



January 3, 2017

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Michael Cohen, Director
Department of Finance
State Capitol, Room 1145
Sacramento, CA 95814

Dear Director Cohen:

The California High-Speed Rail Authority (Authority) is pleased to submit to you the enclosed Central Valley Segment Funding Plan, San Francisco to San Jose Peninsula Corridor Funding Plan, and corresponding Independent Consultant Reports required pursuant to Section 2704.08(d) of the Streets and Highways Code.

In 2012, the Legislature passed Senate Bill 1029 that appropriated over \$7.9 billion in federal funds and Proposition 1A bond funds to begin construction of the California high-speed rail system. That legislation directs \$5.8 billion to the Central Valley, \$600 million to the Caltrain Peninsula Corridor Electrification Project, and \$500 million to Southern California projects. In 2014, the Legislature passed Senate Bill 862 that continuously appropriated 25 percent of specified Cap and Trade auction proceeds to Phase I (San Francisco to Anaheim) of the high-speed rail project.

Project work is advancing in each of the three regions specified in SB 1029. The Authority has been moving forward with construction in the Central Valley primarily using these federal funds, and currently has three active construction contracts covering 119 miles of civil works. Caltrain has selected both a construction contractor and railcar manufacturer for the Peninsula Corridor Electrification Project. With a recent federal Transportation Investment Generating Economic Recovery (TIGER) grant, the Los Angeles Metropolitan Transportation Authority will likely be ready soon for a Proposition 1A Funding Plan for the Rosecrans/Marquardt grade separation project.

In order to expend Proposition 1A bond funds, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century requires the Legislature to appropriate Proposition 1A funds (as it did in 2012), and for the Authority to prepare and submit a Funding Plan to the Director of Finance and the Chair of the Joint Legislative Budget Committee. The enclosed Funding Plans, approved by the Authority Board effective January 1, 2017, are consistent with the Authority's 2016 Business Plan and the Legislature's appropriation and direction in SB 1029.

If you have any questions, please contact Russell Fong, Chief Financial Officer, at Russell.Fong@hsr.ca.gov, or (916) 431-2929

Sincerely,

JEFF MORALES
Chief Executive Officer

EDMUND G. BROWN JR.
GOVERNOR



Director Michael Cohen

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cc: Members, Joint Legislative Budget Committee
Mr. Mac Taylor, Legislative Analyst
Mr. Mark Ibele, Staff Director, Senate Budget Committee
Mr. Kirk Feely, Budget Fiscal Director, Senate Republican Fiscal Office
Mr. Craig Cornett, Senate President Pro Tempore
Mr. Christian Griffith, Chief Consultant, Assembly Budget Office
Mr. Steve McCarthy, Staff Director, Assembly Republican Fiscal Committee
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Chris Woods, Assembly Speaker's Office