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The California High-Speed Rail Authority replaced an engineer with a political operative to lead the nation's biggest public works project. Jeff Morales instantly charmed his opponents but made technical decisions that placed high-speed rail at the mercy of the courts. Can Morales save his runaway train?

In a dusty corner of the Chowchilla fairgrounds, a small circle of men laugh together in a parking lot. The topic is college baseball. Two of the men wear suits and ties, the others, t-shirts and jeans. After a few minutes, the suits excuse themselves. One is Jeff Morales, the CEO of the California High-Speed Rail Authority. A remaining man is asked how he knows Mr. Morales. He smiles.

"I'm suing him."

He walks off without offering his name.

It isn't time yet to write the obituary of California high-speed rail, but a vulturous swarm of pundits, lawyers and politicians are circling the train, waiting to swoop and declare the project a stillborn.

The rail authority won't be shut down by a single lawsuit, but the rulings cause delays and leach funding. The hope (or fear, depending on which side you're on) is that at some point there will be enough political will to get the rail plan back on the state ballot, where voters will abort it.

If anyone can save California's high-speed rail, it would appear to be Morales, an industry expert who can

charm his opposition so quickly it seems as if he was manufactured by rail engineers themselves.

That said, technical decisions made on Morales' watch have created challenges that may prove insurmountable. He is regarded by some as the leader of a doomed organization.

But if you ask the farmers, the problems began with Roelof van Ark, the authority's former CEO. Van Ark is a South African engineer who spent a lifetime constructing advanced rail networks, including the Bangkok Skytrain system and subways in Shanghai. Before leading California's high-speed rail project, he presided over Alstom Transportation, the French rail-manufacturing giant. But something about van Ark's attitude provoked California's ranchers.

"Roelof did not work well with people," recalls Kole Upton, a Chowchilla-area farmer. "We didn't get a good feeling from him at all, that we were being listened to or that we were going to be treated fairly. I got the feeling he thought me and others were a nuisance to be taken care of so he could build his railroad."

In early 2012, the Brown administration knew high-speed rail was in trouble. The growing uproar in the state's agrarian southeast was just one element. Lawmakers in Sacramento were wading through negative financial studies from some of California's top policy experts. Congress had eliminated future funding for the project, and Republicans vowed to stop it. Polls showed that public favor was shifting. To save the project, the administration began swapping out members of its executive team — at the helm they placed Jeff Morales, a remarkable choice for a leader given that he came from the world of politics, not engineering.

But since then, the opposition has gained momentum. Just five years ago, 52 percent of voters bought into high-speed rail. Today, 52 percent want it halted. Month after month, construction is postponed for various reasons. Morales defends the program by reminding the public, his staff and perhaps even himself that the growing menace must be placed in historical context.

"The Golden Gate Bridge had over 2,000 lawsuits filed against it. The votes in the Legislature to implement the state water program and the University of California system both passed by one vote," he says. "I really think people will look back in 50 years the same way about high-speed rail."

The man is passionate, no doubt. And not just about building massive infrastructure, but about getting people out of their cars. In a career spanning three decades, he has worked in the White House, managed the nation's second largest transportation system in Chicago, and directed Caltrans — all the while living the example he wants Americans to follow — riding bikes and buses, using trains, driving a hybrid.

When he arrived in Illinois to run the Chicago Transit Authority, one of his first actions was to order the entire management to turn in their company cars and ride their own system to work each morning. When Morales came to California to lead Caltrans, he had his management team bicycle from Sacramento to Stockton as a team building exercise and so they would understand the quality of that stretch of roadway.

Today, selling the citizenry on the nation's largest public works project is arguably the biggest challenge of his career. And to Morales, it's blatant that high-speed rail is the liberator from the daily toil of smog, potholes and traffic. But he exerts care not to let his persuasions turn aggressive.

"It's really important that you not let your passion overtake the need to deal with people's questions on a substantive basis," he says. "I think sometimes there can be a tendency with things to say, 'We're so right in what we're doing that we're just going to do it. We don't need to answer your questions. But you can't go from here to here in one step. You have to take a lot of steps to get to where you want to get to, and target the passion in ways that produce outcomes.'"

To understand why it's nearly impossible for California to build massive public infrastructure in the 21st century, look at the past feats and follies of high-speed rail. And to understand high-speed rail, look at the life of Jeff Morales. The two have been intertwined for nearly three decades.

As an adolescent, Jeffrey Paul Morales was never a show off or class clown; he was handsome, athletic and popular. He played basketball at Winston Churchill High in Potomac, Md., but his sophomore year he was sidelined by injuries. So he spent a few years as a spectator and took up competitive crew once he got to George Washington University. He grew curious about the life under the rowing boats and majored in biology, planning to one day become a marine biologist.

But right after graduation in 1983, a friend helped Morales secure an internship doing environmental policy for U.S. Senator Frank Lautenberg, a rookie democrat from New Jersey. Lautenberg was the tough-talking son of Russian and Polish immigrants and took a strong liking to Morales, the quiet, confident son of a Mexican immigrant. The two agreed on many things, and eventually Lautenberg would champion a little known Swedish train that could hit speeds of 150 miles an hour: a system known as high-speed rail.

The concept of high-speed rail has never been a natural fit for this country. In the 1950s, European and Asian countries focused on replacing rail systems destroyed in WWII. But the U.S. had already transformed into a sprawling nation of cities. President Eisenhower signed the Federal Highway Act of 1956, leading to an interstate network that now stretches over 47,000 miles. The system cut intercity travel times in half, but it also paved the way for rapid suburbanization.

From their inception, cars were an American symbol of freedom, so it was a bit ironic when motorists began spending hours trapped in traffic. The public responded with pleas for new roads and parking lots, and for decades, the politicians complied, only to watch their newly paved asphalt clog up with cars. In some denser regions, the congestion grew so bad that civic leaders couldn't help but push for alternatives like bus and rail. One of these areas was New Jersey. In early 1987, it seemed a natural fit for Frank Lautenberg to become chair of the Senate Transportation Appropriation Subcommittee. His aide, Morales, became a transportation guy.

The game was logistics: shutting down opponents, watching the budget and getting answers for the boss.

Morales would come to work after rowing each morning and sift through funding requests for transportation projects across the states and decide which ones aligned to Lautenberg's priorities. Conversing each day with celebrity politicians, industry lobbyists and chief executives, he grew up quickly.

"I probably went from a stage of not being smart enough to realize that I should be intimidated, to then quickly feeling like I didn't need to be," says Morales.

One of the wonderful aspects of the job was that Capitol aides had free access to a world-class education in their assigned policy area. The elected representatives had to stay informed on every issue so they didn't sound ignorant while sitting on the dais, and staffers were paid extensions of their brains. Therefore, staff received constant briefing from industry experts. "If you don't know how a jet engine works, the guys from GE will explain it. A couple hundred of those meetings and you know a whole lot more than you think," says Sam Whitehorn, a friend and former colleague of Morales.

Morales met Denver's first Hispanic mayor, Frederico Pena, when Pena lobbied for funding the massive Denver International Airport. When Bill Clinton became president in 1992, he delivered on a promise to assemble a Cabinet that "looks like America," and appointed Pena as U.S. Transportation Secretary. Pena hired another Hispanic, Jeff Morales, as a policy advisor. Morales was only 32, but Pena didn't mind his age because, unlike other young staffers, Morales never showed off his intellect.

"He could sit in a room for several minutes and you might not even know he was there until you asked his opinion," recalls Pena, who now works at a private equity firm in Denver. "You always were impressed with what he had to say."

In 1995, Morales joined Vice President Al Gore's task force to streamline government. He led a team that attempted to cut costs from air traffic control systems by moving them under a more privatized structure. Gore liked the idea, as did Clinton, but the plan came at a time when air travel was increasing and budgets were shrinking. The proposal failed in Congress.

Nevertheless, the projects' director, Bob Stone, says Morales was adept at advancing a controversial policy. Stone thinks if anyone could sell California on high-speed rail, it would be Morales. That's not to say the project is destined for success.

"Things that are planned to take 30 years tend not to get done," says Stone, who works as a business professor at the University of Redlands. "You can't move difficult people and difficult things without a sense of urgency. The high-speed rail project does not come with a sense of urgency."

Indeed, plans for high-speed rail have slogged through the Golden State. The idea was conceived in the early 1980s, when a private company proposed a bullet train linking Los Angeles and San Diego. The plan collapsed after the company, American High Speed Rail Corp., failed to raise private capital. Another attempt by Bechtel Corp. to zip passengers from Anaheim to Las Vegas hit a similar financing wall.

These failures led some experts to believe that ultrafast rail systems would never be built in California without public financing. The California High Speed Rail Authority was born in the fall of 1996 when Gov. Pete Wilson and the Legislature created the 9-member board to study rail routes and organize a ballot measure to fund the train by the end of 2000.

During that time, Morales worked alongside two behind-the-scenes players at the U.S. Department of Transportation who would eventually help him secure his current job. The first was Nancy McFadden, a Washington lawyer who became an executive aide to Gov. Jerry Brown. The second was Frank Kruesi.

Frank Kruesi was a creature of the Illinois' political hustle. He was Chicago Mayor Richard Daley's longtime advisor, once named Daley's Machiavelli by the Chicago Tribune and his Rasputin by the Chicago Sun-Times. After a fallout with the mayor, Kruesi went to work in D.C. When Daley called him back in the fall of 1997 to run the Chicago Transit Authority, Kruesi asked Morales to move his family to the Windy City and take second in command at the CTA. He agreed, excited to apply policies he had worked on for over a decade.

"When I worked on Capitol Hill and was involved in helping write laws and things, I thought I was smart," says Morales. "I thought I understood how things worked and was empathetic and understanding. Well, when you get on the other side of it, and you are now living with something you wrote, you go, 'I didn't know that. That's how it really works.'"

Morales' foremost asset was that he was still a Washington player. He carried a mental map of the federal government's labyrinthine transportation funding system, and spent lots of time on the Hill. Frank Kruesi made headlines as the political face of the CTA; Morales mostly remained their man on the inside.

"There's a tendency for civil engineer types to be running transportation agencies. They may be fine civil engineers, but they are very often tone deaf to Washington and opportunities there," explains Kruesi, who now raises goats with his wife in North Carolina.

"(Jeff) understands technical issues," he adds. "But more fundamentally, he understands where opportunities are: legislatively, administratively, in the community, in the business community. He connects pieces together in ways that are extremely rare."

Kruesi raises a point here that was brought up by several people interviewed for this article: Civil engineers can look at patterns of numbers and see mathematical rhythms that align in a poetic harmony. But as a general class of people, they aren't the greatest communicators. Morales rose to power in part because he understood the power of his own gentle charm and saw how public transportation agencies limited themselves by electing engineers to positions that demand delicate and precise messaging.

At no time was this more apparent than when Morales took his next job, as director of the California Department of Transportation. Gov. Gray Davis lured Morales to the Golden State in the spring of 2000 with a mandate to change the culture of Caltrans. Stop building, said the governor, and maintain

California's 15,000 miles of roads and bridges. Davis also allocated more dollars toward bus and rail lines. Morales rounded up his executive team.

"How many of you are engineers?" he asked them.

Hands shot up throughout the room.

"No," Morales said. "You are managers first. I have 10,000 people whose job it is to be an engineer. I need you to be managers."

The director was emphatic. Caltrans' success would no longer be measured in cubic yards of concrete. "We are evolving from being a builder of infrastructure to being an operator of a transportation system," Morales told the San Francisco Chronicle in early 2001.

The energy didn't last. Voters recalled Davis in October 2003. Morales thought it comical that Arnold Schwarzenegger would be his next boss. He resigned before the incoming governor could fire him or reconfigure the position, and he instead took a job with Parsons Brinckerhoff, an international consulting and engineering firm and a longtime project manager for California high-speed rail.

The rail authority, at that time, released a report predicting the state would need to spend \$82 billion on highways and airports to keep up with population growth. The price tag for the rail project shot to \$37 billion. Following heavy lobbying from local public officials and other interest groups, the board approved a controversial Southern California route through the Antelope Valley instead of along Interstate 5 through the Grapevine. Further conversations with Central Valley government and business representatives would lead to stations planned in Bakersfield, Fresno and Merced.

According to the rail's detractors, the state government planted seeds of failure before Californians even approved the rail's financing plan in 2008. In order to win support in the Legislature to get the train on the ballot, the rail line was politically gerrymandered to make stops along several Central Valley cities, they contend.

"People in Fresno really wanted the railway to come there. So did people in Hanford, Merced and Bakersfield," says former state Sen. Jim Mills, who previously served on the rail authority's board. "They were the chambers of commerce and the cities, everybody making a big push, and there was nobody really pushing to build the most efficient railway. That was not high on anybody's agenda."

Mills resigned from the authority in the early 2000s after becoming fed up with what he perceived to be inflated ridership predictions and other political deceptions by rail supporters. He now belongs to the California Rail Foundation, an advocacy group supporting lawsuits against the authority.

The new route created two dire problems, say critics: It led to the creation of a business plan that couldn't possibly transport riders from San Francisco to Los Angeles in two and a half hours as promised; and it spiked the cost of the project and hurt the authority's chances of partnering with a reputable European or

Asian train manufacturer.

But when high-speed rail entered the public dialogue, these issues were not yet in focus. The media reported on a study forecasting 48,000 new jobs in the Bay Area. Another study predicted a \$3 billion boost to the Central Valley economy. To think, the promise of jobs and prosperity from a sleek, bullet-nosed-train bolting passengers across the Golden State — high-speed rail captures the imagination, if you let it.

In the summer of 2008, a couple months before the rail financing measure made the ballot, the price of gasoline hit historic highs, airline fares were also soaring, as were fears of Middle Eastern oil dependence and global warming. The following November, 52 percent of California voters agreed to take out \$9 billion in bonds to support the project, which at that point had increased to \$45 billion. That same election ushered in a new president who called high-speed rail “the infrastructure of our future.” President Obama’s stimulus gave California \$3.2 billion for its project.

After the project was approved, rail planners realized they would have to build elevated tracks or tunnels to bypass businesses and housing that had emerged in the Antelope Valley and Silicon Valley. As a result of these modifications, the price tag surged.

On Halloween, 2011, several California newspapers ran with a revised cost estimate obtained through a leaked business plan. The cost of the train: \$98.5 billion, nearly triple what voters were told when they approved the project.

The announcement riled the opposition like a bucket of blood poured over shark-infested waters. Critical financial studies began appearing from some of California’s most trusted number-crunchers: the state auditor, the legislative analyst and a panel of experts formed by the Legislature to study the rail plan. The reports suggested the authority’s expectation of federal funding was overblown. And without adequate public funding, the expert panel predicted, the project would lose credibility with private investors.

It also risked losing credibility with private train manufacturers. In 2010, a prominent, French, high-speed rail operator approached the authority with a suggestion: Rather than relying on hired construction engineers, hold a competitive bid and partner with a foreign company with a strong track record for designing and operating bullet trains. The French firm, SNCF, also suggested developing a more direct railroad alignment along Interstate 5. The authority declined the offer, calling it a bad deal for taxpayers, and opted to stick with its route and top contractor, Parsons Brinckerhoff. This decision has come under condemnation by some within the state’s rail community.

“The state needs to go out for bid and partner with one of these high-speed rail companies, and they will not do that. Therefore, this authority should literally be going out of business. And I think if it went out of business, it would advance high-speed rail in California,” says a civil engineer who has worked on high-speed rail in California and only agreed to speak without attribution.

To the south, a series of actions began shaping the authority’s other demon child. In 2009, letters began

arriving in rancher's mailboxes informing them that their land was in the pathway of a possible train route. In the beginning, the residents complained they couldn't get basic questions answered: Why are you building across my land? Who approved this? What are my options?

Then engineers and environmental scientists began showing up. Kole Upton's neighbor complained to him about strangers taking pictures of his property. When his brother heard the story, he couldn't believe it. The same thing had happened to him! When someone arrived at Upton's property, his son, Kole Jr., chased the man 18 miles with his car.

Calling the bullet train "the fight of our lives," Upton started a group called Preserve Our Heritage. It's one of several grassroots watchdog groups that surfaced in the five years since the approval of Proposition 1A. They swap information about the authority over the Internet and, in some cases, plot litigation.

When Dan Richard, chairman of the high-speed rail authority, met Upton, he asked the farmer his plan.

"I'm going to sue your ass," said Upton.

"You just met me," replied Richard.

"It's not you personally. It's what you represent."

"Well I'm going to change the atmosphere," said the chairman.

Under pressure from the Brown administration, Roelof van Ark resigned in early 2012. That May, the authority board hired Jeff Morales. His directive, in the words of Richard, was to "forge and maintain and nourish" external relationships. Translation: Cool the angry farmers.

In this role, Morales has excelled superbly. He immediately reached out to Kole Upton, and they shared lunch.

"He was asking about me being in the Air Force and how I grew up, and I was asking him about his personal history," says Upton. As a person, I like the guy. I just hope it produces something."

In late November 2013, a Sacramento judge ordered the authority to go back to the drawing board with its business plan — a plan that was authored in part by Jeff Morales during his time at Parsons Brinckerhoff and as the authority's CEO.

The judge ordered the state to write a new plan before accessing voter-approved bond money. It must identify how the state will pay for the initial operating segment of train tracks, from Merced to the San Fernando Valley. This 300-mile stretch is expected to cost \$31 billion.

A strong public investment would help the authority collect private funds, but there's a twist that makes it difficult. The authority has about \$6 billion authorized by state and federal government, but in order to

spend this money, they must prove they can cover the entire cost of their first operational segment.

Adding complication, the federal funds must be spent by 2017, and congressional Republicans have vowed to deny the project additional funding. It isn't clear how the authority will pay for the first leg of high-speed rail. Morales has told the media that a new funding plan will be ready this year.

Something else is expected in 2014: part two of the lawsuit, which challenges the authority's plan to share Caltrain tracks from San Jose to San Francisco. This effort, led by Morales, helped drop the overall price tag by about a third. But if the authority shares tracks with Caltrain, say the plaintiffs, the trains won't transport riders from San Francisco to Los Angeles at the speed required by law. If forced to redo this plan, the authority could either have to build across the affluent homes and businesses of Silicon Valley or choose another path. This could raise the price again, inciting new political backlash.

It's unknown how much Morales drove the decisions that have come under such intense scrutiny. Major decision-making is controlled by the authority's 9-member board. But as a consultant with Parsons Brinckerhoff, and after that, as authority CEO, he had a primary hand in writing the authority's business plan.

"The whole project is Parson's creation. It became their monster," says Stuart Flashman, an Oakland attorney representing the opposition. "Parsons is Dr. Frankenstein, and now the monster is sitting on the operating table and dying."

Interestingly, Flashman says he would like to see high-speed rail flourish in California — after the state partners with a foreign high-speed train builder who could actually get the job done. Alternately, Morales is undeterred that any of the recent delays will fundamentally change the authority's plan.

"Anyone that would tell you they haven't made mistakes is kidding themselves," says Morales. "I think anything that I've done, that we've done as an organization, we'll look to see if we can improve on it or change it to make things better. I don't look back on anything as a mistake, per se. We could always do things differently. We'll continue to try to improve wherever we go."

Lying inside the Cantor Arts Center in Stanford University is the final spike driven by Leland Stanford to join the rails of the Central Pacific and Union Pacific railroad. On May 10, 1869, a 'golden spike' ceremony in Utah symbolized the connecting of the western and eastern portions of the U.S. It had been four years since the Civil War had torn the nation apart. The newly finished Transcontinental Railroad linked the states together.

Railroads are about connecting society. Jeff Morales has spent his career promoting policies intended to bring people together, only to watch a bureaucracy he helped create wobble in that mission. Though he bristles at the label, Morales is a master salesman. High-speed rail is a good product. That's not the problem.

The project is being torn down by people who feel they aren't getting what they were promised. If an obituary is near for California's high-speed rail, the cause of death may simply be that necessary assurances were made, and complications arose. "Men have only little to do in the whole business," wrote author Frank Norris in *The Octopus*, a 1901 novel about the fight between California wheat growers and a railroad company. "Blame conditions, not men."