



CALIFORNIA HIGH-SPEED RAIL

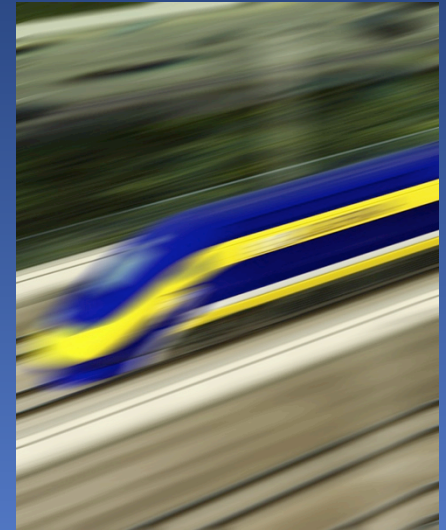
Getting on Track

Presentation to the Fresno County Transportation Authority
and the Fresno County Council of Governments

February 13, 2012

VISION OF HIGH-SPEED RAIL IN CALIFORNIA

- Connect state's great cities with clean, fast, modern passenger rail system
- Fully electric trains capable of sustained 220 mph speeds
- Los Angeles-San Francisco trip time of 2 hours, 40 minutes
- Phase II connections to Sacramento and San Diego





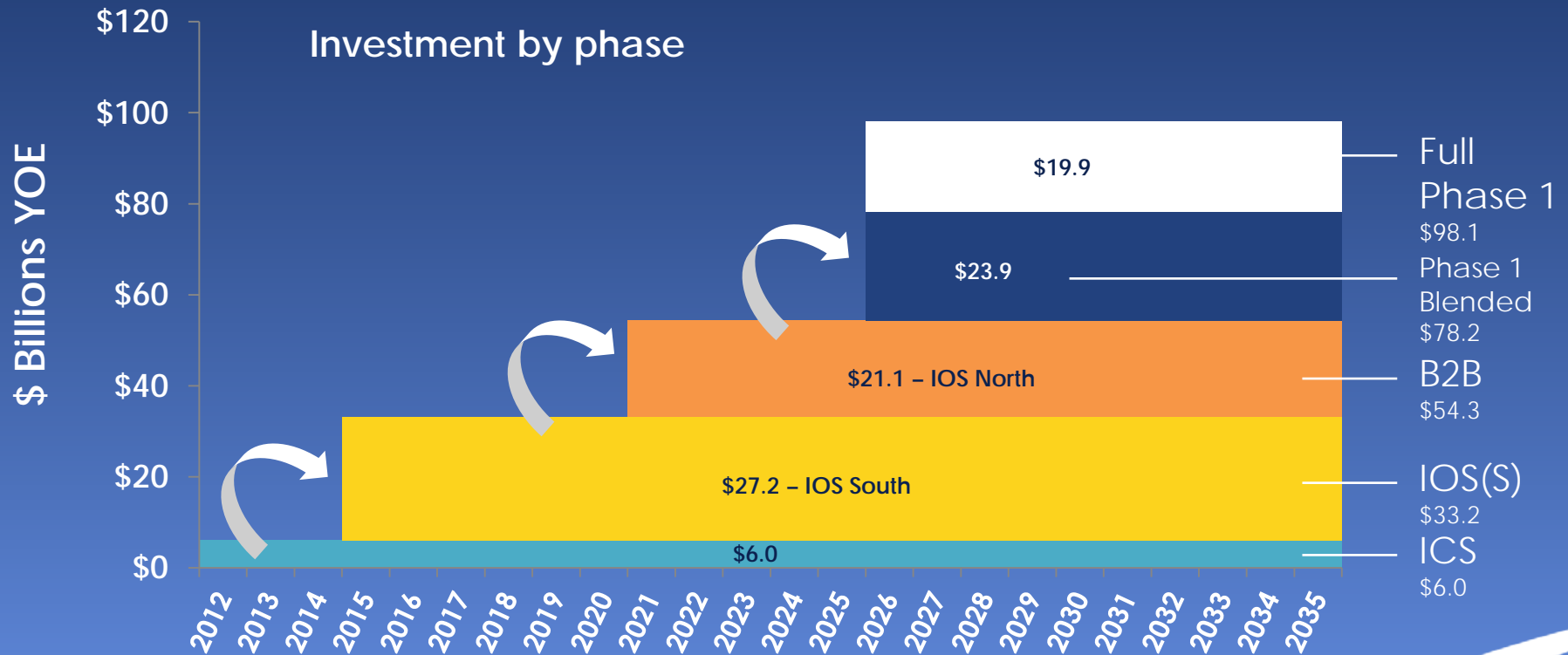
Highlights of the Draft 2012 Business Plan

1. PHASED IMPLEMENTATION

- Useable building blocks to connect cities/regions
- Proceed only as funding becomes available
- Blend HSR with local/regional systems to maximize interconnectivity, save money and minimize community disruption



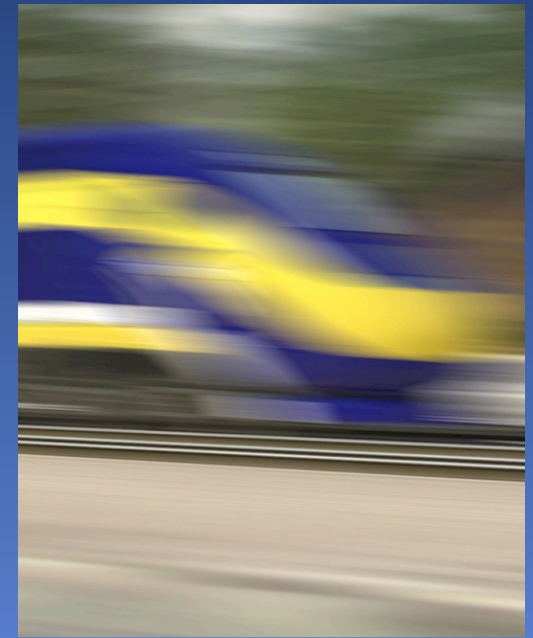
THE PLAN



Phased development of program allows incremental investment decisions and service

2. REALISTIC ASSUMPTIONS & PROJECTIONS

- Ridership model updated, verified using reasonable inputs
 - Gas at \$3.80/gal
 - LA-SF airfares constant at \$95
 - Reduced by 15% for planning
- **Capital cost projections assume high inflation, high bids**
 - \$65 billion full Phase 1, 2010\$; \$98 billion YOES
 - 9-year schedule cushion
 - \$16 billion in contingencies
 - \$27.5 billion for inflation at 3% per year
- **Costs for other options likely understated**
 - New freeways, airports estimated at \$171 billion



RIDERSHIP – CONSERVATIVE ASSUMPTIONS, RELIABLE RESULTS

- Peer-reviewed
- Conservative assumptions
 - Lower than official state population projections
 - Gas price at \$3.80 / gallon
 - SF / LA airfare at \$95 one-way
- No over-reliance on single factors (e.g., spike in gas prices to promote ridership)
- Ramp-up of ridership over 5 years



RIDERSHIP – PUTTING IT IN CONTEXT

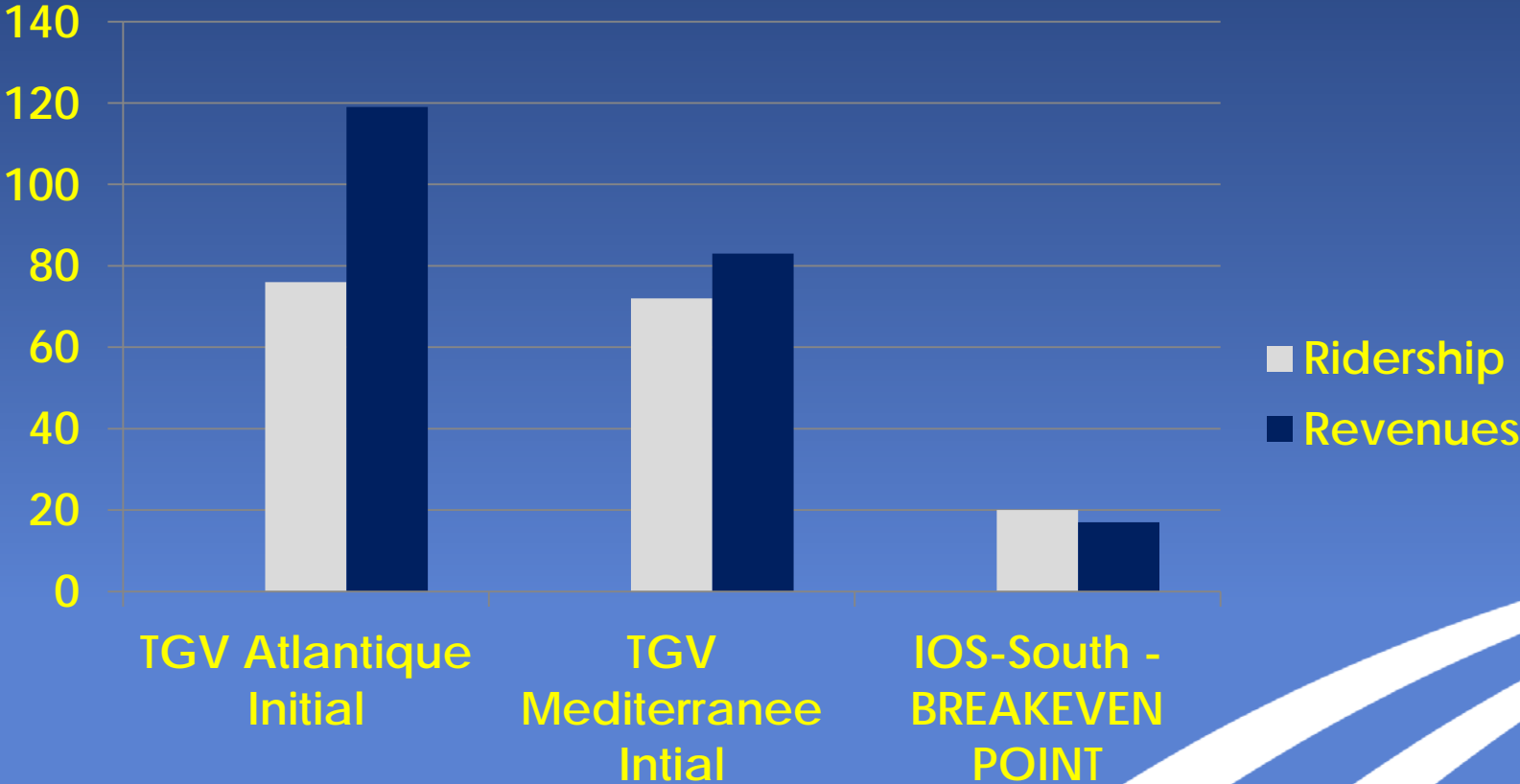
- **Two things are difficult to get across:**
 1. Projections are for 2040, not today
 2. Far more travel takes place than people realize
- **HSR ridership projected to be less than 3% of total inter-regional travel**
 - Break even ridership – 2.2 million on the IOS
- **Comparisons with current transit systems – 2010 annual figures**
 - Fresno Area Express – 13.3 million riders
 - Golden Empire Transit District (Bakersfield) – 7 million riders
 - LA Metro – 454 million riders
 - BART – 108 million riders
 - SJV – 5th busiest Amtrak corridor in the U.S.
 - Most heavily traveled air corridor in the U.S.

OPERATING PROFITS

- High, medium and low scenarios generate operating profits - no operating subsidy needed

Year 2025	Ridership	Revenue	Operating Cost	Net Operating Profit	Operating Subsidy?
IOS-South					
High	10.8m	\$1,195	\$613	\$582	No
Medium	9.1m	\$1,002	\$539	\$464	No
Low	7.4m	\$810	\$458	\$352	No

PERCENTAGE OF FORECAST LEVELS



CRITIQUES OF DRAFT PLAN

- Challenges to ridership and cost of alternatives
- ICS value and utility
- Total \$98 billion cost
- No initial operations for many years
- Impact on agricultural land and businesses
- CHSRA staffing & management



3. FUNDAMENTALS OF HSR ARE SOUND


- **Strong ridership & revenues**
 - 29.6 million - 43.9 million annual Phase I estimated ridership
 - Each operating section projected to generate operating profit with no subsidy required, including at “low” ridership scenarios
- **Capital costs of alternatives to accommodate growing population much higher**
 - \$171 billion, not including O&M
 - Impractical logistically and politically
- **Firm grasp of HSR’s capital costs**
- **No operating subsidies required**



FUNDING AND FINANCING

- Federal, state, local and private sources
- Existing: state bond funds (\$9.95 billion); federal grants (\$3.3 billion)
- Potential new federal programs
- Completion of IOS - opportunity to access \$11 billion in private capital
- Phased decisions allow plan to commence section by section as funding is available





The Final 2012 Business Plan Will
Address Many Critiques of the
Draft



WHAT'S NEXT?

- Legislature considers request for appropriation of \$2.7 billion of Proposition 1A GO bonds for ICS as part of 2012-13 budget process
- Legislature appropriates Proposition 1A bonds for ICS in state budget
- Governor approves appropriation of Proposition 1A bonds for ICS in state budget

