

#	Section	Purpose	Page	Current Text	New Text
1	Executive Summary	Clarify where and when the commitment to provide one-seat ride service to Anaheim was made.	11	As a result, we now propose to reinvest some of these savings to enhance service levels in the vital Los Angeles to Anaheim segment. An additional \$2.1 billion investment in that corridor will provide not just blended service, but allow for one additional track and, in some segments, two additional tracks in the existing corridor. This would not only fulfill the commitment to provide one-seat ride service all the way to Anaheim, it would significantly enhance the capacity, speed and reliability of this high demand rail service. Moreover, it will greatly benefit public safety by removing some of the most dangerous at-grade crossings in the state.	As a result, we now propose to reinvest some of these savings to enhance service levels in the vital Los Angeles to Anaheim segment. A an additional \$2.1 billion investment in that corridor will provide not just blended service, but allow for one additional track and, in some segments, two additional tracks in the existing corridor. This would not only fulfill the commitment made in the 2012 and 2014 Business Plans to provide one-seat ride service all the way to Anaheim, it would significantly enhance the capacity, speed and reliability of this high demand rail service. Moreover, it will greatly benefit public safety by removing some of the most dangerous at-grade crossings in the state.
2	Executive Summary	Clarify Authority's intent regarding interim terminus north of Bakersfield	11	Based on that analysis, we determined that the line that we can fund and build within projected sources, and initiate revenue producing operations on quickly, is a line connecting the Silicon Valley (San Jose) to the Central Valley (at the existing Construction Package 4 southern construction terminus north of Bakersfield). The Silicon Valley to Central Valley line, from Diridon Station in San Jose to a station north of Bakersfield, which includes an interim facility that functions as a temporary station, meets Proposition 1A requirements including non-subsidized operations. It can be built with available funding from Proposition 1A bonds, federal funds and the continued anticipated Cap and Trade proceeds.	Based on that Analysis shows we determined that the line that we can be funded and built within projected sources, and initiate revenue producing operations on quickly, is a line connecting connects the Silicon Valley (San Jose) to the Central Valley, Our forecasts and estimates evaluated a potential interim terminus north of Bakersfield (at the existing Construction Package 4 southern construction terminus north of Bakersfield). The Silicon Valley to Central Valley line, from Diridon Station in San Jose to a station north of Bakersfield, which includes an interim facility that functions as a temporary station, meets Proposition 1A requirements including non-subsidized operations. It can be built with available funding from Proposition 1A bonds, federal funds and the continued anticipated Cap and Trade proceeds. The reason for identifying an interim station is to avoid a potential situation where a fully Phase 1A compliant line remains idle because of insufficient funding to reach the next station. The Authority's goal is to avoid the need for an interim station. If, however, an interim station is needed due to funding constraints, consideration will be given to alternative locations, such as adjacent to the existing Amtrak station in the City of Wasco, with the goals of reducing the level of interim investment, minimizing impacts, and maximizing connectivity with the permanent station in Bakersfield.

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3	Executive Summary	Clarify that an extension of Silicon Valley to Central Valley line into San Francisco would provide service to 4th and King; and a range of funds will be sought, not just federal REVISED TO INCLUDE ADDITIONAL DISCUSSION OF EXTENSION TO SAN FRANCISCO AND GOAL TO COMPLETE CONNECTION TO MERCED	11 & 12	However, we believe the first operating line should extend further -- from San Francisco to Bakersfield -- and offer a one-seat ride between these two destinations. This extended line would significantly enhance ridership and revenues and therefore attract higher value private sector concession bids based on future discounted cash flows. Our goal is to construct that longer line. This will require the completion of the Caltrain modernization program/electrification project. It will also require approximately \$2.9 billion of additional funding to extend the line to Bakersfield and for initial improvements in the San Jose to San Francisco corridor to allow operation of high-speed rail trains in the Caltrain corridor. Given the opportunity to leverage more ridership, revenue and private sector participation, we will seek federal funds to help complete the full San Francisco to Bakersfield line. If those additional funds are not forthcoming, we can and will still construct the Silicon Valley to Central Valley line described above.	However, we believe the first operating line should extend further -- from San Francisco to Bakersfield -- and offer a one-seat ride between these two destinations. The Authority's objective is that the initial line would extend to Bakersfield and San Francisco, tying into the electrified Caltrain corridor. This extended line would significantly enhance ridership and revenues and therefore attract higher value private sector concession bids based on future discounted cash flows. Our goal is to construct that longer line. This will require the completion of the Caltrain modernization program/electrification project. It will also require approximately \$2.9 billion of additional funding to extend the line to Bakersfield and for initial improvements in the San Jose to San Francisco corridor to allow operation of high-speed rail trains in the Caltrain corridor. Given the opportunity to leverage more ridership, revenue and private sector participation, we will seek additional funds; our priority will be to secure additional funds, including federal, funds to help to complete the full San Francisco to Bakersfield line. The State is working with the City and County of San Francisco and others to develop options for funding the extension from San San Jose to San Francisco. On a cost-benefit basis, this extension would provide significant benefits for the system as a whole, enhance regional mobility and connectivity, and expand private participation. If those additional funds are not forthcoming, we can and will still construct the Silicon Valley to Central Valley line described above. However, we believe the first operating line should extend further -- from San Francisco to Bakersfield -- and offer a one-seat ride between these two destinations. The Authority's objective is that the initial line would extend to Bakersfield and San Francisco, tying into the electrified Caltrain corridor. This extended line would significantly enhance ridership and revenues and therefore attract higher value private sector concession bids based on future discounted cash flows. Our goal is to construct that longer line. This will require the completion of the Caltrain modernization program/electrification project. It will also require approximately \$2.9 billion of additional funding to extend the line to Bakersfield and for initial improvements in the San Jose to San Francisco corridor to allow reasonable operation of high-speed rail trains in the Caltrain corridor between San Jose and the 4th and King Station in San Francisco and ultimately Transbay Transit Center. It is also the Authority's goal to complete a connection to Merced. Given the opportunity to leverage more ridership, revenue and private sector participation, we will seek additional funds; our priority will be to secure additional funds, including federal, funds to help to complete the full San Francisco to Bakersfield line. The State is working with the City and County of San Francisco and others to develop options for funding the extension from San San Jose to San Francisco. On a cost-benefit basis, this extension would provide significant benefits for the system as a whole, enhance regional mobility and connectivity, and expand private participation. If those additional funds are not forthcoming, we can and will still construct the Silicon Valley to Central Valley line described above.
4	Executive Summary	Adopting a goal to complete a connection between Merced and San Jose as part of the initial Silicon Valley to Central Valley line	12	None	Insert new callout box: Connecting Merced to the Silicon Valley as Part of Initial Operations The Authority is also adopting a goal of completing a connection between the City of Merced and San Jose as part of the initial Silicon Valley to Central Valley line. Connecting the cities of the Central Valley to those of the Silicon Valley and the broader Bay Area will tie together the regions as never before, and create unprecedented economic opportunities for residents of the Central Valley. In large part due to the jobs-housing imbalance in the Bay Area, travel between the northern San Joaquin Valley and the Bay Area is growing significantly, putting increased pressure on roads and existing passenger rail systems. At the same time, air quality issues continue to be a challenge for the Central Valley. Long trip times of 2 to 3 hours reduce productivity and impose hardships on travelers. For those reasons, the State and regional leaders are working together to ensure that Merced is part of the first operations of the high-speed rail system. Working with City of Merced and County of Merced officials, the Authority is developing plans to provide a single-track option for connecting to Merced, as well as initially constructing only the leg of the "wye" that will tie Merced to the Bay Area. These and other options will be further developed based on engineering, operations and financial factors. Ultimately, as part of the completion of the Phase 1 system, a two-track connection to Merced and full buildout of the "wye" will be completed but the immediate goal is to connect the Merced and Silicon Valley/Bay area regions together.

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5	Executive Summary	Note continued commitment to 2012 Southern California Memorandum of Understanding	12	We will also advance the program in Southern California with specific focus on early Phase 1 investments in the Burbank-Los Angeles-Anaheim corridor. By making strategic investments with our partners, and leveraging our mutual resources, we will provide early benefits to transit riders and local communities and lay a solid foundation for high-speed rail (see Section 4 for details). To this end, we have identified a number of potential funding sources (see Section 6) that, in working with our partners, would pay for a range of specific improvements between Burbank and Anaheim.	We will also advance the program in Southern California with specific focus on early Phase 1 investments in the Burbank-Los Angeles-Anaheim corridor. These investments represent our continued commitment to advance regionally significant connectivity projects with Proposition 1A and other funds as embodied in the 2012 Southern California Memorandum of Understanding that we entered into with our transportation partners. By making strategic investments with our partners, and leveraging our mutual resources, we will provide early benefits to transit riders and local communities and lay a solid foundation for high-speed rail (see Section 4 for details). To this end, we have identified a number of potential funding sources (see Section 6) that, in working with our partners, would pay for a range of specific improvements between Burbank and Anaheim.
6	Executive Summary	Provide more expansive language on funding assumptions, options and strategies for completing the Phase 1 REVISED TO NOTE THAT A PORTION OF THE FEDERAL FUNDS SECURED TO DATE WERE FROM THE PASSENGER RAIL INVESTMENT AND IMPROVEMENT ACT OF 2008	12	A REALISTIC, REASONABLE AND ACHIEVABLE APPROACH In previous business plans we have noted the importance of being able to adapt to changing circumstances as we move forward to complete the system. This approach does that. It reflects and is consistent with how high-speed rail systems are implemented around the world and how regional rail systems are developed over time -- starting with an initial line and adding to it as funds become available. Throughout the world, an initial investment of public dollars in the basic infrastructure is a predicate to private sector investment. This approach will enable us to have high-speed rail service running in California within 10 years and to further refine how we sequence additional lines to complete the system.	A REALISTIC, REASONABLE AND ACHIEVABLE APPROACH TO FUNDING AND DELIVERING THE SYSTEM In previous business plans we have noted the importance of being able to adapt to changing circumstances as we move forward to complete the system. This approach does that. It reflects and is consistent with how high-speed rail systems are implemented around the world and how regional rail systems are developed over time -- starting with an initial line and adding to it as funds become available. Throughout the world, an initial investment of public dollars in the basic infrastructure is a predicate to private sector investment. This approach will enable us to have high-speed rail service running in California within 10 years and to further refine how we sequence additional lines to complete the system. There is now a clear path forward for funding the initial operating line from the Silicon Valley to the Central Valley with public funds that have been committed by the Legislature and the federal government. With these funds, we expect to be able to begin serving passengers in 2025. As work proceeds to complete this line, equal attention will be focused on advancing and extending the system through concurrent investments that provide early benefits – and with the goal of starting service on the full Phase 1 system by 2029. Since the inception of planning for high-speed rail in California, it has been assumed that the program would be funded with federal funds, state funds and private sector investment, each at approximately one third. This was the underlying assumption when the Legislature and the voters approved Proposition 1A in 2008. However, there were no other established funding sources for the program in place at the time. But the Legislature and voters determined that it was appropriate to move forward, stating that, “It is the intent of the Legislature by enacting this chapter and of the people of California by approving the bond measure pursuant to this chapter to initiate the construction of a high-speed train system....” In addition to providing \$9 billion in state bond funds, Proposition 1A directed that the Authority "...pursue and obtain other private and public funds, including but not limited to, federal funds, funds from revenue bonds, and local funds..." to augment the high-speed rail bond funds. In addition, Proposition 1A requires a 50 percent match for construction funds from other sources, none of which were identified by the Legislature, voters, or Authority at the time. Subsequent to the passage of Proposition 1A by the voters in 2008, the federal government made funding for intercity and high-speed passenger rail systems available as part of the American Recovery and Reinvestment Act of 2009 (ARRA) and the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). The Authority competed for and successfully secured \$3.5 billion in federal funds ARRA grants . More recently, the Legislature provided an ongoing commitment of Cap and Trade proceeds to help fund the system. That commitment may provide over \$10 billion of funding for construction for the Silicon Valley to Central Valley line. Clearly, between Proposition 1A and Cap and Trade, the State is stepping up to fund a significant portion of the system costs. Traditionally, transportation infrastructure projects of this magnitude can rely on the federal government as a funding partner with grants of up to 50 percent or higher. Key transportation corridors, such as the Interstate Highway System, were built with 90% federal funding. A very recent example of this is the Gateway Tunnel Project to improve intercity and commuter rail services in the Northeast. In 2015, officials from the federal government as well as the governments of New York and New Jersey announced an agreement to fund the approximately \$20 billion Gateway Tunnel Project which will add two new tunnels under the Hudson River to connect New York and New Jersey for both intercity and commuter railroads. The agreement calls for at least 50% of the cost of the project to be borne by the federal government with the states providing matching funds. This is consistent with historical precedent where the federal government plays an important role in funding large infrastructure projects, and it reaffirms the reasonableness of the assumptions in Proposition 1A. A fundamental goal of the Authority is to create a commercially successful high-speed rail transportation system to connect the State. As segments of the program are delivered, they are

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					<p>projected to generate significant revenues and positive cash flow which will support private sector investment. As the high-speed rail system expands and connects with other passenger rail networks, network connectivity will increase and the passenger experience will be enhanced – generating more ridership and revenue. Over time, the value of the system as a commercial enterprise will be significant for the State of California, creating the opportunity for private investment to further support system expansion.</p> <p>Of equal importance to securing additional funding is delivering the project cost effectively. Alternative delivery models, such as public-private partnerships, will be utilized when appropriate to help reduce both capital and operating costs. After initial start-up costs, it is expected that cost efficiencies will increase as the high-speed rail industry grows in strength and maturity and as competitive pressures continue to drive industry costs down. Using these types of delivery models can also help accelerate the construction schedule which will help reduce costs and risk to the State.</p> <p>We are funding and implementing California’s high-speed rail program in the same way that high-speed rail systems have been -- and are continuing to be -- developed throughout the world. Specifically, we have a clear long-term vision and a long-term plan for implementing it, we are advancing it through a series of phases allowing for incremental extensions. That is the implementation strategy that we laid out in our 2012 Business Plan and that we continue to follow. And just like other systems around the world, we will fund and build it in a series of overlapping, not sequential, phases. So just as we fund and proceed with constructing the Silicon Valley to Central Valley line, we are also moving forward with initial funding for system extensions and laying the building blocks for future phases.</p>
7	Executive Summary	Provide a more comprehensive summary of what is addressed in the Business Plan	13	This Draft 2016 Business Plan lays out the business model for how the Silicon Valley to Central Valley line will be delivered and operated. It presents a snapshot of the cost estimates and the funding available in addition to the strategies we plan to implement to fully fund that line. It also provides an estimate of the ridership and revenue forecasts associated with passenger operations. The funding and financing section describes how the revenues generated by this first line will position us to engage the private sector in a meaningful way to deliver additional elements of the system.	This Draft 2016 Business Plan lays out the business model for how the Silicon Valley to Central Valley line will be delivered and operated. It presents a snapshot of the cost estimates and the funding available in addition to the strategies we plan to implement to fully fund that line. It also provides an estimate of the ridership and revenue forecasts associated with passenger operations. The funding and financing section describes how the revenues generated by this first line will be captured (monetized) which will position us to engage the private sector in a meaningful way to deliver additional elements of the system. It also lays out a range of near and long-term sources of funding and revenue, as well as efficiencies and cost savings, that could potentially be used to help complete the Phase 1 system. This Draft 2016 Business Plan further describes our business model for delivery and operation of the entire Phase 1 system including updated Phase 1 forecasts and cost estimates. It also includes a summary of the risks that the program faces along with our strategies for managing and mitigating these risks. This plan also summarizes the status of planning for advancing the Phase 2 extensions, from Merced to Sacramento and from Los Angeles to San Diego via the Inland Empire, which will ultimately be constructed to serve all of California’s major population and employment centers.
8	Introduction	Define one-seat ride; provide more information on passenger experience	15	None	<p>Callout box: A high level of convenience, comfort and amenities</p> <p>Passengers traveling on California high-speed rail will experience a whole new way to travel between the State's vibrant city centers -- not unlike how Europeans travel across Europe. For example, Spain's AVE trains carry travelers between Barcelona and Madrid with a one-seat ride in less than 3 hours and Eurostar carries passengers between London and Paris in 2 hours. A one-seat ride offers travelers direct service to their destination without the need to change trains along the way.</p> <p>On these and other high-speed rail systems around the world, passengers typically enjoy a high level of onboard comfort. Ample legroom, comfortable seating, the opportunity to enjoy a snack when you want, space to work or relax and a smooth, quiet ride sets high-speed rail travel apart. Passengers will be able to use their smart phones and other mobile devices to plan, book and manage their trips, to pay fares and obtain real-time travel information en route in order to make more productive use of their time.</p>

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9	Introduction	Clarify intent to continue Phase 2 planning	18	None	<p>New section at bottom of page:</p> <p>We will continue to work with our partners to advance planning for Phase 2 extensions</p> <ul style="list-style-type: none"> -While Phase 1 is the current priority per Proposition 1A, it is important to advance planning in Phase 2 corridors so connectivity can be improved in anticipation of future high-speed rail service -We will continue to work closely with local partners in the corridors between Los Angeles and San Diego, Merced and Sacramento and over the Altamont Corridor -We will continue collaborating with the California State Transportation Agency and Caltrans on the 2018 State Rail Plan, which will advance additional efforts to develop a seamless statewide rail network
10	Introduction	Clarify intent to work with regional, state and local decision makers to fully fund Phase 1	18	None	<p>New section at bottom of page:</p> <p>The Authority will work with regional, state and federal partners and decision makers to identify new ways to fund and finance the full Phase 1 system</p> <ul style="list-style-type: none"> -It is a high priority to complete extensions north to Merced, south to Burbank and to put in place the final building blocks in the San Jose-San Francisco and Burbank-Anaheim corridors as soon as possible -To fulfill that, we intend to work closely with our regional partners, the Legislature, California State Transportation Agency and Caltrans to find ways to accelerate and fund the statewide rail modernization program through new and existing funding resources -We also intend to work with Congress and the Executive Branch to meet and match the investment that the State is making to this investment that is critical not just to California's future prosperity, but also to the nation's as well
11	Progress	Note that Phase 2 planning work has been underway	19	None	<p>New bullet</p> <ul style="list-style-type: none"> -We continued to coordinate with local jurisdictions and planning agencies in the Phase 2 corridors -- from Los Angeles to San Diego via the Inland Empire and between Merced and Sacramento
12	Progress	Add information on sustainability progress	20	None	<p>New bullets</p> <ul style="list-style-type: none"> -In the first few months of building structures, we used 300 tons of 100% recycled steel; this was about 70% of the steel used up to that point. -In 2015, to offset 3 tons of air pollutants created during construction, we helped replace 30 tractors and truck engines for Central Valley farmers and one school bus with new, cleaner versions
13	Progress	Clarify language regarding reduced capital costs	21	We have not carried this 30% reduction directly into the current cost estimates. That is because during a bid process other factors, such as competitive pressure, current market conditions, risk position and specific bidding strategies adopted by bidding consortia play a more significant role in lowering the average bid price.	<p>Reorder and add language</p> <p>During a bid process a number of factors play a significant role in lowering the average bid price, such as competitive pressure, current market conditions, risk position and specific bidding strategies adopted by bidding consortia. Recognizing that, we did not directly apply a simple 30% reduction to our prior capital cost estimates when updating them for this 2016 Business Plan.</p>
14	Progress	Call out Unsolicited Proposals Policy more prominently	22	Moving forward to obtain environmental approvals for the full Phase 1 system will maximize our ability to advance any segment of the system as resources become available. In light of that, we both welcome and encourage the private sector to review our entire program and to consider developing unsolicited proposals for our consideration. This is in accordance with our Unsolicited Proposals Policy which was adopted in 2013.	<p>Environmental Clearance section - delete 2nd sentence in 3rd bullet.</p> <p>Moving forward to obtain environmental approvals for the full Phase 1 system will maximize our ability to advance any segment of the system as resources become available. In light of that, we both welcome and encourage the private sector to review our entire program and to consider developing unsolicited proposals for our consideration. This is in accordance with our Unsolicited Proposals Policy which was adopted in 2013.</p> <p>Create new last bullet on page 23:</p> <ul style="list-style-type: none"> -In 2013, we adopted our Unsolicited Proposals Policy to both welcome and encourage the private sector to review our entire program and consider developing unsolicited proposals for our consideration. Completing environmental approvals will best position each section to potentially attract such proposals.

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15	Progress	Provide background and introductory language on bookend and connectivity projects	23	None	<p>New section: Making Progress With Our Partners on the Statewide Rail Modernization Program</p> <ul style="list-style-type: none"> -In 2012, Senate Bill (SB) 1029 appropriated \$2 billion in Proposition 1A funds -- that will leverage approximately \$5 billion in additional funding -- for bookend and connectivity projects. - These projects will generate significant near-term benefits from increased safety, capacity and frequency for regional and interregional rail services, which will also lead to air quality improvements in some of the most deserving communities in the state. -We have worked to achieve early approval and release of Proposition 1A dollars for construction of a number of regionally significant connectivity projects most notably in the heavily congested urban rail corridors in Southern and Northern California. - The following pages includes an update on five of these projects.
16	Progress	Insert map showing high-speed rail as part of statewide rail modernization	26	None	<p>Insert new map</p>
17	Progress	Provide additional information on progress on network integration	27	None	<p>Add new callout box: Progress on Network Integration</p> <p>Developing high-speed rail as part of an integrated transportation network is a philosophy that drives California's intercity rail network approach to produce benefits to all users and is also a smart business approach. We are focused on the door-to-door journey of passengers, not just high-speed rail users. Staff has been working on linking together strategic, concurrent investments throughout the state's passenger rail network, along with high-speed rail investments. Linking these investments together ensures early benefits to users initially, followed by more efficient implementation of high-speed rail expansion and ultimately greater connectivity throughout the state.</p> <p>Network integration is the basis of California rail modernization, blended service planning, and connectivity investments. We have been working with our partners to identify priority investments that, when combined with high-speed rail dedicated federal and state funds, produce greater financial and ridership results and increases overall system capacity. With construction of the high-speed rail backbone underway in the Central Valley, we continue to assess other locally planned improvements that increase connectivity and enhance the network.</p> <p>In the Central Valley and Northern California, we're working with our rail partners to develop faster and more reliable connections in the near term between Sacramento and Merced and to the Bay Area and Bakersfield. Likewise, between Los Angeles and San Diego via the Inland Empire, corridor planning is helping to prioritize the timing and type of investments necessary to extend the Phase 1 system. In the Bay Area and Southern California, we have developed working relationships and funding agreements with our rail partners to realize priority investments such as Caltrain Modernization and SCRIP, essential elements of the high-speed rail blended system.</p> <p>Throughout the state, our stations serve as hubs connecting all modes of transportation. We are working with the Santa Clara Valley Transportation Authority, Caltrain, the City of San Jose and others to optimize connectivity at San Jose Diridon Station. In Fresno, we are working with the City of Fresno, Fresno Area Express and others to optimize walk, bike and transit access; coordinate parking investments; and effectively plan for pick-up and drop-off activity. In Los Angeles, we are teaming with the Los Angeles County Metropolitan Transportation Authority, the City of Los Angeles, Amtrak and others to integrate high-speed rail at the Los Angeles Union Station while strengthening first/last-mile connections to and from downtown and surrounding communities.</p> <p>Similar efforts are underway in station communities up and down the system with the intent of integrating high-speed rail with local and regional priorities for mobility and community development.</p>

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18	Guiding Principles & Core Values	Clarify intent regarding interim terminus north of Bakersfield	30	In making this evaluation, we took into consideration all of the requirements of Proposition 1A – particularly building to a standard that can meet travel speed, travel time, and other design criteria and generating sufficient fare revenues to cover operating costs. We matched the projected funding level against updated capital cost figures, and determined that a connection between the Silicon Valley (San Jose) and the Central Valley (at the existing Construction Package 4 southern construction terminus north of Bakersfield) meets all essential and relevant requirements and it can be built with available funding.	<p>Modify text in callout box: Developing the Silicon Valley to Central Valley Line</p> <p>In making this evaluation, we took into consideration all of the requirements of Proposition 1A – particularly building to a standard that can meet travel speed, travel time, and other design criteria and generating sufficient fare revenues to cover operating costs. We matched the projected funding level against updated capital cost figures, and determined that a connection between the Silicon Valley (San Jose) and the Central Valley (at the existing Construction Package 4 southern construction terminus north of Bakersfield) meets all essential and relevant requirements and it can be built with available funding.</p> <p>The Authority's intent is to avoid the need for an interim station. If one is needed, due to funding constraints, we will work with Central Valley stakeholders to consider alternative locations, such as adjacent to the existing Amtrak station in the City of Wasco, with the goals of reducing the level of interim investment, minimizing impacts and maximizing connectivity with the permanent station in Bakersfield.</p> <p>In addition, we are committed to completing the work underway on Construction Package 4, the supplemental environmental analysis of the Bakersfield F Street Station alignment, and the acquisition of right-of-way along the balance of the route up to and into Bakersfield. This will allow the connection to Bakersfield to be built as quickly as possible as funds become available.</p>
19	Guiding Principles & Core Values	Clarify that the additional funding to extend the Silicon Valley to Central Valley line into San Francisco is a partial investment and connects to the 4th and King station REVISED - ADDED LANGUAGE REGARDING INTENT TO WORK WITH CITY AND COUNTY OF SAN FRANCISCO	30	However, extending the initial line to Bakersfield and into San Francisco (by making initial investments between San Jose and San Francisco that would allow high-speed rail trains to operate on existing tracks) would generate significantly higher ridership and revenue. It would also command higher prices for a concession agreement with a private operator and position us to use those additional funds to continue extending the system.	<p>Modify text in callout box: Developing the Silicon Valley to Central Valley Line:</p> <p>However, extending the initial line to downtown Bakersfield and into San Francisco (by tying into the electrified Caltrain corridor and making a relatively small initial investments between San Jose and the 4th and King Station in San Francisco that would allow high-speed rail trains to operate on existing tracks) would generate significantly higher ridership and revenue, as will completing the system to Transbay Transit Center. It would also command higher prices for a concession agreement with a private operator and position the Authority to use those additional funds to continue extending the system. The Authority is also working closely with the City and County of San Francisco to advance this key segment.</p>
20	Guiding Principles & Core Values	Add additional text on approach to system security	30		<p>Add new bullets:</p> <ul style="list-style-type: none"> -A holistic, layered, risk-based approach for securing the rail system -Early engagement with federal, state and local intelligence and policing agencies during design and construction -Ongoing engagement with the same agencies to review current and evolving criminal and terrorist threats and applying mitigations to minimize vulnerabilities -Applying technology, fencing, intrusion protection, surveillance capabilities and other system hardening techniques -Development of security plans and procedures and protocols and a professional security force to monitor, patrol and respond -Ensuring that these safety and security measures enhance the passenger experience
21	Guiding Principles & Core Values	Add additional text regarding steps taken to reduce greenhouse gas emissions	32		<p>Add new bullets:</p> <ul style="list-style-type: none"> -Use green materials -- our concrete replaces 25% of regular cement with fly ash, a waste product from coal-fired power plants that improves durability and reduces greenhouse gas emissions.

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22	Guiding Principles & Core Values	Reinforce relationship of high-speed rail to supporting affordable housing and preventing sprawl	32	Support sustainable land use and economic development around high-speed rail stations by: -Connecting the state's mega-regions to spur economic development, create a cleaner environment and preserve agricultural and protected lands. -Minimizing impacts to the natural and built environments, developing policies that encourage efficient land development around stations and helping California manage pressing issues with climate change, high and airport congestion and energy use.	Support sustainable land use and economic development around high-speed rail stations by: -Connecting the state's mega-regions to spur economic development, promote infill development near the stations to help reduce sprawl , create a cleaner environment and preserve agricultural and protected lands. -Minimizing impacts to the natural and built environments, developing policies that encourage efficient land development and affordable housing around stations and helping California manage pressing issues with climate change, high and airport congestion and energy use.
23	Business Model	Clarify that the public sector will have ongoing oversight of the program	35	As identified earlier, the Project will be government owned and constructed, maintained and operated by the private sector. The business model will transition over time from government funding and government decisions to a commercially run enterprise managed by a private sector operator and infrastructure provider responsible for service, safety and commercial risks and success.	As identified earlier, the Project will be government owned and constructed, but maintained and operated by the private sector. The business model will transition over time from government funding and government decisions to a commercially run enterprise managed by a private sector operator and infrastructure provider responsible for service, safety and commercial risks and success, all under the policy direction of the State.
New A	Business Model	New language that identifies Unsolicited Proposals Policy as a vehicle for potential private partners	35	Private sector partnership - we planned to leverage private sector innovation and expertise in the delivery of an initial operating segment and the remainder of the system. We recognized the need to create significant partnership with the private sector that features balanced risk transfer, early planning input for innovation and cost reduction, and private sector investment.	Private sector partnership - we planned to leverage private sector innovation and expertise in the delivery of an initial operating segment and the remainder of the system. We recognized the need to create significant partnership with the private sector that features balanced risk transfer, early planning input for innovation and cost reduction, and private sector investment. Through our unsolicited proposals process, we will be able to consider innovative approaches from potential private sector partners.
24	Business Model	Reinforce government oversight of the program	37	None	Add new last bullet under California High-Speed Rail Delivery Model:- -Through every stage of the process, the State will provide policy oversight and appropriately manage the program to ensure that the public's interests are served.
New B	Business Model	Clarifying language regarding advancing procurement	42	We will advance procurement on contracts based on progress in achieving environmental approvals (i.e., RODs) and will not enter into contracts before final approval.	We will advance procurement on contracts based on progress in achieving environmental approvals (i.e., RODs) and will not enter into contracts before final approval to provide the private sector with greater certainty .
New C	Business Model	New bullet regarding public private partnerships	42	None	Where feasible and advantageous, we will utilize a public-private partnership model to deliver elements of the program. Industry feedback suggests that long-term, performance-driven contracts can reduce costs and increase efficiency.

#	Section	Purpose	Page	Current Text	New Text
25	Implement-ation Strategy	Provide context and reinforce that high-speed rail is being implemented as part of a broader statewide rail modernization program	45	None	<p>Insert new introductory paragraphs for this section:</p> <p>Our mission is to complete the high-speed rail system between San Francisco and Anaheim while also continuing early planning for Phase 2 sections. As we develop the system, we are focusing on delivering short-term improvements to local corridors, mid-term regional corridor benefits and full-term integration of high-speed rail into key high capacity urban corridors to complete the integrated statewide passenger rail network. To achieve this, the state and the Authority propose to broaden the scope and accelerate the implementation of the statewide rail modernization program, aligning it more closely with high-speed rail implementation in order to deliver both programs through a single, integrated strategy. Through this strategy, the heavily congested urban rail corridors in northern and southern California will realize significant near-term benefits from increased safety, system capacity and service frequency and reliability and the Central Valley will become more connected to the state's other economic centers.</p> <p>A focus on statewide rail modernization will deliver:</p> <ul style="list-style-type: none"> • Focused, strategic early investment projects that improve the speed, safety and efficiency of existing services • Expanded and improved regional and interregional passenger rail services • New infrastructure that will streamline the ultimate delivery of high-speed rail • Mobility and environmental benefits across multiple stakeholders and communities, including significant benefits within disadvantaged communities, at each stage of development • More benefits through integration than can be accomplished independently by leveraging existing funds and attracting new funding sources <p>This integrated, phased approach brings more benefits sooner and is made possible through stronger partnerships, new funding sources and the state's programmatic, holistic approach being developed for the 2018 State Rail Plan and network integration activities.</p>
26	Implement-ation Strategy	Clarify that any station north of Bakersfield will be interim; remove reference to a station at end of Construction Package 4	45	These objectives were used to evaluate how best to sequence the program. We identified a line between San Jose Diridon Station and a station north of Bakersfield (the southern end of Construction Package 4) as the first line for high-speed passenger rail service.	These objectives were used to evaluate how best to sequence the program. We identified a line between San Jose Diridon Station and an interim station north of Bakersfield (the southern end of Construction Package 4) as the first line for high-speed passenger rail service.
27	Implement-ation Strategy	(1) Add reference to station area planning agreement with San Jose and (2) more emphasis on multimodal connections and transit-oriented land use	47	Connecting high-speed rail into the Diridon Station in San Jose (the tenth largest city in the nation) will provide connections to Bay Area Rapid Transit (BART), Altamont Corridor Express, Caltrain commuter rail, Santa Clara Valley Transportation Authority light rail and buses and Amtrak among others.	Connecting high-speed rail into the Diridon Station in San Jose (the tenth largest city in the nation) will provide connections to Bay Area Rapid Transit (BART), Altamont Corridor Express, Caltrain commuter rail, Santa Clara Valley Transportation Authority light rail and buses, and Amtrak's Coast Starlight service and the Capitol Corridor (Amtrak) among others. In April 2016, we entered into a station area planning agreement with the City of San Jose and our transportation partners to develop new intermodal transportation opportunities in the region and encourage transit-oriented development and smart growth policies around it.

#	Section	Purpose	Page	Current Text	New Text
28	Implement-ation Strategy	<p>New language: Authority's goal is to connect Merced to Silicon Valley as part of initial operations</p> <p>REVISED - PREVIOUSLY IDENTIFIED AS A CALLOUT BOX - CHANGED TO A NEW SECTION INSTEAD</p>	47	None	<p>ADD NEW SECTION: Connecting Merced to San Jose as Part of Initial Operations</p> <p>Connecting the cities of the Central Valley to those of the Silicon Valley and the broader Bay Area will tie together the regions as never before, and create unprecedented economic opportunities for residents of the Central Valley. In large part due to the jobs-housing imbalance in the Bay Area, travel between the northern San Joaquin Valley and the Bay Area is growing significantly, putting increased pressure on roads and existing passenger rail systems. At the same time, air quality issues continue to be a challenge for the Central Valley. Long trip times of 2 to 3 hours reduce productivity and impose hardships on travelers. For those reasons, the State and regional leaders are working together to ensure that Merced is part of the first operations of the high-speed rail system.</p> <p>Travel times will be reduced to approximately 45 minutes, and travel will be on non-polluting electric trains that will provide service well matched to demand, helping support the jobs-housing balance in the Northern California mega region. Passengers will be able to make connections at San Jose Diridon Station to Caltrain, planned BART service, the Capitol Corridor and Altamont Corridor Express trains and Santa Clara Valley VTA light rail trains, dramatically shortening trips to a variety of Silicon Valley and Bay Area destinations. These connections will not only help address environmental and jobs-housing imbalance issues, but also allow greater interaction between and access to institutions of higher learning, including UC-Merced.</p> <p>To Authority is adopting a goal of opening-day Merced service and to achieve that is committing to a number of steps, including:</p> <ul style="list-style-type: none"> • Working with City of Merced and County of Merced officials, the Authority is developing plans to provide a single-track option for connecting to Merced, as well as initially constructing only the leg of the “wye” that will tie Merced to the Bay Area. These and other options will be further developed based on engineering, operations and financial factors. Ultimately, as part of the completion of the Phase 1 system, a two-track connection to Merced and full buildout of the “wye” will be completed but the immediate goal is to connect the Merced and Silicon Valley/Bay area regions together. • Completion of the environmental reviews necessary to prepare for the Merced to San Jose connection; that work is funded and underway • Continuing work with the City of Merced to plan for the sustainable development of the station and surrounding areas • Extending current high-speed rail construction north to enhance connectivity with San Joaquin intercity service. In March 2016, the Authority extended the northern terminus of its first construction section in the Central Valley, adding a 2.7 mile northward extension. This northern extension expands the work on an environmentally cleared section and provides the capability of a more logical connection to San Joaquin intercity passenger rail service at the Madera Amtrak station. • Working to identify cost savings on the Silicon Valley to Central Valley system that can be applied in part to accelerate investment in the connection to Merced. • Analyzing ridership and revenue to ensure that operations will continue to meet statutory requirements • Working with partners to identify and secure potential funding sources. <p>The Authority is working with the City of Merced and the County of Merced to implement this strategy and will develop a formal agreement to proceed.</p>

#	Section	Purpose	Page	Current Text	New Text
29	Implement-ation Strategy	New text regarding partnering and network integration in Northern California REVISED - TEXT DELETED AND CONSOLIDATED INTO NEW, MORE ROBUST DISCUSSION OF NETWORK INTEGRATION - SEE EDIT #37 (MAP MOVED TO EDIT 37)	47	None	<p>Add new text:-</p> <p>The high speed rail system provides much greater benefit to Northern California when planned and implemented in a manner that maximizes the benefits of connecting transit and rail services. In the Valley to Valley Initial Operating Segment, there is particular value in two connection points: (1) Connection to Amtrak San Joaquin services at the Madera Station, allowing Amtrak trains to connect to high speed trains at the Madera Amtrak station, and (2) Connection at San Jose to Caltrain, BART, the Capitol Corridor and Altamont Corridor Express trains (see Exhibit ___). When the connecting services are integrated with high speed rail services through timed connections and integrated ticketing, ridership and revenue for all services will be enhanced, and customers will be able to access many more destinations with frequent and easy transit and rail services. The Silicon Valley to Central Valley service will include connections at Madera to Sacramento, the Northern Central Valley, the East Bay on more frequent trains. It will also feature a transformation of travel opportunities at San Jose Diridon Station, with frequent service to many communities throughout the Bay Area, across many transit and rail services.</p> <p>To advance the goals for network connectivity and integration on opening day, the Authority is committing to a number of steps, including:—</p> <ul style="list-style-type: none"> —Extending current construction north to enhance connectivity with San Joaquin service. In March 2016, the Authority extended the northern terminus of its first construction section in the Central Valley, adding a 2.7 mile northward extension. This northern extension expands the work on an environmentally cleared section and provides the capability of a more logical connection to San Joaquin intercity passenger rail service at the Madera Amtrak station. The connecting station at Madera within the Valley to Valley segment will be pursued in collaboration with the City of Madera, SJJPA and CalSTA. —Entering into detailed service planning efforts with service providers at the San Jose Diridon Station to maximize the value of the multiple investments in the services serving the station, and to ensure network integration benefits (also being addressed in the 2018 State Rail Plan) are achieved.— —As the high speed rail system grows to include the entire Phase 1 service, similar opportunities will exist in the Bay Area, the Central Valley and Southern California.— <p>The Authority is committed to pursuing Phase 2 and Altamont Corridor planning efforts, as addressed through funding appropriations for these corridor segments in SB 1029. In the Central Valley and Northern California, these efforts will clearly identify the local and express service needs between Madera, Merced and the rest of the Northern Valley and Sacramento, as well as between the Central Valley and the Bay Area over Altamont. The outcome of these planning efforts will ensure that the most effective investment is pursued that supports the service needs of local communities as well as statewide mobility. Near term service improvements that leverage local, state and federal funding sources will be pursued through continued expansion of integrated Amtrak San Joaquin and Altamont Corridor Express services, while also defining how such service improvements lay the groundwork for full Phase 2 HSR service in the future. The Authority's partners in these corridor planning efforts will include the City of Merced, the County of Merced, the Central Valley Rail Working Group, the California State Transportation Agency, the Capitol Corridor Joint Powers Authority, the San Joaquin Regional Rail Commission and the San Joaquin Joint Powers Authority.—</p> <p>- Continued on next page -</p>

#	Section	Purpose	Page	Current Text	New Text
					<p>EXHIBIT 1.2 STATEWIDE RAIL MODERNIZATION</p>
30	Implement- ation Strategy	Make commitment to concurrent investment in Burbank to Anaheim corridor more explicit and reference 2012 Memorandum of Understanding	48	At the same time, we plan to work with our partners to make significant concurrent investments in the Burbank to Anaheim corridor which will benefit existing rail services in advance of starting high-speed rail in California.	<p>Even as we advance the Silicon Valley to Central Valley line, we are reiterating and reinvigorating our commitment to make fulfill our commitment, as embodied in a 2012 Memorandum of Understanding, to collaborate on and accelerate regionally significant concurrent investments in the Burbank to Anaheim corridor. These connectivity projects can be completed incrementally and provide significant near-term improvements which will benefit passenger, freight and auto traffic. They will also serve as building blocks for existing rail services in advance of starting high-speed rail service in California. Through this Memorandum, we are working with our partners to leverage resources, work together to secure new funding, identify and fund projects ready to move into construction (or advance others through environmental clearance) and advance improvements as quickly as possible.</p>

#	Section	Purpose	Page	Current Text	New Text
31	Implement-ation Strategy	Describe progress made since the 2012 Memorandum of Understanding	48	Since 2012, with adoption of a regional memorandum of understanding, the Legislature’s appropriation of funds for “bookend” investments in the region and in commitments in our 2012 and 2014 Business Plans to develop a way to provide cost-effective one-seat ride service to Anaheim, we have worked with regional partners and the California State Transportation Agency to advance planning and project development in the corridor.	<p>Consistent with the agreement for the development of the master plan for Los Angeles Union Station, the Authority will work with the Los Angeles County Metropolitan Transportation Authority, Metrolink and other partners to make sure that the design of the facility cost effectively meets the service needs of all operators. The Authority will also identify improvements necessary for its operations that need to be cleared through its ongoing environmental clearances for the corridor.</p> <p>Since the 2012, with adoption of a the 2012 Southern California Memorandum of Understanding, the Legislature’s appropriation of Proposition 1A funds for “bookend” investments in the region and in commitments in our 2012 and 2014 Business Plans to develop a way to provide cost-effective one-seat ride service to Anaheim, we have worked with regional partners and the California State Transportation Agency to advance planning and project development in the corridor. We worked to achieve early approval and release of those funds for construction of regionally significant connectivity projects totaling \$367.6 million which has included funding for the Regional Connector Transit Corridor project in Los Angeles, positive train control investments to improve safety throughout the region and improvements to the existing Blue Line Trolley in San Diego.</p> <p>Work will continue with those operating in the corridor to address future issues involving shared service, including railroad signaling, maintenance and agreements. Coordination with freight railroads will continue to ensure agreement on design, consruction and operational issues.</p>
32	Implement-ation Strategy	Expanded discussion of Southern California implementation strategy REVISED - CHANGED FROM CALLOUT BOX TO A NEW SECTION (NO EDITS TO TEXT)	49	None	<p>Add new callout box: Expanding Operations in Southern California and Completing Phase 1</p> <p>Completing the Phase 1 high-speed rail system to southern California to close the passenger rail gap and link the most populous region of the state to the Central Valley and Northern California will tie the State together as never before, and create unprecedented economic opportunities. In large part due to regional jobs-housing imbalances around the state, goods movement pressures, and tourism, travel to and from Southern California has grown significantly, putting increased pressure on roads, airports and existing passenger rail systems. At the same time, air quality issues continue to be a challenge in the South Coast Air Basin. Long trip times from outlying areas to job centers in Los Angeles, Orange County, San Diego and other key areas of two (2) or more hours reduce productivity and impose hardships on travelers. For those reasons, the State and regional leaders are working together to ensure the entire high-speed rail system is completed. On a high-speed train rail trips not currently available between Kern County and the Los Angeles Basin would take less than one hour, and travel times between key areas like the Antelope Valley and San Fernando Valley will be cut from just under 2 hours to about 20 minutes. All these trips will be on non-polluting electric trains that will provide service well matched to demand, helping support the jobs-housing balance in the Southern California mega region. Seamless connections extend these benefits throughout the region as follows:</p> <ul style="list-style-type: none"> -From Palmdale: Connections to the Antelope Valley and the Airport, and future connections to the Inland Empire at Victorville, and Las Vegas -From Burbank: Connections on Amtrak and Metrolink to Ventura, Santa Barbara, San Luis Obispo, and Santa Clarita -From Downtown Los Angeles (LAUS): Connections to the Inland Empire via Metrolink and to Metro services serving Hollywood, the San Gabriel Valley, East Los Angeles, Long Beach, and future connections to Los Angeles International Airport and Santa Monica -From Santa Fe Springs/Norwalk, Fullerton, and Anaheim: Connections on Amtrak and Metrolink south to San Diego, and east to Riverside and Perris Valley, thus shortening trips to a variety of commuter and tourist destinations. <p>To advance to the goal of completing the southern portion of Phase 1 and realizing these benefits the Authority is committing to a number of steps, including:</p> <ul style="list-style-type: none"> -Completion of the environmental reviews necessary to prepare for the approximately 170 mile Bakersfield to Anaheim connection. That work is funded and underway. -Application of Cal Enviroscreen during the environmental analysis to identify and consider impacts to disadvantaged communities during the preparation of the environmental documents. -Implementation of thorough stakeholder and community outreach including structured activities to understand regional and community priorities that can be reflected in the environmental documents in order to multiply the benefits of the HSR investment -Completion of MOU projects to fully meet the \$1 billion commitment in the 2012 Memorandum of Understanding (MOU) and provide immediate relief at key “pinch points” like Los Angeles Union Station, the Rosecrans Marquardt Grade Separation, areas of single track and other grade separations along some of the most frequently traveled rail lines that radiate out from the urban Burbank to Anaheim mobility corridor to San Diego, San Bernardino, Riverside, San Luis Obispo, and Santa Clarita. Projects funded will be consistent with regional priorities, project readiness, and the magnitude of operational benefits. The Authority, in conjunction with the State and local metropolitan planning organizations (MPOs) will maintain the prioritized list and work with local agencies to keep it up to date, monitor progress, and develop implementation schedules and funding plans. -Developing specific plans to advance MOU projects which are ready for additional project development and/or construction funding, utilizing high-speed rail Phase 1 and Phase 2 funding where eligible, and identifying other available funding sources for the balance of project scope. The projects that have been regionally identified beyond those in Exhibit 4.2 include: <ul style="list-style-type: none"> --Brighton to Roxford Double Track in Los Angeles County --Orangethorpe Avenue Grade Separation in Orange County <p style="text-align: right;">- Continued on next page -</p>

#	Section	Purpose	Page	Current Text	New Text
					<p>--Ball Road Grade Separation in Orange County --McKinley Street Grade Separation in Riverside County --Jurupa Road Grade Separation in Riverside County --Lilac to Rancho Double Track in San Bernardino County --San Onofre to Pulgas Double Track in San Diego County --Eastbrook to Shell Double Track in San Diego County</p> <p>-Advancing concurrent investments in the urban mobility corridor between Burbank and Anaheim to improve freight and passenger service by identifying additional "building blocks" of future high-speed rail service that have early, independent utility. By addressing operational conflicts at junctions, goods movement facilities, and in other key locations, immediate benefits can be realized that set the stage for service increases, robust timetable implementation, and future high-speed rail service. Further operational analysis and project definition is needed to determine the phasing of the projects and operations and financial factors. This effort will include full dialogue with infrastructure owners and operators to ensure compatibility of blended service with other passenger and freight rail services, as well as detailed dialogue around operational requirements of multiple operators at Union Station</p> <p>-Continuing work with the Cities of Palmdale, Burbank, Los Angeles, Santa Fe Springs/Norwalk, Fullerton, and Anaheim to plan for the sustainable development of the stations and surrounding areas.</p> <p>-Analyzing ridership and revenue to ensure that operations will meet statutory requirements and continually assess the P3 potential so private investment can be brought at the right time to support the schedule and maximize the amount of the investment.</p> <p>-Working with partners, above and beyond the MOU commitment mentioned above, to grow the available pot of money by bringing the widest possible variety of funding sources together to complete programs of projects that deliver operational benefits for passenger and freight services.</p> <p>The Authority is working with the partners across the region to implement this strategy in accordance with the Southern California MOU, and will develop additional formal agreements, as necessary, to proceed.</p>
33	Implement-ation Strategy	Use Rosecrans-Marquardt grade separation project as an example of the benefits that accrue from early corridor investments	49	None	<p>Add new callout box: A Critical Investment With Major Benefits The Rosecrans/Marquardt Avenue Grade Separation Project is one of the priority projects identified in the 2012 Memorandum of Understanding. The California Public Utilities Commission has identified it as the most hazardous grade crossing in California. When complete, it will yield significant traffic, safety and air quality benefits. Passenger rail services throughout the region will dramatically improve -- allowing service to the Inland Empire to more than double from Los Angeles. Orange County could also see a greater than 50% increase in rail service.</p>
New D	Implement-ation Strategy	REVISED - ADD LANGUAGE NOTING INTENT IS TO LEVERAGE FUNDS TO INCREASE NUMBER OF PROJECTS IN BURBANK-ANAHEIM CORRIDOR	49	We will seek to leverage additional funding sources, including the Transit and Intercity Rail Capital grant program, funded by Cap and Trade proceeds, as well as new federal programs targeting rail-highway safety projects and freight corridors.	We will seek to increase the number of projects that can be completed by leveraging additional funding sources, including the Transit and Intercity Rail Capital grant program, funded by Cap and Trade proceeds, as well as new federal programs targeting rail-highway safety projects and freight corridors.

#	Section	Purpose	Page	Current Text	New Text
34	Implement-ation Strategy	Add new section: Tying the North and South Together	51	None	<p>Add new section: Tying the North and South Together</p> <p>The Authority has identified the high priority it is placing on pursuing additional funding for both the Silicon Valley to Central Valley extensions to San Francisco, Merced and Bakersfield as well as the Burbank to Anaheim Urban Mobility Corridor. These investments are tied together to deliver critical statewide benefits in two important ways:</p> <p>First, investing in the Urban Mobility Corridor between Burbank and Anaheim, including the SCRIP project at Los Angeles Union Station, delivers critical near term service benefits for Southern California that will make major contributions to increasingsg the use of public transportation in Southern California while laying the groundwork for high-speed rail's arrival from the north.</p> <p>Second, adding the three extensions to the Central Valley to Silicon Valley line dramatically increases the value of the system to a future concessionaire. It grows ridership and revenue dramatically. Bakersfield and San Francisco extensions alone increase revenue and ridership by over 50% as discussed in more detail in Section 7 of the Business Plan; positive growth by adding Merced would increase the value even more. The greater concession value in turn increases the private investment which, in turn, accelerates the construction of investments tying Burbank to Palmdale and Palmdale to Bakersfield.</p> <p>The success of the Silicon Valley to Central Valley concession is thus of critical importance to accelerating the delivery of the entire Phase 1 high-speed rail system, tying the interests of Northern and Southern California together.</p>
35	Implement-ation Strategy	(1) Clarify that the discussion relates to Phase 1 and (2) serves as a transition to new language on Phase 2 (see new language below)	52	This is a prudent and realistic strategy for delivering high-speed rail in California. It is consistent with our three overarching objectives and our principles and the intent of Proposition 1A. With ongoing Cap and Trade proceeds, we are in a position to deliver California's first operating high-speed rail line. As we move forward, we will continue to evaluate new circumstances, options and strategies that may allow us to deliver the system better, faster, or cheaper and may evolve our approach over time.	This is a prudent and realistic strategy for delivering the Phase 1 high-speed rail program in California. It is consistent with our three overarching objectives and our principles and the intent of Proposition 1A. With ongoing Cap and Trade proceeds, we are in a position to deliver California's first operating high-speed rail line. As we move forward, we will continue to evaluate new circumstances, options and strategies that may allow us to deliver the system better, faster, or cheaper and may evolve our approach over time.

#	Section	Purpose	Page	Current Text	New Text
36	Implement- ation Strategy	New discussion of Phase 2 planning REVISED - PROVIDES MORE ROBUST DISCUSSION OF PHASE 2 PLANNING	52	None	<p>New section: Planning for Phase 2 Proposition 1A prioritizes the delivery of the Phase 1 system and restricts our ability to spend construction funds on Phase 2 until it is complete. At the same time, Proposition 1A recognizes the value of advancing Phase 2 planning as do we, the Legislature and the California State Transportation Agency. Doing so will enable the Authority and local and regional stakeholders to identify corridor improvements that might be made in anticipation of future high-speed rail service. Similarly, it will enable local and regional land use planning decisions to be made with future high-speed rail in mind. To that end, we are working closely with local partners to continue planning activities in between Los Angeles and San Diego, Merced and Sacramento, and over the Altamont Corridor, as described below. At the same time, we are collaborating with the California State Transportation Agency and Caltrans on the development of the 2018 State Rail Plan, which will advance additional efforts to develop a seamless statewide transportation network. As the high-speed Rail system grows to include the entire Phase 1 service, similar opportunities will exist in the Bay Area, the Central Valley and Southern California to begin to extend the benefits of Phase 1 service into Phase 2 corridors.</p> <p><i>Northern California</i> In the Central Valley and Northern California, these efforts will clearly identify the local and express service needs between Madera, Merced and the rest of the Northern Valley and Sacramento, as well as between the Central Valley and the Bay Area over Altamont. The outcome of these planning efforts will ensure that the most effective investment is pursued that supports the service needs of local communities as well as statewide mobility. Near term service improvements that leverage local, state and federal funding sources will be pursued through continued expansion of integrated Amtrak San Joaquin and Altamont Corridor Express services, while also defining how such service improvements lay the groundwork for full Phase 2 high-speed rail service in the future. The Authority is committed to pursuing Phase 2 and Altamont Corridor planning efforts, as addressed through spending appropriations for these corridor segments as identified in SB 1029. The Authority's partners in these corridor planning efforts will include the City of Merced, the County of Merced, the Central Valley Rail Working Group, the California State Transportation Agency, the Capitol Corridor Joint Powers Authority, the San Joaquin Regional Rail Commission and the San Joaquin Joint Powers Authority.</p> <p><i>Southern California</i> In Southern California, similar efforts will focus on the Los Angeles-Inland Empire-San Diego Phase 2 corridor. Near term service improvements to Metrolink, Amtrak Pacific Surfliner and Coaster services will be identified, while also laying the groundwork for full Phase 2 high-speed rail service in the future. In conjunction with Statewide Rail Modernization, Planning, and Integration efforts the Authority and the Inland Corridor Group (ICG) have been working to define the southern Phase 2 corridor. The Authority has undertaken a technical planning study in close coordination with local agencies that is focused on developing strategies for how high-speed rail will be implemented in the project section, including prioritizing locations for advancing enhanced connections to the Phase 1 system, early blended service, phasing, opportunities for right-of-way preservation and approaches for environmental clearance, partnerships and funding, and next steps to move the project forward. To advance the goals for network connectivity and integration and completion of Phase 2, the Authority is committing to a number of steps, including:</p> <p style="text-align: center;">- Continued on next page -</p>

#	Section	Purpose	Page	Current Text	New Text
					<p>-Advancing planning for the Los Angeles – Inland Empire – San Diego Corridor using funds allocated in SB 1029 to provide increased level of project definition in order to preserve right-of-way and support local, regional, and state led planning efforts</p> <p>-Targeted support for regional agency planning and analysis to identify, define, and align projects and programs for investments by the Authority and by others consistent with principles in the Southern California Memorandum of Understanding and to achieve mutually agreed upon outcomes</p> <p>-Evaluating elements of the blended corridor concept to support the ultimate completion of the high-speed rail program and identify investments that can provide near term independent utility</p> <p>-Station area planning to enhance multi-modal connectivity (including airports) and promote economic development -Development of high-speed rail and other integrated rail network elements that complements key findings of the 2018 State Rail Plan and principles and projects identified in the Southern California Memorandum of Understanding</p> <p>-Supporting the next update of SCAG and SANDAGs Regional Transportation Plans by working closely with these agencies to provide more defined Phase 2 service, including ridership information once the project section is sufficiently defined</p> <p>-Assessment of the public-private partnership potential so private investment can be brought in as soon as possible -Complementary planning to support interstate service expansion concepts identified in the Federal Railroad Authority’s Multi-State Planning Study for High-Performance Rail in the Southwest</p> <p>The outcome of these planning efforts will ensure that the most effective investment is pursued that supports the service needs of local communities as well as statewide mobility. Near term service improvements that leverage local, state and federal funding sources will be pursued through continued expansion of integrated services, while also defining how such service improvements lay the groundwork for full Phase 2 high-speed rail service in the future. The Authority’s partners in this corridor planning effort will include the agencies that are part of the Southern California Memorandum of Understanding, the Inland Corridor Group, the California State Transportation Agency, the Southern California Regional Rail Authority, the LOSSAN Rail Agency, and the North County Transit District.</p> <p>Altamont Corridor—In cooperation with the San Joaquin Regional Rail Commission, we have been funding the ongoing planning and development towards the expansion of service in the Altamont Corridor, including new stations and greater frequencies between the Central Valley and Silicon Valley. A vital component of that proposed service expansion is the development of ACE service to Modesto and ultimately Merced where ACE service will connect with future high-speed rail service in the Central Valley. The primary goal of these preliminary planning efforts will be to eventually fund these service expansions and increase the level of regional service from Sacramento to Merced. In 2013, the Authority Board of Directors approved the use of \$36 million by the San Joaquin Regional Rail Commission to help further these objectives.—</p> <p>Sacramento to Merced Corridor—In 2014, the Authority retained an environmental and planning team to move analysis of the Sacramento to Merced segment forward and lay the groundwork for more detailed project analysis in the future. The corridor team has been working with local communities, meeting with local stakeholders and completing a detailed analysis of the proposed high-speed rail project corridor to ensure that it is well-positioned for immediate progress as planning advances. This \$1 million contract is the starting point of these efforts that we anticipate will continue in the coming years.—</p> <p>Los Angeles to San Diego—Since 2014, work in the Los Angeles to San Diego project section has been performed under a multi-year, \$5 million regional consultant contract. Under this contract, the Authority continues to advance the design, analysis, and refinement of alignment alternatives which will be documented in an Alternatives Analysis report in 2017. In conjunction with Statewide Rail Modernization, Planning, and Integration efforts the Authority and the Inland Corridor Group (ICG) have been working to define this southern Phase 2 corridor. We have undertaken a technical planning study in close coordination with local agencies that is focused on developing strategies for how high-speed rail will be implemented in the project section, including prioritizing locations for advancing enhanced connections to the Phase 1 system, early blended service, phasing, opportunities for right-of-way preservation and approaches for environmental clearance, partnerships and funding, and next steps to move the project forward. Activities underway also complement and advance principles and projects identified in the 2012 Southern California MOU.—</p>

#	Section	Purpose	Page	Current Text	New Text
37	Implement-ation Strategy	Insert discussion on partnerships for network connectivity and integration as part of the implementation strategy REVISED - NEW LANGUAGE TO PROVIDE MORE ROBUST LANGUAGE REGARDING NETWORK INTEGRATION AND PARTNERSHIPS	52	None	<p>New section: The Importance of Partnerships for Connectivity and Network Integration</p> <p>The high-speed rail system provides much greater benefit to Northern and Southern California when planned and implemented in a manner that complements connecting transit and rail services. Several examples include:</p> <ul style="list-style-type: none"> -Valley to Valley connections to (1) Amtrak San Joaquin services at the Madera Station, allowing Amtrak trains to connect to HSR trains at the Madera Amtrak station, and (2) Caltrain, BART, the Capitol Corridor and Altamont Corridor Express services at San Jose providing high-speed rail connections at Madera to Sacramento, the Northern Central Valley, and the East Bay on more frequent trains. -Transformation of travel opportunities at San Jose Diridon Station, with frequent service to many communities throughout the Bay Area, across many transit and rail services. -Connections to multimodal options (including airports) at key hubs in Palmdale, Burbank, and Los Angeles that support service throughout the Southern California region from San Luis Obispo to the Inland Empire and San Diego, as well as future connections to Nevada and Arizona. <p>When the connecting services are integrated with HSR services through timed connections and integrated ticketing concepts being developed as part of the 2018 State Rail Plan, ridership and revenue for all services will be enhanced, and customers will be able to access many more destinations with frequent and easy transit and rail services.</p> <p>To advance the goals for network connectivity and integration on opening day, the Authority is committing to a number of steps, including:</p> <ul style="list-style-type: none"> -Broadening the scope and accelerating the implementation of the Statewide Rail Modernization Program by aligning it more closely with high-speed rail project implementation to deliver both programs through a single, integrated strategy. Most notably, the heavily congested urban rail corridors in Southern and Northern California will realize significant near-term benefits from increased capacity and frequency, which will also lead to air quality improvements in some of the most deserving communities in the State. -Extending current construction north to enhance connectivity with San Joaquin service. In March 2016, the Authority extended the northern terminus of its first construction section in the Central Valley, adding a 2.7 mile northward extension. This northern extension expands the work on an environmentally cleared section and provides the capability of a more logical connection to San Joaquin intercity passenger rail service at the Madera Amtrak station. The connecting station at Madera within the Valley to Valley segment will be pursued in collaboration with the City of Madera, SJPA and CalSTA. -Extending concurrent construction south to the Burbank to Anaheim urban mobility corridor where investments in network elements like junctions, storage and maintenance, signaling and integrated services and ticketing realize immediate benefits for freight and passenger service. -Entering into detailed service planning efforts with service providers at the San Jose Diridon Station and Los Angeles Union Station, as examples, to maximize the value of the multiple investments in the stations, and to ensure regional network integration benefits (also being addressed in the 2018 State Rail Plan) are achieved -High level of engagement with agencies across the state to understand and articulate the benefits of investments and better describe how regional priorities contribute to improved air quality, service, safety, capacity, frequency, and reliability and help increase ridership <p>This integrated, phased approach brings greater benefits sooner than previous plans and is made possible through new funding sources, stronger partnerships, and the State’s statewide integrated network approach being developed for the 2018 State Rail Plan.</p> <p>The high-speed rail system provides much greater benefit to Northern California when planned and implemented in a manner that maximizes the benefits of connecting transit and rail services. In the Silicon Valley to Central Valley initial line, there is particular value in two connection points: (1) Connection to Amtrak San Joaquin services at the Madera Station, allowing Amtrak trains to connect to high-speed rail trains at the Madera Amtrak station, and (2) connection at San Jose to Caltrain, BART, the Capitol Corridor, Santa Clara County VTA and Altamont Corridor Express trains. When the connecting services are integrated with high-speed rail services through timed connections and integrated ticketing, ridership and revenue for all services will be enhanced and customers will have access many more destinations with frequent and easy transit and rail services. The Silicon Valley to Central Valley service will include connections at Madera to Sacramento, the Northern Central Valley and the East Bay on more frequent trains. It will also feature a transformation of travel opportunities at San Jose Diridon Station, with frequent service to many communities throughout the Bay Area, across many transit and rail services.</p> <p>-Continued on next page -</p> <p>To advance the goals for network connectivity and integration on opening day, the Authority is committing to a number of steps, including:</p>

#	Section	Purpose	Page	Current Text	New Text
					<p>Extending current construction north to enhance connectivity with San Joaquin service. In March 2016, the Authority extended the northern terminus of its first construction section in the Central Valley, adding a 2.7-mile northward extension. This northern extension expands the work on an environmentally cleared section and provides the capability of a more logical connection to San Joaquin intercity passenger rail service at the Madera Amtrak station. The connecting station at Madera as part of the initial line will be pursued in collaboration with the City of Madera, San Joaquin Joint Powers Authority and CalSTA.</p> <p>Entering into detailed service planning efforts with service providers at the San Jose Diridon Station to maximize the value of the multiple investments in the services serving the station, and to ensure network integration benefits (also being addressed in the 2018 State Rail Plan) are achieved.</p> <p>As the high-speed rail system grows to include the entire Phase 1 service, similar opportunities will exist in the Bay Area, the Central Valley and Southern California. The Authority is committed to pursuing Phase 2 and Altamont Corridor planning efforts, as addressed through funding appropriations for these corridor segments in SB 1029.</p> <p>In the Central Valley and Northern California, these efforts will clearly identify the local and express service needs between Madera, Merced and the rest of the Northern Valley and Sacramento, as well as between the Central Valley and the Bay Area over Altamont. The outcome of these planning efforts will ensure that the most effective investment is pursued that supports the service needs of local communities as well as statewide mobility. Near term service improvements that leverage local, state and federal funding sources will be pursued through continued expansion of integrated Amtrak San Joaquin and Altamont Corridor Express services, while also defining how such service improvements lay the groundwork for full Phase 2 HSR service in the future. The Authority's partners in these corridor planning efforts will include the City of Merced, the County of Merced, the Central Valley Rail Working Group, the California State Transportation Agency, the Capitol Corridor Joint Powers Authority, the San Joaquin Regional Rail Commission and the San Joaquin Joint Powers Authority.</p> <p>In Southern California, similar efforts will focus on the Los Angeles Inland Empire San Diego Phase 2 corridor. Near term service improvements to Metrolink, Amtrak Pacific Surfliner and Coaster services will be identified, while also laying the groundwork for full Phase 2 high-speed rail service in the future. In conjunction with Statewide Rail Modernization, Planning and Integration efforts, the Authority and the Inland Corridor Group have been working to define the southern Phase 2 corridor. The Authority has undertaken a technical planning study in close coordination with local agencies that is focused on developing strategies for how high-speed rail will be implemented in that project section, including prioritizing locations for advancing enhanced connections to the Phase 1 system, early blended service, phasing, opportunities for right-of-way preservation and approaches for environmental clearance, partnerships and funding, and next steps to move the project.</p>
38	Funding & Finance	Expand introduction to Section 6 to provide more background and context	59	<p>This section presents the financial analysis and funding strategy for the program. There are a range of funding sources that can be used to deliver the system. The appropriation of 25% of the annual Cap and Trade proceeds on a continuous basis provides a new, long-term revenue stream to support the early completion of the Silicon Valley to Central Valley line. At the same time, we plan to pursue additional federal funding to extend that line to both San Francisco and Bakersfield. This section describes the funding available for planning and constructing the system, our plan for using each funding source, and the financing requirements and private sector investment opportunities that may be available in the future.</p>	<p>This section presents the financial analysis and funding strategy for the program. There are a range of funding sources that can be used to deliver the system. The challenges of funding a transportation system or network are not new to this program or most other large-scale programs. It was known by the Legislature, the voters and the Authority at the time of passage of Proposition 1A that the state was initiating the program with the anticipation of other sources of funding becoming available over time – and that has happened. Since the passage of Proposition 1A, unprecedented federal funding has been secured, a new source of state funding has been committed, and, as presented in the analysis in this Plan, there is a clear path to securing private sector participation as envisioned.</p> <p>With the passage of Proposition 1A, the Legislature and voters provided less than one-quarter of the funding estimated to be needed to deliver the system, and there was no pathway to get anything into operation. As detailed in this section, because of the progress made over the last few years, it is now possible to get a world-class (250) mile high-speed rail line into revenue service, make concurrent investments that will enhance existing services and build for the future, to complete environmental approvals for the entire Phase 1 system, and to contribute to further expansion through private sector participation – all within projected levels of existing funding sources.</p> <p>Identifying and securing additional funds necessary to complete construction of the entire system will be an ongoing process and will require the engagement of the Legislature, Congress, the federal government, the private sector and others. The potential for private sector engagement in the delivery of the operating line through public-private partnerships will be explored. Importantly, the delivery of initial operations on the Silicon Valley to Central Valley line, concurrent investments and full environmental clearance all can happen while that process takes place.</p> <p>The appropriation of 25% of the annual Cap and Trade proceeds on a continuous basis provides a new, long-term revenue stream to support the early completion of the Silicon Valley to Central Valley line. At the same time, we plan to pursue additional funding, including federal funding, to extend that line to both San Francisco and Bakersfield. As the first line is opened and operations mature, positive cash flow from ticket sales and other ancillary revenue sources and value capture will be generated that can be monetized to help build other sections of the system. This section describes the funding available for planning and constructing the Silicon Valley to Central Valley line, system, our plan for using as well as each other source, and the financing requirements. It also presents a menu of potential funding options, opportunities to achieve savings or efficiencies through program delivery, and as well as private sector investment opportunities that may be available in the future.</p>

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39	Funding & Finance	Clarify that this section focuses on funding that is currently available	59	<p>FUNDING OF CAPITAL COSTS</p> <p>Below we describe the funding available to pay for the capital costs of the system and long-term funding that could be available to support financing for capital costs. Federal grant funds, Proposition 1A funds and Cap and Trade proceeds are available to pay for program planning and construction costs.</p>	<p>CURRENT FUNDING OF CAPITAL COSTS</p> <p>Below we describe the funding that is currently available to pay for the capital costs of the system and long-term funding that could be available to support financing for capital costs. Federal grant funds, Proposition 1A funds and Cap and Trade proceeds are available to pay for program planning and construction costs.</p>
40	Funding & Finance	Clarify heading	60	FUNDING STRATEGY	STRATEGY FOR CURRENT FUNDING
41	Funding & Finance	Move text to: Expanding the System and Completing Phase 1	61	<p>Traditionally, transportation projects of this magnitude can rely on the federal government as a funding partner with grants of up to 50 percent or higher. The Legislature and the voters of California, in approving Proposition 1A, assumed significant federal participation – 1/3 of the total cost. With a federal contribution for these extensions, its share of the total funding for the Silicon Valley to Central Valley line would still be only 25 percent of the total investment, far below the norm.</p>	<p>Move and modify text (see Edit 37)</p> <p>Traditionally, transportation projects of this magnitude can rely on the federal government as a funding partner with grants of up to 50 percent or higher. The Legislature and the voters of California, in approving Proposition 1A, assumed significant federal participation – 1/3 of the total cost. With a federal contribution for these extensions, its share of the total funding for the Silicon Valley to Central Valley line would still be only 25 percent of the total investment, far below the norm.</p>
42	Funding & Finance	Move text to: Expanding the System and Completing Phase 1	62	<p>Although there is always competition for federal funding, we are prepared to make the case that it is warranted because it would leverage a significant increase in ridership, connectivity among major urban centers, revenues and the value of private sector concession agreements. This investment should also be put in the context of other federal support for comparable rail programs, such as for the Northeast Corridor from Washington, DC to Boston. In terms of population, distance, and percentage of national gross domestic product, the Northeast and California corridors are comparable. Just as it is justified for Congress to continue to invest in the Northeast Corridor, it is justified for it to invest in California's corridor.</p>	<p>Move and modify text (see Edit 37)</p> <p>Although there is always competition for federal funding, we are prepared to make the case that it is warranted because it would leverage a significant increase in ridership, connectivity among major urban centers, revenues and the value of private sector concession agreements. This investment should also be put in the context of other federal support for comparable rail programs, such as for the Northeast Corridor from Washington, DC to Boston. In terms of population, distance, and percentage of national gross domestic product, the Northeast and California corridors are comparable. Just as it is justified for Congress to continue to invest in the Northeast Corridor, it is justified for it to invest in California's corridor.</p>

#	Section	Purpose	Page	Current Text	New Text
43	Funding & Finance	Reframe introduction to this section with more context and discussion of 2012 Southern California MOU	62	<p>Burbank to Anaheim Corridor Improvements</p> <p>We will advance the program in Southern California with specific focus on early investments in the Burbank-Los Angeles-Anaheim corridor and to completing the entire Phase 1 system. We will make strategic investments in concert with our local partners and leverage our mutual resources to provide early benefits to transit riders and local communities, laying a foundation for a high-speed rail line in the future.</p>	<p>Burbank to Anaheim Corridor Improvements</p> <p>We will advance the program in Southern California with specific focus on early investments in the Burbank-Los Angeles-Anaheim corridor and to completing the entire Phase 1 system. We will make strategic investments in concert with our local partners and leverage our mutual resources to provide early benefits to transit riders and local communities, laying a foundation for a high-speed rail line in the future. The Authority reiterates its commitment to We will advance the program in Southern California with specific focus on early investments in the Burbank-Los Angeles-Anaheim corridor and to ultimately completing the entire Phase 1 system. These investments represent the Authority's continued commitment to advance regionally significant connectivity projects with Proposition 1A and other funds as embodied in the Southern California Memorandum of Understanding which we entered into with our transport partners in 2012.</p> <p>The Authority has worked to achieve early approval and release of Proposition 1A bond dollars for construction of regionally significant connectivity projects which include Positive Train Control throughout the region and the Metro Regional Connector Transit Corridor Project in Los Angeles. Through that agreement, we will work collaboratively with our partners to develop a strategy to identify necessary funding partners – regional, state, private, federal – and take all reasonable measures required to advance projects as quickly as possible in order to progress development of the system and expand the total amount of funding in the region.</p> <p>As discussed in Section 4 (Implementation Strategy), we will work with the state and our partners in Southern California to advance and accelerate these investments as part of the statewide rail modernization program and through the state's programmatic approach being developed for the 2018 State Rail Plan and network integration activities. Through this integrated approach we will make strategic investments in concert with our local partners and leverage our mutual resources to provide early benefits to transit riders and local communities, and deliver needed safety, mobility and air quality improvement projects, and laying a the foundation for high-speed rail in the future.</p> <p>The Authority reiterates its commitment of \$1 billion in total funding Proposition 1A bond proceeds consisting of Proposition 1A funds and any other State funding sources. To date, \$500 million of Proposition 1A funds has been appropriated through Senate Bill 1029 and committed to "bookend" improvements with \$600 million for Caltrain electrification and \$500 million for improvements in Southern California. We are now in a position to fulfill these commitments and begin to advance discrete packages of projects in Southern California.</p> <p>Additionally, we can invest Cap and Trade proceeds not committed to building the initial operating line for improvements in this corridor.</p> <p>-Additional sources of potential public funding, revenue from the project and savings opportunities that will support development in this corridor are discussed below.</p>

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44	Funding & Finance	Move text to: Expanding the System and Completing Phase 1	62	<p>Together with our partners, we will pursue a number of additional funding sources. Potential funding sources include the following:</p> <ul style="list-style-type: none"> - Fixing America's Surface Transportation (FAST) Act Section 1116 which allocates formula funds for a National Highway Freight Program of which California is expected to get \$600 million over the next 5 years and for which highway-rail grade crossings are an eligible use. -FAST Act Section 1105 which created a new Nationally Significant Freight and Highway Program which is a competitive grant program with \$4.5 billion over the next 5 years and for which highway-rail grade crossings are an eligible use. -Cap and Trade Transit and Intercity Rail Capital Program which receives 10% of Greenhouse Gas Reduction Fund proceeds (estimated at \$200 million per year) for statewide rail modernization and greenhouse gas reduction. -Additional Transit and Intercity Rail Capital Program funds. In his FY16-17 budget, the Governor is proposing putting an additional \$400 million into next year's budget for this program. -Unspent Proposition 1B funds could be allocated to specific projects if available. -A variety of local and regional funding measures have been allocated toward projects in this corridor and could serve as an important component of an overall funding picture. -Future farebox revenues and other non-ticket revenues will be monetized (auctioned) through the sale of a future operating concession and the proceeds will be used to help build out the remainder of the system (see below). 	<p>Move text (see edit 37):</p> <p>Together with our partners, we will pursue a number of additional funding sources. Potential funding sources include the following:</p> <ul style="list-style-type: none"> -Fixing America's Surface Transportation (FAST) Act Section 1116 which allocates formula funds for a National Highway Freight Program of which California is expected to get \$600 million over the next 5 years and for which highway-rail grade crossings are an eligible use. -FAST Act Section 1105 which created a new Nationally Significant Freight and Highway Program which is a competitive grant program with \$4.5 billion over the next 5 years and for which highway-rail grade crossings are an eligible use. -Cap and Trade Transit and Intercity Rail Capital Program which receives 10% of Greenhouse Gas Reduction Fund proceeds (estimated at \$200 million per year) for statewide rail modernization and greenhouse gas reduction. -Additional Transit and Intercity Rail Capital Program funds. In his FY16-17 budget, the Governor is proposing putting an additional \$400 million into next year's budget for this program. -Unspent Proposition 1B funds could be allocated to specific projects if available. -A variety of local and regional funding measures have been allocated toward projects in this corridor and could serve as an important component of an overall funding picture. -Future farebox revenues and other non-ticket revenues will be monetized (auctioned) through the sale of a future operating concession and the proceeds will be used to help build out the remainder of the system (see below).

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45	Funding & Finance	Provide more robust discussion of potential funding options for near term investments and for completing Phase 1	63	EXPANDING THE SYSTEM AND COMPLETING PHASE 1 Additional and as of yet uncommitted funds will be required to build the remainder of the Phase 1 system.	<p>Add new text to section: EXPANDING THE SYSTEM AND COMPLETING PHASE 1</p> <p>Additional and as of yet uncommitted funds will be required to build the remainder of the Phase 1 system.</p> <p>There is now a clear path forward for funding the initial operating line from the Silicon Valley to the Central Valley with public funds that have been committed by the Legislature and the federal government. With these funds, we expect to be able to begin serving passengers in 2025. As work proceeds to complete this initial line, equal attention will be focused on advancing and extending the system through concurrent investments that provide early benefits -- and with the goal of starting service on the full Phase 1 system by 2029.</p> <p>Since the inception of planning for high-speed rail in California, it has been assumed that the program would be funded with federal funds, state funds and private sector investment, each at approximately one third. This was the underlying assumption when the Legislature and the voters approved Proposition 1A in 2008. However, there were no other established funding sources for the program in place at the time. But the Legislature and voters determined that it was appropriate to move forward, stating that, "It is the intent of the Legislature by enacting this chapter and of the people of California by approving the bond measure pursuant to this chapter to initiate the construction of a high-speed train system...." In addition to providing \$9 billion in state bond funds, Proposition 1A directed that the Authority "...pursue and obtain other private and public funds, including but not limited to, federal funds, funds from revenue bonds, and local funds..." to augment the high-speed rail bond funds. In addition, Proposition 1A requires a 50 percent match for construction funds from other sources, none of which were identified by the Legislature, voters, or Authority at the time.</p> <p>Subsequent to the passage of Proposition 1A by the voters in 2008, the federal government made funding for intercity and high-speed passenger rail systems available as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The Authority competed for and successfully secured \$3.5 billion in ARRA grants. More recently, the Legislature provided an ongoing commitment of Cap and Trade proceeds to help fund the system. That commitment may provide over \$10 billion of funding for construction for the Silicon Valley to Central Valley line. Clearly, between Proposition 1A and Cap and Trade, the state is stepping up to fund a significant portion of the system costs.</p> <p>A fundamental goal of the program is to create a commercially successful high-speed rail transportation system to connect the State. As segments of the program are delivered, they are projected to generate significant revenues and positive cash flow which will support private investment. Over time, the value of the system as a commercial enterprise will be significant for the State of California creating the opportunity for private investment to support expansion of the system.</p> <p>Traditionally, transportation infrastructure projects of this magnitude can rely on the federal government as a funding partner with grants of up to 50 percent or higher. Key transportation corridors, such as the Interstate Highway System, were built with 90% federal funding. A very recent example of this is the Gateway Tunnel Project to improve intercity and commuter rail services in the Northeast. In 2015, officials from the federal government as well as the governments of New York and New Jersey announced an agreement to fund the approximately \$20 billion Gateway Tunnel Project. The Gateway project will add two new tunnels under the Hudson River to connect New York and New Jersey for both intercity and commuter railroads. The agreement calls for at least 50% of the cost of the project to be borne by the federal government with the states providing matching funds. This is consistent with historical precedent where the federal government plays an important role in funding large infrastructure projects, and it reaffirms the reasonableness of the assumptions in Proposition 1A.</p> <p>-Continued on next page-</p> <p>Although there is always competition for federal funding, a strong case can be made, as was done for the Gateway Tunnel Project, that additional federal participation in the California high-speed rail program is warranted, starting with additional funding for the Silicon Valley to Central Valley line because it would leverage a significant increase in ridership, connectivity</p>

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					<p>among major urban centers, revenues and the value of private sector concession agreements. This investment should also be put in the context of other federal support for comparable rail programs, such as the Gateway Tunnel Project discussed above which is part of the Northeast Corridor from Washington, DC to Boston. In terms of population, distance, and percentage of national gross domestic product, the Northeast and California corridors are comparable. Just as it is justified for the federal government to continue to invest in the Northeast Corridor, it is justified for it to invest in California's corridor.</p> <p>There are two key sources of funding to help complete Phase 1: (1) the positive cash flow generated from selling tickets and operating the system which can be leveraged for financing and private investment and (2) additional public funds, including federal funds, which can help match project-generated funding. Although not a source of funding, as we advance the program, the Authority will continue working to identify opportunities to reduce costs and to deliver the program more cost-effectively through alternative delivery models. This comprehensive strategy provides a reasonably foreseeable way to complete the Phase 1 system. In the near term, we will continue to work with our partners to identify and secure funding from a variety of existing sources. Some of the sources of funding shown below would be primarily directed to freight rail improvements or passenger rail improvements for commuter rail and other rail operators; however, certain improvements for these purposes in the high-speed rail corridor will have co-benefits for future high-speed rail service in the corridor and reduce future high-speed rail costs. The State is actively developing programs involving state-directed funding, or in support of pursuing discretionary federal funding, that could facilitate getting both Phase 1 and Phase 2 projects (i.e., those identified in the 2012 Southern California Memorandum of Understanding) to shovel ready status. We have identified the following existing public funding sources as having potential for advancing the development of the shared system:</p> <ul style="list-style-type: none"> -Directly appropriated Cap and Trade proceeds not committed to building the initial operating line can be accessed for future section development. -Cap and Trade proceeds appropriated directly to the Authority for high-speed rail not committed to building the Silicon Valley to Central Valley line can be a source of funding for advancing the system. Fixing America's Surface Transportation (FAST) Act Section 1116 which allocates formula funds for a National Highway Freight Program of which California is expected to get \$600 million over the next 5 years and for which highway-rail grade crossings are an eligible use. -FAST Act Section 1105 which created a new Nationally Significant Freight and Highway Program which is a competitive grant program with \$4.5 billion over the next 5 years and for which highway-rail grade crossings are an eligible use. -Cap and Trade Transit and Intercity Rail Capital Program which receives 10% of Greenhouse Gas Reduction Fund proceeds (estimated at \$200 million per year) for statewide rail modernization and greenhouse gas reduction. -Additional Transit and Intercity Rail Capital Program funds. In his FY16-17 budget, the Governor is proposing to put an additional \$400 million into next year's budget for this program. -Unspent Proposition 1B funds could be allocated to specific projects if available. -A variety of local and regional funding measures have been allocated toward projects in this corridor and could serve as an important component of an overall funding picture. <p>Further, the State is actively developing programs involving state directed funding, or in support of pursuing discretionary federal funding, that could facilitate getting both Phase 1 and Phase 2 projects (i.e., those identified in the 2012 Southern California Memorandum of Understanding) to shovel ready status. Another significant source of funding will be the revenues generated by the system itself. Once the Silicon Valley to Central Valley line is built and in operation, it will become a viable commercial enterprise, generating revenue and almost immediately producing positive cash flow. Upon demonstration of a level of operational maturity, this positive cash flow will be monetized through financing and private investment that will help fund future development of the system. As has been demonstrated in other high-speed rail markets, private sector operators are expected to invest a considerable amount to own the rights, through a concession, to the long-term operations of a commercially viable high-speed railway. Current estimates indicate that more than \$21 billion, or nearly 1/3 of the</p>

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					<p>total development costs, could be raised through the future sale of long-term concessions for the full Phase 1 system.</p> <p>As each incremental section of Phase 1 is constructed, incremental revenue and positive cash flow is generated which in turn can be monetized either through options within an existing concession or through new larger concessions. While the timing and value of these sections will be driven by the interest of the private sector, this approach allows incremental value add extensions to the initial Silicon Valley to Central Valley section in order to advance the accelerates completion of the Phase 1 system.</p> <p>In the long term, the value of the system as a commercial enterprise will be quite significant for the State of California. After completion of the Phase 1 system and its first operating concession period (20-30 years), the State will have a fully developed and operable asset that it can continue to monetize over successive 20-30 year periods to generate funds for reinvestment, expansion (e.g., for Phase 2 extensions) or other purposes. Further value is also likely to be generated as the high-speed rail system connects with statewide planned transportation networks that will increase network integration, enhance the user experience and generate higher ridership. Additionally, planned connectivity to intra-state transportation networks will further enhance the value of the system.</p> <p>At the regional and local level, the high-speed rail system will generate local value. The Authority could also seek funding linked to the local value that the railway is generating, in particular focusing on station area value capture and the appreciating real estate values that the system will help create. The full value of the asset will be realized by using innovative methods of value capture such as secondary use of the system right of way to provide optical fiber communication connectivity. Ancillary revenues and transit oriented development will provide further sources of funding that can contribute to system build or other costs.</p> <p>Lastly, of equal importance to securing additional funding is delivering the project cost effectively. Alternative delivery models (such as public-private partnerships) will be utilized when appropriate to help reduce both capital and operating costs. After initial start-up costs, it is expected that cost efficiencies will increase as the high-speed rail industry grows in strength and maturity in California and as competitive pressures continue to drive industry costs down. Using these types of delivery models can also help accelerate the construction schedule which will help reduce costs and risk to the State.</p> <p>California's high-speed rail program is unique in its magnitude and its complexity. At the same time, we are funding and implementing it in the same way that high-speed rail systems have been -- and are continuing to be -- developed throughout the world. Specifically, we have a clear long-term vision and a long-term plan for implementing it, we are advancing it through a series of phases allowing for incremental extensions. That is the implementation strategy that we laid out in our 2012 Business Plan and that we continue to follow. And just like other systems around the world, we will fund and build it in a series of overlapping, not sequential, phases. So just as we fund and proceed with constructing the Silicon Valley to Central Valley line, we are also moving forward with initial funding for system extensions and laying the building blocks for future phases.</p> <p>Place text below in a new callout box: Recently the President proposed a new "21st Century Clean Transportation System" proposal that would increase federal investments in transportation infrastructure investment and would launch a series of transportation-related initiatives to address climate change. This new proposal comes two months after the passage of the five-year "Fixing America's Surface Transportation (FAST) Act" reauthorization bill for highway and transit programs. The proposal includes \$20 billion per year on top of existing investment levels for transit, high-speed rail and other non-highway transportation options. The proposal that suggests the viability of future federal funds that might become available in future legislation. Evidence of this viability came on April 19, 2016 when the Senate Transportation Appropriations Subcommittee on Transportation, Housing and Urban Development (THUD) and Related Agencies approved the THUD FY 2017 appropriations bill \$56.5 billion. The bill proposes significant new funding for programs that will benefit high-speed and intercity passenger rail programs, including \$1.42 billion for Amtrak, \$50 million for the newly authorized Consolidated Rail Infrastructure and Safety Improvement grants, \$20 million for the new Federal State Partnership for State of Good Repair (SOGR) Grants and provided \$15 million for the new Rail Restoration and Enhancement Grants.</p>

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46	Looking Ahead	Modify language regarding Phase 2 planning	86	Further planning and eventual construction of Phase 2 extensions to Sacramento and San Diego	Further planning and project development work will continue, leading to eventual construction of Phase 2 extensions to Sacramento and San Diego