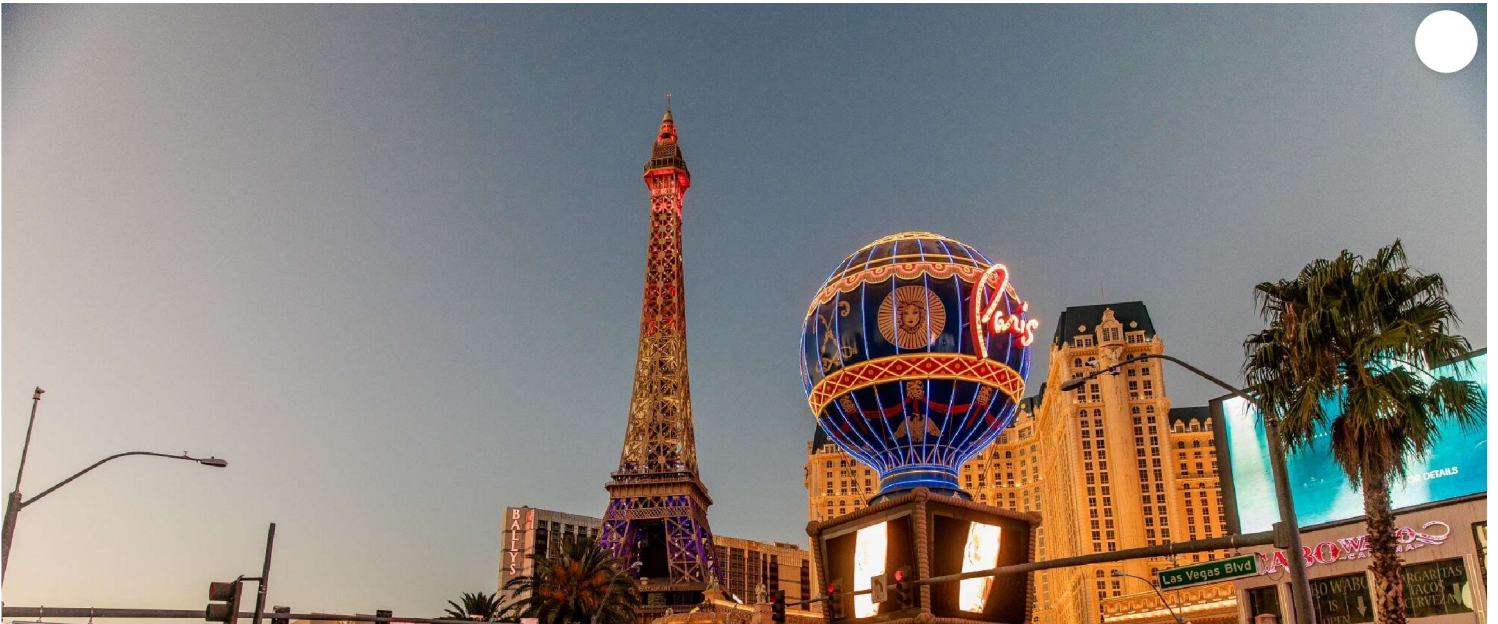


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Will a Fast Train to Vegas Lure Road Trippers From Their Cars?

The planned Brightline West would help the U.S. catch up on high-speed rail. But to fill seats, it will have to win passengers in an autocentric country.



By Romy Varghese

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Picture the unlucky Los Angeles resident who decides to party in Las Vegas for the weekend only to hit traffic that can turn a four-and-a-half-hour drive into six, or get stuck at the airport due to a flight delay.

A company called Brightline Holdings says it has the solution: It will not only transport southern Californians to Las Vegas on fast, climate-friendly trains with food, drinks and free internet, but will check in their bags for them at their hotels. The company calls this venture Brightline West. It already operates a rail line in Florida, between Miami and West Palm Beach, which was the country's first new, privately financed intercity passenger rail in a century when it began service in 2018.

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To make the train to Vegas happen, it's angling for financing under the federal infrastructure law passed in November. The package, with billions of dollars for rail projects, expanded opportunities for companies such as Brightline, which is backed by private equity giant Fortress Investment Group.



Michael Reininger, chief executive officer of Brightline Holdings, inside a train at the Siemens Mobility rail plant in Sacramento, California, Sept. 28, 2021. *Photographer: David Paul Morris/Bloomberg*

Elected officials, particularly California State Treasurer Fiona Ma, and construction unions back the high-speed electric rail project, saying it will create jobs and alleviate traffic. In Jun

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high-speed service in the U.S. (Amtrak's 457-mile, or 735-kilometer, Acela service on the East Coast tops out at 150 miles per hour and is variously labeled high-speed or "higher-speed.")

It could also have significant climate benefits. On average, high-speed rail requires 12 times less energy per passenger-kilometer traveled than private vehicles or airplanes, according to the International Energy Agency. Increasing investment in high-speed rail globally would reduce emissions and strengthen countries' energy security by lessening the demand for oil the IEA says. Brightline estimates that by replacing vehicle trips, its Western route would prevent the emission of roughly 400,000 tons of carbon dioxide a year.

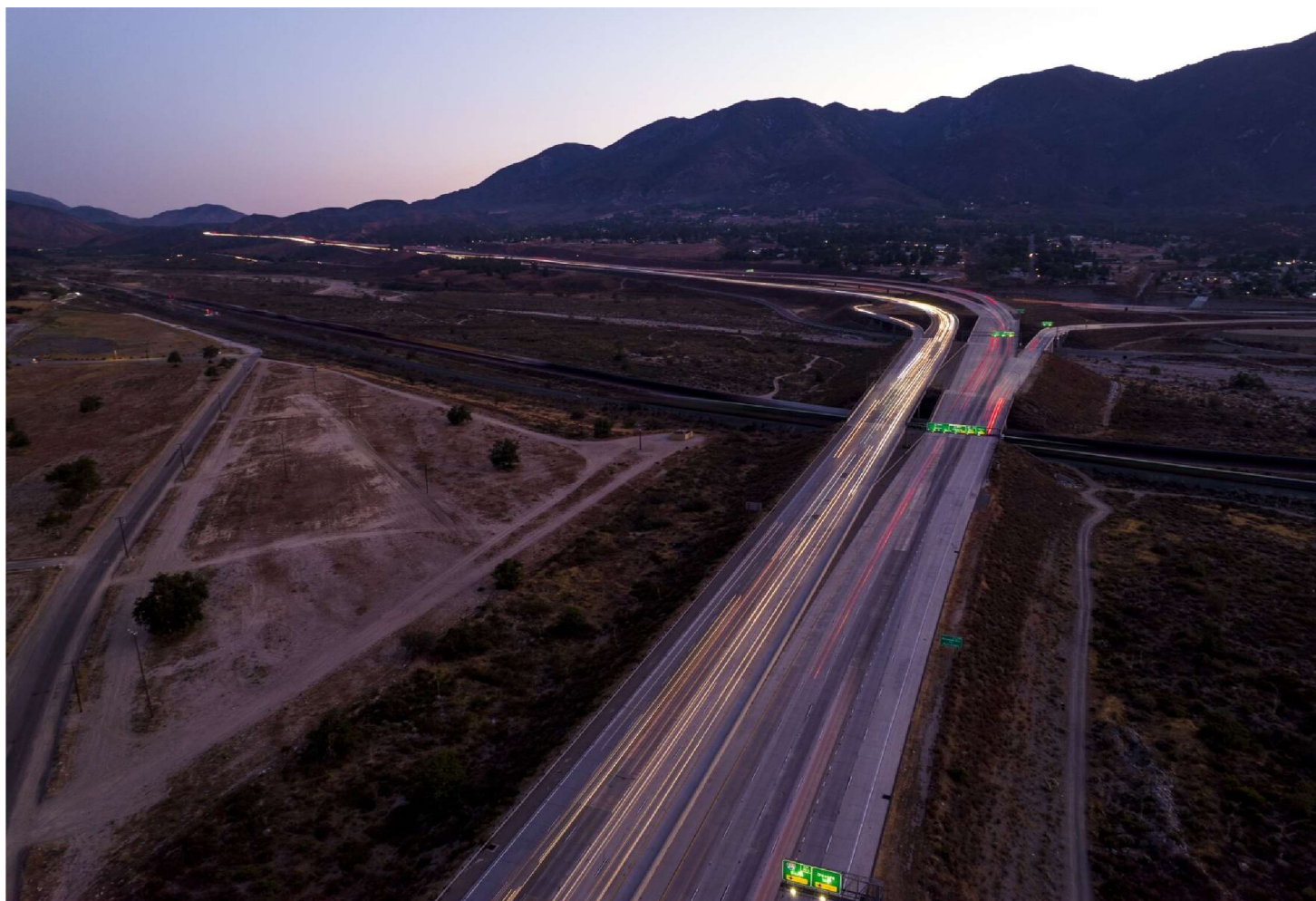
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But the train to Vegas would have to compete with driving in one of the most autocentric parts of a car-loving country. The novelty of the project in the U.S., and the underperformance of Brightline's first rail line in Florida, raise questions about the Western line's prospects for transportation experts and have given would-be investors pause.

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In documents, the company projects that it will garner more than a fifth of the traffic between Los Angeles and Las Vegas. That's more than twice what it predicted for its Florida train, which wasn't meeting ridership goals in its first phase even before the pandemic. The price tag of the Vegas line was around \$8 billion before recent inflation spikes.



A stretch of Interstate 15 in Fontana, California, close to the planned Brightline West station in Rancho Cucamonga. *Photographer: Kyle Grillot/Bloomberg*

Ma, the state treasurer, oversees a California committee that doles out low-cost financing known as private activity bonds in what's become a competitive process. The bonds were

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Since then, Brightline has worked on developing the California terminus at Rancho Cucamonga, which has a commuter rail link to Los Angeles, rather than “in the middle of the desert,” as Fortress co-chief executive officer Wes Edens put it to the *Las Vegas Review-Journal* in January.

Another bright spot for Brightline: the historic federal infrastructure bill. While billions of dollars are reserved for Amtrak, there’s more to go around for other rail corridors. In addition, the amount of private activity bonds awarded directly by the federal government doubled to \$30 billion. For both its California and Florida ventures, Brightline already won the most bonds awarded up to now out of all recipients, federal data shows. The company can also benefit from expanded low-cost federal loans and grants.

The Las Vegas line has several features going for it, says Rob Puentes, president of the nonprofit Eno Center for Transportation. It’s along a corridor that’s been discussed for years and the distance is the right length to make a train trip potentially more attractive than driving or flying. And because it would run mostly in the median of I-15, it benefits enormously from avoiding the need to buy land to build, “one of the major barriers that high speed rail has in the United States, or rail in general,” he says.

The trip would take about three hours. Passengers would pay competitive fares – estimated two years ago at around \$60 one-way – while enjoying services such as beverages, free Internet and hotel check-in, Brightline says.

“Potentially, the market is absolutely there, because I think that people would much prefer to train over flying and over driving”

Such a train would attract younger tourists to Las Vegas, compared to families who go by car to sites away from the Strip, says Heidi Lau, a travel consultant in Los Angeles with

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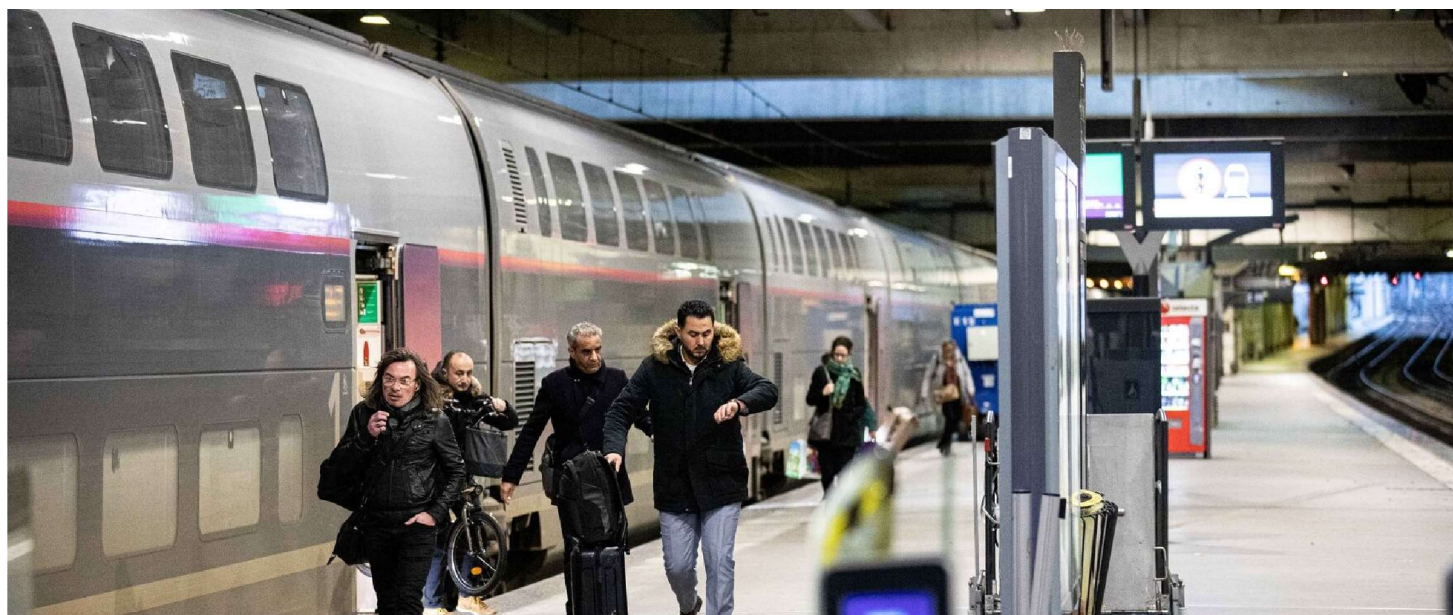
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process and how reasonably priced compared to the other options.”

Brightline’s expectation of capturing 22% of the travelers going between Los Angeles and Las Vegas, in its last publicly released study from 2019, is based on comparisons with high-speed rail systems around the world. Andy Kunz, president of the U.S. High Speed Rail Association, an advocacy group, says he believes with Fortress’s backing and Brightline’s experience in customer service and real estate development, the line can achieve an even higher share.

But Aaron Lee, a senior consultant at RSG, a research and analytics firm, says “you have to have a good reason to get that high” of a share for a travel mode that’s non-auto, adding he wouldn’t go any higher than 22%.

Forecasting for a high-speed train in the U.S. is tricky because “there’s nothing like it in the geography where you’re putting it. So there’s nothing to compare with directly,” says Oxford’s Flyvbjerg. “It can be said with certainty that there’ll be a high uncertainty on that forecast.” Flyvbjerg also expects competition from airlines if the rail line is built.



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Generally, projections for large infrastructure ventures are ripe for error, say transportation experts citing research and case studies. “The two areas we are the weakest, in terms of our ability to forecast the performance of a transportation investment, are the demand side, which we tend to overestimate, and the cost side, which we tend to underestimate,” says Joseph Schofer, a professor emeritus of civil and environmental engineering at Northwestern University and host of “The Infrastructure Show” podcast.

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European high-speed rail operations run at profits, Kunz says. However, private operators there are responsible only for running rail services; they don’t bear the costs of building and maintaining the network, according to Stefania Belisario, director, infrastructure ratings at S&P Global Ratings. Government subsidies typically cover those.

If the project doesn’t meet Brightline’s projections, public officials may feel obligated to keep

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revenue per passenger. To boost ridership and revenue, the company is adding more stops within its existing line along Florida's east coast and striking deals to share its corridor with county governments.

Brightline, as originally planned, is also building an expansion west to Orlando, in which the trains will operate at a top speed of 125 mph. That will be faster than trains run on the current line, which is the deadliest one in the U.S. It has caused over 50 fatalities, more per mile traveled than any other train in the nation, according to a *Miami Herald* analysis of federal data in January. Investigators did not find that any of the deaths were the railroad's fault.

The SoCal-to-Vegas project would traverse a much less congested area, where the primary threat would be to animals. Tall concrete barriers topped with chain-link fencing would flank the tracks, which would block the movements of bighorn sheep, desert tortoises and other imperiled animals who roam the Mojave Desert. The creatures cross the freeway at grade – they're hesitant to navigate underpasses – as they travel between habitats, wildlife experts say.

Environmental groups are urging the company to build three crossings to prevent a complete wildlife blockade, but so far have won no such commitment either from the company or from government officials to require them.

"How is it in the public interest to be serving as an ATM for this out-of-state corporation that's backed by a billionaire, and they're not taking care of California's wildlife and all the values and the things that we care about here?" asks Neal Desai, senior program director at the National Parks Conservation Association, one of the groups calling for the crossings.

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In January, California Treasurer Ma and a representative for Governor Gavin Newsom successfully kept a portion of the state's limited low-cost bond resource available if requested for the line, even as others pressed for all of it to go to alleviating the yawning shortfall of affordable housing.

"There is no question that we cannot meet our climate goals without investing in mass transit," Ma said in an emailed statement. "I've long supported limited public investment to complement private financing on projects such as Brightline West, and California deserves its fair share of funding from the federal infrastructure bill for projects like this."

Rick Harnish, executive director of the advocacy group High Speed Rail Alliance, says Americans need to broaden their view of mass transportation as either "charity" or a way of moving office workers: "Transit can be much more than that." He and Kunz say that the Brightline train won't need further government subsidy once operating, especially given the potential for real estate development around the Las Vegas station. And Brightline says it will generate revenue from sources such as advertising and sponsorships.

But according to Northwestern's Schofer, if one had a finite amount of money to spend, the Las Vegas project wouldn't fall among the top 20 transportation needs around the country.

"It's much more difficult to justify this from the point of view of what I might call social benefits," says Schofer. "I love to see people take the risk as long as public money isn't at risk. I would like some assurance that if it doesn't work, don't come back to us for more money."

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