



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2604

STAFF REPORT
December 6, 2011

Honorable Members of the
Law and Legislation Committee

Title: CA High-Speed Rail Authority Draft Business Plan Comments

Location/Council District: Citywide

Recommendation: Approve comments and direct staff to forward to California High-Speed Rail Authority

Contact: Fedolia "Sparky" Harris, Senior Planner, 808-2996

Presenters: Fedolia "Sparky" Harris, Senior Planner

Department: Transportation

Division: Traffic Engineering

Organization No: 15000

Description/Analysis

Issue: It has been requested that staff bring forward for consideration by the Law & Legislation Committee a set of comments intended to be delivered to the California High-Speed Rail Authority in response to the recent release of the Draft Business Plan for the California High-Speed Rail project. Consistent with the protocols established by the Committee and City Council, staff has prepared the attached comments consistent with the adopted goals and policies and seeks approval to submit these comments on behalf of the City of Sacramento.

Policy Considerations: High-Speed rail is a mode of transportation anticipated to serve the City of Sacramento in the 2030 General Plan. The following policies speak directly to the promotion of high-speed rail:

- **M 1.2.1:** The City shall promote development of an integrated, multi-modal transportation system that offers attractive choices among modes including pedestrianways, public transportation, roadways, bikeways, rail,

waterways, and aviation and reduces air pollution and greenhouse gas emissions.

- **M 3.1.3:** The City shall consider a variety of transit types including high speed rail, inter-city rail, regional rail, light rail transit, bus rapid transit, trolleys (streetcars), enhanced buses, express buses, local buses, neighborhood shuttles, pedi-cabs, and jitneys to meet the needs of residents, workers, and visitors.
- **M 3.2.1:** The City shall encourage and promote passenger rail service to and through the Sacramento area.
- **M 3.2.2:** The City shall support and advocate extension of High Speed Rail service to Sacramento.

Environmental Considerations: The provision of comments on the Draft High-Speed Rail Business Plan will have no adverse environmental impacts.

Rationale for Recommendation: The attached comments on the Draft High-Speed Rail Business Plan support the adopted goals and policies of the City of Sacramento as provided in the 2030 General Plan. Approval to deliver the comments as stated will ensure that the California High-Speed Rail Authority is aware of the issues relevant to the City of Sacramento as the Business Plan is modified and delivered to the California legislature for approval.

Financial Considerations: The provision of comments on the Draft High-Speed Rail Business Plan will have no financial impacts on the city of Sacramento.

Emerging Small Business Development (ESBD): The provision of comments on the Draft High-Speed Rail Business Plan will not lead to the purchase of any goods or services no and therefore will not generate any ESBD considerations.

Respectfully Submitted by: 
 Fedolia "Sparky" Harris
 Senior Planner

Approved by: 
 Jerry Way
 Director of Transportation

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Attachment 1

Background

On February 23, 2010 Council approved Resolution 2010-101, which bound the City of Sacramento to a Memorandum of Understanding by and between the County of Merced, City of Merced, Merced County Association of Governments, County of Stanislaus, City of Modesto, City of Turlock, Stanislaus Council of Governments, San Joaquin Regional Rail Commission, San Joaquin County, City of Stockton, City of Lodi, City of Manteca, San Joaquin Regional Transit District, San Joaquin Council of Governments, County of Sacramento, City of Sacramento, City of Elk Grove, City of Galt, Sacramento Regional Transit, and the Sacramento Area Council of Governments for the purpose of creating a working group to collaborate with the California High-Speed Rail Authority to plan and develop improved passenger rail transportation between the regions of Merced and Sacramento.

On November 16, 2010 Council approved Resolution 2010-661 to support Merced-to-Fresno as the preferred initial section for high-speed rail infrastructure funding through the California High Speed Rail Authority.

On November 1, 2011 the California High-Speed Rail Authority released an updated Business Plan for a 60-day public comment period, which can be accessed at <http://www.cahighspeedrail.ca.gov/assets/0/152/302/c7912c84-0180-4ded-b27e-d8e6aab2a9a1.pdf> . A summary of the Business Plan in the form of a Fact Sheet is included as Attachment 2.

The proposed comment letter included as Attachment 3 has been drafted with the help of SACOG staff in response to the Draft Business Plan.

Attachment 2

HIGH-SPEED RAIL

2012 DRAFT BUSINESS PLAN FACT SHEET



With the state's population expected to grow to 60 million by 2050, California faces three choices regarding its transportation system: try to build more freeways and expand airports to meet the increased demands; do nothing; or develop a high-speed train system connecting our population centers, as many other countries around the world have done. At a total cost about half of what it would take to provide the same capacity on new freeways and at expanded airports, high-speed rail delivers many other significant economic, social and environmental benefits.

JOBS

Construction of the initial Central Valley section is expected to generate 100,000 direct and indirect jobs over five years, an average of 20,000 jobs annually. Direct and indirect jobs to build all of Phase 1 are estimated at 1.2 million to 1.4 million over 20 years, an average of approximately 65,000 jobs annually. The Phase 1 system will generate 4,500 permanent operations and maintenance jobs.

An estimated 100,000 to 450,000 new statewide permanent jobs not related to HSR are expected by 2040.

IMPLEMENTATION

The new business plan introduces a "building block" implementation approach to connect the state's major Northern California and Southern California population centers with high-speed trains. The project will be built incrementally as additional funding becomes available. Each step represents a critical decision point about whether to continue moving the project forward and each completed segment can be used on its own before a full statewide system is in place.

Critical Decision Point One: Construction of a 130-mile stretch in the Central Valley for about \$6 billion (year of expenditure) with a combination of federal and state funding that has already been identified. **2012 – 2017**

Critical Decision Point Two: Extend the initial construction section to create an initial operating section (IOS) either from Merced to the San Fernando Valley or San Jose to Bakersfield. Once either of those sections is completed, true high-speed rail service will be provided to passengers for the first time in the U.S., projected ridership and revenue will be sufficient for the initial system to operate at break even or better, and private investment will initially materialize. Projected cost: IOS from Merced – San Fernando Valley: \$27.2 billion; or IOS from San Jose to Bakersfield: \$24.7 billion. **2015 – 2021**

Critical Decision Point Three, "Bay to Basin:" Build the remaining initial operation section either to the north or south to provide a high-speed rail "Bay to Basin" system connecting the Bay Area and Los Angeles basin population centers and integrating with MetroLink in Southern California and Caltrain in the Bay Area. Projected cost: IOS from San Jose to Bakersfield: \$21.1 billion; or IOS from Merced-San Fernando Valley: \$24 billion. **2021 – 2026**

Critical Decision Point Four: Additional rail-transit improvements in the Los Angeles basin and Bay Area, including electrification of existing rail systems, to create "blended" operations with high-speed rail to provide a "one-seat" ride from San Francisco to Los Angeles and Anaheim. Projected cost: \$23.9 billion. **2026 – 2030**

Critical Decision Point Five: Start to construct Phase 2 extensions toward Sacramento and San Diego, or continue to complete the full Phase 1 high-speed rail system between downtown San Francisco and Anaheim through Los Angeles. Projected cost for full Phase 1: \$19.9 billion: **2026 – 2033+**

REALISTIC COST ASSUMPTIONS

Cost estimates are based on a set of realistic assumptions to provide an honest and credible assessment of resources required to develop the HSR system. These include:

- Nine-year construction-schedule cushion to account for potential delays and funding availability
- Annual inflation of 3 percent
- \$16 billion in contingencies for material-cost increases, use of different components or parts, and minor quantities changes.

FUNDING

In addition to state bond revenues, funding required to build the high-speed rail system will primarily be provided from the federal government and private investors. Local support also remains an element of the overall funding plan.

Funds necessary to begin the Initial Construction Segment have been identified. This includes \$3.3 billion in federal funding and \$2.7 billion in state bond funding. New funding will be identified before additional construction begins, ensuring that the program will go forward in a fiscally responsible manner. The plan assumes no additional federal funding before 2014.

Once passenger service is provided on an initial operating section, ridership and revenue will facilitate private capital to supplement public investments for future construction.

The Authority also is partnering with cities and transportation agencies to find early investment opportunities in the south and north, such as grade separations or double tracking, which could potentially allow for early development of “higher speed” rail in existing rail corridors and prepare those corridors for eventual, true high-speed train service.

If resources become available earlier, construction timelines can be accelerated.

RIDERSHIP

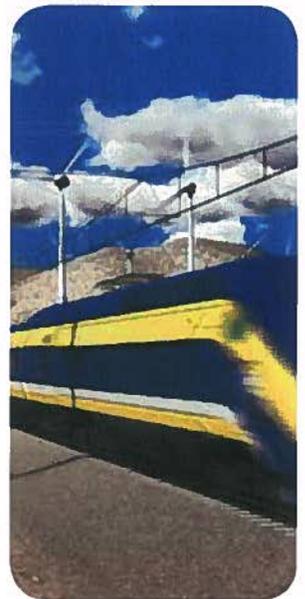
Ridership estimates and models used to develop them were peer reviewed and approved by international expert peer-review group. Projections are based on average HSR fares that are 83 percent of current airfares and reflect conservative assumptions on fuel prices (\$3.80 per gallon), population growth and pace of travel growth. No operating subsidy will be required under any ridership scenarios.

Projected annual ridership in 2040:

IOS South:	9.5 million – 14.0 million
IOS North:	7.6 million – 11.2 million
Bay to Basin:	16.1 million – 23.7 million
Phase 1:	29.6 million – 43.9 million

ANNUAL ENVIRONMENTAL AND SOCIAL BENEFITS

- 8 billion fewer vehicle miles traveled
- 146 million hours saved
- CO₂ emissions reduced by 3 million tons



Attachment 3**Proposed Comment Letter**

California High-Speed Rail Authority
770 L Street, Suite 800
Sacramento, CA 96814

The Merced to Sacramento Rail Working Group (hereafter referred to as the "Working Group") has been a consistent supporter of high-speed rail, and as an MOU participant, the City of Sacramento continues to believe in the potential for the California High-Speed Rail System to provide an important new travel option that can help revitalize the state's economy while reducing greenhouse gas emissions. We congratulate the Authority for the receipt of an additional \$928 million in federal funds for the system, and the release of a draft business plan that takes an important step forward in defining a more realistic strategy for implementation.

As you move forward to address the questions raised and refine the business plan, we offer the following initial comments. These comments focus on what the Authority identifies in the business plan as the two key aspects to realizing a cost-effective and timely implementation of a statewide high-speed rail system:

- 1) *Dividing the program into a series of smaller, discrete projects that build upon each other but also stand alone to provide viable high-speed rail service*

We reiterate our support for early investments along the Merced-to-Fresno corridor if other investments continue to move forward between Fresno and points south. We recognize that the preferred alignment for rail north of the Initial Build segment may not be selected until the environmental process concludes, but it is important that investment in the Merced-to-Fresno corridor is considered at the same time as points further south. As stated in our previous letters, some of the reasons the Working Group supports early investments along the Merced-to-Fresno segment are:

- The segment includes two stations meeting the independent utility requirement of the federal funding, and it connects the two permanent stations (Merced and Fresno) along a route visible from Highway 99.
- The segment can meet the speed of delivery of planning, permitting and construction, specifically the time to process the EIR/EIS and federal permitting requirements.
- The segment includes Castle Airport Aviation and Development Center as the proposed heavy maintenance facility (HMF) which is an ideal location in that it minimizes "deadheading" in comparison to the Fresno and Bakersfield HMF sites.

Of course, a final reason we support phase one investments along the Merced-

Fresno corridor is the prospect of bringing high-speed rail to cities along Phase 2 of the corridor sooner. The Working Group has been hard at work planning for complementary regional rail service improvements that are needed to connect to high-speed rail and realize the opportunities it presents.

- 2) *Making advance investments in regional and local rail systems to leverage existing infrastructure and benefit travelers by providing interconnecting "blended" services"*

The Working Group fully agrees that an integrated system is a key to statewide success and we are prepared to help realize this vision as adequate resources are secured. The combined jurisdiction of the Working Group includes three successful regional rail services (the San Joaquins, Capital Corridor, and the Altamont Commuter Express) that link to Phase 1 termini. Strengthening these regional rail connections to the San Francisco Bay Area and Merced will be important elements of a successful Phase 1.

Despite ongoing funding constraints, the Working Group regional rail providers have been successful to-date. The management of the Capitol Corridor, San Joaquin Corridor, and Altamont Commuter Express all serve as statewide models in cost-effective operations and in bringing together freight and passenger rail interests to mutually grow together, not only to implement capital projects, but also in how to consistently maintain good on-time performance. The challenge is that each of these passenger rail services is along rail lines that support both passenger and freight traffic. Steadily increasing freight demand when combined with significantly increased passenger demand generated from the Phase 1 high-speed rail project will require strategic and costly capacity improvements to balance the competing demands. Projected funding is inadequate to meet this future need, even when factoring in the region's share of the statewide total of \$950 million in Proposition 1A funding for inter-city rail connections.

We trust that the Authority will be clear and thorough in providing more information that responds to questions recently raised on the initial construction segment, economic impact, and financing sections of the draft business plan. All state, regional and local interests involved must redouble our efforts to work together constructively to shape a high-speed rail implementation plan that can succeed.

Sincerely,

Jay Schenirer, Chair
Law and Legislation Committee

cc: Senator Darrell Steinberg
Assemblyman Roger Dickinson
Mayor Johnson and City Council members