

REVISED BUSINESS PLAN

CHSR Board Presentation
San Francisco, CA



April 12, 2012

REVISED 2012 BUSINESS PLAN – TODAY’S TOPICS

1. Public Comment Process
2. Summary of Comments/Inputs/Recommendations
3. Incorporation of Recommendations
4. Key Changes from Draft
5. Staff Recommendations
6. Questions/Discussion

PUBLIC COMMENT PROCESS

- Draft Plan issued November 1, 2011
- Public comment period extended until January 16, 2012
 - Three public meetings to hear comments
 - 250+ comments to website
 - Dozens of letters
 - Stakeholder Meetings
- Legislative hearings with public comment

MAJOR THEMES OF COMMENTS

- The cost for the full-build system was too high
- Strong support for a blended approach to reduce costs and impacts
- Near-term investment in the “bookends” (the Los Angeles and Bay Area metropolitan regions) would produce immediate benefits and enhance the utility of high-speed rail
- Closing the intercity rail gap between Bakersfield and Palmdale should be a priority
- The benefits of the initial investment in the Central Valley were not clear enough and were seen by some as a risk of stranded investment if the program did not continue
- Ridership estimates remain a question for some
- The opportunity to bring in private-sector investment earlier should be re-evaluated
- The near-term federal budget scenario raises questions about when and how new federal funding will be provided to support the implementation of the next steps of the program

ADDRESSING CONCERNS

- Extensive discussions with Legislative Analyst's Office, Peer Review Group
 - Revised Plan incorporates their input, addresses their points; detailed report on Authority website
- Ridership/revenue forecasts updated based on input Ridership Peer Review Panel, PRG, external comments
- Capital, O&M costs updated
- Financial analysis streamlined, updated

IMPACT OF COMMENTS

- Revised plan is improved
 - Virtually every aspect strengthened based on input
- Better, Faster, Cheaper
- The most significant changes were directly tied to external recommendations

INTEGRATING HSR INTO STATEWIDE RAIL SYSTEM

- Collaboration, partnership with regional/commuter rail systems
 - Expand, accelerate benefits to more people
 - More cost-effective- leverage systems
- Work with CTC for approval of Prop 1A \$950M connectivity funds
- Invest in bookends
- MOUs – SCAG, MTC, Central Valley (being developed)

SUMMARY OF KEY CHANGES

Revision from Draft Plan	Description	Benefits
Commitment to blended <i>system</i>	New high-speed infrastructure development between metropolitan regions, leveraging existing regional/commuter rail in urban areas.	Reduces cost and community impacts, better leverages of resources/investments
Commitment to blended <i>operations</i>	Coordination uses infrastructure more efficiently at each step, including interlining of trains from one system to another to create seamless connections.	Optimizes benefits of investments, accelerates improvements, provides seamless travel for users.
Investment in bookends	Makes improvements in existing metropolitan rail systems prior to or, in some cases, in lieu of, high-speed infrastructure. Connects high-speed rail to existing modes of transportation.	Improves service— reliability, safety, efficiency—to users of existing rail systems; builds long-term ridership growth
Initial Operating Section (IOS)— South	First operational HSR system closes the intercity rail gap between Bakersfield and Palmdale and Los Angeles Basin. Cap and trade funds are available, as needed, upon appropriation, as a backstop against federal funding to complete the IOS.	Connects the state’s largest population (Los Angeles Basin) with the fastest growing part of the state (Central Valley).
Enhanced Utility - first construction Put into service	San Joaquins shifted to the first construction segment upon its completion; Northern California Unified Service will connect the Central Valley with the Bay Area and Sacramento regions.	Provides improved service to the more than 1 million San Joaquin riders, and opens up regional rail service

FINANCIAL PERFORMANCE

- Revenues and net cash flow have reduced from the draft due to the change to blended
 - Total medium revenue and O&M costs reduced 28%
 - 2/3 of reduction in blended phase
 - Bay to Basin (B2B) changes slightly - cash flow reduced 8%
 - Private Capital for B2B reduced from \$11B to \$10.1B
- The system continues to have positive cash flow from operations from the first year.

REVENUE BREAK-EVEN ANALYSIS

Ridership Scenario	IOS Startup in 2022		IOS in 2026		Phase 1 Blended Startup in 2029	
	2022 Revenue (YOE dollars in millions)	Percent of 2022 High Ridership Revenue	2026 Revenue (YOE dollars in millions)	Percent of 2026 High Ridership Revenue	2029 Revenue (YOE dollars in millions)	Percent of 2029 High Ridership Revenue
High	\$486	100%	\$1,329	100%	\$2,649	100%
Medium	\$380	78%	\$1,020	77%	\$2,089	79%
Low	\$274	56%	\$711	54%	\$1,530	58%
Breakeven	\$218	45%	\$247	19%	\$601	23%

THE BLENDED SYSTEM – KEY ELEMENTS

- Data is now available to support as viable and preferred approach
 - Ridership/revenue, O&M, financials, capital costs
- Phase 1 blended:
 - dedicated HS infrastructure between San Jose and Los Angeles Union Station;
 - shared, electrified corridor between San Jose and San Francisco Transbay Transit Center;
 - upgraded Metrolink corridor between Los Angeles and Anaheim.
- One seat ride from Transbay Transit Center to LA Union Station

PHASE 1 BLENDED: DELIVERING BENEFITS FOR LESS

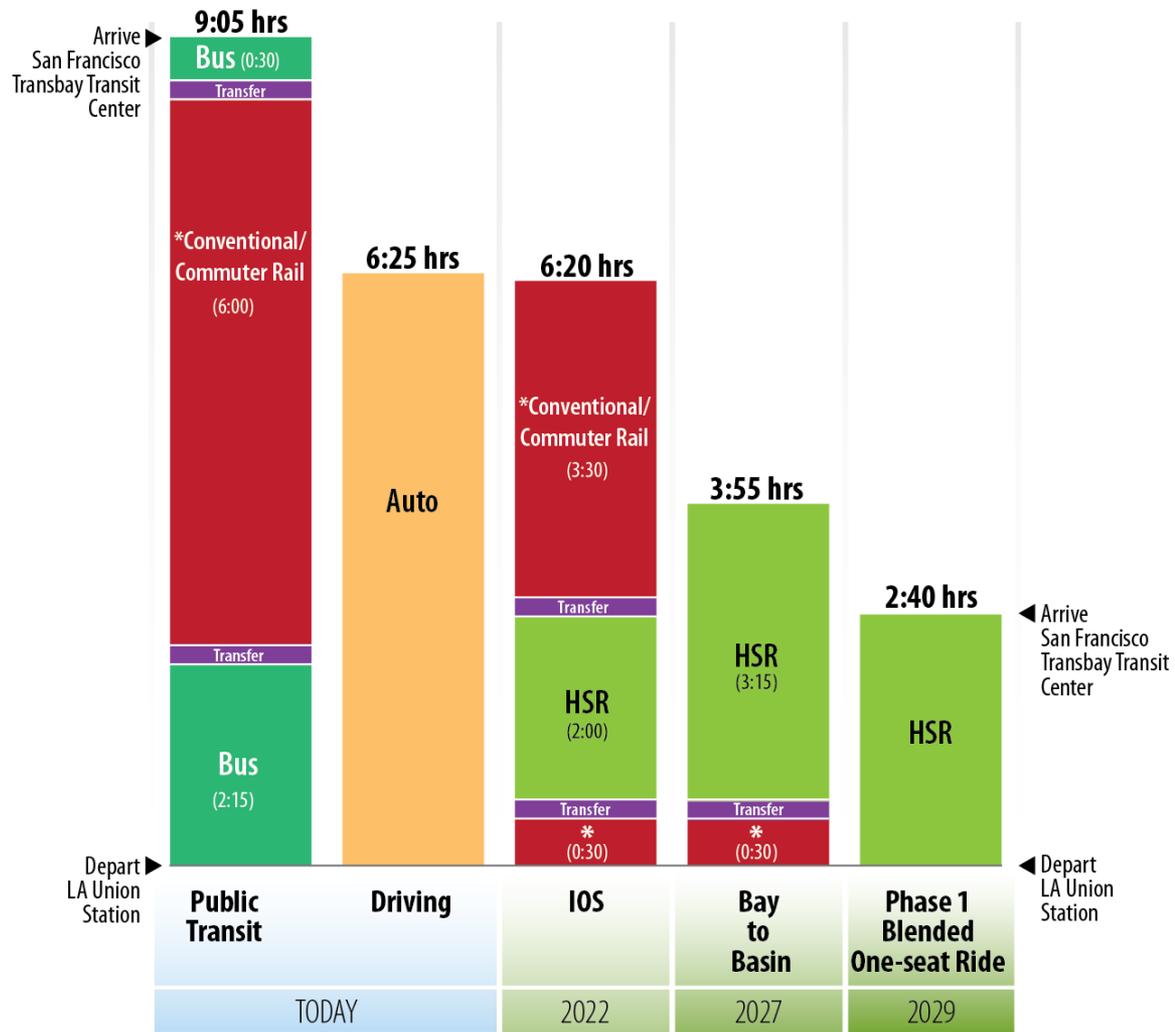


Assumption	Draft Plan	Revised Plan
Build	Full Build System <ul style="list-style-type: none"> Dedicated infrastructure <i>San Francisco to Los Angeles/ Anaheim</i> 	Blended System <ul style="list-style-type: none"> Dedicated infrastructure <i>San Jose to Los Angeles</i> Shared electrified infrastructure <i>San Jose to San Francisco</i> Upgraded diesel Metrolink corridor <i>Los Angeles to Anaheim</i>
Inflation	3% per year starting in 2011	1%—2012 2% per year—2013-2015 3% per year—2016 and beyond

SAMPLE TRAVEL TIME IMPROVEMENTS @ IOS

End Points	Drive Time (Assumes no delays)	Travel Time on HSR
San Fernando Valley- Fresno	2:03	1:00
San Fernando Valley- Merced	4:36	2:12
San Fernando Valley- Fresno	3:43	1:47
Bakersfield-Fresno	1:51	:43
Sacramento-Bakersfield	4:40	3:40

LA-SF TRIP TIME REDUCTIONS



STAFF RECOMMENDATION

That the Board adopts the 2012 Revised Business Plan, subject to the changes shown on the errata sheet that consist of editorial and technical changes.

DISCUSSION/QUESTIONS

