AMENDED IN ASSEMBLY APRIL 25, 2011

AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL No. 385

Introduced by Assembly Member Harkey
(Coauthors: Assembly Members Donnelly, Grove, Hagman, Jones, Logue, *Mansoor, Nielsen,* and Wagner)
(Coauthor: Senator La Malfa)

February 14, 2011

An act to add Section 2704.77 to the Streets and Highways Code, relating to high-speed rail.

LEGISLATIVE COUNSEL'S DIGEST

AB 385, as amended, Harkey. High-speed rail.

Existing law, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of $9.95 billion in general obligation bonds for high-speed rail and related purposes. Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed train system in the state, with specified powers and duties. Existing law requires the authority to approve and submit to the Director of Finance, a specified peer review group, the transportation policy committees and fiscal committees of the Legislature, a detailed funding plan for that corridor or a usable segment thereof of the high-speed train system. Existing law requires the funding plan to include certain information and meet specified requirements.

This bill would require the authority to approve an investment grade analysis, to be prepared by the State Auditor, and to submit that investment grade analysis to those same entities. The bill would require that investment grade analysis to include certain information and meet specified requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 2704.77 is added to the Streets and Highways Code, to read:

2704.77. Notwithstanding any other provision of law, the High-Speed Rail Authority created pursuant to Section 185020 of the Public Utilities Code, or its successor, shall have approved and submitted to the Director of Finance, the peer review group established pursuant to Section 185035 of the Public Utilities Code, and the policy committees with jurisdiction over transportation matters and the fiscal committees in both houses of the Legislature, an investment grade analysis, ~~for the corridor or a usable segment thereof of the~~ *of the entire* high-speed train system. The State Auditor shall prepare the analysis and submit that analysis to the authority.

The analysis shall include all of the following:

(a) Identification of the ~~corridor~~ *corridors*, or usable segment thereof, *for the entire project* in which the authority is proposing to invest bond proceeds.

(b) A description of the expected terms and conditions associated with any lease agreement or franchise agreement proposed to be entered into by the authority and any other party for the construction or operation of passenger train service along ~~the~~ *each* corridor or usable segment thereof.

(c) The estimated full cost of constructing ~~the~~ *each* corridor or usable segment thereof, including an estimate of cost escalation during construction and appropriate reserves for contingencies.

(d) The sources of all funds to be invested in the corridor, or usable segment thereof, *the terms and conditions associated with these funds (such as interest rate, security, and other terms)* and the anticipated time of receipt of those funds based on expected

commitments, authorizations, agreements, allocations, or other means.

(e) The projected ridership and ~~operating revenue estimate~~ *estimated operating revenues, operating expenses, and operating margin* based on projected high-speed passenger train operations on the corridor or usable segment.

(f) The projected payment schedule to service all debt and equity funds described in subdivision (d), including any revenue guarantees or operating subsidies, and an analysis of how these cashflow requirements will be met by the operating margin (operating revenues less operating expenses).

~~(f)~~

(g) All known or foreseeable risks associated with the construction and operation of high-speed passenger train service along the corridor or usable segment thereof and the process and actions the authority will undertake to manage those risks.

~~(g)~~

(h) Whether construction of the corridor or usable segment thereof can be completed as proposed in the plan.

~~(h)~~

(i) Whether the corridor or usable segment thereof would be suitable and ready for high-speed train operation.

~~(i)~~

(j) The extent to which the corridors include facilities contained therein to enhance the connectivity of the high-speed train network to other modes of transit, including, but not limited to, conventional rail (intercity rail, commuter rail, light rail, or other transit), bus auto or air and the level of expenditures needed to make them viable and cost effective.

(k) An independent third-party ridership study by a reputable and accredited firm in transportation, as contracted by the State Auditor, including, but not limited to, the methodology and variables addressed in the review by the University of California at Berkeley Institute for Transportation Studies dated June 30, 2010.

~~(j)~~

(l) Over a 5-, 10-, 15-, 20-, and 25-year event horizon, a description of anticipated ridership, ticket prices, frequency of trains, and costs of *operations* maintenance, including how these prices would compare with other transportation modes from a cost

perspective, and with a sensitivity to the environmental positives and negatives when compared to transportation modes of the future, such as future planes, automobiles, and buses based on anticipated developments. This analysis shall include the assumptions used to develop the projections and demonstrate that these assumptions have been carefully developed and evaluated to produce the highest levels of confidence.

(m) The number and types of jobs projected to be created during each year of the construction period showing the pay range of each type of job and an identification of where the job is located, designated as follows:

(1) On the high-speed rail line.

(2) At a supplier's location within California.

(3) In the United States but outside of California.

(4) Outside the United States.

(n) The number and types of jobs projected to be created during each year of the operation period showing the pay range of each type of job and an identification of where the job is located, designated as follows:

(1) On the high-speed rail line and in high-speed rail facilities.

(2) At a supplier location within California.

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