

CALIFORNIA HIGH-SPEED RAIL: BOARD UPDATE REVISED DRAFT 2020 BUSINESS PLAN

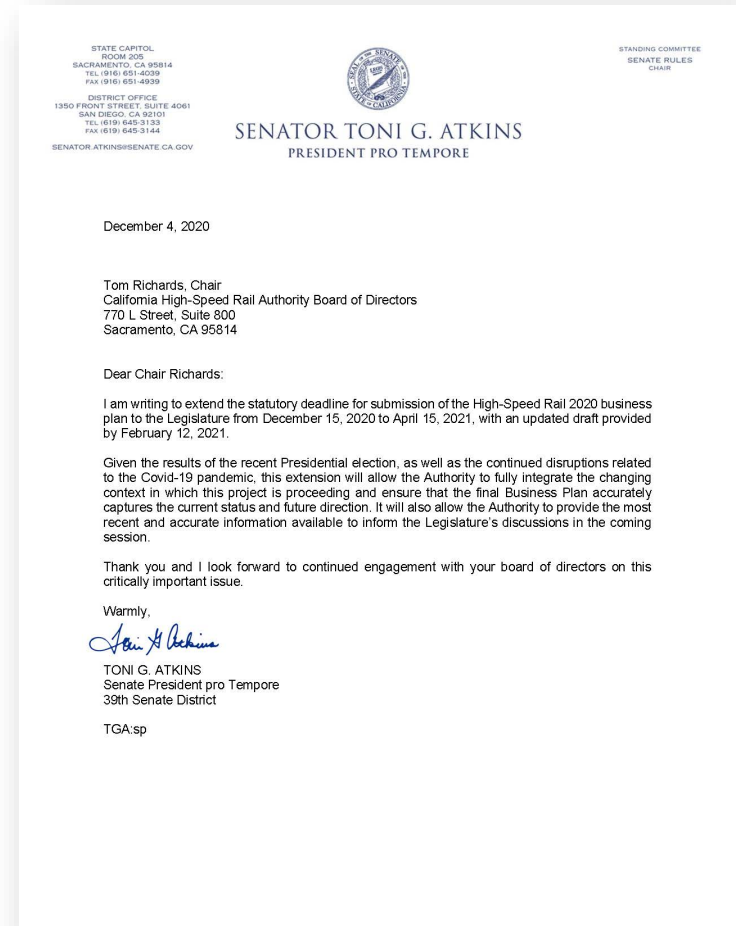
Brian Kelly
Chief Executive Officer
January 21, 2021



REVISED DRAFT 2020 BUSINESS PLAN

CALIFORNIA HIGH-SPEED RAIL

- Deadline extended for final 2020 Business Plan in coordination with Administration and legislative leadership
- Revised Draft Plan to be released on **February 9, 2021**, for 30-day public review
- End of public comment period is **March 12, 2021**
- Final Business Plan to Legislature by **April 15, 2021**



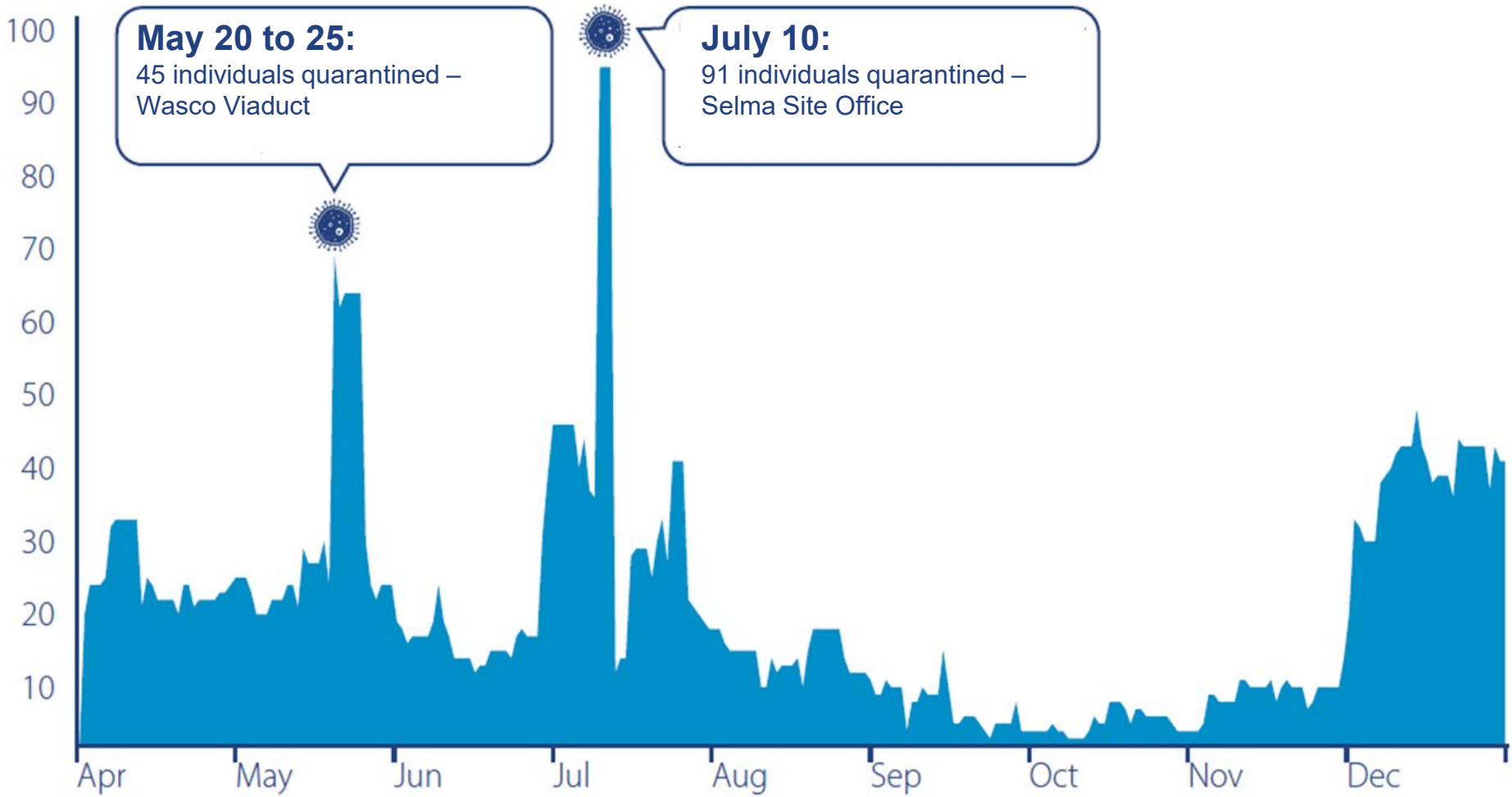
Adoption of 2020 Business Plan has been deferred twice due to COVID-19:

- » Business Plan will describe how it has impacted our program and the heightened appreciation of risk it has created
- » And it will describe how we are adjusting our program to respond to risks and uncertainty



REVISED DRAFT 2020 BUSINESS PLAN

IMPACTS IN CENTRAL VALLEY – QUARANTINE SUMMARY 2020









2020 COVID-19 Impacts to High-Speed Rail:

- » 104 days of work lost;
- » 244 workers quarantined;
- » \$288 million in lost Cap and Trade revenue;
- » Environmental schedules extended for 4 project sections;
- » Track and Systems procurement delayed until April 2021;
- » Right of Way acquisition affected by court delays (cases previously taking 3 days now taking 6-8 weeks).



REVISED DRAFT 2020 BUSINESS PLAN

PROGRESS – 2018 to 2020

		2018		2020
	Construction Jobs Created	2,573	vs.	5,216
	Structures Completed or in Construction	19	vs.	55
	Environmental Drafts Released and ROD's Certified	5	vs.	12
	Right-Of-Way Parcels Acquired	1,423	vs.	1,743
	Miles of Guideways	47	vs.	79
	Monthly Average Expenditures on Design-Build Contracts	\$30.47M	vs.	\$68.13M



COVID-19 elevated our appreciation for risk. We are implementing stronger risk management measures:

- » Enterprise Risk Management

- » New Risk Committee
- » Supported by new Enterprise Risk Manager
- » Bringing on additional risk expertise

- » Stage Gate project development and delivery process

- » Sequence of stages and gates – which serve as formal decision milestones
- » Integrated into Authority governance policies and procedures
- » Each gate serves as a control feature to ensure decisions made within risk framework



Risk assessment of COVID-19 impacts on Central Valley construction costs and schedule:

- » Legacy risks from starting construction early are being resolved
 - » Focusing on finishing the civil works – anticipating right-of-way substantially complete in 2021
 - » Projecting 22-mile Construction Package 4 substantially complete in 12-15 mos.
 - » Full ARRA match requirement achieved in Q1 of 2021 - 22 months before deadline
- » Likely actions for moving forward
 - » Increase in risk contingency for remaining work
 - » Anticipate conversation with new federal partner on restoring cooperative partnership to address funding and provide for schedule flexibility
 - » Recalibrating approach to laying Track & Systems to reduce risks and costs



REVISED DRAFT 2020 BUSINESS PLAN

ADDRESSING COMMENTS ON INTERIM SERVICE: MERCED TO BAKERSFIELD

We evaluated questions raised by legislators and Peer Review Group:

- » Independent peer review of ridership forecasts
- » Memorandum of Understanding with CalSTA and San Joaquin Joint Powers Authority for interim service roles and responsibilities
- » Questions raised about interim service business model as it relates to Proposition 1A “no operating subsidy” provisions



Further analysis conducted to address questions on ridership estimates:

- » Peer Review Group helped define the scope of independent review
- » Resource Systems Group – a third party transportation research and analytics firm – assessed whether assumptions and results were reasonable
- » Resource Systems Group review concluded:
 - » “No fatal flaws” with the work performed by the Early Train Operator
 - » Ridership estimates are within expected “ranges for travel time and frequency”
 - » Merced to Bakersfield initial operating segment “Obtains the highest forecast gain in ridership and does so at the lowest increase in cost” compared to the Burbank-Anaheim and San José-Gilroy corridors



REVISED DRAFT 2020 BUSINESS PLAN

INTERIM SERVICE MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding between the Authority, CalSTA and the San Joaquin Joint Powers Authority (SJJPA):

- » Executed in November/December by:
 - » California Transportation Secretary, David Kim
 - » California High-Speed Rail Authority CEO, Brian Kelly
 - » San Joaquin Joint Powers Authority Chair, Vito Chiesa
- » Signatories agree to coordinate, collaborate and cooperate to achieve an Interim Merced to Bakersfield interim rail service
- » Defines the roles and responsibilities for each of the three parties
 - » Confirms SJJPA will pay system access fee to use Authority infrastructure in amount to cover maintenance and overhead costs related to interim service
 - » Identifies essential follow-on agreements including a System Access Agreement, Train Lease Agreement and Operating Agreement



REVISED DRAFT 2020 BUSINESS PLAN

MERCED AND BAKERSFIELD EXTENSIONS

These studies and efforts reaffirm value in the Merced to Bakersfield interim service:

- » The Merced and Bakersfield extensions are environmentally cleared
- » We recommend advancing design which will include engineering and:
 - » Right-of-way mapping
 - » Identifying utility relocations
 - » Third-party agreements
 - » Geotechnical investigations
 - » Establishing the project footprint (project configuration)
- » This will refine our cost estimates and prepare these extensions for pre-construction activities



The Biden administration presents an opportunity to re-establish our federal partnership:

- » The Authority will engage with new administration on:
 - » Restoration of Federal Partnership
 - » Re-obligation of funding de-obligated by the Trump Administration
 - » Program delivery schedule flexibility
- » New administration and Congress create opportunity for increased federal investment in electrified high-speed rail



REVISED DRAFT 2020 BUSINESS PLAN

MOVING THE STATEWIDE SYSTEM FORWARD

Advancing design on the 500-mile statewide system after environmental clearance:

- » We propose advancing all remaining project sections into advanced design as each is environmentally cleared
- » Northern California – 2 sections from San Francisco to the Central Valley Wye
- » Southern California – 4 sections from Bakersfield to Anaheim
- » This will also include geotechnical investigations, right-of-way mapping, third party agreements and identifying utility relocations
- » It will provide a clearer picture of risks, costs and construction requirements in these complex corridors
- » These sections will be closer to being “construction ready” as funding opportunities present themselves



REVISED DRAFT 2020 BUSINESS PLAN

CURRENT FUNDING

Funding:

- » Business Plan will update funding forecast through 2030 as a range based on Cap-and-Trade projections
- » Authority anticipates seeking appropriation of remaining Proposition 1A funds as part of the 2021 Budget Act



Questions?



REVISED DRAFT 2020 BUSINESS PLAN

CALIFORNIA HIGH-SPEED RAIL



Headquarters

California High-Speed Rail Authority

770 L Street, Suite 800

Sacramento, CA 95814

www.hsr.ca.gov

