



CALIFORNIA
High-Speed Rail Authority

Budget Update and Approval of Budget

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Agenda

- Existing Board Policy Board Policy HSRA24-1135, directs the Authority to update capital cost estimates in annual plans, and Board Policy HSRA11-001, directs Board acceptance of the Program Baseline and Budget and the annual fiscal year Budgets.
- Starting Point: 2024 Business Plan
- Project Update: Project Cost Estimates and Funding as reported in the recent 2025 Supplemental Project Update Report (PUR).
 - Updated Project Cost Estimates
 - The Authority assumes it will retain \$4.0 billion in Federal grant funding currently in litigation.
 - The Administration and the Legislature continues to deliberate on the Governor's 2025-26 May Revision proposal to provide a stable funding source for the project.
- Next Steps: Acceptance of 2025 Program Baseline and Budget to obtain the authority to move forward with the work in front of us.

Starting Point

Snapshot of Funding when the Board Authorized Jan-24 Expenditure Authorization

FUNDING (in \$ billions)

Funding Source	Appropriation
Federal	
ARRA Grant	2.545
FY10 Grant	0.929
FSP Grant	3.074
CRISI Grant	0.202
Other Grants (RAISE FY21-FY23, Brownfields, CID)	0.070
State	
Proposition 1A (PD, Con, Bookends, and Admin)	9.000
Cap-and-Trade Received through November 2023	6.519
Cap-and-Trade Future (\$1.0B/year) through 2030	7.000
TOTAL (Capital Outlay, Admin and Capital Support)	29.339
Funds Reserved for Admin and Capital Support	(0.606)
TOTAL (Capital Outlay only)	28.733
Uncommitted Program Funding	2.639

BUDGET (in \$ billions)

Scope	Budget	Spent (6/30/25)	Balance
Central Valley Segment (CVS) – Civil Works	12.059	9.888	2.171
State Route 99 (SR-99) and State Route 46 (SR-46)	0.397	0.316	0.080
CVS – Track & Systems (T&S), Fresno Historic Depot	3.813	0.024	3.789
Phase 1 Environmental Clearance & Advance Design	1.043	0.959	0.084
Program Management & Support	2.732	1.834	0.898
Bookend Investments	1.298	0.854	0.444
Program Contingencies and Reserves	0.618	0.054	0.565
Subtotal (CVS, Ph1 Environmental, and Bookends)	21.960	13.929	8.031
Federal-State Partnership (FSP) Grant Scope			
<ul style="list-style-type: none"> High-Speed Rail Trainsets and Trainset Facilities Fresno Station – Final Design and Construction Merced Ext. – Final Design and ROW Bakersfield Ext. – Final Design and ROW Bakersfield Interim Ext. – Civil Works and T&S 	3.842	0.070	3.772
CRISI Grant Scope (Shafter Grade Separations)	0.292	-	0.292
TOTAL	26.094	13.999	12.095
Percent (%) of Budget	100%	54%	46%

2024 Business Plan Capital Cost Estimates

BUDGET (in \$ billions)

Scope	Jan-24 Exp. Authorization	M-B EOS Estimate	Variance	Note
Central Valley Segment (PD, Civils, T&S, PW Support)	18.262	18.262	-	The 2024 Business Plan outlined the Authority's plan to fund the additional scopes not included in the January 2024 Expenditure Authorization with Infrastructure Investment and Jobs Act (IIJA) grants. The Authority's total IIJA grant fund award target was \$8.0 billion. The Authority's uncommitted program funding was \$2.639 billion.
Project Development (PD) Balance	0.127	0.127	-	
Merced Extension ROW and Design (Civils excluded)	0.754	4.462	3.708	
Bakersfield Extension ROW, Design and Civils (Civils to Downtown excluded)	1.874	3.258	1.384	
Stations Fresno (Merced, Kings/Tulare, Bakersfield excluded)	0.225	1.237	1.012	
Track & Systems Bakersfield (Merced excluded)	0.458	3.025	2.567	
Solar & Utility Interconnection	0.025	0.230	0.205	
High-Speed Rail Trainsets (6 total)	0.561	0.561	-	
Maintenance Facility and Driving Simulator	0.418	0.418	-	
Program Wide Support and Contingency Balance	1.043	1.396	0.353	
Subtotal: Merced to Bakersfield Segment	23.747	32.976	9.229	
Program Wide Support and PD Balance (Phase 1)	1.049	1.049	-	
Bookend Investments	1.298	1.298	-	
TOTAL	26.094	35.323	9.229	

2025 Update on Cost Estimates

- As outlined in the March 2025 PUR, the Authority took a fresh look at our Design Criteria Manual (DCM), which is the basis of design for the project. During the review of the DCM, the Authority identified the following main areas where design efficiency could be achieved:
 - » Aligning the operational speed with the design speed;
 - » Increasing the absolute maximum gradient;
 - » Reducing the vertical clearance required above trackways and trackway widths;
 - » Allowing the use of seismic isolation devices and rail expansion joints in the design of bridge structures; and
 - » Reducing minimum culvert cover thickness.
- In the 2025 Supplemental PUR the Authority's cost estimate for the 2025 Program Baseline and Budget is approximately \$36.75 billion.
 - » The Authority used a bottom-up methodology to create more certainty in the cost estimate (before risk and inflation).
 - » It employed more precise engineering estimates of build quantities, unit costs related to geographical areas of construction, and clearer definitions of work scopes from advanced designs.
 - » The Authority identified design improvements and sequencing changes, leading to significant cost savings of about \$14.28 billion, which significantly offset the increased costs identified through advancing design.

2025 Update on Cost Estimates

Description	Incremental		Cumulative	Notes
	Amount (\$)	Percent (%)		
2023 Project Update Report (PUR) / 2024 Business Plan (BP) – Program Baseline Budget	-	-	35.32	
Inflation	1.76	5.0%	37.08	PUR23\$ TO PUR25\$ (2 years of price absorption)
Escalation	1.07	3.0%	38.15	Updated Schedule (December 31, 2031 Completion)
Closing Out the Central Valley Segment	1.97	5.6%	40.12	Central Valley Segment scope
Completed 30% Designs @ 2024\$	10.91	30.9%	51.03	Design Advanced for Extensions and Stations and 2024 Pricing
Impact of Design and Execution Optimizations	(14.28)	(40.4%)	36.75	Offsetting Elements: Design Criteria Manual (DCM) updates Design optimizations Sequencing of scope
2025 M-B PROGRAM BASELINE BUDGET			36.75	

2025 Update on Funding

- **Proposition 1A** Remaining \$4.2 billion out of the total \$9.0 billion Prop 1A funds **Secured** and **Appropriated** with the passing of Senate Bill 198 in 2022.
- **Federal Funds** We **assume retaining** \$4.0 billion in federal grant funding that is currently in litigation.
- **Cap-and-Trade / Cap-and-Invest** Auction Revenues – Actual versus Plan (in \$ millions)

	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	Total
Plan	500	500	500	750	750	750	750	750	1,000	1,000	7,750
Actual	459	221	708	787	494	637	1,089	906	1,181	769	7,250
Variance	(41)	(279)	208	37	(256)	(113)	339	156	181	(231)	-

- The Cap-and-Trade program has **stood resilient** for the past decade, even with legal challenges, a tough negotiation on extension of the program in 2017 (which set the 2030 end date), and the 2020 economic downturn. The Governor’s FY2025-26 budget proposal includes extending the Cap-and-Invest program through 2045 with at least \$1.0 billion in annual funding for the Authority. This would provide at least \$15.0 billion in additional funding for the program.

What does approving the updated Program Baseline and Budget mean?

- A full Program Baseline authorization and Budget.
- The project will continue to progress without delay with activity focused on the delivery of schedule critical path activities and other commitments as outlined in the 2025 Supplemental Project Update Report including:
 - » Central Valley Segment (119 miles)
 - Civil Works (CP1, CP2-3, SR46)
 - Commodities Purchasing (Long Lead Items)
 - Track & Systems (Track Laying Phase starting with CP4 and Advancing designs)
 - High-Speed Rail Trainsets (Co-Development Phase to reduce Integration Risk)
 - » Merced Extension and Bakersfield Extension Early Works
 - Designs
 - Right-of-Way Acquisition
 - Third-Party Agreements and Utility Relocations
 - » Los Angeles to Anaheim Environmental Clearance (To achieve full Phase 1 environmental clearance)
 - » Support for Bookend Projects
- The budget will be continuously monitored with status reports provided monthly at F&A Committee meetings.

Next Steps

- The Governor's 2025-26 May Revise proposal changes the funding landscape for the Authority – Details on Funding Plan

Scope	2024 Business Plan	Change	Detailed Funding Plan
Phase 1 Environmental Clearance, Bookends, and Program Wide Support	Funded	No Change	Funded with Prop 1A and Cap & Trade Existing Funds
119 Mile Central Valley Segment	Funded	FY10 Grant Funding – Contested	1. Prevail on FY10 Grant Funding Dispute 2. Alternative: Backfill with Cap & Trade Existing Funds
Trainsets & Facilities	Funded	FSP Grant Funding – Contested	1. Prevail on FSP Grant Funding Dispute 2. Alternative: Proposed funding from Cap & Invest Funds
Fresno Station Scope under FSP Grant	Funded	FSP Grant Funding – Contested	1. Prevail on FSP Grant Funding Dispute 2. Alternative: Proposed funding from Cap & Invest Funds
Bakersfield Ext. Scope under FSP Grant	Funded	FSP Grant Funding – Contested	1. Prevail on FSP Grant Funding Dispute 2. Alternative: Proposed funding from Cap & Invest Funds
Merced Ext. Scope under FSP Grant	Funded	FSP Grant Funding – Contested	1. Prevail on FSP Grant Funding Dispute 2. Alternative: Proposed funding from Cap & Invest Funds
Kings/Tulare Station Construction	Unfunded	None	Proposed to fund with Cap & Invest Funding
Bakersfield Ext. Remaining Civil Construction	Unfunded	None	Proposed to fund with Cap & Invest Funding
Bakersfield Station Construction	Unfunded	None	Proposed to fund with Cap & Invest Funding
Bakersfield Ext. Remaining Track and Systems	Unfunded	None	Proposed to fund with Cap & Invest Funding
Merced Ext. Civil Construction	Unfunded	None	Proposed to fund with Cap & Invest Funding
Merced Station Construction	Unfunded	None	Proposed to fund with Cap & Invest Funding
Merced Ext. Track and Systems	Unfunded	None	Proposed to fund with Cap & Invest Funding

*Cap & Trade (C&T) Program is currently authorized through 2030 and a current proposal from the Administration is being negotiated with the Legislature to modify the C&T Program by extending it through 2045 and renaming it the Cap & Invest Program with a minimum of \$1 billion in annual revenue for the Program.

2025 Merced to Bakersfield Program Baseline and Budget

2025 Merced to Bakersfield Program Baseline (in millions)	
Bond Fund (Prop 1A) - Phase I	\$ 564
Bond Fund (Prop 1A) - Phase II	\$ 42
Cap-and-Trade – Project Development	\$ 809
Federal Trust Fund (ARRA)	\$ 466
Federal Trust Fund (Brownfields EPA Grant)	\$ 1
Federal Trust Fund (RAISE Merced Extension)	\$ 25
PROJECT DEVELOPMENT SUBTOTAL	\$ 1,907
Bond Fund (Prop 1A)	\$ 6,624
Cap-and-Trade – Construction*	\$ 20,502
Federal Trust Fund (ARRA)	\$ 2,079
Federal Trust Fund (FY10)	\$ 929
Federal Trust Grant (RAISE SR-46)	\$ 24
Federal Trust Grant (Federal State Partnership)	\$ 3,074
Federal Trust Grant (CRISI Shafter Grade Separations)	\$ 202
Federal Trust Grant (RAISE Fresno Historic Depot)	\$ 20
Federal Trust Grant (Corridor ID)	\$ 1
Federal Trust Grant (RCE Le Grand Rd. Overcrossing)	\$ 90
CONSTRUCTION SUBTOTAL	\$ 33,545
Bond Fund (Prop 1A) – Bookends	\$ 1,100
Cap-and-Trade – Bookends	\$ 198
LOCAL ASSISTANCE SUBTOTAL	\$ 1,298
TOTAL	\$ 36,750

Uncommitted Program Funding

6.280

Notes:

- The program baseline will be continuously monitored with status reports provided monthly at F&A Committee meetings.
- The Authority has included the \$4.0 billion in federal funding currently under dispute as part of the Program Baseline Budget.
- The Authority has included a portion of the proposed additional \$15.0 billion in future Cap-and-Invest funding to fill the identified funding gap and then identified the amount of surplus.
- As the program commitments expand, the Authority will control contractual commitments through (1) established governance procedures to ensure no contracts are made without identified and projected funds, (2) Notice-to-Proceed mechanisms in future contracts to ensure capital expenditures do not exceed available cash, and (3) adherence to the delegation of authority established by the Board.

Fiscal Year 2025-26 Capital Outlay Budget

FY2025-26 Capital Outlay Budget (in millions)	
Bond Fund (Prop 1A) - Phase I	\$ -
Bond Fund (Prop 1A) - Phase II	\$ -
Cap-and-Trade – Project Development	\$ 94
Federal Trust Fund (ARRA)	\$ -
Federal Trust Fund (Brownfields EPA Grant)	\$ -
Federal Trust Fund (RAISE Merced Extension)	\$ 0
PROJECT DEVELOPMENT SUBTOTAL	\$ 95
Bond Fund (Prop 1A)	\$ 315
Cap-and-Trade – Construction	\$ 2,210
Federal Trust Fund (ARRA)	\$ -
Federal Trust Fund (FY10)	\$ -
Federal Trust Grant (RAISE SR-46)	\$ 9
Federal Trust Grant (Federal State Partnership)	\$ -
Federal Trust Grant (CRISI Shafter Grade Separations)	\$ 16
Federal Trust Grant (RAISE Fresno Historic Depot)	\$ 3
Federal Trust Grant (Corridor ID)	\$ -
CONSTRUCTION SUBTOTAL	\$ 2,552
Bond Fund (Prop 1A) - Bookends	\$ 50
Cap-and-Trade - Bookends	\$ -
LOCAL ASSISTANCE SUBTOTAL	\$ 50
TOTAL	\$ 2,697

Notes:

- The capital outlay fiscal year budget will be continuously monitored with status reports provided monthly at F&A Committee meetings.
- The capital outlay fiscal year budget is focused on the delivery critical scope items to continue to advance the M-B Scope.
- The fiscal year budget assumes the use of state matching funds to be spent first while litigation on the FY10 grant and FSP grant funds advance to ensure critical scope items like design, right-of-way, and utility relocation (predecessor works) are advanced to stay on schedule.
- In addition, the Authority will prepare FY10 and FSP grant submittal packages for reimbursement if the litigation is resolved in Authority favor.

Fiscal Year 2025-26 Administrative and Capital Support Budget

FY2025-26 Admin and Capital Support Budget (in millions)		
Executive Operations Office	\$	2.2
Administrative Office	\$	14.5
Audit Office	\$	2.3
Contract Administration Office	\$	8.4
Construction Office	\$	8.1
External Affairs Office	\$	2.6
Financial Office	\$	11.7
Information Technology Office	\$	22.0
Infrastructure Maintenance Office	\$	1.3
Legal Office	\$	6.0
Legislative Affairs Office	\$	0.8
Planning and Engineering Office	\$	15.4
Program Safety and Security Office	\$	0.8
Project Controls Office	\$	0.8
Rail Operations Office	\$	1.6
Statewide Regional Office	\$	16.6
Strategic Communications Office	\$	2.3
TOTAL	\$	117.5
POSITIONS		514

Notes:

- The administrative and capital support fiscal year budget will be continuously monitored with status reports provided monthly at F&A Committee meetings.
- The administrative and capital support fiscal year budget aligns with the 2025 California Budget Act (SB 101) signed by Governor Newsom on June 27, 2025.
- Key changes to the administrative and capital support fiscal year budget as presently reported include:
 - Budget Change Proposals
 - *NEPA Assignment Resources (13)*
 - *IT Support Resources (5)*
 - *Reimbursement authority to support OIG*
 - Changes for employee compensation and Benefits
 - Statewide Austerity Measure reducing the budget by approximately \$2 million (and potential 6 positions).

Concluding Remarks

In accordance with existing Board Policy HSRA24-1135 and Board Policy HSRA11-001, Staff recommends Board acceptance of the attached draft resolution:

The Board accepts the \$36.750 billion 2025 Program Baseline and Budget that aligns spending with the proposed scope and schedule, expected program revenues, and spending priorities outlined in the 2025 Supplemental Project Update Report.

Furthermore, the Board accepts the fiscal year 2025-26 Capital Budget of \$2.697 billion and the fiscal year 2025-26 Administrative and Capital Support Budget of \$117.5 million that aligns spending for the next year with expected program revenues and spending priorities.

Thank you.

Questions?

