

FACT SHEET: December 2009 Business Plan Report to the Legislature

THE REPORT ADDRESSES EVERY ITEM OUTLINED IN THE BUDGET BILL

The High-Speed Rail Authority's revised business plan was submitted on time to the Legislature, and satisfies the language of the 2009 Budget Act. It addresses: community outreach plans, system details, cost, financing, a working timeline, risks and threats to project completion, project development, proposed levels of service, ridership, system capacity, operational plans, staffing, and a history of expenditures and accomplishments to date.

THE REPORT DESCRIBES THE UNPRECEDENTED MOMENTUM BEHIND CALIFORNIA'S HIGH-SPEED RAIL PROJECT

- Proposition 1A was approved by the voters in November 2008.
 - President Obama publicly supports the development of high-speed rail corridors in the United States.
 - He included \$8 billion for high-speed rail in the American Recovery and Reinvestment Act.
 - He expressed a desire for an annual appropriation for high-speed rail.
- Congress approved \$2.5 billion for high-speed rail in the annual transportation bill.
- Private entities are interested in investing in California's high-speed rail project.

CALIFORNIA'S HIGH-SPEED TRAIN PROJECT IS ON TRACK

Environmental reviews are taking place, the project is moving toward construction, outreach to communities is being improved, interest is increasing from private partners.

THE AUTHORITY IS GEARING UP FOR CONSTRUCTION AND HAS AN ORGANIZATIONAL PLAN TO GET THERE

The Authority is transforming from an entity focused only on planning to one that must oversee the construction of a large public infrastructure project.

- The Board elected a new Chairman, Mayor Curt Pringle.
- The Authority conducted an organizational assessment to guide its growth.

The Authority will begin the process in 2010 to seek a construction management team and financial partners.

THE HIGH-SPEED TRAIN PROJECT WILL CREATE JOBS

The high-speed train system will generate 600,000 construction-related jobs over the life of construction (one-year, full-time equivalents over approximately 8 years).

Nearly 130,000 of those would be directly related to ARRA funding if California's request is fully funded.

Rough estimates show job creation by region/rail section to be:

San Francisco – San Jose:	105,000
San Jose – Merced:	112,000
Merced – Bakersfield:	135,000
Bakersfield – Palmdale:	81,000
Palmdale – Los Angeles:	125,000
Los Angeles – Anaheim:	92,000

TODAY'S PROGRESS – IN THE ENVIRONMENTAL STAGE, HEADING TOWARD DESIGN AND CONSTRUCTION

The path from where California's high-speed train project stands today to initial revenue passenger service can be divided into three categories of major milestones: planning, implementation, and revenue service.

The report to the Legislature illustrates that the project is on track to:

- ... begin completing environmental reviews in 2011,
- ... enter construction in 2012,
- ... begin opening sections for passenger service 2017 or earlier, and
- ... complete the initial system from Anaheim to San Francisco by 2020.

OUTREACH ACTIVITIES ARE RAMPING UP

Along with increased momentum and significant project progress comes the need for increased outreach and information. The Authority has: hired a Deputy Executive Director for Communications and Public Outreach; brought on a new communications and outreach contractor, begun building partnerships with partner agencies, local governments, and community groups to better focus on outreach.

A CREDIBLE COST ESTIMATE BETTER EXPRESSED IN TERMS OF YEARS OF CONSTRUCTION RATHER THAN TODAY'S DOLLARS

Previously, the cost of the project had been described in terms of the current year. But since we are not building it in the current year, that does not accurately reflect the cost for the project in the years in which we will build it. Now, for the first time, the project's cost is expressed in years-of-expenditure (YOE) dollars, providing a much more credible estimate.

- In 2008, the cost of the Anaheim-to-San Francisco system was estimated at \$33.6 billion (in 2008 dollars).
- Updated cost estimate (also in 2008 dollars) is \$34.9 billion; due to changes in track alignment and structural needs.
- Using year-of-expenditure dollars to account for inflation and more accurately reflect the financing needs of the project over the life of when it will actually be constructed, the updated cost estimate for the San Francisco-to-Anaheim initial high-speed rail system is \$42.6 billion in year-of-expenditure dollars.

A VIABLE FINANCE PLAN TO FUND THE PROJECT'S CONSTRUCTION

Bolstered by the unanticipated American Recovery and Reinvestment Act, the state bond dollars approved by California voters, and a new President publicly eager to help build high-speed rail networks in this country, the financial plan lays out a realistic scenario for paying for the system with a combination of state, federal, local, and private funds.

State funding:	\$9 billion from Proposition 1A (used to leverage additional investment)
Federal funding:	\$17-19 billion (ARRA, other federal loan programs, transportation appropriations)
Local funding:	\$4-5 billion (in right-of-way, parking fees, transit-oriented developments, contributions)
Private funding:	\$10-12 billion (public-private partnerships, vendor financing, availability payments, etc.)
Total:	\$45 billion

RIDERSHIP SCENARIO THAT SHOWS PROFITABILITY

Through its environmental review the Authority is pursuing a scenario of lower ticket fares and larger ridership in order to study the broadest possible environmental impacts. For the purposes of this business plan, we look at a scenario that:

- Sets average ticket prices at 83 percent of airfares over the same distances
- Projects 41 million riders per year in 2035
- Shows annual revenue of \$2.87 billion in 2035

Sooner, in the first year of planned operation, 2020, the scenario projects:

- 13.5 million riders
- Revenue of nearly \$1 billion (\$950 million)

HIGH-SPEED TRAIN PROJECT HAS MUCH OVERSIGHT AND SCRUTINY

The High-Speed Rail Authority and the high-speed train project are overseen by a large number of entities. These include:

- The Authority's Board and appointees of the Senate, Assembly, and Governor's Office
- Legislation that requires routine reporting
- Proposition 1A, and the reporting, oversight requirements contained within it
- Budgetary oversight by legislative committees, Department of Finance, and Governor's Office
- Legislative policy oversight, including Assembly and Senate transportation committees, others
- Peer review board set up within Proposition 1A and whose members are appointed by a variety of control agencies and constitutional officers
- Program Management Oversight contractor hired to scrutinize the overall management of the project
- Local agreements with regional entities
- Recovery Act oversight required by the federal government and the state Inspector General

WHAT HIGH-SPEED RAIL MEANS

All-electric power and fully separated from automobile traffic, California's high-speed train will provide a new transportation option available to more than 90 percent of the residents of the state. The system is being designed to carry more than 100 million passengers a year.

NEED EXISTS FOR A TRANSPORTATION ALTERNATIVE

By 2030, the state's population will grow to 50 million people, which will nearly double interregional travel to one billion trips per year. A high-speed rail system will alleviate the need to build thousands of additional miles of new freeway and dozens of new airport departure gates and runways.