

1 Stuart M. Flashman (SBN 148396)  
2 5626 Ocean View Dr.  
3 Oakland, CA 94618-1533  
4 Telephone/Fax: (510) 652-5373  
5 e-mail: stu@stuflash.com

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8 Attorney for Petitioner  
9 Transportation Solutions Defense and Education Fund

10 **IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
11 **IN AND FOR THE COUNTY OF SACRAMENTO**

12 TRANSPORTATION SOLUTIONS  
13 DEFENSE AND EDUCATION FUND, a  
14 California nonprofit corporation,

15 Petitioner

16 vs.

17 CALIFORNIA AIR RESOURCES BOARD,  
18 an agency of the State of California, and  
19 DOES 1-10, inclusive,

20 Respondents

No. 34-2014-80001974-CU-WM-GDS

Action under the California Environmental  
Quality Act

Assigned for all purposes to Hon. Shelleyanne W.  
L. Chang, Dept. 24

**PETITIONER'S REQUEST FOR JUDICIAL  
NOTICE; SUPPORTING MEMORANDUM OF  
POINTS AND AUTHORITIES; SUPPORTING  
DECLARATION OF AUTHENTICITY**

21 Pursuant to Evidence Code §§ 451(a) and 452(c), Petitioner Transportation Solutions  
22 Defense and Education Fund requests that the Court take judicial notice of the following  
23 documents:

24 1. The California Legislature's Senate Floor Analysis of AB 32, the Global  
25 Warming Solutions Act of 2006. In support of this request, attached hereto as Exhibit A is a true  
26 and correct copy of that analysis, as downloaded from the official website of the California  
27 Legislature.

28 2. AB 3034 as enacted by the California Legislature as Stat. 2008 Chapt. 267, SB  
29 1029 as enacted by the California Legislature as Stat. 2012 Chapt. 152, and the Supplemental  
Voter Information Guide for the portion of AB 3034 that appeared on the California ballot in  
November 2008 as Proposition 1A. In support of this request, attached hereto are:

1 a. Exhibit B: a true and correct copy of AB 3034 as enacted and chaptered  
2 by the California Legislature, as downloaded from the official website of the California  
3 Legislature and admitted into evidence in Sacramento County Superior Court case no.  
4 34-2011-00113919, *John Tos et al. v. California High-Speed Rail Authority et al.*; and

5 b. Exhibit C: a true and correct copy of the Supplemental Voter Information  
6 Guide for Proposition 1A, as downloaded from the official website of the California  
7 Secretary of State and admitted into evidence in Sacramento County Superior Court case  
8 no. 34-2011-00113919, *John Tos et al. v. California High-Speed Rail Authority et al.*

9 c. Exhibit D: a true and correct copy of SB 1029 as enacted and chaptered by  
10 the California Legislature, as downloaded from the official website of the California  
11 Legislature and admitted into evidence in Sacramento County Superior Court case no.  
12 34-2011-00113919, *John Tos et al. v. California High-Speed Rail Authority et al*

13 DATE: January 2, 2017

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17 Stuart M. Flashman  
18 Attorney for Petitioner  
19 Transportation Solutions Defense  
20 and Education Fund

21 **MEMORANDUM OF POINTS AND AUTHORITIES**

22 **A. THE DOCUMENTS ARE ENTITLED TO JUDICIAL NOTICE.**

23 1. AB 3034, AND SB 1029, AS ENACTED AND CHAPTERED, AND  
24 PROPOSITION 1A, AS ENACTED BY CALIFORNIA VOTERS, ARE  
25 ENTITLED TO MANDATORY JUDICIAL NOTICE.

26 Under Evidence Code § 451(a), the public statutory law of the State of California is  
27 entitled to mandatory judicial notice. As duly enacted public statutes, AB 3034, both its codified  
28 and uncodified provisions, and SB 1029, an uncodified amendment to the 2012 budget bill, are  
29

1 entitled to mandatory judicial notice. Likewise, the text of Proposition 1A, as enacted by the  
2 voters of California, is also entitled to mandatory judicial notice.

3           2.       THE OFFICIAL CALIFORNIA SENATE FLOOR ANALYSIS FOR AB 32,  
4                    AND THE CONTENTS OF THE OFFICIAL SUPPLEMENTAL VOTERS  
5                    INFORMATION GUIDE FOR PROPOSITION 1A ON THE NOVEMBER 2008  
6                    STATE BALLOT ARE ENTITLED TO JUDICIAL NOTICE.

7           Under Evidence Code §452(c), courts may take judicial notice of official acts of the  
8 legislative, judicial, and executive departments of any state of the United States, including  
9 California. Legislative analyses, prepared by the California Legislature, are official acts of  
10 California’s legislative department. (*In re Microsoft I-V Cases* (2006) 135 Cal.App.4th 706,  
11 719-720 [court took judicial notice of a senate floor analysis, noting that such reports are reliable  
12 indicia of the Legislature’s intent].) Similarly, voter information guides for statewide elections,  
13 and their contents, prepared by the California Secretary of State, are official acts of California’s  
14 executive department. (*See, e.g., Howard Jarvis Taxpayers Assn. v. Bowen* (2011) 192  
15 Cal.App.4th 110, 120 fn.4 [court took judicial notice of titles and summaries of various state  
16 ballot measures as they appeared in the Secretary of State’s Voter Information Guide].) For this  
17 reason, both Exhibits A and C attached hereto are entitled to judicial notice.

18 **B.       THE DOCUMENTS ARE RELEVANT TO ISSUES BEFORE THE COURT.**

19           In addition to being subject to judicial notice, a document must be relevant to an issue  
20 before the court in order to be granted judicial notice. All of the requested documents are  
21 relevant either to the interpretation of statutes whose meaning is before the Court in this case, or  
22 relevant to the Legislature’s and/or the California Air Resources Board’s understanding of facts  
23 or representations that are relevant to issues in this case; specifically of the time frame within  
24 which segments of the California High-Speed Rail System were expected to begin providing rail  
25 service to the public and the Legislature’s contemporaneous understanding of the effect of that  
26 service on California’s greenhouse gas emissions.

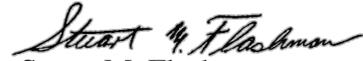
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**CONCLUSION**

The documents for which judicial notice is requested are subject to judicial notice, and are relevant to issues that are before the Court. Judicial notice should therefore be granted.

Date: January 2, 2017

Respectfully submitted,



Stuart M. Flashman  
Attorney for Petitioner  
Transportation Solutions Defense  
and Education Fund

**DECLARATION OF AUTHENTICITY**

I, Stuart M. Flashman, hereby declare as follows:

1. I am an attorney licensed to practice in the State of California. I represent Petitioner Transportation Solutions Defense and Education Fund in this case. I also was an attorney representing Petitioners and Plaintiffs John Tos et al in Sacramento County Superior Court case number 34-2011-00113919. I have personal knowledge of the facts presented in this declaration and am competent to testify as to them if called as a witness.
2. Exhibit A attached hereto is a true and correct copy of the Senate Floor Analysis of AB 32 in the 2006 legislative session, as downloaded directly from the California Legislature's official website.
3. Exhibit B, C, and D are respectively true and correct copies of the chaptered version of AB 3034 from the 2008 legislative session, the Supplemental Voter Information Guide for Proposition 1A on the November 2008 general election state ballot, and the chaptered version of SB 1029 from the 2012 legislative session, as they were included in the certified administrative record, prepared by the California Attorney General under the direction of the California High-Speed Rail Authority, for *John Tos et al. v. California High-Speed Rail Authority et al.*, Sacramento County Superior Court case number 34-2011-00113919 and accepted into evidence without objection by both the trial court and the court of appeal.

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I declare under penalty of perjury under the laws of the State of California that the statements made in this declaration are true and correct. Executed on this second day of January 2017 in Oakland, California.

  
\_\_\_\_\_  
Stuart M. Flashman

# **Exhibit A**

SENATE RULES COMMITTEE	AB 32
Office of Senate Floor Analyses	
1020 N Street, Suite 524	
(916) 651-1520	Fax: (916)
327-4478	

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THIRD READING

Bill No: AB 32  
 Author: Nunez (D), et al  
 Amended: 8/30/06 in Senate  
 Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE : 5-2, 6/26/06  
 AYES: Simitian, Chesbro, Escutia, Kuehl, Lowenthal  
 NOES: Runner, Cox

SENATE APPROPRIATIONS COMMITTEE : 8-4, 8/17/06  
 AYES: Murray, Alarcon, Alquist, Escutia, Florez, Ortiz,  
 Romero, Torlakson  
 NOES: Aanestad, Ashburn, Battin, Dutton  
 NO VOTE RECORDED: Poochigian

ASSEMBLY FLOOR : 50-27, 4/11/05 - See last page for vote

SUBJECT : Air pollution: greenhouse gases: California  
 Global  
 Warming Solutions Act of 2006

SOURCE : Natural Resources Defense Council  
 Environmental Defense

DIGEST : This bill enacts the Global Warming Solutions  
 Act of 2006.

ANALYSIS :  
 Existing law:

CONTINUED

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1. Provides for the California Climate Action Registry and the voluntary reporting of greenhouse gas (GHG) emissions to establish baselines against which future GHG emission reduction requirements may be applied. [SB 1771 (Sher), Chapter 1018, Statutes of 2000 and SB 527 (Sher), Chapter 769, Statutes of 2001.]
2. Requires the Air Resources Board (ARB) to regulate GHG emissions emitted by passenger vehicles and light-duty

trucks to achieve maximum feasible reductions [AB 1493 (Pavley), Chapter 200, Statutes of 2002].

3. Requires ARB to develop regulations to prevent diesel truck engine idling at ports pursuant to AB 2650 (Lowenthal), Chapter 1129, Statutes of 2002.
4. Requires the state's retail sellers of electricity to achieve at least 20 percent of energy sales from renewable sources, pursuant to SB 1078 (Sher), Chapter 516, Statutes of 2002
5. Requires the California Energy Commission (CEC) to develop and adopt by June 30, 2007, a state plan to increase the use of alternative transportation fuels to achieve multiple objectives, including the reduction of GHG emissions, pursuant to AB 1007 (Pavley), Chapter 371, Statutes of 2005.

This bill:

1. Requires ARB, on or before January 1, 2008, to adopt regulations requiring GHG emission sources to monitor and report their emissions to the ARB, and specifies detailed criteria for the adoption and compliance with those regulations.
2. Requires ARB, on or before January 1, 2008, to adopt a statewide emissions limit on GHG emissions, specifies both a process and criteria for the adoption of the limit, and provides that the limit shall remain in effect after 2020 until otherwise amended or repealed.
3. Requires ARB to adopt the maximum feasible and

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cost-effective reductions in GHG emissions for sources and categories of sources subject to the Act, in accordance with the following schedule:

- A. On or before July 1, 2007, ARB shall adopt a list of those discrete early action emission reduction measures that can be achieved prior to the adoption of market based compliance mechanisms and other measures and limits under the bill's provisions.
- B. On or before January 1, 2010, ARB shall adopt and enforce those measures on the list described above in order to achieve the maximum technologically feasible and cost-effective reductions of GHGs.
- C. On or before January 1, 2009, ARB shall prepare and adopt a rulemaking scoping plan for the rules and regulations it is required to adopt pursuant to the bill's provisions, and shall comply with specified criteria in developing and adopting the plan. ARB further is required to update the plan every five years.
- D. On or before January 1, 2011, ARB shall adopt GHG emission limits and measures to achieve the maximum feasible and cost-effective reductions in GHG emissions in furtherance of the GHG emission limit.

- E. In adopting the regulations described in #3D, ARB may adopt a so-called "cap and trade" system (i.e. "a system of market-based declining annual aggregate emission limits" as described in the bill), provided it complies with specified conditions prior to authorizing the use of those mechanisms.
- F. In adopting the regulations described in #3D above, ARB may adopt market-based compliance mechanisms and specifies conditions and criteria for the adoption and use of those mechanisms.
- G. In adopting regulations, requires ARB to take into account environmental justice, equitable distribution of emission reductions, best available scientific and economic information, and other factors.

- H. Provides that ARB shall consult with various other state agencies that have jurisdiction over utilities and other sources of GHG emissions in order to minimize any overlap among those agencies.
4. Authorizes ARB to impose administrative, civil, and/or criminal penalties consistent with its authority under air quality statutes for violations of any rule, regulation, order, or standard adopted by ARB pursuant to the bill's provisions.
  5. Authorizes the Governor to adjust applicable deadlines for individual regulations, or for the state in aggregate, to the earliest feasible date in the event of extraordinary circumstances, catastrophic events, or significant economic harm, limits that adjustment to one year in duration, specifies procedures for notifying the public and provides that this provision does not affect the Governor's authority under the Emergency Services Act.
  6. Requires ARB to establish an environmental justice advisory committee and an economic and technology advisory committee for the purposes of advising ARB on implementation of the bill's provisions, and specifies appointment processes and procedures for those committees.
  7. Provides that if the regulations adopted pursuant to AB 1493 (Pavley), Chapter 200, Statutes of 2002, to reduce GHG emissions from vehicular sources do not remain in effect, ARB shall adopt alternative regulations that achieve the equivalent or greater reductions.
  8. Requires all state agencies to consider and implement GHG emission reduction strategies, and provides that nothing in the bill affects the authority of any other state agency to reduce GHG emissions, the authority of air districts, the authority of the Public Utilities Commission, or utilities' obligation to provide electric serves.
  9. Authorizes ARB to adopt a schedule of fees to pay for

the costs of implementing the program established pursuant to the bill's provisions.

10. Provides that the provisions of the bill are severable.
11. Makes detailed findings and declarations relative to the economic and environmental effects of global warming and climate change.
12. Establishes definitions of terms used under the bill.

Comments

According to the Senate Environmental Quality Committee analysis, there is broad scientific consensus that rising concentrations of GHG emissions in the atmosphere are resulting in climate changes that will continue to accelerate during this century. A statement in June 2006, from the Attorney General's Office, provides a succinct statement about the perceived threats from global warming. The statement was provided in support of the Public Utility Commission's promulgating a rule to integrate GHG emission standards into procurement policies and included the following findings:

"the best available science establishes that GHG-induced climate change is occurring and is fast approaching a critical 'tipping point' and that California has a substantial stake in taking every possible action at the earliest juncture to mitigate the potentially devastating impacts - economic as well as environmental - of climate change?

"Impacts from anthropogenic CO2 emissions that have occurred, are occurring, and will occur, include: temperature increases, heat waves, loss of Arctic ice and habitat, loss of Antarctic ice, melting of glaciers and related glacial lake outburst flows, loss of snowpack in California and elsewhere, changes in precipitation patterns, increased hurricane intensity, sea level rise and coastal flooding, public health harms such as increased heat-related illness and smog, harm to habitats, and the potential for substantial social upheaval resulting from significant

environmental changes. [a one meter sea level rise threatens \$48 billion of commercial, industrial, and residential structures in the San Francisco Bay]

"In litigation between the automakers and the State of California, the automakers have challenged the authority of the State to regulate greenhouse gases from mobile sources. In response to the automakers claims, the State has gathered declarations from some

of the world's leading climate scientists concerning impacts of anthropogenic greenhouse gas emissions on climate broadly and on California in particular. Many of these declarations, which starkly establishes the threat to the world and to California:

"At the same time as climate change is likely to cause a significant reduction in California's effective water supply, it is also likely to cause an increase in California's demand for water because of the sharp increase in summertime temperatures.

"The effects of global warming are already observed in the decrease in snow water equivalent and in the earlier snowmelt and streamflow timing of the past several decades.

"Climate change will increase global sea levels?Sea level rise will have two effects (a) ?increase the intrusion of salt water [into the Sacramento delta]; and (b) increase water levels in the channels [of the Delta] and so threaten the integrity of the levees in the Delta.

"The findings strongly suggest that a climate change consistent with any of the four [commonly employed] climate projections?will lead to a significant increase in heat-related deaths. This increase will number in the thousands for the five California cities [Fresno, Los Angeles, Riverside, Sacramento and San Francisco] over a period of a decade.

"If additional human-made global warming (above that in 2000) is so large, say 2-3 degrees C, that the expected equilibrium (long-term) sea level rise is of the order

of 25 meters, there would be a potential for a continually unfolding planetary disaster of monstrous proportions."

#### Background

In June 2005, the Governor issued an executive order that established the following GHG emission reduction targets for the state:

By 2010, reduce GHG emissions to year 2000 levels.  
By 2020, reduce GHG emissions to year 1990 levels.  
By 2050, reduce GHG emissions to 80 percent below year 1990 levels.

As noted in a report by the Legislative Analyst, between 1990 and 2000, annual California GHG emissions increased by approximately 13 percent, from about 396 million metric tons in 1990 to 449 million metric tons in 2000. The Governor's Climate Action Team has estimated that achieving the Governor's GHG reduction targets for 2010 and 2020 will result in GHG emissions that are 11 percent and 29 percent, respectively, below that which would otherwise occur according to "business as usual".

The initial draft of recommendations drafted by the Climate Action Team included four actions essential to meeting the

Governor's GHG reduction goals:

1. Require climate change emissions reporting from all emitters of GHGs, starting with the largest emitters.
2. Levy fees on gasoline and diesel sales to reduce demand for these fuels and to fund promotion of alternative, cleaner fuels.
3. Coordinate state investment funds to reward industry development of emission reduction technologies.
4. Encourage companies to take early action to reduce their climate change emissions in anticipation of subsequent state, federal, or international emissions reduction programs.

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FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes  
Local: Yes

SUPPORT : (Verified 8/30/06)

Natural Resources Defense Council (co-source)  
Environmental Defense (co-source)

Federal Elected Officials from California

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Hon. Dianne Feinstein, U.S. Senator  
Hon. Barbara Boxer, U.S. Senator  
Hon. Howard Berman, U.S. Representative  
Hon. Tom Lantos, U.S. Representative  
Hon. Sam Farr, U.S. Representative  
Hon. Zoe Lofgren, U.S. Representative  
Hon. Michael Honda, U.S. Representative  
Hon. George Miller, U.S. Representative  
Hon. Adam Schiff, U.S. Representative  
Hon. Hilda Solis, U.S. Representative

Local/County Governments

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City of Agoura Hills  
City of Berkeley  
City of Beverly Hills  
City of Burbank  
City of Carson  
City of Chino  
City of Chula Vista  
City of Cloverdale  
City of Cotati  
City of Fairfax  
City of Foster City  
City of Grand Terrace  
City of Hayward  
City of Healdsburg  
City of Huntington Park  
City of Los Angeles  
City of Long Beach  
City of Monterey Park  
City of Moorpark  
City of Morgan Hill  
City of Oakland

City of Petaluma  
City of Pleasanton  
City of Rialto  
City of Richmond  
City of Rohnert Park  
City of Sacramento  
City of San Bernardino  
City of San Francisco  
City of San Luis Obispo  
City of San Mateo  
City of Santa Barbara  
City of Santa Cruz  
City of Santa Monica  
City of Santa Rosa  
City of Sausalito  
City of Sebastopol  
City of Sonoma  
City of South San Francisco  
City of Stockton  
City of Sunnyvale  
City of West Hollywood  
County of Contra Costa  
County of Marin  
County of San Mateo  
County of Sonoma  
Town of Windsor  
Hon. Ronald Albert, Mayor, City of Sausalito

Air, Water, and Utility Districts

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California Air Pollution Control Officers Association (if amended)  
East Bay Municipal Utility District  
Marin Municipal Water District  
Sacramento Metropolitan Air Quality Management District  
Sacramento Municipal Utility District  
Santa Clara Valley Water District

Health & Medical Organizations & Professional Organizations

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American Academy of Pediatrics, California Division  
American Lung Association of California  
California Nurses Association  
California Thoracic Society

Catholic Healthcare West  
Community Action to Fight Asthma  
Medical Advocates for Healthy Air  
Regional Asthma Management & Prevention Initiative (RAMP)

Faith-Based Organizations

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California Church IMPACT

California Catholic Conference of Bishops  
Fresno Metro Ministry  
Interfaith Power and Light  
Lutheran Office of Public Policy  
Westminster Presbyterian Church

Organized Labor

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American Federation of State, County and Municipal  
Employees, AFL-CIO  
California Nurses Association  
California Federation of Teachers  
CDF Firefighters

Public Interest Groups

League of Women Voters of California  
Republicans for Environmental Protection (REP America)

Business Organizations

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Bay Area Council (if amended)  
Bay Area Development Corp. Industry Association  
California Ski Industry Association  
California Solar Energy Industries Association  
California Wind Energy Association  
Environmental Entrepreneurs/E2  
The New Voice of Business  
PVNOW  
San Francisco Chamber of Commerce (if amended)  
Santa Rosa Chamber of Commerce  
Small Business California  
Small Business Majority

Businesses

Agoura Technologies  
Bentley Prince Street  
CalWind Resources, Inc  
Christopherson Homes  
Cenveo Anderson Lithograph  
Clif Bar & Co.  
Coddling Investments, Inc  
Energy Solutions  
Environmental Solar Design  
Eurus Energy America Corporation  
Interface, Inc.  
Ion America  
KEMCO  
Mendocino Wine Company  
Mindjet Corporation  
Mountain High Ski Resort  
Northstar-at-Tahoe Ski Resort  
Oak Creek Energy Systems  
Paul Terry & Associates  
PowerLight Corp.  
Progressive Asset Management  
San Gorgonio Farms, Inc.  
Solar Integrated Technologies  
Sonoma Wineco  
Straus Family Creamery  
Sun Light & Power

VentureSpark  
Vita Gabrielli, Inc  
Waste Management, Inc.  
Whitewater Energy Corp  
Whitewater Maintenance Corp  
Witt Rylander Advertising  
Working Assets

Agriculture, Food Processing and Food Services

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California Restaurants:  
Antica Trattoria, Ruggero Gadaldi  
Ajanta, Laxman Moorjani  
B 44, Daniel Olivella  
Boulevard, Nancy Oakes  
Enrico's, Hal Russek  
Hayes Street Grill, Patrician Unterman  
The Last Supper Club, Ruggero

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O Chame, David Vardi  
Oliveto, Bob & Maggie Klein  
Pesce, SF, Ruggero Gadaldi  
Rivoli, Wendy Brucker & Roscoe Skipper  
Tosca, Jeannette Etheridge  
Walzwerk, Christiane Schmidt & Isabell Mysyk  
George H. Hume, President & CEO, Basic American, Inc.  
San Gorgonio Farms  
Thomas B. Klein, Owner & Proprietor, Rodney Strong  
Vineyards

CleanTech

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Aimee Christensen, Team Member, Google.org  
Al Rich, CEO, Solarroofs  
Alvin Duskin, CEO, Clean Coal Energy  
Andrew Beebe, President, Energy Innovations  
Bill Roth, President, Cleantech America  
Carol Weisskopf, Pilz & Co., Inc.  
Chris Copeland, Wintec Energy, Ltd.  
Curt Maloy, WindPro Insurance  
Dave Pearce, CEO, Miasole  
Dennis Scullion, EnXco  
Doug Levitt, CalWind Resources  
Doug Ogden, Executive Vice President, The Energy Foundation  
Dr. Robert Knight, Bevilacqua-Knight, Inc.  
Edward Shonsey, CEO, Diversa Corp.  
Eurus Energy American, Corp.  
Felix Kramer, Founder, California Cars Initiative  
Geraldine Schumacher, Windkraft Nord, USA, Inc.  
Gordon Mitchard, CEO, Pionetics  
Jack Newman, Cofounder and VP Research, Amyris  
Jay Bhalla, Intergy  
Jeff Welton, Wintec Energy  
Jody London, Jody London Consulting  
Joel Makower, Founder, Greenbiz.com & Co-Founder, Clean  
Edge, Inc.  
John Cheney, CEO & Chairman, Renewable Ventures  
John Guice, VP of Business Development, Green Mountain  
Engineering  
John Heinzmann, Fuel Cell Energy  
Ken Moore, RLW Analytics  
Krista Kisch, UPC Wind Management, LLC  
Larry Gross, CEO, Altra

Louis Romo, VP of Business Development, Vycon  
Mahlon Aldridge, Ecology Action  
Mark Tholke  
Martin Roscheisen, Founder & CEO, Nanosolar, Inc.  
Matt Brost, RLW Analytics  
Michael Santullo, President of Executive Council,  
California Clean Tech Open  
Mickey Oros, Allergy Systems  
Mike Little, Agoura Technologies  
Niels Rydder, Green Ridge Power, LLC  
Rana Mookherjee, CFO, Cleantech America  
Ray Larocca, Ion America  
Rob Erlichman, President, Sunlight Electric, LLC  
Robert Mowris, Robert Mowris & Associates  
Ron Pernick, Co-Founder & Principal, Clean Edge  
Sam Cohen, Energy Solutions  
Steve Chadima, CMO, Energy Innovations, Inc.  
Steven Shallenber, American Synergy Corp.  
Tom Conlon, GeoPraxis  
Tom Eckhart, UCONS, LLC

Entertainment Industry

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Bill Clark, Red Board Productions  
Dana Walden, President, Twentieth Century Fox Television  
David Milch, Red Board Productions  
David O'Connor, Managing Partner, Creative Artists Agency  
Elizabeth Wiatt, NRDC Trustee, & Jim Wiatt, CEO, William  
Morris Agency  
Gary Fleder, Mojo Films  
Jonathan Shaw, President, Depth Q Media  
Paul Junger Witt, Partner, Witt Thomas Productions  
Paul Miloknay, Rohner, Walerstein & Miloknay  
Reginald Hudlin, President, Black Entertainment Television

Richard Rudolph, Chief Creat:

West/Rudolph Productions  
Rob Newell, Main Street Media Inc.  
Steven Bochco Productions  
Ted Harbert, President & CEO, E! Networks  
The Jim Henson Company

Financial & Investment Communities

---

Alex Osadzinski, Venture Partner, Trinity Ventures

Andy Funk, CEO, Chairman & Managing Director, Funk Ventures  
Bill Unger, Partner Emeritus, Mayfield  
Bob Welch, President, Coast Ventures  
Brook Byers, Former Partner, Kleiner Perkins Caufield &  
Byers  
Bud Colligan, Accel Partners  
Chris Eyre, Managing Director, Legacy Venture

Dave Edwards, Managing Director, ThinkEquity Partners  
David Liddle, General Partner, USVP  
David Roux, Managing Director, Silver Lake Partners  
David Taylor, Venture Capitalist  
Diane Christensen, President, Manzanita Management Corp.  
Don Garman, First Vice President, Merrill Lynch Private  
Advisory Group  
Doug Shorenstein, Chairman & CEO, Shorenstein Properties,  
LLC  
Ellen Pao, Partner, Kleiner Perkins Caufield & Byers  
Eric Bowen, VP Energy and Director Biofuels, Sigma Capital  
Group  
Eric Hippeau, Managing Partner, Softbank Capital  
Eric Ramberg, Atrium Capital  
F. Warren Hellman, Chairman, Hellman & Friedman, LLC  
George A. Miller, Retired Chairman, Capital Research Co.  
George Hardie, Babcock & Brown, LP  
George Montgomery, Sr. Advisor, Seven Hills Group  
George Phipps, Partner, Oak Hill Investment Management  
Gib Myers, Partner Emeritus, Mayfield Fund & Founder/Board  
of the Entrepreneurs Foundation  
Herbert M. Sandler, Chairman & CEO, Goldern West Financial  
Corp.  
Ion Yedigargolu, Partner, Capricorn Management, LLC  
James Higgins, General Partner, Lakeside Enterprises  
Janet McKinley, Retired Chairman, Income Fund of America  
Jeff Lawrence, Founder, President & CEO, Clivia Systems  
Inc.  
Jill Tate Higgins, General Partner, Lakeside Enterprises  
John Doerr, Partner, Kleiner Perkins Kaufield & Byers  
John Swift, President, Swift Development, Inc.  
Kate Mitchell, Managing Partner, BankAmerica Ventures  
Larry Orr, Managing Partner, Trinity Ventures  
Lynn Feintech, Managing Director, Citigroup Global  
Investment  
Madelyn Mallory, President & CEO, Catalyst Financial  
Planning & Investment Management Corp.

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Marianne Gaddy, VentureSpark  
Mike Dierks, Director, Strategic Investments, Intel Capital

Reid Dennis, Managing Director, Institutional Venture  
Partners  
Russell Hall, Managing Director, Legacy Venture  
Ruthann Quindlen, Institutional Venture Partners  
Ted Driscoll, Venture Partner, Claremont Creeks Venture  
Tim McAdam, General Partner, Trinity Ventures  
Tim Newell, Managing Director, Element Venture Partners  
Tod Francis, Founding Partner, Shasta Ventures  
Tom Cole, General Partner, Trinity Ventures  
Vic Parker, General Partner, Spectrum Equity  
Wes Mitchell, President, Foto Forum, SFMOMA  
Zeb Rice, Partner, Angeleno Group

Professional Services

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Andrew Deitz, Director, Symphony Technology Group  
David Hessel, Operations Manager, CB Richard Ellis, Inc.,  
Natl. Procurement  
Jane Downs, President. Along Came Mary! Productions, Inc.  
Mark Parnes, Attorney, Wilson Sonsini Goodrich & Rosati  
Mary Micucci, Founder & Owner, Along Came Mary!  
Productions. Inc.

Matthew Fisher, Nixon Peabody, LLP  
Michael Rylander, Witt Rylander Advertising  
Peter Davis, Appellate Department, Reed Smith Crosby Heafy  
Renee Miller, President/Creative Director, The Miller Group  
Advertising  
Renee White Fraser, PhD., President & CEO, Fraser  
Communications

Technology & Biotechnology

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Anne Feldhusen, Marketing Program Manager, Hewlett-Packard  
Bob Epstein, Co-Founder, Sybase, GetActive Software,  
Environmental Entrepreneurs  
Bob Fisher, Director, Gap, Inc. & Sun Microsystems  
Brian Dougherty, CEO, Airenna, Inc.  
Bryan Martel, Chief Executive Officer, Mobius Technologies,  
Inc.  
David Rosenstein, President, Intex Solutions  
Eric Schmidt, Chairman & CEO, Google

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George Dies, Director, Strategic Planning, HP Labs,  
Hewlett-Packard Company  
Jiali Osadzinski, Controller, Applied Biosystems  
Joe Costello, Former Chair & CEO, Cadence Design Systems  
John Mayerhofer, Chairman, CEO, VoiceIndigo, Inc.  
Kathy Nyrop, Vice President & CFO, GetActive Software  
Lisa Gansky, Co-Founder, Ofoto (Kodak) & GNN (AOL)  
Michael Delapa, President, Delapa Consulting; Co-Founder  
Arena Solutions  
Nathan Diemer, Executive VP & COO, DreamHammer, Inc.  
Rick DeGolia, Chairman, Apptera  
Shelby Bonnie, Chairman & CEO, CNET Networks, Inc.  
Stephen Torres, Magnetek  
Steve Farrell, Chairman Emeritus, Netigy Corporation, ENS  
Inc.  
Steve Fioretti, Senior Director Product Marketing, Siebel  
Systems  
Tim Newell, Vice President & CFO, GetActive Software

Other E2 Business Leaders

---

Amy Santullo, Chairman, Downtown College Prep Scholarship  
Committee  
Carol Mon?, President, Our Earth Music, Inc.  
Drew Maran, President, Drew Maran Construction/Design  
Jeffrey Neu, Sr. Vice President - General Manager, SIMS  
Hugo Neu  
Nicole Lederer, Co-Founder, E2  
Peter Fortenbaugh, Executive Director, Boys and Girls Club  
of the Peninsula  
Susie Roos, Cook & Roos  
Tushar Gheewala, CEO & Chairman, Inventions Outsource

Editorial Support

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Los Angeles Times  
Pasadena Weekly  
San Francisco Chronicle  
The Mercury News (San Jose)  
The New York Times  
The Sacramento Bee

Conservation, Natural Resources, & Environmental

Amigos de Bolsa Chica  
Audubon California  
Baykeeper  
Bluewater Network  
California Coastal Commission  
Calif. League of Conservation Voters  
California Native Plant Society  
California Oak Foundation  
California Outdoor Heritage Alliance  
Californians Against Waste  
Californians for Alternatives to Toxics  
Central Valley Air Quality Coalition Steering Committee  
Members (if amended)  
Clean Power Campaign  
Climate Protection Campaign (600 Signatures)  
Coalition for Clean Air  
Community Fuels  
Defenders of Wildlife  
Deltakeeper  
Endangered Habitats League  
Environment California  
Environmental Justice Coalition for Water  
Environmental Defense  
Global Green USA  
Greenpeace  
Institute for Deep Ecology  
Kirsch Foundation  
KyotoUSA  
League of Conservation Voters  
Literacy for Environmental Justice  
Marin Conservation League  
National Audubon Society  
National Environmental Trust  
National Wildlife Federation  
Natural Resources Defense Council  
Odyssey  
Orange County League of Conservation Voters  
Pacific Forest Trust  
Planning and Conservation League  
Sierra Club CA  
Sierra Club - Loma Prieta Chapter  
Sierra Nevada Alliance  
Steven and Michele Kirsch Foundation

Turtle Island Restoration Network  
Union of Concerned Scientists  
U.S. Public Interest Research Group

OPPOSITION : (Verified 8/30/06)

1 Icon (Foothill Ranch)  
Alert-O-Life, Inc (Fresno)  
Alliance of Automobile Manufacturers  
American Canyon Chamber of Commerce  
American Optisurgical Inc, (Lake Forest)  
American Vanpac Carriers, Inc (Lake Forest)  
Asphalt Pavement Association  
Associated General Contractors of California, Inc  
Association of International Automobile Manufacturers  
Athena Enterprises, Inc (Chico)  
Automobile Refrigeration Products Institute  
Boeing Company  
C & R Plumbing Co. Inc, Westminster  
California Automobile Wholesalers Association  
California Bean Shippers Association  
California Beer and Beverage Distributors  
California Building Industry Association  
California Business Properties Association  
California Business Roundtable  
California Cement Manufacturers Environment Coalition  
California Chamber of Commerce  
California Circuits Association  
California Council Environmental Economic Balance  
California Forestry Association  
California Grocers Association  
California Independent Grocers and Convenience Stores  
California Hotel and Lodging Association  
California Independent Oil Marketers Association  
California Independent Petroleum Association  
California Grain and Feed Association  
California League of Food Processors  
California Manufacturers and Technology Association  
California Mining Association  
California/Nevada Automotive Wholesalers Association  
California Nevada Cement Promotion Council  
California Portland Cement Company  
California Precast Concrete Association  
California Poultry Federation

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California Refrigeration Products Institute  
California Restaurant Association  
California Retailers Association  
California State Floral Association  
California Warehouse Association  
CalCars, The California Cars Initiative  
Calistoga Chamber of Commerce  
Carris Reels of California, Inc (Madera)  
Castro Valley Chamber of Commerce  
Center for Energy and Economic Development  
Cerritos Regional Chamber of Commerce  
Chemical Industry Council of California  
Clovis Chamber of Commerce  
Construction Materials Association of California  
Consumers First, Inc.  
Cornerstone of Southern California  
County of Santa Barbara Industrial Association  
Dublin Chamber of Commerce  
El Monte Chamber of Commerce  
EMC Planning Group, Inc (Monterey)  
Engine Manufacturers Association  
Engineering and Utility Contractors Association  
Faust Printing (Rancho Cucamonga)  
Foasberg Laundry and Cleaners (Long Beach)

Forest Lawn Memorial Parks (Glendale)  
General Carbon Company (Los Angeles)  
Greater Bakersfield Chamber of Commerce  
Greater Fresno Area Chamber of Commerce  
Hayward Chamber of Commerce  
Home Instead Senior Care (Rancho Cucamonga)  
Imperial County Farm Bureau  
Independent Oil Producers Agency  
Industrial Environment Association  
Irvine Chamber  
Kern County Farm Bureau  
Irwindale Chamber of Commerce  
LA Envelope Inc. (Montebello)  
Milpitas Chamber of Commerce  
Orange Chamber of Commerce  
Orange County Business Council  
Oxnard Chamber of Commerce  
Pacific Egg and Poultry Association  
Palestro Distribution Centers  
Petz Enterprises Inc. (Tracy)

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Pleasanton Chamber of Commerce  
Plumbing Manufacturers Institute  
Rancho Cordova Chamber of Commerce  
Rubber Manufacturers Association  
San Joaquin County Farm Bureau  
Santa Barbara County Farm Bureau  
Santa Barbara County Taxpayers Association  
SDH Enterprises, Inc. (Fairfield)  
SEE California (a Chamber sub-group)  
Searless Valley Minerals  
Smiley Motor Sports (Fairfield)  
Stanislaus County Farm Bureau  
Stokes Ladders, Inc (Kelseyville)  
TAMCO  
TelePacific Communications (Los Angeles)  
Tuolumne County Chamber of Commerce  
Ventura Chamber of Commerce  
Western Growers Association  
Western Plant Health Association  
Western States Petroleum Association  
Western United Dairymen  
WH Breshars, Inc (Modesto)  
Wine Institute

(Oppose Unless Amended)

Agricultural Council of California  
Alliance of Western Milk Producers  
BP (Oppose unless Amended)  
California Association of Winegrape Growers  
California Citrus Mutual  
California Farm Bureau Federation  
California Cotton Ginners Association  
California Cotton Growers Association  
California Grape and Tree Fruit League  
Nisei Farmers League  
PG & E Company

ASSEMBLY FLOOR :

AYES: Arambula, Baca, Bass, Berg, Bermudez, Blakeslee,  
Calderon, Canciamilla, Chan, Chavez, Chu, Cohn, Coto, De

La Torre, Dymally, Evans, Frommer, Goldberg, Hancock,  
Harman, Shirley Horton, Jones, Karnette, Klehs, Koretz,

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Laird, Leno, Levine, Lieber, Liu, Matthews, Montanez,  
Mullin, Nation, Nava, Negrete McLeod, Oropeza, Parra,  
Pavley, Richman, Ridley-Thomas, Ruskin, Saldana, Salinas,  
Torrico, Umberg, Vargas, Wolk, Yee, Nunez  
NOES: Aghazarian, Benoit, Bogh, Cogdill, Daucher, DeVore,  
Garcia, Haynes, Houston, Huff, Keene, La Malfa, La Suer,  
Leslie, Maze, McCarthy, Mountjoy, Nakanishi, Niello,  
Plescia, Sharon Runner, Spitzer, Strickland, Tran,  
Villines, Walters, Wyland  
NO VOTE RECORDED: Emmerson, Gordon, Jerome Horton

CTW:mel 8/30/06 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

\*\*\*\* END \*\*\*\*

## **Exhibit B**

BILL NUMBER: AB 3034 CHAPTERED  
BILL TEXT

CHAPTER 267  
FILED WITH SECRETARY OF STATE AUGUST 26, 2008  
APPROVED BY GOVERNOR AUGUST 26, 2008  
PASSED THE SENATE AUGUST 7, 2008  
PASSED THE ASSEMBLY AUGUST 13, 2008  
AMENDED IN SENATE AUGUST 6, 2008  
AMENDED IN SENATE JULY 10, 2008  
AMENDED IN SENATE JULY 7, 2008  
AMENDED IN SENATE JUNE 26, 2008  
AMENDED IN ASSEMBLY APRIL 21, 2008  
AMENDED IN ASSEMBLY APRIL 9, 2008

INTRODUCED BY Assembly Members Galgiani and Ma  
(Principal coauthors: Assembly Members Davis and Parra)  
(Coauthors: Assembly Members Adams, Aghazarian, Arambula, Beall, Berryhill, Caballero, Charles?Calderon, Carter, Coto, De?Leon, Dymally, Houston, Huffman, Karnette, Leno, Lieu, Maze, Mullin, Price, Ruskin, Saldana, Solorio, Torrico, and Wolk)  
(Coauthors: Senators Alquist, Cedillo, Florez, Kuehl, Scott, Simitian, Steinberg, Torlakson, and Wiggins)

FEBRUARY 22, 2008

An act to add Sections 185033, 185035, and 185037 to the Public Utilities Code, to add Chapter 20 (commencing with Section 2704) to Division 3 of the Streets and Highways Code, and to repeal Sections 1, 2, 3, and 4 of Chapter 697 of the Statutes of 2002, relating to financing a high-speed passenger train system by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 3034, Galgiani. Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

Existing law, Chapter 697 of the Statutes of 2002, as amended by Chapter 71 of the Statutes of 2004 and Chapter 44 of the Statutes of 2006, provides for submission of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the voters for approval at the November 4, 2008, general election. Subject to voter approval, the act would provide for the issuance of \$9.95 billion of general obligation bonds, \$9 billion of which would be available in conjunction with any available federal funds for planning and construction of a high-speed train system pursuant to the business plan of the High-Speed Rail Authority, and \$950 million of which would be available for capital projects on other passenger rail lines to provide connectivity to the high-speed train system and for capacity enhancements and safety improvements to those lines.

This bill would repeal the above-referenced provisions and enact new provisions submitting a \$9.95 billion general obligation bond act to the voters for approval at the November 4, 2008, general election for the same purposes. The bill would revise and recast the

previously proposed bond act. The bill would refer to construction of a high-speed train system consistent with the authority's certified environmental impact reports of November 2005 and July 9, 2008, rather than with the final business plan of June 2000. The bill would revise the descriptions of route corridors of the proposed high-speed train system. The bill would require excess revenues from operation of the high-speed train system beyond the amount needed for operating and maintenance costs and financing obligations, as determined by the authority, to be used for construction, expansion, improvement, replacement, and rehabilitation of the high-speed train system. The bill would require that not more than 10% of high-speed rail bond proceeds be used for environmental studies, planning, and preliminary engineering activities and that not more than 2.5% of high-speed rail bond proceeds be used for administrative expenses, except as specified. The bill would generally require the authority to complete various funding plans and financial analyses, as specified, prior to submitting a request for appropriation of bond funds for eligible capital costs and prior to committing bond proceeds for expenditure for construction and real property and equipment acquisition, but would also provide that up to 7.5% of high-speed rail bond proceeds may be used for specified expenditures outside of those requirements. The bill would require the authority to give priority in selecting corridors for construction to those corridors that are expected to require the least amount of bond funds as a percentage of total cost of construction, among other considerations. The bill would provide for the bonds to have a final maturity of not more than 40 years.

This bill would require the bond measure to appear first on the November 4, 2008, general election ballot and to be designated as Proposition 1A. The bill would specify the ballot label and title and summary to be used for the measure.

Existing law creates the High-Speed Rail Authority with specified powers and duties relative to the development and implementation of a high-speed train system. Existing law makes the Department of Transportation responsible for improving and maintaining the state highway system.

This bill would require the authority to revise its business plan by September 1, 2008, as specified, and to submit the revised plan to the Legislature. The bill would also require the authority to establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority's plans and issuing an analysis of appropriateness and accuracy of the authority's assumptions and an analysis of the viability of the authority's funding plan for each corridor. This bill would, for any project along the high-speed rail network, authorize the authority to contract with the department to perform project design and engineering services, including construction inspection services, as defined.

Existing law authorizes the authority to, among other things, enter into contracts for the design, construction, and operation of high-speed trains upon approval by the voters of a specified financial plan.

This bill would provide that approval by the voters of the Safe, Reliable High-Speed Passenger Train Bond Act constitutes approval of a financial plan for purposes of that provision.

This bill would declare that it is to take effect immediately as an urgency statute.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 185033 is added to the Public Utilities Code, to read:

185033. The authority shall prepare, publish, and submit to the Legislature, not later than September 1, 2008, a revised business plan that identifies all of the following: the type of service it 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 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 revised 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, 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.

SEC. 2. Section 185035 is added to the Public Utilities Code, to read:

185035. (a) The authority shall establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority's plans and issuing an analysis of appropriateness and accuracy of the authority's assumptions and an analysis of the viability of the authority's financing plan, including the funding plan for each corridor required pursuant to subdivision (b) of Section 2704.08 of the Streets and Highways Code.

(b) The peer review group shall include all of the following:

(1) Two individuals with experience in the construction or operation of high-speed trains in Europe, Asia, or both, designated by the Treasurer.

(2) Two individuals, one with experience in engineering and construction of high-speed trains and one with experience in project finance, designated by the Controller.

(3) One representative from a financial services or financial consulting firm who shall not have been a contractor or subcontractor of the authority for the previous three years, designated by the Director of Finance.

(4) One representative with experience in environmental planning, designated by the Secretary of Business, Transportation and Housing.

(5) Two expert representatives from agencies providing intercity or commuter passenger train services in California, designated by the Secretary of Business, Transportation and Housing.

(c) The peer review group shall evaluate the authority's funding plans and prepare its independent judgment as to the feasibility and reasonableness of the plans, appropriateness of assumptions, analyses, and estimates, and any other observations or evaluations it deems necessary.

(d) The authority shall provide the peer review group any and all information that the peer review group may request to carry out its responsibilities.

(e) The peer review group shall report its findings and conclusions to the Legislature no later than 60 days after receiving the plans.

SEC. 3. Section 185037 is added to the Public Utilities Code, to

read:

185037. (a) Notwithstanding any other provision of law, for any project along the high-speed rail network, the authority may contract with the department to perform project design and engineering services, including construction inspection services.

(b) For purposes of this section, "project design and engineering services, including construction inspection services" means preliminary engineering, planning, prebid services, right-of-way acquisition, preparation of environmental documents, preparation of plans, specifications, and estimates, construction inspection including surveying and materials testing, quality control inspection including highway and utility relocation, and grade separations.

SEC. 4. Section 1 of Chapter 697 of the Statutes of 2002, as amended by Section 1 of Chapter 71 of the Statutes of 2004, is repealed.

SEC. 5. Section 2 of Chapter 697 of the Statutes of 2002, as amended by Sections 1 and 2 of Chapter 44 of the Statutes of 2006, is repealed.

SEC. 6. Section 3 of Chapter 697 of the Statutes of 2002, as amended by Section 3 of Chapter 44 of the Statutes of 2006, is repealed.

SEC. 7. Section 4 of Chapter 697 of the Statutes of 2002, as amended by Section 4 of Chapter 44 of the Statutes of 2006, is repealed.

SEC. 8. (a) The continuing growth in California's population and the resulting increase in traffic congestion, air pollution, greenhouse gas emissions, and the continuation of urban sprawl make it imperative that the state proceed quickly to construct a state-of-the-art high-speed passenger train system to serve major metropolitan areas.

(b) The High-Speed Rail Authority, after extensive studies and analysis, proposes the construction of a high-speed train system that serves major population centers in the state and that links regional and local transit systems to form an integrated transportation system throughout the state. The system will link all of the state's major population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, including Los Angeles, the Inland Empire, Orange County, and San Diego.

(c) The high-speed train system proposed by the authority will cost about one-third of what it would cost to provide the same level of mobility and service with highway and airport improvements and will contribute significantly toward a reduction in air pollution and global warming.

(d) The high-speed train system, once it is completed and becomes operational, will contribute significantly toward the goal of reducing greenhouse gas emissions and other air pollutants and will help reduce California's dependence on foreign energy sources.

(e) The high-speed passenger train bond funds are intended to encourage the federal government and the private sector to make a significant contribution toward the construction of the high-speed train system.

(f) It is the intent of the Legislature that the entire high-speed train system shall be constructed as quickly as possible in order to maximize ridership and the mobility of Californians, and that it be completed no later than 2020, and that all phases shall be built in a manner that yields maximum benefit consistent with available revenues.

SEC. 9. Chapter 20 (commencing with Section 2704) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 20. SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT

FOR THE 21ST CENTURY

Article 1. General Provisions

2704. This chapter shall be known and may be cited as the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

2704.01. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the High-Speed Passenger Train Finance Committee created pursuant to Section 2704.12.

(b) "Authority" means the High-Speed Rail Authority created pursuant to Section 185020 of the Public Utilities Code, or its successor.

(c) "Fund" means the High-Speed Passenger Train Bond Fund created pursuant to Section 2704.05.

(d) "High-speed train" means a passenger train capable of sustained revenue operating speeds of at least 200 miles per hour where conditions permit those speeds.

(e) "High-speed train system" means a system with high-speed trains and includes, but is not limited to, the following components: right-of-way, track, power system, rolling stock, stations, and associated facilities.

(f) "Corridor" means a portion of the high-speed train system as described in Section 2704.04.

(g) "Usable segment" means a portion of a corridor that includes at least two stations.

Article 2. High-Speed Passenger Train Financing Program

2704.04. (a) It is the intent of the Legislature by enacting this chapter and of the people of California by approving the bond measure pursuant to this chapter to initiate the construction of a high-speed train system that connects the San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim, and links the state's major population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego consistent with the authority's certified environmental impact reports of November 2005 and July 9, 2008.

(b) (1) Net proceeds received from the sale of nine billion dollars (\$9,000,000,000) principal amount of bonds authorized pursuant to this chapter, upon appropriation by the Legislature in the annual Budget Act, shall be used for (A) planning and engineering for the high-speed train system and (B) capital costs, as described in subdivision (c).

(2) As adopted by the authority in May 2007, Phase 1 of the high-speed train project is the corridor of the high-speed train system between San Francisco Transbay Terminal and Los Angeles Union Station and Anaheim.

(3) Upon a finding by the authority that expenditure of bond proceeds for capital costs in corridors other than the corridor described in paragraph (2) would advance the construction of the system, would be consistent with the criteria described in subdivision (f) of Section 2704.08, and would not have an adverse impact on the construction of Phase 1 of the high-speed train project, the authority may request funding for capital costs, and the

Legislature may appropriate funds described in paragraph (1) in the annual Budget Act, to be expended for any of the following high-speed train corridors:

- (A) Sacramento to Stockton to Fresno.
- (B) San Francisco Transbay Terminal to San Jose to Fresno.
- (C) Oakland to San Jose.
- (D) Fresno to Bakersfield to Palmdale to Los Angeles Union Station.

- (E) Los Angeles Union Station to Riverside to San Diego.
- (F) Los Angeles Union Station to Anaheim to Irvine.

(G) Merced to Stockton to Oakland and San Francisco via the Altamont Corridor.

(4) Nothing in this section shall prejudice the authority's determination and selection of the alignment from the Central Valley to the San Francisco Bay Area and its certification of the environmental impact report.

(5) Revenues of the authority, generated by operations of the high-speed train system above and beyond operating and maintenance costs and financing obligations, including, but not limited to, support of revenue bonds, as determined by the authority, shall be used for construction, expansion, improvement, replacement, and rehabilitation of the high-speed train system.

(c) Capital costs payable or reimbursable from proceeds of bonds described in paragraph (1) of subdivision (b) include, with respect to the high-speed train system or any portion thereof, all activities necessary for acquisition of interests in real property and rights-of-way and improvement thereof; acquisition and construction of tracks, structures, power systems, and stations; acquisition of rolling stock and related equipment; mitigation of any direct or indirect environmental impacts of activities authorized by this chapter; relocation assistance for displaced property owners and occupants; other related capital facilities and equipment; and such other purposes related to the foregoing, for the procurement thereof, and for the financing or refinancing thereof, as may be set forth in a statute hereafter enacted. The method of acquisition of any of the foregoing may also be set forth in a statute hereafter enacted.

(d) Proceeds of bonds authorized pursuant to this chapter shall not be used for any operating or maintenance costs of trains or facilities.

(e) The State Auditor shall perform periodic audits of the authority's use of proceeds of bonds authorized pursuant to this chapter for consistency with the requirements of this chapter.

2704.05. Subject to Section 2704.18, the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the High-Speed Passenger Train Bond Fund, which is hereby created.

2704.06. The net proceeds received from the sale of nine billion dollars (\$9,000,000,000) principal amount of bonds authorized pursuant to this chapter, upon appropriation by the Legislature in the annual Budget Act, shall be available, and subject to those conditions and criteria that the Legislature may provide by statute, for (a) planning the high-speed train system and (b) capital costs set forth in subdivision (c) of Section 2704.04, consistent with the authority's certified environmental impact reports of November 2005 and July 9, 2008, as subsequently modified pursuant to environmental studies conducted by the authority.

2704.07. The authority shall pursue and obtain other private and public funds, including, but not limited to, federal funds, funds from revenue bonds, and local funds, to augment the proceeds of this chapter.

2704.08. (a) Proceeds of bonds described in paragraph (1) of

subdivision (b) of Section 2704.04 shall not be used for more than 50 percent of the total cost of construction of each corridor or usable segment thereof of the high-speed train system, except for bond proceeds used for the purposes of subdivision (g).

(b) Not more than 10 percent of the proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 shall be used for environmental studies, planning, and preliminary engineering activities.

(c) (1) No later than 90 days prior to the submittal to the Legislature and the Governor of the initial request for appropriation of proceeds of bonds authorized by this chapter for any eligible capital costs on each corridor, or usable segment thereof, identified in subdivision (b) of Section 2704.04, other than costs described in subdivision (g), the authority 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, a detailed funding plan for that corridor or a usable segment thereof.

(2) The plan shall include, identify, or certify to all of the following:

(A) The corridor, or usable segment thereof, 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 corridor or usable segment thereof.

(C) The estimated full cost of constructing the 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, 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 based on projected high-speed passenger train operations on the corridor or usable segment.

(F) 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) Construction of the corridor or usable segment thereof can be completed as proposed in the plan.

(H) The corridor or usable segment thereof would be suitable and ready for high-speed train operation.

(I) One or more passenger service providers can begin using the tracks or stations for passenger train service.

(J) The planned passenger service by the authority in the corridor or usable segment thereof will not require a local, state, or federal operating subsidy.

(K) The authority has completed all necessary project level environmental clearances necessary to proceed to construction.

(d) Prior to committing any proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 for expenditure for construction and real property and equipment acquisition on each corridor, or usable segment thereof, other than for costs described in subdivision (g), the authority shall have approved and concurrently submitted to the Director of Finance and the Chairperson of the Joint Legislative Budget Committee the following: (1) a

detailed funding plan for that corridor or usable segment thereof that (A) identifies the corridor or usable segment thereof, and the estimated full cost of constructing the corridor or usable segment thereof, (B) identifies the sources of all funds to be used and anticipates time of receipt thereof based on offered commitments by private parties, and authorizations, allocations, or other assurances received from governmental agencies, (C) includes a projected ridership and operating revenue report, (D) includes a construction cost projection including estimates of cost escalation during construction and appropriate reserves for contingencies, (E) includes a report describing any material changes from the plan submitted pursuant to subdivision (c) for this corridor or usable segment thereof, and (F) describes the terms and conditions associated with any agreement proposed to be entered into by the authority and any other party for the construction or operation of passenger train service along the corridor or usable segment thereof; and (2) a report or reports, prepared by one or more financial services firms, financial consulting firms, or other consultants, independent of any parties, other than the authority, involved in funding or constructing the high-speed train system, indicating that (A) construction of the corridor or usable segment thereof can be completed as proposed in the plan submitted pursuant to paragraph (1), (B) if so completed, the corridor or usable segment thereof would be suitable and ready for high-speed train operation, (C) upon completion, one or more passenger service providers can begin using the tracks or stations for passenger train service, (D) the planned passenger train service to be provided by the authority, or pursuant to its authority, will not require operating subsidy, and (E) an assessment of risk and the risk mitigation strategies proposed to be employed. The Director of Finance shall review the plan within 60 days of its submission by the authority and, after receiving any communication from the Joint Legislative Budget Committee, if the director finds that the plan is likely to be successfully implemented as proposed, the authority may enter into commitments to expend bond funds that are subject to this subdivision and accept offered commitments from private parties.

(e) Subsequent to approval of the detailed funding plan required under subdivision (d), the authority shall promptly inform the Governor and the Legislature of any material changes in plans or project conditions that would jeopardize completion of the corridor as previously planned and shall identify means of remedying the conditions to allow completion and operation of the corridor.

(f) In selecting corridors or usable segments thereof for construction, the authority shall give priority to those corridors or usable segments thereof that are expected to require the least amount of bond funds as a percentage of total cost of construction. Among other criteria it may use for establishing priorities for initiating construction on corridors or usable segments thereof, the authority shall include the following: (1) projected ridership and revenue, (2) the need to test and certify trains operating at speeds of 220 miles per hour, (3) the utility of those corridors or usable segments thereof for passenger train services other than the high-speed train service that will not result in any unreimbursed operating or maintenance cost to the authority, and (4) 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 rail transit), bus, or air transit.

(g) Nothing in this section shall limit use or expenditure of

proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 up to an amount equal to 7.5 percent of the aggregate principal amount of bonds described in that paragraph for environmental studies, planning, and preliminary engineering activities, and for (1) acquisition of interests in real property and right-of-way and improvement thereof (A) for preservation for high-speed rail uses, (B) to add to third-party improvements to make them compatible with high-speed rail uses, or (C) to avoid or to mitigate incompatible improvements or uses; (2) mitigation of any direct or indirect environmental impacts resulting from the foregoing; and (3) relocation assistance for property owners and occupants who are displaced as a result of the foregoing.

(h) Not more than 2.5 percent of the proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 shall be used for administrative purposes. The amount of bond proceeds available for administrative purposes shall be appropriated in the annual Budget Act. The Legislature may, by statute, adjust the percentage set forth in this subdivision, except that the Legislature shall not increase that percentage to more than 5 percent.

(i) No failure to comply with this section shall affect the validity of the bonds issued under this chapter.

2704.09. The high-speed train system to be constructed pursuant to this chapter shall be designed to achieve the following characteristics:

(a) Electric trains that are capable of sustained maximum revenue operating speeds of no less than 200 miles per hour.

(b) Maximum nonstop service travel times for each corridor that shall not exceed the following:

(1) San Francisco-Los Angeles Union Station: two hours, 40 minutes.

(2) Oakland-Los Angeles Union Station: two hours, 40 minutes.

(3) San Francisco-San Jose: 30 minutes.

(4) San Jose-Los Angeles: two hours, 10 minutes.

(5) San Diego-Los Angeles: one hour, 20 minutes.

(6) Inland Empire-Los Angeles: 30 minutes.

(7) Sacramento-Los Angeles: two hours, 20 minutes.

(c) Achievable operating headway (time between successive trains) shall be five minutes or less.

(d) The total number of stations to be served by high-speed trains for all of the corridors described in subdivision (b) of Section 2704.04 shall not exceed 24. There shall be no station between the Gilroy station and the Merced station.

(e) Trains shall have the capability to transition intermediate stations, or to bypass those stations, at mainline operating speed.

(f) For each corridor described in subdivision (b), passengers shall have the capability of traveling from any station on that corridor to any other station on that corridor without being required to change trains.

(g) In order to reduce impacts on communities and the environment, the alignment for the high-speed train system shall follow existing transportation or utility corridors to the extent feasible and shall be financially viable, as determined by the authority.

(h) Stations shall be located in areas with good access to local mass transit or other modes of transportation.

(i) The high-speed train system shall be planned and constructed in a manner that minimizes urban sprawl and impacts on the natural environment.

(j) Preserving wildlife corridors and mitigating impacts to wildlife movement, where feasible as determined by the authority, in order to limit the extent to which the system may present an

additional barrier to wildlife's natural movement.

2704.095. (a) (1) Net proceeds received from the sale of nine hundred fifty million dollars (\$950,000,000) principal amount of bonds authorized by this chapter shall be allocated to eligible recipients for capital improvements to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system as that system is described in subdivision (b) of Section 2704.04, or that provide capacity enhancements and safety improvements. Funds under this section shall be available upon appropriation by the Legislature in the annual Budget Act for the eligible purposes described in subdivision (d).

(2) Twenty percent (one hundred ninety million dollars (\$190,000,000)) of the amount authorized by this section shall be allocated for intercity rail to the Department of Transportation, for state-supported intercity rail lines that provide regularly scheduled service and use public funds to operate and maintain rail facilities, rights-of-way, and equipment. A minimum of 25 percent of the amount available under this paragraph (forty-seven million five hundred thousand dollars (\$47,500,000)) shall be allocated to each of the state's three intercity rail corridors.

The California Transportation Commission shall allocate the available funds to eligible recipients consistent with this section and shall develop guidelines, in consultation with the authority, to implement the requirements of this section. The guidelines shall include provisions for the administration of funds, including, but not limited to, the authority of the intercity corridor operators to loan these funds by mutual agreement between intercity rail corridors.

(3) Eighty percent (seven hundred sixty million dollars (\$760,000,000)) of the amount authorized by this section shall be allocated upon appropriation as set forth in this section to eligible recipients, except intercity rail, as described in subdivision (c) based upon a percentage amount calculated to incorporate all of the following:

(A) One-third of the eligible recipient's percentage share of statewide track miles.

(B) One-third of the eligible recipient's percentage share of statewide annual vehicle miles.

(C) One-third of the eligible recipient's percentage share of statewide annual passenger trips.

The California Transportation Commission shall allocate the available funds to eligible recipients consistent with this section and shall develop guidelines to implement the requirements of this section.

(b) For the purposes of this section, the following terms have the following meanings:

(1) "Track miles" means the miles of track used by a public agency or joint powers authority for regular passenger rail service.

(2) "Vehicle miles" means the total miles traveled, commencing with pullout from the maintenance depot, by all locomotives and cars operated in a train consist for passenger rail service by a public agency or joint powers authority.

(3) "Passenger trips" means the annual unlinked passenger boardings reported by a public agency or joint powers authority for regular passenger rail service.

(4) "Statewide" when used to modify the terms in subparagraphs (A), (B), and (C) of paragraph (3) of subdivision (a) means the combined total in the state of those amounts for all eligible

recipients.

(c) Eligible recipients for funding under paragraph (3) of subdivision (a) shall be public agencies and joint powers authorities that operate regularly scheduled passenger rail service in the following categories:

- (1) Commuter rail.
- (2) Light rail.
- (3) Heavy rail.
- (4) Cable car.

(d) Funds allocated pursuant to this section shall be used to pay or reimburse the costs of projects to provide or improve connectivity with the high-speed train system or for the rehabilitation or modernization of, or safety improvements to, tracks utilized for public passenger rail service, signals, structures, facilities, and rolling stock.

(e) Eligible recipients may use the funds for any eligible rail element set forth in subdivision (d).

(f) In order to be eligible for funding under this section, an eligible recipient under paragraph (3) of subdivision (a) shall provide matching funds in an amount not less than the total amount allocated to the recipient under this section.

(g) An eligible recipient of funding under paragraph (3) of subdivision (a) shall certify that it has met its matching funds requirement, and all other requirements of this section, by resolution of its governing board, subject to verification by the California Transportation Commission.

(h) Funds made available to an eligible recipient under paragraph (3) of subdivision (a) shall supplement existing local, state, or federal revenues being used for maintenance or rehabilitation of the passenger rail system. Eligible recipients of funding under paragraph (3) of subdivision (a) shall maintain their existing commitment of local, state, or federal funds for these purposes in order to remain eligible for allocation and expenditure of the additional funding made available by this section.

(i) In order to receive any allocation under this section, an eligible recipient under paragraph (3) of subdivision (a) shall annually expend from existing local, state, or federal revenues being used for the maintenance or rehabilitation of the passenger rail system in an amount not less than the annual average of its expenditures from local revenues for those purposes during the 1998-99, 1999-2000, and 2000-01 fiscal years.

(j) Funds allocated pursuant to this section to the Southern California Regional Rail Authority for eligible projects within its service area shall be apportioned each fiscal year in accordance with memorandums of understanding to be executed between the Southern California Regional Rail Authority and its member agencies. The memorandum or memorandums of understanding shall take into account the passenger service needs of the Southern California Regional Rail Authority and of the member agencies, revenue attributable to member agencies, and separate contributions to the Southern California Regional Rail Authority from the member agencies.

### Article 3. Fiscal Provisions

2704.10. (a) Bonds in the total amount of nine billion nine hundred fifty million dollars (\$9,950,000,000), exclusive of refunding bonds issued in accordance with Section 2704.19, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and

to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall sell the bonds authorized by the committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

2704.11. (a) Except as provided in subdivision (b), the bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) Notwithstanding any provision of the State General Obligation Bond Law, each issue of bonds authorized by the committee shall have a final maturity of not more than 40 years from the date of original issuance thereof.

2704.12. (a) Solely for the purpose of authorizing the issuance and sale of the bonds authorized by this chapter and the making of those determinations and the taking of other actions as are authorized by this chapter, pursuant to the State General Obligation Bond Law, the High-Speed Passenger Train Finance Committee is hereby created. For purposes of this chapter, the High-Speed Passenger Train Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Director of Finance, the Controller, the Secretary of Business, Transportation and Housing, and the chairperson of the authority. Notwithstanding any other provision of law, any member of the committee may designate a representative to act as that member in his or her place and stead for all purposes, as though the member were personally present. The Treasurer shall serve as chairperson of the committee. A majority of the committee shall constitute a quorum of the committee, and may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the authority is designated the "board."

2704.13. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Sections 2704.06 and 2704.095 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be issued and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized be issued and sold at any one time. The committee shall consider program funding needs, revenue projections, financial market conditions, and other necessary factors in determining the term for the bonds to be issued. In addition to all other powers specifically granted in this chapter and the State General Obligation Bond Law, the committee may do all things necessary or convenient to carry out the powers and purposes of this article, including the approval of any indenture relating to the bonds, and the delegation of necessary duties to the chairperson and to the Treasurer as agent for the sale of the bonds. Any terms of any bonds issued under this chapter may be provided under an indenture instead of under a resolution, as determined by the committee.

2704.14. There shall be collected each year and in the same

manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

2704.15. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount equal to the total of the following: (a) that sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable, and (b) the sum necessary to carry out Section 2704.17, appropriated without regard to fiscal years.

2704.16. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount borrowed pursuant to Section 2701.17. The board shall execute such documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

2704.17. For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter, less any amount borrowed pursuant to Section 2704.16. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this chapter.

2704.18. All money deposited in the fund which is derived from premium on bonds sold shall be available to pay costs of issuing the bonds, and to the extent not so needed, together with accrued interest derived from sale of the bonds, shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

2704.19. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

2704.20. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

2704.21. Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other

payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

SEC. 10. Section 9 of this act shall take effect upon the adoption by the voters of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, as set forth in Section 9 of this act.

SEC. 11. (a) Section 9 of this act shall be submitted by the Secretary of State to the voters at the November 4, 2008, general election, notwithstanding the requirements of Sections 9040, 9043, 9044, and 9061 of the Elections Code or any other provision of law.

(b) Notwithstanding Sections 13115 and 13117 of the Elections Code, the bond measure described in subdivision (a) shall be placed as the first ballot measure on the November 4, 2008, general election ballot and shall be designated as Proposition 1A.

(c) Notwithstanding any other provision of law, all ballots of the November 4, 2008, general election shall have printed thereon as the ballot label for Proposition 1A the following:

"SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT. To provide Californians a safe, convenient, affordable, and reliable alternative to driving and high gas prices; to provide good-paying jobs and improve California's economy while reducing air pollution, global warming greenhouse gases, and our dependence on foreign oil, shall \$9.95 billion in bonds be issued to establish a clean, efficient high-speed train service linking Southern California, the Sacramento/San Joaquin Valley, and the San Francisco Bay Area, with at least 90 percent of bond funds spent for specific projects, with federal and private matching funds required, and all bond funds subject to independent audits?"

At the appropriate location on the ballot, in the manner prescribed by law, there shall be provided the opportunity for voters to indicate whether they vote for or against the measure.

(d) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (c) shall be the only language included in the ballot label for the condensed statement of the ballot title, and the Attorney General shall not supplement, subtract from, or revise that language, except that the Attorney General shall include the financial impact summary prepared pursuant to Section 9087 of the Elections Code and Section 88003 of the Government Code. The ballot label is the condensed statement of the ballot title and summary and the financial impact summary.

(e) Where the voting in the election is done by means of voting machines used pursuant to law in the manner that carries out the intent of this section, the use of the voting machines and the expression of the voters' choice by means thereof are in compliance with this section.

(f) (1) Notwithstanding any other provision of law, the Secretary of State shall use the following as the ballot title and summary for Proposition 1A:

"SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT.  
Provides long-distance commuters with a safe, convenient, affordable, and reliable alternative to driving and high gas prices.  
Reduces traffic congestion on the state's highways and at the

state's airports.

Reduces California's dependence on foreign oil.

Reduces air pollution and global warming greenhouse gases.

Establishes a clean, efficient 220 MPH transportation system.

Improves existing passenger rail lines serving the state's major population centers.

Provides for California's growing population.

Provides for a bond issue of \$9.95 billion to establish high-speed train service linking Southern California counties, the Sacramento/San Joaquin Valley, and the San Francisco Bay Area.

Provides that at least 90% of these bond funds shall be spent for specific construction projects, with federal and private sector matching funds required.

Requires that use of all bond funds is subject to independent audits.

Appropriates money from the General Fund to pay bond principal and interest."

(2) Notwithstanding any other provision of law, the language in paragraph (1) shall be the only language included in the ballot title and summary, and the Attorney General shall not supplement, subtract from, or otherwise revise that language, except that the Attorney General shall include the financial impact summary prepared pursuant to Section 9087 of the Elections Code and Section 88003 of the Government Code.

(g) The Secretary of State shall include, in the ballot pamphlets mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of the Elections Code regarding the bond act described in subdivision (a). If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet regarding the bond act described in subdivision (a), to be mailed with the ballot pamphlet. If the supplemental ballot pamphlet cannot be mailed with the ballot pamphlet, the supplemental ballot pamphlet shall be mailed separately.

(h) Notwithstanding Section 9054 of the Elections Code or any other provision of law, the translations of the ballot title and the condensed statement of the ballot title required pursuant to Section 9054 may be made available for public examination at a later date than the start of the public examination period for the ballot pamphlet, provided that the translations of the ballot title and the condensed statement of the ballot title must remain available for public examination for eight days.

(i) Notwithstanding Section 13282 of the Elections Code or any other provision of law, the public shall be permitted to examine the condensed statement of the ballot title for not more than eight days. Any voter may seek a writ of mandate for the purpose of requiring any statement of the ballot title, or portion thereof, to be amended or deleted only within that eight-day period.

SEC. 12. Notwithstanding any other provision of law, the bond act proposed by Section 2 of Chapter 697 of the Statutes of 2002, as amended by Sections 2 and 3 of Chapter 71 of the Statutes of 2004 and Sections 1 and 2 of Chapter 44 of the Statutes of 2006, shall not be placed by the Secretary of State on the November 4, 2008, general election ballot, or, if already on the ballot, shall be removed therefrom.

SEC. 13. Approval by the voters of the Safe, Reliable High-Speed Passenger Train Bond Act shall constitute approval of a financial plan for purposes of Section 185036 of the Public Utilities Code.

SEC. 14. This act is an urgency statute necessary for the

immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to replace the provisions of a general obligation bond measure on the November 4, 2008, general election ballot that would authorize the issuance and sale of bonds for the financing of a high-speed passenger train system and for other related purposes with a new measure for similar purposes, it is necessary that this act take effect immediately.

# **Exhibit C**

C A L I F O R N I A  
**GENERAL**  
**ELECTION**

**TUESDAY, NOVEMBER 4, 2008**

The statutory deadline for placing legislative and initiative measures on the ballot was June 26.

However, a new state law that passed after the deadline requires that Proposition 1 be removed from the ballot and be replaced by Proposition 1A. Therefore, although you are receiving information about both measures in the two state voter guides, only Proposition 1A will appear on your November 4, 2008, General Election ballot.

★ **OFFICIAL VOTER INFORMATION GUIDE** ★

*Certificate of Correctness*

I, Debra Bowen, Secretary of State of the State of California, do hereby certify that the measure included herein will be submitted to the electors of the State of California at the General Election to be held throughout the State on November 4, 2008, and that this guide has been correctly prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, on this 18th day of September, 2008.

*Debra Bowen*



Debra Bowen  
*Secretary of State*

★ **SUPPLEMENTAL** ★

This guide contains information  
regarding one additional measure  
that has qualified for the November ballot.



# Secretary of State

Dear Fellow Voter,

Recently you received the **Official Voter Information Guide** for the November 4, 2008, General Election. Since that was printed and mailed, another proposition has been added to the ballot and one has been removed, so my office has created this **Supplemental Official Voter Information Guide**.

The statutory deadline for placing legislative and initiative measures on the ballot was June 26. However, a new state law that passed after the deadline requires that Proposition 1 be removed from the ballot and be replaced by Proposition 1A. *Although voters are receiving information about both measures in the two voter guides they receive from my office, only Proposition 1A will appear on the November 4, 2008, General Election ballot.*

This **Supplemental Official Voter Information Guide** contains impartial analyses of the law and potential costs to taxpayers prepared by Legislative Analyst Elizabeth G. Hill, arguments in favor of and against the ballot measure prepared by proponents and opponents, text of the proposed law proofed by Legislative Counsel Diane F. Boyer-Vine, and other useful information. The printing of the guide was done under the supervision of State Printer Geoff Brandt.

Whether you cast your ballot by mail or at a polling place, I encourage you to take the time to carefully read about each of the 12 statewide measures that will be on your ballot.

For more information about how and where to vote, as well as other ways you can participate in the electoral process, call (800) 345-VOTE or visit [www.sos.ca.gov](http://www.sos.ca.gov).

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# QUICK-REFERENCE GUIDE

## PROP SAFE, RELIABLE HIGH-SPEED 1A PASSENGER TRAIN BOND ACT.

### SUMMARY

*Put on the Ballot by the Legislature*

To provide Californians a safe, convenient, affordable, and reliable alternative to driving and high gas prices; to provide good-paying jobs and improve California's economy while reducing air pollution, global warming greenhouse gases, and our dependence on foreign oil, shall \$9.95 billion in bonds be issued to establish a clean, efficient high-speed train service linking Southern California, the Sacramento/San Joaquin Valley, and the San Francisco Bay Area, with at least 90 percent of bond funds spent for specific projects, with private and public matching funds required, including, but not limited to, federal funds, funds from revenue bonds, and local funds, and all bond funds subject to independent audits? Fiscal Impact: State costs of \$19.4 billion, assuming 30 years to pay both principal and interest costs of the bonds. Payments would average about \$647 million per year. When constructed, unknown operation and maintenance costs, probably over \$1 billion annually; at least partially, and potentially fully, offset by passenger fares.

### WHAT YOUR VOTE MEANS

**YES** A YES vote on this measure means: The state could sell \$9.95 billion in general obligation bonds, to plan and to partially fund the construction of a high-speed train system in California, and to make capital improvements to state and local rail services.

**NO** A NO vote on this measure means: The state could not sell \$9.95 billion in general obligation bonds for these purposes.

### ARGUMENTS

**PRO** California's transportation system is broken: skyrocketing gasoline prices and gridlocked freeways and airports. High-speed trains are the new transportation option that reduces greenhouse gases and dependence on foreign oil. High-speed trains are cheaper than building new highways and airports to meet population growth and require NO NEW TAXES.

**CON** Prop. 1A is a huge boondoggle. Taxpayers pay at least \$640,000,000 *per year* in costs for a government run railroad. There's no guarantee it will ever get built. Expand existing transportation systems instead to cut commutes and save fuel. No on 1A: an open taxpayer checkbook with virtually no accountability.

### FOR ADDITIONAL INFORMATION

**FOR**  
Robert Pence  
Californians For High Speed Trains  
– Yes on Proposition 1A  
455 Capitol Mall, Suite 801  
Sacramento, CA 95814  
(916) 551-2513  
[www.CaliforniaHighSpeedTrains.com](http://www.CaliforniaHighSpeedTrains.com)

**AGAINST**  
Jon Coupal  
Howard Jarvis Taxpayers  
Association  
921 11th Street, Suite 1201  
Sacramento, CA 95814  
(916) 444-9950  
[info@hjta.org](mailto:info@hjta.org)  
[www.hjta.org](http://www.hjta.org)

# CALIFORNIA GENERAL ELECTION TUESDAY, NOVEMBER 4, 2008

★ SUPPLEMENTAL ★  
This guide contains information  
regarding one additional measure  
that has qualified for the November ballot.

## ★ QUICK-REFERENCE GUIDE ★

USE THIS  
QUICK-REFERENCE GUIDE  
AND TAKE IT WITH YOU  
TO THE POLLS!

This guide contains summary and contact information for  
one additional state proposition appearing on the  
November 4, 2008, ballot.



Visit our website at [www.sos.ca.gov](http://www.sos.ca.gov)

OFFICIAL TITLE AND SUMMARY

**SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT.**

- Provides long-distance commuters with a safe, convenient, affordable, and reliable alternative to driving and high gas prices.
- Reduces traffic congestion on the state’s highways and at the state’s airports.
- Reduces California’s dependence on foreign oil.
- Reduces air pollution and global warming greenhouse gases.
- Establishes a clean, efficient 220 MPH transportation system.
- Improves existing passenger rail lines serving the state’s major population centers.
- Provides for California’s growing population.
- Provides for a bond issue of \$9.95 billion to establish high-speed train service linking Southern California counties, the Sacramento/San Joaquin Valley, and the San Francisco Bay Area.
- Provides that at least 90% of these bond funds shall be spent for specific construction projects, with private and public matching funds required, including, but not limited to, federal funds, funds from revenue bonds, and local funds.
- Requires that use of all bond funds is subject to independent audits.
- Appropriates money from the General Fund to pay bond principal and interest.

**Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:**

- State costs of about \$19.4 billion, assuming 30 years to pay off both principal (\$9.95 billion) and interest (\$9.5 billion) costs of the bonds. Payments of about \$647 million per year.
- When constructed, additional unknown costs, probably in excess of \$1 billion a year, to operate and maintain a high-speed train system. The costs would be at least partially, and potentially fully, offset by passenger fare revenues, depending on ridership.

**FINAL VOTES CAST BY THE LEGISLATURE ON AB 3034 (PROPOSITION 1A)**

Senate:	Ayes 27	Noes 10
Assembly:	Ayes 58	Noes 15

ANALYSIS BY THE LEGISLATIVE ANALYST

**BACKGROUND**

**Urban, Commuter, and Intercity Rail.** California is served by various types of passenger rail services that include urban, commuter, and intercity rail services. Urban and commuter rail services primarily serve local and regional transportation needs. Examples include services provided by Bay Area Rapid Transit in the San Francisco Bay Area, Sacramento Regional Transit light rail, Metrolink in Southern California, and the San Diego Trolley. These services are generally planned by local or regional governments and are funded with a combination of local, state, and federal monies.

Intercity rail services primarily serve business or recreational travelers over longer distances between cities as well as between regions in California and other parts of the country. Currently, the state funds and contracts with Amtrak to provide intercity rail service, with trains

that travel at maximum speeds of up to about 90 miles per hour. There are intercity rail services in three corridors: the Capitol Corridor service from San Jose to Auburn, the San Joaquin service from Oakland to Bakersfield, and the Pacific Surfliner service from San Diego to San Luis Obispo. None of the existing state-funded intercity rail services provide train service between northern California and southern California.

**High-Speed Train System.** Currently, California does not have a high-speed intercity passenger train system that provides service at sustained speeds of 200 miles per hour or greater. In 1996, the state created the California High-Speed Rail Authority (the authority) to develop an intercity train system that can operate at speeds of 200 miles per hour or faster to connect the major metropolitan areas of California, and provide service between northern California and southern California.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Over the past 12 years, the authority has spent about \$60 million for pre-construction activities, such as environmental studies and planning, related to the development of a high-speed train system. The proposed system would use electric trains and connect the major metropolitan areas of San Francisco, Sacramento, through the Central Valley, into Los Angeles, Orange County, the Inland Empire (San Bernardino and Riverside Counties), and San Diego. The authority estimated in 2006 that the total cost to develop and construct the entire high-speed train system would be about \$45 billion. While the authority plans to fund the construction of the proposed system with a combination of federal, private, local, and state monies, no funding has yet been provided.

PROPOSAL

This measure authorizes the state to sell \$9.95 billion in general obligation bonds to fund (1) pre-construction activities and construction of a high-speed passenger train system in California, and (2) capital improvements to passenger rail systems that expand capacity, improve safety, or enable train riders to connect to the high-speed train system. The bond funds would be available when appropriated by the Legislature. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds.

For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled “An Overview of State Bond Debt.”

**The High-Speed Train System.** Of the total amount, \$9 billion would be used, together with any available federal monies, private monies, and funds from other sources, to develop and construct a high-speed train system that connects San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim, and links the state’s major population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego. The bond funds may be used for environmental studies, planning and engineering of the system, and for capital costs such as acquisition of rights-of-way, trains, and related equipment, and construction of tracks, structures, power systems, and stations. However, bond funds may be used to provide only up to one-half of the total cost of construction of each corridor or segment of a corridor. The measure requires the authority to seek private and other public funds to cover the remaining costs. The measure also limits the amount of bond funds that can be used to fund certain pre-construction and administrative activities.

Phase I of the train project is the corridor between San Francisco Transbay Terminal and Los Angeles Union Station and Anaheim. If the authority finds that there would be no negative impact on the construction of Phase I of the project, bond funds may be used on any of the following corridors:

- Sacramento to Stockton to Fresno
- San Francisco Transbay Terminal to San Jose to Fresno
- Oakland to San Jose
- Fresno to Bakersfield to Palmdale to Los Angeles Union Station
- Los Angeles Union Station to Riverside to San Diego
- Los Angeles Union Station to Anaheim to Irvine
- Merced to Stockton to Oakland and San Francisco via the Altamont Corridor

The measure requires accountability and oversight of the authority’s use of bond funds authorized by this measure for a high-speed train system. Specifically, the bond funds must be appropriated by the Legislature, and the State Auditor must periodically audit the use of the bond funds. In addition, the authority generally must submit to the Department of Finance and the Legislature a detailed funding plan for each corridor or segment of a corridor, before bond funds would be appropriated for that corridor or segment. The funding plans must also be reviewed by a committee whose members include financial experts and high-speed train experts. An updated funding plan is required to be submitted and approved by the Director of Finance before the authority can spend the bond funds, once appropriated.

**Other Passenger Rail Systems.** The remaining \$950 million in bond funds would be available to fund capital projects that improve other passenger rail systems in order to enhance these systems’ capacity, or safety, or allow riders to connect to the high-speed train system. Of the \$950 million, \$190 million is designated to improve the state’s intercity rail services. The remaining \$760 million would be used for other passenger rail services including urban and commuter rail.

FISCAL EFFECT

**Bond Costs.** The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. While the measure allows for bonds to be issued with a repayment period of up to 40 years, the state’s current practice is to issue bonds with a repayment period of up to 30 years. If the bonds are sold at an average interest rate of 5 percent, and assuming a repayment period of 30 years, the General Fund cost would be about \$19.4 billion to pay off both principal (\$9.95 billion) and interest (\$9.5 billion). The average repayment for principal and interest would be about \$647 million per year.

**Operating Costs.** When constructed, the high-speed train system will incur unknown ongoing maintenance and operation costs, probably in excess of \$1 billion a year. Depending on the level of ridership, these costs would be at least partially, and potentially fully, offset by revenue from fares paid by passengers.

★ ARGUMENT IN FAVOR OF PROPOSITION 1A ★

Proposition 1A will bring Californians a safe, convenient, affordable, and reliable alternative to soaring gasoline prices, freeway congestion, rising airfares, plummeting airline service, and fewer flights available.

It will reduce California's dependence on foreign oil and reduce greenhouse gases that cause global warming.

Proposition 1A is a \$9.95 billion bond measure for an 800-mile High-Speed Train network that will relieve 70 million passenger trips a year that now clog California's highways and airports— WITHOUT RAISING TAXES.

California will be the first state in the country to benefit from environmentally preferred High-Speed Trains common today in Europe and Asia. Proposition 1A will bring California:

- Electric-powered High-Speed Trains running up to 220 miles an hour on modern track, safely separated from other traffic generally along existing rail corridors.
• Routes linking downtown stations in SAN DIEGO, LOS ANGELES, FRESNO, SAN JOSE, SAN FRANCISCO, and SACRAMENTO, with stops in communities in between.
• High-Speed Train service to major cities in ORANGE COUNTY, the INLAND EMPIRE, the SAN JOAQUIN VALLEY, and the SOUTH BAY.
• Nearly a billion dollars to beef up commuter rail systems that connect to High-Speed Trains.

Proposition 1A will save time and money. Travel from Los Angeles to San Francisco in about 2½ hours for about \$50 a person. With gasoline prices today, a driver of a 20-miles-per-gallon car would spend about \$87 and six hours on such a trip.

Ten years of study and planning have gone into PREPARING FOR construction, financing, and operation of a California bullet train network modeled on popular, reliable, and successful systems in Europe and Asia. Their record shows that High-Speed Trains deliver, both in service and economy.

Air travelers spend more time on the ground than in the air today. Proposition 1A will create a new transportation choice that improves conditions at our major airports. There's no room for more runways. High-Speed Trains can relieve that demand.

Electric-powered High-Speed Trains will remove over 12 billion pounds of CO2 and greenhouse gases, equal to the pollution of nearly 1 million cars. And High-Speed Trains require one-third the energy of air travel and one-fifth the energy of auto travel.

Proposition 1A will protect taxpayer interests.

- Public oversight and detailed independent review of financing plans.
• Matching private and federal funding to be identified BEFORE state bond funds are spent.
• 90% of the bond funds to be spent on system construction, not more studies, plans, and engineering activities.
• Bond financing to be available to every part of the state.
• The most cost-efficient construction segments to have the highest priority.

Vote Yes on Proposition 1A to IMPROVE MOBILITY and inject new vitality into California's economy by creating nearly 160,000 construction-related jobs and 450,000 permanent jobs in related industries like tourism. These are American jobs that cannot be outsourced.

Vote Yes on Proposition 1A. www.CaliforniaHighSpeedTrains.com

- STEVEN B. FALK, President San Francisco Chamber of Commerce
GARY TOEBBEN, President Los Angeles Area Chamber of Commerce
FRAN FLOREZ, Vice-Chair California High-Speed Rail Authority

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1A ★

No on 1A: A POLITICAL BOONDOGGLE

The same politicians who can't solve our budget crisis and want to raise your taxes think they can run their own government railroad. Even they admit this high cost train hits taxpayers for \$40 billion. Even so, this is just a "partial payment" by taxpayers, with NO guarantee it will be completed.

The project wasted \$58 million on consultants, European travel, and fancy brochures and now billions more may be spent without laying an inch of track—money we'd have to repay even if the project failed.

The special interests backing Prop. 1A are notorious for their multi-billion dollar cost overruns.

No on 1A: \$20 BILLION IN DEBT REPAYMENT = INCREASED TAXES

Politicians admit that Prop. 1A will annually cost California taxpayers \$647 million each year for 30 years to repay debt. With California's already high debt levels, this will lead politicians to raise your taxes. California is America's 4th highest taxed state and high taxes chase jobs out of California. Passage of Prop. 1A may result in California passing New York to be the highest taxed state in America.

No on 1A: EXPAND EXISTING TRANSIT SYSTEMS INSTEAD

Californians' problem is not getting from San Francisco to Los Angeles, it's getting into work each day.

Investing the same amount of money in regional transit and highway congestion relief would reduce pollution and our reliance on foreign oil.

NO ON PROP. 1A: WEAK accountability, NO congestion relief for suffering commuters, and TAXPAYERS CAN'T AFFORD IT!

- HON. CHUCK DeVORE, California State Assemblyman
RICHARD TOLMACH, President California Rail Foundation
MIKE ARNOLD, Ph.D., Co-Chair Marin Citizens for Effective Transportation

★ **ARGUMENT AGAINST PROPOSITION 1A** ★

*NO on Prop. 1A: \$20 Billion Cost for Taxpayers*

Prop. 1A is a boondoggle that will cost taxpayers at least \$20 billion in principal and interest. The whole project could cost \$90 billion—the most expensive railroad in history. No one really knows how much this will ultimately cost.

Taxpayers will foot this bill—it’s not “free money.” According to the measure (Article 3, Section 2704.10) “. . . the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds . . .” This measure will take \$20 billion (\$2,000 for an average family of four) out of the general fund over the life of the bonds.

*NO on Prop. 1A: California Taxpayers Can’t Afford Higher Budget Deficits*

With our budget crisis, billions in red ink, pending cuts to health care, the poor, parks, and schools, now is NOT THE TIME to add another \$20 billion in state debt and interest. The state already has over \$100 BILLION DOLLARS in voter approved bond debt and our bond rating is already among the worst in the nation.

*NO on Prop. 1A—Better Uses for Taxpayer Dollars*

California has higher priorities than this \$20 BILLION DOLLAR boondoggle.

What would \$20 billion buy?

- 22,000 new teachers, firefighters, or law enforcement personnel for 10 years.
- Health care for all children in the state for many years.
- Updating and improving California’s water system to provide a reliable supply of safe, clean water.
- Upgrade and expand existing transportation systems including roads and transit throughout California, *which would really reduce traffic and emissions.*

*NO on Prop. 1A—Virtually No Accountability*

Politicians, bureaucrats, and special interests will control the money, not voters. In fact, the lead contractor for this project is Parsons-Brinckerhoff, the same builder of the infamous “Big Dig” in Boston which had *billions* in cost overruns.

There is not ONE citizen member on the new “peer review group.” They are all politicians and bureaucrats.

*NO on Prop. 1A—An Open Taxpayer Checkbook*

Section 8(e) says the bond funds are “. . . intended to encourage the federal government and the private sector to make a significant contribution toward the construction . . .”

NOTE THE WORD “ENCOURAGED”—that’s bureaucratic language for “we will spend taxpayer money regardless of whether we ever get a penny from the private sector or the federal government.”

*In fact, \$58 million in taxpayer money has ALREADY been spent on this project and not ONE FOOT of track has been laid. Now they want us to trust them with BILLIONS more.*

*NO on Prop. 1A—Promoted by Special Interests for Special Interests*

The Association for California High Speed Trains is promoting this boondoggle. Their Board represents out-of-state special interests (France, Pennsylvania, New Jersey, Maryland, New York City, Texas, and Illinois), many of whom stand to make millions if this measure passes.

*Please Join Us in Voting “NO” on Prop. 1A.*

*Log on, learn more, and read it for yourself: [www.DerailHSR.com](http://www.DerailHSR.com).*

**HON. TOM McCLINTOCK**, State Senator  
**HON. GEORGE RUNNER**, State Senator  
**JON COUPAL**, President  
Howard Jarvis Taxpayers Association

★ **REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1A** ★

California’s high-speed rail network requires NO TAX INCREASE and is subject to strict fiscal controls and oversight.

It’s simple and fair—once completed, THE USERS OF THE SYSTEM PAY FOR THE SYSTEM. That’s why taxpayer watchdog groups support Proposition 1A.

Electric High-Speed Trains will give Californians a *real* alternative to skyrocketing gasoline prices and dependence on foreign oil while reducing greenhouse gases. Building high-speed rail is cheaper than expanding highways and airports to meet California’s population growth.

Gridlock, hassles of flying and long-distance auto travel have become very onerous. Proposition 1A will save time. Travel intercity downtown to downtown throughout California on High-Speed Trains faster than automobile or air—AT A CHEAPER COST!

California’s transportation system is out-of-date and deteriorating. We need options to poorly maintained roads, jammed runways, and congested highways. Californians need what most of the civilized world has—high-speed rail. We’ve fallen so far behind other states and nations that our crumbling infrastructure threatens our economy.

A 220-mile-an-hour statewide rail system will give Californians a faster, environmentally friendly alternative for travel.

Proposition 1A will create 160,000 construction-related jobs and 450,000 permanent jobs.

Proposition 1A is endorsed by law enforcement experts, business leaders, environmentalists, and Californians looking for safe, affordable, and reliable transportation.

Signers of the ballot argument against Proposition 1A are habitual opponents of transportation improvements. Their claims are wrong and their data simply made up.

Californians need to invest in modern, effective transportation.

Vote Yes on Proposition 1A.  
[www.CaliforniaHighSpeedTrains.com](http://www.CaliforniaHighSpeedTrains.com)

**JIM EARP**, Executive Director  
California Alliance for Jobs  
**BOB BALGENORTH**, President  
State Building & Construction Trades Council of California  
**LUCY DUNN**, President  
Orange County Business Council

This section provides an overview of the state's current situation involving bond debt. It also discusses the impact that the bond measures on this ballot, if approved, would have on the state's debt level and the costs of paying off such debt over time.

## Background

**What Is Bond Financing?** Bond financing is a type of long-term borrowing that the state uses to raise money for various purposes. The state obtains this money by selling bonds to investors. In exchange, it agrees to repay this money, with interest, according to a specified schedule.

**Why Are Bonds Used?** The state has traditionally used bonds to finance major capital outlay projects such as roads, educational facilities, prisons, parks, water projects, and office buildings (that is, public infrastructure-related projects). This is done mainly because these facilities provide services over many years, their large dollar costs can be difficult to pay for all at once, and the different taxpayers who pay off the bonds benefit over time from the facilities. Bonds also have been used to help finance certain private infrastructure, such as housing.

**What Types of Bonds Does the State Sell?** The state sells three major types of bonds to finance projects. These are:

- **General Obligation Bonds.** Most of these are directly paid off from the state's General Fund, which is largely supported by tax revenues. Some, however, are paid for by designated revenue sources, with the General Fund only providing back-up support in the event the revenues fall short. (An example is the Cal-Vet program, under which bonds are issued to provide home loans to veterans and are paid off using veterans' mortgage payments.) General obligation bonds must be approved by the voters and their repayment is guaranteed by the state's general taxing power.
- **Lease-Revenue Bonds.** These bonds are paid off from lease payments (primarily financed from the General Fund) by state agencies using the facilities the bonds finance. These bonds do not require voter approval and are not guaranteed by the state's general taxing power. As a result, they have somewhat higher interest costs than general obligation bonds.
- **Traditional Revenue Bonds.** These also finance capital projects but are not supported by the General Fund. Rather, they are paid off from a designated revenue stream generated by

the projects they finance—such as bridge tolls. These bonds also are not guaranteed by the state's general taxing power and do not require voter approval.

**Budget-Related Bonds.** Recently, the state has also used bond financing to help close major shortfalls in its General Fund budget. In March 2004, the voters approved Proposition 57, authorizing \$15 billion in general obligation bonds to help pay off the state's accumulated budget deficit and other obligations. Of this amount, \$11.3 billion was raised through bond sales in May and June of 2004, and the remaining available authorizations were sold in February 2008. These bonds will be paid off over the next several years. They are excluded from the remainder of this discussion, which focuses on infrastructure-related bonds.

**What Are the Direct Costs of Bond Financing?** The state's cost for using bonds depends primarily on the amount sold, their interest rates, the time period over which they are repaid, and their maturity structure. For example, the most recently sold general obligation bonds will be paid off over a 30-year period with fairly level annual payments. Assuming that a bond issue carries a tax-exempt interest rate of 5 percent, the cost of paying it off with level payments over 30 years is close to \$2 for each dollar borrowed—\$1 for the amount borrowed and close to \$1 for interest. This cost, however, is spread over the entire 30-year period, so the cost after adjusting for inflation is considerably less—about \$1.30 for each \$1 borrowed.

## The State's Current Debt Situation

**Amount of General Fund Debt.** As of June 1, 2008, the state had about \$53 billion of infrastructure-related General Fund bond debt outstanding on which it is making principal and interest payments. This consists of about \$45 billion of general obligation bonds and \$8 billion of lease-revenue bonds. In addition, the state has not yet sold about \$68 billion of authorized general obligation and lease-revenue infrastructure bonds. Most of these bonds have been committed to projects, but the projects involved have not yet been started or those in progress have not yet reached their major construction phase.

**General Fund Debt Payments.** We estimate that General Fund debt payments for infrastructure-related general obligation and lease-revenue bonds were about \$4.4 billion in 2007–08. As previously authorized but currently unsold bonds are marketed,

outstanding bond debt costs will rise, peaking at approximately \$9.2 billion in 2017–18.

**Debt-Service Ratio.** One indicator of the state’s debt situation is its debt-service ratio (DSR). This ratio indicates the portion of the state’s annual revenues that must be set aside for debt-service payments on infrastructure bonds and therefore are not available for other state programs. As shown in Figure 1, the DSR increased in the early 1990s and peaked at 5.4 percent before falling back to below 3 percent in 2002–03, partly due to some deficit-refinancing activities. The DSR then rose again beginning in 2003–04 and currently stands at 4.4 percent for infrastructure bonds. It is expected to increase to a peak of 6.1 percent in 2011–12 as currently authorized bonds are sold.

**Effects of the Bond Propositions on This Ballot**

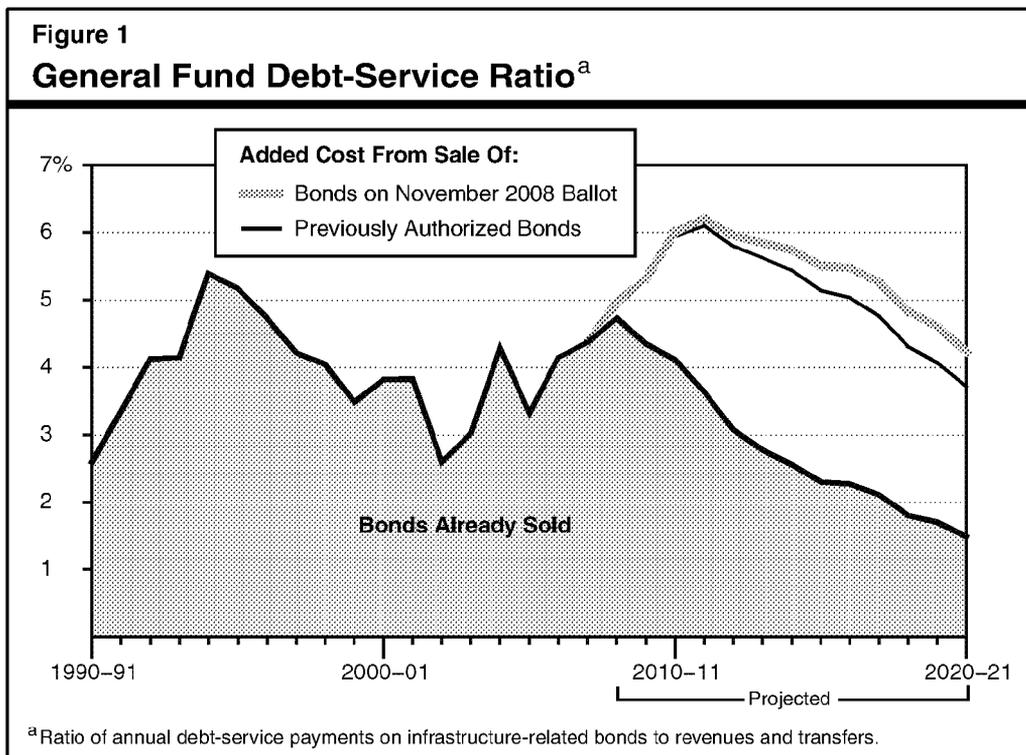
There are four general obligation bond measures on this ballot, totaling \$16.8 billion in new authorizations. These include:

- Proposition 1A, which would authorize the state to issue \$9.95 billion of bonds to finance a high-speed rail project.
- Proposition 3, which would authorize the state to issue \$980 million of bonds for capital improvement projects at children’s hospitals.

- Proposition 10, which would authorize the state to issue \$5 billion of bonds for various renewable energy, alternative fuel, energy efficiency, and air emissions reduction purposes.
- Proposition 12, which would authorize the state to issue \$900 million of bonds under the Cal-Vet program to be paid off from mortgage payments.

**Impacts on Debt Payments.** If the three General Fund-supported bonds on this ballot (Propositions 1A, 3, and 10) are all approved, they would require total debt-service payments over the life of the bonds of about twice their authorized amount. The average annual debt service on the bonds would depend on the timing and conditions of their sales. Once all these bonds were sold, the estimated annual budgetary cost would be about \$1 billion.

**Impact on the Debt-Service Ratio.** Figure 1 shows what would happen to the state’s estimated DSR over time if all of the bonds were approved and sold. It would peak at 6.2 percent in 2011–12, and decline thereafter. (Future debt-service costs shown in Figure 1 would be higher if, for example, voters approved additional bonds in elections after November 2008.)



**PROPOSITION 1A**

This law proposed by Assembly Bill 3034 of the 2007–2008 Regular Session (Chapter 267, Statutes of 2008) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Streets and Highways Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

**PROPOSED LAW**

SEC. 9. Chapter 20 (commencing with Section 2704) is added to Division 3 of the Streets and Highways Code, to read:

*CHAPTER 20. SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT FOR THE 21ST CENTURY*

*Article 1. General Provisions*

2704. This chapter shall be known and may be cited as the *Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century*.

2704.01. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the High-Speed Passenger Train Finance Committee created pursuant to Section 2704.12.

(b) "Authority" means the High-Speed Rail Authority created pursuant to Section 185020 of the Public Utilities Code, or its successor.

(c) "Fund" means the High-Speed Passenger Train Bond Fund created pursuant to Section 2704.05.

(d) "High-speed train" means a passenger train capable of sustained revenue operating speeds of at least 200 miles per hour where conditions permit those speeds.

(e) "High-speed train system" means a system with high-speed trains and includes, but is not limited to, the following components: right-of-way, track, power system, rolling stock, stations, and associated facilities.

(f) "Corridor" means a portion of the high-speed train system as described in Section 2704.04.

(g) "Usable segment" means a portion of a corridor that includes at least two stations.

*Article 2. High-Speed Passenger Train Financing Program*

2704.04. (a) It is the intent of the Legislature by enacting this chapter and of the people of California by approving the bond measure pursuant to this chapter to initiate the construction of a high-speed train system that connects the San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim, and links the state's major population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego consistent with the authority's certified environmental impact reports of November 2005 and July 9, 2008.

(b) (1) Net proceeds received from the sale of nine billion dollars (\$9,000,000,000) principal amount of bonds authorized pursuant to this chapter, upon appropriation by the Legislature in the annual Budget Act, shall be used for (A) planning and engineering for the high-speed train system and (B) capital costs, as described in subdivision (c).

(2) As adopted by the authority in May 2007, Phase 1 of the high-speed train project is the corridor of the high-speed train system between San Francisco Transbay Terminal and Los Angeles Union Station and Anaheim.

(3) Upon a finding by the authority that expenditure of bond proceeds for capital costs in corridors other than the corridor described in paragraph (2) would advance the construction of the system, would be consistent with the criteria described in subdivision (f) of Section 2704.08, and would not have an adverse impact on the construction of Phase 1 of the high-speed train project, the authority may request funding for capital costs, and the Legislature may appropriate funds described in paragraph (1) in the annual Budget Act, to be expended for any of the following high-speed train corridors:

- (A) Sacramento to Stockton to Fresno.
- (B) San Francisco Transbay Terminal to San Jose to Fresno.
- (C) Oakland to San Jose.
- (D) Fresno to Bakersfield to Palmdale to Los Angeles Union Station.
- (E) Los Angeles Union Station to Riverside to San Diego.
- (F) Los Angeles Union Station to Anaheim to Irvine.
- (G) Merced to Stockton to Oakland and San Francisco via the Altamont Corridor.

(4) Nothing in this section shall prejudice the authority's determination and selection of the alignment from the Central Valley to the San Francisco Bay

Area and its certification of the environmental impact report.

(5) Revenues of the authority, generated by operations of the high-speed train system above and beyond operating and maintenance costs and financing obligations, including, but not limited to, support of revenue bonds, as determined by the authority, shall be used for construction, expansion, improvement, replacement, and rehabilitation of the high-speed train system.

(c) Capital costs payable or reimbursable from proceeds of bonds described in paragraph (1) of subdivision (b) include, with respect to the high-speed train system or any portion thereof, all activities necessary for acquisition of interests in real property and rights-of-way and improvement thereof; acquisition and construction of tracks, structures, power systems, and stations; acquisition of rolling stock and related equipment; mitigation of any direct or indirect environmental impacts of activities authorized by this chapter; relocation assistance for displaced property owners and occupants; other related capital facilities and equipment; and such other purposes related to the foregoing, for the procurement thereof, and for the financing or refinancing thereof, as may be set forth in a statute hereafter enacted. The method of acquisition of any of the foregoing may also be set forth in a statute hereafter enacted.

(d) Proceeds of bonds authorized pursuant to this chapter shall not be used for any operating or maintenance costs of trains or facilities.

(e) The State Auditor shall perform periodic audits of the authority's use of proceeds of bonds authorized pursuant to this chapter for consistency with the requirements of this chapter.

2704.05. Subject to Section 2704.18, the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the High-Speed Passenger Train Bond Fund, which is hereby created.

2704.06. The net proceeds received from the sale of nine billion dollars (\$9,000,000,000) principal amount of bonds authorized pursuant to this chapter, upon appropriation by the Legislature in the annual Budget Act, shall be available, and subject to those conditions and criteria that the Legislature may provide by statute, for (a) planning the high-speed train system and (b) capital costs set forth in subdivision (c) of Section 2704.04, consistent with the authority's certified environmental impact reports of November 2005 and July 9, 2008, as subsequently modified pursuant to environmental studies conducted by the authority.

2704.07. The authority shall pursue and obtain other private and public funds, including, but not limited to, federal funds, funds from revenue bonds, and local funds, to augment the proceeds of this chapter.

2704.08. (a) Proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 shall not be used for more than 50 percent of the total cost of construction of each corridor or usable segment thereof of the high-speed train system, except for bond proceeds used for the purposes of subdivision (g).

(b) Not more than 10 percent of the proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 shall be used for environmental studies, planning, and preliminary engineering activities.

(c) (1) No later than 90 days prior to the submittal to the Legislature and the Governor of the initial request for appropriation of proceeds of bonds authorized by this chapter for any eligible capital costs on each corridor, or usable segment thereof, identified in subdivision (b) of Section 2704.04, other than costs described in subdivision (g), the authority 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, a detailed funding plan for that corridor or a usable segment thereof.

(2) The plan shall include, identify, or certify to all of the following:

(A) The corridor, or usable segment thereof, 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 corridor or usable segment thereof.

(C) The estimated full cost of constructing the 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, 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 based on projected high-speed passenger train operations on the corridor or usable

segment.

(F) 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) Construction of the corridor or usable segment thereof can be completed as proposed in the plan.

(H) The corridor or usable segment thereof would be suitable and ready for high-speed train operation.

(I) One or more passenger service providers can begin using the tracks or stations for passenger train service.

(J) The planned passenger service by the authority in the corridor or usable segment thereof will not require a local, state, or federal operating subsidy.

(K) The authority has completed all necessary project level environmental clearances necessary to proceed to construction.

(d) Prior to committing any proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 for expenditure for construction and real property and equipment acquisition on each corridor, or usable segment thereof, other than for costs described in subdivision (g), the authority shall have approved and concurrently submitted to the Director of Finance and the Chairperson of the Joint Legislative Budget Committee the following: (1) a detailed funding plan for that corridor or usable segment thereof that (A) identifies the corridor or usable segment thereof, and the estimated full cost of constructing the corridor or usable segment thereof, (B) identifies the sources of all funds to be used and anticipates time of receipt thereof based on offered commitments by private parties, and authorizations, allocations, or other assurances received from governmental agencies, (C) includes a projected ridership and operating revenue report, (D) includes a construction cost projection including estimates of cost escalation during construction and appropriate reserves for contingencies, (E) includes a report describing any material changes from the plan submitted pursuant to subdivision (c) for this corridor or usable segment thereof, and (F) describes the terms and conditions associated with any agreement proposed to be entered into by the authority and any other party for the construction or operation of passenger train service along the corridor or usable segment thereof; and (2) a report or reports, prepared by one or more financial services firms, financial consulting firms, or other consultants, independent of any parties, other than the authority, involved in funding or constructing the high-speed train system, indicating that (A) construction of the corridor or usable segment thereof can be completed as proposed in the plan submitted pursuant to paragraph (1), (B) if so completed, the corridor or usable segment thereof would be suitable and ready for high-speed train operation, (C) upon completion, one or more passenger service providers can begin using the tracks or stations for passenger train service, (D) the planned passenger train service to be provided by the authority, or pursuant to its authority, will not require operating subsidy, and (E) an assessment of risk and the risk mitigation strategies proposed to be employed. The Director of Finance shall review the plan within 60 days of its submission by the authority and, after receiving any communication from the Joint Legislative Budget Committee, if the director finds that the plan is likely to be successfully implemented as proposed, the authority may enter into commitments to expend bond funds that are subject to this subdivision and accept offered commitments from private parties.

(e) Subsequent to approval of the detailed funding plan required under subdivision (d), the authority shall promptly inform the Governor and the Legislature of any material changes in plans or project conditions that would jeopardize completion of the corridor as previously planned and shall identify means of remedying the conditions to allow completion and operation of the corridor.

(f) In selecting corridors or usable segments thereof for construction, the authority shall give priority to those corridors or usable segments thereof that are expected to require the least amount of bond funds as a percentage of total cost of construction. Among other criteria it may use for establishing priorities for initiating construction on corridors or usable segments thereof, the authority shall include the following: (1) projected ridership and revenue, (2) the need to test and certify trains operating at speeds of 220 miles per hour, (3) the utility of those corridors or usable segments thereof for passenger train services other than the high-speed train service that will not result in any unreimbursed operating or maintenance cost to the authority, and (4) 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 rail transit), bus, or air transit.

(g) Nothing in this section shall limit use or expenditure of proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 up to an amount equal to 7.5 percent of the aggregate principal amount of bonds described in that paragraph for environmental studies, planning, and preliminary engineering activities, and for (1) acquisition of interests in real property and right-of-way and improvement thereof (A) for preservation for high-speed rail uses, (B) to add to third-party improvements to make them compatible with high-speed rail uses, or (C) to avoid or to mitigate incompatible improvements or uses; (2) mitigation of any direct or indirect environmental impacts resulting from the foregoing; and (3) relocation assistance for property owners and occupants who are displaced as a result of the foregoing.

(h) Not more than 2.5 percent of the proceeds of bonds described in paragraph (1) of subdivision (b) of Section 2704.04 shall be used for administrative purposes. The amount of bond proceeds available for administrative purposes shall be appropriated in the annual Budget Act. The Legislature may, by statute, adjust the percentage set forth in this subdivision, except that the Legislature shall not increase that percentage to more than 5 percent.

(i) No failure to comply with this section shall affect the validity of the bonds issued under this chapter.

2704.09. The high-speed train system to be constructed pursuant to this chapter shall be designed to achieve the following characteristics:

(a) Electric trains that are capable of sustained maximum revenue operating speeds of no less than 200 miles per hour.

(b) Maximum nonstop service travel times for each corridor that shall not exceed the following:

(1) San Francisco-Los Angeles Union Station: two hours, 40 minutes.

(2) Oakland-Los Angeles Union Station: two hours, 40 minutes.

(3) San Francisco-San Jose: 30 minutes.

(4) San Jose-Los Angeles: two hours, 10 minutes.

(5) San Diego-Los Angeles: one hour, 20 minutes.

(6) Inland Empire-Los Angeles: 30 minutes.

(7) Sacramento-Los Angeles: two hours, 20 minutes.

(c) Achievable operating headway (time between successive trains) shall be five minutes or less.

(d) The total number of stations to be served by high-speed trains for all of the corridors described in subdivision (b) of Section 2704.04 shall not exceed 24. There shall be no station between the Gilroy station and the Merced station.

(e) Trains shall have the capability to transition intermediate stations, or to bypass those stations, at mainline operating speed.

(f) For each corridor described in subdivision (b), passengers shall have the capability of traveling from any station on that corridor to any other station on that corridor without being required to change trains.

(g) In order to reduce impacts on communities and the environment, the alignment for the high-speed train system shall follow existing transportation or utility corridors to the extent feasible and shall be financially viable, as determined by the authority.

(h) Stations shall be located in areas with good access to local mass transit or other modes of transportation.

(i) The high-speed train system shall be planned and constructed in a manner that minimizes urban sprawl and impacts on the natural environment.

(j) Preserving wildlife corridors and mitigating impacts to wildlife movement, where feasible as determined by the authority, in order to limit the extent to which the system may present an additional barrier to wildlife's natural movement.

2704.095. (a) (1) Net proceeds received from the sale of nine hundred fifty million dollars (\$950,000,000) principal amount of bonds authorized by this chapter shall be allocated to eligible recipients for capital improvements to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system as that system is described in subdivision (b) of Section 2704.04, or that provide capacity enhancements and safety improvements. Funds under this section shall be available upon appropriation by the Legislature in the annual Budget Act for the eligible purposes described in subdivision (d).

(2) Twenty percent (one hundred ninety million dollars (\$190,000,000)) of the amount authorized by this section shall be allocated for intercity rail to the Department of Transportation, for state-supported intercity rail lines that provide regularly scheduled service and use public funds to operate and

maintain rail facilities, rights-of-way, and equipment. A minimum of 25 percent of the amount available under this paragraph (forty-seven million five hundred thousand dollars (\$47,500,000)) shall be allocated to each of the state's three intercity rail corridors.

The California Transportation Commission shall allocate the available funds to eligible recipients consistent with this section and shall develop guidelines, in consultation with the authority, to implement the requirements of this section. The guidelines shall include provisions for the administration of funds, including, but not limited to, the authority of the intercity corridor operators to loan these funds by mutual agreement between intercity rail corridors.

(3) Eighty percent (seven hundred sixty million dollars (\$760,000,000)) of the amount authorized by this section shall be allocated upon appropriation as set forth in this section to eligible recipients, except intercity rail, as described in subdivision (c) based upon a percentage amount calculated to incorporate all of the following:

(A) One-third of the eligible recipient's percentage share of statewide track miles.

(B) One-third of the eligible recipient's percentage share of statewide annual vehicle miles.

(C) One-third of the eligible recipient's percentage share of statewide annual passenger trips.

The California Transportation Commission shall allocate the available funds to eligible recipients consistent with this section and shall develop guidelines to implement the requirements of this section.

(b) For the purposes of this section, the following terms have the following meanings:

(1) "Track miles" means the miles of track used by a public agency or joint powers authority for regular passenger rail service.

(2) "Vehicle miles" means the total miles traveled, commencing with pullout from the maintenance depot, by all locomotives and cars operated in a train consist for passenger rail service by a public agency or joint powers authority.

(3) "Passenger trips" means the annual unlinked passenger boardings reported by a public agency or joint powers authority for regular passenger rail service.

(4) "Statewide" when used to modify the terms in subparagraphs (A), (B), and (C) of paragraph (3) of subdivision (a) means the combined total in the state of those amounts for all eligible recipients.

(c) Eligible recipients for funding under paragraph (3) of subdivision (a) shall be public agencies and joint powers authorities that operate regularly scheduled passenger rail service in the following categories:

(1) Commuter rail.

(2) Light rail.

(3) Heavy rail.

(4) Cable car.

(d) Funds allocated pursuant to this section shall be used to pay or reimburse the costs of projects to provide or improve connectivity with the high-speed train system or for the rehabilitation or modernization of, or safety improvements to, tracks utilized for public passenger rail service, signals, structures, facilities, and rolling stock.

(e) Eligible recipients may use the funds for any eligible rail element set forth in subdivision (d).

(f) In order to be eligible for funding under this section, an eligible recipient under paragraph (3) of subdivision (a) shall provide matching funds in an amount not less than the total amount allocated to the recipient under this section.

(g) An eligible recipient of funding under paragraph (3) of subdivision (a) shall certify that it has met its matching funds requirement, and all other requirements of this section, by resolution of its governing board, subject to verification by the California Transportation Commission.

(h) Funds made available to an eligible recipient under paragraph (3) of subdivision (a) shall supplement existing local, state, or federal revenues being used for maintenance or rehabilitation of the passenger rail system. Eligible recipients of funding under paragraph (3) of subdivision (a) shall maintain their existing commitment of local, state, or federal funds for these purposes in order to remain eligible for allocation and expenditure of the additional funding made available by this section.

(i) In order to receive any allocation under this section, an eligible recipient under paragraph (3) of subdivision (a) shall annually expend from existing local, state, or federal revenues being used for the maintenance or rehabilitation of the passenger rail system in an amount not less than the annual average of

its expenditures from local revenues for those purposes during the 1998–99, 1999–2000, and 2000–01 fiscal years.

(j) Funds allocated pursuant to this section to the Southern California Regional Rail Authority for eligible projects within its service area shall be apportioned each fiscal year in accordance with memorandums of understanding to be executed between the Southern California Regional Rail Authority and its member agencies. The memorandum or memorandums of understanding shall take into account the passenger service needs of the Southern California Regional Rail Authority and of the member agencies, revenue attributable to member agencies, and separate contributions to the Southern California Regional Rail Authority from the member agencies.

#### Article 3. Fiscal Provisions

2704.10. (a) Bonds in the total amount of nine billion nine hundred fifty million dollars (\$9,950,000,000), exclusive of refunding bonds issued in accordance with Section 2704.19, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall sell the bonds authorized by the committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

2704.11. (a) Except as provided in subdivision (b), the bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) Notwithstanding any provision of the State General Obligation Bond Law, each issue of bonds authorized by the committee shall have a final maturity of not more than 40 years from the date of original issuance thereof.

2704.12. (a) Solely for the purpose of authorizing the issuance and sale of the bonds authorized by this chapter and the making of those determinations and the taking of other actions as are authorized by this chapter, pursuant to the State General Obligation Bond Law, the High-Speed Passenger Train Finance Committee is hereby created. For purposes of this chapter, the High-Speed Passenger Train Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Director of Finance, the Controller, the Secretary of Business, Transportation and Housing, and the chairperson of the authority. Notwithstanding any other provision of law, any member of the committee may designate a representative to act as that member in his or her place and stead for all purposes, as though the member were personally present. The Treasurer shall serve as chairperson of the committee. A majority of the committee shall constitute a quorum of the committee, and may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the authority is designated the "board."

2704.13. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Sections 2704.06 and 2704.095 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be issued and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized be issued and sold at any one time. The committee shall consider program funding needs, revenue projections, financial market conditions, and other necessary factors in determining the term for the bonds to be issued. In addition to all other powers specifically granted in this chapter and the State General Obligation Bond Law, the committee may do all things necessary or convenient to carry out the powers and purposes of this article, including the approval of any indenture relating to the bonds, and the delegation of necessary duties to the chairperson and to the Treasurer as agent for the sale of the bonds. Any terms of any bonds issued under this chapter may be provided under an indenture instead of under a resolution, as determined by the committee.

2704.14. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law

with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

2704.15. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount equal to the total of the following: (a) that sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable, and (b) the sum necessary to carry out Section 2704.17, appropriated without regard to fiscal years.

2704.16. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount borrowed pursuant to Section 2701.17. The board shall execute such documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

2704.17. For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter, less any amount borrowed pursuant to Section 2704.16. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this chapter.

2704.18. All money deposited in the fund which is derived from premium on bonds sold shall be available to pay costs of issuing the bonds, and to the extent not so needed, together with accrued interest derived from sale of the bonds, shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

2704.19. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

2704.20. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

2704.21. Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

## **Voter Registration Information**

Registering to vote just takes a few minutes and, thanks to the National Voter Registration Act (NVRA), you can easily find registration forms in many places throughout the state. The NVRA was passed by Congress and signed into law by President Clinton in 1993. Also known as the "Motor Voter" law, the NVRA requires the Department of Motor Vehicles and many other government agencies to provide people the opportunity to register to vote. To register to vote you must be a U.S. citizen, a California resident, at least 18 years of age on Election Day, and not in prison or on parole for the conviction of a felony.

To request a voter registration form or to find out if you are registered to vote, just call your county elections office or the Secretary of State's toll-free Voter Hotline at 1-800-345-VOTE, or visit [www.sos.ca.gov](http://www.sos.ca.gov). For more information on the NVRA and the Secretary of State's efforts to assist state agencies and county elections officials in complying with it, go to [www.sos.ca.gov/elections/](http://www.sos.ca.gov/elections/).

# Ballot Measures Defined

## Initiatives

Often referred to as “direct democracy,” the initiative process is the power of the people to place measures on the ballot. These measures can either create or change statutes (including general obligation bonds) and amend the California Constitution. If the initiative proposes to amend California statute, signatures of registered voters gathered must be equal in number to 5% of the votes cast for all candidates for Governor in the most recent gubernatorial election. If the initiative proposes to amend the California Constitution, signatures of registered voters gathered must be equal in number to 8% of the votes cast for all candidates for Governor in the most recent gubernatorial election. Initiatives must qualify for the ballot 131 days before a statewide election. An initiative requires a simple majority of the public’s vote to be enacted.

## Legislative Bond Measure

Any bill that calls for the issuance of general obligation bonds must be adopted in each house of the State Legislature by a two-thirds vote, signed by the Governor, and approved by a majority of voters to be enacted. Whenever a bond measure is on a statewide ballot, an overview of California’s bond debt is included in the Voter Information Guide. Legislative bond measures must qualify for the ballot 131 days before a statewide election.

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## Voting by Mail

You may return your voted vote-by-mail ballot by:

1. Mailing it to your county elections office;
2. Returning it in person to any polling place or elections office within your county on Election Day; or
3. Authorizing a legally allowable third party (spouse, child, parent, grandparent, grandchild, brother, sister, or a person residing in the same household as you) to return the ballot on your behalf to any polling place or elections office within your county on Election Day.

In any case, your vote-by-mail ballot must be received by the time polls close at 8:00 p.m. on Election Day. Late-arriving vote-by-mail ballots cannot be counted.

All valid vote-by-mail ballots that county elections officials determine have been cast by eligible voters are counted and included in the official election results. Elections officials have 28 days to complete this process, referred to as the “official canvass,” and must report the results to the Secretary of State 35 days after the date of the election.

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## Provisional Ballots

Provisional ballots are ballots cast by voters who:

- Believe they are registered to vote even though their names do not appear on the official voter registration list;
- Believe the official voter registration list incorrectly lists their political party affiliation; or
- Vote by mail but cannot locate their vote-by-mail ballot and want to vote at a polling place.

All valid provisional ballots that county elections officials determine have been cast by eligible voters are counted and included in the official election results. Elections officials have 28 days to complete this process, referred to as the “official canvass,” and must report the results to the Secretary of State 35 days after the date of the election.

# VOTER BILL OF RIGHTS

1. You have the right to cast a ballot if you are a valid registered voter.

A valid registered voter means a United States citizen who is a resident in this state, who is at least 18 years of age and not in prison or on parole for conviction of a felony, and who is registered to vote at his or her current residence address.

2. You have the right to cast a provisional ballot if your name is not listed on the voting rolls.
3. You have the right to cast a ballot if you are present and in line at the polling place prior to the close of the polls.
4. You have the right to cast a secret ballot free from intimidation.
5. You have the right to receive a new ballot if, prior to casting your ballot, you believe you made a mistake.

If at any time before you finally cast your ballot, you feel you have made a mistake, you have the right to exchange the spoiled ballot for a new ballot. Vote-by-mail voters may also request and receive a new ballot if they return their spoiled ballot to an elections official prior to the closing of the polls on election day.

6. You have the right to receive assistance in casting your ballot, if you are unable to vote without assistance.
7. You have the right to return a completed vote-by-mail ballot to any precinct in the county.
8. You have the right to election materials in another language, if there are sufficient residents in your precinct to warrant production.
9. You have the right to ask questions about election procedures and observe the election process.  

You have the right to ask questions of the precinct board and elections officials regarding election procedures and to receive an answer or be directed to the appropriate official for an answer. However, if persistent questioning disrupts the execution of their duties, the board or election officials may discontinue responding to questions.
10. You have the right to report any illegal or fraudulent activity to a local elections official or to the Secretary of State's Office.

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**If you believe you have been denied any of these rights, or you are aware of any election fraud or misconduct, please call the Secretary of State's confidential toll-free Voter Hotline at 1-800-345-VOTE (8683).**

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Information on your voter registration affidavit will be used by elections officials to send you official information on the voting process, such as the location of your polling place and the issues and candidates that will appear on the ballot. Commercial use of voter registration information is prohibited by law and is a misdemeanor. Voter information may be provided to a candidate for office, a ballot measure committee, or other person for election, scholarly, journalistic, political, or governmental purposes, as determined by the Secretary of State. Driver's license and social security numbers, or your signature as shown on your voter registration card, cannot be released for these purposes. If you have any questions about the use of voter information or wish to report suspected misuse of such information, please call the Secretary of State's Voter Hotline at 1-800-345-VOTE (8683).

Certain voters facing life-threatening situations may qualify for confidential voter status. For more information, please contact the Secretary of State's Safe at Home program toll-free at 1-877-322-5227 or visit the Secretary of State's website at [www.sos.ca.gov](http://www.sos.ca.gov).

California Secretary of State  
Election Division  
1500 11th Street  
Sacramento, CA 95814

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★ **SUPPLEMENTAL** ★  
This guide contains information  
regarding one additional measure  
that has qualified for the November ballot.

CALIFORNIA  
**GENERAL  
ELECTION**

[www.voterguide.sos.ca.gov](http://www.voterguide.sos.ca.gov)

**OFFICIAL VOTER INFORMATION GUIDE**

Remember to Vote!

**Tuesday, November 4, 2008**

Polls are open from 7:00 a.m. to 8:00 p.m.

**October 6**

First day to apply for a vote-by-mail ballot by mail.

**October 20**

Last day to register to vote.

**October 28**

Last day that county elections offices will accept any voter's application for a vote-by-mail ballot.

**November 4**

Last day to apply for a vote-by-mail ballot in person at your county elections office.

For additional copies of the Voter Information Guide in any of the following languages, please call:

**English:** 1-800-345-VOTE (8683)

**Español/Spanish:** 1-800-232-VOTA (8682)

**日本語/Japanese:** 1-800-339-2865

**Việt ngữ/Vietnamese:** 1-800-339-8163

**Tagalog:** 1-800-339-2957

**中文/Chinese:** 1-800-339-2857

**한국어/Korean:** 1-866-575-1558

**TDD:** 1-800-833-8683

In an effort to reduce election costs, the State Legislature has authorized the State and counties to mail only one guide to addresses where more than one voter resides. You may obtain additional copies by contacting your county elections office or by calling 1-800-345-VOTE.

OSP 08 109518



AG000016

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## **Exhibit D**

**Senate Bill No. 1029**

**CHAPTER 152**

An act to amend the Budget Act of 2012 by adding Items 2660-104-6043, 2660-304-6043, 2665-104-6043, 2665-304-0890, 2665-304-6043, 2665-305-0890, 2665-305-6043, 2665-306-0890, and 2665-306-6043 to Section 2.00 of that act, relating to the state budget, and making an appropriation therefor, to take effect immediately, Budget Bill.

[Approved by Governor July 18, 2012. Filed with Secretary of State July 18, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1029, Committee on Budget and Fiscal Review. Budget Act of 2012. The Budget Act of 2012 makes appropriations for the support of state government for the 2012–13 fiscal year.

This bill would amend the Budget Act of 2012 by adding items of appropriation relating to a high-speed rail system in the state.

This bill would declare that it is to take effect immediately as a Budget Bill.

Appropriation: yes.

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

SECTION 1. Item 2660-104-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2660-104-6043—For local assistance, Department of Transportation, payable from the High-Speed Passenger Train Bond Fund..... 713,333,000

Schedule:

(1) 30.10-Mass Transportation..... 713,333,000

Provisions:

1. These funds shall be available for encumbrance or liquidation until June 30, 2018.
2. The funds appropriated in this item shall be available for capital improvement projects to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system, as adopted by the California Transportation Commission, pursuant to Section 2704.095 of the Streets and Highways Code.

- 4. Any funds appropriated in this item for projects in the San Francisco to San Jose corridor, consistent with the blended system strategy identified in the April 2012 California High-Speed Rail Program Revised 2012 Business Plan, shall not be used to expand the blended system to a dedicated four-track system.
- 5. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$3,240,676,000 in Item 2665-306-0890, an appropriation of \$2,609,076,000 in Item 2665-306-6043 for the Initial Operating Segment of the High-Speed Rail System, and an appropriation of \$1,100,000,000 in Item 2665-104-6043 for “Bookend” funding, as articulated in the 2012 High-Speed Rail Authority Final Business Plan.

SEC. 2. Item 2660-304-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2660-304-6043—For capital outlay, Department of Transportation, payable from the High-Speed Passenger Train Bond Fund ..... 106,000,000

- Schedule:
- (1) 30-Mass Transportation..... 106,000,000
- Provisions:
- 1. These funds shall be available for encumbrance or liquidation until June 30, 2018.
  - 2. The funds appropriated in this item shall be available for capital improvement projects to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system, as adopted by the California Transportation Commission, pursuant to Section 2704.095 of the Streets and Highways Code.
  - 4. Any funds appropriated in this item for projects in the San Francisco to San Jose corridor, consistent with the blended system strategy identified in the April 2012 California High-Speed Rail Program Revised 2012 Business Plan, shall not be used to expand the blended system to a dedicated four-track system.
  - 5. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$3,240,676,000 in Item 2665-306-0890, an appropriation of \$2,609,076,000 in Item 2665-306-6043 for the Initial Operating Segment of the High-Speed Rail System, and an appropriation of

\$1,100,000,000 in Item 2665-104-6043 for “Bookend” funding, as articulated in the 2012 High-Speed Rail Authority Final Business Plan.

SEC. 3. Item 2665-104-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-104-6043—For local assistance, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund ..... 1,100,000,000

Provisions:

1. These funds shall be available for early improvement projects in the Phase 1 blended system, consistent with the Metropolitan Transportation Commission Memorandum of Understanding, as approved by the High-Speed Rail Authority on April 12, 2012, in High-Speed Rail Authority Resolution 12-11 and the Southern California Memorandum of Understanding, as approved by the High-Speed Rail Authority on April 12, 2012, in High-Speed Rail Authority Resolution 12-10. The funds are available for encumbrance or liquidation until June 30, 2018.
2. The amount appropriated in this item is available for expenditure for state operations, local assistance, or capital outlay, and may be transferred to Item 2665-004-6043 or Item 2665-306-6043. These transfers shall require the prior approval of the Department of Finance.
3. Any funds appropriated in this item for projects in the San Francisco to San Jose corridor, consistent with the blended system strategy identified in the April 2012 California High-Speed Rail Program Revised 2012 Business Plan, shall not be used to expand the blended system to a dedicated four-track system.
4. Provisions 4 to 11, inclusive, of Item 2665-306-6043 shall also apply to this item.
5. No funds appropriated in this item shall be encumbered prior to the High-Speed Rail Authority submitting a detailed funding plan for the project or projects in accordance with subdivision (d) of Section 2704.08 of the Streets and Highways Code to (a) the Department of Finance, (b) the Chairperson of the Joint Legislative Budget Committee, and (c) the peer review group established pursuant to Section 185035 of the Public Utilities Code.
6. No funds appropriated in this item shall be encumbered for construction of a project prior to completion of all

- project-level environmental clearances necessary to proceed to construction and the final notices being contained in the funding plan for the project.
7. Prior to the obligation of funds to any specific project, and subject to the approval of the Department of Finance, the High-Speed Rail Authority Board shall develop an accountability plan, consistent with Executive Order S-02-07, to establish criteria and procedures to govern the expenditure of the bond funds in this appropriation, and the outcomes that such expenditures are intended to achieve, including a detailed project description and project cost. The procedures shall ensure that the investments comply with requirements of applicable state and federal laws, and are consistent with and advance the state high-speed train system.
  8. The High-Speed Rail Authority shall enter into a project management and funding agreement with the local sponsor of the funded project, and the agreement shall require the local agencies to report to the authority on a quarterly basis to ensure that all bond-funded activities are within the scope and cost outlined in the agreement. Prior to the authority entering into any project management and funding agreement pursuant to this provision, the agreement shall be approved by the Department of Finance.
  9. Expenditures of bond proceeds under this item shall be subject to audit to determine whether the expenditures made from bond proceeds were made according to the established criteria and processes, were consistent with all legal requirements, and achieved the intended outcomes. The High-Speed Rail Authority shall contract with the Office of State Audits and Evaluations for the performance of these audits unless alternative audit arrangements are made with the concurrence of the Office of State Audits and Evaluations.
  10. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$3,240,676,000 in Item 2665-306-0890, an appropriation of \$2,609,076,000 in Item 2665-306-6043 for the Initial Operating Segment of the High-Speed Rail System, an appropriation of \$106,000,000 in Item 2660-304-6043, and an appropriation of \$713,333,000 in Item 2660-104-6043 for Connectivity funding.

SEC. 4. Item 2665-304-0890 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-304-0890—For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund .....	28,310,000
Schedule:	
(1) 20.15.010-San Francisco to San Jose—Acquisition.....	5,135,000
(3) 20.30.010-Merced to Fresno—Acquisi- tion.....	2,297,000
(4) 20.40.010-Fresno to Bakersfield—Ac- quisition.....	3,119,000
(5) 20.45.010-Bakersfield to Palmdale—Ac- quisition.....	0
(6) 20.50.010-Palmdale to Los Ange- les—Acquisition.....	2,566,000
(7) 20.60.010-Los Angeles to Anaheim—Ac- quisition.....	4,299,000
(8) 20.99.010-Project Management and Agency Costs—Acquisition.....	10,894,000

Provisions:

1. The projects identified in this item may be managed by the High-Speed Rail Authority.
2. The projects identified in this item are subject to review by the State Public Works Board.
3. Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-6043, 2665-305-0890, and 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-305-0890. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.
4. Notwithstanding any other provision of law, the project in Schedule (8) of this item shall be the same as Schedule (8) of Item 2665-305-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-305-0890 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

SEC. 5. Item 2665-304-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-304-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund..... 124,067,000

Schedule:

- (1) 20.15.010-San Francisco to San Jose—Acquisition..... 5,135,000
- (3) 20.30.010-Merced to Fresno—Acquisition..... 2,297,000
- (4) 20.40.010-Fresno to Bakersfield—Acquisition..... 3,119,000
- (5) 20.45.010-Bakersfield to Palmdale—Acquisition..... 0
- (6) 20.50.010-Palmdale to Los Angeles—Acquisition..... 2,566,000
- (7) 20.60.010-Los Angeles to Anaheim—Acquisition..... 4,299,000
- (8) 20.70.010-Los Angeles to San Diego—Acquisition..... 37,055,000
- (9) 20.80.010-Merced to Sacramento—Acquisition..... 29,700,000
- (10) 20.90.010-Altamont Pass—Acquisition..... 20,375,000
- (11) 20.99.010-Project Management and Agency Costs—Acquisition..... 19,521,000

Provisions:

- 1. The projects identified in this item may be managed by the High-Speed Rail Authority.
- 2. The projects identified in this item are subject to review by the State Public Works Board.
- 3. Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-305-0890, and 2665-305-6043, and Schedules (8) to (10), inclusive, of Item 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-305-6043. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

- 4. Notwithstanding any other provision of law, the project in Schedule (11) of this item shall be the same as Schedule (11) of Item 2665-305-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-305-6043 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

SEC. 6. Item 2665-305-0890 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-305-0890—For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund .....	20,044,000
Schedule:	
(1) 20.15.010-San Francisco to San Jose—Design.....	74,000
(3) 20.30.010-Merced to Fresno—Design....	4,987,000
(4) 20.40.010-Fresno to Bakersfield—De- sign.....	8,246,000
(5) 20.45.010-Bakersfield to Palmdale—De- sign.....	195,000
(6) 20.50.010-Palmdale to Los Ange- les—Design.....	0
(7) 20.60.010-Los Angeles to Anaheim—De- sign.....	0
(8) 20.99.010-Project Management and Agency Costs—Design.....	6,542,000
Provisions:	
1. The projects identified in this item may be managed by the High-Speed Rail Authority.	
2. The projects identified in this item are subject to re- view by the State Public Works Board.	
3. Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304- 0890, 2665-304-6043, and 2665-305-6043. For a given project, funds appropriated in this item may be trans- ferred to the same project in Item 2665-304-0890. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative	

Budget Committee a summary of any transfers that have been made pursuant to this provision.

- 4. Notwithstanding any other provision of law, the project in Schedule (8) of this item shall be the same as Schedule (8) of Item 2665-304-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-304-0890 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made in respect to this provision.

SEC. 7. Item 2665-305-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-305-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund.....

80,106,000

Schedule:

- (1) 20.15.010-San Francisco to San Jose—Design..... 74,000
- (3) 20.30.010-Merced to Fresno—Design.... 4,987,000
- (4) 20.40.010-Fresno to Bakersfield—Design..... 8,246,000
- (5) 20.45.010-Bakersfield to Palmdale—Design..... 195,000
- (6) 20.50.010-Palmdale to Los Angeles—Design..... 0
- (7) 20.60.010-Los Angeles to Anaheim—Design..... 0
- (8) 20.70.010-Los Angeles to San Diego—Design..... 19,068,000
- (9) 20.80.010-Merced to Sacramento—Design..... 24,176,000
- (10) 20.90.010-Altamont Pass—Design..... 16,055,000
- (11) 20.99.010-Project Management and Agency Costs—Design..... 7,305,000

Provisions:

- 1. The projects identified in this item may be managed by the High-Speed Rail Authority.
- 2. The projects identified in this item are subject to review by the State Public Works Board.
- 3. Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, of this item shall be the same as the respectively coded project in

Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-304-6043, and 2665-305-0890, and Schedules (8) to (10), inclusive, of Item 2665-304-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-304-6043. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

- 4. Notwithstanding any other provision of law, the project in Schedule (11) of this item shall be the same as Schedule (11) of Item 2665-304-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-304-6043 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

SEC. 8. Item 2665-306-0890 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-306-0890—For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund ..... 3,240,676,000  
Schedule:

- (1) 20.01.010-Initial Operating Segment,  
Section 1—Acquisition and Build.... 3,240,676,000

Provisions:

- 1. The project identified in this item may be managed by the High-Speed Rail Authority.
- 2. The expenditure of funds appropriated in this item are governed by Section 13332.19 of the Government Code. The project identified in this item is subject to review and oversight by the State Public Works Board. The project may be implemented using several design-build contracts, each of which will have its own set of performance criteria or performance criteria and concept drawings. Funds appropriated for the build portion of this project may only be expended after the Department of Finance and the State Public Works Board have approved performance criteria or performance criteria and concept drawings for the design-build contract. These approvals may be provided for each

design-build contract, from time to time, and build funds associated with that design-build contract may be expended at that time.

- 3. Notwithstanding Section 1.80, the appropriation made in this item is available for encumbrance until June 30, 2018.
- 4. Provisions 4 to 11, inclusive, of Item 2665-306-6043 shall also apply to this item.
- 5. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$106,000,000 in Item 2660-304-6043, an appropriation of \$713,333,000 in Item 2660-104-6043 for “Connectivity” funding, and an appropriation of \$1,100,000,000 in Item 2665-104-6043 for “Book-end” funding, as articulated in the 2012 High-Speed Rail Authority Final Business Plan.

SEC. 9. Item 2665-306-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-306-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund ..... 2,609,076,000

Schedule:

- (1) 20.01.010-Initial Operating Segment, Section 1—Acquisition and Build.... 2,609,076,000

Provisions:

- 1. The project identified in this item may be managed by the High-Speed Rail Authority.
- 2. The expenditure of funds appropriated in this item are governed by Section 13332.19 of the Government Code. The project identified in this item is subject to review and oversight by the State Public Works Board. The project may be implemented using several design-build contracts, each of which will have its own set of performance criteria or performance criteria and concept drawings. Funds appropriated for the build portion of this project may only be expended after the Department of Finance and the State Public Works Board have approved performance criteria or performance criteria and concept drawings for the design-build contract. These approvals may be provided for each design-build contract, from time to time, and build funds associated with that design-build contract may be expended at that time.

3. Notwithstanding Section 1.80, the appropriation made in this item is available for encumbrance until June 30, 2018.
4. On or before March 1 and November 15 of each year for which funding appropriated in this item is encumbered, the High-Speed Rail Authority shall provide a Project Update Report approved, as consistent with the criteria in this provision, by the Secretary of Business, Transportation and Housing to the budget committees and the appropriate policy committees of both houses of the Legislature on the development and implementation of intercity high-speed train service pursuant to Section 185030 of the Public Utilities Code. The report, at a minimum, shall include a programwide summary, as well as details by project segment, with all information necessary to clearly describe the status of the project, including, but not limited to, all of the following:
  - (a) A summary describing the overall progress of the project.
  - (b) The baseline budget for all project phase costs, by segment or contract, beginning with the California High-Speed Rail Program Revised 2012 Business Plan.
  - (c) The current and projected budget, by segment or contract, for all project phase costs.
  - (d) Expenditures to date, by segment or contract, for all project phase costs.
  - (e) A comparison of the current and projected work schedule and the baseline schedule contained in the California High-Speed Rail Program Revised 2012 Business Plan.
  - (f) A summary of milestones achieved during the prior year and milestones expected to be reached in the coming year.
  - (g) Any issues identified during the prior year and actions taken to address those issues.
  - (h) A thorough discussion of various risks to the project and steps taken to mitigate those risks.
5. (a) With respect to contracts scheduled to be awarded in December 2012 to commence construction of the first construction segment of the initial operating section of the high-speed rail system, as described in the California High-Speed Rail Program Revised 2012 Business Plan adopted by the authority on April 12, 2012 (revised business plan), the authority shall submit the following reports

approved, as consistent with the criteria in this provision, by the Secretary of Business, Transportation and Housing to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, and the Senate and Assembly committees on budget:

- (1) By October 1, 2012, prior to awarding a contract to commence construction of the first construction segment or committing funds for the contract, and prior to advertising contracts to be awarded for the first construction segment in September 2013 and October 2013, a comprehensive staff management report that includes:
    - (i) An organizational chart for the authority, detailed description of each executive manager's function and responsibilities, summary of staffing changes in the preceding year, a strategy for filling vacancies and the recruitment and staffing plans for the 2012–13 fiscal year.
    - (ii) The management approach, including number, skill level, position, and hiring and retention plan of staff and outside consultants required to adequately oversee each of the planned construction contracts funded in this act.
    - (iii) Proposed steps and procedures that will be employed to ensure adequate oversight and management of contractors involved in the construction contracts funded in this act.
    - (iv) Procedures to detect and prevent contract splitting.
  - (2) Prior to awarding a contract to commence construction of the first construction segment, a report certifying that the amount awarded under the contract is within the budgeted funding and is consistent with the completion schedule deadlines set by the federal Department of Transportation.
- (b) Each of the reports required pursuant to subdivision (a) for the contracts described in that subdivision shall also be required with respect to the contract scheduled to be awarded in March 2017. The authority shall submit the reports for those contracts no later than 60 days prior to advertising for bids on each contract.

7. Sixty days prior to awarding the contracts scheduled to be awarded in December 2012 to commence construction of the first construction segment of the initial operating section, the High-Speed Rail Authority shall fill the positions of chief executive officer, risk manager, chief program manager, and chief financial officer and report those hiring to the Joint Legislative Budget Committee.
8. Prior to awarding the contracts scheduled to be awarded in December 2012 to commence construction of the first construction segment of the initial operating section, the High-Speed Rail Authority shall prepare and submit a report approved, as consistent with the criteria in this provision, by the Secretary of Business, Transportation and Housing to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, and the Senate and Assembly committees on budget detailing elements of risk in the high-speed rail project, including all of the following:
  - (a) A comprehensive risk management plan that defines roles and responsibilities for risk management and addresses the process by which the authority will identify and quantify project risks, implement and track risk response activities, and monitor and control risks throughout the duration of each project.
  - (b) Quantification of the effect of identified risks in financial terms.
  - (c) Development documents to track identified risks and related mitigation steps.
  - (d) Plans for regularly updating its estimates of capital and support costs.
  - (e) Plans for regularly reassessing its reserves for potential claims and unknown risks, incorporating information related to risks identified and quantified through its risk assessment processes.
  - (f) Plans for regularly integrating estimates for capital, support costs, and contingency reserves in required reports.
9. The High-Speed Rail Authority shall, as part of its January 1, 2014, Business Plan, include: a proposed approach for improving (a) demand projections, (b) operations and maintenance cost models, and (c) benefit-cost analysis as applied to future project decisions. The authority shall also submit a copy of the study by the Union Internationale des Chemins de Fer (the international union of railways) examining how the au-

- thority's estimated operating costs for high-speed rail compare to high-speed rail systems in other countries. These business plan components approved, as consistent with the criteria in this provision, by the Secretary of Business, Transportation and Housing shall be based on recommendations of the authority's peer review panel, advice from the domestic and international rail community, and external academic review.
10. On or before June 30, 2013, the High-Speed Rail Authority shall prepare and submit a report approved, as consistent with the criteria in this provision, by the Secretary of Business, Transportation and Housing that provides an analysis of the net impact of the high-speed rail program on the state's greenhouse gas emissions. The report shall be submitted to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, and the Senate and Assembly committees on budget.
  11. Within 10 days of executing a valid memorandum of understanding (MOU) with regional transportation agencies relative to the Northern California Unified Service, the High-Speed Rail Authority shall make a copy of the MOU available to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, and the Senate and Assembly committees on budget.
  12. The safeguards and oversight rules and processes of Sections 13332.11 or 13332.19 of the Government Code, as appropriate, shall apply to the High-Speed Rail Authority.
  13. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$106,000,000 in Item 2660-304-6043, an appropriation of \$713,333,000 in Item 2660-104-6043 for "Connectivity" funding, and an appropriation of \$1,100,000,000 in Item 2665-104-6043 for "Book-end" funding, as articulated in the 2012 High-Speed Rail Authority Final Business Plan.

SEC. 10. This act is a Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution and shall take effect immediately.

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