

2012 BUSINESS PLAN—PLANNED FAILURE

The California High Speed Rail Authority (Authority) released the California High-Speed Rail Program Draft 2012 Business Plan (Business Plan) on November 1, 2011. The Authority quickly advertised the Business Plan as the most realistic and honest plan released to date. Upon review of the Business Plan, CCHSRA can only conclude that the Authority has again released a business plan based on unproved assumptions and a hope that the public will accept their program based on its poorly formulated sales pitch. Listed below are some of the concerns shared by CCHSRA:

- Projects costs have risen from \$33 billion in 2005 to \$43 billion in 2008 to \$98.5 billion in 2011 we can expect costs to increase during construction
- Authority announced the cost at \$98.5 billion however the Business Plan indicates total potential cost at \$117.6 billion (a cost difference of \$19.1 billion and put into perspective can fund higher education for 2 years)
- The Authority proposes to receive \$55 billion from the federal government (including requiring \$13 billion in the next 10 years)
- Authority estimates there will be \$11 billion in private funding only after high-speed rail is achieved in 2022 and no conclusive evidence is provided that this is realistic
- The Authority has approximately \$6 billion in funding to construct 130 miles of Central Valley track called the Initial Construction Section (ICS) with no electrical facilities nor any high-speed trains
- The “backup” plan in the event that there is no future funding is to place Amtrak on the new tracks and save 45 minutes from Bakersfield to Fresno, and no analysis is provided as to the feasibility or impacts to this plan
- In order to achieve high-speed rail service, the Initial Operating Section (IOS) the Authority needs between \$19.4 and \$25.8 billion
- To achieve the IOS the Authority will use \$5 billion in state funds (the remainder of Prop 1A funds), \$7-\$8.5 billion in federal grants and \$12-\$13 billion in Qualified Tax Credit Bonds (congress approved program that has not been approved or even discussed on a federal level)
- Private investment only comes after the IOS is constructed therefore the government will subsidize up to the IOS (\$30 billion)
- Authority originally indicated private investment was lining up, however now they do not anticipate private investment until the year 2022: *the story continues to change*
- After 2022 Authority will still need approximately \$4 billion per year from 2022 to 2033 from the federal government
- Financial investment and plan relies upon ridership: Business Plan indicates that 14,000 passengers per day will leave Merced, this is greater than Penn Station in New York: *model is still broken*
- The project creates 20,000 construction jobs **NOT** the 100,000 reported.
- The IOS is anticipated to create 2,900 permanent

VOLUME 1, ISSUE 2

In this issue:

2012 Business Plan—Planned Failure	1
Palo Alto Hearing	2
CCHSRA Thanks Kings County Board of Supervisors	2

UPCOMING EVENTS

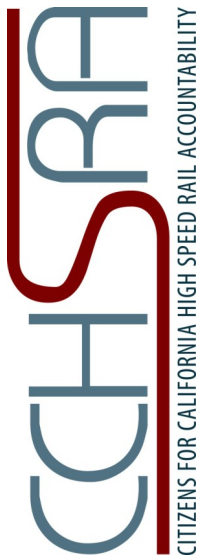
- * CCHSRA sponsored Right-of-Way Acquisition Workshop (details forthcoming)
- * November 29, 2011 Assembly Transportation Committee Hearing on HSR in Sacramento
- * December 5, 2011 Senate Transportation
- * Please contact us for details and to attend any of the events

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The California High Speed Rail Authority is the poster child for "No Consultant Left Behind" - Elizabeth Alexis, CARRD



CCHSRA is committed to ensuring this does not happen!

PALO ALTO HEARING

On November 15, 2011, CCHSRA was invited to participate in the Budget Subcommittee No. 3 on Resources and Transportation High Speed Rail Authority Business Plan Hearing in Palo Alto, California. The hearing was hosted by Assembly member Richard Gordon. The hearing was attended by over 300 people including a local union, which staged a rally outside of the building. Assembly members David Valadao and Jerry Hill were present to hear testimony.



CCHSRA provided testimony of the Assembly Subcommittee hearing in Palo Alto

The event started with testimony given by the High Speed Rail Authority (Authority) on the recently released 2012 Business Plan. The presentation was the typical rhetoric used by the Authority to try and convince the public that they have a good plan that has been well laid out. The presentation by the Authority can be found on youtube at: <http://www.youtube.com/watch?v=BsYrs3WzjLw>. Assemblyman Valadao quickly questioned the validity of the plan and showed the volatile side of the Authority (youtube: <http://www.youtube.com/watch?v=wskY8oeCtM8>).

Highlights from the event include:

- California Legislative Analyst Office: "the currently identified funding plan is highly problematic" (you can find the full LAO report at http://www.lao.ca.gov/handouts/transportation/2011/2012_HSRA_Business_Plan_11_15_11.pdf)
- Aaron Fukuda, CCHSRA: The Authority placed the Hanford West Alignment through the Mussel Slough tragedy because they never took the time to learn the history in Kings County.
- William Grindly, CC-HSR: The Authority likes to promote that high-speed rail around the world is profitable, however under congressional hearings operators from France and Japan testified that high-speed rail operates annually on a \$2 billion subsidy. The high-speed rail will create a "mountain" of debt for California.

CCHSRA THANKS THE KINGS COUNTY SUPERVISORS FOR THEIR SUPPORT

The Kings County Board of Supervisors (KCBOS) recently passed a resolution on October 18, 2011 to oppose any alignment of high-speed rail through Kings County. The KCBOS have spent many hours including staff time and resources to request that the California High Speed Rail Authority (Authority) work with the County in a process called Coordination, which is required under federal law.

Numerous attempts have been made by the KCBOS to work with the Authority, which has been only denied by the Authority. The Authority has proposed closed-door meetings with the County, however the County has refused such meetings and required them to be held in a public forum, which the Authority

will not accept. This lack of transparency on behalf of the Authority indicates their intent, which is to force this project through Kings County against the will of the people.

Kings County staff have also been an integral part of obtaining information and providing answers to landowners. The staff has provided an in-depth review of all documents the Authority has produced to ensure that the communities and environment within Kings County is protected.

CCHSRA, along with many other landowners in Kings County would like to thank the KCBOS and County Staff for ensuring that the public interest and agriculture is protected within Kings County.