



February 12, 2021

The Honorable Nancy Skinner, Chair  
The Honorable Philip Y. Ting, Vice Chair  
The Joint Legislative Budget Committee

The Honorable Nancy Skinner, Chair  
The Honorable Jim Nielsen, Vice Chair  
Senate Budget & Fiscal Review  
Committee

The Honorable Philip Y. Ting, Chair  
The Honorable Vincent Fong, Vice Chair  
Assembly Budget Committee

The Honorable Anthony Portantino, Chair  
The Honorable Patricia Bates, Vice Chair  
Senate Appropriations Committee

The Honorable Lorena Gonzalez, Chair  
The Honorable Frank Bigelow, Vice Chair  
Assembly Appropriations Committee

The Honorable Lena Gonzalez, Chair  
The Honorable Patricia Bates, Vice Chair  
Senate Transportation Committee

The Honorable Laura Friedman, Chair  
The Honorable Vincent Fong, Vice Chair  
Assembly Transportation Committee

Ms. Keely Martin Bosler, Director  
Department of Finance

Mr. Louis S. Thompson, Chair  
High-Speed Rail Authority Peer Review Group

Dear Members:

The California High-Speed Rail Authority (Authority) is pleased to submit to you the enclosed 2021 Proposition 1A Funding Plan (Funding Plan), as required pursuant to the

Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Bond Act) and Section 2704.08(c) of the Streets and Highways Code. This Funding Plan was approved by the Authority's Board on February 9, 2021, and proposes that \$4.1 billion in additional Proposition 1A bond funds be directed to complete construction work on the Central Valley Segment – specifically the 119 miles currently under construction from Madera to Poplar Avenue north of Bakersfield. The bond dollars would address cashflow needs of the project starting in 2021-22 and allow the Authority to use the more flexible Cap-and-Trade funds for other program priorities as those auction proceeds are received over the next decade.

The Central Valley Segment officially broke ground in January 2015, and construction work on the project has achieved new peaks over the past 24 months. From December 2018 to December 2020, total construction jobs created have increased from 2,573 to

5,216; the number of structures completed or in construction have increased from 19 to 56; and the number of environmental draft documents and Records of Decision certified on the San Francisco to Los Angeles / Anaheim segments have increased from 5 to 12. This progress was made despite the challenges of COVID 19, which has affected transportation programs across the state including this one. When completed, the Central Valley Segment will allow the Authority to test and certify high-speed rail trains, and later provide interim high-speed passenger service when additional construction is completed between Merced and Bakersfield.

Additional Proposition 1A bond funds are needed in 2021-22 for the Central Valley Segment, because federal grants from the American Recovery and Reinvestment Act have been fully expended, and prior Proposition 1A funds have been expended or accrued. Future Cap-and-Trade funds, and a federal grant from 2010 are expected to be available in later years, but are not sufficient for cashflow needs starting in the budget year. With new Proposition 1A funds, the Authority can continue to open new job sites and expand the construction workforce. Without the funds, the Authority would be forced to slow construction resulting in additional costs and the layoff of many construction workers.

Pursuant to the requirements of the Bond Act, this Funding Plan is submitted for 90-day review by the Legislature, the Director of Finance, and the statutory peer review group. The Authority anticipates a formal appropriation request with the May Revision of the Governor's Budget.

The Biden Administration released a statement on February 9, 2021, on the California High-Speed Rail Project from Acting Federal Railroad Administrator Amit Bose indicating:

*America has a chance to lead the world once more through innovation in infrastructure—connecting our communities, creating good jobs, addressing climate change and ensuring equity. Passenger rail development, including world-class high-speed rail, can and must be part of our strategy to accomplish these goals. As in many other arenas, California has taken the lead nationally to advance high-speed rail, starting an economically transformation project in the Central Valley and assuming the challenges that come with that leadership. The U.S. Department of Transportation looks forward to partnering with California as it leads the way to build back better.*

California's clean transportation programs – including High-Speed Rail – are well aligned with the Biden Administration's policies. The Authority looks forwarding to working with the Legislature as it reviews the Funding Plan and on other transportation opportunities that

2021 Proposition 1A Funding Plan  
February 12, 2021  
Page 3

may be presented through the Biden Administration's focus on jobs, equity and addressing climate change.

If you have any questions, please contact Jane Brown, Deputy Director of Legislation, at [Jane.Brown@hsr.ca.gov](mailto:Jane.Brown@hsr.ca.gov), or (916) 215-0826.

Sincerely,



BRIAN P. KELLY  
Chief Executive Officer

Enclosures: 2021 Proposition 1A Funding Plan

Resolution #HSRA21-01-Resolution Approving Funding Plan for Submission Pursuant to Streets and Highways Code Section 2704.08, Subdivision (c)