



## En Route

Both **Jeb Bush (in 2003)** and **Rick Scott (in 2011)** killed plans for a high-speed train between Tampa and Orlando (and ultimately to Miami). Both of them took heat from liberal and conservative interests for blocking a project that would have brought buckets of federal money, lots of work for engineering and construction firms and plenty of construction jobs.

Events are making the governors' decisions look not just courageous but visionary. Consider California. There, plans for a bullet train between Los Angeles and San Jose reflect the kind of, well, train wreck that I believe would have characterized construction of a high-speed line in Florida.

The California train's price tag now stands at \$68 billion, and if the train is ever completed, the bill will no doubt rise to several multiples of that. Funding is unclear, with private participation problematic at best, legally impossible at worst. Acquiring necessary rights of way will drag on for years. The train, for several reasons, will be unable to deliver either its promised speed or service from downtown to downtown. Ridership projections are hallucinatory. Public support is waning — as it did here in Florida, where voters put the train into the state Constitution in 2000 then voted to remove it in 2004.

My guess is that the California train will never get built, either because the project will collapse financially or because voters there in the Referendum State decide they've had enough and kill it. If it is built, it will take so long that California's 76-year-old Gov. Jerry Brown, who's made the train a pet project, almost certainly won't live long enough to ride it.

Gov. Scott, meanwhile, will very likely get to ride a fast passenger train — modern, privately financed and operated — between Miami and Orlando before he completes his second term in 2018.

The All Aboard Florida project that Florida East Coast Industries announced two years ago already has moved well past the conceptual stage. Construction is under way on the train's Fort Lauderdale station. In Miami, the design proposal for the train station and adjacent commercial and residential development is well into the city's review process. In West Palm, work is under way at the two-acre parcel that will house the train station and surrounding development.

Within a month, All Aboard Florida will likely receive approval from the U.S. Department of Transportation to sell \$1.75 billion in what are known as "private activity bonds" that will help finance the project, which includes double-tracking some existing sections of the Florida East Coast Railway and building a rail line from the existing tracks west to the fourth station at the Orlando airport.

The use of private activity bonds — locally issued, tax-exempt bonds used to encourage infrastructure development — is both appropriate and strategic. The bonds will be sold to private individuals and institutional investors and come

with no taxpayer guarantees: All Aboard Florida is completely responsible for repaying the investors.

All Aboard Florida had initially sought a federal loan to help finance the project, which generated gripes that the company was putting taxpayers at risk. The switch to the private activity bonds — plus the fact that Florida East Coast Industries is investing more than \$345 million of its own cash in the project — pretty well iron-clads the train's credentials as a private project.

The response to the project along the Miami-Orlando route has been intriguing. Predictably, the counties with stations — Miami-Dade, Broward, Palm Beach and Orange — have embraced it. Three counties that won't get stations initially — Martin, Indian River and St. Lucie — have worked against the train. It's unclear whether they're actually worried about noise, safety issues and property values or just trying to extort a station sooner than demand justifies.

A fourth county without a station appeared to be emerging as a bastion of opposition, but leaders in Brevard County engaged with All Aboard Florida with an eye toward the future. The county voted to participate in the private activity bond financing, with All Aboard Florida agreeing to pay to upgrade and maintain rail crossings for eight years (technically the county's responsibility) and reimburse the county for costs associated with issuing the bonds. In the process, the county has established itself first in line for a station when demand dictates.

All Aboard Florida expects to begin carrying passengers between Miami and West Palm in 2016, with service extended to Orlando the following year. Once the Orlando station is under construction, the company will move as quickly as possible to extend the train to Tampa and Jacksonville.

In the meantime, Florida is home to the most interesting transportation project in the country. We'll end up with a fast train that traverses the state, and the train's creation will be integrated with urban real estate development in the same way as private transportation companies did 100 years ago, to good effect.

Journalist Yonah Freemark writes insightfully about how the integration of transportation infrastructure and real estate development a century ago helped build the urban cores that gave our cities cultural and commercial heartbeats. One example: New York Central Railroad, as it built Grand Central Terminal in Manhattan, put the tracks underground in order to be able to develop a business district around the station. The real estate investments attracted more people, which built ridership, which built the value of the real estate.

The early years of this century have seen the emergence, or re-emergence, of vibrant urban centers in many Florida communities. All Aboard Florida — transportation coupled with real estate — has the potential to take Florida cities farther down the line toward greatness.

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