

# CALIFORNIA HIGH-SPEED RAIL: BOARD UPDATE – 2020 BUSINESS PLAN

Brian Kelly  
Chief Executive Officer  
September 9, 2020



# 2020 BUSINESS PLAN

## CALIFORNIA HIGH-SPEED RAIL

### Required by PUC Section 185033

- » Required every two years
- » Report to Legislature on progress
- » Approach to delivering the system
- » Update forecasts and estimates for costs, funding, ridership, revenues
- » Schedule for environmental clearance
- » Discussion of foreseeable risks



# 2020 BUSINESS PLAN

## CALIFORNIA HIGH-SPEED RAIL

### Timeline

- » February 12 - Draft Business Plan issued
- » March 11 – World Health Organization declared a pandemic
- » March 19 - Governor Newsom issued stay-at-home order
  - » Legislature requested final Business Plan be shifted to July 1 to allow time for hearings
  - » Authority extended comment period to June 1
- » June - Authority, Legislature and Administration agreed to defer adoption of final Business Plan
  - » AB 90 set new submittal date to December 15, 2020
  - » Board is scheduled to adopt on December 10, 2020



### More than 200 comments received through:

- » Online comment forms
- » Email
- » U.S. mail
- » Voicemail
- » Three public meetings
  - » February Board of Directors Meeting
  - » April Board of Directors Meeting
  - » May Assembly Transportation Committee Oversight Hearing
- » Letters from multiple entities, including:
  - » California High-Speed Rail Peer Review Group (PRG)
  - » Legislative Analyst's Office (LAO)
  - » Chair of Senate Transportation Committee



### COVID-19 has affected our program

- » Request for extension from two international teams preparing Track & Systems bids -- bids now due late October
- » California courts have closed or severely reduced hours – affecting right-of-way acquisition
  - » Existing cases delayed by 2 to 3 months
  - » New cases taking 6 to 8 weeks instead of 2 to 3 days
- » Cap-and-Trade quarterly auction in May was low, August was not as low as anticipated -- next auction in November
- » Requests to extend public comment periods on draft environmental documents (Bakersfield-Palmdale, San Jose-Merced, Burbank-Los Angeles, San Francisco-San Jose)



### Deferral allows time to address issues

- » Conducting a cost/schedule risk assessment of 119 miles of Central Valley construction to understand “where we are” and inform Baseline Rev 2
- » Preparing a funding risk analysis with financial advisor (KPMG)
  - Risk/FINO/Financial Advisor team is conducting risk assessments (top down and bottom up) to review program schedule, scope, cost and revenue projections
  - Team is evaluating current and potential future impacts of COVID-19 on the program
  - Objective is to complete this work and inform the Board exactly where we stand in early November
  - Full assessment of program status and options will be presented in November
  - Board will review status and options and direct staff accordingly on final Business Plan preparation
  - The current December Board meeting is set for December 10, 2020; the Business Plan submittal to the Legislature is required by December 15, 2020



### Deferral allows time to address other issues

- » The Business Plan will also address key issues raised by the Legislature and Peer Review Group earlier in the year
  - Developing Memorandum of Understanding with CalSTA and San Joaquin JPA for rail operations between Merced and Bakersfield
  - Conducting independent peer review of ridership forecasts prepared by Early Train Operator for the Side-by-Side Analysis



# 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](http://www.hsr.ca.gov)

