



BOARD COMMITTEE TRANSMITTAL

May 14, 2012

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Update on the California High-Speed Rail Program Revised 2012 Business Plan

Transit Committee Meeting of May 10, 2012

Present: Directors Dalton, Galloway, Glaab, Herzog, Nguyen, Pulido, and Winterbottom

Absent: Director Bankhead

Committee Vote

No action was taken on this receive and file item.

Staff Recommendation

Receive and file as an information item.



ORANGE COUNTY TRANSPORTATION AUTHORITY

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

Staff Report



May 10, 2012

To: Transit Committee

From: Will Kempton, Chief Executive Officer

Subject: Update on the California High-Speed Rail Program Revised 2012 Business Plan

Overview

The California High-Speed Rail Authority released its Revised 2012 Business Plan on April 2, 2012, updating the previous version released in November 2011. The Revised 2012 Business Plan includes updates to ridership and revenue projections, project cost, funding, schedule, and implementation strategies. This report provides an overview of the key changes made in the Revised 2012 Business Plan.

Recommendations

Receive and file as an information item.

Background

The California High-Speed Rail Authority (CHSRA) was required by state law to submit business plans to the legislature in 2008 and 2009. Chapter 618, Statutes of 2009 (Senate Bill 783, Ashburn), requires CHSRA to submit a business plan to the Legislature by January 1, 2012, and every two years thereafter. The CHSRA released its Draft 2012 Business Plan (Draft Plan) on November 1, 2011, to solicit comments and input. The Draft Plan included details on several key project components, including ridership and revenue projections, project cost, funding, schedule, and implementation strategies.

More than 250 comments were submitted to CHSRA on the Draft Plan, including a comment letter by the Orange County Transportation Authority (OCTA) in December 2011. Over the past several months, CHSRA staff has worked to address the comments and concerns raised by project stakeholders, including the California High-Speed Rail Peer Review Group, the Legislative Analyst's Office, and the Bureau of State Audits. The public feedback received on the Draft Plan, along with further analysis by CHSRA, resulted in a number

of significant changes which are presented in the California High-Speed Rail Program Revised 2012 Business Plan (Revised Plan), released on April 2, 2012, and adopted by the CHSRA Board of Directors (Board) on April 19, 2012. The Revised Plan addresses several of the comments raised in the December 2011 OCTA comment letter. A summary of OCTA's comments and how each is addressed in the Revised Plan is included in Attachment A.

Discussion

The Revised Plan includes a number of significant changes from the November 2011 version. There are four key changes that should be highlighted:

1. A lower overall cost for the blended system approach
2. Specific investment in the bookends of the system
3. Identification of an Initial Operating Segment (IOS) to be the Southern California section (Merced to Los Angeles)
4. Provides for incremental improvements to the Northern California section (Merced to San Jose/San Francisco) and the San Fernando Valley to Orange County sections while the IOS is being constructed

Capital Cost for Blended System

Capital costs to construct the high-speed rail (HSR) system under the "blended" approach dropped from an estimated \$78.2 billion to \$68.4 billion due to better utilization of existing rail systems, a faster project delivery approach, and a modified engineering and segment utilization approach. The full Phase 1 as included in the Draft Plan had included an estimated cost for implementing the system of \$98 billion. The blended approach allows existing passenger rail service providers such as Amtrak, Metrolink, and Caltrain to provide much needed connectivity to the backbone of the HSR system by sharing facilities and tracks. This will allow for existing services to bridge the gaps in the HSR system from Central Valley to the urban areas in the north and south in advance of the full project build-out.

Investment in the Bookends

The Revised Plan also adopts an early investment strategy that would include up to \$3.5 billion in improvements to the "bookends" of the system in the Bay Area and Southern California. These investments could provide immediate benefits to the existing passenger rail services operating in Southern California by reducing travel times and improving safety while paving the way for future HSR service. Improvements could include upgrades to stations, track and signal improvements, and a limited number of key grade separations.

As stated in the Revised Plan, the funding for these investments is anticipated to come from existing Proposition 1A or other sources to be identified.

IOS and Incremental Improvements

The CHSRA states in the Revised Plan that the preferred implementation strategy is to build the system's 300-mile IOS between Merced and the San Fernando Valley, rather than between Bakersfield and the Bay Area. This approach also supports the goal of closing the gap in the state's existing passenger rail system between the San Fernando Valley and Bakersfield. Finally, the Revised Plan provides for incremental improvements to the Northern California section of the system between Merced and San Jose/San Francisco. These incremental improvements may include electrification of the Caltrain line and other infrastructure improvements that will improve speed and safety.

Delivery Approach Defined

In identifying the IOS, the Revised Plan further lays out the phased delivery approach for the construction of the statewide HSR system. Under the Revised Plan, each phase builds on the previous segment while attempting to leverage existing services to provide additional connectivity. The phased approach is outlined below:

- The phased approach begins with the construction of the 300-mile IOS between Merced and the San Fernando Valley. The IOS includes an initial construction section from Fresno to Bakersfield, the only segment of the system that is currently fully funded. This is essentially 130 miles of track and structures that will offer no new service, but according to the Revised Plan, will provide benefit to existing Amtrak San Joaquin service. Cumulative cost: \$31.3 billion (in year of expenditure).
- The Bay to Basin segment will extend the IOS to 410 miles in length, linking San Jose and Merced to the San Fernando Valley, providing the first HSR connection between the Bay Area and Southern California. Cumulative cost: \$51.2 billion (in year of expenditure).
- The Phase 1 Blended system would reach 520 miles in length, providing a one-seat ride between San Francisco and Los Angeles utilizing blended operations over existing systems in Northern and Southern California. Cumulative cost: \$68.4 billion (in year of expenditure).

The planned completion date of the IOS is 2021, with Bay to Basin following in 2026, and the Phase 1 blended system in 2028 which is an earlier implementation than identified in the Draft Plan. With the adoption of the Revised Plan, the CHSRA Board made a specific motion to include language in the resolution that calls out the inclusion of the Los Angeles to Anaheim segment, including electrification. Currently, CHSRA staff is working on the development of that section in coordination with the Southern California stakeholders. Staff will continue to monitor the development of the Los Angeles to Anaheim section and will report to the Board as the section planning is further developed and refined.

Summary

On April 2, 2012, the CHSRA has released the Revised Plan, which includes a number of significant changes in project cost, schedule, and delivery approach based on additional analysis and stakeholder input on the November 2012 Draft Plan.

Attachment

- A. Summary of Orange County Transportation Authority Comments and Concerns on the California High-Speed Rail Authority Business Plan

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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Update on the California High-Speed Rail Program Revised
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Attachment A

ATTACHMENT A

Summary of Orange County Transportation Authority Comments and Concerns on the California High-Speed Rail Authority Business Plan

Prior Comment/Concern	Summary of Comment/Concern	Revised Plan Response
Phased Delivery Approach	Began with construction in the Central Valley and ignored investment in the system “bookends”	Initial Operating Segment (IOS) is identified to be south (Merced to Los Angeles); includes specific investment in bookends to support blended approach
Project Schedule	Project schedule was increased 13 years, adding cost and timely use risks	Inclusion of the blended approach allows for faster delivery, recognizing benefits sooner; blended system by 2028
Cost Increase	Significant increase; limited contingency identified for worst case scenarios	Reduced cost for Phase 1 blended of \$68.4 billion (\$78.2 in prior draft)
Funding/Financial Plan	Funding plan largely speculative and includes no firm/long-term commitment	Calls for significant private sector investment following the IOS; cap and trade identified as a “backstop”
Compliance with Proposition 1A	Does the business plan comply with Proposition 1A?	Not addressed
Cost Comparisons	Included incongruent comparisons to roadway/airport infrastructure projects	No longer included