



California High-Speed Rail
BRIEFING: March 4, 2026, Agenda Item #5

TO: Board Chair Richards and Board Members

FROM: Mark Tollefson, Chief of Staff

DATE: March 4, 2026

RE: Draft 2026 Business Plan Release

Summary

As required by Public Utilities Code Section 185033, the California High-Speed Rail Authority (Authority) is required to prepare, publish, adopt, and submit an updated Business Plan to the Legislature on May 1 of every even year. Statute dictates that at least 60 days prior to submittal to the Legislature, the Draft Business Plan be released for public review and comment. The Draft 2026 Business Plan was posted on the Authority's website on February 28, 2026 thus opening the 60-day public comment period. Staff intends to present the plan and receive public comments at this March 4, 2026 Board meeting and through other public comment opportunities. After receipt of public comment, staff will present a proposed final 2026 Business Plan, with any recommended changes, to the Board for consideration and approval at the April 29, 2026, Board of Directors meeting.

Background

The Authority has produced business plans since 2012. All business plans provide a snapshot in time of the most current information about the high-speed rail program at the time of adoption. In requiring an updated plan every two years, the Legislature envisioned that these plans would reflect updated forecasts and estimates, decisions that have been made and changes that have occurred since the prior business plan. This has been the case with the Authority's previous plans and remains so with the Draft 2026 Business Plan.

Discussion

The Draft 2026 Business Plan is available for review at the following URL:

<https://hsr.ca.gov/communications-outreach/reports/business-plans/2026-business-plan/>

The Authority is providing the following options for submitting comments:

- By the online comment form available at the following URL:
<https://hsr.ca.gov/communications-outreach/reports/business-plans/2026-business-plan/2026-draft-business-plan-comment-form/>
- By email at: BusinessPlan2026@hsr.ca.gov
- By U.S. mail to the Authority:
California High-Speed Rail Authority Attn: Draft 2024 Business Plan

770 L Street, Suite 620, Sacramento, CA 95814 • T: (916) 324-1541 • F: (916) 322-0827

For further information, visit the California High-Speed Rail Authority web site at <http://www.hsr.ca.gov/>

770 L Street, Suite 1180
Sacramento, CA 95814

Legal Approval

This is an informational item, Legal has reviewed and signed off on this item.

Budget and Fiscal Impact

This is an informational item on the Authority's 2026 Business Plan and by itself does not have a budget or fiscal impact.

Recommendations

This is an informational item.



CALIFORNIA
High-Speed Rail Authority

2026 Draft Business Plan

March 4, 2026

Chief of Staff Mark Tollefson

An Economic Corridor of Opportunity

- The benefits of high-speed rail extend beyond mobility; it is a catalyst for economic growth, environmental sustainability, and social equity to help meet the needs of a growing population.
- California is the world's fourth-largest economy, with a GDP of approximately \$4.1 trillion. High-speed rail's Phase 1 route, from San Francisco to Greater Los Angeles, is among the world's most productive economic corridors.
- This corridor can convert travel-time savings into labor-market expansion, expanded housing opportunity, and new investment, making it one of the strongest high-speed rail markets anywhere.



2026 Business Plan Delivery Strategy

- Complete the Merced-Bakersfield initial operating segment and initiate service as early as possible
- Expand to major population centers to achieve revenue-positive operation and strengthen the foundation for future delivery
- Advance an early asset commercialization and ancillary revenue strategy – including power, broadband/technology, station-area opportunities, and other partnerships – to improve long-term financial performance and support system growth

Making the Vision a Reality: Merced to Bakersfield

DELIVERING EFFICIENCY & SAFETY FOR CALIFORNIA

The Authority is expediting work in the Central Valley by right-sizing the project for initial service.



SAVINGS

The Authority saved an **additional \$2 billion** in the Merced-Bakersfield segment through scope changes related to infrastructure delivery, lowering the total cost to **\$34.8 billion**.



TRIPS PER DAY

Initial service will begin with a planned **8 trips per day** in both directions.



TRACKS

The Authority is scheduled to **begin laying tracks in 2026**.



FARE SERVICE

With tracks & electric system installation in beginning 2026, the Authority anticipates **fare service** from Merced to Bakersfield **beginning in 2033**.



SAFETY

The project is already having a positive impact on road safety, with dozens of new overcrossings opening throughout the area.

Streamlining & Cost Savings

OPTIMIZING SAVINGS AND FUTURE EXPANSION

New strategies and routes have helped decrease expected costs.



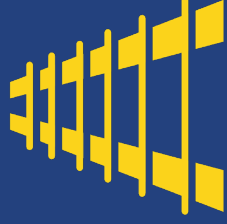
STRATEGY

The Authority has prioritized lower capital costs through streamlined station designs, infrastructure, and service levels while setting the stage for future expansion.



BILLIONS SAVED

Our optimized approach has resulted in **more than \$105 billion** in program-wide savings.



ROUTES

A revised route from Palmdale to the LA Basin would expedite the introduction of service while also helping to lower costs.



ACTION NEEDED

Achieving projected savings is contingent on additional authority and advancing related policy and implementation measures. Absent those steps, costs could increase by approximately 10 percent.

Reaching Population Centers Drives Opportunity for Revenue Growth and System Expansion

Table 3.1: Buildout Cost, Funding, and Profit Scenarios (\$ in billions)

Buildout Scenario	Total Cost*	Net Cost**	Annual Funding Commitment***			40-year Net Operating Profit [^]	
			2042 (15 years)	2047 (20 years)	2057 (30 years)		2072 (45 years)
San Francisco –Bakersfield	\$60.34	\$25.57	\$1.78	\$1.46	\$1.20	\$1.04	+42.23
San Francisco – Palmdale	\$96.73	\$61.97	\$4.36	\$3.59	\$2.96	\$2.56	+77.68
San Francisco – Los Angeles/ Anaheim (Phase 1)	\$126.20	\$91.43	\$6.40	\$5.25	\$4.33	\$3.75	+174.34

*Construction cost estimates include a P65 level of contingency.

** Funding needed during construction period. Net cost is derived by excluding the cost of \$34.8 billion for Merced – Bakersfield which is alternatively funded (using Cap-and-Invest).

*** Annual Funding Commitment is assumed to commence in 2028, includes debt service, and is dependent on the source(s) of revenue pledge offered, as well as prevailing market conditions.

[^] Cumulative operating profit is based on a service start year of 2040, if built using financing against long term state funding.

Expanding High-Speed Rail Through Efficient Delivery

- As introduced in the 2025 Supplemental Project Update Report, the Authority's strategy is to right-size each stage of delivery to initiate service sooner and effectively control costs, and then expand infrastructure as demand grows.
- The strategy combines shared corridor upgrades with designs that preserve opportunity for future expansion.
- Practical modifications will keep initial costs lower while maintaining the system's fundamental purpose: reliable, high-speed service linking San Francisco and Los Angeles via the Central Valley.

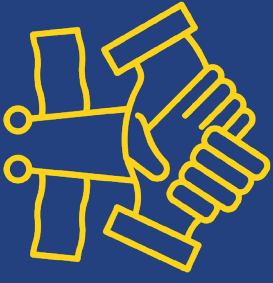
Building & Leveraging Partnerships



LEVERAGING ASSETS

Commercialization strategies to monetize the Authority's assets could include station real estate, retail concessions, advertising, & energy and technology projects.

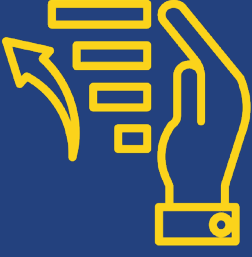
Some of these initiatives can generate ancillary revenues and improve financial sustainability, even before train service begins.



PARTNERSHIPS

Focused on the delivery and operation of the rail system, a P3 partner could drive efficiency & may share risk and contribute financing for major infrastructure, maintenance facilities, & potentially train operations.

This approach accelerates delivery & could reduce public capital requirements.



FUNDING

The extension of Cap-and-Invest provides \$1 billion in annual funding for high-speed rail through 2045, sufficient to fully fund and deliver the Merced-Bakersfield segment. Additional funding will be required to ensure long-term viability and complete Phase 1.



LOW-COST FINANCING

The Authority is exploring access to low-cost financing to accelerate delivery of M-B and reach dense population centers as soon as possible to achieve a profitable train service.

Commenting on the Draft Business Plan

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