



California High-Speed Rail **Briefing: January 18, 2024, Board Meeting** **Agenda Item #5**

TO: Board Chair Richards and Board Members
FROM: Brian P. Kelly, Chief Executive Officer
DATE: January 18, 2024
RE: Business Plan Update

Summary

As required by Public Utilities Code Section 185033, the California High-Speed Rail Authority (Authority) is required to prepare, publish, adopt, and submit an updated Business Plan to the Legislature on May 1 of every even year. Statute dictates that at least 60 days prior to submittal to the Legislature, the Draft Business Plan be released for public review and comment. The Draft 2024 Business Plan will be issued in early February by posting it on the Authority's website, thus opening the 60-day public comment period. Staff intends to present the plan and comments received from the public to the Board of Directors prior to Board action, scheduled for the April 11, 2024, Board meeting.

Background

The Authority has produced business plans since 2012. All business plans provide a snapshot in time of the most current information about the high-speed rail program at the time of adoption. In requiring an updated plan every two years, the Legislature envisioned that these plans would reflect updated forecasts and estimates, decisions that have been made and changes that have occurred since the prior business plan. This has been the case with the Authority's previous plans and remains so with the Draft 2024 Business Plan.

Prior Board Action

In April 2022, via Resolution #22-09, the Board adopted the 2022 Business Plan.

Discussion

The Draft 2024 Business Plan summarizes the progress we have made over the past 11 months, updates information and forecasts that were presented in our 2022 Business Plan and 2023 Project Update Report (PUR) and presents our proposed path forward for delivering the project.

The main takeaways from this report are as follows:

- We are advancing the project consistent with the cost and schedule estimates in the 2023 PUR.

- The Authority advanced important procurements to evolve the project from construction into operations, including the procurements to purchase electrified trains, to design the track and systems, and to bolster engineering services in our rail operations division. Further procurements will come before the Board in 2024 to advance these issues.
- The first construction package (CP 4) covering 22.5 miles in the Central Valley is reaching substantial completion.
- The Authority's construction jobs exceeded 12,200 in 2023, and the Authority set records for the number of daily workers on the job sites and the number of new structures opened in a calendar year.
- The Authority exceeded its goals for the percentage of right-of-way parcels acquired (98%) and the number of utilities relocated in a single year (250) along the current construction segment.
- The designs for the extensions to Merced and Bakersfield are on schedule, meeting the contract milestones for 2023.
- The Authority was awarded \$3.3 billion in new federal funds to advance the work on the initial operating segment between Merced and Bakersfield, making 2023 a year in which the federal government reinvested in the project and renewed our partnership.
- We continue to be laser-focused on delivering our project in building blocks by adhering to the following priorities to get the Merced – Fresno – Bakersfield system operational between 2030 and 2033:
 - Complete civil construction on the 119 miles under construction in the Central Valley.
 - Extend civil construction work to Merced and Bakersfield for a total of 171 miles.
 - Continue to complete environmental review of the remaining project sections between San Francisco and Los Angeles—422 of 494 miles of the project have already been environmentally cleared.
 - Continue our important work with our partners on bookend projects, including the Caltrain electrification project and the LinkUS project.
 - Advance geotechnical and design work where the environmental work is completed.
- With the re-investment from our federal partner on this project, it is increasingly urgent to stabilize state funding for the program beyond 2030.

Next Steps

The Draft 2024 Business Plan will be released in early February for a 60-day comment period. The report will be published online, and hard copies will be disseminated to the Legislature. Comments may be made online, via mail, and at the regularly scheduled Board meeting later in February. The February Board meeting will constitute the required public hearing on the Draft 2024 Business Plan. Comments will be accepted through the 60-day comment period.

The Authority is providing the following options for submitting comments:

- Online comment form through the Draft 2024 Business Plan website at: <https://hsr.ca.gov/about/high-speed-rail-business-plans/2024-business-plan>
- By email at: BusinessPlan2024@hsr.ca.gov
- By U.S. mail to the Authority:
California High-Speed Rail Authority
Attn: Draft 2024 Business Plan
770 L Street, Suite 1180, Sacramento, CA 95814
- Provide public comment via Zoom or telephone at a Board of Directors Meeting held in February.

All comments received will be provided to and summarized for the Board of Directors. After receipt of public comment, staff will present a proposed final 2024 Business Plan, with any recommended changes, to the Board for consideration and approval at the April 11 Board of Directors meeting. Upon Board approval, and after incorporating the Board's direction, the Authority will prepare, publish, and submit the final 2024 Business Plan to the California State Legislature on or before May 1, 2024.

Legal Approval

The Draft 2024 Business Plan complies with the requirements of Public Utilities Code Section 185033.

Budget and Fiscal Impact

This is an informational item on the Authority’s Draft 2024 Business Plan, and by itself, does not have budget or fiscal impact.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: 1/11/23
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis: 1/11/23

Recommendations

This item is informational only; staff does not recommend any Board action at this time.