be noted, was 17, according to Texas Central.

Marvalette Hunter, member of Texas Central's Houston Leadership Team, says Texas Central has had "great success with land owners," as Texas Central continues to reach option agreements at or above market value.



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Hunter says as of the end of 2016, Texas Central has held 12 scoping meetings, two dozen open houses, and 300 speaking engagements to provide updates, answer questions and receive important feedback used to help design the project and inform the public. Texas Central plans on repeating these events in 2017.

Denise Miller, a property owner on the outskirts of Waller and member of TAHSR, says the rail is supposed to go through her kitchen. Miller says she is being offered “well over” her property’s value, but she and her husband “feel harassed” by Texas Central. Once their property was given an offer, Miller says Texas Central called her and her husband “two or three times a day” to see if they had reached a decision.

By signing a contract with Texas Central, Miller may keep the money offered with no strings attached, but signing the contract does not ensure Texas Central will buy her land, and Miller may not sell her property.

McLane notes “Any time there’s eminent domain, and this is a private, not a government agency, you have to work through those issues... even when Texas builds a new highway somewhere, they have those issues. That’s just normal, and you have to work through it.”

Competing with the World

McLane says he has seen high-speed rails around the world, and he stands behind the idea of bringing it to Texas.

“China has over 2,500 miles of high-speed rail. Japan has over 1,000 miles of high-speed rail. It’s throughout Europe and the UK, France, Germany to great extents, and they have mountains and other things. It’s worked so well all over the world, and it can work well here. It’s change,” says McLane.

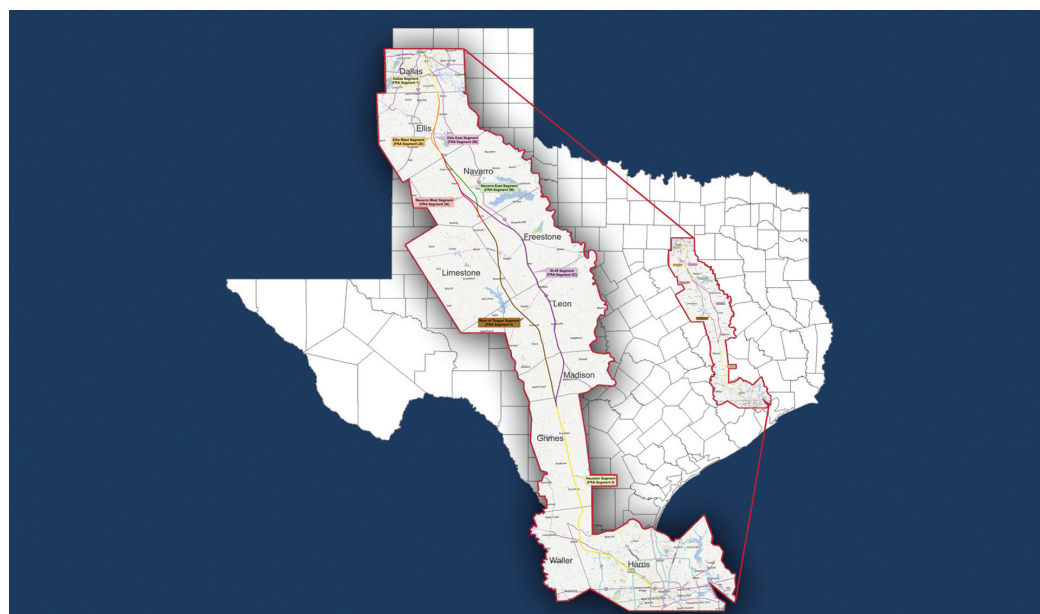
Central Japan Railway Company

“The Texas Bullet Train and all of its components will be purchased from Japan,” says Hunter. “The N700-I Bullet total system is the international version of the Tokaido Shinkansen total system currently in operation between Tokyo and Osaka, Japan. The international version will feature the core system – passenger train, overhead catenary, tracks, signaling – along with all of the corresponding maintenance and operations... There may be some minor assembly locally; however, the train set will for the most part, be pre-assembled and purchased as a whole.”

The rail vs. airlines

Texas Central has stressed the rail will not replace air lines, but will offer customers a choice.

“If you were in downtown Houston and you have to drive to Hobby Airport, that’s about an hour, and you must be there at least an hour before the flight, so that’s two hours... The [bullet train] is going to



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be from the heart of both Houston and Dallas. In no more than about 80 minutes, you can be on it,” says McLane.

“You can expect all the things you find at an airport at the rail,” says Hunter, including parking garages and rental-car stations.

Why is an exact route not final yet?

An Environmental Impact Statement will be issued later this year. It will be used to help set the final route of Texas Central’s high-speed rail and to determine when construction begins.

Once the Environmental Impact Statement is released, the public will have time to voice their concerns and opinions before it is finalized.



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Who’s funding the project?

“This is going to be privately financed,” says McLane. “This is not using taxpayer dollars as highways systems or airports are, so this would be very appropriate for the citizens of Texas.”

Texas Central, however, may choose to seek loans to businesses from federal government agencies, such as RRIF (Railroad Rehabilitation & Improvement Financing) and TIFIA (Transportation Infrastructure Finance & Innovation Act) – both part of the U.S.

Department of Transportation.

Texas Central online states, “These loans are like private financing because loans made by these programs have terms very similar to a loan from a private bank or other entity—the principal must be paid back with interest, and in fact will be available to fund other infrastructure projects in the future.”

The investors seem very confident this project will be successful. Reportedly, the original investors for the rail are still involved. “There’s a reason for that,” says Hunter.

STATIONS

There will be three stops: Houston, Dallas, and Brazos Valley (Grimes County).

- Dallas station (land allocated): south of downtown in the Cedars area, near the convention center
- Brazos Valley station (land under review): along the Grimes County rail line, reportedly 15 or 20 miles east of Texas A&M
- Houston station (land under review): northwest Houston by the 610 Loop, between 290 and I-10

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What are the big names in Texas Central's project?

- Carlos F. Aguilar (CEO), Tim Keith (President)
- Board Members and Special Advisors: Drayton McLane Jr., John Kleinheinz, Jack Matthews, Robert Eckels, Richard Lawless (Chairman), Ron Kirk
- Leadership Team members: Marvalette Hunter (Houston), Jeff Moseley (State Vice President), Michael Moore (Houston Vice President), Holly Reed (Managing Director, External Affairs), Doug Jones (Managing Director, Design Build Program), Lori Willox (CFO of Texas Central, CFO/Senior VP of Dallas at Balfour Beatty Infrastructure Inc.)

Idea or reality?

With a growing number of organizations and communities showing support for Texas Central and its high-speed train, the rail could very well become reality.

"I think this is positive, upbeat, and nowhere but Texas could this be done," says McLane. "[Texans] are forward-thinkers. They accept change, and they see there are newer and better ways to get things done, so I think this is extremely popular." ●

Excerpt from Part 11, Conclusion, "Texas High Speed Rail: Caution Ahead," February 2017, by Baruch Feigenbaum

Baruch Feigenbaum is employed by Reason Foundation, a non-profit think tank advancing free minds and free markets. He is involved with various transportation organizations including Transportation Research Board Bus Transit Systems and Intelligent Transportation Systems Committees, VP of Programming for the Transportation & Research Forum Washington Chapter, a reviewer for the Journal of the American Planning Association (JAPA) and a contributor to Planetizen.

"Based on our analysis, which is corroborated by TxDOT's, we believe Texas Central can expect to attract less than half of its projected ridership. Texas Central's unsupported \$10 to \$12 billion cost estimate is similarly unrealistic. We believe our cost estimate of \$17.8 billion is much more realistic."

"As it stands, Texas elected officials, lenders, investors, and taxpayers should demand full disclosure and pay close attention to the details because we do not believe that Texas Central can build the rail line without significant public subsidies." ●

Disclaimer: The opinions expressed in Reason Foundation's report are those of the author and do not reflect in any way those of REDNews. To view Mr. Feigenbaum's full 63-page report, visit: <https://onedrive.live.com/?authkey=%21AM8FLGwaix4kZY8&cid=0C3F4FBBD378E95F&id=C3F4FBBD378E95F%21108&parId=C3F4FBBD378E95F%21106&o=OneUp>



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THE NUMBERS ACCORDING TO TEXAS CENTRAL

- Project is expected to contribute \$2.5 billion in estimated tax payments within first 25 years
- Estimated \$320 million of the \$2.5 billion total tax revenue is expected to help the counties along the route
- The rail will create about 10,000 jobs for Texans every year for the four-year-construction period, making 40,000 jobs total, and approximately 1,000 permanent jobs
- The rail's speed will reach up to 205 m.p.h. over the 240-mile rail, making the trip less than 90 minutes. During peak hours, the rail will run every 30 minutes
- The rail will be elevated 25 feet in the air through viaducts or on elevated berms to ensure safety and convenience
- 83% of people surveyed in Texas Central's Ridership Study say they would ride the Bullet Train if it were available today
- Rail will potentially help 80,000 students in between College Station and Huntsville at Brazos Valley station
- Ticket prices will be flexible
BASED ON THE SCHEDULES