



CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BUSINESS PLAN 2008 SUMMARY

The Business Plan 2008 provides a “snapshot in time,” giving the most up-to-date figures and facts; however, future information from new and ongoing studies will make these figures subject to change. All calculations are based on 2008 dollars. While the full system is forecast to be completed by 2030, this Business Plan is focused on financing the backbone of the system, San Francisco through the Central Valley to Los Angeles and Anaheim, the portion of the system for which data is available.

High-Speed Trains – Electric and fully separated from automobile traffic, California’s high-speed train will provide a new transportation option available to more than 90% of the residents of the state. The system is designed to carry more than 100 million passengers a year.

The Need – By 2030, the state’s population will grow to 50 million people, which will nearly double interregional travel to one billion trips per year. High-speed trains will alleviate the need to build – at a cost of nearly \$100 billion – about 3,000 miles of new freeway, plus five airport runways, and 90 departure gates over the next two decades.

The Route – The backbone of the system, San Francisco through the Central Valley to Los Angeles and Anaheim, has priority for construction.

- Stations will be located in city centers, energizing and revitalizing downtowns along the 800-mile route.
- Stations will be integrated with existing transportation hubs.
- At full build-out, the system will run from San Diego north to Sacramento and San Francisco.

The Benefits – In the year 2030, high-speed trains will create \$11 billion in direct benefits to Californians. In five years of operation, the overall benefits will exceed the cost of building and operating the system.

- **Economic Impact** – The high-speed train system will create more than \$150 billion in measurable present-value benefits – approximately three times the present value of the train’s capital and operational costs over the next 40 years.
- **Jobs** – In 2030 high-speed trains will generate 320,000 permanent jobs, growing to 450,000 jobs in 2035.
- **Environment** – The train will reduce CO₂ emissions by 12 billion pounds per year and the state’s reliance on fossil fuel by 12.7 million barrels of oil per year.
- **Transportation** – The train will improve capacity, provide options for intercity travel and act as a catalyst to strengthen existing city centers by maintaining and improving accessibility.

Revenues – Passenger revenues will exceed operating and maintenance costs. Estimates for the backbone of the high-speed train line from Los Angeles/Anaheim to San Francisco include:

- With train fares at 50% of airfares, high-speed trains will carry 55 million trips in 2030 and generate \$2.4 billion.
- Annual operation and maintenance costs have been estimated at approximately \$1.3 billion.

- Operating surpluses of \$1.1 billion will be used as a return on investment for private sources of major financing, for expanding or improving the system or to repay construction bonds.

Financing the system – Costs will be a state, federal, local and private partnership. Preliminary estimates peg the cost of the backbone of the high-speed train line from Los Angeles/Anaheim to San Francisco, preliminary at approximately \$33 billion (in 2008 dollars) depending on fare structure.

Funding sources include:

- State funds – \$9 billion available through the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, which was passed by voters on the November 2008 ballot.
- Federal funds – Financial and regulatory support of approximately \$12 to \$16 billion. The Authority plans to leverage private sector support by obtaining federal funding through both existing and new federal programs for high-speed rail.
- Local support – \$2 to \$3 billion in local funding assistance and cost-sharing with local agencies, revenues from transit-oriented development, commercial concessions at stations, and cooperative funding arrangements with local transportation agencies.
- Public Private Partnerships (“P3s”) – \$6.5 to \$7.5 billion in private investment. After the Authority issued a Request for Expressions of Interest (“RFEI”) in the spring of 2008, participants confirmed private-sector interest.

Building the System – The Authority will begin building the system in a way that promotes maximum utility and revenue options throughout the construction period.

- Initially, smaller segments in and around the Los Angeles Basin and the Bay Area would provide immediate benefit to commuters in those regions.
- Segments linking the Central Valley with a major metropolitan area would provide an immediate benefit to communities underserved by current air or rail networks.
- The state contribution calls for \$950 million for capital improvements to intercity and commuter rail lines and urban rail systems, to provide connectivity to the high-speed rail system.

Mitigating Risks – The Authority has identified risks and developed plans to mitigate these risks:

- Limiting future cost increases by transferring risk to a private partner through contracting methods (design/build) which have been proven to provide projects on time and within budget.
- Performance bonding to create incentives for contractors.
- Contingencies built into cost estimates.
- Seamless integration of design and building of project to insure continuity and quality.