SENATE BILL No. 733

Introduced by Senator Price

February 18, 2011

An act to amend Section 185033 of the Public Utilities Code, relating to high-speed rail.

LEGISLATIVE COUNSEL'S DIGEST

SB 733, as introduced, Price. High-speed rail: business plan: contracts: small business participation.

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to 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. Under federal law, funding is made available for allocation nationally to high-speed rail and other related projects. Existing law requires the authority to prepare, publish, adopt, and submit to the Legislature a business plan containing specified elements beginning January 1, 2012, and every 2 years thereafter.

This bill would require the authority to include in the business plan to be submitted on January 1, 2012, or as an addendum to that plan to be submitted as soon as possible after that date, a strategy for ensuring the participation of small business enterprises in contracts awarded by the authority with state or federal funds during all phases of the project.

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 185033 of the Public Utilities Code is amended to read:

185033. (a) The authority shall prepare, publish, adopt, and submit to the Legislature, not later than January 1, 2012, and every two years thereafter, a business plan. At least 60 days prior to the publication of the plan, the authority shall publish a draft business plan for public review and comment. The draft plan shall also be submitted to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, the Senate Committee on Budget and Fiscal Review, and the Assembly Committee on Budget. The business plan shall identify all of the following: the type of service the authority anticipates it will develop, such as local, express, commuter, regional, or interregional; a description of the primary benefits the system will provide; a forecast of the anticipated patronage, operating and maintenance costs, and capital costs for the system; an estimate and description of the total anticipated federal, state, local, and other funds the authority intends to access to fund the construction and operation of the system; and the proposed chronology for the construction of the eligible corridors of the statewide high-speed train system. The business plan shall also include a discussion of all reasonably foreseeable risks the project may encounter, including, but not limited to, risks associated with the project's finances, patronage, right-of-way acquisition, environmental clearances, construction, equipment, and technology, and other risks associated with the project's development. The plan shall describe the authority's strategies, processes, or other actions it intends to utilize to manage those risks.

(b) (1) In addition to the requirements of subdivision (a), the business plan shall include, but need not be limited to, all of the following elements:

(A) Using the most recent patronage forecast for the system, develop a forecast of the expected patronage and service levels for the Phase 1 corridor as identified in paragraph (2) of subdivision (b) of Section 2704.04 of the Streets and Highways Code and by each segment or combination of segments for which a project level environmental analysis is being prepared for Phase 1. The forecast shall assume a high, medium, and low level of patronage and a realistic operating planning scenario for each level of service. Alternative fare structures shall be considered when determining the level of patronage.

(B) Based on the patronage forecast in subparagraph (A), develop alternative financial pro formas for the different levels of service, and identify the operating break-even points for each alternative. Each pro forma shall assume the terms of subparagraph (J) of paragraph (2) of subdivision (c) of Section 2704.08 of the Streets and Highways Code.

(C) Identify the expected schedule for completing environmental review, and initiating and completing construction for each segment of Phase 1.

(D) Identify the source of federal, state, and local funds available for the project that will augment funds from the bond act and the level of confidence for obtaining each type of funding.

(E) Identify written agreements with public or private entities to fund components of the high-speed rail system, including stations and terminals, any impediments to the completion of the system, such as the inability to gain access to existing railroad rights-of-way.

(F) Identify alternative public-private development strategies for the implementation of Phase 1.

(2) To the extent feasible, the business plan should draw upon information and material developed according to other requirements, including, but not limited to, the preappropriation review process and the preexpenditure review process in the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century pursuant to Section 2704.08 of the Streets and Highways Code. The authority shall hold at least one public hearing on the business plan and shall adopt the plan at a regularly scheduled meeting. When adopting the plan, the authority shall take into consideration comments from the public hearing and written comments that it receives in that regard, and any hearings that the Legislature may hold prior to adoption of the plan.

(c) In the business plan to be submitted on January 1, 2012, or as an addendum to that plan to be submitted as soon as possible after that date, the authority shall include a strategy for ensuring the participation of small business enterprises in contracts awarded

by the authority with state or federal funds during all phases of the project.

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