

Update on the California High-Speed Rail Program
Draft 2012 Business Plan



Draft Plan Highlights

- Phased Implementation further defined
- Updated project schedule
 - Adjusted from 2020 to 2033
- Updated ridership modeling
 - Shows stronger ridership in the south initial operating segment (IOS)
- Updated project cost
 - Adjusted from \$43 billion to \$98 billion based on year of expenditure primarily due to inflation, schedule, and project contingency
- Updated financial plan
 - Calls for significant private investment

Phased Implementation

Section	Length (approx)	Endpoints	Service Description	Incremental Cost (billions 2010\$)
Initial Construction Section	130 miles	Fresno - Bakersfield	Provides track and structures to support system spine	\$5.2
IOS North	290 miles	Bakersfield to Merced and San Jose	Supports 220 mph high-speed rail (HSR) service; includes trains and systems	\$19.4 - \$26.4
IOS South	300 miles	Merced to San Fernando Valley	Supports 220 mph HSR service; includes trains and systems	\$21.4 - \$25.8

Project Cost (billions)

Section	Incremental Capital Cost (2010\$)	Cumulative Cap Cost (2010\$)	Completion Date	Incremental Year of Expenditure Capital Cost	Cumulative Year of Expenditure Cap Cost
Initial Construction Section	\$5.2	\$5.2	2017	\$6.0	\$6.0
IOS South	\$21.4	\$26.6	2021	\$27.2	\$33.2
Bay to Basin	\$14.2	\$40.8	2026	\$21.1	\$54.3
Phase 1 Blended	\$14.1	\$54.9	2030	\$23.9	\$78.2
Phase 1 Full HSR	\$10.5	\$65.4	2033	\$19.9	\$98.1

Financial Plan

- Total project cost \$98.5 billion (year of expenditure)
- Current funding:
 - \$3.5 billion - Federal American Recovery and Reinvestment Act (ARRA)
 - \$9.0 billion - State Proposition 1A
- Phased delivery approach allows distinct phases to match the available funding
- Private funds will be leveraged once the IOS is operational, and ridership estimates proven

Financial Plan (continued)

- Initial construction segment is fully funded:
 - \$3.316 billion - federal ARRA
 - \$2.684 billion - State Proposition 1A
 - \$6.000 billion - TOTAL

- IOS (north or south) not funded
 - \$24.7 - \$27.2 billion needed (year of expenditures)

Potential Funding Sources

Federal Funding

- The Draft 2012 Business Plan (Plan) assumes no additional federal funding prior to 2015, because the existing funding is sufficient through that timeframe. However, beyond that the Plan has identified the following potential federal sources:
- Federal Transit Administration New Starts and other discretionary sources (Transportation Investment Generating Economic Recovery, Section 130, Rail Crossing Programs)
- Federal Railroad Administration rail line relocation and improvement capital grant program
- Surface Transportation Sources: Congestion Mitigation and Air Quality and Regional Surface Transportation Program
- Dedicated trust fund structure: specific and dedicated federal trust fund that allows for consistent and reliable funding
- Availability payments: payments made by the CHSRA to amortize capital expenditures financed by private investors
- Qualified tax credit bonds: borrowing strategy that allows for leveraging local investment through federal subsidy on the interest of long-term debt

Potential Funding Sources cont'd:

State Funding

- Proposition 1A
- Local Funding

Local Funding

- Cost sharing with local agencies
- Contributions of right-of-way
- Cooperative funding arrangements with transportation agencies
- Revenues from advertising and operations

Potential Funding Sources cont'd:

Private Funding

- Design build
- Public-Private Partnership
- Naming rights

Financing

- Transportation Infrastructure Finance and Innovation Act of 1998
- Railroad Rehabilitation and Improvement Financing Program
- Private Activity Bonds

Operating Assumptions

- Average one-way fare \$81 (Los Angeles to San Francisco)
- Non-stop service from Los Angeles to San Francisco (under three hours)
- Operating up to nine trains per peak hour (Los Angeles - San Jose)
 - Three trains per peak hour (Los Angeles - Anaheim)
- Plan projects net operating profit, no operating subsidy

Next Steps

Draft 2012 Business Plan	November 2011
Final 2012 Business Plan	January 2012
Initial Construction Segment	2012-2017