To: U. S. House – Subcommittee on Railroads, Pipelines and Hazardous Materials
The Honorable Jeff Denham, Chair

From: Al Smith, President and CEO
Greater Fresno Area Chamber of Commerce

Date: May 28, 2013

Subject Oversight of California High-Speed Rail

Thank you for the opportunity to share my thoughts regarding the high-speed rail project currently in place for the State of California.

As the President and the CEO of the Fresno Area Chamber of Commerce, I work closely with our region's businesses, and I have a unique understanding of the Central Valley's economy. In this role, I am tasked with promoting business and enhancing the economic and cultural well-being of Fresno County residents. That is why the Fresno Area Chamber of Commerce strongly supports the development of California's high-speed rail project.

I know that California's high-speed rail system will create thousands of jobs, both now and in the future. I also know that this modern transportation system will make doing business in the Valley more attractive and efficient. And, I know that California's geography and expected population growth make our state perfectly suited for this major infrastructure project.

Central California's dependence on one industry

Central California is considered the bread basket of the world. Its fertile soils generates a large variety of agricultural products the generate billions of dollars of economic stimulus and thousands of jobs. Fresno, Madera and Tulare Counties alone generate over 14 billion dollars of the 32 billion of agriculture income state-wide.

This area is almost totally dependent on this business segment. Unfortunately, this segment can also be negatively impacted with drought conditions and environmental challenges, as we are witnessing even as we speak. The guarantee of a sustainable output year in and year out is fragile.

As a result, there is an urgent need to diversify the economic base of this portion of California.

Higher unemployment

In the central valley, unemployment ranges in excess of the 15% range (some west side cities have unemployment in excess of 40%). This is six points higher than the 9% state-wide average (one of the highest in the nation) and twice as large as the 7.5% unemployment nationwide. Job creation is of paramount importance to the citizens of this area.

This is why high speed rail is a welcome opportunity to positively impact all of these factors.

Employment that diversifies our economy

The development of high speed rail has the opportunity to create 20,000 jobs for every billion of dollars invested.

The High Speed Rail Authority is estimating 135,000 construction jobs in the Central Valley - 8,000 in Fresno County alone over the approximate 8 years of development. Statewide the estimate is 600,000 construction related jobs – a major contribution to reducing our statewide unemployment.

Should the maintenance facility be located in Fresno, it could create 1,500 high-paying permanent jobs in the Central Valley, thus helping to diversify with good paying, higher skilled jobs.

Additionally, the effort could bring along ancillary businesses and industry in support services. In fact, it is possible that this part of California could become the center-point of future high-speed rail projects as it expands nationwide.

Such diversification improves the stability of an economy that is currently based on the fickleness of rainfall and environmental challenges.

The other economic impact is the boost to small business with 25% of the funds targeted at small businesses and disabled veterans.

Support from Valley businesses

Businesses large and small in the San Joaquin Valley support the California high-speed rail project because they know this modern transportation system will create jobs in the Valley and across the state now and in the future.

Jack Emerian is a lifelong resident of Fresno and a business owner since 1967. He is the Chief Executive Officer at Val Print, a marketing and design company based in Fresno.

Three of the company's properties will be affected by the rail alignment, and throughout this process, he has found in the High-Speed Rail Authority a willing and supportive partner.

Despite the need to relocate some of his business, he is a passionate supporter of the project because he knows that his short-term sacrifice will serve the greater good and ensure a brighter future for the private sector in the Valley.

A high-speed rail system that connects the Valley to the rest of the state will alleviate congestion on Highway 99, reinvigorate the regional economy, and make doing business in the Valley more efficient and attractive for companies like Val Print.

California has a unique geography

This state runs north and south, not so much east and west. From the southern border to its northern counterpart lies 770 miles. That's approximately the equivalent of the miles between Chicago, Illinois to Jackson, Mississippi.

From California's major population and economic centers, the distance from Los Angeles to San Francisco is over 380 miles. The distance from San Diego to Sacramento is 504 miles.

A large population

We have the largest population of any state in the nation – in excess of 37 million inhabitants. That population is split with 60 % (22 million) living in southern California and 40% (15 million) living in the northern portion.

The large population and business aspects of southern California (Los Angeles, San Diego, etc.) has the necessity to interface regularly with its northern counterpart, primarily San Francisco (a financial center and a top tourist destination; Sacramento – the government Capital of the state and also three of the nations more frequented national parks, Yosemite, Kings Canyon and Sequoia.

Our transportation choices today consist of automotive, air or Amtrak bus and rail.

But the need exists that 37 million Californians require reasonable options for moving around this state for leisure, business and governmental purposes.

Moving a large population in California's unique geography

California has three of the top five most congested urban areas in the United States. Right now, congestion costs approximately $20 billion per year in wasted fuel and lost time

As an alternative to automotive travel, HSR has the ability to speed transportation time; put less stress on passengers; reduced fuel costs; less wear and tear on highways thus reducing the cost of highway maintenance, and resulting in less accidents and deaths

Additionally, with air-service out of Fresno and high ticket costs, HSR to SFO Airport would take 1 hour nine minutes versus three hours by automobile, thus making air travel to other parts of the country less costly and more convenient. And an added bonus – no need to park a car.

Adding to all of these is the reduction in CO2 estimates of 130 to 190 pounds per trip, thus improving air quality in an area with air challenges.

As an alternative to intrastate air travel, HSR diminishes the need for new airports and new runway construction. We cannot pour enough concrete to stay ahead of the demand.

Conclusion

As someone who has spent my life in the private sector, I can tell you that high-speed rail will be an economic game-changer for the Valley. Our businesses need increased demand and improved travel options in order to succeed, and that's exactly what California's high-speed rail system will bring to the Valley.

Federal assistance in transportation will be needed whether it is highway construction; airport and/or runways expansion or high speed rail. Having this option for the enormous growth projected for California is not only convenient but a wise investment.

With 37 million Californians needing to move throughout the state based on the listed examples, one must believe high speed rail would be an attractive and successful option.

Respectfully submitted:

Al Smith
President and CEO