

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 RESOURCES AND
TRANSPORTATION****ASSEMBLYMEMBER RICHARD BLOOM, CHAIR****WEDNESDAY, APRIL 6, 2016
9:00 A.M. - STATE CAPITOL, ROOM 447**

ITEMS TO BE HEARD		
ITEM	DESCRIPTION	
	SUBJECT MATTER: EXIDE CLEAN-UP PACKAGE	1

ITEMS TO BE HEARD		
ITEM	DESCRIPTION	
2665	HIGH SPEED RAIL AUTHORITY	
ISSUE 1	UPDATE ON THE 2016 HIGH SPEED RAIL DRAFT BUSINESS PLAN	4
ISSUE 2	UPDATE ON SYSTEM CONSTRUCTION	10
ISSUE 3	BOOKEND INVESTMENTS	15
ISSUE 4	PUBLIC COMMENT	21

ITEMS TO BE HEARD

Exide Clean-up Package

BACKGROUND

Exide Technologies is located in the City of Vernon, about five miles southeast of downtown Los Angeles. The facility occupies 15 acres in a heavily industrial region with surrounding residential areas. Facility operations included recycling lead-bearing scrap materials obtained from spent lead-acid batteries. This facility operated under an interim status for over 30 years. During that time, inspectors documented more than 100 violations, including lead and acid leaks, an overflowing pond of toxic sludge, enormous cracks in the floor and hazardous levels of lead in the soil outside.

The Department of Toxic Substances Control (DTSC) permanently suspended operations at Exide in 2014 and the facility closed in 2015 after the Department notified Exide that its application for a new permit would be denied. The DTSC then ordered Exide to set aside \$9 million to test and clean up soil contaminated with lead at residential properties in areas immediately around the facility and conducted its own testing.

The DTSC's preliminary analysis indicates that releases from the facility may have deposited lead dust across an area of southeast Los Angeles County, resulting in contamination extending up to 1.7 miles from the facility and impacting up to 10,000 properties, including residences, parks, and schools. The South Coast Air Quality Management District also cited the facility numerous times, and reported that arsenic emissions from Exide created an elevated risk of cancer for as many as 11,000 people in the area stretching from Boyle Heights to Huntington Park.

In August 2015, the Legislature and the Governor approved \$7 million of emergency funding to test the soil at residential properties, parks, schools, and daycare centers in the surrounding community and cleanup the highest priority sites based on the level of lead contamination and the potential for exposure. To date, the DTSC and local governments have sampled 714 properties and DTSC has overseen the cleanup of 208 properties. The Department has also established an Advisory Group of community leaders, local residents, business leaders, scientists, and elected officials to help guide closure and cleanup efforts.

SB 93 BUDGET BILL JR.

SB 93 includes the following key changes:

- 1) Transfers \$176.6 million as a loan from the General Fund to the Toxic Substances Control Account for the Department of Toxic Substances Control to use for any of the following purposes:
 - a) Activities related to the cleanup and investigation of properties contaminated with lead in the communities surrounding the Exide Technologies facility in the City of Vernon, California.

- b) Job training activities related to the cleanup and investigation of the properties contaminated with lead in these communities.
 - c) Actions taken to pursue all available remedies against potentially responsible parties, including, but not limited to, cost recovery actions against entities that are potentially responsible, for the costs related to the cleanup and investigation of properties contaminated with lead in these communities.
- 2) Stipulates that all funds received through cost recovery efforts from responsible parties associated with the hazardous substance contamination in the communities surrounding the Exide Technologies facility in the City of Vernon shall be used to repay the General Fund loan.
 - 3) Specifies that, to the extent cost recoveries are not sufficient to fully repay the loan, the Director of Finance may forgive any remaining balance provided the Director submits a notice and report of that action to the Joint Legislative Budget Committee.

AB 118 TRAILER BILL

AB 118 includes the following key changes:

- 1) Appropriates \$176.6 million (Toxic Substances Control Account) for activities related to the cleanup and testing of contaminated properties in the communities surrounding the Exide Technology facility.
- 2) Directs DTSC to engage the impacted community and provide meaningful opportunities for the public to participate in the Department's cleanup plan preparation process, which shall include at a minimum, a quarterly public meeting.
- 3) Stipulates that DTSC shall prepare and make available a Public Participation Plan that specifies the Department's commitments to engage and involve the community in the cleanup plan preparation process.
- 4) Specifies that the DTSC meet all applicable public participation and notification requirements outlined in the Carpenter-Presley-Tanner Hazardous Substance Account Act (state Superfund law, California Health and Safety Code Section 25300).
- 5) Requires DTSC to develop a Job and Development Training Program with the goals of providing environmental skills, health and safety training, and support for job placement related to the cleanup for community members living near the Exide Technologies facility.
- 6) Specifies that the DTSC post on its website the number of access agreements signed, the number properties sampled, and the number of properties cleaned up and shall update these numbers at least twice a month.
- 7) Directs the DTSC to provide an annual report to the Budget Committee's of the Senate and Assembly that address the following:
 - a) An update on the cleanup activities near the Exide Technologies facility in Vernon, including a summary of the environmental review of the cleanup activities;
 - b) The number of properties sampled and a summary of the findings (this can be broken down in the approximate number of homes in priority 1, 2 and 3);

- c) The number of properties that have been remediated (cleaned up); and
- d) The number of access agreements signed.

STAFF COMMENTS

This bill package would provide additional funding from the Toxic Substances Control Account to test the remaining properties, schools, daycare centers, and parks in the 1.7 mile radius and remove contaminated soil at the properties that have the highest lead levels and greatest potential exposure to residents. In addition, the DTSC will conduct specialized tests and analyses to conclusively identify the source of the contamination and hold Exide – and any other responsible parties – accountable.

The plan provides resources to expand community engagement in the testing and cleanup process, enhance coordination and job training for community residents, and promote the use of local business and labor for contracting purposes.

The \$176.6 million appropriation from the Toxic Substances Control Account will be supported by a loan from the General Fund. This loan will enable the Department to address the significant public health concerns in the communities surrounding the Exide Technologies facility in an expedited manner. However, cleanup costs initially incurred by the State will ultimately be sought from the parties responsible for the lead contamination.

Staff Recommendation: Informational Item

2665 HIGH SPEED RAIL AUTHORITY

ISSUE 1: UPDATE ON THE 2016 HIGH SPEED RAIL DRAFT BUSINESS PLAN

The Subcommittee will discuss the Draft 2016 Business Plan.

BACKGROUND

On February 18, 2016, the High Speed Rail Authority released the 2016 Draft Business Plan. The High Speed Rail Authority is required to submit an update business plan biannually. The High Speed Rail Authority is accepting public comments on the draft plan, with the intent of submitting a final version to the Legislature on May 1, 2016.

In many ways the 2016 Draft Plan has not diverged much from the blended system first proposed in the 2012 Business Plan. Overall, the entire project's completion date remains 2029 and route remain unchanged from the 2012 and 2014 plans. However, this latest draft reflects the start of actual construction, certainty regarding significant segments of the system alignment, and the continuous appropriation of Cap and Trade revenues for the project, which has brought substance and more certainty to the plan.

There are four major differences between the Draft 2016 plan and the 2014 Plan:

1. Overall Projected Construction Costs are Lower

The projected budget for the entire project has decreased from \$67.6 billion to \$64.2 billion, reflecting updated construction figures and design changes. The High Speed Authority provided the following chart to outline the differences in costs. Issue 2 of this agenda will cover update construction costs in more detail.



2. Proposed Initial Operations are proposed to begin in Northern California, to Start Later

Based on existing funding sources, the Draft Business Plan envisions Initial Operations (sometimes called the Initial Operating Segment (IOS)) beginning in Northern California, from San Jose to Bakersfield, in 2025. This is a change from the initial plans to start service between Merced and Burbank, starting in 2022.



3. Reflects Funding Proposal

The 2016 Draft Business Plan is the first update to the High Speed Rail plan since Cap and Trade funding was continuously appropriated for construction of the system. This significant additional revenue has brought more certainty to the overall financing of the system and the draft business plan projects that it provides sufficient funding to move to system to the initial operations phase.

4. The Draft Business Plan Contains More Backup Information.

Last year, the Legislature adopted language that removed several reporting requirements for High Speed Rail which were producing several stand-alone reports that would describe the project at different points in time and cost estimates and instead consolidated reporting into fewer, larger reports. The 2016 Draft Business Plan is the first plan since the change in reports and as a result the 2016 Draft Business Plan contains six back up reports on construction, ridership, cash flow, operational costs, and capital lifespan.

LAO COMMENTS

The Legislative Analyst has published a review of the draft business plan and produced the following reaction:

Given the significant cost of the planned high-speed rail project and the level of investment that the state has thus far made on the project, it will be important for the Legislature to ensure that the final version of the authority's business plan is aligned with its priorities. In this report, we identify three major issues that merit legislative consideration. First, there are several uncertainties regarding the funding plan for Phase I, such as uncertainty regarding the future availability of cap-and-trade auction revenues to fund the project as planned. Second, the Legislature will want to ensure that the change in the scope of the IOS meets its priorities. To the extent that the Legislature concurs with the proposed IOS North, it will want to consider whether the IOS has stand-alone value. Third, in order for the Legislature to maintain oversight of the project, it needs detailed information about the cost, scope, and schedule of each segment HSRA is planning to construct in order to easily track changes over time.

STAFF COMMENTS

The 2016 Draft Business Plan provides a realistic pathway for the High Speed Rail System to begin operations within the existing resources identified to date. The Authority has chosen to prioritize establishing a fully-funded northern Initial Operating Corridor in the 2016 plan as opposed to beginning initial operations in the south where ridership is more prevalent, concluding that it could not fully fund the southern segment within existing resources.

North Versus South Initial Operations

The Authority has sketched out a realistic plan that funds Initial Operations in the North, but does not have the funding in-hand if the Legislature would like to start operations in the South instead. According to the Authority, over \$10 billion of additional funds would need to be identified to start operations in the Merced to Burbank corridor.

Either alignment would start service later than expected in previous business plans. In the 2016 Draft Business Plan, Initial Operations start in the Northern part of the system

in 2025, 3 years later in the earlier Business Plans. The Authority comments that even if the Southern alignment identified in the 2012 Business Plan Initial Operations proposal were used, operations could begin no sooner than 2025.

While Initial Operations are scheduled to begin in 2025, the overall system is still scheduled for 2029, so if funding can be identified, the South would still see service four years after the Initial Operations begin.

The Draft Business Plan Is Both Solid and Squishy

The 2016 Draft Business Plan has been describe as both the most realistic and detailed plan to date while also being described as containing significant uncertainties. It is both of these at the same time.

In many ways the 2016 Draft Business Plan is really a "Draft Northern Initial Operating Segment Plan". The plan contains detailed analyses of the construction plans, scope, expenditures, and milestones, and ridership forecasts between San Jose and the Bakersfield-area. It also highlights concurrent improvements intended along the Burbank to Anaheim and San Francisco to San Jose blended corridors. This plan still contains a substantial amount of risk to realize operations. However, with the remaining federal funding, Prop 1A bond funds, and continuously appropriated Cap and Trade, private funding, and leveraging other funding on blended corridors, it is plausible that there is sufficient funding to get the system operational by 2025.

After 2025, the 2016 Draft Business Plan provides less detail regarding the next steps beyond initial operations. For the remaining gap between Burbank and Bakersfield, there are no project milestones identified and less details regarding ridership, operation costs, and revenues are available. The proposed plan also does not specify timelines for the "wye" service to Merced that is expected to start in 2029. Finally, initial operations are proposed to begin at a temporary station in Shafter, about 18 miles North of Bakersfield, and not move to Bakersfield until a later unspecified time, although ridership and other information is presented for a scenario with extensions to Bakersfield and San Francisco , assuming the availability of funding. Unsurprisingly, with the entire sum of identified bond funding and federal fund expended by that point, the plan is unspecific and aspiration regarding funding for completing Phase 1 of the project.

One assumption that has attracted attention is that federal funds would materialize at some future date. The draft plan does not require new federal funds to achieve initial operations, but suggests that the Authority will seek federal support for extension of the system beyond the initial. Much has been said about the Authority's assumption of additional federal funding to complete the system, given recent agitation against the system from certain federal officials. However, if no additional federal support is provided for the system over the entire project's implementation, it would represent a historic low level of federal investment in a major infrastructure project.

If the Draft Business Plan remains unchanged, the Subcommittee may wish to consider bifurcating the plan in future years to allow the necessary focus on Initial Operations changes, which will be very tangible, with the plan to bridge the remaining gap, which will have to remain more abstract.

Total Project Costs Could Be Lower

Unlike most budget items which are described in current year funds, the High Speed Rail project is typically described in "Year of Expenditure" funding. The Tables below compare the costs for the Initial Operating Segment and the complete Phase 1 of the project:

Table 1. Silicon Valley to Central Valley Cost Estimate by SCC (millions, 2015 and YOE)

Standard Cost Category (SCC)	2015 \$	YOE \$
10 TRACK STRUCTURES & TRACK	\$7,038	\$7,851
20 STATIONS, TERMINALS, INTERMODAL	\$279	\$308
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$193	\$219
40 SITEWORK, RIGHT-OF-WAY, LAND, EXISTING IMPROVEMENTS	\$4,910	\$5,309
50 COMMUNICATIONS & SIGNALING	\$468	\$528
60 ELECTRIC TRACTION	\$1,108	\$1,258
70 VEHICLES	\$774	\$865
80 PROFESSIONAL SERVICES (applies to Cats. 10-60)	\$2,994	\$3,249
90 UNALLOCATED CONTINGENCY	\$985	\$1,091
100 FINANCE CHARGES	—	—
Total	\$18,749	\$20,679

Table 2. Phase I Capital Cost Estimate by SCC (millions, \$2015 and \$YOE)

Standard Cost Category (SCC)	2015 \$	YOE \$
10 TRACK STRUCTURES & TRACK	\$22,782	\$26,848
20 STATIONS, TERMINALS, INTERMODAL	\$2,345	\$2,630
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$993	\$1,212
40 SITEWORK, RIGHT-OF-WAY, LAND, EXISTING IMPROVEMENTS	\$11,286	\$12,581
50 COMMUNICATIONS & SIGNALING	\$1,158	\$1,370
60 ELECTRIC TRACTION	\$3,021	\$3,574
70 VEHICLES	\$3,400	\$4,192
80 PROFESSIONAL SERVICES (applies to Cats. 10-60)	\$6,375	\$7,250
90 UNALLOCATED CONTINGENCY	\$2,133	\$2,509
100 FINANCE CHARGES	—	—
Sub-Total (San Francisco – Los Angeles Union Station)	\$53,491	\$62,167
Enhanced Design Los Angeles – Anaheim Corridor	\$1,804	\$2,072
Total	\$55,295	\$64,238

Using Year of Expenditure data inflates the overall cost estimates by close to \$9 billion, which means inflation represents the third largest cost-driver for the project.

The Authority uses the following assumptions regarding inflation:

Fiscal Year	2015-2016	2016/2017 to 2024/2025	2025/2026 to 2028/2029
Inflation Factor	2.00%	2.25%	3.0%

This inflation adjustment is higher than the expected rate of inflation on several forecasts, several of which predate the recent slowdown in Asian economies which has reduced the cost of raw materials used in construction on the world market. Therefore, it is very possible that the overall cost of the system could continue to decline to reflect the lower inflation levels.

Staff Recommendation: No Action, Information Item

ISSUE 2: UPDATE ON SYSTEM CONSTRUCTION

The Subcommittee will discuss updated construction data

BACKGROUND

The 2016 Draft Business Plan contains updated construction data that reflects the experience from Construction Package 1-4.

Construction Segment Costs Lower, But There Are No Immediate Savings.

The Draft Business Plan contains data that looks like it contradicts itself, but actually explains the overall costs reductions projected for the project.

The Authority has highlighted the following data several times, illustrated savings in construction costs achieved to date:

EXHIBIT 1.3 COMPARISON OF ENGINEER'S ESTIMATE AND BID PRICES*				
SECTION	ENGINEER'S ESTIMATE	BID AVERAGE	BEST VALUE BID	PERCENT DIFFERENCE (BEST VALUE VS. ESTIMATE)
Construction Package 1	\$1.2 - \$1.8 billion	\$1.25 billion	\$985 million	-18/45%
Construction Package 2-3	\$1.5 - \$2 billion	\$1.68 billion	\$1.23 billion	-18/38%
Construction Package 4	\$400 - \$500 million	\$442 million	\$348 million	-13/30%

*Does not include contingencies or provisional sums.

But the detail in the Business Plan provides a different picture of overall funding for the initial construction segment to date, with the overall expenditures roughly on-budget:

Madera Acres to Poplar Avenue

Table 13. Madera Acres to Poplar Avenue Cost by SCC

STANDARD COST CATEGORY	2014 BP COST (2015 \$, millions)	2016 BP COST (2015 \$, millions)
10 TRACK STRUCTURES & TRACK	\$2,607	\$1,484
20 STATIONS, TERMINALS, INTERMODAL	\$218	\$174
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$1	—
40 SITEWORK, RIGHT-OF-WAY, LAND, EXISTING IMPROVEMENTS	\$2,237	\$2,506
50 COMMUNICATIONS & SIGNALING	\$228	\$268
60 ELECTRIC TRACTION	\$733	\$572
80 PROFESSIONAL SERVICES	\$582	\$1,447
90 UNALLOCATED CONTINGENCY	\$234	\$457
SUBTOTAL	\$6,841	\$6,908

As illustrated in the chart above, the Authority expects a savings of approximate 9 percent on construction activities, represented by track structures and professional services. However, the Authority has increased the expected costs of Right of Way and Contingency due to slow acquisition of right-of-way.

The Authority explains that these additional costs may be mitigated in through the management steps the Authority is implementing. However, the Authority expects some savings in construction to continue in future segments due to the improved designs and methods that were suggested by the bidders on the first contracts that can be applied elsewhere on the system. The flow chart below illustrates this trend:



SCOPE CHANGES

The Draft Business Plan details changes in construction costs by segment. Many of these changes are associated with scope changes along the entire system. The next two pages of the agenda contain the detail provided by the Authority regarding the major changes by segment.

Table 3. 2014 to 2016 Business Plan Capital Cost Comparison

Environmental Section	2014 BP (2015 \$, Millions)	2016 BP (2015 \$, Millions)	Change (2015 \$, Millions)	Comments
San Francisco to San Jose	\$6,094	\$3,136	\$(2,958)	<ul style="list-style-type: none"> Reduced Transbay Transit Center contribution (-\$1.5B) Added upgrades to existing Caltrain stations to be shared with high-speed rail (+0.5B) Removed dedicated guideway at Millbrae and aerial approach to San Jose Station (-\$1.7B) Upgraded existing track to Class 6 track; grade crossing and right-of-way safety improvements (+\$0.1 B) Moved cost of Light Maintenance Facility (LMF) to Heavy Maintenance Facility (HMF) (-\$0.2B)
San Jose to Merced	\$14,718	\$9,859	\$(4,859)	<ul style="list-style-type: none"> Reduced San Jose station costs by changing from aerial to at-grade (-\$0.5B) Reduction in tunneling costs per value engineering (-\$1.4B) Increase in aerial guideway (+\$0.2 B) Reduction in earthwork and walls due to increase in aerial guideway (-\$0.4B) Decrease in grade separations costs due to increase in aerial guideway (-\$0.6B) Reduction in utility relocations due to increase in aerial guideway (-\$0.2B) Reduction in right-of-way costs due to increase in aerial guideway (-\$0.2B)
Merced to Fresno	\$4,139	\$3,797	\$(342)	<ul style="list-style-type: none"> Reduction in grade separations costs per input from final design on CP 1 (-\$0.3B) Increase in right-of-way costs (+\$0.1B)
Fresno to Bakersfield	\$7,270	\$8,317	\$1,047	<ul style="list-style-type: none"> Reflects selected alignment alternative per Final Environmental Impact Report/Statement Reduction in aerial guideway per CP 2-3 ATC (-\$0.5B) Increase in retaining walls due to decrease in aerial guideway (+\$0.2B) Increase in utility relocation costs (+\$0.9B) Increase in grade separations costs due to decrease in aerial guideway in CP 2-3 (+\$0.3B)

Environmental Section	2014 BP (2015 \$, Millions)	2016 BP (2015 \$, Millions)	Change (2015 \$, Millions)	Comments
Bakersfield to Palmdale	\$8,287	\$9,746	\$1,458	<ul style="list-style-type: none"> Reflected Supplemental Alternative Analysis Oak Creek alignment Increase in earthwork in lieu of viaducts and tunnels (+\$2.0B) Increase in right-of-way costs (+\$1.0B) Decrease in aerial guideway due to increase in embankments (-\$0.9B) Decrease in tunneling due to increase in cuts (-\$0.4B)
Palmdale to Los Angeles	\$13,456	\$13,470	\$14	<ul style="list-style-type: none"> Reflected Supplemental Alternative Analysis East Corridor alignment under the Angeles National Forest Increase in tunneling costs due to increase in tunnel length (+\$0.8B) Increase in retaining walls due to constrained right-of-way (+\$1.4B) Increase in Los Angeles Union Station costs with shared tracks into station and dedicated platform faces for high-speed rail (+\$0.6B) Decrease in aerial guideway due to increase in tunneling (-\$0.7B) Decrease in grade separations costs by implementing shared use of existing corridor south of Burbank (-\$0.7B) Decrease in right-of-way costs (-\$0.7B) Reduced utility relocation costs due to increase in tunneling (-\$0.2B) Moved cost of LMF to HMF (-\$0.2B)
Los Angeles to Anaheim	\$556	\$2,329	\$1,773	<ul style="list-style-type: none"> Dedicated passenger tracks and additional grade separations
HMF/LMF	\$690	\$1,242	\$552	<ul style="list-style-type: none"> Moved cost of LMFs to HMF
Trainsets	\$3,399	\$3,399	—	—
Total Phase 1:	\$58,610	\$55,295	\$(3,314)	—

**Numerical values indicating cost increases/decreases are not representative of the total cost variances. Other costs including allowances based on percentages also contribute to the total difference but are not listed in this table.*

The graph below helps compare the overall cost, by segment, as projected by the 2016 Draft Business plan, as compared to the 2014 Business Plan.

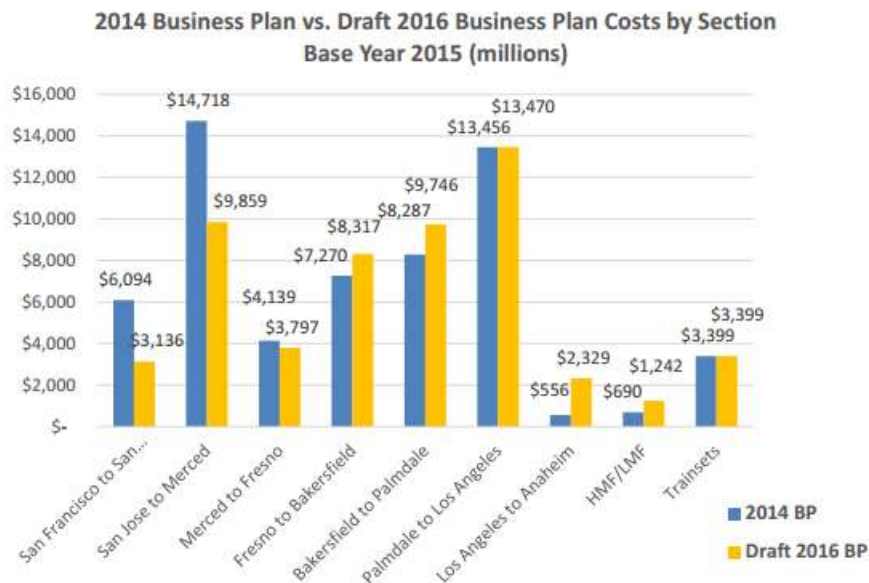


Figure 3 - Capital Cost Comparison by Environmental Section

STAFF COMMENTS

The key assumption made by the Authority is that it will be able to avoid the one-time costs it experienced in the first construction segment. The Subcommittee may want to explore this assumption, as the proposed savings from construction could evaporate if the State incurs delays in future segments.

The 2016 Draft Business Plan is framing the scope of the overall projects in significant ways that have not been discussed in other forums. These scope changes will especially important on blended segments, where the benefits from the system will be shared by other transit systems. The next issue of this agenda discusses the "bookends" in more detail.

Staff Recommendation: Informational Item, No Action

ISSUE 3: BOOKEND INVESTMENTS

The Subcommittee will explore investments in the "Bookends", the blended segments of the system in Los Angeles and the San Francisco Peninsula.

PANELISTS

- Michael Turner, Los Angeles County Metropolitan Transportation Authority
- Jeff Gee, Redwood City Councilmember
- Jim Hartnett, Caltrain

BACKGROUND

The 2012 Business Plan created two major features of the High Speed Rail Project. First, the Authority decided to use a "blended" approach in the San Francisco Peninsula, where the tracks would be shared with the Caltrain system, rather than having a dedicated High Speed Rail right-of-way, this blended approach is now also envisioned for the Burbank to Anaheim corridor. Secondly, the Authority created the concept of "Bookend" investments, which were improvements along the segments from Anaheim to Burbank and San Francisco to San Jose that would appear earlier than the expected service from High Speed Rail so that local rail systems could realize the co-benefits from these projects.

The blended system and bookends were codified by the Legislature in 2012 through the enactment of SB 1029, which appropriated funds for the program. For the "bookend investment", \$1.1 billion of Proposition 1A Bond Funds, which fund the High Speed Rail Project, were appropriated. Of this amount, \$600 million is for Caltrain electrification project and an additional \$500 million was for improvements in the Los Angeles Basin, which was part of \$1 billion MOU with Los Angeles transportation agencies for improvements pledged by the State.

Very little of the bookend appropriation has been expended to date, as legal challenges have prevented the sale of Proposition 1A bonds, which would provide the funding for these projects. Recent court decisions may pave the way for this funding to be allocated to local agencies so the bookend projects can begin.

The 2012 budget also includes \$819 million of Proposition 1A bond funding earmarked for "connectivity" that is dedicated for improvements to existing regional and inter-city rail systems, this was in addition to some small appropriations made in earlier budget years. Of this amount, close to \$800 million has been allocated to local projects and over \$500 million has been expended so far.

The table below illustrates the use of these funds to date:

Connectivity Project	Programmed Amount	Funding Allocated	Proposition 1A Expended
Metrolink Positive Train Control	35,000	35,000	24,546
LA Regional Connector Transit Corridor	114,874	114,874	103,386
Metrolink High-Speed Readiness Program	68,500	68,500	12,052
Sacramento Intermodal Facility High Speed	\$ 25,223	\$ 1,752	\$353
Caltrain Advanced Signal System	105,445	105,445	99,737
San Francisco Center Subway	61,308	61,308	61,308
Millbrae Station Track Improvements and Car Purchase	140,000	140,000	65,605
Stockton Passenger Track Extension	10,974	395	395
SANDAG Blue Line Light Rail Improvement	57,855	57,855	57,779
San Diego North County Transit District Positive Train Control	17,833	17,833	14,052
BART Maintenance Shop and Yard Improvements	78,639	78,639	1,148
Positive Train Control San Onofre to San Diego	24,010	24,010	18,122
Positive Train Control LA to Fullerton, Triple Track	2,940	2,940	2,940
San Joaquin Corridor Merced to Le Grand, Segment 1	40,750	40,750	16,130
Positive Train Control Moorpark to San Onofre	46,550	46,550	30,553
Total	\$ 829,901	\$ 795,851	\$ 508,106

In addition to these amounts, the High Speed Rail project itself contains proposed improvements to these existing rail corridors. These are detailed below:

San Francisco to San Jose

The 2016 Draft Business Plan includes funding to improve the existing track along this 48 mile-long corridor to allow for service up to 110 miles-per-hour. These improvements include:

- \$590 million for grade separations, with \$90 million of this for three grade separations associated with a high-speed rail passing tracks between Hayward Park and Hillsdale. The project assumes installation of 40 at-grade crossing with quad gates.
- \$200 million for station upgrades.
- \$550 million for Transbay Terminal connection costs
- \$600 million for costs associated with electrification of Caltrain
- Includes funding for existing track structure rehabilitation including replacement of wood ties, new running rail where confirmed by inspection reports, rail grinding & surfacing, upgrade of interlockings and access control fencing

The total costs of the segment in the 2016 Draft Business Plan is lower than previous estimates, mostly due to the reduction in Transbay Terminal connection costs associated with the project.

San Francisco to San Jose

Table 7. San Francisco to San Jose Cost Breakdown

STANDARD COST CATEGORY	2014 BP COST (2015 \$, millions)	2016 BP COST (2015 \$, millions)
10 TRACK STRUCTURES & TRACK	\$1,659	\$119
20 STATIONS, TERMINALS, INTERMODAL	\$1,987	\$1,006
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$171	—
40 SITEWORK, RIGHT-OF-WAY, LAND, EXISTING IMPROVEMENTS	\$798	\$835
50 COMMUNICATIONS & SIGNALING	\$142	\$163
60 ELECTRIC TRACTION	\$488	\$586
80 PROFESSIONAL SERVICES	\$640	\$351
90 UNALLOCATED CONTINGENCY	\$209	\$75
SUBTOTAL	\$6,094	\$3,136

The current cost estimate for this segment has several unknowns that could increase the overall cost:

- Five mile track from Santa Clara to San Jose for Union Pacific Railroad (UPRR) freight use is under review and not included in the estimate
- Structural modifications to the four existing tunnels are not included
- Conversion of existing Caltrain platforms to level boarding is not included except for the stations shared with high-speed rail
- Improvements to existing at-grade vehicular and pedestrian crossings are limited to safety and environmental mitigation as noted above
- Future platform extension to 1400 feet to accommodate two high-speed rail trainsets is not included

Burbank to Los Angeles

The 13 mile Burbank to Los Angeles segment assumes Metrolink and High-Speed Rail will share tracks from approximately Metrolink's Central Maintenance Facility to Los Angeles Union Station. The 2016 Draft Business Plan modifies the approach for the Burbank to Los Angeles to include relocation of existing at-grade double track in the Metrolink corridor right-of-way and constructing two new high speed rail tracks from West Alameda Avenue to Fletcher Drive (5.3 miles). According to the Authority, this new approach utilizes retaining walls increasing the guideway costs, but also minimizing project footprint and reducing right-of-way acquisitions costs. Other improvements for this segment include:

- Provides three high-speed rail grade separations at Sonora, Grandview and Flower and one roadway grade separation at Chevy Chase Drive. Provides funding contribution for Doran roadway grade separation
- Includes allowance for work at LA Union Station plus funding contribution for SCRIP project (run-through tracks).

- Includes an allowance for impacts to the Metro Gold Line realignment and minor impacts to Chinatown aerial structure
- Includes an allowance for curve realignment and additional right-of-way through throat area into Los Angeles Union Station. Assumes all tracks with a minimum 650 feet radius in throat area as validated by the Authority's Regional Consultant
- Shares track over the existing bridge over Los Angeles River at Figueroa Street
- To account for the cost of staged construction of Metrolink tracks, an allowance is added to cover the loss of efficiency and premium pay for work beyond normal hours

The total costs of the segment in the 2016 Draft Business Plan is lower than previous estimates, as detailed below:

Burbank to Los Angeles Union Station

Table 17. Burbank to Los Angeles Union Station Cost by SCC

STANDARD COST CATEGORY	2014 BP COST (2015 \$, millions)	2016 BP COST (2015 \$, millions)
10 TRACK STRUCTURES & TRACK	\$572	\$536
20 STATIONS, TERMINALS, INTERMODAL	\$275	\$514
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	—	—
40 SITEWORK, RIGHT-OF-WAY, LAND, EXISTING IMPROVEMENTS	\$1,572	\$216
50 COMMUNICATIONS & SIGNALING	\$23	\$42
60 ELECTRIC TRACTION	\$77	\$85
80 PROFESSIONAL SERVICES	\$231	\$171
90 UNALLOCATED CONTINGENCY	\$107	\$29
SUBTOTAL	\$2,857	\$1,593

Los Angeles to Anaheim

The Los Angeles to Anaheim section cost included in the Draft 2016 Business Plan is based on a conceptual definition of improvements. According to the Authority, this estimate is a placeholder and is based upon early investment projects and a simplified section developed by the Authority and its consultants in 2014 for an alternative delivery plan approach.

This segment is divided into three sections:

- A first section (about 3.4 miles) out of the Los Angeles Union station which is owned by LA Metro. The section starts adjacent to the Southern California Regional Interconnector Project (SCRIP) project, which will build through tracks and enhancements at the Los Angeles Union Station. Operations will be shared between Metrolink and high-speed rail
- A second section (about 22.1 miles) owned by BNSF. Currently three mainline tracks used throughout most of the section and shared between freight and Metrolink. Triple tracking by BNSF will not be finished until completion of key grade separations like Rosecrans/Marquardt. The final build project includes the construction of two additional tracks dedicated for high-speed rail (and electrified)

in the south of BNSF tracks. BNSF main tracks will be moved to the North to provide the capacity for the new tracks and minimize right-of-way impact. BNSF has requested provision for a fourth mainline track for traffic growth and preserve the two dedicated tracks for high-speed rail

- A third section (about 5 miles) is made of two existing tracks owned by Orange County Transportation Authority leading into the new Anaheim Regional Transportation Intermodal Center (ARTIC) station. Operations here will be shared between high-speed rail and Metrolink. Freight traffic will turn off before this section but have operating rights on this section. Electrification of both tracks will be required.

The 2016 Draft Business Plan reflects the additional costs associated with the additional investments envisioned in this segment:

Los Angeles to Anaheim

Table 18. Los Angeles to Anaheim Cost

STANDARD COST CATEGORY	2014 BP COST (2015 \$, millions)	2016 BP COST (2015 \$, millions)
SUBTOTAL	\$538	\$2,319

STAFF COMMENTS

A "blended" corridor means that not only are the facilities shared by multiple entities, including High Speed Rail, but the financial responsibilities for improvements should also be shared. However, such improvements require reaching agreements with multiple parties and securing funding sources from multiple locations, which complicate the process for moving forward.

The Subcommittee could explore options to accelerate the use of funds already pledged for the project that are awaiting the sale of Proposition 1A Bonds. Such options could facilitate the start of some bookend projects that have are shovel-ready.

There is a long wish list of improvements that the project could make to the three bookend segments, which would ultimately benefit High Speed Rail passengers. Given the limited funding for the project, it is not possible to fund all of these improvements within this projects existing scope. It is also not clear if local partners are in a position to match state funds for such improvements. However, to the extent these improvements could be made before High Speed Rail Services has begun, they would reduce the possibility of service delays and disruptions.

The Subcommittee could explore asking the High Speed Rail Authority to meet with local partners to develop a bookend investment plan, which could help solidify additional improvements to the three bookend rail corridors in the near term. This would allow the co-benefit envisioned with this project to be identified so work can begin on securing the agreements to move these projects forward.

Staff Recommendation: Staff recommends no formal actions, but suggests the Subcommittee ask the Administration to provide options for funding bookend investments as part of the Assembly's 2016 Budget plan by May 1, 2016.

ISSUE 4: PUBLIC COMMENT

The Subcommittee will hear feedback from groups that are critical of the High Speed Rail project.

PANELIST

The Subcommittee will hear from two panels, followed by public comment.

1. Panel 1, Panelists Critical of the High Speed Rail Project

- David DePinto, Save Angeles Forest for Everyone
- Frank Oliveira, Citizens for California High-Speed Rail Accountability
- Mike Brady, Community Coalition
- David Schonbrunn, Train Riders Association of California
- William Grindley

2. Panel 2, Panelists Supportive of the High Speed Rail Project

- Paul Katchodourian, Katch Environmental, Inc.
- Cesar Diaz, State Building Trades
- Keith Dunn, California Association of High-Speed Trains
- Paul Dyson, Rail Passenger Association of California and Nevada
- Lee Ann Eager, Fresno County Economic Development Commission

3. Public Comment**STAFF COMMENTS**

When the Subcommittee held a High Speed Rail oversight hearing on January 27, 2016, the Assembly was called into Session that day, resulting in a shortened public-comment period. The Chair has requested that time be set aside at this hearing to allow for public comment on the High Speed Rail plan.

Staff Recommendation: Informational Item Only
