

2022 BUSINESS PLAN

Brian Kelly

Chief Executive Officer

March 17, 2022



DRAFT 2022 BUSINESS PLAN

OVERVIEW

- **Required by PUC Section 185033**
 - » Every two years (even years)
- **2020 Business Plan finalized just 10 months ago**
 - » COVID-19 impacted timing and cadence of our business plans
 - » A Project Update Report will be prepared for Legislature by March 1, 2023
- **Because of that, the 2022 Business Plan is a “bridge” document**
 - » It provides update on progress and new opportunities since April 2021;
 - » Includes limited updates to forecasts; and
 - » Previews what will be covered in the 2023 Project Update Report



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NEW FUNDING OPPORTUNITIES

- **Federal – Bipartisan Infrastructure Law**
 - » We remain hopeful about additional funds in pending Build Back Better
 - » We are evaluating federal programs and developing a grants strategy
- **Governor Newsom’s Proposed \$14.9B Transportation Infrastructure Plan**
 - » \$4.2B for California high-speed rail (remaining Proposition 1A funds), plus
 - » \$3.75B for rail and transit, including safety grade separations
 - » \$750M for active transportation
 - » \$1.2B for port-related supply chain projects
 - » \$400M for climate adaptation projects
- **Seek Federal/State/Local Partnerships to Advance State Goals**



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BIPARTISAN INFRASTRUCTURE LAW FUNDING OPPORTUNITIES

Competitive Grant Programs

Program	Eligibility / Purpose	Appropriated	Additional Authorized	Total
Federal-State Partnership for Intercity Passenger Rail (excluding Northeast Corridor amount)	<ul style="list-style-type: none"> High-Speed Rail and all intercity rail expansion projects Multi-year commitments possible 	\$12 Billion	\$4.1 Billion	\$16.1 Billion
Consolidated Rail Infrastructure and Safety Improvements (CRISI)	<ul style="list-style-type: none"> Capital projects that will improve passenger and freight rail transportation systems in terms of safety, efficiency, or reliability 	\$5 Billion	\$5 Billion	\$10 Billion
National Infrastructure Project Assistance (Mega Projects)	<ul style="list-style-type: none"> Broad eligibility for different types of infrastructure 	\$5 Billion	\$10 Billion	\$15 Billion
Local and Regional Project Assistance (NIPA – also known as RAISE)	<ul style="list-style-type: none"> Invest in road, rail, transit and port projects that promise to achieve national objectives 	\$7.5 Billion	\$7.5 Billion	\$15 Billion
Nationally Significant Multimodal Freight and Highway Projects (also known as INFRA)	<ul style="list-style-type: none"> Fund highway and freight projects of national and regional significance Available for rail/highway crossing projects. 	\$3.2 Billion	\$6.0 Billion (Authorized) \$4.8 Billion (Contract Authority)	\$14 Billion
Federal Railroad Administration Railroad Crossing Elimination	<ul style="list-style-type: none"> Highway-rail grade crossing improvement projects that focus on improving the safety and mobility of people and goods. 	\$3 Billion	\$2.5 Billion	\$5.5 Billion

Key to Terms:

Appropriated – Funds are appropriated in the legislation

Authorized – Funds can only be released upon future appropriation by Congress

Contract Authority – Funds come from the Highway Trust Fund and do not require appropriations to be released



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HOW WE PROPOSE TO USE NEW FUNDING

- **With opportunity for new, more stable funding we will work to:**
 - » Deliver an electrified, two-track initial operating segment connecting Merced, Fresno and Bakersfield as soon as possible
 - » Invest statewide to advance engineering and design work as every project section is environmentally cleared
 - » Leverage new federal and state funds for targeted statewide investments, particularly in shared corridors in the Bay Area and Los Angeles Basin
 - » Advance a longer-term funding strategy to extend high-speed rail beyond the Central Valley to the Bay Area as soon as possible



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MERCED – FRESNO – BAKERSFIELD CORRIDOR

Evaluation Criteria	Central Valley Corridor
Corridor Statistics	
Length of Corridor (in miles)	171
Highest Speed Attainable (in mph)	220
Service Results	
Ridership Increase (in millions)	4.8
Revenue Increase (\$ in millions)	117.2
Additional Annual Passenger Miles Traveled (in millions)	340
Congestion Relief	
Annual Vehicle Miles Traveled Reduction (in millions of miles)	283.6
Annual Vehicle Reduction (in thousands)**	21.0
Air Quality Benefits	
Greenhouse Gas Emissions Reduction (in thousands of metric tons of CO ₂)	50.6
Schedule Horizon	
High-Speed Rail Operation Within 10 Years	Yes



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PROGRESS

- **Progress: Central Valley Construction**

- » Since 2018, design advanced from 30% to nearly 100%
- » Working to get design changes that address third-party concerns into contracts
- » 71% of structures in construction or completed (66 out of 93)
- » 72% of the miles of guideway completed or in progress (86 out of 119 miles)

- **Progress: Central Valley Right-of-Way**

- » Took steps to improve performance: new leadership, more conservative schedule, established 30-, 60- and 90-day goals, more comprehensive mapping and tracking
- » Result: more than 2,050 parcels delivered to contractors – 90% of the total needed

- **Progress: Statewide Environmental Clearance**

- » Approximately 300 miles cleared—intend to clear 430 by July 2022
- » Essential step for advancing entire statewide program



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PROGRESS IN ENVIRONMENTAL CLEARANCE



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OTHER KEY UPDATES

- **Northern and Southern California updates**

- » New Connectivity Maps show how high-speed rail connects with other public transportation services
- » More information about partnerships, progress, key benefits and next steps

- **Program Baseline Budget**

- » Additional \$2.3B expenditure authorization approved by Board in December
- » Deferring updated Program Baseline Budget until Legislature acts on \$4.2B Proposition 1A funds

- **Updated capital cost estimates**

- » Updated recently-cleared Bakersfield-Palmdale and Burbank-Los Angeles section estimates
- » Reflects scope changes made based on extensive interactions with stakeholders, including:
 - Cesar E. Chavez National Monument/Nuestra Senora Reina de La Paz National Historic Landmark
 - Enhanced noise barriers in city of Tehachapi
 - Stream restoration and safety enhancements along Pacific Crest Trail
 - Design changes to minimize disruptions near Hollywood Burbank Airport and allow direct air-rail connections



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CURRENT & PROPOSED PROGRAM CAPITAL COST SUMMARY

Cost Category	Cost Estimate*
<p>Current Program Budget / December 2021 Board Authorization:</p> <ul style="list-style-type: none"> • Central Valley Segment Construction • Track and Systems (single-track) • Statewide Environmental Clearance • Regional Bookend Projects (Northern and Southern California) • Advance Design: Merced/Bakersfield Extensions and Central Valley Stations • Program Wide Support 	17, 937
<p>Proposed Future Elements for Merced-Bakersfield High-Speed Service</p> <ul style="list-style-type: none"> • Trainsets for testing and Interim Operations (6 trainsets) • Construction of Merced and Bakersfield Extensions (single-track) • Construction of second track from Merced to Bakersfield (built concurrently) • Construction of Central Valley Stations 	4,566 - 6,009
<p>Subtotal</p>	22,503 - 23,946
<p>Advance Design in Northern California</p>	213
<p>Advance Design in Southern California</p>	382
<p>Total</p>	23,099 - 24,542

*\$ IN MILLIONS YOE



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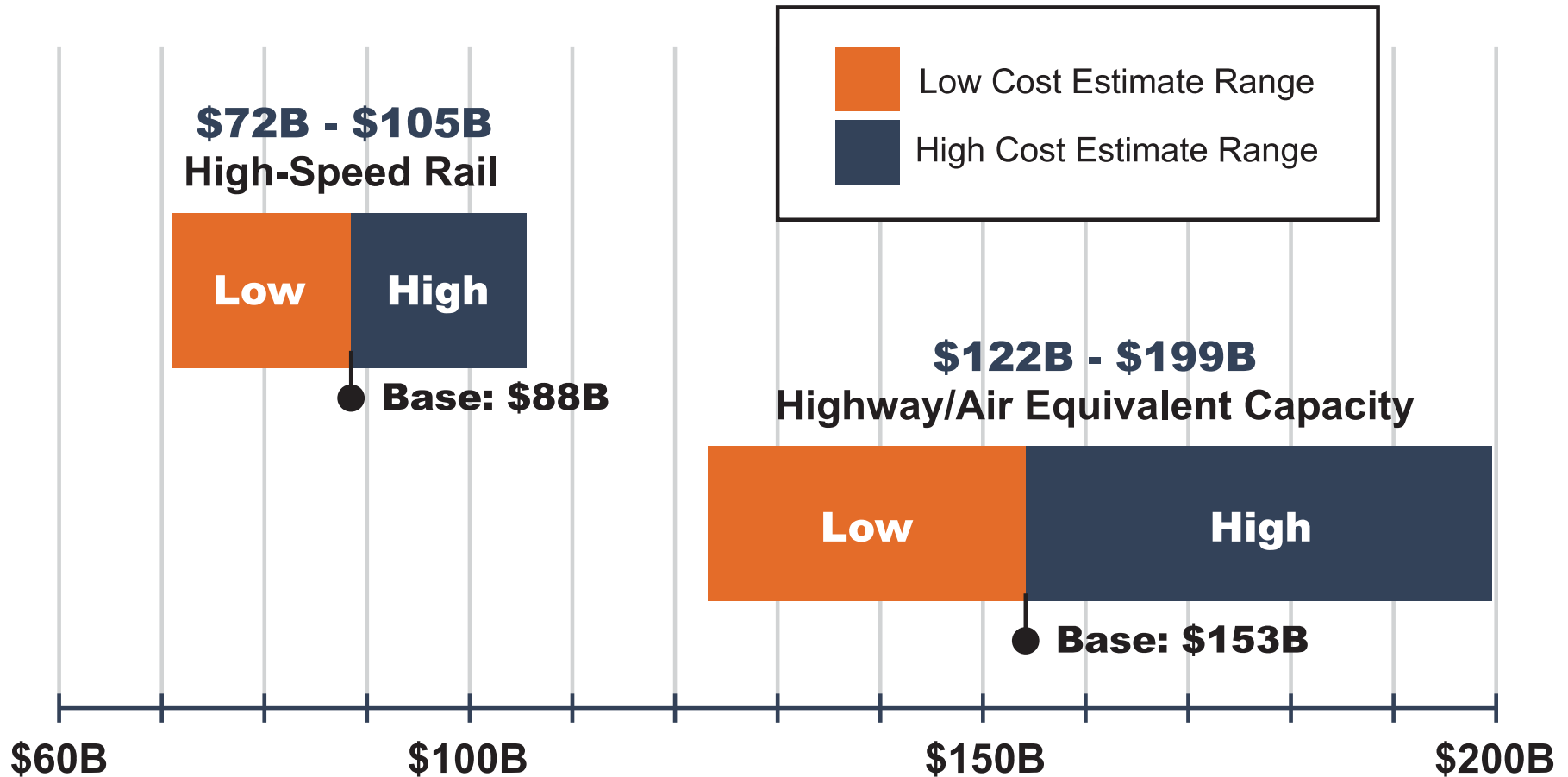
FULL PHASE 1 PROGRAM COST ESTIMATE (\$ IN MILLIONS YOE)

Segment	Low	Base	High
Merced To Bakersfield Line			
Interim Program Baseline, Expenditure Authorization	—	17,937	—
Trainsets (2 each)	—	390	—
Merced and Bakersfield Extensions (Single Track, 4 stations)*	—	3,071 to 4,514	—
Merced to Bakersfield (Second Track)	—	1,106	—
Northern California			
San Francisco to San José	1,307	1,649	2,123
San José to Gilroy	2,162	3,194	4,633
Gilroy to Carlucci Road (connection to Central Valley)	7,871	10,397	12,789
Central Valley Wye Balance	1,842	2,240	2,601
Advance Design Costs	—	213	—
Southern California			
Bakersfield to Palmdale	14,703	18,379	22,239
Palmdale to Burbank	12,635	16,775	24,428
Burbank to Los Angeles	2,201	2,935	3,405
Los Angeles to Anaheim	2,478	2,918	3,352
Advance Design Costs	—	382	—
Other System Costs			
Heavy Maintenance Facility Balance	433	481	529
Trainset Balance	4,161	4,643	5,084
Phase 1 Cost Range	72,297	86,710 – 88,153	105,129



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COST OF ALTERNATIVE PEOPLE-CARRYING CAPACITY



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- **Preview – March 2023 Project Update Report**

- » Funding strategy – informed by Legislative budget decisions and potentially federal action on Build Back Better
- » Updated Program Baseline Budget/Schedule - informed by funding, finalizing commercial agreements and Track and Systems bids
- » Design procurements - Merced, Bakersfield and Central Valley stations
- » New ridership/revenue forecasts – based on new model developed by Authority’s Early Train Operator in coordination with CalSTA
- » Updated capital cost estimates – informed by Records of Decision and other factors



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SCHEDULE TO COMPLETE 2022 BUSINESS PLAN

- **Schedule / Board Meetings**

- » February 8 Draft Business Plan out for 60-day public review
- » February 17 Board Meeting
- » March 17 Board Meeting
- » April 11 End of 60-day public comment
- » April 21 Board Meeting – Action/direction on preparing final plan
- » May 1 Final 2022 Business Plan due to Legislature



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HOW TO COMMENT

- **Options for submitting comments:**

- » **Online comment form** through Draft 2022 Business Plan website at:

- » <https://hsr.ca.gov/about/high-speed-rail-business-plans/2022-business-plan>

- » **By email at:** DraftBP2022@hsr.ca.gov

- » **By U.S. mail to:**

- » California High-Speed Rail Authority

- » Attn: Draft 2022 Business Plan

- » 770 L Street, Suite 1180, Sacramento, CA 95814

- » **At Board of Directors meetings** webcast at www.hsr.ca.gov

- » February 17 and March 17

