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California High-Speed Rail Bonds Revived by Appeals Court.

The California High-Speed Rail Authority can issue \$8.6 billion in bonds to finance the U.S.'s first bullet train, a state appeals court ruled, putting the beleaguered \$68 billion project back on track in a win for California Governor Jerry Brown.

While the proposed line from San Francisco to Los Angeles still faces several lawsuits, yesterday's ruling by a three-judge state appeals court panel in Sacramento removes a substantial roadblock to the project.

The agency suffered a setback in November when a state judge blocked it from issuing the bonds, saying its finance committee didn't adequately disclose reasons for the financing. The judge told the authority to withdraw its funding plan. The decision threatened to delay and increase the cost of the project, state officials said.

The appeals panel said California law doesn't require the agency to provide any support or evidence to back up its decision approving issuance of the bonds, while warning that the project still faces hurdles.

"Substantial financial and environmental questions remain to be answered by the authority in the final funding plan the voters required for each corridor or usable segment of the project," the court said. "But those questions are not before us."

Funding Plan

The court also reversed the judge's ruling that the rail authority had to redo its funding plan.

"The High-Speed Rail Authority has always been committed to building a modern high-speed rail system that will connect the state, precisely as the voters called," agency board chairman Dan Richard said by e-mail. "This system will be a clean, fast, non-subsidized service, and will create jobs and enable smart, sustainable growth while preserving farmland and habitat."

There will be more legal challenges, said lawyers for the project's opponents, who are also weighing an appeal of yesterday's ruling to the California Supreme Court.

Access Monies

"We still have, and the court so indicated, an opportunity to challenge the legality of the authority's actions when the authority moves to the next step and actually tries to access the monies in the bond fund," Michael Brady, the attorney for John Tos, a farmer who sued, said in an e-mail. "They have to apply for that money through a different section of the law, a section which is actually much tougher on the authority with respect to what it has to prove."

The rail authority wants to lay tracks for trains running as fast as 220 miles (354 kilometers) an hour from San Francisco to Los Angeles. That became a more difficult goal after the U.S. Congress cut funds for such projects in 2012.

The state is buying land and rights-of-way needed for the rail line, which is scheduled to begin running three-hour trips by 2029. The project is being challenged by landowners, farmers and taxpayer groups, who say it has so deviated from the proposal approved by voters in 2008 that it's now illegal.

The rail authority on July 24 won an appeals court ruling throwing out a challenge by some San Francisco Bay area cities to the routing of train tracks connecting the Bay area and the Central Valley. The court found that the environmental review of the project's impact was sufficient.

The case is California High-Speed Rail Authority v. The Superior Court of Sacramento County, C075668, California Court of Appeal, 3rd District (Sacramento).

By Karen Gullo Aug 1, 2014 8:22 AM PT

To contact the reporter on this story: Karen Gullo in federal court in San Francisco at kgullo@bloomberg.net

To contact the editors responsible for this story: Michael Hytha at mhytha@bloomberg.net David Glovin, Charles Carter

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