

# Northern California Region

Local Policy Maker Group  
February 25, 2021  
Webinar



# REVISED DRAFT 2020 BUSINESS PLAN



# BUSINESS PLAN & THE PUBLIC REVIEW PROCESS

- **What is the Business Plan?**

- » Required by PUC Section 185033
- » Represents current program status
- » Summarizes implementation approach

- **Public review process**

- » February 9, 2021: Release
- » February 9 – March 12, 2021: 30-day public review
- » March 2, 2021: Board hearing
- » March 25, 2021: Board meeting
- » April 15, 2021: Submittal to Legislature



# COVID-19 PANDEMIC IMPACTS ON CALIFORNIA HIGH-SPEED RAIL



**240+ workers quarantined**



**\$280+ million in lost Cap and Trade revenue**



**Environmental schedules extended for 4 project sections**



**Track and Systems procurement delayed until August 2021**



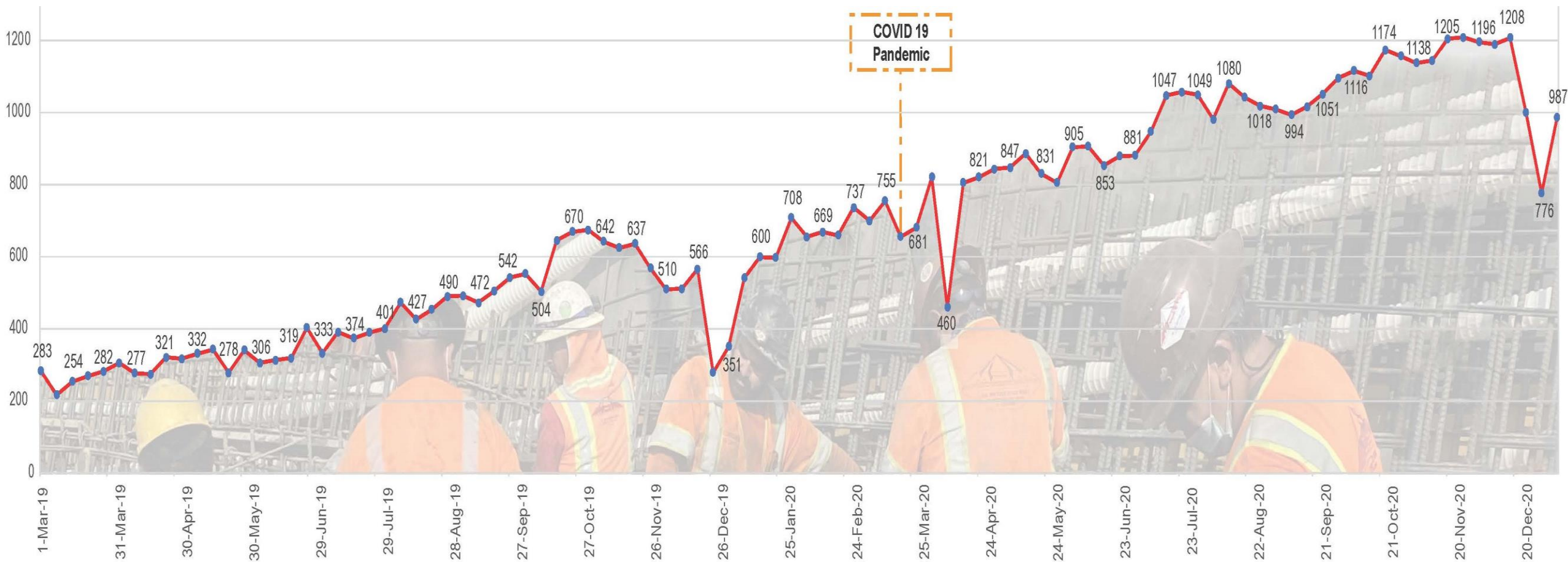
**Right of Way acquisition affected by court delays**



**Cost and schedule impacts**

# PROJECT PROGRESS

## WEEKLY AVERAGE CONSTRUCTION WORKERS



# PROJECT PROGRESS

2018 to 2020

|   |  | 2018     |     | 2020            |
|---|--|----------|-----|-----------------|
|    | Construction Jobs Created                              | 2,573    | VS. | <b>5,216</b>    |
|    | Structures Completed or in Construction                | 19       | VS. | <b>56</b>       |
|    | Environmental Drafts Released and ROD's Certified      | 5        | VS. | <b>12</b>       |
|    | Right-Of-Way Parcels Acquired                          | 1,423    | VS. | <b>1,771</b>    |
|   | Miles of Guideways                                     | 47       | VS. | <b>79</b>       |
|  | Monthly Average Expenditures on Design-Build Contracts | \$30.47M | VS. | <b>\$68.13M</b> |

# MERCED TO BAKERSFIELD

171-MILE INITIAL SERVICE

- Reaffirms initial operating segment
- Environmentally cleared with highest ridership potential
- MOU with CalSTA and San Joaquin JPA to align interim service roles and responsibilities
- Exploring phased track implementation
- Independent peer review of ridership forecasts

## Steps to completion:



Advance  
design



Complete  
extensions



Procure  
trains



Complete  
stations



# ENVIRONMENTAL DOCUMENTS FOR ADVANCEMENT

| Project Section           | Draft EIR/EIS            | Projected ROD      |
|---------------------------|--------------------------|--------------------|
| Bakersfield to Palmdale   | Complete (February 2020) | Q2 2021            |
| Burbank to Los Angeles    | Complete (May 2020)      | Q4 2021            |
| San José to Merced        | Complete (April 2020)    | Q1 2022            |
| San Francisco to San José | Complete (July 2020)     | Q2 2022            |
| Palmdale to Burbank       | Q3 2021                  | Q4 2022            |
| Los Angeles to Anaheim    | Q4 2021 to Q1 2022       | Q4 2022 to Q2 2023 |






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| Palmdale to Burbank              | Q3 2021                      | Q4 2022            |
| Los Angeles to Anaheim           | Q4 2021 to Q1 2022           | Q4 2022 to Q2 2023 |



# NORTHERN CALIFORNIA ENVIRONMENTAL PROCESS

 = ongoing outreach

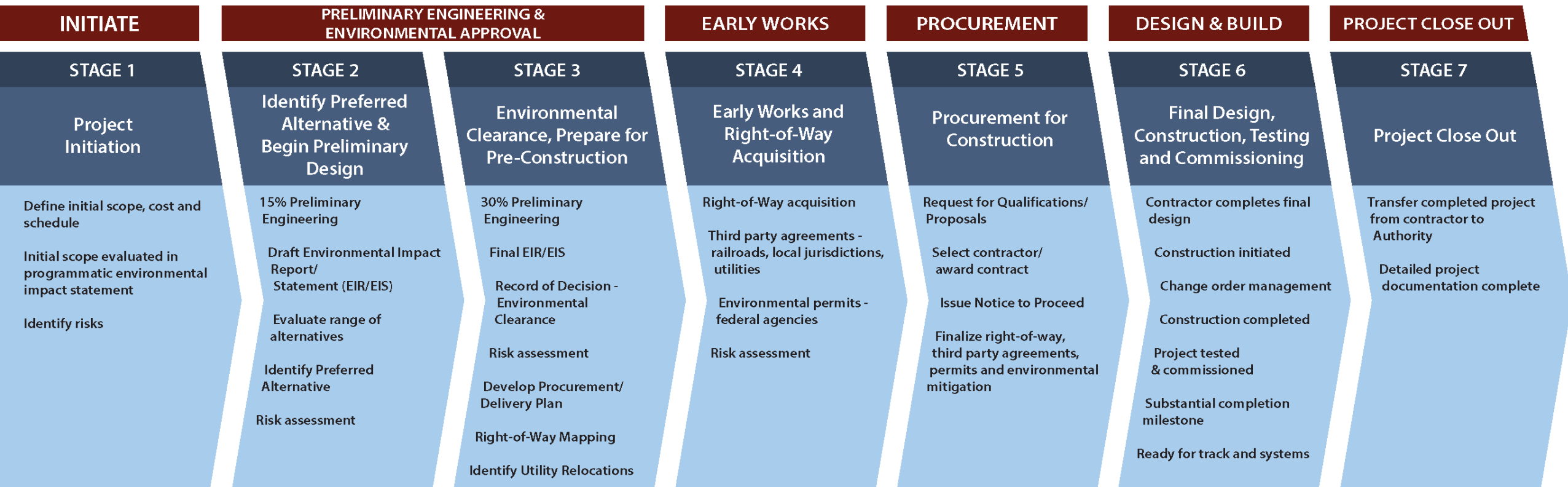


# MANAGING RISK

## RISK MANAGEMENT MEASURES

- Increased risk contingency
- Enterprise risk management

- Stage Gate process for development & delivery



Stakeholder and Community Engagement



# STEPS AFTER ENVIRONMENTAL CLEARANCE



**Environmental clearance completion**



**Geotechnical investigations**



**Right-of-way mapping**



**Third-party agreements**



**Understanding risks and costs**



**Utility relocations Identification**



**Construction preparation**

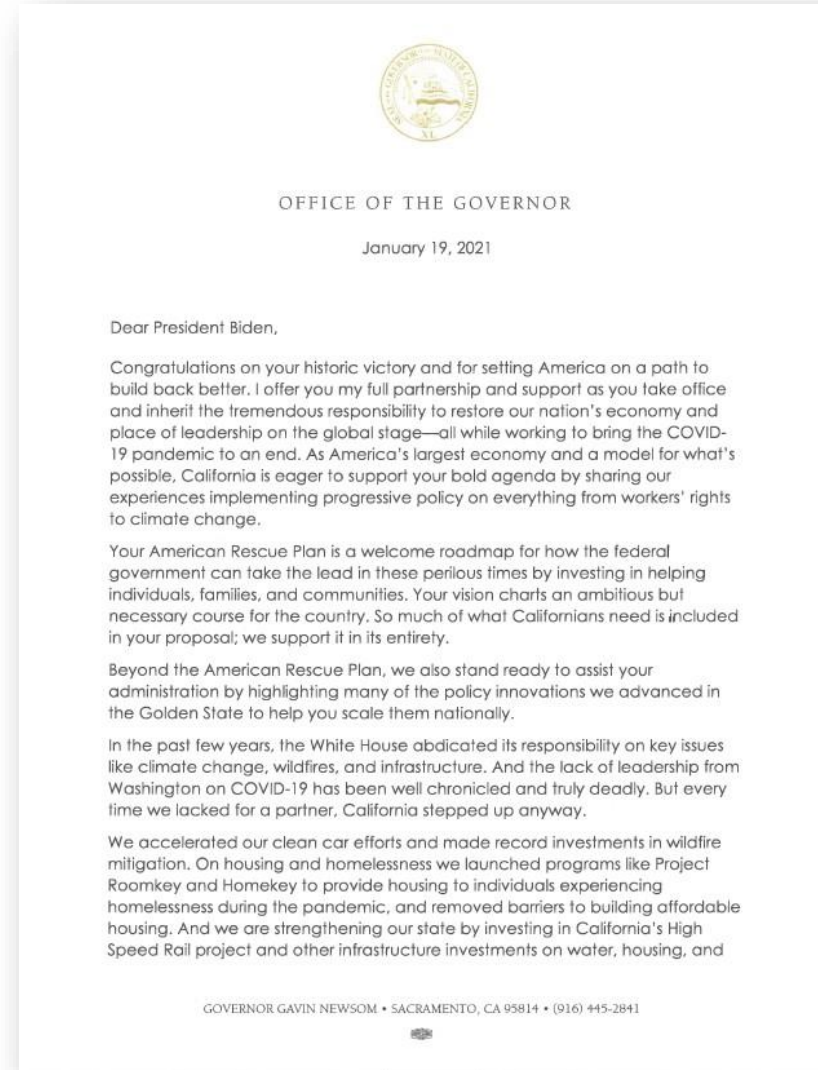
# FEDERAL PARTNERSHIP

**“We are strengthening our state by investing in California's High Speed Rail project and other infrastructure investments on water, housing, and climate resilience.”**

**– Governor Gavin Newsom**

**“We are most focused on restoring the federal commitment to California's High Speed Rail project, partnering to develop 21st century water infrastructure, and prioritizing investments in schools, broadband, housing, and renewable energy.”**

**– Governor Gavin Newsom**



# FEDERAL PARTNERSHIP



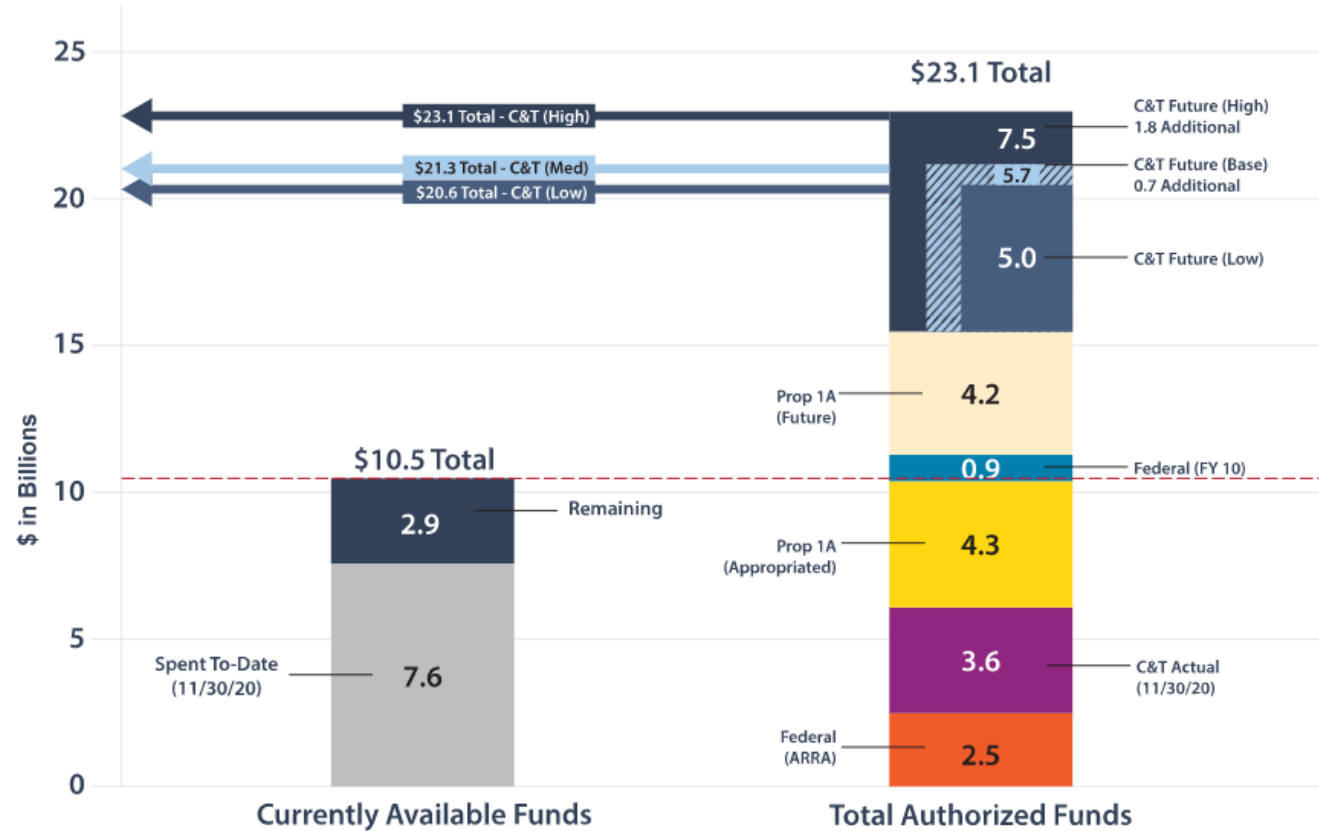
- **The Authority is engaging the Biden administration on:**
  - » Restoration of Federal Partnership
  - » Re-obligation of FY/10 grant funding
  - » Program delivery schedule flexibility
- **Opportunity for increased federal investment in electrified high-speed rail**

“We’ve been asked to settle for less in this country, and I just don’t know why people in other countries ought to have better train service and more investment in high-speed train service than Americans do.”

– Transportation Secretary Pete Buttigieg

# CURRENT FUNDING

- **Funding forecast through 2030 based on Cap and Trade projections**
  - » Total available: \$20.6 to \$23.1 billion
  - » Estimate to complete Merced to Bakersfield (and other statewide investments): \$21.3 to \$22.8 billion
- **Authority will seek appropriation of remaining Proposition 1A funds to complete construction underway**



# FUNDING PLAN

- **Funding plan required to request appropriation of Proposition 1A funds**
- **Consistent with Revised Draft 2020 Business Plan**
- **Focused on usable segment in the Central Valley to complete ongoing construction**
- **Funding plan milestones**
  - » **February 9, 2021:** Authority Board approved funding plan for submittal to the Director of Finance, Peer Review Group, and Legislature (transportation and finance committees).
  - » **May 2021:** Proposed appropriation to be included in Governor's revised budget
  - » **June 2021:** Final budget adopted by the Legislature
- **Additional funding plan required to access funds once they are appropriated.**



# HOW TO COMMENT ON THE BUSINESS PLAN

 **30-day public comment period:** February 9 – March 12

 **Online at:** [www.hsr.ca.gov/about/business\\_plans/business\\_plan\\_2020\\_comment\\_form.aspx](http://www.hsr.ca.gov/about/business_plans/business_plan_2020_comment_form.aspx)

 **By phone:** 916-384-9516

 **By email:** [DraftBP2020@hsr.ca.gov](mailto:DraftBP2020@hsr.ca.gov)

 **Verbally:** March 2, 2021 Board hearing

 **By mail:**

California High-Speed Rail Authority  
Attn: Draft 2020 Business Plan  
770 L Street, Suite 620, MS-1  
Sacramento, CA 95814

# CALIFORNIA HIGH-SPEED RAIL FUNDING 101



# HOW HIGH-SPEED RAIL IS FUNDED

## California High-Speed Rail Funding

- 1** **\$9.95 billion**  
Bond measure  
**2008**  
Proposition 1A
- 2** **\$2.5 billion**  
Federal Grant  
**2009 American**  
Recovery and  
Reinvestment  
Act (ARRA)
- 3** **\$929 million**  
Federal Funding  
**FY 2010**  
Appropriations  
Bill
- 4** **\$500-\$750 million**  
per year  
**Annual**  
Cap and Trade  
Auction Market



# PROPOSITION 1A



## California voters approved Proposition 1A in 2008 to begin construction of a high-speed rail system

- Bond included funding for HSR planning and development, HSR construction, and connected projects
- Downpayment provided 20% of the estimated cost of the program at the time
- Required 1:1 match from other funding sources that did not exist at the time
- Included system requirements on speed, travel time, system design, approval processes, and operating subsidies



# 2012 PROP 1A ALLOCATION

SENATE BILL 1029 (2012)

- **Senate Bill (SB) 1029, 2012**

- » Appropriated \$2.6 billion in Proposition 1A bonds to begin construction in the Central Valley, matching \$3.5 billion in federal funds
- » Appropriated \$2 billion in Proposition 1A funds leveraging \$5 billion in other funds for connectivity and bookend projects

**CONNECTIVITY PROJECTS** provide direct connectivity to high-speed rail lines and facilities. Example – BART Maintenance Shop and Yard Improvements.

**BOOKEND PROJECTS** are projects in the Bay Area and Los Angeles area that were allocated funding as part of the high-speed rail system. Example – Caltrain electrification project.

## Statewide Rail Modernization





## Central Valley Construction

California received almost 40% of the available HSR federal funds from the American Recovery and Reinvestment Act (ARRA) and FY'10 appropriations.

## Salesforce Transit Center

Provided \$400 million for trainbox construction at the Salesforce Transit Center in San Francisco.



## Matching Funds

Matched state funds to begin construction in the Central Valley. \$2.5 billion in ARRA funds had a 2017 expenditure deadline.

Included funds (and requirement) to complete environmental clearance for Phase 1 system from San Francisco to Los Angeles / Anaheim.

No additional federal funds have been provided since 2010, leaving the federal share at about 17% of the program funding.\*

\* Compared to 80-90% for historical highway projects and 30-50% for contemporary transit projects.

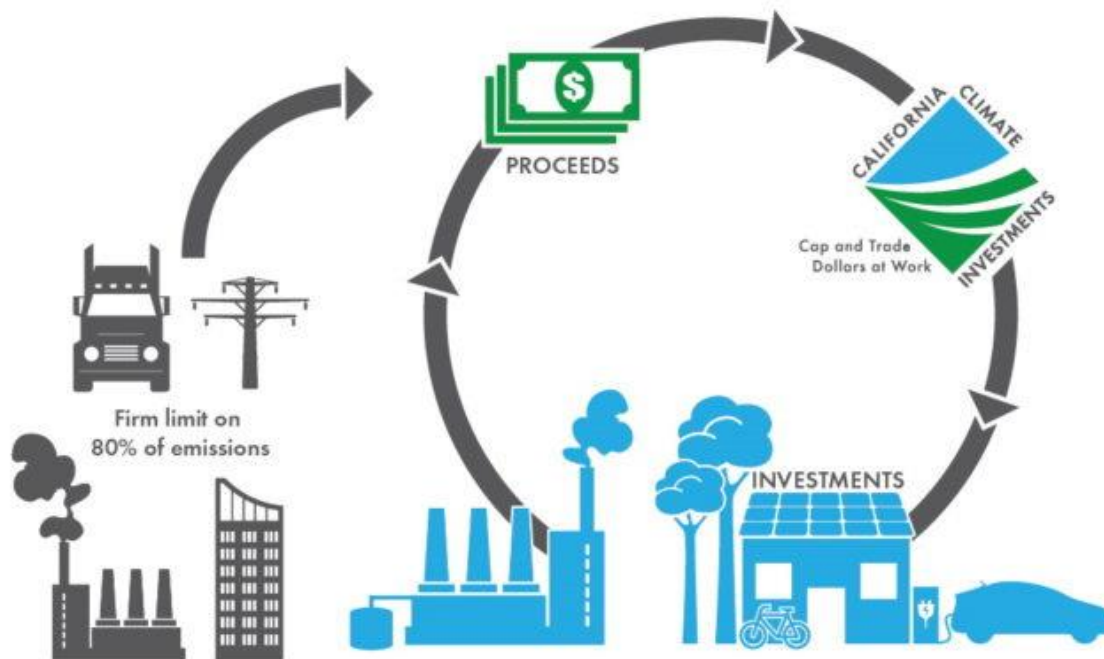


# CAP AND TRADE AND HIGH-SPEED RAIL



## 2014 Appropriations (SB 852 and SB 862):

- One-time appropriation of **\$650 million**
- Continuous appropriation of **25 percent** of the annual proceeds from Cap and Trade Program



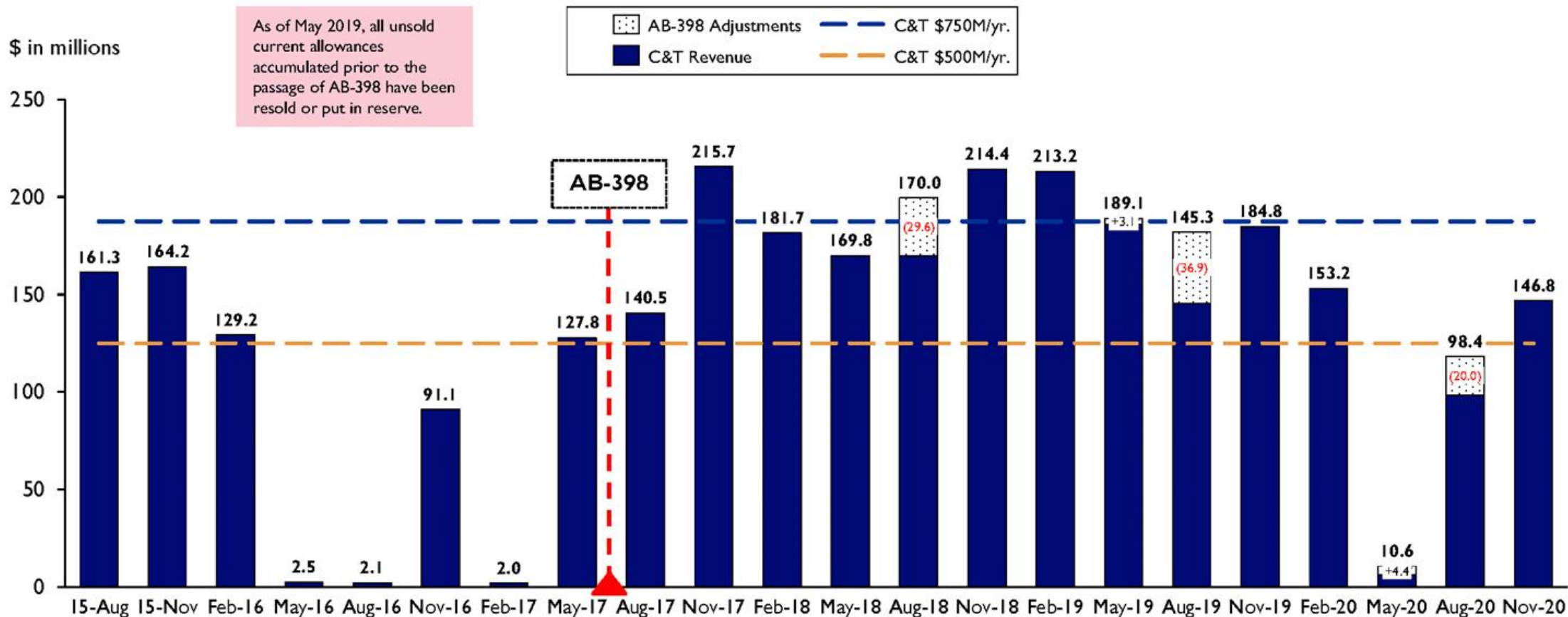
Cap and Trade also funds other transit and intercity rail programs, affordable housing, and other efforts to reduce emissions.

## 2017 (AB 398):

- The Legislature **extended the Cap and Trade Program through 2030**

# HISTORICAL CAP AND TRADE AUCTION PROCEEDS

## CHSR Quarterly C&T Auction Proceeds (in millions \$)





# POTENTIAL FUNDING SOURCES



## FEDERAL

- **High-Speed Rail Corridor Development Act of 2020 (Rep. Costa)**  
Would provide \$32 billion in federally designated high-speed rail corridors through 2024
- **American High-Speed Rail Act (Rep. Moulton)**  
Would invest \$205 billion in high-speed rail across the country
- **Transportation reauthorization and recovery plans**



## STATE

- The Authority would benefit from the expected extension of the Cap and Trade program to 2050
- A Cap and Trade extension would also benefit local transit and other interrelated programs



## REGIONAL/LOCAL

- Metropolitan Transportation Commission's (MTC) Plan Bay Area 2050 blueprint includes investment in bringing high-speed rail to the Bay Area as part of the region's long-range plans
- MTC was the first region in the state to take such action and positions the Authority to leverage regional, state, and federal funds

# IMPLEMENTATION STRATEGY

**The Authority will continue to advance the program in building blocks based on available funding.**

**Goals include:**

- » Initiate high-speed rail service in California as soon as possible
- » Make strategic, concurrent investments that will be linked over time
- » Position ourselves to construct additional segments as funding becomes available

**Consistent with Proposition 1A and the federal grants strategy in 2009/2010, the Authority is:**

- » Advancing construction work to begin service in the Central Valley
- » Completing its commitments to bookend projects in NorCal and SoCal
- » Completing environmental clearance statewide and using available funds to advance those segments to the next stage of project development



THANK YOU!



### Headquarters

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### Northern California Regional Office

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