

CALIFORNIA HIGH-SPEED RAIL: CEO REPORT

Brian Kelly
Chief Executive Officer
January 19, 2022



- **Governor's Budget**
- **ARRA Status**
- **Change Order Report**
- **Preview/Summary of the 2022 Draft Business Plan**



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GOVERNOR'S 2022/2023 BUDGET

- **\$15 BILLION FOR TRANSPORTATION PROGRAMS AND PROJECTS**

- » \$9.1 Billion for Transportation Infrastructure Package
- » \$4.5 Billion in federal Bipartisan Infrastructure Law formula funding
- » \$1.2 Billion for ports, freight, goods movement infrastructure
- » \$100 Million for the Clean California local grant program

- **TRANSPORTATION INFRASTRUCTURE PACKAGE**

- » \$4.2 Billion Proposition 1A bonds for High-Speed Rail
- » \$2 Billion General Fund for statewide rail and transit projects
- » \$1.25 Billion General Fund for Southern California transit projects
- » \$750 Million General Fund for Active Transportation
- » \$500 Million General Fund for high priority grade separation projects
- » \$400 Million General Fund for climate adaptation projects



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ARRA STATUS

- **FEDERAL RAILROAD ADMINISTRATION NOTIFIED HSR THAT ARRA GRANT FUNDING HAS BEEN MET**

- » Milestone met one year ahead of schedule
- » Authority expended \$2.5 Billion in federal ARRA funding by September 2017 deadline
- » Match dollars fully approved by FRA in January 2022
- » Funding used on Central Valley construction and environmental clearance



• **Belmont Avenue Construction (CP1) Change Order**

- » **Background:** Authority directed changes to original contract plans for several City of Fresno streets and facilities, UPRR issues and utility workarounds, lane configuration changes and changes to the Caltrans / SR 99 interchange plans. Authority directed changes issued under multiple Authority Directive letters post contract award after final cooperative agreements were reached with the City of Fresno and UPRR.
- » **Cost:** \$38,700,911 negotiated with contractor. Amount within Baseline Rev 1 contingency.
- » **Justification:** Belmont Avenue overcrossing structure, street and traffic signal improvements, roadway realignments, utility relocations and protections all agreed to by City of Fresno and UPRR.



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DRAFT 2022 BUSINESS PLAN

- **Required by PUC Section 185033**
 - » Foundational document for implementing the program
 - » Required 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
 - » Business Plan “Draft” is management’s recommendation to Board
- **Because of that, the 2022 Business Plan is a “bridge” document**
 - » It provides update on milestones and progress since April 2021;
 - » Includes limited updates to forecasts; and
 - » Previews what will be covered in the 2023 Project Update Report



- **Most Significant Development: New Federal Funding**

- » Bipartisan Infrastructure Law creates new funding opportunities

- » We remain hopeful about additional funds in pending Build Back Better Act

- » We are evaluating federal programs to develop a grants strategy



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DRAFT 2022 BUSINESS PLAN

- **With opportunity for new, more stable funding we will work to:**
 - » Deliver electrified, double-track operating segment connecting Merced, Fresno and Bakersfield as soon as possible
 - » Environmentally clear full 500-mile system
 - » Advance design statewide as each project section is cleared, preparing them for future construction funding
 - » Leverage new federal and state funds for targeted statewide investments, particularly in shared corridors
 - » Re-evaluate funding scenarios to extend high-speed rail beyond the Central Valley to the Bay Area



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DRAFT 2022 BUSINESS PLAN

- **Key updates:**

- » New and pending funding – including pending appropriation of remaining \$4.2B Proposition 1A funds by Legislature
- » Central Valley – construction progress, managing risks and defining scope, negotiating contract changes, more realistic right-of-way schedule
- » Organizational changes – reformed Right-of-Way Division, revamped change control process
- » Advancing design – Merced and Bakersfield extensions
- » Environmental clearance – 291 miles to date, 422 miles by mid-2022, full 500-mile system in 2023
- » Northern and Southern California updates – more focus on project sections
- » December Board approval - additional expenditure authorization (\$2.3B)
- » Updated estimates for two project sections with recent Records of Decision – Bakersfield to Palmdale and Burbank to Los Angeles (action pending tomorrow)



• **Preview - 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



• **Schedule / Board Meetings**

- » February 4 Draft Business Plan out for 60-day public review
- » February 17 Board Meeting
- » March 17 Board Meeting
- » April 5 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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Questions



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CALIFORNIA HIGH-SPEED RAIL



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