

# “Pay to Play” Tarnishes High Speed Rail Plan

Less than two months after the Oracle sole-source scandal finally simmered down, another contractor's apparent attempt to politically lock down a corrupt plan for high speed rail backfired on Governor Gray Davis in late September, providing Republican Bill Simon one of the few cogent issues in his ill-fated campaign. Things got hot when Simon learned of a private contributor event paired with the Governor's signing a day before of high speed rail legislation placing a \$10 billion bond issue on the November 2004 ballot.

Tipped off by a copy of an e-mail giving the address of the fundraiser, Simon showed up outside the home of High Speed Rail Authority Executive Director Rod Diridon September 20 along with placard-waving supporters and a large press contingent. Simon, surrounded by television news cameras, attacked the governor for linking political pork to fundraising.

Diridon's e-mail promoting the fundraiser stated "the gov's campaign staff gave us 11 days to pull this off and I thought you might be able to help. We're committed to \$50,000 and are a far pace from that so are really in need of your assistance and that of any that you think might be willing to help.

Diridon also forwarded an e-mail note from Mike Montgomery, the Davis campaign finance chief, which mentioned checks "can be made payable to the Governor Gray Davis Committee. We also accept Visa, Master Card and American Express contributions." The San Francisco *Chronicle* reported that the note also told Diridon "you can personally accept contributions and give them to me at the event." This last helpful advice from the Davis campaign seems to stray very close to the limit of campaign law, since its ambiguous language can be read as an offer to shield identities of original donors.

On the other hand, Davis's senior campaign advisor Garry South took a harder line than Montgomery, the finance chief. He said Diridon violated "an absolute ironclad rule that nobody can send off a (fund-raising) invitation" without specific permission; his targeted invitation "put this thing so far over the line... we didn't hesitate a second to cancel it," South said.

Davis campaign press secretary Roger Salazar claimed the event was cancelled, but both caterers and donors had already shown up. Engineering firm execs had to run a gauntlet of news cameras while shielding their faces entering and leaving the event.

The identity of the donors was also protected by Salazar, who claimed none of the checks would be accepted, and that there would not be a rescheduling of the event.

The Governor's attitude towards Diridon does not seem to presage his appointment as Secretary of the Business, Transportation and Housing Agency, a position Diridon told donors he would soon occupy while he was trying to fundraise. Several days later, when Governor Davis was still dogged by press inquiries about the incident at an Oakland press conference, he snapped that "Diridon made mistakes. We don't want any more mistakes."

Simon called for "law enforcement to undertake a comprehensive review of all the governor's past and current fundraising activities." Key among Diridon's financial backers is Parsons Brinckerhoff Quade and Douglas, (PB) the only firm that has been allowed to oversee high speed rail planning or engineering for the State of California since 1987, a *de facto* sole source contractor.

PB was identified by Diridon as the sponsor of a September 25 symposium on high speed rail at the Cal State University San Jose campus where Diridon's Mineta Transportation Institute is based. Following the September 20 blowup, rail activists were pushed forward as sponsors, and Diridon got a sudden case of pneumonia and missed the event, despite his attendance at the Las Vegas APTA conference two days before.

Governor Davis may have backed away from pay to play accusations, but everyone who is playing at the High Speed Rail Authority has been anteing up constantly. PB gave Diridon's MTI \$10,000 at a June event, as did HNTB Engineering Corp., which is heading up design of the tri-level addendum to San Jose Diridon station. PB subcontractors URS, CH2M Hill, and DMJM each threw in \$2,000. Their loyalty to the Diridon family apparently runs deep. Three of the four firms also pitched in when Rod Diridon's son ran unsuccessfully for Assembly last spring.

Diridon's history with PB goes back to the early 1980's when he brokered a Santa Clara County decision to pursue a new light rail corridor with known serpentine excavation problems and a fraction of the ridership potential of the alternate corridor following Highway 101. The line opened years late and hundreds of millions over its budget.

"Pay to play" came along as a statewide issue at a point when the Authority board and staff's comprehensive ties to PB were already being questioned by TRAC and other observers.

A letter from TRAC President Richard Tolmach to Diridon in May, 2002 pointed out that, "there is a perception that you are not in control of the engineering firm so much as it is directing your actions and rhetoric on the issue of [the line through Henry Coe State Park]. While no one is drawing a time line or making any conclusions about prior interactions with the firm, your stance is not helping your image as a leader capable of brokering an alternatives process that leads to consensus."

TRAC leadership continues to be critical of board and staff conflicts at the High Speed Rail Authority, because any appearance of impropriety harms the bond measure. A plan which is corrupt and fails to address traffic problems will cause the measure to lose.

As the May 2002 letter said, "There is every reason that high speed rail must be relevant to San Francisco, the South Bay and East Bay's regional travel needs and provide congestion relief along Interstates 80, 580 and 680. Northern Californians stuck in gridlock are not going to vote for a plan that ignores their needs and focuses only on 400 mile trips or travel to Central Valley destinations.... The present preferred alternative does virtually nothing to help congestion [on Bay Area highways]."

"The question now," says TRAC Vice-President Dan McNamara, "is how the Authority can carry out a selection of a route and a technology that withstands Federal scrutiny, after the process has become so contaminated by financial influence. French, German and Japanese rail technology providers are statutorily prohibited from making political contributions here because of past scandals in third world countries. Does this mean we end up with hockey puck technology in place of something world class because on this continent money can buy off any candidate? Does this mean the tracks swerve to cater to real estate speculators?"

"What is most needed is a housecleaning that restores the public's trust that this is a serious, feasible project, and not just another money grab," said McNamara. "Everyone is altogether too ready to look at this as the next Enron or Qwest, unless we have someone with impeccable credentials running it."

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