

PUBLIC PARTICIPATION AND CONSULTATION

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS



SUB APPENDIX PART 5 OF 5
Standalone Attachments

ADOPTED | APRIL 2016



SUB APPENDIX PART 5 OF 5
COMMUNITY INPUT | PUBLIC PARTICIPATION AND CONSULTATION

STANDALONE ATTACHMENTS

ADOPTED | APRIL 2016

SUB APPENDIX PART 5 OF 5 Standalone Attachments

Affiliation	Submittal ID	Page #
Albert Perdon and Associates	16166; 16167; 16182; 16211; 16212; 16213; 16233	2
Golden State Gateway Coalition	16165	386
Letterly Environmental and Land Planning Management	16272	387
PTS Staffing Solutions	16067	389

An Integrated Growth and Transit Strategy for Southeast California

Creating wealth, protecting communities from
unconstrained development, enabling growth in housing,
enhancing the environment and quality of life

Albert H. Perdon

March 2014

Two Intersecting Interests

Growth – High Speed Trains

- 15-19 million more people in CA by 2060
 - Where will they live, how will they move about?
- Southeast California could attract millions
 - By adopting a “Beneficial Growth Strategy”
- Voters have approved a high-speed train
 - Funding committed not enough to begin building HST
- “SeCal”: \$billions for HST but no benefit
 - HST is critical for SeCal growth; 5-10 million

2008 Prop 1A Ballot 800-mile HST System



\$9 billion High Speed Train
\$950 million feeder transit

No SeCal HST Financial Plan, Schedule, Funding Commitment

- Direction from the North
-

Recommendation

- Lead HST development as part of a "Beneficial Growth Strategy"
 - 7-9 High-density "Sky Cities" growth centers at HST stations
-

What's at stake for SeCal?

- Preserving lower-density lifestyle
- Saving billions of dollars in taxes
- Reducing commute costs and time
- Creating jobs / strong economy
- Protecting the environment
- Increasing political power

After vote, lack of needed funding; scope reduced.



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\$950 million feeder transit

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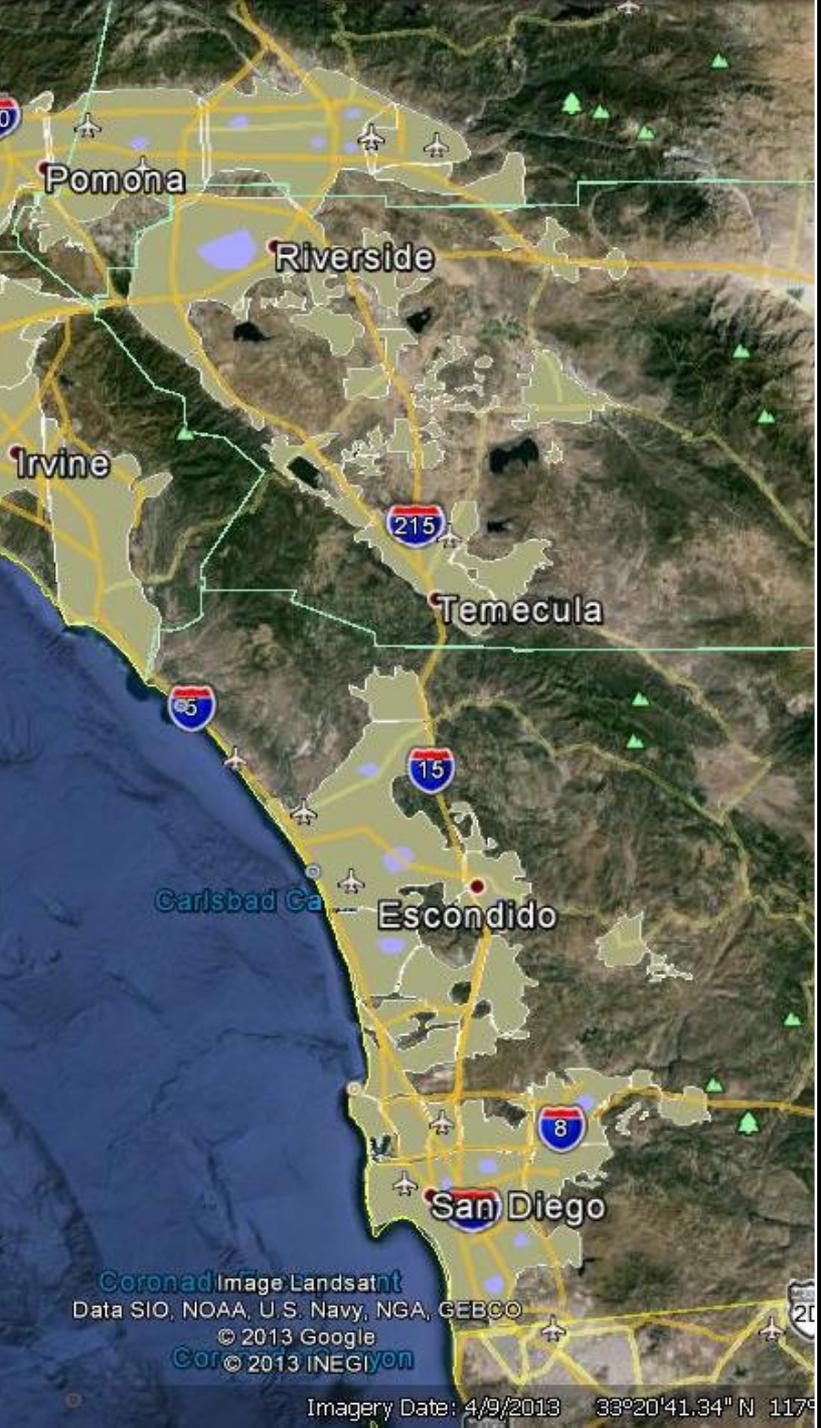
The Issue

Population Growth

- 15-19 million more people in CA by 2060
- 5-10 million in southeast counties

Mobility Decline

- Growing percent drive 90+ min to work
- San Bernardino – Riverside area ranks 2nd (tied with New York)



San Bernardino

Riverside

San Diego

The Issue

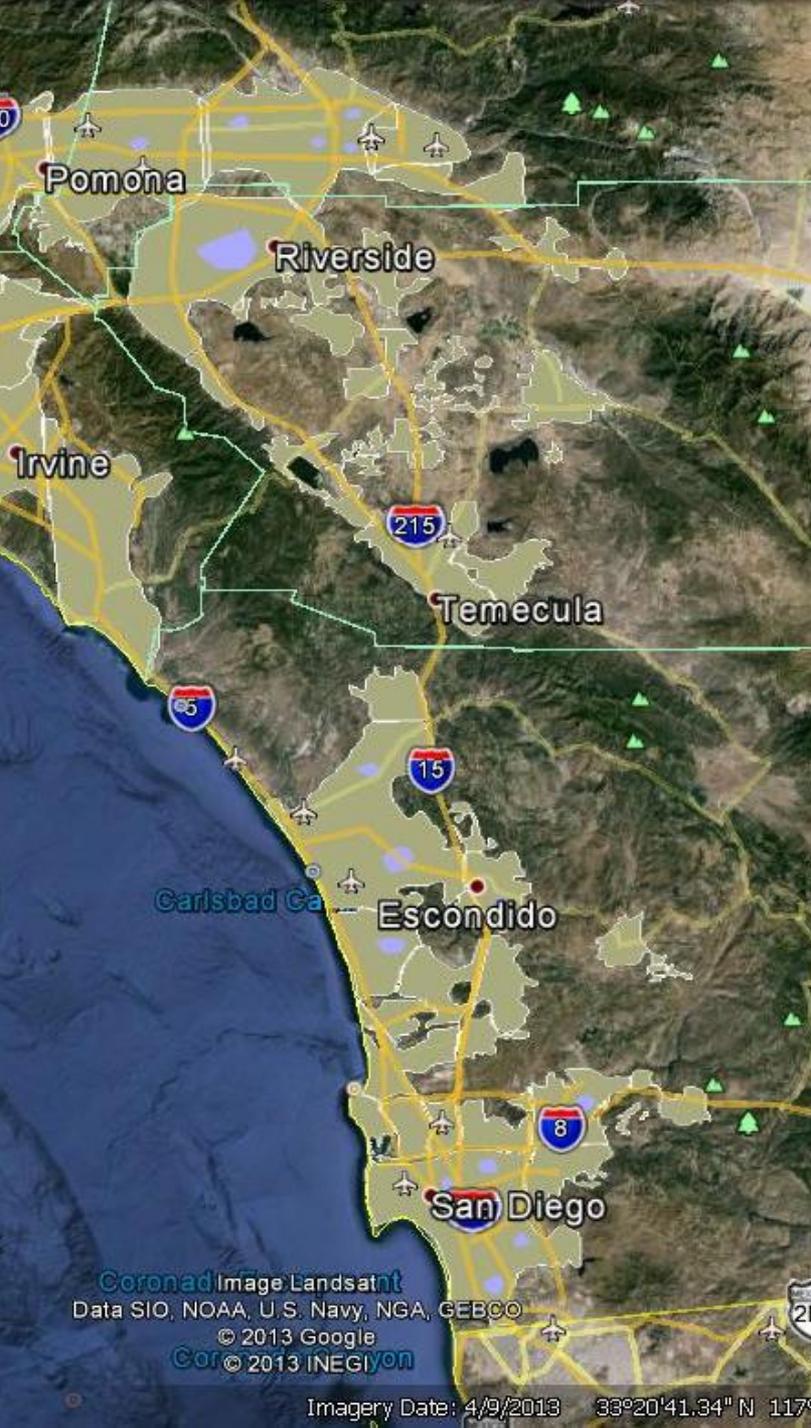
Housing shortage

- Building permits up – 496 per month
- But, far below peak levels a decade ago

Housing needs

- Nearly 1,000 per month needed
- 1.7 million new residents by 2060

* For San Diego County; UT San Diego, Sept. 3, 2013

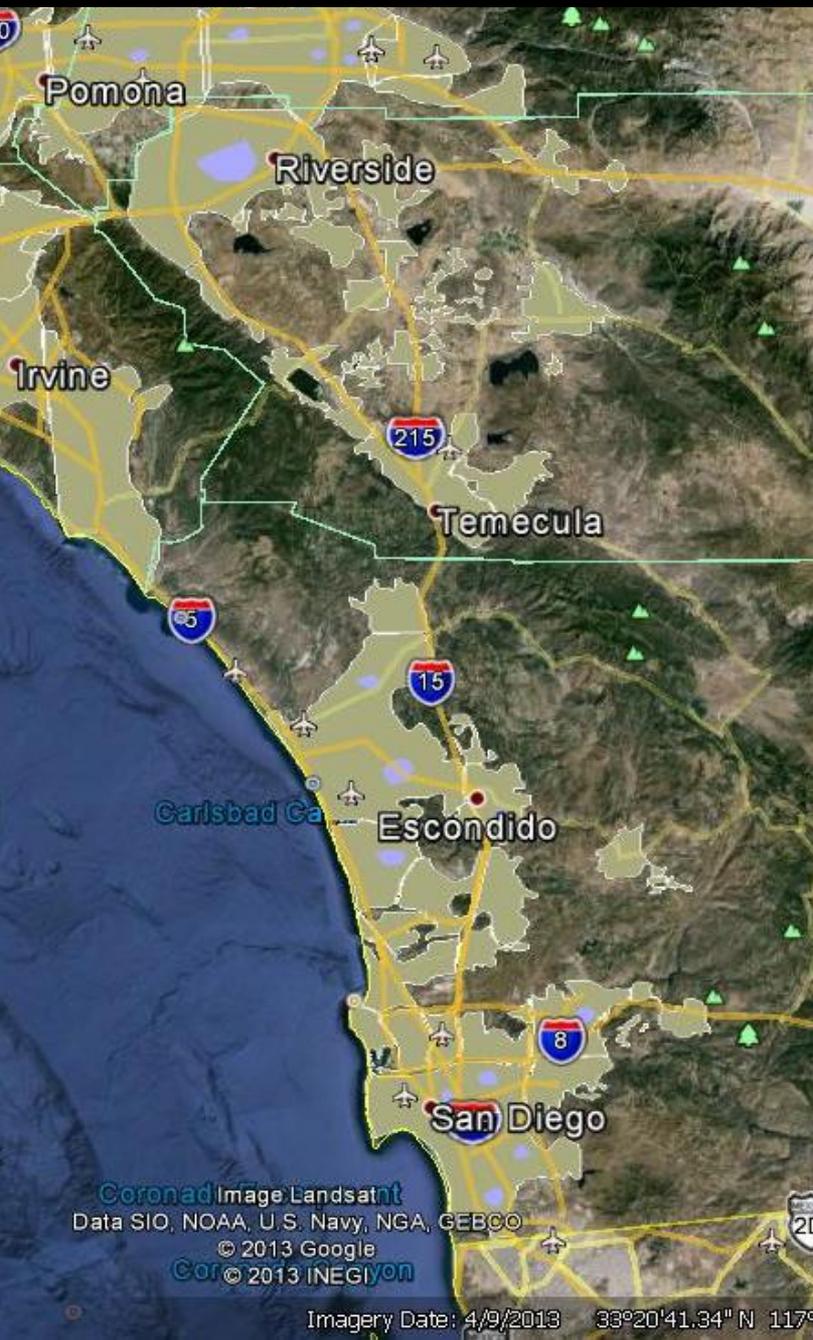


San Bernardino

Riverside

San Diego

Where will they live?



San Bernardino

Riverside

San Diego

The Issue Page 8 of 394*

Housing shortage

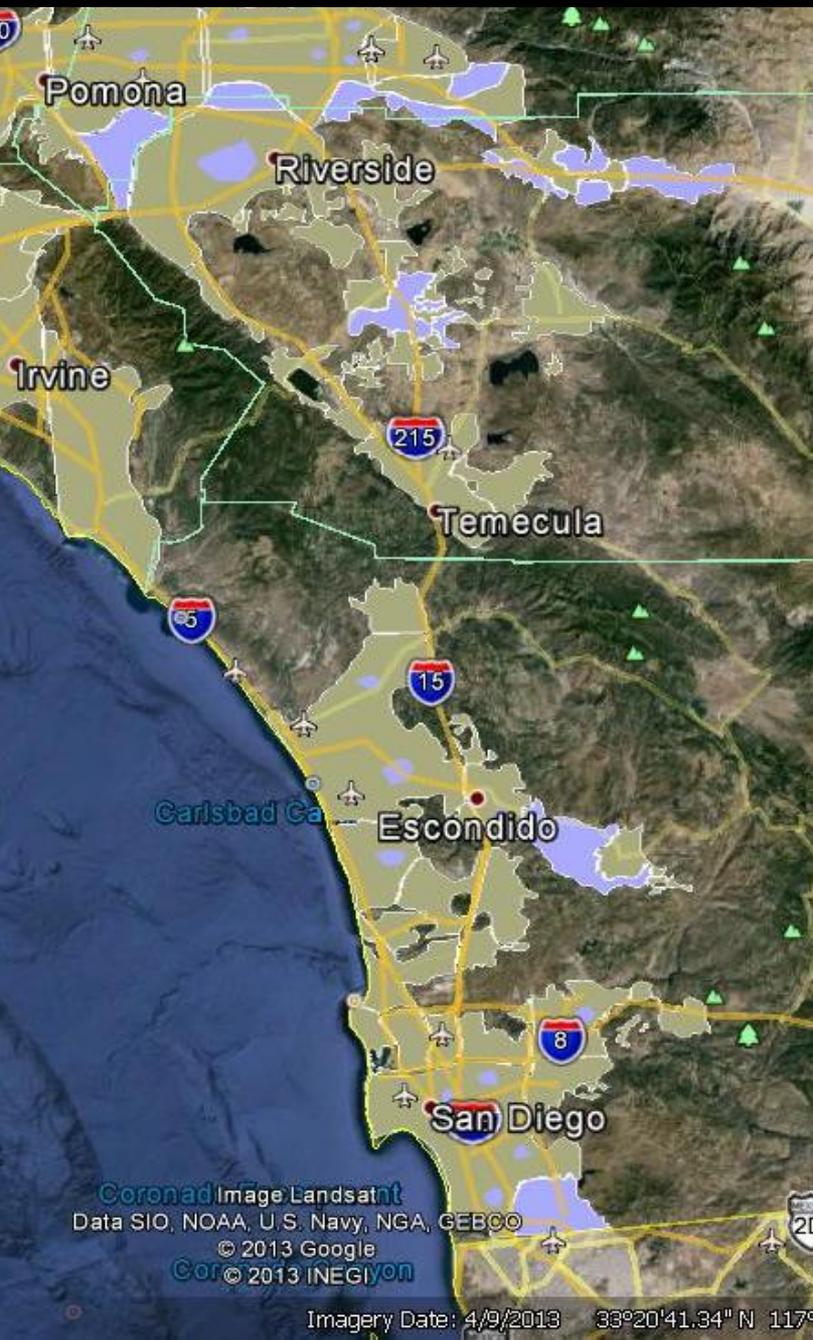
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Infill Development?



San Bernardino

Riverside

San Diego

The Issue Page 9 of 394*

Housing shortage

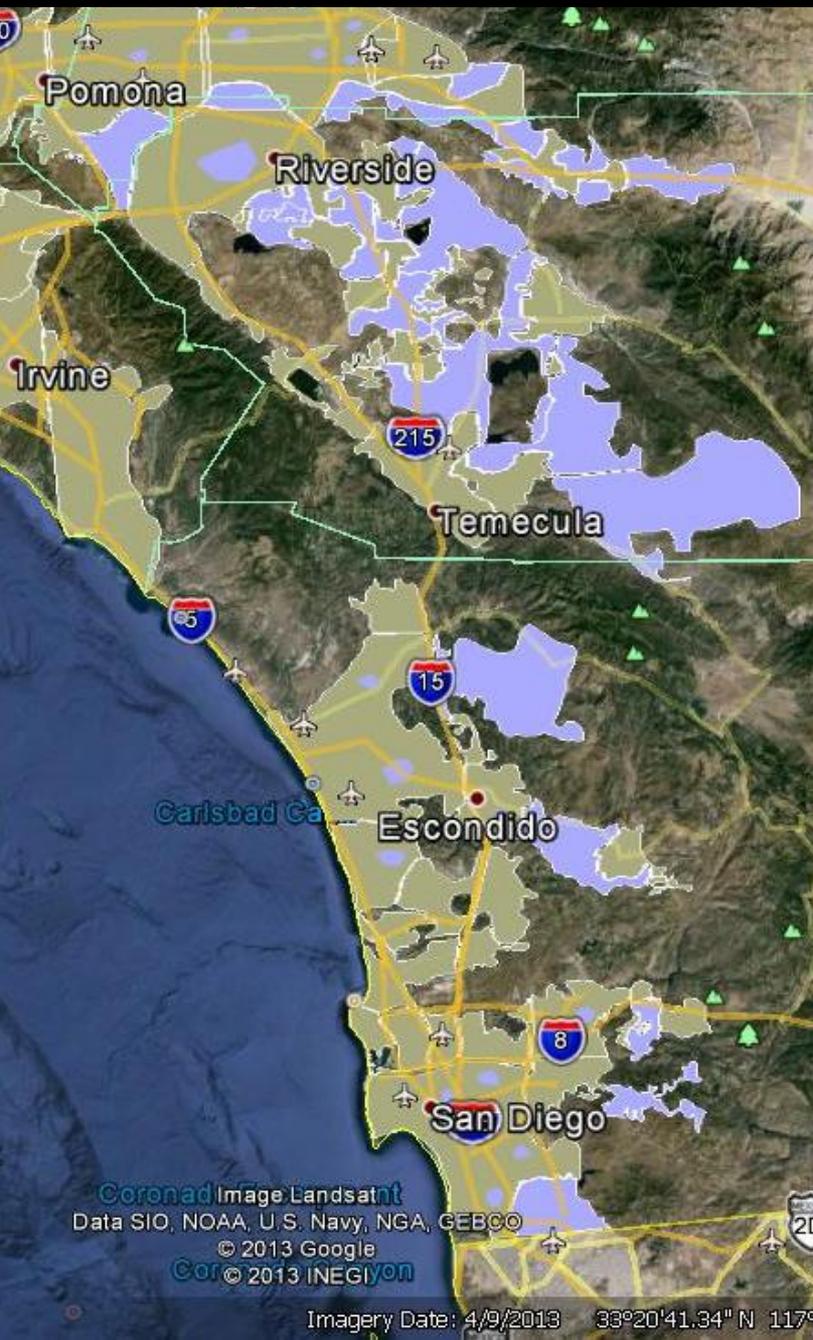
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Housing needs

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Further Sprawl?



San Bernardino

Riverside

San Diego

The Issue Page 10 of 394*

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A New Option is Proposed



San Bernardino



Riverside

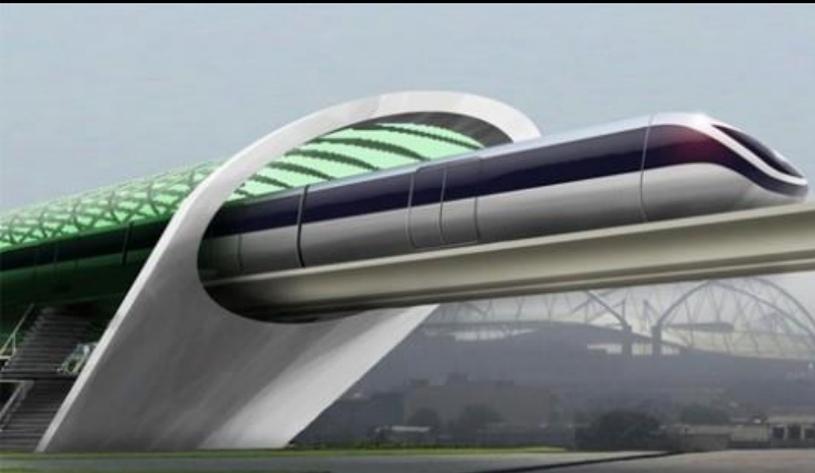
Eight "New Cities Neighborhoods"
connected by an affordable
~~New Fastway~~
free of congestion and stop-n-go traffic



San Diego



An Integrated Housing/Transit Solution



San Bernardino



Riverside



Eight "New Cities Neighborhoods"
connected by an affordable
~~New Fastway~~
free of congestion and stop-n-go traffic



San Diego



120F

60F

THE HIGHEST AIR QUALITY

Indoor air is at least 20 times purer than that outdoor

100% fresh air without cross contamination, far away from sick building syndrome; fresh air with 3-stage filters and 99% of PM2.5 is eliminated, far away from air pollution ...

THE HIGHEST LIFE ENJOYMENT

The sunrise and sunset can be watched daily at much time in much space

No commuters, walk to work, leisure hours can be greatly enjoyed. Over 4,000 families share dozens of sky gardens, sky courtyards, basketball courts, tennis courts, botanic gardens, libraries, concert halls...

The living space is as much as you can imagine while the air conditioning fee and electric bills can be as lower as you like ...

THE HIGHEST LEVEL OF CONSTRUCTION TECHNOLOGY

BROAD Sustainable Building (BSB)

Modular design, factory-made product, worker-friendly construction and 1% construction waste. One - million-sqm building with 280,000 components in aircraft component management process benchmarks the hi-tech building standard ...



BROAD Town, Changsha, P.R. China Zip:410138
Tel: +86-731-84056688 Fax: 84610087 www.broad.com



• 838m

• 220F

• 210F

• 180F



SKY CITY-J220

THE NEW ALTITUDE IN THE WORLD

Not only the tallest building in the world,
but also ...

THE HIGHEST ENERGY EFFICIENCY

Over 5 times more energy efficient than conventional buildings

Over 20 super energy saving technologies: 20cm thermal insulation, 4-paned windows, fresh air heat recovery, cooling-heating-power system, auto power-generated lifts ...

THE HIGHEST EFFICIENCY OF LAND USE

Save the land 10 times more than average urban areas

Residence, office, elementary & secondary schools, kindergarten, old people's home, healthcare hospital, store, hotel, sports & entertainment center are all integrated. 4,000 vehicles and relevant land for roads and parking are cut, large area of green land is protected ...

838m

220F

210F

180F

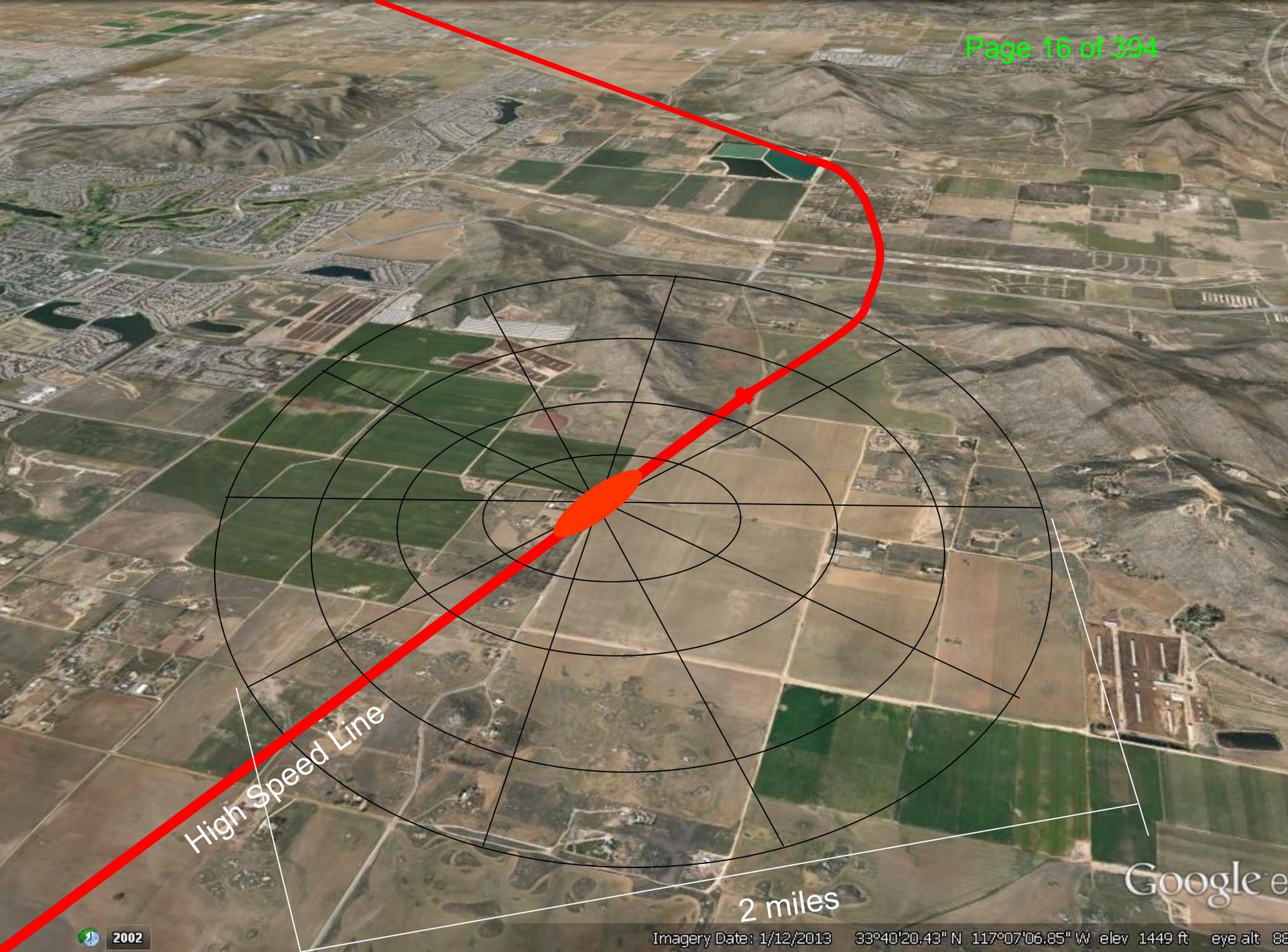


A Game Changer

Burj Kalifa: \$1.5 B – 5 years

Sky City: \$0.65 B – 90 days

land for roads and parking are cut, large area of green land is protected ...



High Speed Line

2 miles

Google e

8 Neighborhoods

280 Sky Cities

3,500,000 residents

Sky Cities Neighborhood

35 Sky Cities (100 to 200 floors)

437,500 residents

High Speed Line

2 miles

Google e

The “Not LA” Alternative

Preserve Predominantly Low-Density Land Use

	City Level			Urbanized Area Level		
Location	Sq Mi	Population	Density	Sq Mi	Population	Density
Los Angeles (2013)	472.0	3,694,820	7,828	1,682	11,789,487	7,009
2013 SeCal Urban Areas population				2,500	7,693,000	3,077
An Integrated HST and Sky Cities Growth Strategy						
2060 SeCal urban area population outside of Sky Cities Neighborhoods				2,098	6,927,000	3,301
Sky Cities (280)	7.5	5,328,000	710,400			
HST + Sky Cities Neighborhoods (8)	402.0	8,771,000	21,800	2,500	15,698,000	6,279

HST Business Plan

Derived from CHSRA April 2011 Revised Business Plan

Projected project cash flow (YOE dollars in millions) Medium Case - 2013-2060 (47 years)	CHSRA Phase 1a - 410 miles	SeCal 125 miles (16%)
Operating Revenue	\$160,587	\$85,665
Less: O&M	(\$70,643)	(\$22,551)
Net cash flow from operations	\$89,944	\$63,110
Capital replacement costs	(\$6,611)	(\$2,103)
Net operating cash flow after capital replacement	\$83,333	\$61,007
Benefit Area Assessment Revenue @ 1.58% Base Rate		\$7,741
Phase 1a Capital cost (410 miles)	(\$68,365)	
Phase 2 Capital cost (265 miles)		(\$27,139)
Public Benefit Fund		(2,000)
Net project cash flow	\$14,968	\$40,609
Tax-exempt Finance Rate	3%	3%
Net Finance Cost	(\$103,982)	(\$23,992)
Cumulative net project cash flow after finance cost	(\$88,279)	\$13,815
Present Value	(\$22,004)	\$3,547

The “Those Who Benefit Pay” Alternative

Value Capture Examples

San Joaquin Toll Road: DIF - \$5.6m (2012)

Riverside County: TUMF - \$8,873 per sfr

Moreno Valley: Impact Fee - \$13,754 per sfr

San Diego: TIF - \$11,000 per sfr

Metro Red Line: Benefit Assess.- \$300m (21%)

SeCal HST: Benefit Asses. - \$10,000 residence

The “Those Who Benefit Pay” Alternative

Commute Cost Savings

YOE Costs and Savings	Capital Cost	Operating Cost	Total Cost
Auto Cost over 50 years (auto purchase each 10 years)	\$398,251	\$1,406,169	\$1,804,420
HST Cost over 50 years (capital one-time assessment*)	\$30,064	\$843,702	\$873,765
50-year cost savings	\$368,187	\$562,468	\$930,654

*HST-People Mover Assessment per Sky Cities Residence (\$16/sq ft)

The “Those Who Benefit Pay” Alternative

Potential Value Capture Revenues from 280 Sky Cities			
	Current Dollar Revenues	Fees	% of cost
Residence Cost		\$300,000	
HST Benefit Assessment	\$17,619,840,000	\$10,000	3.3%
PeopleMover Benefit Assess.	\$16,209,604,000	\$9,200	3.1%
Subtotal	\$33,829,444,000	\$19,200	6.4%
City Impact fee	\$18,826,418,000	\$10,700	3.6%
Total fees / fees per residence	\$52,655,866,000	\$29,900	11.9%
Total Cost of Residence	\$443,482,739,412	\$329,000	

Change will not be easy

Residents Oppose New Housing to Accommodate Population Growth

For many people, growth has only negative consequences

They see no personal benefit from more people in their neighborhood – just more crowding, more traffic, etc.

What's needed is a growth strategy that offers benefits to existing residents – a “beneficial growth strategy” that preserves the region's attractive qualities.

Impacts of this Growth Strategy

Perceived or actual negative impacts

- Uncertainty of effects (real and perceived) on existing population (voters)
- Visual impacts of Sky Cities growth centers/neighborhoods
- Traffic Impacts, crowding, environmental degradation
- Why not just stop growth?

Possible positive impacts

- Preserving lower-density lifestyle/increasing property value
- Reducing commute costs and time
- Creating jobs / strong economy
- Protecting the environment vs urban sprawl growth

A Beneficial Growth Strategy

- Take action to welcome and plan for growth, including high-density population centers served by high speed trains, while protecting the region's predominantly lower-density urban form.
- Organize a local-agency joint powers authority to lead the building of a high-speed train system in the region to connect high-density centers and surrounding suburbs.
- Ensure that the state high-speed rail project does not result in major transfer of wealth out of the region or suppress economic growth.

Background

Support for State HST Project is Tenuous

Proposition 1A – November 2008

\$9 billion general revenue bond - \$15 billion pay back

6.7 million voted yes (28.8%)

6.0 million voted no (25.9%)

10.5 million didn't vote (45.3%)

Support for State HST Project is Tenuous

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6.0 million voted no (25.9%)

10.5 million didn't vote (45.3%)

By March 2013, according to a Public Policy Institute of California poll, only 43 percent of likely voters supported the project, a decline of 10 percent from when the measure passed in 2008.

HST Project Has a Clear Mandate

2008 Proposition 1A General Revenue Bond Measure



Voter Expectation

- The high-speed train system will link the major population centers from Sacramento to the Inland Empire and San Diego.
- No additional state general fund tax support is required.

Yes Votes	Percentage	
6,680,485	52.6%	of valid votes
6,680,485	28.8%	of eligible voters
Population		
23,195,832		Eligible voters
38,000,000	17.6%	of "The People"

HST Project Has a Clear Mandate

2008 Proposition 1A General Revenue Bond Measure



Enacted State Law (Ch 20 of S&H Code)
 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.*

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*2704.08. Prior to committing any proceeds of bonds for constructing a usable segment, the authority shall have approved a report indicating (1) construction of the usable segment can be completed and upon completion, one or more **passenger service providers can begin using the tracks or stations for passenger train service**, and (2) the planned passenger train service will **not require an operating subsidy**.*

HST Project Has a Clear Mandate

2008 Proposition 1A General Revenue Bond Measure

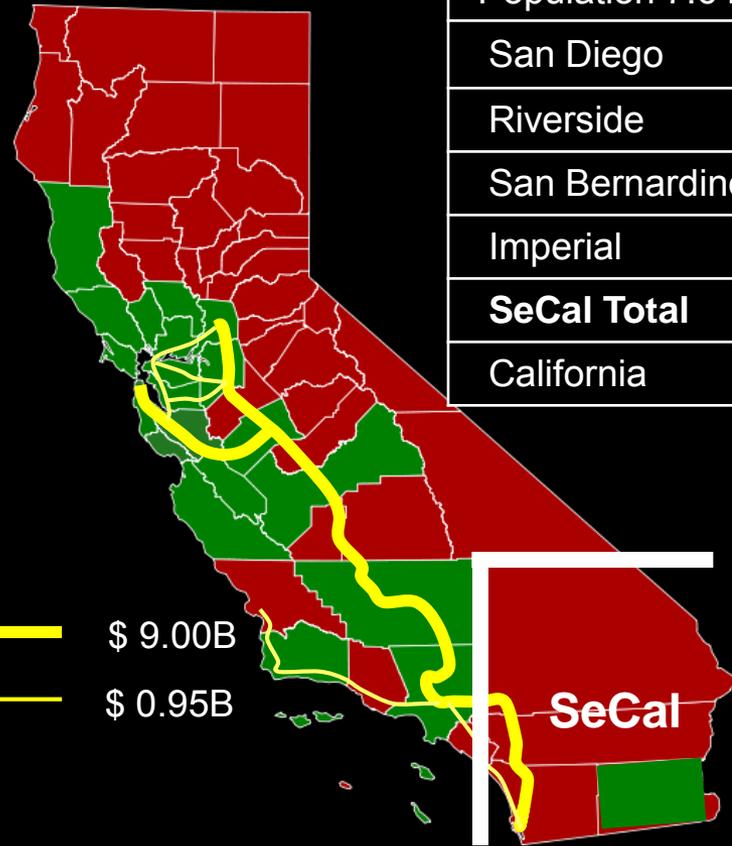


SeCal Counties	SeCal Prop 1A Voting Results			
Population 7.6 million	Yes	%	No	%
San Diego	560,342	48.4%	592,692	51.5%
Riverside	293,145	49.0%	304,909	51.0%
San Bernardino	260,348	46.2%	302,748	53.8%
Imperial	20,688	55.2%	16,840	44.8%
SeCal Total	1,134,523	48.2%	1,217,189	51.8%
California	6,680,485	52.6%	6,015,944	47.4%

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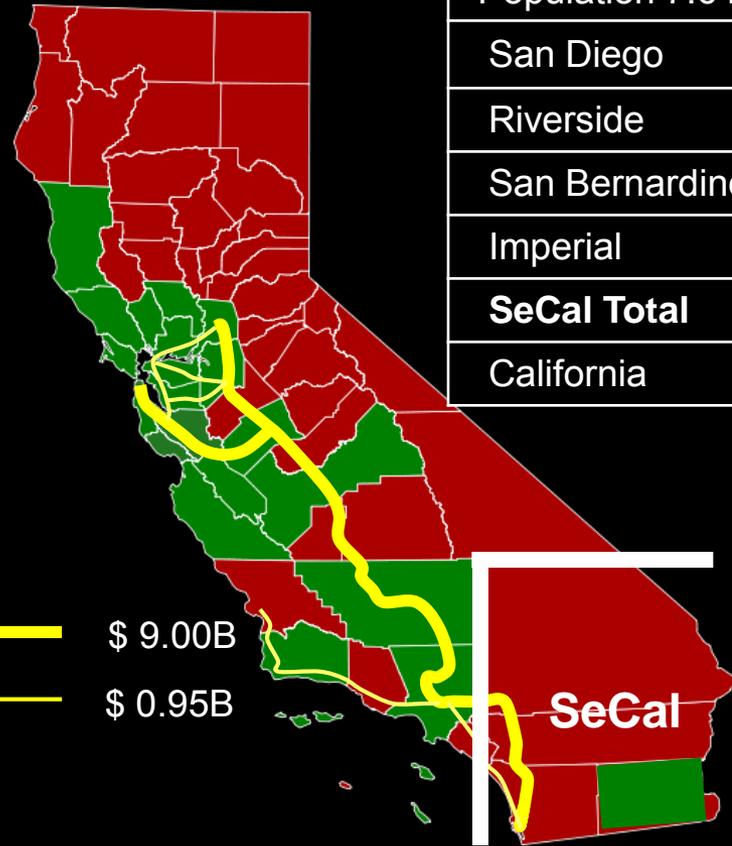


SeCal Counties	SeCal Prop 1A Voting Results			
Population 7.6 million	Opposition is tenuous 1,217,189 said no 3,426,523 didn't say no			
San Diego				
Riverside				
San Bernardino				
Imperial				
SeCal Total	1,134,523	48.2%	1,217,189	51.8%
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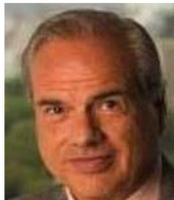
SeCal Counties	SeCal Prop 1A Voting Results			
Population 7.6 million	<h3>A well-thought out plan would gain voter support</h3>			
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Imperial				
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Direction from the North



Dan Richard
Bay Area
Lawyer



Michael Rossi
Bay Area
Banker



Jim Hartnett
Bay Area
Lawyer



Katherine Perez-Estolano
Los Angeles
Political Advisor



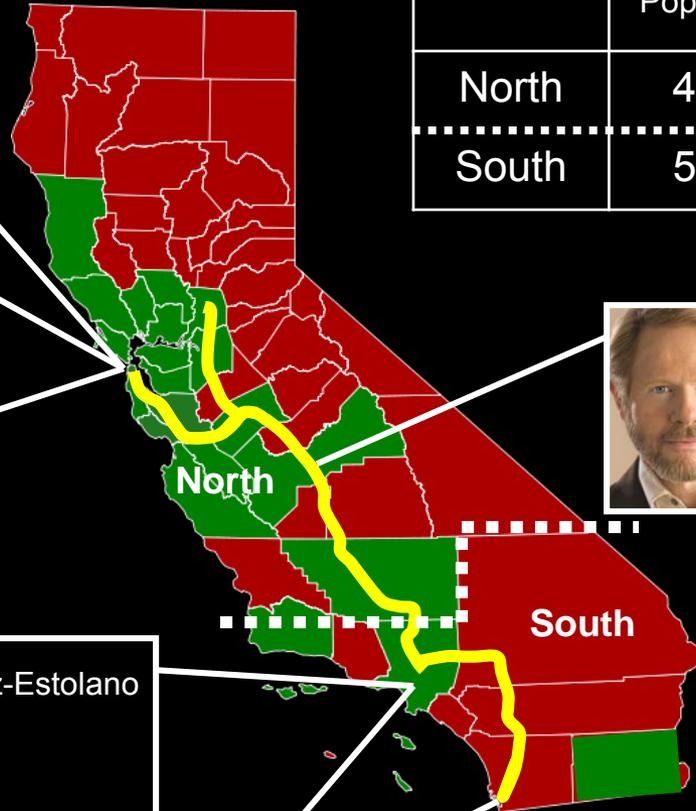
Thomas J. Umberg
Los Angeles
Lawyer / Legislator



Lynn Schenk
San Diego
Lawyer



Thomas Richards
Fresno
Real Estate Developer



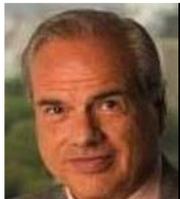
	Population	Representation
North	43%	57%
South	57%	43%

Bait and Switch

A cut in Scope - at a Cost to the South



Dan Richard
Bay Area
Lawyer



Michael Rossi
Bay Area
Banker



Jim Hartnett
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Lawyer



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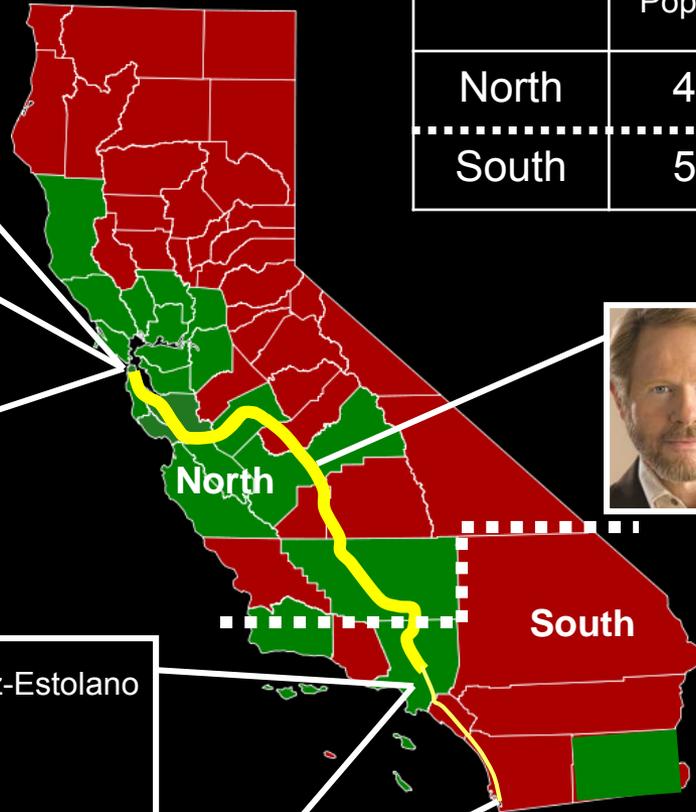
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Business Plan Not Viable

CHSRA April 2011 Revised "Business Plan"

San Jose to SF Valley (410-mile portion of 535-mile Phase 1)

Funding Sources: Taxpayers, Fares (Billions YOE \$)

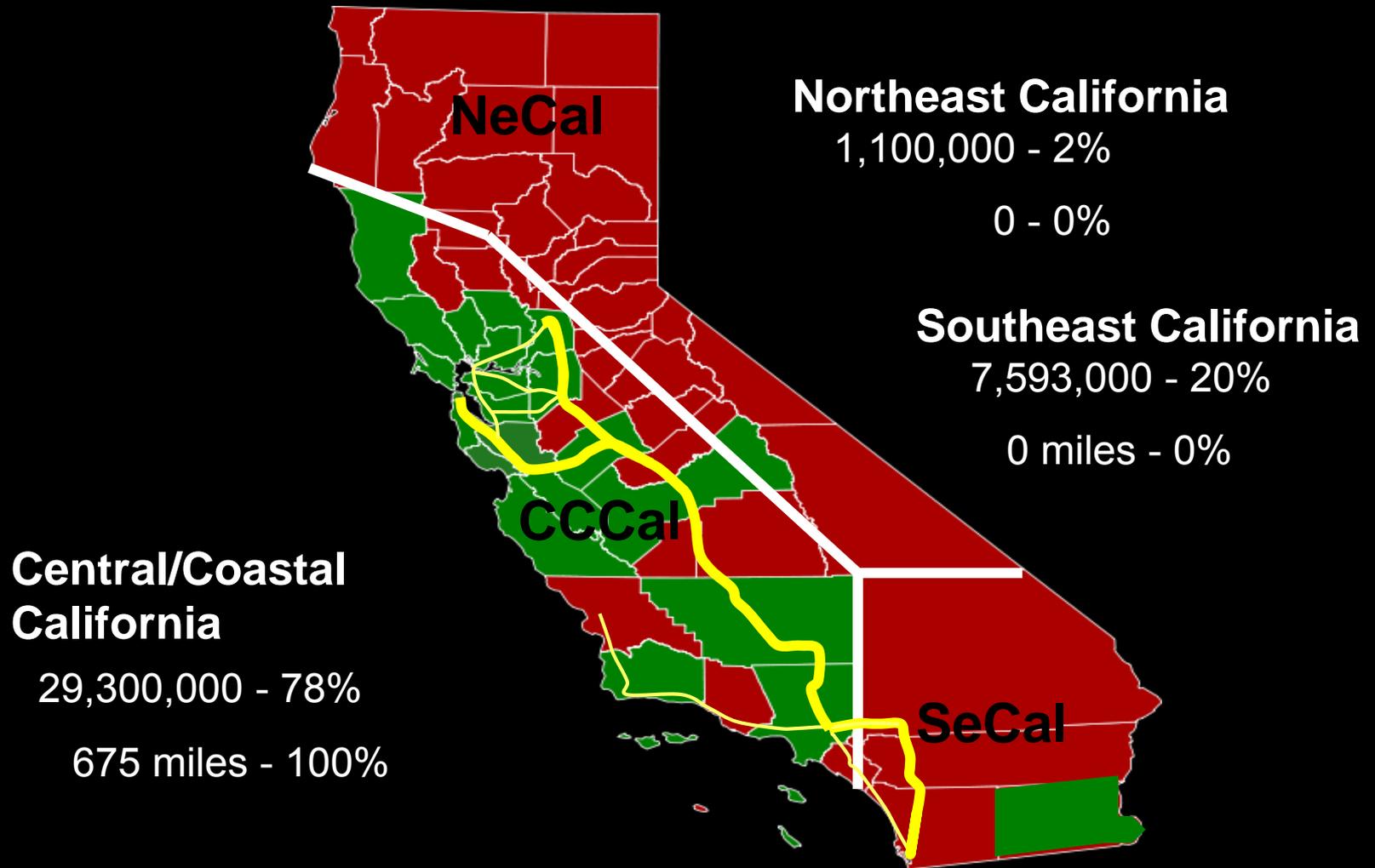
\$68.3-\$79.7 Construction Cost (35-Year Debt Payoff Period)

1A, Fed, State, Local	Fares	Private (Fares)
\$18 secured; \$48.3 short	\$.2	\$13.1
\$66.3		\$13.4
\$79.7 Billion		

Southeast Counties will be taxed heavily

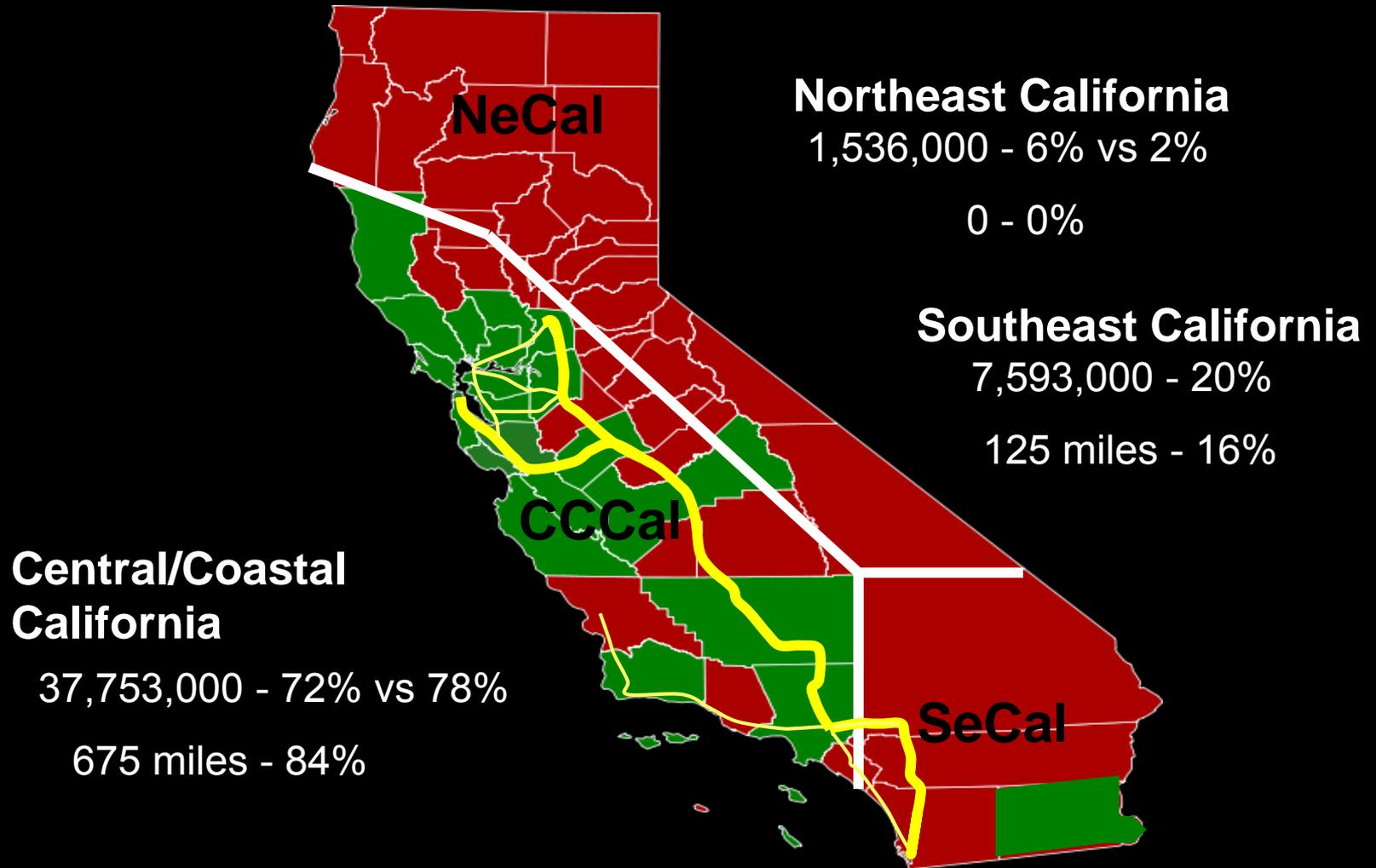
SeCal Will Pay

2013 Population Split

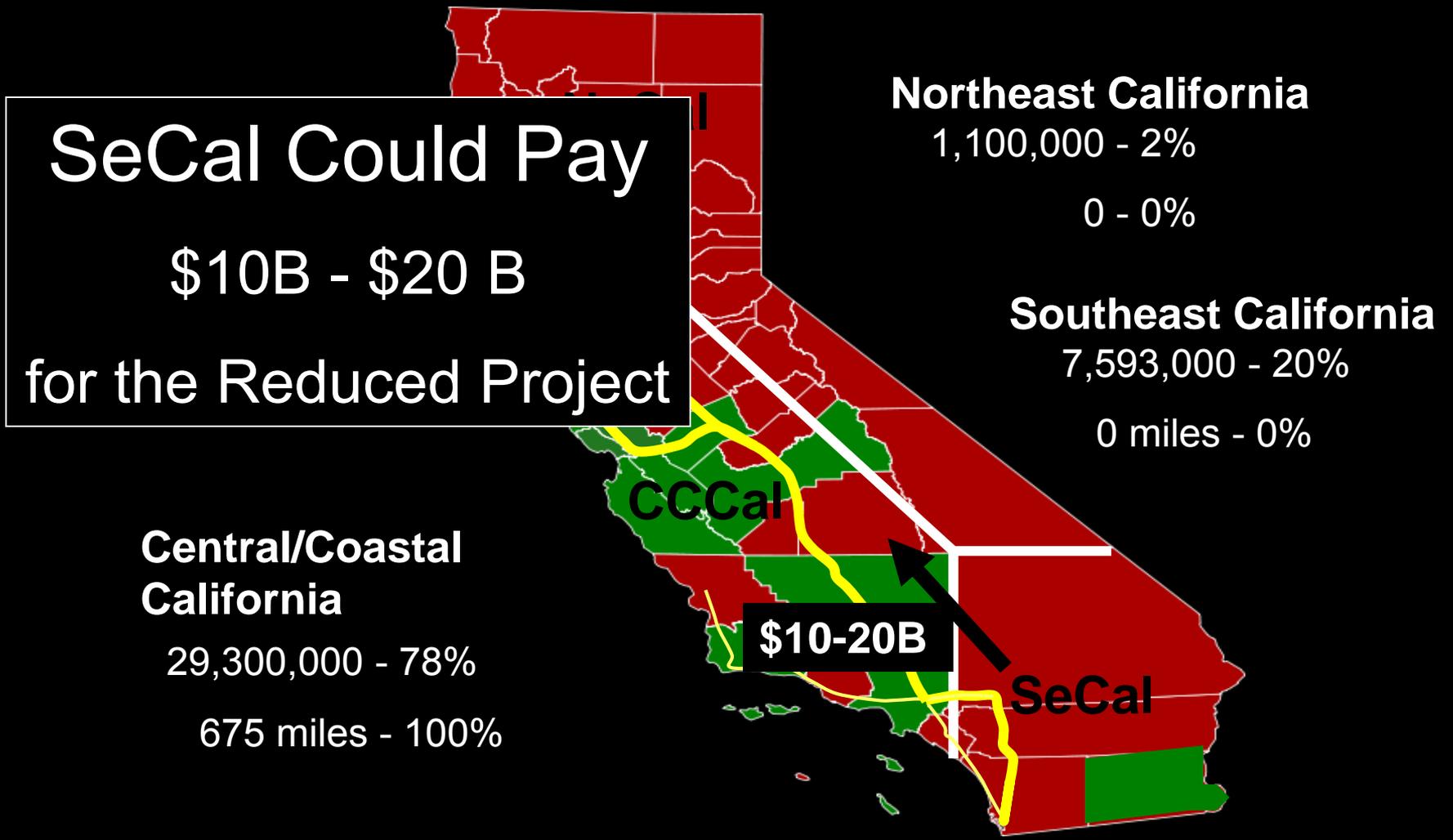


SeCal Will Pay

2060 Population Split - DOF Projection - .066



SeCal Will Pay



SeCal Could Pay

SeCal Could Pay

\$200+ Billion

In Economic Loss

Northeast California

1,100,000 - 2%

0 - 0%

Southeast California

7,593,000 - 20%

0 miles - 0%

**Central/Coastal
California**

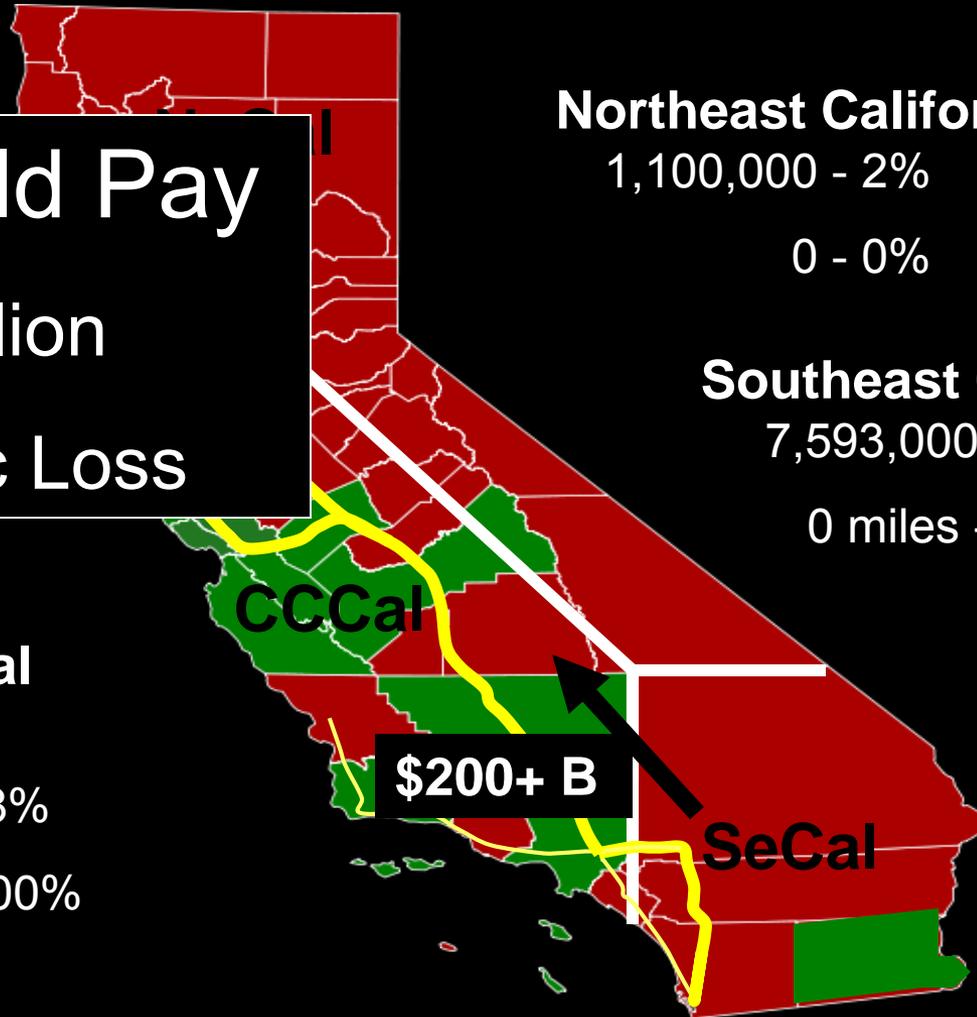
29,300,000 - 78%

675 miles - 100%

CCCal

\$200+ B

SeCal



HST Business Plan

Derived from CHSRA April 2011 Revised Business Plan

Legislature/Governor Approve

Budget Bill for HST

SB 1029 – July 18, 2012

- \$713M for local “connectivity improvements”
- \$5.8B for “acquisition and build” – SF to ANA
- \$1.1B for “bookend/early improvements”
- Final approval of each expenditure is conditioned upon final approval of all expenditures

Higher Population and Density

Cost Effectiveness Indicator - 2013

Corridor Counties	Miles	Population	Percent	Population Per Mile
California (2012 growth rate .79%)		37,966,000		
Los Angeles to San Diego	265	20,502,000	54%	77,365
SeCal (San Bernardino to San Diego)	125	7,693,000	20%	60,746
San Francisco to Los Angeles	535	23,159,000	61%	43,288

Higher Population and Density

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Cost Effectiveness Indicator – 2060 (DOF Est.)

Corridor Counties	Miles	Population	Percent	Population Per Mile
California (projected growth rate .66%)		52,694,000		
Los Angeles to San Diego	265	26,874,000	51%	101,000
SeCal (San Bernardino to San Diego)	125	11,593,000	22%	93,000
San Francisco to Los Angeles	535	25,820,000	49%	48,000

Higher Population and Density

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Corridor Counties	Miles	Population	Percent	Population Per Mile
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Cost Effectiveness Indicator – 2063 (with HST)

Corridor Counties	Miles	Population	Percent	Population Per Mile
California (projected growth rate .82%)		57,179,000		
Los Angeles to San Diego	265	38,500,000	67%	145,000
SeCal (San Bernardino to San Diego)	125	17,000,000	30%	137,000
San Francisco to Los Angeles	535	36,600,000	64%	68,000

Preserve Existing Low Density Steer Growth into High Density Centers

Sky Cities Neighborhood

- 35 Sky Cities
- 437,500 residents
- 1,113 people per acre

8 neighborhoods

- 3.5 million residents
- 280 Sky Cities (20,480 ac)
- 1,863,000 acres preserved
..(2,900 square miles)



1 year to construct

Connections

- 125-mile High Speed Line
- 70 miles of people movers
- local transit, car sharing

Benefits

- 30-60 minutes San Diego-San Bernardino (vs 2 hrs)
- \$200B 50-yr cost savings



Sky Cities Neighborhood

- 35 Sky Cities
- 437,500 residents
- 1,113 people per acre

4 neighborhoods

- 1.75 million residents
- 140 Sky Cities (10,240 ac)
- 931,500 acres preserved
..(1,450 square miles)

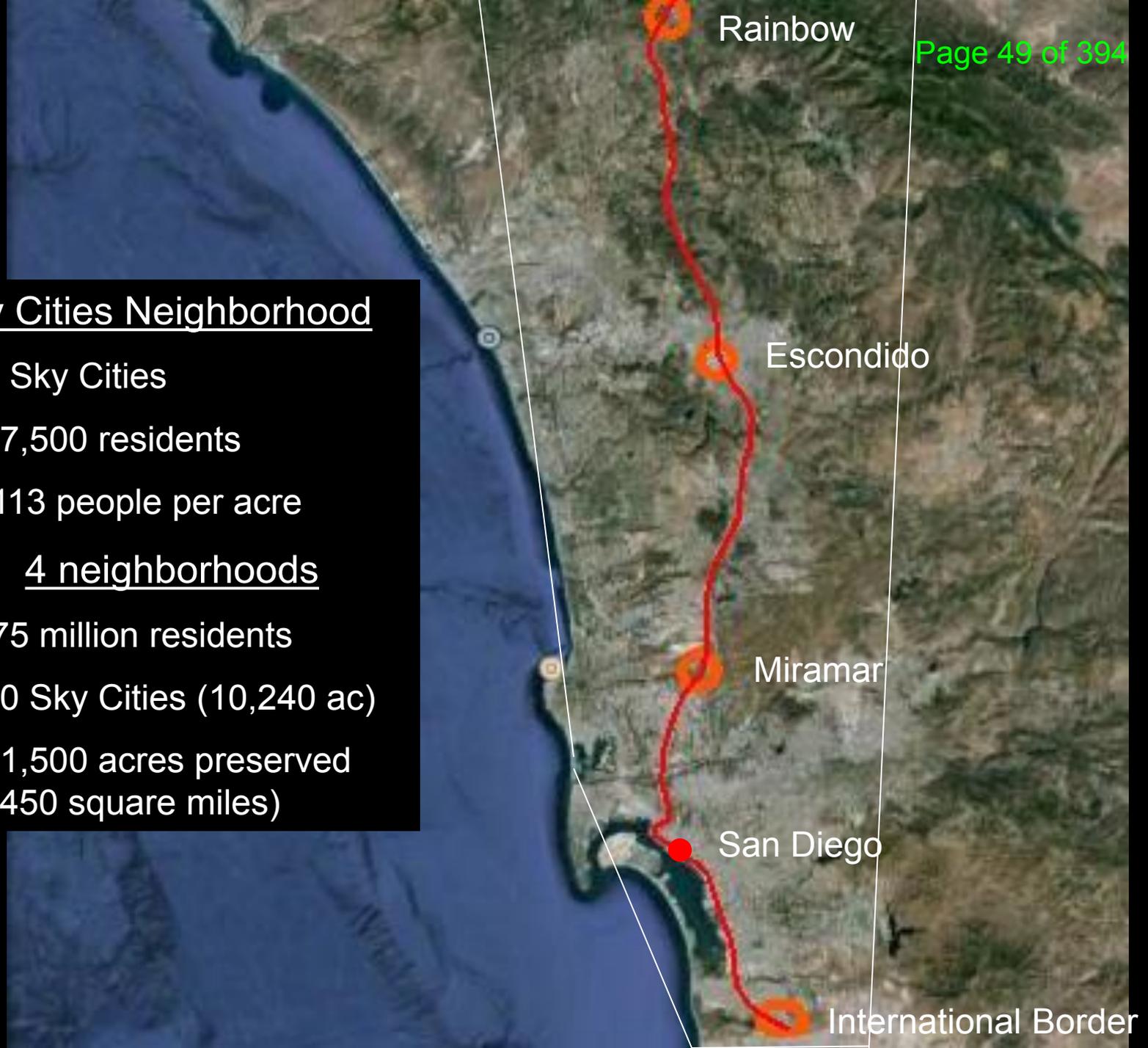


Sky Cities Neighborhood

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4 neighborhoods

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- 140 Sky Cities (10,240 ac)
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..(1,450 square miles)



Call it the "Not Auto-Dependent" Alternative

Commute Cost Savings

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Auto Cost over 50 years (auto purchase each 10 years)	\$398,251	\$1,406,169	\$1,804,420
HST Cost over 50 years (capital one-time assessment*)	\$30,064	\$843,702	\$873,765
50-year cost savings	\$368,187	\$562,468	\$930,654

*HST-People Mover Assessment per Sky Cities Residence (\$16/sq ft)

Call it the “Those Who Benefit Will Pay” Alternative

Value Capture Revenues			
	YOE Dollar Revenues	Fees	% of cost
Residence Construction Cost		\$713,471	
HST Assessment	\$50,308,248,598	\$28,456	4.0%
PeopleMover Assess.	\$46,438,383,321	\$26,267	3.7%
Subtotal	\$96,746,631,920	\$54,724	7.7%
City Impact fee	\$53,935,210,169	\$30,508	4.3%
Total fees / fees per residence	\$150,681,842,089	\$85,232	11.9%
Total Cost of Residence	\$1,266,233,967,134	\$798,703	



World Bank HST Success Criteria

- High population / population density
- Adequate disposable incomes
- A focused, capacity-building effort
- Large cities in proximity to one another
- Decades-long political commitment



World Bank HST Success Criteria

- Organize local agencies under a JPA
- Adopt a population growth level / strategy
- Prepare an integrated development plan
 - Cities development plan / HST development plan
- Prepare and execute implementation plan
- 2-year planning time frame



SeCal Can Preserve Low Density and Meet World Bank HST Success Criteria

	2013	2035?	?
CHSRA	SF – LA HST		SB – SD HST
SeCal	SB – SD HST		

Others are calling the shots

Legal Mandates

Construction Priorities

Who Pays, Who Benefits

Route Alignment

Station Locations

Type of Trains

Questionable Management Decisions



Superior Court Judge
San Francisco Supervisor
State Senator
Chair, CHSRA

“Quentin Kopp, a bullet train proponent, said the project, as now planned, violates the law underpinning \$9.95 billion in state financing approved by voters in 2008.”

(Rich Pedroncelli / Associated Press)
Los Angeles Times, March 26, 2013

Questionable Technical Decisions

High Speed System Technologies	Peak Speed (mph)
Proposition 1A / Legal Mandate	200 (Sustained)
CHSRA (Business Plan) High Speed Rail (HSR)	220 (Peak)
China, France, Korea, Spain HSR	186 - 199
China (Shanghai Airport Line) High Speed Maglev (HSM)	271+
Japan (Tokyo – Osaka) Conversion to HSM	330



HSR



HSM

Questionable Fiscal Decisions

High Speed System Technologies	Peak Speed (mph)
Proposition 1A / Legal Mandate	200 (Sustained)
CHSRA (Business Plan) High Speed Rail (HSR)	220 (Peak)
China, France, Korea, Spain HSR	186 - 199
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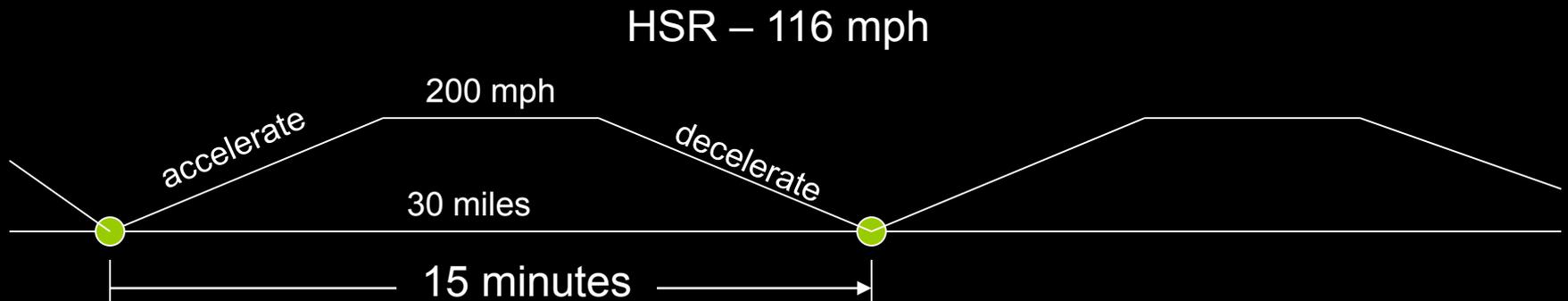


HSM



HSM

HSM - More Stations Better Access Higher Ridership



Why HSR for CHSRA?



HSR



HSM

Dec 1998 Wilson administration letter to CHSRA, “Maglev promoters were too zealous – their underhanded and meddling behavior is reprehensible.”

It's an Important Decision



HSR



HSM

HSM has distinct cost and service quality advantages over HSR.

With Long-term Impacts



HSR



HSM

For some, it's a about holding on to the past.
For others, it's about looking to the future.

A High Speed Train Integrated with High-Density Housing that Best Serves Your Needs



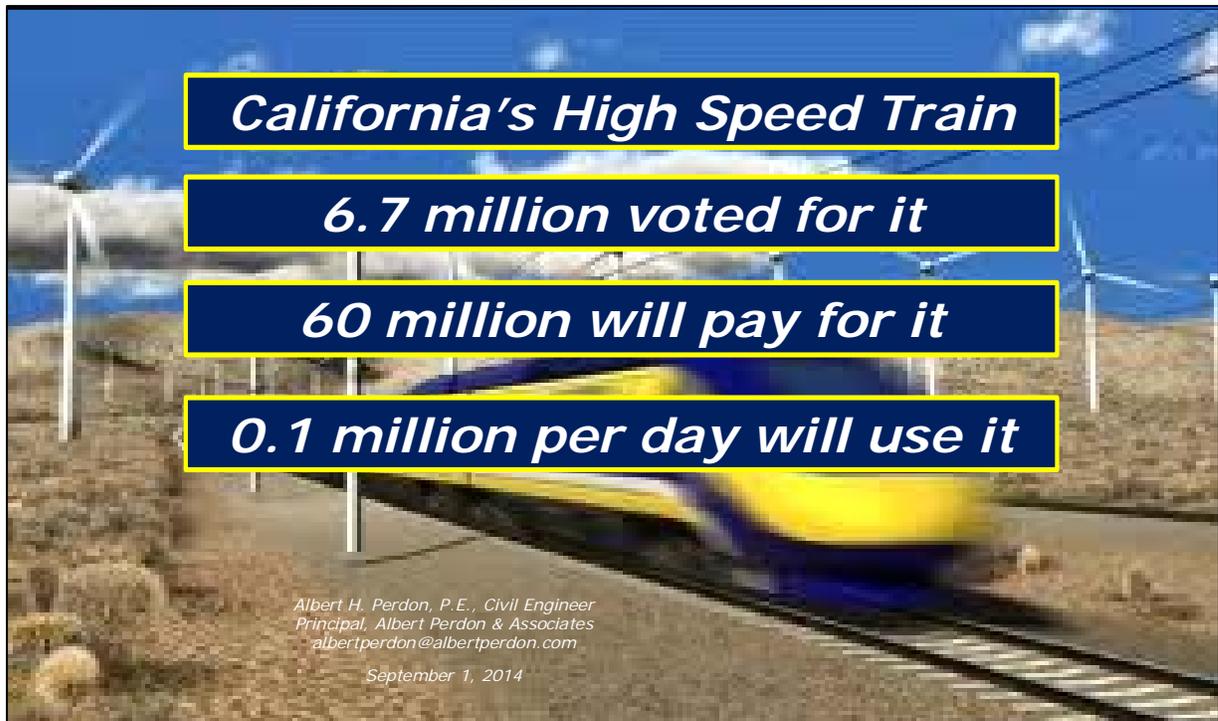
HSM



HSM

Take the Lead!

When you call the shots you'll likely be happier with the decisions



California's High-Speed Train
Who wins and who loses?
Hundreds of Billions of Dollars are at Stake
Who are the Decision-makers?
Local Officials are Key to the Project's Success



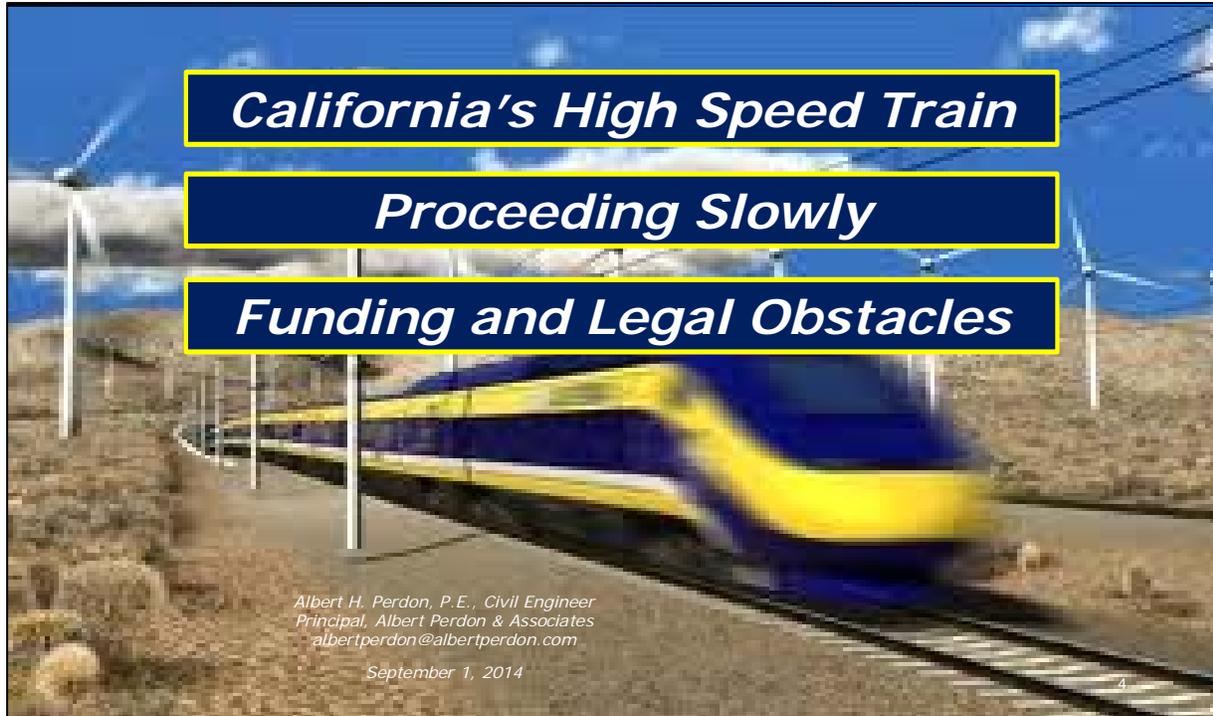
This presentation is an update of the original presentation dated December 15, 2013.

In November 2008, 6.7 million voters (28.8% of California's eligible voters) voted in favor of a ballot measure (Proposition 1A) authorizing the State to embark on a Project to develop an 800-mile High-Speed Train (HST) System linking Sacramento, the San Francisco Bay Area, San Joaquin Valley, Los Angeles, Anaheim, Inland Empire and San Diego.

Passage of the ballot measure provided conditional authority for the State to sell General Obligation bonds in the amount of \$9,950,000,000 to provide partial funding for the HST Project. California taxpayers are on the hook to repay the bonds plus interest.

Total cost of the bond measure is estimated to be over \$20 billion. Proposition 1A, and the law it enacted (the Bond Act), require the California High-Speed Rail Authority, charged with implementing the HST Project, to seek and secure matching funds needed to build and make operational the 800-mile HST System.

The California High-Speed Rail Authority has embarked on a project to develop a 520-mile high-speed and slower-speed train system from San Francisco to Los Angeles, which it sees as the first phase of the 800-mile HST System approved by the voters. Under the funding and business plan for this "blended" phase 1 project, 60 million people will be taxed to pay for the system, and once ridership rises to a stable level, about 100,000 of California's 38 million residents and visitors will be using the system on an average day.



Following the almost six years since passage of the Proposition 1A Ballot measure, the Authority's project has focused on advancing a planned Initial Construction Section (ICS) in California's Central Valley. The plan for developing this 130-mile ICS, along with the balance of a 520-mile Phase 1 segment extending from San Francisco to Los Angeles/Anaheim, is described in the Authority's adopted April 2014 Business Plan.

The Project has encountered considerable delay due to the Authority's failure to develop a funding plan that conforms to the requirements of the Bond Act enacted upon passage of Proposition 1A. Lawsuits have been filed by various parties, including Kings County and others compelling the Authority to prepare a legally viable funding plan.

This presentation describes a strategy and funding proposal that will enable the Authority to meet legal requirements, secure needed public and court approvals and accelerate completion of the entire 800-mile HST system.

CHSRA Board of Directors
Only One of the Decision-Makers

Board Members:

- Dan Richard** (Bay Area, Lawyer)
- Michael Rossi** (Bay Area, Banker)
- Jim Hartnett** (Bay Area, Lawyer)
- Thea Selby*** (Bay Area Activist, Transit Riders Union)
- Katherine Perez-Estolano** (Los Angeles, Political Advisor)
- Richard Frank*** (Sacramento - Davis, Lawyer, Professor)
- Patrick Henning, Sr.*** (Sacramento - Fair Oaks, Retired, Former State Employee)
- Thomas Richards** (Fresno, Real Estate Developer)
- Lynn Schenk** (San Diego, Lawyer)

Voter-approved 800-mile high-speed train system

*Recent Appointments

3

The High-Speed Rail Authority is led by a Board of Directors with members appointed by the Governor and the leadership of the California Senate and Assembly.

The map of California shows the counties that voted for (green) and against (red) the Proposition 1A ballot measure of 2008.

The yellow line shows the path of the 800-mile High-Speed Train System from Sacramento and San Francisco in the north-west to the Inland Empire and San Diego in the south-east.

CHSRA Board of Directors
Approved an Unlawful Funding Plan

Board Members:

- Dan Richard: Bay Area, Lawyer
- Michael Rossi: Bay Area, Banker
- Jim Hartnett: Bay Area, Lawyer
- Thea Selby*: Bay Area Activist, Transit Riders Union
- Katherine Perez-Estolano: Los Angeles, Political Advisor
- Richard Frank*: Sacramento - Davis, Lawyer, Professor
- Patrick Henning, Sr.*: Sacramento - Fair Oaks, Retired, Former State Employee
- Thomas Richards: Fresno, Real Estate Developer
- Lynn Schenk: San Diego, Lawyer

Lawsuits: An unlawful funding plan for a reduced-scope project

*Recent Appointments

4

Members of the public have raised a number of concerns regarding the Project status, and particularly regarding deficiencies in the Authority's Business Plan. One concern is that, contrary to requirements of the law, the Authority's Business Plan does not identify the funding source(s) it has secured that are needed to complete what the Authority has defined as the HST Phase 1 segment, let alone the entire 800-mile HST System.

Another concern is that the Plan provides for HST service on only 410 miles of the Phase 1 system. The remaining 110 miles will be served by slower speed service (SST) that is blended with other rail services such as commuter rail service and inter-city AMTRAK service. In the Bay Area, for example, HST trains could be forced to operate at less than 80 mph.

The blended HST+SST plan has been adopted in response to political pressure from special interests in the Bay Area and elsewhere, despite the mandate of California's voters calling for a dedicated high speed rail system providing 200+ mile-per-hour train service.

An additional concern is that, by limiting its Business Plan and funding plan to only the first phase of the total Project, there remains considerable doubt regarding the schedule and funding for the balance of the 800-mile system. Taxpayers in the Inland Empire and San Diego, in particular, are concerned they may be paying for a system they'll never see in their lifetimes.



Lawsuits are Filed

The Authority issued a Draft 2012 Business Plan and the first of two required funding plans for two alternate initial operating sections (IOS): IOS-North, a usable segment of approximately 290 miles from Bakersfield in the south to San Jose in the north, or IOS-South, an alternative usable segment of approximately 300 miles from Merced in the north to the San Fernando Valley in the south.

On November 14, 2011, John Tos, Aaron Fukuda, and County of Kings (the Tos real parties) filed a complaint (lawsuit) in the Superior Court of Sacramento County.

The complaint alleged, among other things, that the draft funding plan violated specific requirements of the Bond Act. Additional lawsuits were filed on other complaints.

5

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Authority Revises Business Plan

On April 19, 2012, the Authority adopted a “Revised 2012 Business Plan”. This plan responded to considerable pressure from community groups and political interests who were unhappy with the Authority’s draft plan.

The revised business plan identified a 300-mile “usable segment” from Merced to the San Fernando Valley (IOS-South), but unlike the draft business plan, the revised business plan commits “to build not just an initial construction segment but, in fact, an Initial Operating Section (IOS) of high-speed rail.” Moreover, the revised business plan introduced a “blended systems” approach that integrates high-speed rail with existing commuter lines in various urban areas.

6

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In this revised plan, the Authority did not commit to building the full 800-mile HST System.



Legislative Analyst Negative Critique

On April 17, 2012, the Legislative Analyst's office (LAO) issued a negative critique of the Authority's revised business plan, stating: "In April 2012, the [Authority] released its most recent business plan that estimates the cost of constructing the first phase of the high-speed train project at \$68 billion. However, the [Authority] only has secured about \$9 billion in voter approved bond funds and \$3.5 billion in federal funds. Thus, the availability of future funding to construct the system is highly uncertain." (Legis. Analyst, The 2012-13 Budget: Funding Requests for High-Speed Rail, Apr. 17, 2012, p. 1.)

Thus, the LAO concludes: "We find that [the Authority] has not provided sufficient detail and justification to the Legislature regarding its plan to build a high-speed train system. Specifically, funding for the project remains highly speculative and important details have not been sorted out. We recommend the Legislature not approve the Governor's various budget proposals to provide additional funding for the project. However, we recommend that some minimal funding be provided to continue planning efforts that are currently underway." (*Ibid.*)

7

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Legislature Ignores Analyst's Advice

Despite the advice of the Legislative Analyst, on July 18, 2012, nearly four years after adoption of the Bond Act, the Legislature enacted Senate Bill No. 1029 (Stats. 2012, ch. 152), thereby appropriating state funds and federal grants for high-speed rail as follows:

- \$2,609,076,000 to acquire and build the IOS, payable from the High-Speed Passenger Train Bond Fund. (Stats. 2012, ch. 152, § 9.)
- \$3,240,676,000 to acquire and build the IOS, payable from the Federal Trust Fund. (Stats. 2012, ch. 152, § 8.)
- \$1,100,000,000 “Bookend” funding “for expenditure for state operations, local assistance, or capital outlay” (Stats. 2012, ch. 152, § 3.)
- \$819,333,000 “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” (Stats. 2012, ch. 152, §§ 1, 2.)
- \$204,173,000 “[f]or capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund” (Stats. 2012, ch. 152, §§ 5, 7.)
- \$48,354,000 “[f]or capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund” (Stats. 2012, ch. 152, §§ 4, 6.)

8

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Courts take up Illegal Funding Plan

Superior Court of Sacramento County 3rd District Court of Appeal, Sacramento County

Judge Michael Kenny rules:
 "Authority abused its discretion in approving Funding Plan: Funding sources not identified. Ruling appealed to Appellate Court".

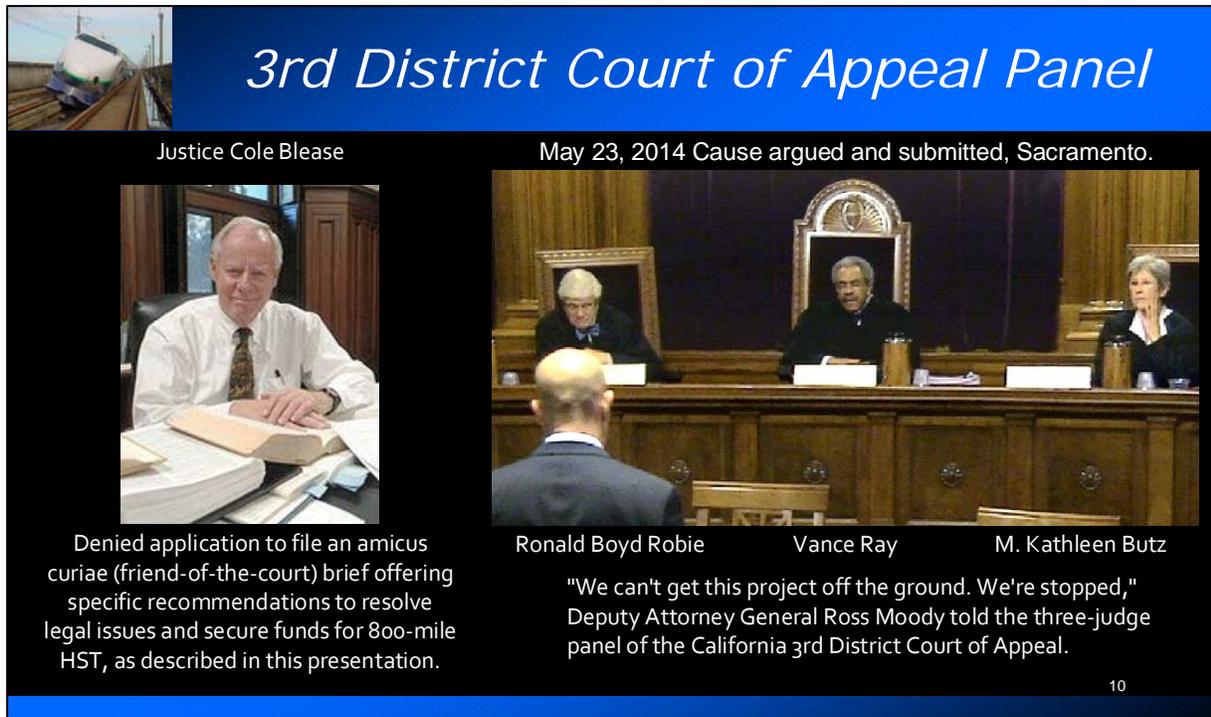
Presiding Justice Vance Ray
 Ronald Boyd Robie Cole Blease William J. Murray, Jr.
 M. Kathleen Butz George Nicholson Elena J. Duarte
 Louis Mauro Harry E. Hull Andrea Lynn Hoch

9

On November 25, 2013, Sacramento County Superior Court Judge Michael Kenny denied a request by the California High-Speed Rail Authority to issue a blanket validation for the sale of more than \$8 billion in Proposition 1A high-speed rail bonds.

In a separate but related case, the judge sided with Kings County farmer John Tos, Hanford homeowner Aaron Fukuda and the Kings County Board of Supervisors, who are suing the rail agency over its non-compliance with Prop. 1A. Kenny agreed to issue a writ of mandate ordering the rail agency to re-do its 2011 funding plan before spending any state bond money on construction of the proposed high-speed train system.

The State filed a lawsuit against Judge Kenny's ruling with the California Supreme Court, which deferred the issue to the 3rd District Court of Appeal in Sacramento.



3rd District Court of Appeal Panel

Justice Cole Blease May 23, 2014 Cause argued and submitted, Sacramento.

Denial application to file an amicus curiae (friend-of-the-court) brief offering specific recommendations to resolve legal issues and secure funds for 800-mile HST, as described in this presentation.

Ronald Boyd Robie Vance Ray M. Kathleen Butz

"We can't get this project off the ground. We're stopped," Deputy Attorney General Ross Moody told the three-judge panel of the California 3rd District Court of Appeal.

10

On May 23rd, the cause for the lawsuit against the Superior Court was argued before a 3-member panel of the Appellate Court. California Deputy Attorney General Ross Moody, representing Attorney General Kamala Harris, told the panel that the State is "stopped" and "unable to get this project off the ground."

Attorneys Stuart M. Flashman, Timothy A. Bittle and Blain I. Green, representing members of the public identified as real parties of interest, argued that Section 2704.08 subd. (c)(2) requires that the State's Funding Plan for any proposed corridor or usable segment of the 800-mile HST System must include a series of statements, identifications, or certifications. Among these are: 1) disclosure of the full cost of constructing the proposed Corridor or Usable Segment; 2) the sources of funds that are intended to be invested in building the Corridor or Usable Segment; 3) a certification that the Corridor or Usable Segment can be completed as proposed in the Funding Plan; 4) a certification that the Corridor or Usable Segment, when completed, would be suitable and ready for high-speed train operation; and 5) a certification that the Authority had completed all project-level environmental clearances necessary to begin construction of the Corridor or Usable Segment. The Authority's Funding Plan, they argued, failed to comply with the plain language of several of these requirements.

The panel did not have an opportunity to consider a friend-of-the-court brief submitted by the author of this presentation. The brief identified numerous weaknesses in the State's draft funding plan, including those cited by Flashman. It recommended actions to resolve the court's concerns. Acting presiding justice Cole Blease denied the application to file this brief. Numerous other briefs in support of the Authority were accepted and filed for consideration in the court process for rule making.

This presentation describes the funding plan presented in the brief that Justice Blease did not allow the Court panel to consider. The Court panel rendered its decision on July 31, 2014.



Funding Plan Deficiencies Ignored

July 31, 2014 Appellate Court Ruling Issued, Sacramento. County

- Substantial legal questions loom in the trial court as to whether the high-speed rail project the California High-Speed Rail Authority (Authority) seeks to build is the project approved by the voters in 2008.
- Substantial financial and environmental questions remain to be answered by the Authority in the second funding plan the voters required for each corridor or usable segment of the Project. (Sts. & Hy. Code, § 2704.08, subd. (d).)



Ronald Boyd Robie Vance Ray M. Kathleen Butz

Sale of Bonds is Approved

11

On July 31, the Appellate Court issued the following ruling.

Let a peremptory writ of mandate issue directing respondent court to 1) vacate its order of November 25, 2013, and the peremptory writ of mandate issued thereon requiring the Authority to rescind and reissue its preliminary funding plan under Streets and Highways Code section 2704.08, subdivision (c), and 2) enter judgment on the complaint for validation filed by the Authority and the Finance Committee, as follows:

1. All conditions, things, and acts required by law to exist, happen, or be performed precedent to the adoption of the resolutions, and the terms and conditions thereof, including the authorization for the issuance and sale of the bonds, notes, and any refunding bonds, have existed, happened, and been performed in the time, form, and manner required by law.

2. Petitioners are legally existing and have the authority under the law to cause the issuance and sale of the bonds and notes and to cause the issuance and sale of refunding bonds to refund bonds, notes, or refunding bonds previously issued, as authorized by the Bond Act and the resolutions.

3. All proceedings by and for petitioners in connection with the bonds, notes, and refunding bonds to be issued pursuant to the Bond Act, including the adoption of the resolutions and the authorization of the bonds, notes, and any refunding bonds, were and are valid and binding.

Plaintiffs have indicated they plan to appeal the decision to the Supreme Court. In making its ruling, the Court agreed that the Authority's funding plan violated the law. The Court acknowledged that the Authority must update the funding plan in accordance with the requirements of the Bond Act.



Other Decision-Makers U.S. Legislative Branch

U.S. Senate		U.S. House of Representatives
 <p><u>Majority Leader</u> Reid, Harry (D-NV)</p>	<div style="border: 1px solid black; padding: 5px;"> <p>HST Project is unnecessarily subjected to Federal funding decisions controlled by politicians from other states.</p> </div>	 <p><u>Majority Leader</u> McCarthy, Kevin (R-CA)</p>
 <p><u>Minority Leader</u> McConnell, Mitch (R-KY)</p>		 <p><u>Minority Leader</u> Pelosi, Nancy (D-CA)</p>
 <p><u>Chair, Appropriations Committee</u> Mikulski Barbara A. (D-MD)</p>		 <p><u>Chair, T&I Committee</u> Shuster, Bill (R-PA)</p>
 <p><u>Chair, Envir. & Public Works Comm.</u> Boxer, Barbara (D-CA)</p>		 <p><u>Chair, Railroad Comm.</u> Mica, John L. (R-FL)</p>

12

There are many decision-makers beyond members of the State Legislature, Governor and courts who have an impact on the Project.

By including federal funding in its funding plan, the California High Speed Rail Authority has allowed politicians from other states to dictate the future of California's High-Speed Train Project. The House of Representatives has voted on more than one occasion to deny funding for California's Project. House Majority Leader Kevin McCarthy, representing a portion of the Central Valley of California that the High-Speed Train will pass through, has been a key critic of the Project and is opposed to federal funding for the Project.

Even if the federal government decides to provide additional funding, the vast majority of funding will have to come from non-federal sources. As a result, the Authority is subjecting the Project to onerous federal requirements that will likely delay the Project and increase the Project's cost by more than the amount of federal money the State can hope to secure. Federal requirements will impose restrictions on California and slow the Project's development.

The Authority is giving up control of the Project to get a few billion dollars for a Project that will cost over 100 billion dollars. The Authority doesn't need the federal dollars. It definitely doesn't need the controls that will be imposed on the Project by politicians and federal bureaucrats who have no relevant California public interest stake in the project.



Other Decision-Makers U.S. Executive Branch



Jimmy Carter (1977-1981) Georgia
 Ronald Reagan (1981-1989) California
 George Bush (1989-1993) Texas
 Bill Clinton (1993-2001) Arkansas
 George W. Bush (2001-2009) Texas
 Barack Obama (2009-present) Illinois
 TBD (2017 - ?)

Barack Obama is first president to support high-speed rail.



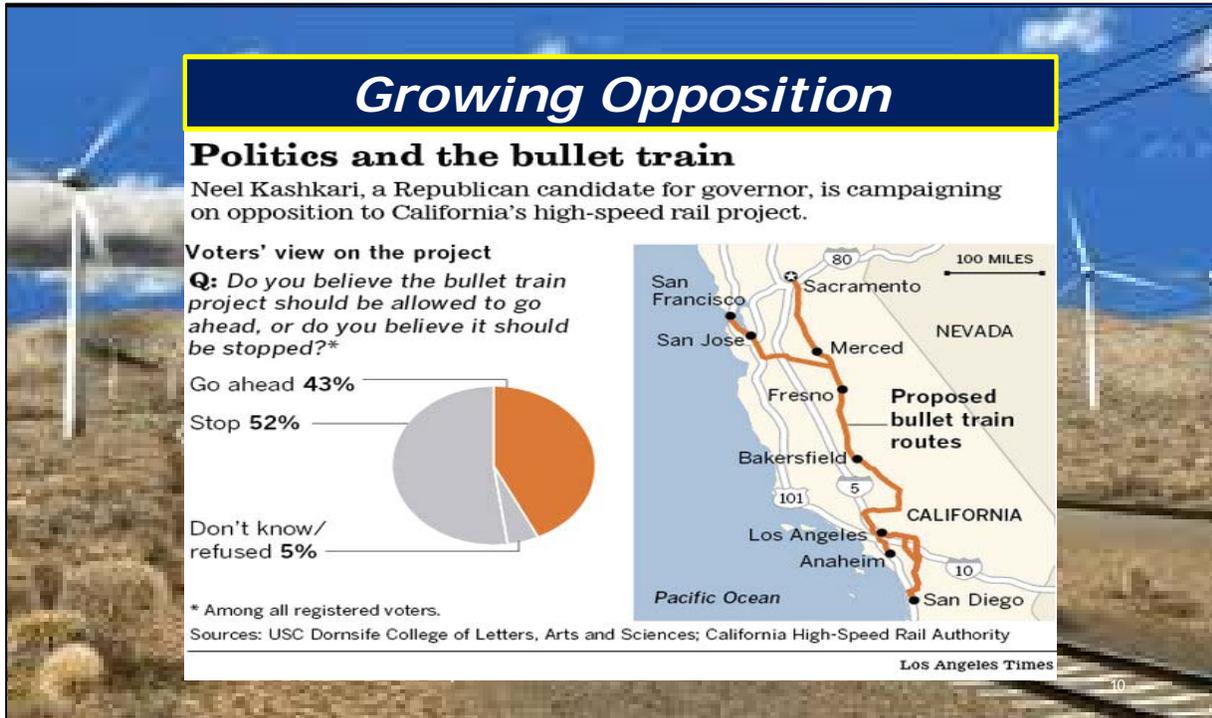
Anthony Foxx, DOT Secretary
 An American politician who served as Mayor of Charlotte, North Carolina, from 2009 to 2013.



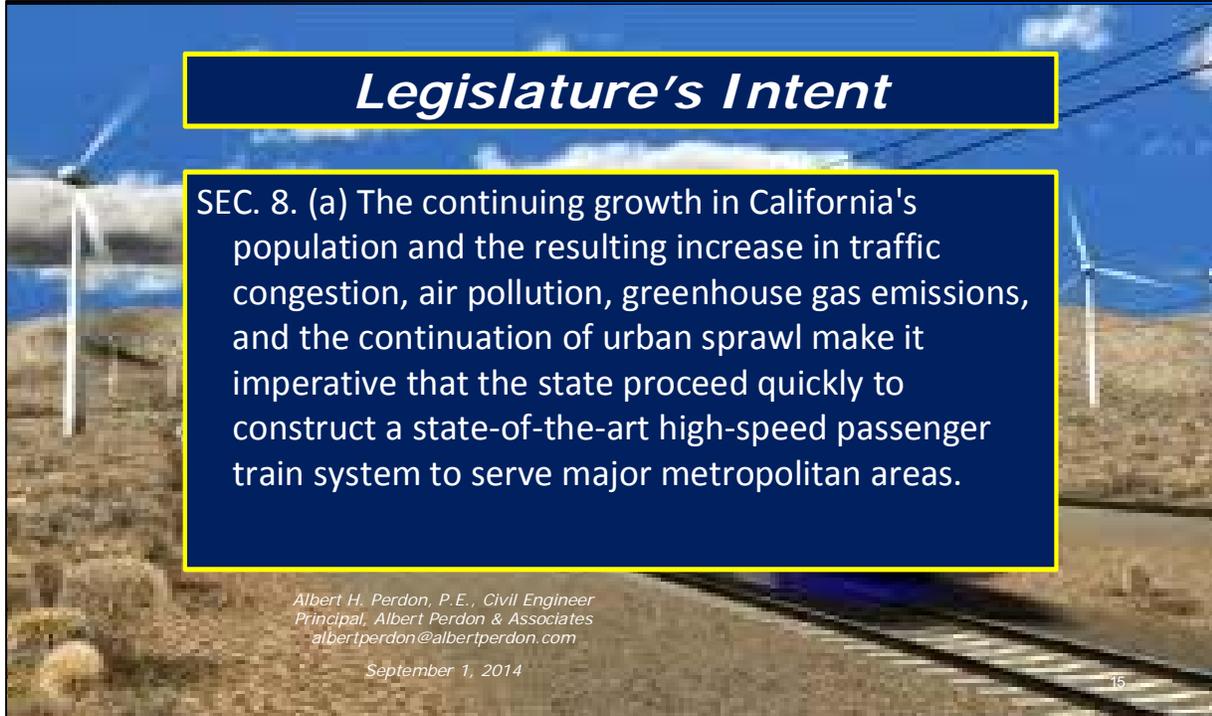
Joseph C. Szabo, FRA Administrator
 A fifth generation railroader who, between 2006 and 2009, was Vice President of the Illinois AFL-CIO. Former Mayor of Riverdale, Illinois,

13

The Authority has benefitted from the support of President Barack Obama for high-speed rail. However, by relying on federal funding support, the Authority is subjecting the Project to the additional risk that the next president will be opposed to high-speed rail. With a Congress that is against high-speed rail and a future president that doesn't support it either, there is virtually no chance that California will receive the federal funding support that the Authority's funding plan is dependent upon. This is what has project proponents and critics alike concerned.



With the Authority's Project experiencing delays, facing legal hurdles and lacking needed funding, the Project is experiencing growing opposition. Opposition is coming not only from the Governor's political opponents, but also from many of the staunchest high-speed train supporters.



Legislature's Intent

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.

Albert H. Perdon, P.E., Civil Engineer
Principal, Albert Perdon & Associates
albertperdon@albertperdon.com

September 1, 2014

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AB 3034 (introduced on February 22, 2008 and enacted on August 26, 2008) is the law that placed Proposition 1A on the November 2008 Ballot. In this bill, the Legislature expressed its intent that the High-Speed Train System be constructed as quickly as possible to reduce traffic congestion and greenhouse gas emissions and to create jobs. (Stats. 2008, ch. 267, § 8.)

The Authority has failed to adhere to that Legislative intent by not preparing a viable funding plan for the entire 800-mile HST System. Despite ten years of planning, the Authority has failed to define, seek and obtain the "other" funds that the Bond Act requires the Authority to obtain.

Legislature's Intent

SEC. 8. (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.

Albert H. Perdon, P.E., Civil Engineer
Principal, Albert Perdon & Associates
albertperdon@albertperdon.com

September 1, 2014

16

The Legislature decreed that the 800-mile HST System “shall be constructed as quickly as possible” and that “it be completed no later than 2020.”

It's a lot easier to write a law than to plan and build an 800-mile HST system. The lack of adequate progress now makes it impossible to meet the Legislature's schedule requirement. There currently is no schedule for completing the System. While the Authority has had to put up with many obstacles, the delays that have been experienced are also due to its own doings.

Not helping is the scaling back of the Project focus to a shortened high-speed train system extending from San Jose to Palmdale, with slower-speed service to San Francisco and Los Angeles Union Station/Anaheim, and no plan for completion of the approved HST System to Sacramento and San Diego.

The Authority's strategy is preventing the Project from “achieving maximum benefit consistent with available revenues.” The revenues are available. The Authority has failed to tap into those revenues.

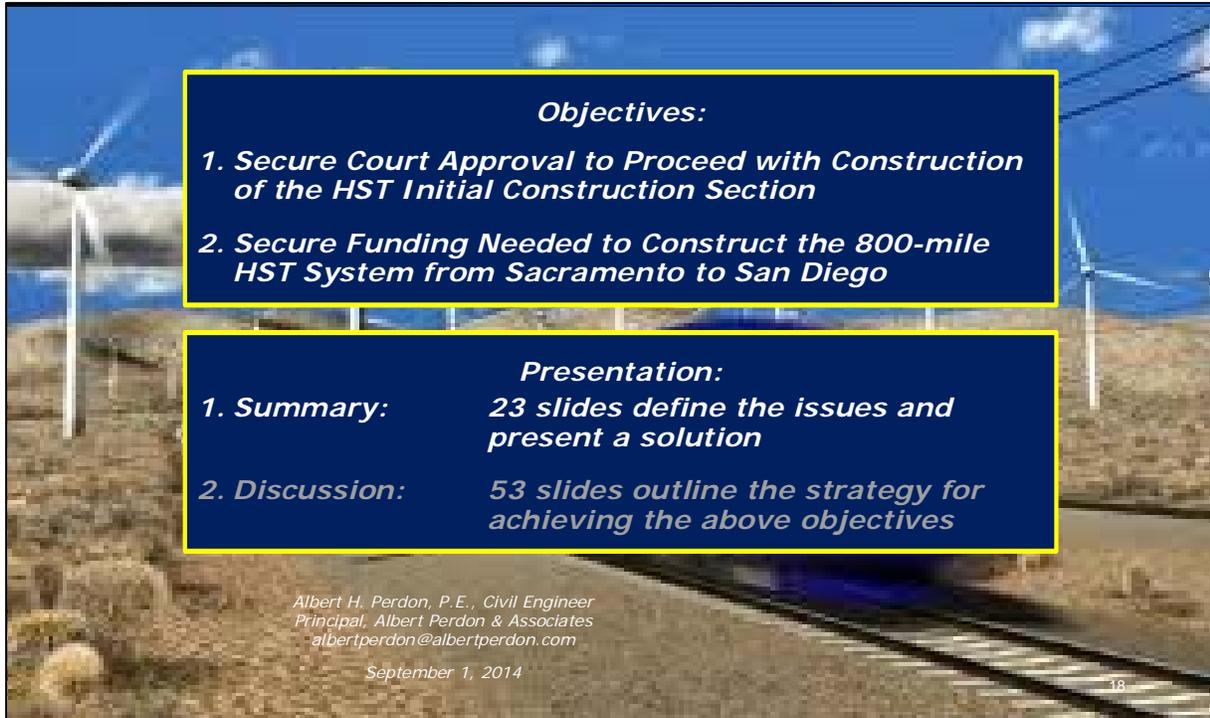
With this as background, the following slides are presented to describe a strategy for moving the California High Speed Train System forward to successful completion.



This presentation is focused on two immediate objectives: 1) to present a funding plan that will enable the courts to rule that construction of the Initial Construction Section (ICS) can proceed, and 2) to accelerate project development by identifying potential funding sources for the entire 800-mile HST system and proposing a strategy to secure needed funds from one or more of these potential funding sources. These objectives are designed to support a broader goal recommended in this presentation for the HST development program. The recommended goal is to secure a large amount of capital over an extended period of time to generate very high rates of return on the investment in the Project.

Thus, the business plan presented in this presentation differs from the business plan adopted by the California High Speed Rail Authority on April 10, 2014. The Authority's business plan relies on increasing amounts of capital derived from government-secured taxpayer subsidies. Under the Authority's business plan approach, the HST system will fail as a business enterprise. Millions of taxpayers will not receive value commensurate with their tax payments to subsidize the HST System.

The strategy employed in this presentation is one that relies on generating sufficient value to secure payments by HST system users and payments by direct beneficiaries of the investment in the HST development program. The strategy is, by design, intended to require no additional general state and federal taxpayer subsidies beyond that provided by the Proposition 1A ballot measure of 2008 that provided the initial infusion of funding for the Project.



The presentation is organized into two parts. The first part consists of the following 23 slides and a discussion that summarize the current issues facing the Authority. The presentation recommends a strategy for securing the Court's approval and a means for funding the entire 800-mile HST system. The second part of the presentation provides 53 slides and a more detailed discussion on the available opportunities for resolving the Authority's current issues, along with data backing up the logic of the approach and supporting evidence to develop confidence in the recommendations.

2008 Prop 1A Ballot
\$138 B - 800-mile HST System

\$9 billion - High Speed Train
\$950 million - feeder transit

Proposition 1A

- 800-mile HST System from Sacramento and San Francisco to San Diego
- The California High Speed Rail Authority is created to manage the HST Project
- \$9.95 billion in General Obligation Bonds (\$20 billion repayment cost)
- Authority shall pursue and obtain other funds needed to complete the System

Summary 19

Proposition 1A defined in words, and through an accompanying map distributed to voters before the election, the proposed 800-mile High-Speed Train System. The 800-mile HST System would link Sacramento and the San Francisco Bay Area to the San Joaquin Valley, Los Angeles, Orange County, and San Bernardino, Riverside and San Diego Counties.

The measure permits a maximum of 24 stations for the System.

Proposition 1A identified the California High-Speed Rail Authority as the State agency responsible for managing the Project to plan and build the System and to oversee operation of the System.

The measure authorized the sale of \$9 billion in general obligation bonds for the HST System and \$0.950 billion for improvements to feeder rail lines that will facilitate access to the HST System.

Proposition 1A, and the Statute it implemented, require the Authority to seek and obtain the necessary matching funds to complete the System.



The Statute (para-phrased)

- 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.
- 2704.14. 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.

20

Summary

The Authority appears to be in a legal bind for one or both of two reasons. The Statute requires that the Authority seek and obtain the funding that is needed, in combination with Proposition 1A bond revenue funding, to complete the 800-mile HST system. At a minimum, it must have funding commitments to complete a corridor or useable segment thereof. The funds are to come from “other” sources, including private, federal, revenue bonds and local funds.

The Authority’s Business Plan does not identify all of the necessary funding. The Central Valley location selected for the initial construction segment serves a low population base and does not generate enough passenger revenues or taxpayer subsidies to fund its construction or operation.

Due to having secured only limited funding from federal and state sources, the Authority is unable to build a useable segment that is long enough and serves enough riders to generate the necessary operating revenue so that it can meet the requirement for HST service to not depend on operating subsidies.

By limiting the Business Plan to the Phase 1 segment, the Authority foreclosed the opportunity in its funding plan to take advantage of the larger population base and capital and operating revenue potential in the south-east counties of California (SeCal); namely, San Bernardino, Riverside and San Diego.



Funding Sources Not Identified

- 2704.08 (d)(1)(B) The Authority is required to prepare “a plan that 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.”

21

Summary

The Statute requires that the Authority secure funding commitments before it obligates Proposition 1A funds for construction.

The Authority has secured required commitments for only the Initial Construction Section. Until it identifies and secures additional funding commitments for at least a viable initial operating segment, the Authority will be slow in getting the first train out of the station.

More importantly, the financial viability of the voter-approved Project will remain uncertain until the funding issue is resolved; this uncertainty will preclude securing necessary commitments from cities along the 800-mile corridor and from private entities that are positioned to assist in moving the project forward.

The most critical and immediate need is to secure binding assurances from local agencies that they will take actions described in this proposal. These commitments are required for the HST system to bring sufficient value to the public. Without these commitments, the HST system will be a failure from a transportation standpoint and from a financial perspective.

The commitments identified in this proposal need to be made now, before millions of dollars in taxpayer funds are expended for a system that may never deliver on its potential or on the promise made to voters in November 2008.



Information Not Provided

SECTION 6, Section 185033 of the Public Utilities Code

(A) A description of the type of service the Authority is developing and the proposed chronology for the construction of the “statewide high-speed rail System”, and the estimated capital costs for each segment or combination of segments of the System.

(E) 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 level of confidence for obtaining each type of funding.

22

Summary

The Authority has been constrained to move the Project forward due to its failure to develop a viable funding plan, resulting in the legal rulings by Judge Kenny.

The ruling of the Appellate Court, has prompted the plaintiffs in the original lawsuit to appeal their claim to the Supreme Court for a final decision. Whether the Supreme Court agrees to consider the case or not, and even if the Supreme Court upholds either one of the prior court decisions, the Authority will not achieve Proposition 1A and Legislative mandates unless it secures needed funding for the entire 800-mile HST System as quickly as possible.

The mandate to seek and obtain needed funding comes not only from AB 3034 or the Bond Act enacted with passage of Proposition 1A. Follow-up legislation is also clear in mandating that the Authority’s Business Plan and Funding Plan must cover the entire 800-mile System and not just Phase 1 (Sec 6, sub sec 85033, PUC).



Funding Plan is Clearly Deficient

The Authority needs to obtain required funds.

“The Authority’s Funding Plan assumes \$25 .6 billion will be available from various funds including federal funds, Cap and Trade funds, Prop 1A bond funds, and other sources to help accomplish the Authority’s goals over the next five years .”

*California’s 5-year Infrastructure Plan; Department of Finance state, local, and other funds the Authority intends to access to fund the construction and operation of the System, and the level of confidence for obtaining each type of funding.

23

Summary

California’s Budget includes a 5-year Transportation Infrastructure Plan. This Plan describes the near-term funding plan for California’s High-Speed Train System. This Plan was prepared by the California Department of Finance.

The Plan acknowledges that the California High-Speed Rail Authority has not obtained the matching funds it needs to comply with the law. The Plan states that the Authority’s Funding Plan assumes \$25.6 billion will be available from various sources over the next five years.

The Statute requires more than an assumption that funding will be made available. That is the Authority’s current hurdle.

It is clear that the Authority has some more work to do to bring its funding plan into conformance with the requirements of the Law.

Ultimately, the courts will decide what the Authority will be required to do.



It's OK to Lie to the Public

(This is why the public is pissed off with politicians)

The Appellate Court ruled that the Authority does not have to do what the Voters mandated in Proposition 1A. The Authority can pretty much do as it pleases. The Appellate Court ruled:

•“There is nothing in the statute describing any consequences to the Authority for failing to produce (the voter-required) funding plan certifying that each of the 11 components have been included.”

•The Authority does not have to prepare the required funding plan that includes each of 11 components the voters mandated to be included.

24

Summary

The Appellate Court's ruling amounts to a proposition that it's ok to lie to the public. The Court has chosen to decide that the voters intended things that 1) are not stated in the Ballot measure, 2) have not been substantiated by post-election voter polling, but 3) are conveniently supportive of the Court's decided outcome.

The Ballot measure does not say, “If the Legislature appropriates funds even though the Authority's funding plan is illegal, then the Authority does not have to prepare a legal funding plan.” It doesn't say that. But the Appellate Court has decided that this indeed is what the voters intended, and thus this is allowed to be done.

The Appellate Court's ruling is not logical, except perhaps on the basis of arcane legal precedent. It doesn't make sense. And it is not legal.

Why mandate a funding plan that must comply with strict legal requirements, and then say you don't really have to prepare such a plan? Why say it's ok to break the law?



It's OK to Lie to the Public

(This is why the public is pissed off with politicians)

The Ballot measure promised:

- Proposition 1A will protect taxpayer interests. Public oversight and detailed independent review of financing plans.
 - **Legislature ignored independent funding plan review finding that funding plan is illegal.**
- Matching private and federal funding to be identified BEFORE state bond funds are spent.
 - **Only \$3 billion identified; Remaining \$100 billion not identified**

25

Summary

If the Legislature decides to approve an appropriation for the HST Project, irrespective of whether the Authority has complied with the law, that doesn't mean that the public's right to a legally-compliant funding plan has disappeared. The Appellate Court accepted the Attorney General's argument that the public's interest in seeing a legal funding plan doesn't matter, that the only interest that matters is the interest of legislators. When a voter who voted for Proposition 1A was asked for her non-legal opinion of the Attorney General's legal opinion, the response was, "That's hogwash and the Attorney General is arrogant."

The public deserves and demands that the Authority prepare a funding plan that meets the requirements of Proposition 1A and the Bond Act. It's in the Authority's interest to prepare a legal funding plan. It will continue to violate the Legislature's AB3034 mandate that it build the HST System as quickly as possible and in a manner that maximizes benefits in accordance with available revenues.



It's OK to Lie to the Public

(This is why the public is pissed off with politicians)

The Ballot measure promised:

- The most cost-efficient construction segments to have the highest priority.
 - The least cost-effective segment given first priority
- NO TAX INCREASE! THE USERS OF THE SYSTEM PAY FOR THE SYSTEM.
 - 2704.14. There shall be collected each year, 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.

26

Summary

The Ballot measure made numerous promises to voters to protect their interests, and in particular the interests of taxpayers. Despite these promises, key decisions have been made that are directly opposite of what the voters were promised.



Recommended Solution

- **Update Business/Financial Plan; include Cash Flow for the 800-mile Voter-Approved System**
 - Describe chronology/cost of 800-mile system
 - Identify and secure funding commitments
- **Integrate HST with New Cities Development**
- **Include Value Capture Funding**
- **Restore Public Confidence and Broaden Support**

27

Summary

No matter what the eventual outcome is of the legal impediments, the Authority needs to secure funding commitments to complete the Initial Operating Segment and the entire 800-mile HST System.

More importantly, the Authority needs to expedite completion of the entire HST System because it is in the public interest to do so, because the Bond Act mandates it, and because public support is in jeopardy if it doesn't. The threat that the entire Project could be derailed or seriously delayed is real and should not be taken lightly.

The recommended solution to overcoming the legal and funding challenges is for the Authority to do the following:

1. Include a funding plan for the entire 800-mile HST System in the Business Plan, including a tentative schedule for implementation.
2. Integrate HST development with New Cities planning and development along the 800-mile corridor
3. Include Value Capture as a revenue source in the funding plan
4. Take steps to restore public confidence in the leadership team and to broaden support for the Project beyond the 28.8% of eligible voters who supported the Project and the Proposition 1A ballot measure in November 2008. This step is essential to securing local funds needed to complete the funding plan.



Current Plan Funding Shortfall

CHSRA 2014 Business Plan
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST)
(YOE dollars in millions) Medium Case - 2013-2060 (47 years)

San Jose-Merced-Palmdale HST – 410 mi San Francisco; Los Angeles SST – add 110 mi	Phase 1 (HST + SST) 520 miles total
Operating Revenue (Value Created)	\$152,326
Capital cost	(\$67,593)
Net project cash flow	\$14,687

Current proposal for a “blended system” of high-speed and slower-speed trains does not meet legal requirements.

“The total project internal rate of return (IRR) of 0.78 percent is insufficient to attract private capital to pay for the entire project.”

“Without additional tax subsidies, the project cannot be totally self-financing.”

28

Summary

The Authority’s 2014 Business Plan states that the Phase 1 Blended project is not financially viable in that the internal rate of return is insufficient to attract required funding without taxpayer subsidies.

While additional taxpayer subsidies beyond those made available under Proposition 1A are one potential source for filling the funding gap, this is not the only potential source; nor is it the most desirable or likely source of matching funds.

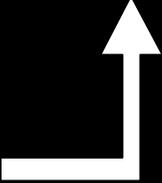


Public: "Show Us the Money"

CHSRA 2014 Business Plan	
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)	
San Jose-Merced-Palmdale HST – 410 mi San Francisco; Los Angeles SST – add 110 mi	Phase 1 (HST + Blended) 520 miles total
Operating Revenue (Value Created)	\$152,326
Capital cost	(\$67,593)
Net project cash flow	\$14,687

As increased grants and other government funding (taxpayer subsidies) that do not require repayment from the project are contributed to the project, the payback period shortens and the IRR increases; thus, making private financing potentially available.

In plain language, once we get started, we expect to get more taxpayer subsidies for the system (such as cap-and-trade).



Summary

29

As indicated in the Plan, The Authority believes that private financing is potentially available as taxpayer subsidies increase.

Financing differs from funding. Funding is the money that is needed to cover costs of building the system as well as costs to maintain and operate the system after construction is completed.

Project financing (borrowing) will not be available until the Authority develops a viable funding plan – one that shows the sources of funds committed to cover all construction, operation and financing costs.

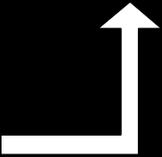


Public: "Show Us the Money"

CHSRA 2014 Business Plan	
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)	
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Operating Revenue (Value Created)	\$152,326
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Net project cash flow	\$14,687

As increased grants and other government funding (taxpayer subsidies) that do not require repayment from the project are contributed to the project, the payback period shortens and the IRR increases; thus, making private financing potentially available.

In plain language, private investors will loan money to the project, but only when taxpayers guarantee the loans and a handsome profit.



30

Summary

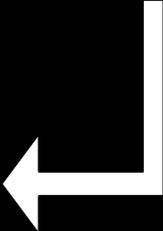
Private financing can help to accelerate construction and thereby accelerate the operating revenue stream. But private financing comes at a cost.



Problem: Cost Exceeds Value

CHSRA 2014 Business Plan	
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)	
San Jose-Merced-Palmdale HST – 410 mi San Francisco; Los Angeles SST – add 110 mi	Phase 1 (HST + Blended) 520 miles total
Operating Revenue (Value Created)	\$152,326
Capital cost	(\$67,593)
Net project cash flow	\$14,687
Net Finance Cost (Not shown in CHSRA table)	(\$103,982)
Cumulative net project cash flow after finance cost	(\$89,295)
Present Value: Cost Exceeds Value	(\$22,004)

Current proposal will transfer more money to rich investors than it will move people.



Summary 31

The Authority has withheld financing cost information in Exhibit 2 of its Business Plan. When financing costs are added to the balance sheet, the funding plan shows a sizable shortfall that the Authority has not yet been able to overcome, due to lack of commitments from the private sector or assurances from public agencies.

Not everyone is afforded an opportunity to loan the Authority money to build the HST system. People with money to spare are often the ones who are able to make the loans and to profit from interest charges.

The Authority's funding/financing plan should identify creative methods that allow all Californians to invest in, and secure interest payments from, the HST System.



Show the People the Money

CHSRA 2014 Business Plan Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)		Solution Proposed Up-date
San Jose-Merced-Palmdale HST – 410 mi San Francisco; Los Angeles SST – add 110 mi	Phase 1 (HST + Blended) 520 miles total	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture		\$76,000
Capital cost	(\$67,593)	(\$138,000)
Public Benefit Fund		(\$17,000)
Net project cash flow	\$14,687	\$176,000
Net Finance Cost	(\$103,982)	(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

Summary

32

The proposed solution is to develop a funding plan for the entire 800-mile HST System. Doing so reveals a potential positive cash flow after financing costs that could exceed \$7 billion by 2065.

This proposed solution would provide for full high-speed train service along the entire 800-mile route. The Authority's plan for initial or permanent blended operation provides HST service for only 410 miles of track from San Jose to Palmdale.



Include Phase 1 and 2

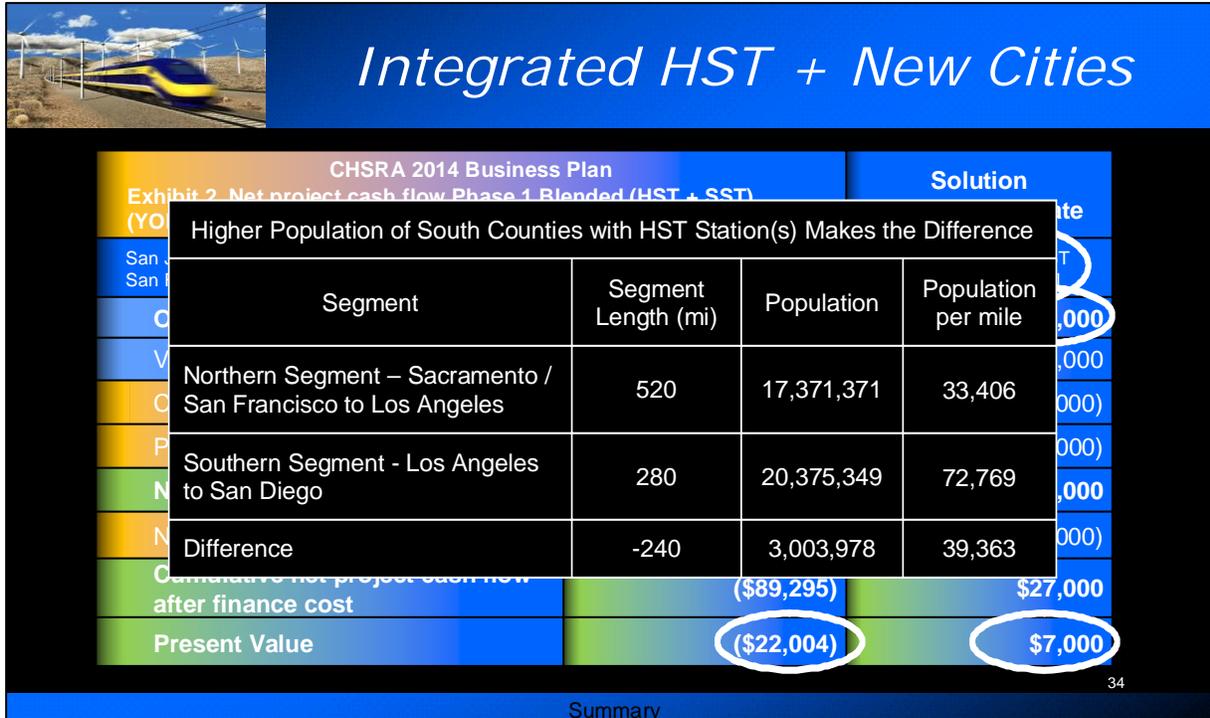
CHSRA 2014 Business Plan		Solution Proposed Up-date
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)		
San Jose-Merced-Pa San Francisco; Los A	1. Include Phase 2: More people - connect two largest cities: Los Angeles and San Diego.	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture		\$76,000
Capital cost	(\$67,593)	(\$138,000)
Public Benefit Fund		(\$17,000)
Net project cash flow	\$14,687	\$176,000
Net Finance Cost	(\$103,982)	(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

33

Summary

The turn-around from negative cash flow to positive cash flow stems from the four strategic project development policies presented previously, beginning with the first policy – Include Phase 2 in the funding plan.

By including Phase 2 in the Business Plan and the funding plan, the Authority can take advantage of the Project's increased value.



Value rises when the Project delivers greater benefits to more people, which is possible in Southern California because of its large concentration of people and potential riders, not only now but over time.

In fact, Southern California riders will likely always be subsidizing riders taking trips from Los Angeles to San Francisco. This is due to the fact that there are just not enough people taking the Los Angeles-to-San Francisco trip to recover costs. It is the higher concentration of shorter-distance trips in Southern California that generates the lion's share of operating revenue needed to cover the Project's capital costs and to sustain system operations.



Integrated HST + New Cities

CHSRA 2014 Business Plan		Solution Proposed Up-date
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)		
San Jose-Merced-Palo Alto San Francisco; Los Angeles	1. Include Phase 2: More people - connect two largest cities: Los Angeles and San Diego.	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture	2. Integrate HST with New-Cities Development	\$76,000
Capital cost	(\$67,593)	(\$138,000)
Public Benefit Fund		(\$17,000)
Net project cash flow	\$14,687	\$176,000
Net Finance Cost	(\$103,982)	(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

35

The second policy decision is to incorporate HST development into an integrated HST+New Cities development program. The Authority's Business Plan presents the Project as a stand-alone transportation project. The Business Plan gives little attention to the development of cities along the corridor or to the integration of HST with city development.

The starting point for planning the HST system should be the outcome of city planning along the corridor. The Business Plan appears to have the order reversed. It reflects a philosophy that, "If we build it they will come." This weakness is not so much the making of the Authority, but rather the result of the legislation in Proposition 1A.

It should be clear from a careful reading of Proposition 1A, along with other State legislation, that this is more than a high-speed train project; it is a cities development project aimed at accommodating a growing population in which HST performs a very critical role.

This perspective can be seen by comparing the operating revenue numbers shown for the proposed Plan to those of the Authority's Business Plan. Skeptics may wonder if this higher revenue number is realistic.

The information that follows should help to overcome that skepticism.



Check Revenue Estimate

Lower-than-Estimated Revenue Risk Comparison of Estimated Fare Revenue	2040 Revenue Estimates Used in Funding Plan (YOE Millions)		
	15%	50%	95%
Confidence the actual number will be lower			
CHSRA 2014 Business Plan Phase 1 San Francisco to Anaheim Auto Access to Station-area Parking	\$2,290	\$3,463	\$6,773
Confidence the actual number will be lower	1%	2%	15%
Proposed Business Plan Phases 1 and 2 Sacramento, San Francisco to San Diego High-Density Station Area Development	\$2,402	\$3,302	\$7,104

36

Summary

The Authority's planning consultants determined that there is a 50% chance that the actual ridership on the Phase 1 HST System will be less than the estimate used in preparing the 2014 Business/Funding Plan.

The ridership estimate for the 800-mile HST system prepared for this presentation has a much higher confidence level. There is only a 15% chance that the actual ridership will be less than the estimate used in the analysis. The following slides show why.



Result: Increased Value

CHSRA 2014 Business Plan		Solution Proposed Up-date
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)		
San Jose-Merced-Pa San Francisco; Los A	1. Include Phase 2: More people - connect two largest cities: Los Angeles and San Diego.	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture	2. Integrate HST with New-Cities Development.	\$76,000
Capital cost		(\$138,000)
Public Benefit Fund		(\$17,000)
Net project cash flow	\$14,687	\$176,000
Net Finance Cost		(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

Summary 37

The first two implementation strategies have significant positive effects on ridership and revenue. Together they generate a 157% increase in operating revenue from passenger fares at an increase of only 54% in mileage.

While the first strategy takes advantage of the higher population and population density in Southern California today, compared to California's Central Valley, the second creates higher HST utilization rates by integrating HST and New Cities planning and development.

Higher-density, transit-oriented development surrounding HST stations will generate a higher frequency of HST ridership among the 8 million residents that would reside in 16 proposed New Cities located along the corridor. The New Cities would be designed to make owning an automobile optional. The cost savings in commuting and homeownership costs will more than make up for the cost of building and operating the HST System.

These two strategies go a long way to achieving a financially viable HST project, but they do not go far enough.



Include Value Capture

CHSRA 2014 Business Plan		Solution Proposed Up-date
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)		
San Jose-Merced-Pa San Francisco; Los A	1. Include Phase 2: More people - connect two largest cities: Los Angeles and San Diego.	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture	2. Integrate HST with New-Cities Development.	\$76,000
Capital cost	HST and High-Density, Transit-Oriented, New-Cities Development creates a value surplus (\$ Benefits Greater than \$ costs).	(\$138,000)
Public Benefit		(\$17,000)
Net project cash flow	\$14,687	\$176,000
Net Finance Cost	(\$103,982)	(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

38

Summary

Operating revenue data reveal the value that the HST System bestows on its users. However, the integrated New Cities/HST System planning and development program produces much greater benefit for HST System users than the amount that is reflected in the HST revenue projections. The HST System generates a value surplus in the form of living cost savings in areas beyond transportation, as demonstrated in the second part of this presentation.

The value surplus provides an opportunity to capture a portion of the added value to help fund the HST System. This added value leads to the third policy recommendation in this presentation.



Include Value Capture

CHSRA 2014 Business Plan		Solution
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST)		Proposed Up-date
(YOE dollars in millions) Medium Case - 2013-2060 (47 years)		
San Jose-Merced-Pa San Francisco; Los A	1. Include Phase 2: More people - connect two largest cities: Los Angeles and San Diego.	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture	2. Integrate HST with New-Cities Development.	\$76,000
Capital cost	3. Capture a Portion of the Value Surplus arising out of Housing and Mobility Cost Savings from HST and High-Density, Transit-Oriented, New-Cities Development.	(\$138,000)
Public Benefit		(\$17,000)
Net project c		\$176,000
Net Finance Cost		(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

39

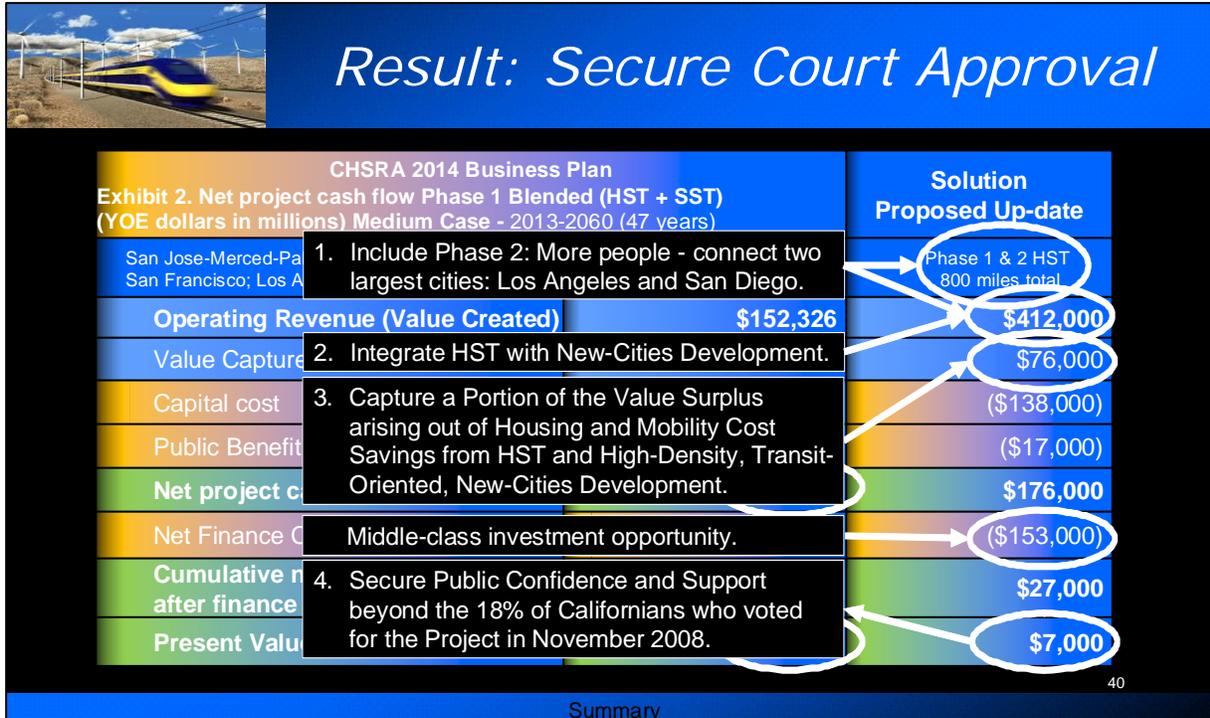
Summary

The third policy action is to include value capture as a major revenue source in the HST financial plan. As previously stated, availability of these funds arises out of the value surplus that the first two policies bring to the program.

The HST system value is defined, in part, by the operating revenue that it produces. Its value is also defined by the monetized benefits it provides to its users beyond mobility benefits. This includes the opportunity to create a very high-density, transit-orient city land-use pattern that achieves major cost savings for residents who are within walking distance of an HST station and who are able to move about without relying on an automobile for mobility.

Observers will find this plan to be viable only if they find acceptable the strategy for integrating the HST system with the development of New Cities along the corridor and in the intensification of land use around HST stations within the established major city centers, such as San Francisco, San Jose, Sacramento, Los Angeles, Anaheim and San Diego.

As California grows, people must be given an opportunity to choose living arrangements that allow them to move about without owning a car. HST, in conjunction with local transit systems and other mobility alternatives, make it possible for people to be auto-independent.



The first three policy decisions set the stage for the fourth, and perhaps most important, strategic action to be taken.

By adopting a Business/Funding Plan for the entire 800-mile system, the Authority demonstrates that its commitment to people in the Inland Empire, San Diego and Sacramento is just as strong as it is to the residents of the San Francisco Bay Area, Central Valley and City of Los Angeles.

By integrating HST planning and development into the development of new cities along the route, as well as existing cities, the Authority demonstrates that it recognizes HST is to cities along the corridor as a high-rise elevator is to the skyscraper that surrounds it. HST is designed to meet the needs of cities, not the other way around.

By including value capture funding in the plan, taxpayers throughout the State will know that Proposition 1A was not what some project critics have alleged – a bait-and-switch tactic to get HST started, only to result in further tax-payer support to the benefit of regular HST users, while the majority of people must still rely on the automobile or other means for travel.

The final strategy ensures that people are informed and have the opportunity to assess the benefits and costs, to them personally and to the State as a whole, in order to make intelligent decisions for or against the Project.



Maximize Value for Everyone

Values = Current Dollars in Millions	CHSRA Business Plan	Proposed Update
Value to Society	Phase 1 520 miles	HST+New Cities 800 miles
Net Present Value	\$43,927	\$613,268
Value to System Users		
Net Present Value	\$45,855	\$558,250
Value to System Non-Users		
Net Present Value	-\$1,928	\$55,018

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Summary

The Authority's 2014 Business Plan describes the HST System's Net Present Value to society. Not readily apparent is how those societal benefits are distributed among the population.

The table shown in this slide compares the value of the HST System to society, to System users and to System non-users for both the Authority Business Plan for Phase 1 and the Proposed Plan Update for the 800-mile HST System. Not all benefits are included in the calculations.

The CHSRA funding plan transfers wealth from HST non-users to users. Under the funding plan proposed in this presentation, the total value of the integrated HST+New Cities development program is maximized; the benefits for both users and non-users exceed the costs they each will incur.

Objectives:

- 1. Secure Court Approval to Proceed with Construction of the HST Initial Construction Section**
- 2. Secure Funding Needed to Construct the 800-mile HST System from Sacramento to San Diego**

Presentation:

- 1. Bottom Line: 23 slides define the issues and present a solution**
- 2. Discussion: 53 slides outline the strategy for achieving the above objectives**

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September 1, 2014

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The second part of this presentation provides supporting data to demonstrate that the recommendation is both sound and practical.

The most difficult hurdle the Authority must overcome is not an unfavorable action by a court, it is not the challenge of getting through an environmental review process, it is not fashioning a feasible funding plan or an orderly and effective construction program, and it is not delivering a project on schedule and within budget.

The most difficult hurdle is to overcome the natural inclination of people to be adverse to change. People are comfortable with baby steps into the future. Bold, innovative, dramatic changes to long held perceptions, practices and beliefs are not comforting to most people.

California has been known as a place where people are bold, innovative and eager to move into the future. Those who voted for Proposition 1A in 2008 demonstrated that this spirit still exists.

The strategies described in greater detail in the following slide presentation offer a pathway to achieving the vision that voters are seeking for the benefit of future generations. It is admittedly a bold vision and strategy.

2008 Prop 1A Ballot
\$138 B - 800-mile HST System

\$9 billion - High Speed Train
\$950 million - feeder transit

What's Needed?

- California could add 15 million people by 2060
- Where will they live?
- A strategy: Give 8 million people the chance to live within walking distance of HST or linked transit services – and own no cars (15% of CA population in 2060)

Integrate HST with City Development

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California Department of Finance population growth projections indicate that the State could add 15 million people by 2060, increasing the State's current population of 38 million to 53 million.

The question is, where will these 15 million new residents live and how will they move about?

The analysis undertaken in preparing this presentation determined that if a growth strategy is implemented that enables and attracts 8 million people to live within walking distance of an HST station or a convenient feeder transit system station, then the HST system would be able to attract enough riders for the system to cover almost all capital and operating costs from passenger fares. Potential revenue from freight was not analyzed, but could contribute to achieving full cost recovery.

Eight million people would represent about 15% of California's population in 2060.

2008 Prop 1A Ballot
\$138 B - 800-mile HST System



\$9 billion - High Speed Train
\$950 million - feeder transit

A Strategy Consistent with SB 375 2008

Sustainable Communities Strategy (SCS) will increase the integration of land use and transportation planning through more detailed allocation of land uses in the RTP. (Regional Transportation Plans)

Local and regional governments and agencies are empowered to determine how air pollution reduction targets are met, through a combination of land use planning, transportation programs, projects and policies, and/or other strategies.

Integrate HST with City Development 44

Such a strategy is consistent with the Sustainable Community Strategy mandated in statutes created by passage of SB 375 in 2008.

The [Sustainable Communities and Climate Protection Act of 2008 \(Sustainable Communities Act, SB 375, Chapter 728, Statutes of 2008\)](#) supports the State's climate action goals to reduce greenhouse gas (GHG) emissions through coordinated transportation and land use planning. The goal is to create more sustainable communities. SB375 requirements work in tandem with the requirements of AB32.

In 2006, the Legislature passed and Governor Schwarzenegger signed AB 32, the Global Warming Solutions Act of 2006, which set the 2020 greenhouse gas emissions reduction goal into law. It directed the California Air Resources Board ([ARB or Board](#)) to begin developing discrete early actions to reduce greenhouse gases.

2008 Prop 1A Ballot
\$138 B - 800-mile HST System



\$9 billion - High Speed Train
\$950 million - feeder transit

SB 375 2008

“What SB375 will mean is more environmentally-friendly communities, more sustainable developments, less time people spend in their cars, more alternative transportation options and neighborhoods we can safely and proudly pass on to future generations.”

Governor Arnold Schwarzenegger

Integrate HST with City Development 45

The Sustainable Communities Act establishes incentives to encourage local governments and developers to implement the SCS. Developers can get relief from certain environmental review requirements under the [California Environmental Quality Act \(CEQA\)](#) if their new residential and mixed-use projects are consistent with a region's SCS.

The positive environmental benefits of the strategy proposed in this recommendation are unmatched by any other single project or activity that has been proposed or acted upon since adoption of the California Environmental Quality Act.

2008 Prop 1A Ballot
\$138 B - 800-mile HST System

\$9 billion - High Speed Train
\$950 million - feeder transit

What's Needed

An Integrated HST/New Cities Corridor Development Program

- Integrated Planning
- Integrated EIR
- Integrated Design
- Integrated Construction
- Integrated Funding

Integrate HST with City Development 46

To achieve the objective of securing funding for the 800-mile HST System, the HST System must be developed as part of an integrated HST/New Cities Corridor planning, design, construction and funding Program.

Not integrating the development of HST with city development is like constructing a high-rise elevator without constructing a high-rise building around it. You might do that for some questionable reason if you're spending someone else's money, but you would likely not do it if you were spending your own money.

Integrated planning should include integrated environmental review and reporting in accordance with the requirements of the California Environmental Quality Act. Once the environmental impact reporting requirements for a new "transit priority" cities plan are approved, no further environmental impact reporting would be required for projects that are consistent with the plan. This will greatly reduce the cost and development schedule of future improvement projects. Existing law already makes this possible.

HST station-area New Cities development projects would be granted the benefits available under the Statute's CEQA division in Public Resources Code § 21155.1, which states: "If the legislative body finds, after conducting a public hearing, that a transit priority project meets all of the requirements of subdivisions (a) and (b) and one of the requirements of subdivision (c), the transit priority project is declared to be a sustainable communities project and shall be exempt from this division".

2008 Prop 1A Ballot
\$138 B - 800-mile HST System



\$9 billion - High Speed Train
\$950 million - feeder transit

What's Needed

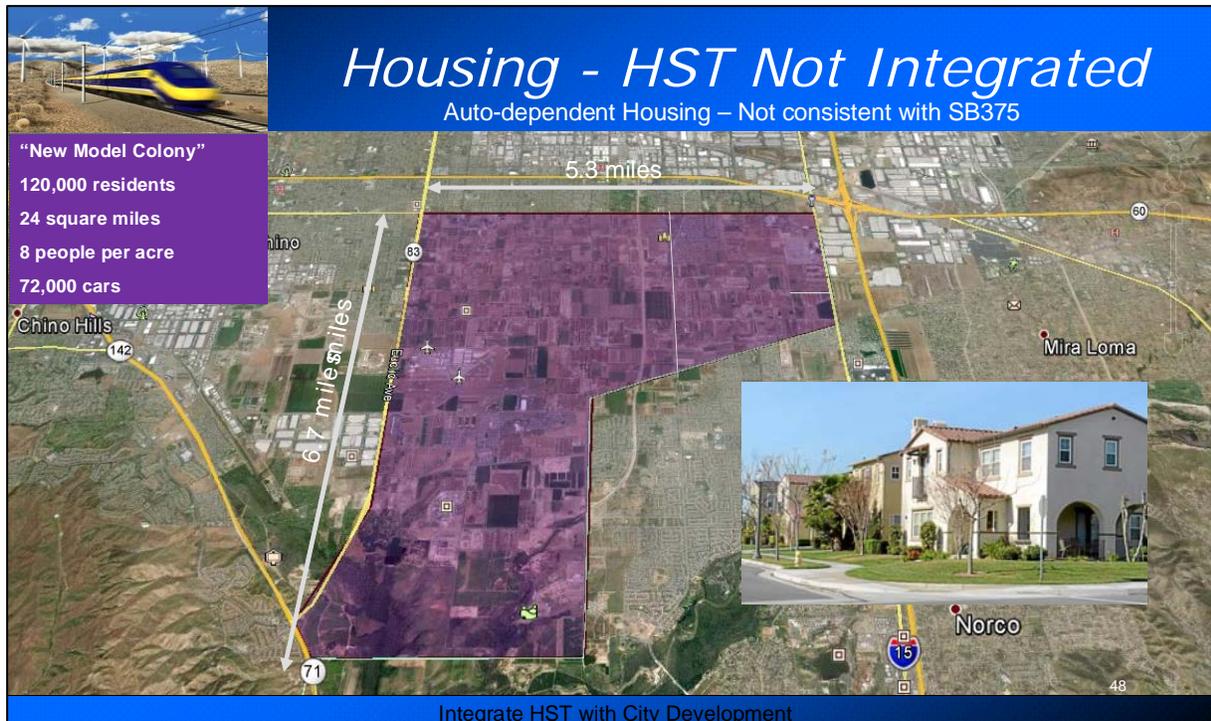
- Favorable local zoning policy
- Lenders properly assessing New Cities high-density, mixed-use, transit-oriented development.
- Simplified development/EIR approval process to minimize cost, time and resources.
- Land assembly to support development of New Cities housing and improvements for other uses.

Source: TransitWiki, UCLA Luskin School of Public Affairs

Integrate HST with City Development 47

UCLA's Luskin School of Public Affairs has outlined 4 conditions that are needed for New Cities to be created in conjunction with HST development.

These factors are in the control of local cities. Local cities to be served by the HST System need to commit to implementing these items, by their own actions and by persuading lenders to support New Cities development.

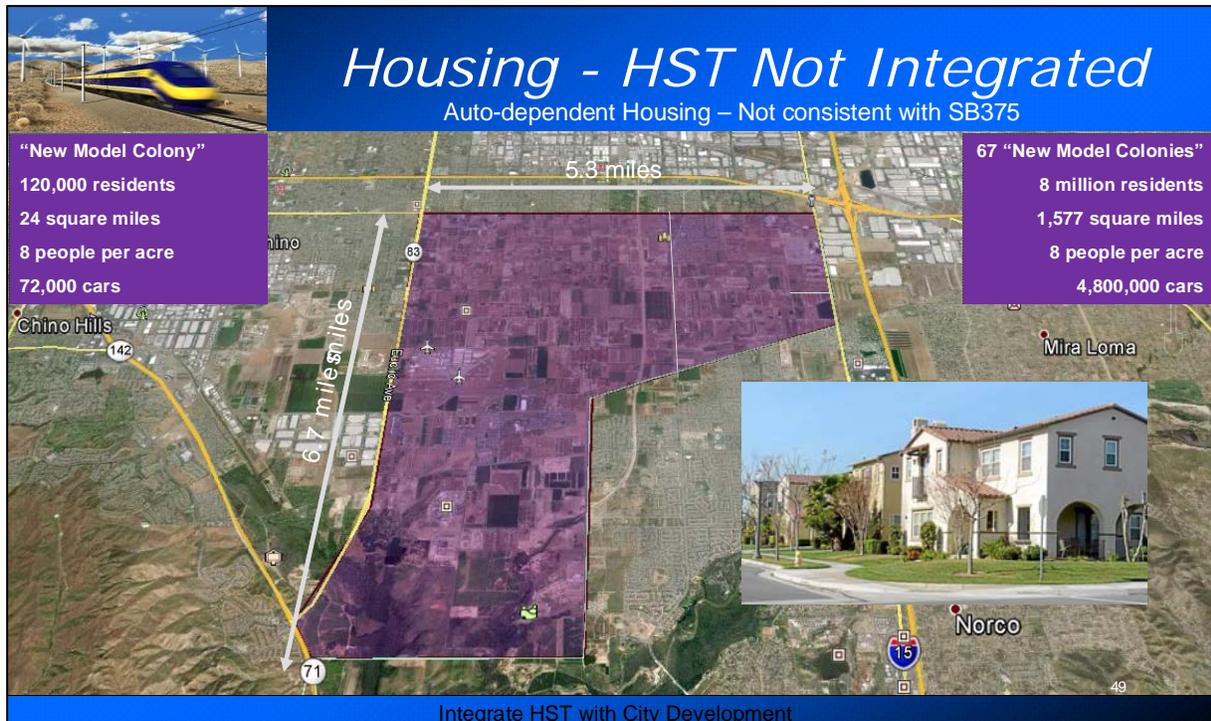


This slide illustrates the challenge HST faces if cities continue to foster new housing developments that are not supportive of HST.

Residents of this housing development, which is made up of conventional single- and multi-family residential units with two and three-car garages, will likely not be potential HST users, other than for occasional long-distance business or vacation trips.

This development commits people to relying on an automobile to move about on increasingly congested roadways. This development forces the State and other agencies to spend more and more of the taxpayers' money on expansion of the roadway system.

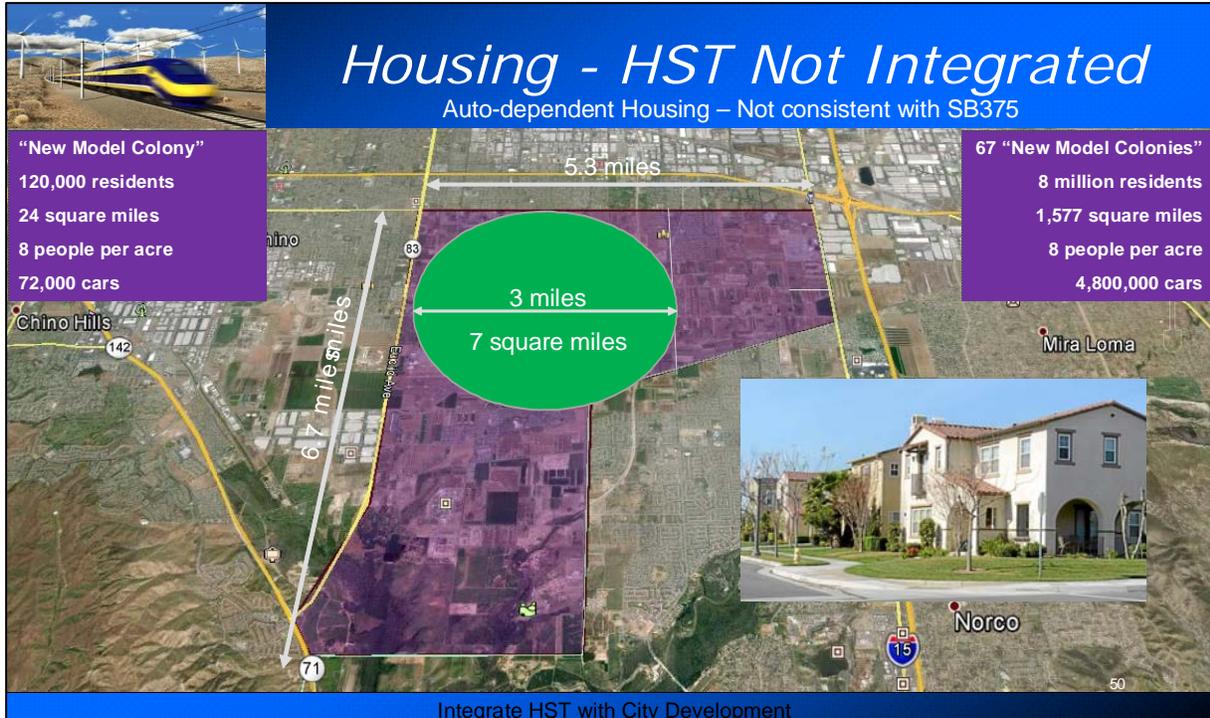
The fixed expenses of auto ownership, garaging and insurance continues even when the car is parked in the garage or in a commuter rail parking lot most of the day. Paying the full cost of using transit and of a car that is barely used during most of the day is not feasible for many people. The transit system is only practical for a minimal number of passengers if taxpayers are forced to subsidize the transit user. Metrolink in Southern California is a prime example of a transit system that functions like a 100-story elevator surrounded by a 4-story building. Low ridership forces substantial taxpayer subsidies (as much as \$11,000 or more for some riders) in order to keep the trains running.



It would take 67 "New Model Colonies" covering an area of 1,577 square miles, to accommodate 8 million residents, adding 4 million more autos to an already over-stressed roadway network.

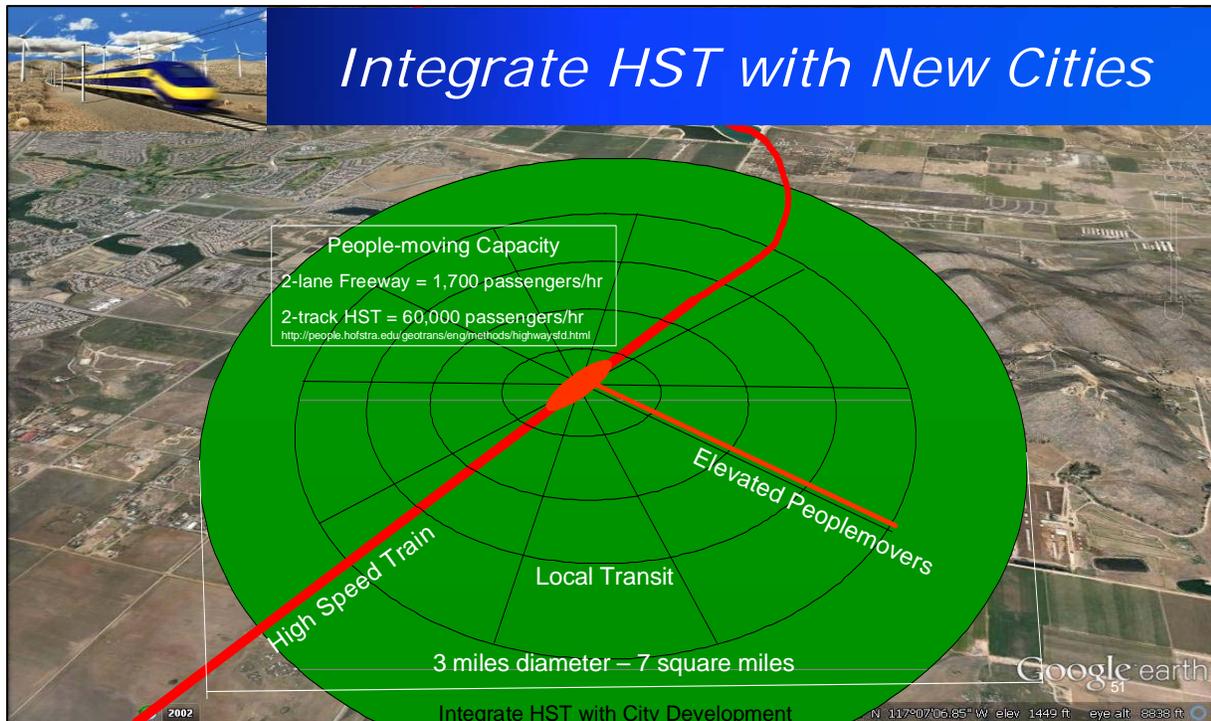
The economic and environmental impacts are staggering. Yet, this is standard operating procedure for accommodating growth throughout California, despite the Legislature's finding and declaration in CEQA that, "it is the policy of the state that public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects, and that the procedures required by this division are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects (*Amended by Stats. 1980, Ch. 676, Sec. 277.*).

Clearly, the recommendations described in this presentation offer a feasible and economically viable alternative for accommodating a significant segment of the state's population that would welcome such housing accommodation and the mobility alternative to avoid driving at much greater expense and risk of injury or death on congested roadways.



The green circle in this slide, representing a 7 square-mile area, is shown to put the following slide in context. The area would accommodate about 40,000 residents in the “New Model Colony” currently under development.

This 7 square mile area would accommodate 500,000 residents in the “New Cities” urban development form proposed in this presentation; a development form that greatly reduces the impact of accommodating a growing population, while offering a high-quality and lower cost-of-living alternative for future residents.



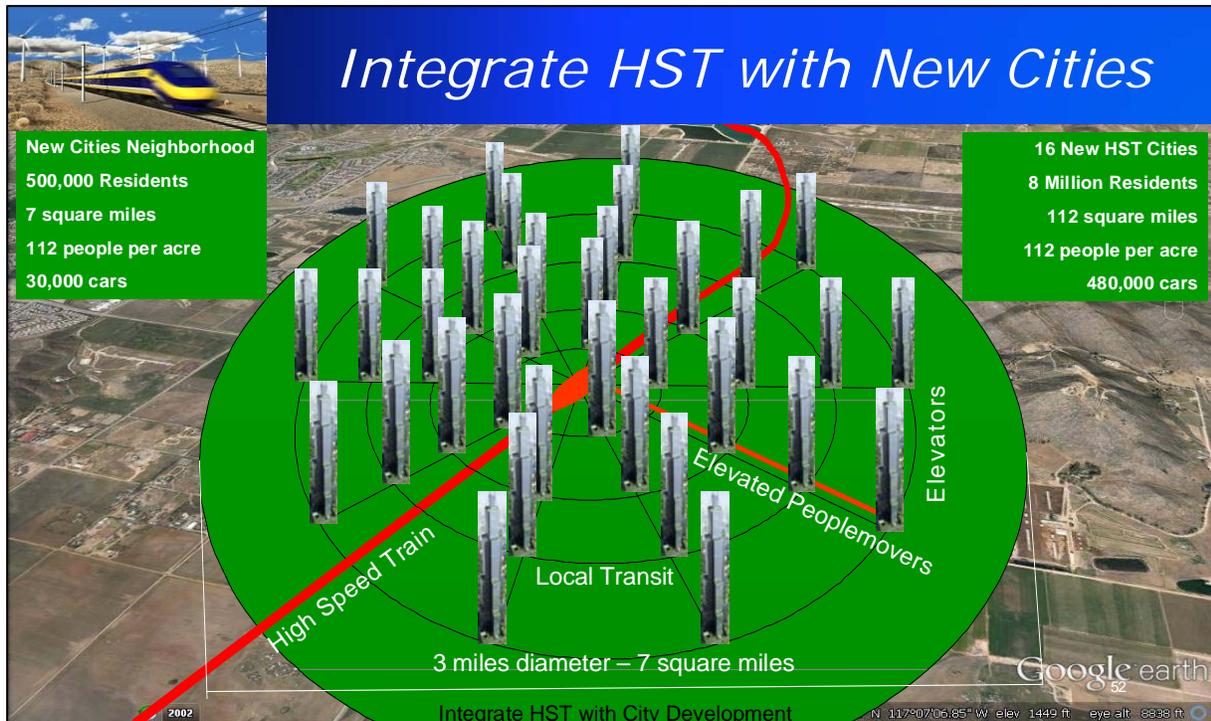
Imposing a transit system on a city or region designed for the auto, and with policies in place that all but mandate travel by auto, can be foolish and costly.

To be effective, HST must be integrated into New Cities that are designed for transit. These New Cities must be designed to eliminate dependence on travel by auto, and to maximize the benefits that HST and local transit systems have to offer.

Auto-dominated cities avoid density because the auto-roadway system cannot readily or economically meet the mobility needs of high-density development. This is why, at practically every meeting of every local city council where new development is on the agenda, current residents protest new developments due to traffic impacts.

Transit-oriented cities favor density and high concentrations of people. The radial pattern of transit-oriented cities increases the efficiency of the transit systems. Airlines have adopted the radial pattern of air routes for the same reason.

New Cities will complement HST service with local circulation and distribution systems that provide ease of movement within, to and from the New Cities boundaries.



This illustrative drawing shows how 500,000 people could be accommodated in a New Cities neighborhood that covers an area of 7 square miles – a population about equal to that of the City of Long Beach, which spans an area of 57 square miles.

Sixteen such new cities, strategically located along the 800-mile HST corridor could accommodate 8 million people with minimal negative impact on existing cities and with significantly less impact on the natural environment than would result from 8 million people living in typical suburban sprawl cities.

Surrounding cities would benefit from such New Cities development. The benefit includes jobs, higher property values, access to new attractions that enhance life-style, such as shopping, entertainment, sporting and recreation venues.



The Architecture of "Her" New City

Where Shanghai stands in for the future Los Angeles



"The city has dense clusters of tall towers and a mass-transit system to rival London's. Cars seem to have been banished. The thoughtful hero, Theodore Twombly, lives in a large and serene apartment in a new city high-rise and either walks or takes the train everywhere."

"Her" Producer Spike Jonze

Los Angeles Times, January 19, 2013

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Integrate HST with City Development

The architecture of such New Cities was featured in the movie "Her" produced by Spike Jonze; the movie was a recent recipient of several Oscar nominations and a motion picture academy award.

Jonze used images of Shanghai to portray what his future new city of high-rises would look like and where walking and trains are the main mode of travel.

A Vision of the Future



Shanghai Tower @ 2,073 feet tall – A Rendition

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Integrate HST with City Development

These photo images of Shanghai include a rendition of the proposed Shanghai Tower, which when completed will be the second tallest high-rise in the world. Jonze used images of Shanghai as his backdrop for “Her”.

What Jonze sees in the rendition of the tallest of the high-rise sky-scrapers of Shanghai is a vision for future new cities in the Southland; that vision is...

That Exists Today



Forbes: Weber Shandwick

Shanghai Tower in August 2013 – a Reality

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...in fact a reality today in Shanghai as construction of the new Shanghai Tower has moved beyond the topping out ceremony and is well-along to meeting its 2015 completion date.

In Shanghai



View from crane atop Shanghai Tower

Shanghai Tower in January 2014 – a Reality

Susan Hanson

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Integrate HST with City Development

A view from the top of Shanghai Tower offers a new perspective on a growing and dynamic city.

Shanghai Tower is but the latest addition to a skyline that has changed dramatically over a very short period of time.



This is a picture of Shanghai just before the start of a frenetic building boom.



The same view as it appears a mere 26 years later. During the time California's political interests have been talking about high-speed trains, Shanghai has built a new city and hundreds of miles of new transit lines to serve its growing population.

This new-city development had a major impact on the existing population within the boundaries of the new-city area. However, by concentrating the development in this new-city area, the surrounding region was spared the greater adverse impacts that would have accompanied a more dispersed and more costly development program.

This growth strategy achieved what California's legislature has called for. Namely, that public agencies approve only projects that minimize potential negative impacts on the environment. In fact, the HST+New Cities proposal recommended in this presentation has the effect of improving the environment.

A New High-Speed Train for a New City

Shanghai Airport to Pudong District – 20 miles in 9 minutes



LAX to Downtown LA – 22 miles in 30 to 60 minutes



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Integrate HST with City Development

An integral part of Shanghai's growth plan is a new high-speed line connecting Shanghai's Pudong district with a new airport located some 20 miles from the city center. Traveling at a top speed of 271 miles per hour, the high-speed line makes the 20-mile trip in a mere 9 minutes (average speed 133 mph).

Compare this with the results of Los Angeles efforts to connect its airport to downtown LA. To make this trip by transit requires two bus trips and a ride on the Green Line light rail system that travels down the middle of the I-105 freeway at a measly top speed of 55 mph.

A 9-minute trip in Shanghai takes 30 to 60 minutes in Los Angeles (average speed between 22 mph – 44 mph). When an LAX people mover and a new light rail line currently under construction are completed, 3 to 4 rail-to-rail transfers will be required to get from downtown LA to LAX airline terminals. This is not the way to stay competitive in a global economy.

The recent growth of cities in China is unmatched anywhere in the world. So is the growth of its high-speed rail lines. China is growing its middle class while the U.S. middle class is in decline. China is investing in its infrastructure. The U.S. has reduced its investment in infrastructure as a percent of its gross domestic product.

A Manageable Growth Rate

Shanghai	California New Cities
26 years (1987 -2013)	50 years (2015 – 2065)
1987 – 11 million people 2013 – 24 million people	2015 – 0 million people 2065 – 8 million people
Growth Rate: 500,000 people per year	Growth Rate: 160,000 people per year

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Integrate HST with City Development

Shanghai's growth rate has averaged a remarkable 500,000 people per year.

This presentation suggests a much more modest growth plan for New Cities in California. At 1/6th the rate of growth of Shanghai, it is a growth rate that is both manageable and effective in accommodating a significant portion of the 15 million-person increase in population that California can expect over the next 50 years.



Shanghai is not the only city in the world that is reaching to the skies to house a growing population. The Burj Khalifa in Dubai is currently the tallest building in the world. It is at the center of a growing city that is vying to become a major power center of business, finance and political influence; one that rivals the world's other major urban centers.

A new study of global cities, just released by the Singapore Civil Service College and Chapman University, ranked Dubai above Los Angeles on unique factors such as industry domination, diversity and global connectivity. Los Angeles ranks 10th among global cities, using the new study measurement.

The newest skyscrapers of Dubai, Shanghai and elsewhere are serving as more than high-rise office towers. They are designed as mixed-use buildings that provide a combination of uses, including housing, hotel, retail, office and other uses.

These new high-rise towers are functioning more as small cities than as single-purpose office buildings.

In Jeddah



Kingdom Tower, Jeddah, Saudi Arabia
3,280 feet – 200 floors; under construction

Integrate HST with City Development

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Kingdom Tower in Saudi Arabia is one of the newest of these super sky-scrappers. Costing a total \$1.3 billion, the tower, located in the coastal city of Jeddah, will take five years to construct. The finished building will cover a total area of over 5.4 million square feet and have 200 floors. There will be 59 elevators, including five that are double deckers. Those that take visitors to the observatory will travel at 33 feet per second.

Kingdom Tower will be the centerpiece of a \$21.8 billion Kingdom City development overlooking the Red Sea.

The new city will consist of over 57 million square feet of urban development including housing, commercial property, hotels, offices, shops, educational and commercial centers.

Waleed Abdul Jaleel Batterjee, CEO of the Jeddah Economic Company said: “The vision of constructing the tallest tower in the world in Jeddah belongs to HRH Prince Al Waleed bin Talal.

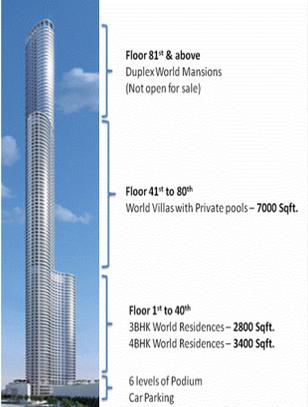
“His vision is also that the project itself will set the world’s sights on our beloved Kingdom of Saudi Arabia and particularly on Jeddah. Furthermore, the project will help create hundreds of jobs for our Saudi countrymen.”

California has the capacity to attract 16 “Kingdom Cities” (each served by an HST station) at a total investment of \$350 billion. It only needs to decide that it wants to, or that it prefers to continue auto-dependent urban sprawl..

In Mumbai





Floor 81st & above
 Duplex World Mansions
 (Not open for sale)

Floor 41st to 80th
 World Villas with Private pools – 7000 Sqft.

Floor 1st to 40th
 3BHK World Residences – 2800 Sqft.
 4BHK World Residences – 3400 Sqft.

6 levels of Podium
 Car Parking

World One is under construction in Mumbai, India and is expected to be completed in 2015.

Integrate HST with City Development 63

Mumbai-based real estate developer Lodha Group is building the world's tallest residential tower comprising 117 floors and rising to 1,450 feet. It will house about 300 super luxury homes, including three and four bedroom residences, villas with their own private pools and a limited number of luxury mansions as well.

The high-rise tower will come up on a 17-acre plot. Mr Abhishek Lodha, Managing Director, Lodha Developers, said, “ We have consciously tried to create a building fabric which is global in appeal but Indian in character and are confident that ‘World One’ will represent India's quest for excellence in economic and cultural arenas.”

The project will cost 20 billion (US\$340 million) and is expected to be completed in 2015.^[7] Apartment prices in World One start from 75 million (US\$1.3 million) with the most expensive being as much as 500 million (US\$8.4 million).^[6] As of April 2014, construction of World One Tower has reached the 50th floor.^[12]



In Shenzhen

The almost 500-foot-high walkways in Shenzhen's "super city" will connect individual towers, uniting them into an integrated urban environment and leaving the street open to incorporate with nature.

Integrate HST with City Development

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Shenzhen, China is among leading world cities that are re-imagining their cities by looking upward to accommodate a growing population and a growing economy.

New technology in the design and construction of super hi-rise buildings is making it possible to develop the "sky cities" and to offer people a quality life-style while minimizing impact on the environment.

In Shangsha



Shangsha, China

Stories: 220
 Height: 2,749 feet tall
 Built in a Factory
 Trucked to the Site
 Assembled in 9 months



Affordable "Sky City"

Kingdom Tower: \$358/sf – 5 yrs
 Burj Khalifa: \$500/sf – 5 yrs
 Shanghai Tower: \$538/sf – 6 yrs
 Sky City: \$132/sf – 210 days



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Integrate HST with City Development

On the horizon is another of these “sky cities” – currently planned for development in Shangsha, China. Called “Sky City” by its developer, the unique feature of this high-rise is its construction in off-site factories and on-site assembly, much like a Lego-set enjoyed by children throughout the world.

The developer, Broad Construction Group, has broken ground and hopes to have the building up in a matter of months following final approvals, versus the years it normally takes to construct a building of this scale.

The dramatic reduction in building costs reported by the developer represents a game change in the construction industry, making housing in high-rise buildings much more affordable for the middle class, and thus enabling the development of high-density cities in a way that was here-to-fore not practical. New elevator technology is part of what makes super-high sky cities possible.

While the developer estimates the construction cost of this new Sky City at \$132 per square foot, one-fourth that of the Burj Khalifa, ...

Sky City: Game Changer



The price of a new condo in downtown Los Angeles climbed 6% in March, 2014 to \$656 per square foot. Re-sales climbed to \$534 per square foot.

More Affordable "Sky City"

Kingdom Tower:	\$443/sf	– 5 yrs
Burj Khalifa:	\$500/sf	– 5 yrs
Shanghai Tower:	\$538/sf	– 6 yrs
Sky City:	\$368/sf	– 210 days






Integrate HST with City Development

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... for the purposes of the analysis undertaken for this presentation, a higher cost of \$368 per square foot was estimated for construction of such a building in California. This cost estimate is more reasonable and compares well with conventional high-rise construction in California.

The cost of constructing residential units in a sky city tower is competitive with housing construction costs in Southern California. The April 2014 average sale price per square foot of housing in Los Angeles County was \$436 and in San Diego County it was \$344.

A More Affordable New City Perspective



New York

A room with a view

Sq Ft	New City	New York
\$/Sq Ft	\$368	\$1,144
500	\$184,000	\$572,000
1,000	\$368,000	\$1,144,000
1,133	\$417,000	\$1,296,000
1,500	\$552,000	\$1,716,000
2,000	\$736,000	\$2,288,000

New City: Higher value at a lower price

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Integrate HST with City Development

New Cities offer a higher housing value at lower cost when compared to similar homes in high-priced neighborhoods of cities like Los Angeles, San Francisco, San Diego and New York City.

Pictured in this slide is the Baccarat hotel and residential tower overlooking Grand Central Park from 5th Avenue and 53rd Street in New York City. Scheduled for occupancy in summer 2014, the Baccarat and similar developments are designed as exclusive enclaves for the rich.

The New Cities envisioned in this presentation would provide first-class housing for both the wealthy and middle-class. This concept comes from the perspective that even the rich benefit from having people of lesser economic means living in close proximity, while retaining the privacy and life-style that money can provide. Better that the plumber, the tutor, the handyman or the piano instructor are but a 5-minute elevator ride away from where and when service is needed, rather than an hour commute on congested roadways.

Sky Cities, built in factories and assembled on-site at appreciable construction cost savings enable this vision to be realized. Such high-density living cannot be achieved if mobility is dependent on travel by auto. Integrating New Cities planning and development with HST and local public transit services is key to opening the door on this alternative to more costly suburban sprawl.

A More Affordable New City Perspective



New York

A room with a view

One World Trade Center

Tallest Skyscraper in the Western Hemisphere

1,792 ft. tall

Sq Ft	New City	New York
\$/Sq Ft	\$368	\$1,495
500	\$184,000	\$748,000
1,000	\$368,000	\$1,495,000
1,133	\$417,000	\$1,664,000
1,500	\$552,000	\$2,243,000
2,000	\$736,000	\$2,990,000

New City: Higher value at a lower price

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Integrate HST with City Development

The U.S. has been slow to join the super skyscraper boon. But, on May 10, 2013, New York became home to the world's 4th tallest skyscraper.

As of April 2012, One World Trade Center's reported total estimated cost had risen from earlier estimates to \$3.9 billion, or \$1,495 per square foot, making it one of the most expensive single buildings in the world at the time.

But more important than what a building costs is the lease and operating revenue the building generates to cover its costs. Here the tower appears to be an winner. Even more important is who the lessees are, for that can determine the indirect benefits that the tower brings to the city. Here too, One World Trade Center reached new heights – attracting businesses that keep New York as the nation's center of international business influence.

The 86-story office tower's first lease was announced on March 28, 2009, as a joint project between the Port Authority and Beijing-based [Vantone Industrial Co.](#) A 190,810 sq ft "China Center", is to be located between floors 64 and 69, to represent Chinese business and cultural links to the United States, and to serve American companies that wish to conduct business in China.

On January 17, 2012, it was reported that Condé Nast would increase its lease space to 1,141,000 square feet, occupying floors 20–44 of the tower.

A More Affordable New City Perspective

\$629,000



1,036 square feet




A room with a view

Sq Ft	New City	San Diego
\$/Sq Ft	\$368	\$607
500	\$184,000	\$304,000
1,000	\$368,000	\$607,000
1,036	\$381,000	\$629,000
1,500	\$552,000	\$911,000
2,000	\$736,000	\$1,214,000

San Diego

New City: Higher value at a lower price

Integrate HST with City Development

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The 343-square-mile City of San Diego has adopted a “Villages Growth Strategy” in its land use plan. It calls for:

- Close coordination of land use and transportation planning – a transit-oriented growth strategy.
- Compact, mixed-use, and walkable villages that are connected to a regional transit system.
- Focused development and density adjacent to transit stops that link where people live to where people work, shop, and recreate.
- Make transit convenient for more people.
- More cost-effective expansion of transit services.

The City has only 12.5 square miles (8,000 acres) of undeveloped or agricultural land available for new residential development. At 30 dwelling units per acre, the City will be able to accommodate about 720,000 additional residents in this land area.

A More Affordable New City Perspective

\$800,000



1,360 square feet



Los Angeles

A room with a view

Sq Ft	New City	Los Angeles
\$/Sq Ft	\$368	\$588
500	\$184,000	\$294,000
1,000	\$368,000	\$588,000
1,360	\$500,000	\$800,000
1,500	\$552,000	\$882,000
2,000	\$736,000	\$1,176,000

New City: Higher value at a lower price

Integrate HST with City Development

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Los Angeles offers the amenities of high-rise living at a much more affordable price than New York. Although a few of the most expensive condominium units in parts of Los Angeles command prices in the tens of millions of dollars.

Many of the current and planned hi-rise towers are located along Wilshire Boulevard, extending from downtown Los Angeles to Hollywood, Century City and to Santa Monica. The Red Line subway system has stimulated a significant amount of new hi-rise development around existing and future station locations along the entire corridor.

A More Affordable New City Perspective

\$2,250,000



1,268 square feet



A room with a view

Sq Ft	New City	San Francisco
\$/Sq Ft	\$368	\$1,774
500	\$184,000	\$887,000
1,000	\$368,000	\$1,774,000
1,268	\$467,000	\$2,250,000
1,500	\$552,000	\$2,661,000
2,000	\$736,000	\$3,548,000

San Francisco

New City: Higher value at a lower price

Integrate HST with City Development

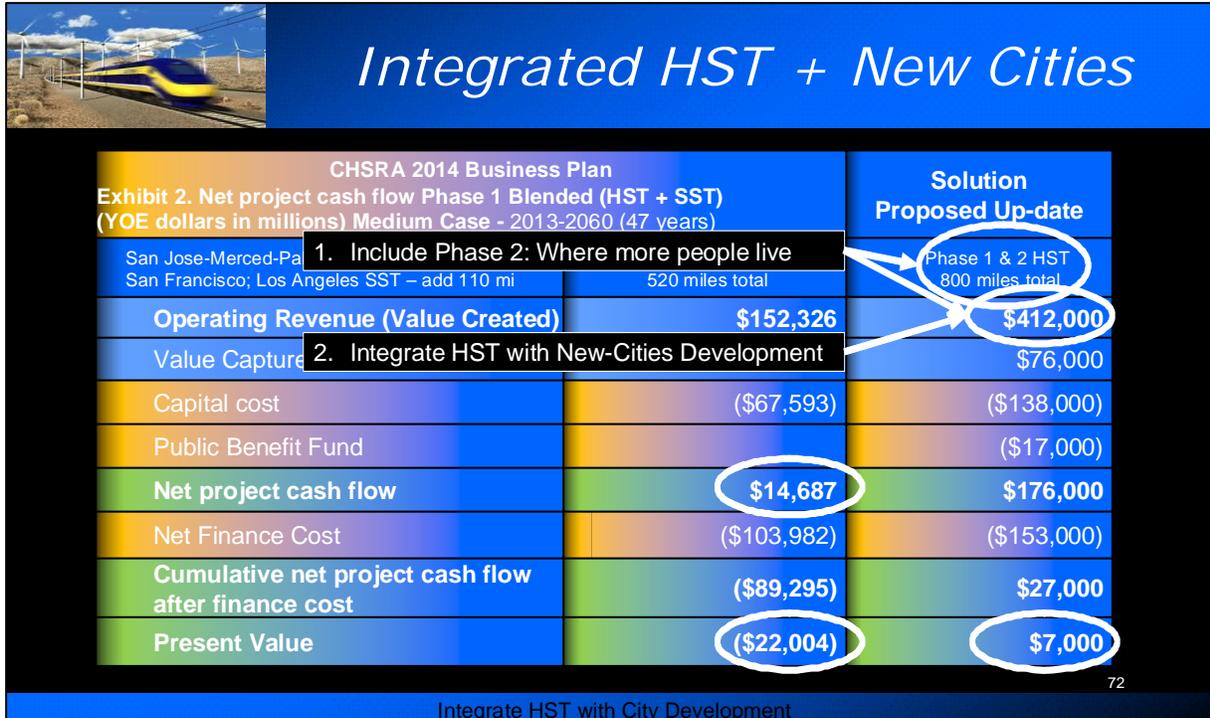
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Local development restrictions, such as those in San Francisco, have put a premium on residential units in many cities throughout California and the nation. Desirable properties command sky-high prices for sky city views.

San Francisco is not alone in limiting the opportunity for middle-class wage earners to purchase homes in the most desirable locations. Local cities along the coast of California, with support of the California Coastal Commission, limit residential development to protect existing coastal residents from the adverse impacts of too many people on the beaches residents call their front yard.

Take, for example, the City of Santa Monica. The City will soon be served by a new light rail line funded by taxpayers throughout the region. The City's elected officials are constraining development around the new light rail station out of fear that higher-density development will cause a voter backlash.

By constraining the supply of housing along the coast and elsewhere well below the demand, public agencies have maneuvered to increase property values that only the rich can afford. The New Cities+HST strategy recommended in this presentation is the most feasible approach to increasing opportunities for more people to enjoy the benefits of quality living in a desirable location and at an affordable price. In doing so, development pressures on existing communities are lessened, protecting these communities from intrusive development that often changes a community's existing character and cohesiveness.



The potential for lower-cost “Sky Cities” development in high-density New Cities neighborhoods surrounding HST System stations, combined with the potential to eliminate the auto-dependency that current land-use patterns dictate, enable significantly higher ridership and revenue for the HST System, while saving New Cities residents hundreds of thousands of dollars in housing and mobility costs.



Value Capture

CHSRA 2014 Business Plan		Solution Proposed Up-date
Exhibit 2. Net project cash flow Phase 1 Blended (HST + SST) (YOE dollars in millions) Medium Case - 2013-2060 (47 years)		
San Jose-Merced-Palo Alto; San Francisco; Los Angeles SST – add 110 mi	520 miles total	Phase 1 & 2 HST 800 miles total
Operating Revenue (Value Created)	\$152,326	\$412,000
Value Capture		\$76,000
Capital cost		(\$138,000)
Public Benefit		(\$17,000)
Net project cost		\$176,000
Net Finance Cost	(\$103,982)	(\$153,000)
Cumulative net project cash flow after finance cost	(\$89,295)	\$27,000
Present Value	(\$22,004)	\$7,000

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Value Capture

Those savings allow the Authority to capture a portion of the surplus value created under this integrated HST+New Cities proposal.

The cost savings are not theoretical. Their potential is demonstrated by examples throughout the country and in other nations around the world.

Following are examples of taxes imposed by local governments on new property developments and on existing property owners in various Southern California communities. These local taxes are often called fees to make them more politically acceptable to voters.

- San Joaquin Toll Road: Development Impact Fee - \$5.6m (2012)
- Riverside County: Transp. Uniform Mitigation Fee - \$8,873 per sfr
- Moreno Valley: Development Impact Fee - \$13,754 per sfr
- San Diego: Transportation Impact Fee - \$11,000 per sfr
- Santa Monica: Trans Imp Fee - \$7,800 per sfr; \$30.10 per sq. ft. retail
- Metro Red Line: Benefit fee on commercial property - \$300m (21% of initial Red Line segment cost from downtown LA to mid-Wilshire)



Value Capture Revenue Source

Auto – Dependent Community



Transit – Oriented Community



Palmdale	The Family Budget	Pittsburgh
1.6	Car Ownership per Household	0.96
18,970	Miles per Year	6,132
4%	Transit Use for Daily Commute	23%
54%	Transportation + Housing Costs	39%

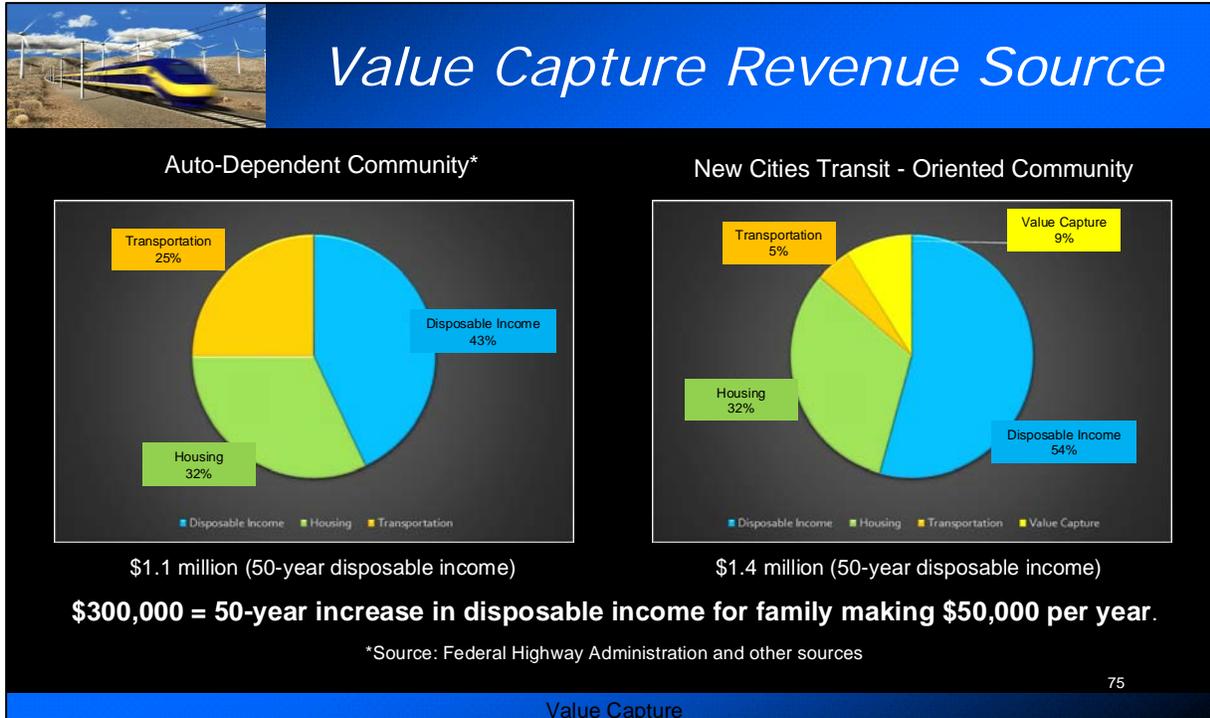
Value Capture

74

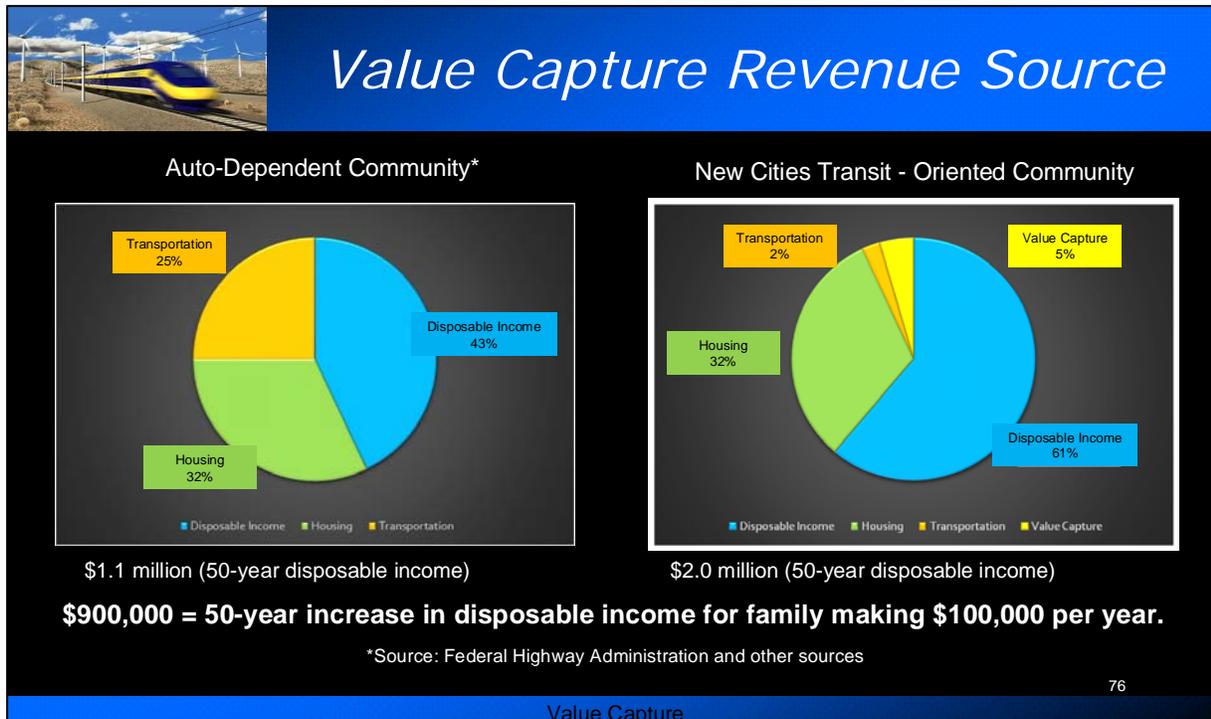
A comparison of Palmdale, CA and Pittsburgh, PA tells the story.

Transportation and housing costs in Palmdale make up 54% of the family budget. For Pittsburgh, a city with much higher transit use and lower car ownership rates, these costs represent 39% of the family budget.

A family with a \$100,000 annual budget, has an extra \$15,000 per year for discretionary spending items, such as investments, kids education, travel, health care, etc.



Data reported by the Federal Highway Administration tell the same story. A family making \$50,000 a year can increase disposable income by \$300,000 over 50 years (in current dollars).



A family making \$100,000 a year can increase disposable income by \$900,000 over 50 years.

The savings in reduced transportation costs do not take into account the looming cost burden of repairing existing roadways and expanding roadway capacity to meet future growth in population. Our state and federal political leaders have effectively reduced taxes for transportation over the past five decades by not compensating for improved fuel efficiency and the effect of inflation.

Cars averaged 12 mpg in 1960. Today, new cars average over 24 miles per gallon. Roads not maintained on a regular basis must now be rebuilt, at a much higher cost. If increases in the gas tax are not politically acceptable, other revenue raising methods must be deployed.

Oregon has taken a lead in addressing the problem. Under a pilot program, drivers will be charged 1.5 cents per mile they drive on Oregon roads. For a car driven 15,000 miles per year, the mileage tax would cost the motorist \$2,250 per year. It is anticipated that significant action to resolve a ten-year \$170 billion federal funding shortfall will not be taken until after the November election because members of Congress do not want to jeopardize their chances for getting re-elected. Indefinite delay in addressing the problem is not a realistic option.

The net impact on motorists will be a significant increase in costs to operate a motor vehicle. Over a period of 50 years, that increase could reach \$200,000 or more.



Value Capture Revenue Source

SPREAD SHEET: SANETTE TANAKA

PARK HERE, PAY MORE

ing downtown, listings that mention parking are priced at a premium compared with those that don't

Drive-In Listings
In most places, buyers can expect to pay more for homes that promote parking.

City	Percentage of listings that mention 'parking'	Median list price 'parking' in listing	vs 'parking'
Riverside, Calif.	45.1%	\$251,000 5.7% premium	\$237,500
Denver	44.7%	\$277,000 4.0% premium	\$264,900
Seattle	41.3%	\$322,000 2.8% premium	\$300,000
Dallas-Fort Worth	36.5%	\$209,000 15.2% premium	\$179,900
Detroit	35.5%	\$124,900 10.7% premium	\$105,000
Chicago	33.5%	\$209,900 11.7% premium	\$189,000
Minneapolis-St. Paul	30.2%	\$192,000 -4.0% premium	\$199,900
Washington, D.C.	28.3%	\$475,000 25.8% premium	\$370,000
Baltimore	26.3%	\$399,900 50.0% premium	\$249,900
Atlanta	26.0%	\$179,500 8.8% premium	\$165,000

Notes: Listings in the second quarter of 2015. Source: Zillow. The Wall Street Journal. Illustration by Steve Nelson.



House listings that include parking priced \$54,000 more on average.

Some were priced as much as \$150,000 more.

What appears as a housing cost is, in reality, a mobility cost.

Value Capture

77

The cost of auto parking is a key factor in the cost of travel. Often, parking costs are hidden in the cost of other items, such as in the cost of housing.

In Seattle, a listing of houses for sale revealed that houses advertised for sale with parking included showed an average \$54,000 higher sale price, with some as much as \$150,000 higher, than houses which did not identify that parking is included.

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Value Capture Revenue Source

Transit-Oriented Development (TOD) reduces mobility costs; provides value capture opportunity

- Households in TODs are twice as likely not to own a car as comparable households not located in a TOD.
- Minimum parking requirements may create a heavy financial burden for developers/home buyers.

Transit-oriented Development: From TransitWiki; UCLA Luskin School of Public Affairs

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Value Capture

UCLA's Luskin School of Public Affairs reports that families in transit-oriented housing developments are less likely to own a car.

They opined that local development policies that mandate inclusion of parking in housing and other developments may create heavy financial burdens on developers and home buyers, keeping many potential home buyers out of the market. Dependence on car ownership is a special hardship on young people just entering the labor market. Earning \$10 per hour, a young car owner can expect to spend one-third or more of after-tax income on transportation.



Value Capture Revenue Source

In the Suburbs
Parking for 6 cars in Corona Del Mar



\$1,950,000

3-bed, 3 bath, panoramic view of reservoir included

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Value Capture

Parking takes precedence for this almost \$2 million Orange County, California home. As available land becomes more scarce, this type of housing becomes less affordable to an increasing portion of the population.



Value Capture Revenue Source

In the City Center Parking for San Francisco Condo



\$80,000
parking

\$28,600
car



Value Capture

80

San Francisco's restrictive parking policies can make a parking space a luxury available only to the super-rich, where parking costs can be greater than the cost of the car.

Yet, without such restrictions the City would cease to function.

On a recent trip to San Francisco, the author travelled the 400-mile trip from Los Angeles to San Francisco in just over 6 hours, averaging just under 70 miles per hour. The last 2 miles driving through the heart of downtown San Francisco took more than an hour, due to a Saint Patrick's Day Parade.

Un-predictability in travel times is a major cost factor for auto commuters in heavily-congested cities throughout the nation.



Value Capture Revenue Source

Solair Condominium Tower – Los Angeles

- Mid-Wilshire; above Metro subway entrance
- 1,360 sq ft: 2-bed/2-bath residence; \$640,000
- 2 car spaces included; \$160,000
- 2 cars @ \$57,200 * 4 for 50 yrs; \$229,000
- Total 50-yr Purchase Cost: \$1,029,000



\$80,000
parking

\$28,600
car



Value Capture

81

In Los Angeles, parking policies, financing and market forces result in excessive parking requirements, even when a residential complex sits right above a subway station.

When the purchase of a residential condo, such as this “sun and air” high-rise tower requires purchase of 2 parking spaces, the cost of “housing” can increase beyond affordability for many potential buyers.

This 186-unit condo complex will add more cars to local streets already suffering heavy congestion, slowing down auto traffic as well as bus patrons.

City policies and financing requirements preclude the construction of such a tower without parking.



Value Capture Revenue Source

New City Condominium

- Near High-Speed Train Access Station
- 1,360 sq ft: 2-bed/2-bath residence; \$500,000
- 2 car spaces not needed; \$0
- 2 cars @ \$57,200 * 4 not needed; \$0
- Total 50-yr Cost: \$500,000 (\$529,000 saving)



City Center PeopleMover, Las Vegas, Nevada

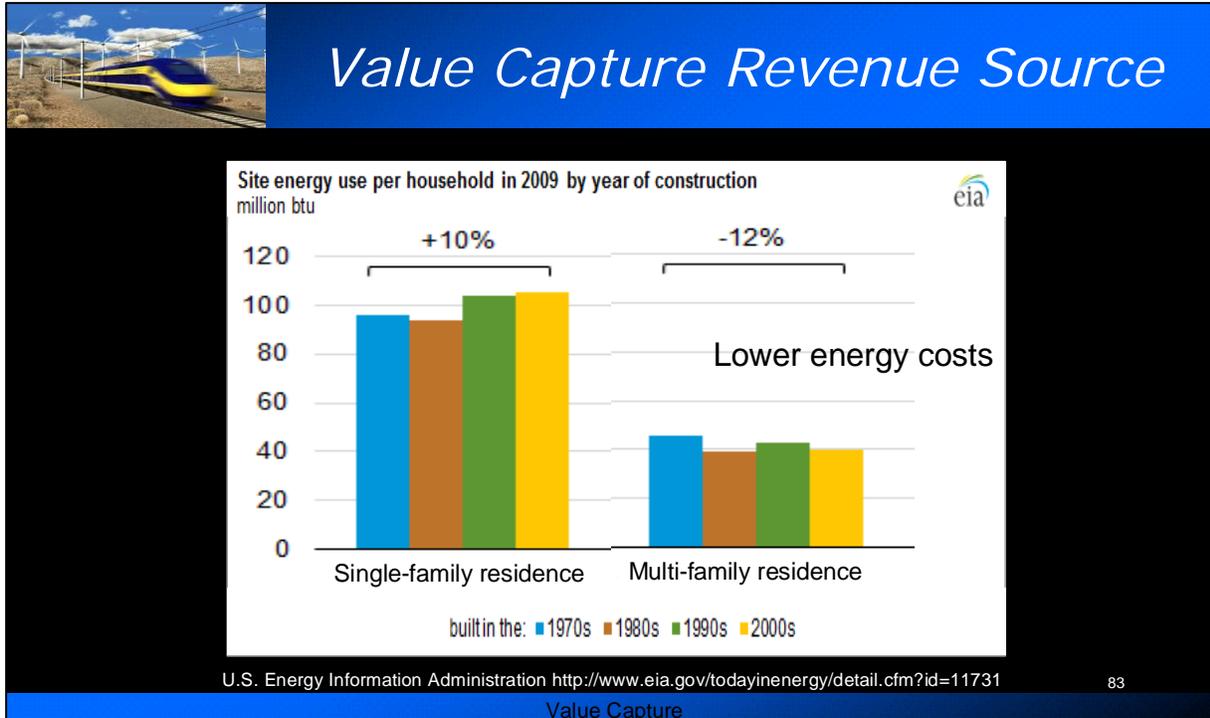


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Value Capture

In a New Cities neighborhood, public transit systems negate the need for auto ownership and the parking that goes with it. The savings in “housing costs” and auto purchase/operating expenses provide the resource for value capture funding for the public transit systems; including vertical circulation in the “Sky City” towers, neighborhood circulation to connect the towers to each other and to high-speed trains, and high-speed train service connecting the New Cities to each other and to the region.

The analysis undertaken in preparing this presentation indicates the opportunity for New Cities residents to achieve a quality life-style and significant life-time housing/mobility cost savings, even after paying a substantial amount to fund the transit systems.



Higher-density, multi-family residential development offers another benefit to New-Cities residents. The U.S. Energy Information Administration reports that a multi-family residence can reduce energy use dramatically. The data show that energy consumption has been growing in single-family residences over the past four decades while it has declined in multi-family residences.

HST, integrated with local transit improvements and high-density station-area housing, creates increasing opportunities to realize these energy costs savings.



Value Capture Revenue Source

New Cities Energy and Water Cost Savings		
16 New Cities - 8 million Residents, 3.5 million Households		
Savings for MFR versus SFR Housing	50-year cost savings (Current \$s)	
	Savings per Household	Total Savings
Energy Cost Savings	\$23,000	\$80,000,000,000
Water Cost Savings	\$12,000	\$41,000,000,000
Total Savings	\$35,000	\$121,000,000,000

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Value Capture

New Cities residents also benefit from lower water costs. The combined savings in housing-related energy and water expenses can add up to \$35,000 over 50 years. For 3.5 million households, this adds up to \$121 billion in cost savings.



Value Capture Revenue Source

Saving Lives: New Cities Traffic Injury and Death Reduction/Savings		
16 New Cities - 8 million Residents, 3.5 million Households		
 <p style="font-size: small; margin-top: 5px;">GONZALEZ AND LAW had been responding to a multi-vehicle accident when they lost control of their Crown Victoria and swerved into a guardrail.</p>  <p style="font-size: x-small; margin-top: 5px;">CHP officers killed responding to a traffic accident 2/17/2014</p>	50-year cost savings (Current Year \$s)	
	Reductions	Total Savings
	Traffic Injury -24,019	\$138,000,000,000
	Traffic Death -15,053	\$134,000,000,000
	\$272,000,000,000	

Value Capture

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The cost savings attributable to lower traffic accidents and deaths is another source of value capture revenues. The cost of traffic accidents is reflected in auto insurance premiums. Over 50 years, the dollar cost savings in avoided auto insurance premiums related to the risk of auto traffic accident injury and deaths is projected to be \$272 billion for 8 million New Cities residents.

Statistics tell us how many people are injured and how many people die each year on our highways. New Cities residents who give up their cars and use HST and other transit services to get around can expect to lower their risk of being part of the statistics.

Some will question how anyone without a car could get to destinations accessible only by auto.

The City of Los Angeles has a population of about 3.9 million people. Imagine wanting to go from Chatsworth to visit someone in San Pedro – a distance of 53 miles. By car, this trip could take as little as one hour to as much as 2 hours or more, depending on traffic conditions. By transit, the trip would take a minimum 3 hours and as much as 4 hours. Any other destination in the City of Los Angeles would take as long or less time.

A New Cities resident, living in one of 6 New Cities neighborhoods along a 140-mile HST corridor, would have access to anyone of 4 million New Cities residents in about one hour at even the most heavily travelled time of day.

Connecting transit services offered by urban bus and rail systems and by regional rail such as Metrolink, provide auto-free access to even more people and destinations. Rental cars or car sharing services such as Lyft and Uber provide access to people in locations not connected by transit.



Value Capture Revenue Source

Five family members killed. How do you value loss of life?



Father witnesses car burst into flames; tries in vain to pull family out of car

86

Value Capture

Insurance premiums don't tell the whole story of the cost that auto-dependency imposes on society or on individuals. That is because taxpayers pay a substantial tax premium for traffic accident-related expenses incurred by public agencies. Health insurance premiums also reflect the increased cost of health care resulting from auto accidents. But aside from these costs, how do you price the loss of your wife and your four children in a tragic traffic accident?

How does the husband and father of this family erase the memory of seeing his wife and children burn to death as he tried to pull them from the flaming wreckage?

By burying the auto-related costs of traffic accidents, air pollution, parking, etc. in health care premiums, housing expenses, and elsewhere, motorists cannot make an informed decision on the benefit versus cost of auto travel. In some cases, these costs cannot be fully determined.



Value Capture Revenue Source

Twin sister killed. Mother sues FedEx for \$100 million.

April 10, 2014 Orland, California





Marisol Serrato (left) lost her twin sister Marisa on her way to Humbolt State University

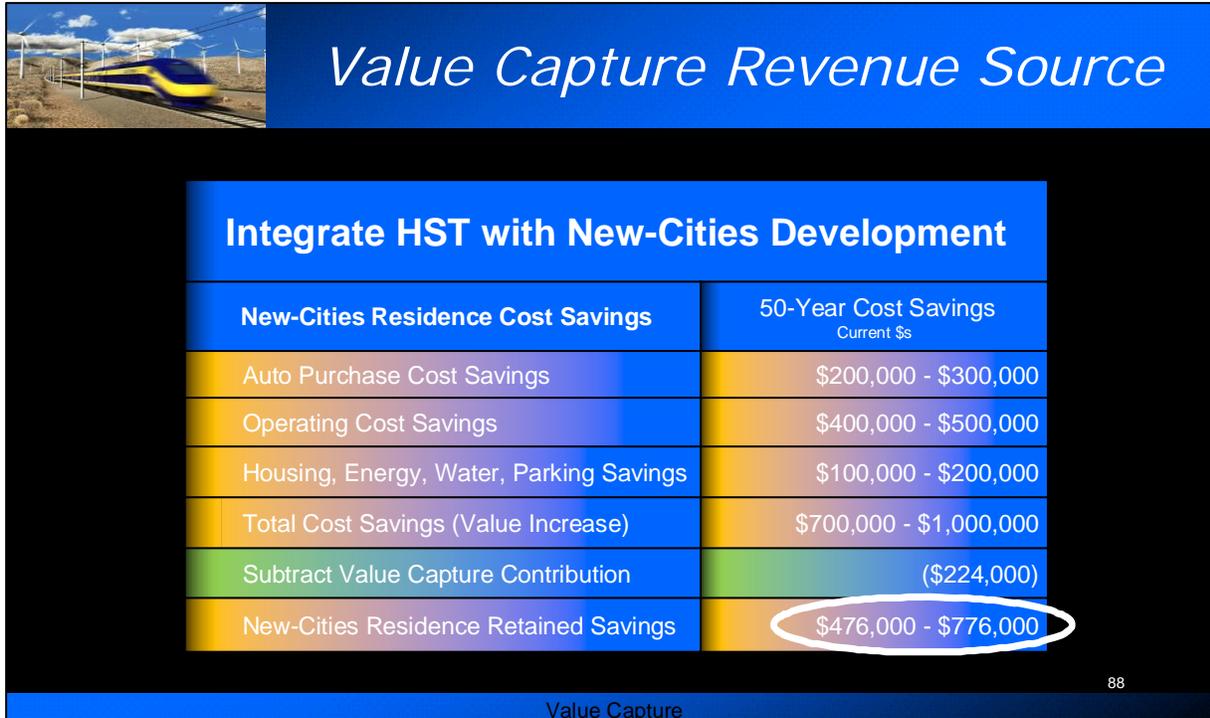
Value Capture 87

How do you value the lives of students traveling to visit their new college whose lives ended when their bus was struck by a FedEx truck careening through the center divider of the freeway?

How do you value the loss suffered by Marisol Serrato when her twin sister is killed in the fiery collision on Interstate 5 which has no crash barrier in the center divider because building such a barrier is “cost prohibitive”.

The mother of Marisa Serrato, one of 10 killed in the fiery accident, set her value for the loss of her loved one at \$100 million. No matter what the final settlement, we all pay for this flaw in our auto/highway system, where the next statistic could be you.

The proposal presented in this recommendation to the 3rd District Court of Appeal and to California’s Governor offers an alternative that reduces the risk of such tragedy and loss of life for millions of future California residents.



The sum of cost savings in lower housing costs, lower transportation costs and lower costs for energy, water and parking represents the potential value that the HST System brings to its users.

When the proposed value capture contribution to the transit systems is deducted from this cost savings, there remains a substantial net cost benefit for New Cities residents.

On average, New Cities families are each left with about a half-million dollars in net savings over 50 years (in current dollars).



Value Capture for Multiple Mobility Elements

New-Cities Taxes (on \$417,000 home) (New Cities Residential Development)	50-year Cost per housing unit (current \$s)	% of housing cost
State Property Tax (Existing)	\$209,000	50%
New Cities Mobility Taxes (Added)		
Sky City Public Facilities Tax	\$171,000	41 %
New Cities PeopleMover Tax	\$31,000	7%
CA High Speed Train Tax	\$8,000	2%
Subtotal	\$210,000	51%
Local City Impact Mitigation Tax	\$14,000	3%
Total Local Taxes (New – Value Capture)	\$224,000	54%
Total Property Taxes (New Cities Only)	\$433,000	104%

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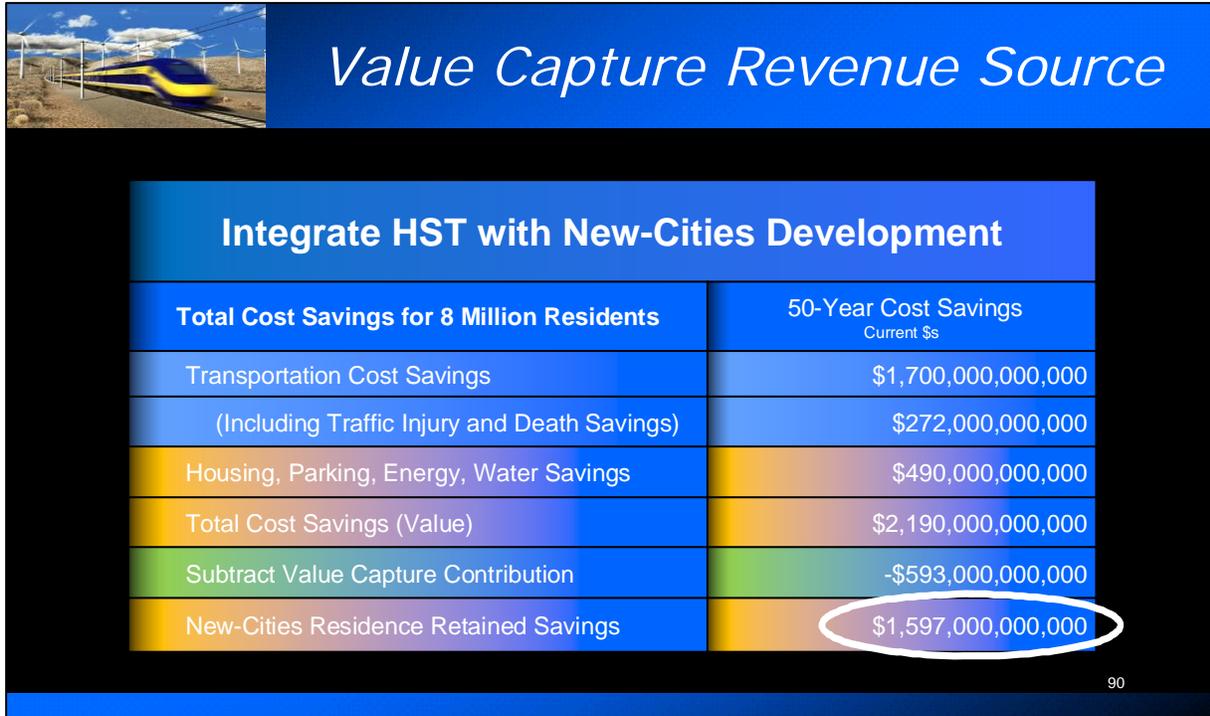
Value Capture

With New Cities, people have a choice. They can pay \$224,000 to their local government to provide high-quality mobility, or they can pay a lot more to companies like Toyota, Mobile Oil, and a host of other companies that have no stake in California other than to charge captive consumers a lot more for travel by autos on congested roadways that rob them of valuable time from their families and risk their lives each time they get into their cars.

The local taxes provide residents mobility within the mixed-use Sky Cities and among the Sky City towers located within the New-Cities neighborhood served by an HST station. They also provide access to and from the HST station and contribute funding to the HST system.

In addition to funding the transportation infrastructure within the New-Cities neighborhood, the funding plan also provides funding for neighboring cities to mitigate the impact of New-Cities residents on neighboring cities and to facilitate access to the New-Cities neighborhood and the HST System.

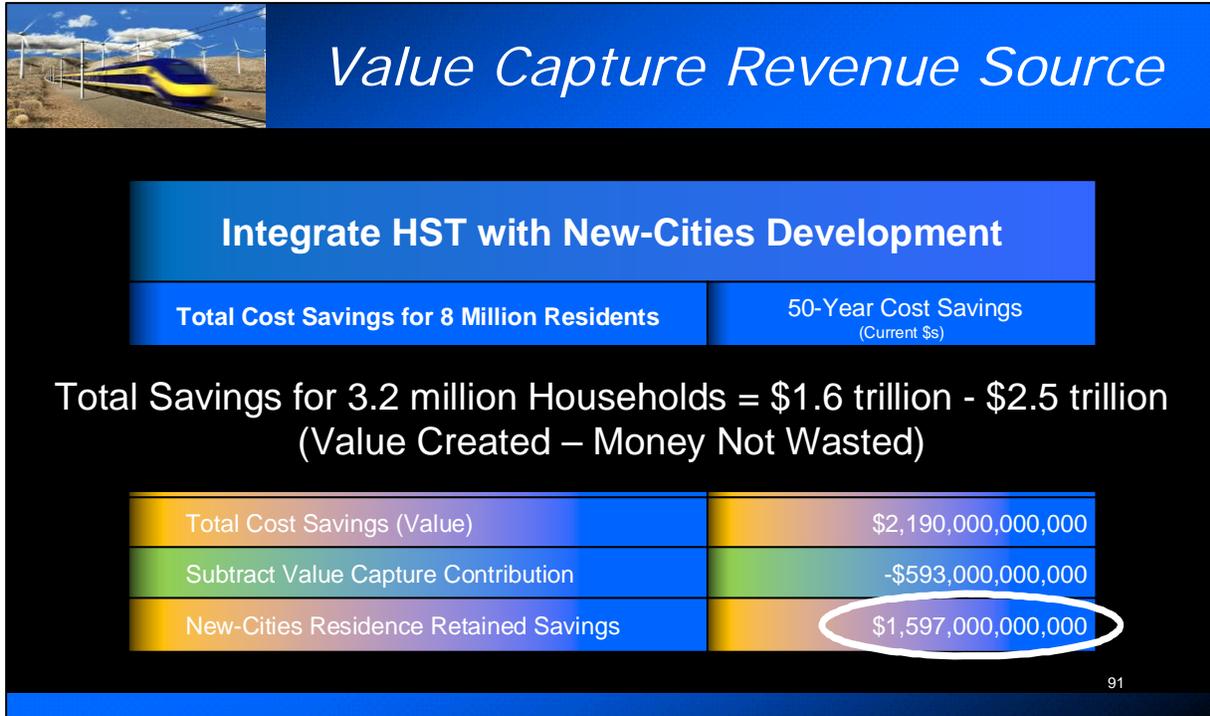
This integrated plan of mixed-use development and mobility systems make it possible for people to live a quality life-style, and it improves access to increased job opportunities and to 8+ million other residents without having to get into a car to move from one place to another.



Taken together, New-Cities residents could save a potential cumulative \$1.6 trillion in costs associated with housing and mobility expenses they would otherwise incur under current politically-imposed housing development patterns and auto-dependent transportation alternatives.

In American society today, being transit-dependent is a scorn. American cities are designed around the needs of the auto. Local land-use policies dictate that virtually every house will have two or more parking spaces for cars, and in many cities every business establishment will provide “free” parking for customers and employees.

In the future, California’s auto-dependent residents will look with envy at people who are auto-independent. The growth rate of cities that are auto-dependent will decline as people migrate to New Cities that provide a better quality of life at lower cost, where buying a car is a matter of choice, not a matter of necessity. New Cities will diminish the dependence people have on auto and oil companies today.

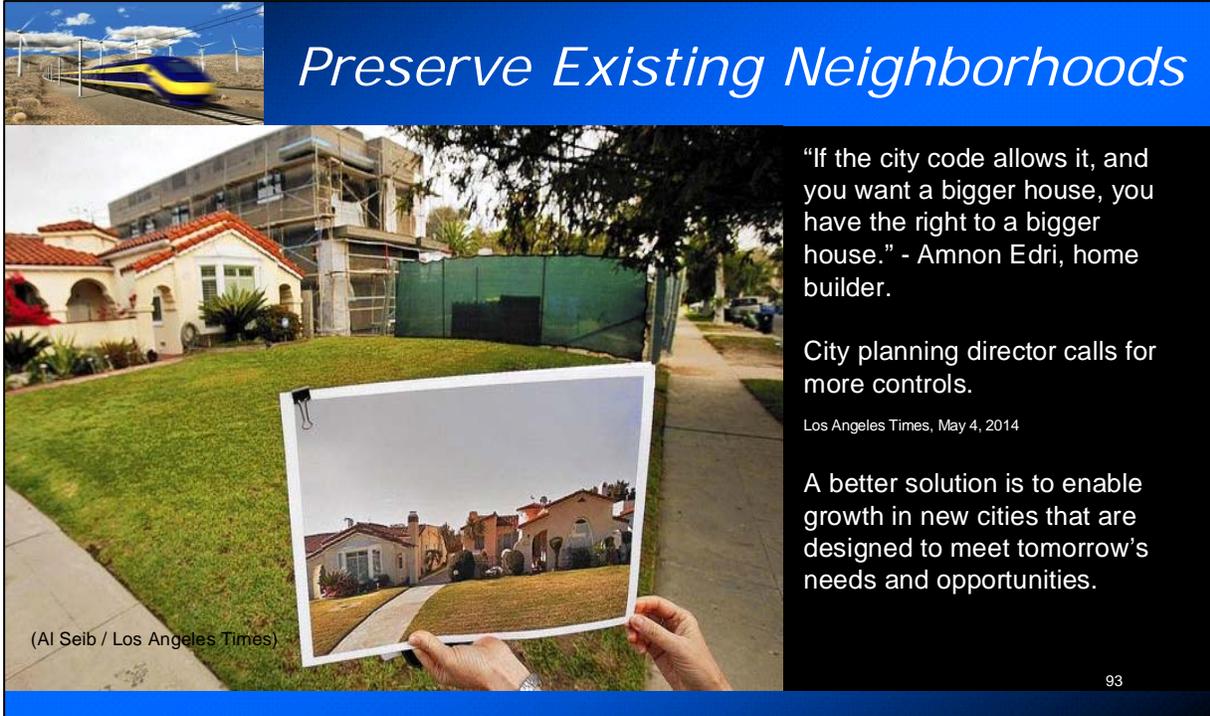


The estimated \$1.6-\$2.5 trillion in cost savings represents the value that is created by the integrated HST+New Cities growth strategy recommended in this presentation. These savings represent the amount of money that is not wasted over a period of 50 years; savings that continue beyond the 50-year period of this analysis.



These savings don't include additional benefits that would accrue to society as a whole. Such as preserving land for other uses, fewer cars on congested roadways, air and water quality improvements, less oil consumption and lowered impacts on existing communities. They don't include the savings in reduced health expenses resulting from less pollution and less stress than people experience today in auto-dominated cities.

And they don't include the billions of dollars in savings to be realized when industry is not as pressed to reduce auto-generated air and water pollution using new technologies or emission control systems. The simpler strategy presented in this proposal to reduce auto travel will not add costs to society. It will save society billions of dollars in mobility and housing costs in the years to come.



Preserve Existing Neighborhoods

“If the city code allows it, and you want a bigger house, you have the right to a bigger house.” - Amnon Edri, home builder.

City planning director calls for more controls.

Los Angeles Times, May 4, 2014

A better solution is to enable growth in new cities that are designed to meet tomorrow’s needs and opportunities.

(Al Seib / Los Angeles Times)

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Another key benefit of this recommendation is preserving existing neighborhoods. Notice in this image how the original design for this community provided open space to let sunlight into the homes. City codes allowed the new “mansion” to be built right up to the lot line, depriving the home-owner on the left the sun-light of the original development plan. The city’s proposed strategy to mitigate the problem is more controls.

A more enlightened strategy is one that protects existing neighborhoods from “destructive development”; one that doesn’t rob a neighborhood of its character and amenities. It does so by creating an alternate housing opportunity for homeowners who want or need more space and the modern conveniences that the older homes do not provide.

By focusing growth into designated new-city growth centers and corridors that are designed to accommodate high-density, mixed-use development, cities are able to meet the needs of existing and new residents in a mutually beneficial way.

New Cities+HST provides this more environmentally-sensitive approach to growth, and it does so at considerably lower expense than allowed under current zoning and land-use/transportation policies.



Water Quality Improvements

U.S. Supreme Court lets stand ruling that LA County is liable for storm water runoff that fouls coastal waters.

Urban runoff is the leading cause of water pollution in Southern California.

Copper from auto brake pads spikes the runoff.

County will divert pollutants to ground under schools and other public facilities.

Los Angeles Times, May 6, 2014

(A) Seib / Los Angeles Times

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On May 5, 2014, the United States Supreme Court refused to review a long-running legal battle over who is liable for pollution-tainted runoff that flows into Southern California ocean waters. The justices let stand a lower court ruling that held the people of the County of Los Angeles liable for the pollution.

The County's solution includes diverting the poisonous, toxic-laden runoff to the ground under schools and other public facilities. This is puzzling since the LA Unified School District recently spent millions of public tax-payer dollars to remove pollutants from under new school sites.

The health of untold thousands of people is put at risk by this auto-induced environmental degradation that costs people millions of dollars in higher medical bills, higher prices for consumer goods and higher taxes to mitigate the pollution problem.

The New Cities+HST strategy will eliminate pollution at its source by eliminating millions of cars from the roadways that would otherwise spew auto brake pad toxics into the air and into water runoff that eventually flows into the oceans – toxics that are ingested by fish eventually consumed by humans and other animals. Toxics that are likely one of the many contributors to cancer and other life-shortening diseases. And it does so at a cost savings to consumers and taxpayers.



This slide shows how efforts to improve air quality in Los Angeles/Long Beach/Riverside and in Fresno/Madera are producing declining results. The curves have been flattening out for several years and are now beginning to show a reversing trend.

The lower-cost, “low fruit” strategies have all been used up. The remaining strategies will cost much more and be more difficult to attain. The rising costs will show up not as a direct tax on taxpayers, but as a hidden cost via a “cap-and-trade program” where industry passes increased costs on to consumers or leaves California to other states, at the cost of jobs.

Integrated HST+New Cities “no more cars” planning and development accommodates California’s growing population and allows California to remain competitive with other states, such as Texas, that are vying to attract people and jobs from California, employing the very strategy outlined in this proposal.

"We believe that (the Houston-Dallas) high-speed rail connection is important to our metro areas," Houston Mayor [Annise Parker](#) said during a news conference in Houston, joined by Mayors [Mike Rawlings](#) of Dallas and Betsy Price of Fort Worth.

The three announced their support for Texas Central Railway's plan to build a bullet train system between Houston and Dallas. The project would be funded entirely by private investment, said [Robert Eckels](#), the company's president and a former Harris County judge.



Recommendation

**“The Program”
800 miles HST
\$138 Billion**

● New Cities – not just HST stations

- Update Business/Financial Plan for the entire 800-mile system
- Integrate HST with New Cities Planning/Development (SB 375 mandate)
- Include Value Capture in the Plan – show steps to secure funding commitments
- Submit to Court for approval to proceed
- Restore credibility/public confidence; secure support of “People of California”

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Recommendation

In conclusion, by taking the steps recommended in this presentation, the Authority will be able to achieve the objectives for moving the 800-mile HST System from concept to reality. By doing so, the Authority will help to keep California competitive and improve the quality of life for millions of current and future residents.

The integrated HST+New Cities development approach recommended in this presentation is of great importance for Southern California residents and taxpayers from Los Angeles to the Inland Empire and San Diego, and for Sacramento area residents and taxpayers. This is because the Authority’s current plan has no schedule commitment or even estimate for HST service in these communities.

The net effect of the Authority’s focus on just the San Francisco to Los Angeles segment of the 800-mile HST System the voters approved, is the transfer of billions of dollars of wealth from these communities to the communities along the Phase 1 segment.

While Sacramento, Inland Empire and San Diego area taxpayers contribute vast sums to the building of Phase 1, economic activity, jobs, development and prosperity will be drawn away from their communities, to the benefit of current and future residents along the Phase 1 HST segment.

This presentation urges the neglected parts of the State to take action that will protect their interests.

Objectives:

- 1. Secure Court Approval to Proceed with Construction of the HST Initial Construction Section**
- 2. Secure Funding Needed to Construct the 800-mile HST System from Sacramento to San Diego**

Presentation:

- 1. Bottom Line:** 23 slides to define the issues and present a solution
- 2. Discussion:** 53 slides to outline the strategy for achieving the above objectives
- 3. Appendix** 34 slides: cash flows and more

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September 1, 2014

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This concludes the 2-part presentation.

An Appendix follows that contains the cash flow analysis for the 800-mile HST System funding plan described previously in this presentation. The cash flow tables are followed by similar tables prepared by the High-Speed Rail Authority for its limited-scope “Phase 1” project from San Francisco to Los Angeles.



Appendix

HST Project Cash Flow Analysis

The following slides depict a net project cash flow analysis adapted from the California High Speed Rail Authority 2014 Business Plan. The tables show cash flow through completion of Phase 1 and Phase 2. The Authority did not include a cash flow analysis for Phase 2 in its 2014 Business Plan. Phase 2 cash flow is derived by extrapolating the Authority's data for Phase 1.

The analysis includes a "Value Capture" funding source; this funding source is not included in the Authority's funding plan. The revenues are based on an assessment rate of 2% of the value of each new residence constructed within 16 New-Cities neighborhoods located along the HST corridor. Similar assessments would be levied on new housing in other cities served by HST, but the analysis did not include those revenues.

The tables show that sufficient cash flow is generated from operating revenue and value capture to complete the 800-mile high-speed train system promised to voters in the November 2008 Proposition 1A general obligation bond ballot measure.

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Supplemental Slides: Appendix

The following cash flow analysis is based upon a 2018 to 2033 Phase 1 construction schedule that mirrors the 16-year length of the Authority's Phase 1 schedule, and adds a 10-year construction schedule for Phase 2 that extends from 2031 to 2040.

This is not an ideal schedule for implementing the 800 mile HST System. A more optimum schedule would likely begin Phase 2 construction earlier. Doing so would accelerate the beginning of operations in Southern California and increase operating revenue earlier in the life of the program. This would reduce borrowing costs.

Thus, this financial plan is somewhat conservative in that it underestimates revenue potential and it overstates capital/financing costs.

Summary Net Project Cash Flow Phases 1 & 2 (YOE dollars in millions) Medium Case

800-mile High Speed Train System from Sacramento and San Francisco to Los Angeles, Inland Empire and San Diego	2018-2065
Revenue	\$411,514
Less: O&M	(\$113,657)
Net Operations Cash Flow (NOCF)	\$297,856
Capital replacement costs	(\$42,958)
NOCF after capital replacement	\$254,898
Value Capture	\$75,704
Phase 1 Capital cost	(\$76,945)
Phase 2 Capital cost	(\$61,075)
Public Benefit Fund	(\$16,883)
Cumulative net project cash flow	\$175,699
Cumulative Finance Cost	(\$153,397)
Cumulative Interest Earnings	\$4,737
Cumulative net project cash flow after finance cost/interest	\$27,039
Present value cumulative net project cash flow after finance cost + interest earnings	\$6,740

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Supplemental Slides: Appendix

Updated Exhibit 2. Net project cash flow Phases 1&2 (YOE dollars in millions) Medium Case - 2013-2060 (47 years)

1 of 5

	2018 - 2065	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	\$411,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: O&M	(\$113,657)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operations Cash Flow (NOCF)	\$297,856	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital replacement costs	(\$42,958)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NOCF after capital replacement	\$254,898	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value Capture	\$75,704									
Phase 1 Capital cost	(\$76,945)	(\$1,501)	(\$1,451)	(\$4,616)	(\$4,754)	(\$4,897)	(\$5,336)	(\$5,497)	(\$5,661)	(\$6,061)
Phase 2 Capital cost	(\$61,075)									
Public Benefit Fund	(\$16,883)	(\$5,628)	(\$4,502)	(\$3,377)	(\$2,251)	(\$1,126)	\$0	\$0	\$0	\$0
Net project cash flow (NPCF)	\$175,699	(\$7,129)	(\$5,953)	(\$7,992)	(\$7,005)	(\$6,023)	(\$5,336)	(\$5,497)	(\$5,661)	(\$6,061)
Cumulative net project cash flow	\$175,699	(\$7,129)	(\$13,082)	(\$21,074)	(\$28,079)	(\$34,102)	(\$39,438)	(\$44,935)	(\$50,596)	(\$56,657)
Cumulative Finance Cost	(\$153,397)	\$0	(\$214)	(\$613)	(\$1,263)	(\$2,144)	(\$3,231)	(\$4,511)	(\$5,994)	(\$7,692)
Cumulative Interest Earnings	\$4,737	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative NPCF after finance cost/interest	\$27,039	(\$7,129)	(\$13,296)	(\$21,687)	(\$29,343)	(\$36,245)	(\$42,669)	(\$49,446)	(\$56,591)	(\$64,349)
Present value cumulative net project cash flow after finance cost + interest earnings	\$6,740	(\$7,129)	(\$12,908)	(\$20,442)	(\$26,853)	(\$32,204)	(\$36,806)	(\$41,410)	(\$46,013)	(\$50,798)

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Updated Exhibit 2. Net project cash flow Phases 1&2 (YOE dollars in millions) Medium Case - 2013-2060 (47 years)

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	2018 - 2065	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenue	\$411,514	\$428	\$590	\$763	\$950	\$1,148	\$1,679	\$1,911	\$2,351	\$2,692	\$2,993
Less: O&M	(\$113,657)	(\$361)	(\$388)	(\$430)	(\$562)	(\$616)	(\$850)	(\$916)	(\$1,064)	(\$1,210)	(\$1,275)
Net Operations Cash Flow (NOCF)	\$297,856	\$66	\$201	\$333	\$388	\$532	\$829	\$995	\$1,288	\$1,482	\$1,718
Capital replacement costs	(\$42,958)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$117)
NOCF after capital replacement	\$254,898	\$66	\$201	\$333	\$388	\$532	\$829	\$995	\$1,288	\$1,482	\$1,600
Value Capture	\$75,704	\$59	\$61	\$63	\$129	\$133	\$137	\$211	\$218	\$299	\$308
Phase 1 Capital cost	(\$76,945)	(\$5,408)	(\$7,108)	(\$7,321)	(\$7,541)	(\$4,147)	(\$2,781)	(\$2,864)	\$0	\$0	\$0
Phase 2 Capital cost	(\$61,075)					(\$3,393)	(\$4,760)	(\$4,676)	(\$7,541)	(\$7,541)	(\$7,541)
Public Benefit Fund	(\$16,883)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net project cash flow (NPCF)	\$175,699	(\$5,283)	(\$6,845)	(\$6,926)	(\$7,024)	(\$6,876)	(\$6,575)	(\$6,335)	(\$6,036)	(\$5,760)	(\$5,632)
Cumulative net project cash flow	\$175,699	(\$61,940)	(\$68,785)	(\$75,711)	(\$82,734)	(\$89,610)	(\$96,184)	(\$102,519)	(\$108,555)	(\$114,314)	(\$119,946)
Cumulative Finance Cost	(\$153,397)	(\$9,623)	(\$11,769)	(\$14,186)	(\$16,883)	(\$19,872)	(\$23,156)	(\$26,736)	(\$30,614)	(\$34,789)	(\$39,262)
Cumulative Interest Earnings	\$4,737	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative NPCF after finance cost/interest	\$27,039	(\$71,562)	(\$80,554)	(\$89,897)	(\$99,617)	(\$109,481)	(\$119,340)	(\$129,255)	(\$139,168)	(\$149,103)	(\$159,208)
Present value cumulative net project cash flow after finance cost + interest earnings	\$6,740	(\$54,846)	(\$59,940)	(\$64,943)	(\$69,870)	(\$74,552)	(\$78,898)	(\$82,964)	(\$86,725)	(\$90,210)	(\$93,518)

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Updated Exhibit 2. Net project cash flow Phases 1&2 (YOE dollars in millions) Medium Case - 2013-2060 (47 years)

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	2018 - 2065	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Revenue	\$411,514	\$3,236	\$3,491	\$3,614	\$7,104	\$8,315	\$9,249	\$10,585	\$10,903	\$11,268	\$11,644
Less: O&M	(\$113,657)	(\$1,409)	(\$1,495)	(\$1,554)	(\$2,636)	(\$2,715)	(\$2,796)	(\$2,880)	(\$2,880)	(\$3,055)	(\$3,147)
Net Operations Cash Flow (NOCF)	\$297,856	\$1,827	\$1,997	\$2,060	\$4,468	\$5,600	\$6,453	\$7,705	\$8,023	\$8,212	\$8,497
Capital replacement costs	(\$42,958)	(\$136)	(\$75)	(\$1)	(\$1)	(\$75)	(\$115)	(\$304)	(\$189)	(\$134)	(\$327)
NOCF after capital replacement	\$254,898	\$1,691	\$1,921	\$2,059	\$4,467	\$5,525	\$6,338	\$7,402	\$7,834	\$8,078	\$8,170
Value Capture	\$75,704	\$397	\$409	\$505	\$607	\$714	\$828	\$947	\$1,073	\$1,206	\$1,345
Phase 1 Capital cost	(\$76,945)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 2 Capital cost	(\$61,075)	(\$7,541)	(\$7,541)	(\$7,541)	(\$3,000)	\$0	\$0	\$0	\$0	\$0	\$0
Public Benefit Fund	(\$16,883)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net project cash flow (NPCF)	\$175,699	(\$5,453)	(\$5,211)	(\$4,977)	\$2,074	\$6,239	\$7,166	\$8,349	\$8,907	\$9,283	\$9,516
Cumulative net project cash flow	\$175,699	(\$125,400)	(\$130,611)	(\$135,588)	(\$133,514)	(\$127,275)	(\$120,109)	(\$111,761)	(\$102,853)	(\$93,570)	(\$84,054)
Cumulative Finance Cost	(\$153,397)	(\$44,038)	(\$49,121)	(\$54,513)	(\$60,216)	(\$66,028)	(\$71,826)	(\$77,576)	(\$83,242)	(\$88,804)	(\$94,245)
Cumulative Interest Earnings	\$4,737	\$0	\$0	\$0	\$0	\$62	\$249	\$464	\$715	\$982	\$1,261
Cumulative NPCF after finance cost/interest	\$27,039	(\$169,438)	(\$179,732)	(\$190,102)	(\$193,731)	(\$193,242)	(\$191,686)	(\$188,872)	(\$185,381)	(\$181,391)	(\$177,039)
Present value cumulative net project cash flow after finance cost + interest earnings	\$6,740	(\$96,628)	(\$99,513)	(\$102,189)	(\$101,107)	(\$97,914)	(\$94,297)	(\$90,206)	(\$85,960)	(\$81,660)	(\$77,380)

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Updated Exhibit 2. Net project cash flow Phases 1&2 (YOE dollars in millions) Medium Case - 2013-2060 (47 years)

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	2018 - 2065	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Revenue	\$411,514	\$12,033	\$12,435	\$12,850	\$13,279	\$13,722	\$14,180	\$14,653	\$15,141	\$15,646	\$16,167
Less: O&M	(\$113,657)	(\$3,242)	(\$3,339)	(\$3,439)	(\$3,542)	(\$3,648)	(\$3,758)	(\$3,871)	(\$3,987)	(\$4,106)	(\$4,230)
Net Operations Cash Flow (NOCF)	\$297,856	\$8,792	\$9,096	\$9,411	\$9,737	\$10,074	\$10,422	\$10,782	\$11,154	\$11,539	\$11,937
Capital replacement costs	(\$42,958)	(\$470)	(\$462)	(\$369)	(\$299)	(\$578)	(\$936)	(\$997)	(\$878)	(\$1,557)	(\$1,708)
NOCF after capital replacement	\$254,898	\$8,321	\$8,635	\$9,043	\$9,438	\$9,496	\$9,486	\$9,785	\$10,276	\$9,983	\$10,230
Value Capture	\$75,704	\$1,492	\$1,647	\$1,810	\$1,980	\$2,160	\$2,472	\$2,673	\$2,884	\$3,106	\$3,338
Phase 1 Capital cost	(\$76,945)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 2 Capital cost	(\$61,075)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Benefit Fund	(\$16,883)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net project cash flow (NPCF)	\$175,699	\$9,814	\$10,282	\$10,852	\$11,418	\$11,656	\$11,957	\$12,458	\$13,160	\$13,089	\$13,568
Cumulative net project cash flow	\$175,699	(\$74,240)	(\$63,959)	(\$53,107)	(\$41,689)	(\$30,033)	(\$18,076)	(\$5,618)	\$7,543	\$20,631	\$34,199
Cumulative Finance Cost	(\$153,397)	(\$99,557)	(\$104,771)	(\$109,832)	(\$114,721)	(\$119,403)	(\$123,866)	(\$128,094)	(\$132,064)	(\$135,747)	(\$139,430)
Cumulative Interest Earnings	\$4,737	\$0	\$0	\$0	\$326	\$668	\$1,018	\$1,376	\$1,750	\$2,145	\$2,538
Cumulative NPCF after finance cost/interest	\$27,039	(\$173,797)	(\$168,729)	(\$162,939)	(\$156,084)	(\$148,768)	(\$140,924)	(\$132,335)	(\$122,771)	(\$112,971)	(\$102,693)
Present value cumulative net project cash flow after finance cost + interest earnings	\$6,740	(\$73,750)	(\$69,514)	(\$65,174)	(\$60,613)	(\$56,089)	(\$51,585)	(\$47,030)	(\$42,360)	(\$37,843)	(\$33,398)

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Updated Exhibit 2. Net project cash flow Phases 1&2 (YOE dollars in millions) Medium Case - 2013-2060 (47 years)

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	2018 - 2065	2057	2058	2059	2060	2061	2062	2063	2064	2065
Revenue	\$411,514	\$16,705	\$17,316	\$17,892	\$18,488	\$19,823	\$20,542	\$21,222	\$21,924	\$22,582
Less: O&M	(\$113,657)	(\$4,356)	(\$4,487)	(\$4,622)	(\$4,760)	(\$4,903)	(\$5,050)	(\$5,202)	(\$5,358)	(\$5,519)
Net Operations Cash Flow (NOCF)	\$297,856	\$12,349	\$12,829	\$13,271	\$13,727	\$14,920	\$15,491	\$16,020	\$16,566	\$17,063
Capital replacement costs	(\$42,958)	(\$2,388)	(\$2,726)	(\$3,062)	(\$2,606)	(\$3,637)	(\$4,156)	(\$4,511)	(\$4,935)	(\$5,209)
NOCF after capital replacement	\$254,898	\$9,961	\$10,103	\$10,209	\$11,121	\$11,283	\$11,335	\$11,509	\$11,631	\$11,854
Value Capture	\$75,704	\$3,582	\$3,837	\$4,104	\$4,383	\$4,676	\$4,983	\$5,303	\$5,638	\$5,989
Phase 1 Capital cost	(\$76,945)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 2 Capital cost	(\$61,075)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Benefit Fund	(\$16,883)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net project cash flow (NPCF)	\$175,699	\$13,543	\$13,940	\$14,313	\$15,504	\$15,960	\$16,317	\$16,812	\$17,269	\$17,843
Cumulative net project cash flow	\$175,699	\$47,742	\$61,682	\$75,995	\$91,499	\$107,458	\$123,776	\$140,588	\$157,857	\$175,699
Cumulative Finance Cost	(\$153,397)	(\$142,511)	(\$145,247)	(\$147,604)	(\$149,697)	(\$151,374)	(\$152,610)	(\$153,378)	(\$153,650)	(\$153,397)
Cumulative Interest Earnings	\$4,737	\$3,564	\$4,996	\$1,851	\$2,281	\$2,746	\$3,225	\$3,714	\$4,219	\$4,737
Cumulative NPCF after finance cost/interest	\$27,039	(\$91,205)	(\$78,569)	(\$69,758)	(\$55,917)	(\$41,170)	(\$25,609)	(\$9,076)	\$8,425	\$27,039
Present value cumulative net project cash flow after finance cost + interest earnings	\$6,740	(\$28,798)	(\$24,086)	(\$20,762)	(\$16,158)	(\$11,550)	(\$6,975)	(\$2,400)	\$2,163	\$6,740

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Summary

CHSRA Draft 2014 Business Plan

Net project cash flow (YOE dollars in millions) Medium Case - 2013-2060 (47 years)

410-mile High Speed Train System (HST) from San Jose to Los Angeles and Slower Speed Train (SST) from San Jose to Sacramento and from Los Angeles Union Station to Anaheim	Total Cash Flow through 2060
Revenue	152,326
Less: O&M	(77,235)
Net cash flow from operations	75,091
Capital replacement	(22,185)
Net operating cash flow after capital replacement	52,906
Capital cost	(67,593)
Net project cash flow	(14,687)
Cumulative net project cash flow	

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CHSRA Exhibit 2. Net Project Cash Flow Through Phase1 Blended (YOE dollars in millions) MEDIUM Case (continued)

\$MM YOE	Total Cash Flow through 2060	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	152,326	-	-	-	-	-	-	-	-	-
Less: O&M	(77,235)	-	-	-	-	-	-	-	-	-
Net cash flow from operations	75,091	-	-	-	-	-	-	-	-	-
Capital replacement	(22,185)	-	-	-	-	-	-	-	-	-
Net operating cash flow after capital replacement	52,906	-	-	-	-	-	-	-	-	-
Capital cost	(67,593)	(212)	(915)	(4,189)	(4,198)	(4,425)	(5,682)	(5,257)	(4,946)	(5,295)
Net project cash flow	(14,687)	(212)	(915)	(4,189)	(4,198)	(4,425)	(5,682)	(5,257)	(4,946)	(5,295)
Cumulative net project cash flow		(212)	(1,127)	(5,316)	(9,514)	(13,939)	(19,621)	(24,878)	(29,824)	(35,119)

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CHSRA Exhibit 2. Net Project Cash Flow Through Phase1 Blended (YOE dollars in millions) MEDIUM Case (continued)

\$MM YOY	Total Cash Flow through 2060	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue	152,326	324	475	639	819	1,019	1,289	1,441	1,772	2,018	2,264
Less: O&M	(77,235)	(300)	(334)	(418)	(496)	(538)	(835)	(880)	(1,253)	(1,312)	(1,363)
Net cash flow from operations	75,091	24	141	221	323	481	454	561	519	707	901
Capital replacement	(22,185)	-	-	-	-	-	-	-	-	-	(104)
Net operating cash flow after capital replacement	52,906	24	141	221	323	481	454	561	519	707	797
Capital cost	(67,593)	(4,725)	(6,210)	(6,396)	(6,588)	(3,624)	(2,430)	(2,503)	-	-	-
Net project cash flow	(14,687)	(4,701)	(6,069)	(6,175)	(6,265)	(3,142)	(1,976)	(1,942)	519	707	797
Cumulative net project cash flow		(39,820)	(45,888)	(52,063)	(58,328)	(61,470)	(63,446)	(65,388)	(64,869)	(64,162)	(63,365)

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CHSRA Exhibit 2. Net Project Cash Flow Through Phase1 Blended (YOE dollars in millions) MEDIUM Case (continued)

\$MM YOY	Total Cash Flow through 2060	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Revenue	152,326	2,439	2,626	2,751	2,881	3,017	3,160	3,310	3,467	3,631	3,778
Less: O&M	(77,235)	(1,414)	(1,466)	(1,514)	(1,565)	(1,631)	(1,689)	(1,751)	(1,815)	(1,882)	(1,949)
Net cash flow from operations	75,091	1,025	1,160	1,236	1,317	1,386	1,471	1,559	1,652	1,749	1,829
Capital replacement	(22,185)	(107)	(67)	(1)	(1)	(67)	(102)	(103)	(75)	(118)	(289)
Net operating cash flow after capital replacement	52,906	918	1,093	1,235	1,315	1,320	1,370	1,456	1,577	1,632	1,541
Capital cost	(67,593)	-	-	-	-	-	-	-	-	-	-
Net project cash flow	(14,687)	918	1,093	1,235	1,315	1,320	1,370	1,456	1,577	1,632	1,541
Cumulative net project cash flow		(62,447)	(61,354)	(60,119)	(58,804)	(57,484)	(56,115)	(54,659)	(53,082)	(51,451)	(49,910)

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CHSRA Exhibit 2. Net Project Cash Flow Through Phase1 Blended (YOE dollars in millions) MEDIUM Case (continued)

\$MM YOY	Total Cash Flow through 2060	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Revenue	152,326	3,931	4,089	4,255	4,426	4,605	4,792	4,985	5,186	5,396	5,614
Less: O&M	(77,235)	(2,011)	(2,082)	(2,150)	(2,237)	(2,315)	(2,391)	(2,475)	(2,565)	(2,644)	(2,743)
Net cash flow from operations	75,091	1,919	2,008	2,105	2,189	2,291	2,401	2,510	2,622	2,753	2,871
Capital replacement	(22,185)	(325)	(269)	(185)	(162)	(350)	(432)	(436)	(408)	(1,127)	(1,293)
Net operating cash flow after capital replacement	52,906	1,594	1,739	1,920	2,028	1,940	1,969	2,074	2,214	1,626	1,579
Capital cost	(67,593)	-	-	-	-	-	-	-	-	-	-
Net project cash flow	(14,687)	1,594	1,739	1,920	2,028	1,940	1,969	2,074	2,214	1,626	1,579
Cumulative net project cash flow		(48,315)	(46,577)	(44,656)	(42,629)	(40,688)	(38,719)	(36,645)	(34,431)	(32,805)	(31,227)

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CHSRA Exhibit 2. Net Project Cash Flow Through Phase 1 Blended (YOE dollars in millions) MEDIUM Case (continued)

\$MM YOE	Total Cash Flow through 2060	2052	2053	2054	2055	2056	2057	2058	2059	2060
Revenue	152,326	5,842	6,077	6,323	6,579	6,845	7,121	7,409	7,709	8,020
Less: O&M	(77,235)	(2,826)	(2,932)	(3,025)	(3,131)	(3,234)	(3,355)	(3,457)	(3,570)	(3,689)
Net cash flow from operations	75,091	3,016	3,146	3,298	3,448	3,610	3,766	3,952	4,139	4,331
Capital replacement	(22,185)	(1,637)	(1,824)	(2,117)	(1,715)	(1,671)	(1,903)	(1,742)	(1,860)	(1,698)
Net operating cash flow after capital replacement	52,906	1,379	1,322	1,181	1,733	1,939	1,863	2,210	2,279	2,633
Capital cost	(67,593)	-	-	-	-	-	-	-	-	-
Net project cash flow	(14,687)	1,379	1,322	1,181	1,733	1,939	1,863	2,210	2,279	2,633
Cumulative net project cash flow		(29,848)	(28,526)	(27,345)	(25,612)	(23,673)	(21,810)	(19,600)	(17,320)	(14,687)

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Supplemental Slides: Appendix

The California High-Speed Train Moral Imperative

The California High-Speed Train Project, approved by 28.8 percent of eligible voters in November 2008, was proposed to the voters by the State 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”

Nearly six years later, there is serious doubt among many of California’s voters, taxpayers and the public-at-large as to whether or not these purposes will be realized. The issues are not technical, for high-speed trains are operating successfully all over the World. Rather, the issues are political. Lawsuits against the California High-Speed Rail Authority and against the Superior Court of Sacramento County have raised serious doubt that our democratic institutions and the people that lead them can be trusted to get the job done; the lack of trust in our government institutions is especially high among Millennials.

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The California High-Speed Train Moral Imperative

A Spring 2014 poll of America's 18- to 29- year-olds by Harvard's Institute of Politics (IOP), located at the John F. Kennedy School of Government, shows 18- to 29-year-olds' trust in public institutions at a five-year low – and their cynicism toward the political process has never been higher, as reported in: (<http://www.iop.harvard.edu/political-views-related-president>).

According to Harvard's IOP Director John Della Volpe, "There's an erosion of trust in the individuals and institutions that make government work." Millennials' level of trust in most American democratic institutions tested in IOP polling continues to decline, even below historically low numbers seen last spring.

Over the past twelve months, trust in: the President has decreased from 39 to 32 percent; and the Supreme Court has dipped from 40 to 36 percent. In addition to a consistent and across-the-board drop in trust levels, IOP polling has also noted a similar pattern on issues relating to the efficacy of the political process more generally.

Since 2010, the Institute has observed a consistent six percentage point increase in the proportion agreeing with a number of statements on this topic, including: "elected officials seem to be motivated by selfish reasons" (62%: 2014; 56%: 2010) and a seven-point increase agreeing with the statement: "elected officials don't seem to have the same priorities I have" (58%: 2014; 51%: 2010).

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Since 2010, the Institute has observed a consistent six percentage point increase in the proportion agreeing with a number of statements on this topic, including: "elected officials seem to be motivated by selfish reasons" (62%: 2014; 56%: 2010) and a seven-point increase agreeing with the statement: "elected officials don't seem to have the same priorities I have" (58%: 2014; 51%: 2010).

The California High-Speed Train Moral Imperative

These polling results on the efficacy of democracy in America appear to reflect the thinking of 21st Century philosopher John Kozy, who writes in: <http://www.globalresearch.ca/dumbocracys-demise-how-fake-democracy-destroys-real-democracy/5377447>:

“Between the two world wars, two Italians, Vilfredo Pareto and Gaetano Mosca, claimed that democracy was an illusion that served only to mask oligarchic rule. They claimed that oligarchy is the result of apathy and disagreements among common people as opposed to the drive, initiative, and unity of those who really control society. Pareto’s and Mosca’s error is that they defined the oligarchy as ‘elite,’ and instead of empirically discovering what characteristics these people share, ideal characteristics are attributed to them.

Such thinkers seem always to believe that those they believe rule are a select group with a certain ancestry, higher intellect, and wealth, whereas if the characters of those in the ruling class were identified empirically, it would have been discovered that they are, in reality, egomaniacal, shallow, greedy, unimaginative, uncaring, and grossly immoral. Such people never perform good deeds. They are not the best and the brightest, but the worst and the dullest. Original ideas are not a product of their status quo attitudes. Pareto and Mosca are right, however, in attributing superior organizational skills to the ruling class, skills which are especially useful in gaining political power.”

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The California High-Speed Train Moral Imperative

“Democracy’s weaknesses are well known. Electorates are poorly educated and inadequately informed. Politicians are corrupt. People are diverse; diversity leads to factions; factions are combative; the combativeness requires a resolution; oppression resolves it. As Mahatma Gandhi understood, “The spirit of democracy is not a mechanical thing to be adjusted by abolition of forms. It requires a change of heart.”

Not everyone will agree with this thinking. However, California’s High-Speed Train System will not achieve its true potential if it is based upon the self-interests of elected officials or other special interest groups that together comprise but a tiny fraction of the People. Care must be taken to not unleash the real power of the People by ignoring their voices or by violating the trust they have granted to the ruling class.

Let the planning and funding decisions for the High-Speed Train Project be based upon an unbiased assessment of value created in comparison to cost incurred, and upon a funding plan that, to the greatest extent possible, places the HST Project’s cost burden on the Project’s direct beneficiaries.

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Caltrain/High-Speed Rail "Blended" Operations Capacity Analysis

In April 2011, a group of San Francisco Bay Area Peninsula lawmakers called on the California High-Speed Rail Authority to develop plans for a project that would accommodate integrated high-speed rail and modernized Caltrain operations on a "blended system". (That's not what Proposition 1A called for.)

They defined a "blended system" as one that remains substantially within the Caltrain right-of-way, **avoids elevated tracks above their current levels in communities that oppose aerial alternatives** and adequately accommodates an appropriate level of high-speed rail service without requiring concurrent environmental clearance of subsequent phases.

In July 2011, Caltrans conducted an analysis to determine what capacity could be created for future Caltrain and high-speed rail service respecting the principles articulated in the call for a "blended system".

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Supplemental Slides: Appendix

Statement on California High Speed Rail by:
Congresswoman Anna G. Eshoo
Senator S. Joseph Simitian
Assemblyman Richard S. Gordon

April 18, 2011

Since the passage of Proposition 1A in 2008, each of us has expressed our support for "high speed rail done right," by which we mean a genuinely statewide system that makes prudent use of limited public funds and which is responsive to legitimate concerns about the impact of high-speed rail on our cities, towns, neighborhoods and homes.

To date, however, the California High Speed Rail Authority has failed to develop and describe such a system for the Peninsula and South Bay. For that reason, we have taken it upon ourselves today to set forth some basic parameters for what "high-speed rail done right" looks like in our region.

We start with the premise that for the Authority to succeed in its statewide mission it must be sensitive and responsive to local concerns about local impacts. Moreover, it is undeniable that funding will be severely limited at both the state and national levels for the foreseeable future.

Much of the projected cost for the San Jose to San Francisco leg of the project is driven by the fact that the Authority has, to date, proposed what is essentially a second rail system for the Peninsula and South Bay, unnecessarily duplicating existing usable infrastructure. Even if such a duplicative system could be constructed without adverse impact along the CalTrain corridor, and we do not believe it can, the cost of such duplication simply cannot be justified.

If we can barely find the funds to do high speed rail right, we most certainly cannot find the funds to do high speed rail wrong.

Accordingly, we call upon the High-Speed Rail Authority and our local CalTrain Joint Powers Board to develop plans for a blended system that integrates high-speed rail with a 21st Century CalTrain.
To that end:

We explicitly reject the notion of high-speed rail running from San Jose to San Francisco on an elevated structure or "viaduct"; and we call on the High-Speed Rail Authority to eliminate further consideration of an aerial option;

We fully expect that high-speed rail running from San Jose to San Francisco can and should remain within the existing CalTrain right of way; and ...



Caltrain/High-Speed Rail "Blended" Operations Capacity Analysis*

	Caltrain	HSR
Travel Speeds (up to)	79mph	79mph 110mph
Headways (peak hour)	6 trains (5 - 20 min.)	<u>Without passing tracks</u> trains (60 min. @ 79mph) trains (30 min. @ 110 mph)
	6 trains (5 - 15 min.)	<u>With passing tracks</u> trains (20 min. @ 79 mph) trains (15 min. @ 110 mph)
Station Stops (one-way)	13 -14	3

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Supplemental Slides: Appendix

Third and finally, consistent with a project of this more limited scope, the Authority should abandon its preparation of an EIR (Environmental Impact Report) for a phased project of larger dimensions over a 25-year timeframe. Continuing to plan for a project of this scope in the face of limited funding and growing community resistance is a fool's errand; and is particularly ill-advised when predicated on ridership projections that are less than credible.

Within the existing right-of-way, at or below grade, a single blended system could allow high-speed rail arriving in San Jose to continue north in a seamless fashion as part of a 21st Century CalTrain (using some combination of electrification, positive train control, new rolling stock and/or other appropriate upgrades) while maintaining the currently projected speeds and travel time for high-speed rail.

The net result of such a system would be a substantially upgraded commuter service for Peninsula and South Bay residents capable of accommodating high-speed rail from San Jose to San Francisco.

All of this is possible, but only if the High-Speed Rail Authority takes this opportunity to rethink its direction.

Over the course of the past 18 months the Authority has come under considerable criticism from the California Legislative Analyst's Office, the Bureau of State Audits, the California Office of the Inspector General, the Authority's own Peer Review Group and the Institute of Transportation Studies at the University of California at Berkeley. The Authority would do well to take these critiques to heart, and to make them the basis for a renewed and improved effort.

Frankly, a great many of our constituents are convinced that the High-Speed Rail Authority has already wandered so far afield that it is too late for a successful course correction. We hope the Authority can prove otherwise.

An essential first step is a rethinking of the Authority's plans for the Peninsula and South Bay. A commitment to a project which eschews an aerial viaduct, stays within the existing right-of-way, sets aside any notion of a phased project expansion at a later date, and incorporates the necessary upgrades for CalTrain, which would produce a truly blended system along the CalTrain corridor, is the essential next step.

*http://www.caltrain.com/projectsplans/Projects/Caltrain_Modernization_Program/High_Speed_Rail_Coordination/Caltrain_High-Speed_Rail_Capacity_Analysis.html

Under the proposed "blended operations" plan, a high-speed train would travel the 61 miles from San Jose to downtown San Francisco in 46 minutes travelling at an average speed of 79 mph. This plan does not comply with the Proposition 1A ballot measure calling for a dedicated high-speed rail system travelling at average speeds above 200 miles per hour.



High-Density Urban Sprawl

A decline in the Quality of Life



Los Angeles and its neighboring cities have a long-standing reputation for sprawl. The area is in fact sprawling, but according to the 2000 census, the "Los Angeles-Long Beach-Santa Ana" Urbanized Area had a population density of 7,068 inhabitants per square mile (2,729 /km²), covering 1,668 square miles (4,320 km²) of land area, making it one of the most densely populated Urbanized Areas (as defined by the United States Census Bureau) in the United States.^[4] For comparison, the larger "New York–Newark" Urbanized Area as a whole had a population density of 5,309 per square mile (2,050 /km²), covering 3,353 square miles (8,684 km²) of land area.

* http://en.wikipedia.org/wiki/Greater_Los_Angeles_Area

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Supplemental Slides: Appendix

Does Southern California want to become another New York? Maybe it already is.



*Not Just One Option
Rather, Choices*

Sara and her fiancé are facing a conundrum: Stay where they are or leave their urban apartment to buy a more affordable home in the suburbs, which would mean giving up the amenities of urban life and the need to buy another car. They can choose one or the other, but give up something in the process.

The HST+New Cities strategy offers a way out of Sara's conundrum. It offers affordable homeownership with the flexibility of an apartment rental that is steps from the "subway" and from nightlife and other urban amenities. It avoids "higher crime rates" and the need to depend on a second car. In fact, it avoids the need to depend on the first car. And it offers more; the opportunity to save close to a million dollars in life-time housing and transportation expenses.

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Sara Stevens, 27, is a legislative aide to U.S. Senator Michael Bennet of Colorado. Her fiancé is a software developer. Their combined income is \$107,500. Like many so-called "Millennials" at their age, they are wrestling with the decision to transition from apartment living to homeownership. They have a good income and Sara's Dad is ready to step in and help with financing.

They're facing a conundrum – an intricate and difficult problem – because "their urban apartment is close to nightlife and steps from the subway, while neighborhoods where homes are affordable have higher crime rates and fewer amenities, or they're in the suburbs and require a second car." They're having doubts about taking the homeownership plunge.

Such millennial doubt is depressing the housing market – homeownership fell for the ninth straight year in 2013, to 61.5 percent of all households. This despite the fact that young adults are better positioned to buy than those of an earlier generation. Affordability for entry-level buyers is more than twice as high when considering interest rates, median income and price.

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*Excerpts from: Bloomberg Business Week, July 21-27, 2014, A Father, a Daughter, and the Housing Market

The Value of HST to Fresno County

HST will cut travel times in half for most destinations



			San Francisco	Sacramento	Fresno	Palmdale	Los Angeles	San Bernardino	San Diego
			←		Start	→			
HST	Distance	Miles	201	170	0	200	250	306	410
HST	Speed	MPH	112	153		153	156	156	156
HST	Time	Hours	1.8	0.9		1.3	1.6	2.0	2.6
Drive	Time	Hours	3.1	2.6		3.1	3.8	4.7	6.3

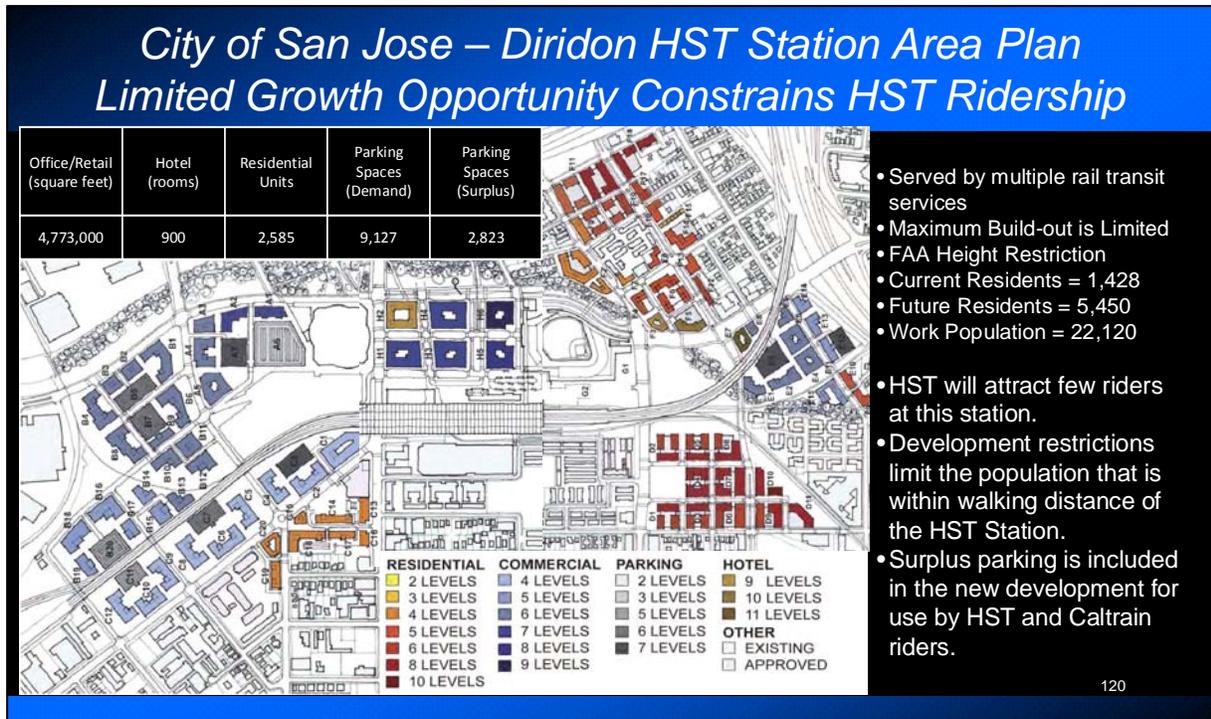
On July 29, 2014, the Fresno County Board of Supervisors voted to oppose the California High Speed Rail Authority's HST Project

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The Fresno County Board of Supervisors approved a motion to oppose the California High-Speed Rail Authority Project described in the Authority's April 2014 Business Plan for the blended Phase 1 HST+SST System (dedicated high-speed train on some segments and slower-speed train operating on other segments that are also carrying AMTRAK, Caltrain and other trains) from San Francisco to Los Angeles. There are a number of good reasons for the Board to be concerned about the current Business Plan and the general direction the Authority has taken in moving the 800-mile voter-approved project forward.

However, opposing the current Business Plan will not have the positive effect of advancing HST development in California. An alternate motion that includes a pro-active approach will be a more positive means for the County of Fresno to realize the benefits that a well-planned HST project has to offer.

The table above shows the benefit that the HST system will provide to Fresno County's residents. The HST speed advantage compared to the alternative of driving, and even flying in most instances, creates positive value in terms of economic development, increased property values, and quality growth that the Board does not want to lose. These travel time savings are for the Authority's "Blended" plan of HST and SST. Travel times will be less for the Voter-approved plan that provides HST service on the entire 800-mile HST System.



On June 17th, 2014 the City of San José City Council approved the Diridon Station Area Plan and certified the EIR. The Plan provides a vision and framework for higher intensity / transit-oriented development (TOD) in a half-mile radius area around Diridon Station (approximately 500 acres of land for a resident population of 7,800 people, or about 18 people per gross acre of land, and 14,000 parking spaces). The Plan provides a vision of varying land-use densities of up to 175 dwelling units per acre and, a broad mix of transit-supportive uses; it anticipates pedestrian, bicycle, open space, and street connections from surrounding neighborhoods.

Diridon Station is already a transit hub, with its location along the Union Pacific / Caltrain / Amtrak / Altamont Commuter Express (ACE) and future BARTD rail corridors. With the addition of future California High Speed Rail (HSR) service to San Francisco and Los Angeles, Diridon Station is projected to serve 36,000 users per day by 2035. The Plan calls for 11,950 parking spaces (at a capital cost of \$300 million) to serve 2,585 residential units plus retail/office/hotel/transit station parking demand. San José Arena is in the Plan Area and has another 2,300 parking spaces.

Despite the increased attention to transit, the Plan still leaves most residents increasingly reliant on the automobile for mobility. As a result of the inherent auto-dependent urban design, the Plan severely limits the user potential for HST (estimated at 12,000 mostly inter-modal transfers per day), while increasing the demand for adding more lanes to the 101 Freeway and local streets that currently serve the area.

A controlling factor that limits the potential for higher-density development within the Plan area is the FAA-imposed building height restriction associated with a nearby airport. By locating the San José HST station under an airport flight path and introducing higher-density, auto-oriented development around the station, the City of San José City Council is severely limiting the return on California taxpayers' investment in the HST System and increasing traffic congestion and costs for future generations.



Sky City: Game Changer

- 11 million square feet in 202 floors
- Total capacity for 30,000 people
- Housing for 17,000 in 5,000 residential units.
- Hotel for 1,000 guests
- Schools, hospitals, offices and shops
- 17 helipads, 10 fire escape routes, 104 hi-speed elevators
- \$1.46 billion to build, 1/3 the cost of Burj Khalifa





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Integrate HST with City Development

If it is built as planned, Sky City would be taller (for a while) than any current building in the world, with 202 floors and a total height of 838 m (2,749 ft). The construction plan calls for it to be built from pre-fabricated units constructed on site in an unprecedentedly short period of 90 days.^{[9][10]} The plan is to assemble 95% of the building in a factory before any excavation takes place at the construction site.^[15] The fabrication process is due to take around six months before the actual construction begins.^{[13][16]} According to the plan, the building's 202 stories will have a hotel accommodating 1,000 guests, a hospital, 5 schools, and offices. Of the total space available, nearly 83% will be for residential purposes, housing up to 17,000 people. Another 5% will be for the hotel housing 1,000, while 3% each will be dedicated to schools, hospitals, offices and shops. There will be 10 fire escape routes, which will evacuate a given floor within 15 minutes; the building will be fire-resistant for up to three hours. It will also have 17 helipads. Sport facilities will include six basketball courts and 10 tennis courts. Plans include preserving some green space around the building. For transportation, there will be 104 high-speed elevators installed. The safety of these potential elevators has been questioned because they take several minutes to get from bottom to top.^[17] The 5,000 residential properties will be able to accommodate 17,400 residents. The proposed building will have total floor space of 1.2 million m² (13 million sq ft). The main building will have 1.05 million m² (11 million sq ft) of this area, with a basement of 130,000 m² (1,400,000 sq ft) and a 3 to 7 floor-high annex of 35,000 m² (380,000 sq ft).^[4] The total capacity of the building will be about 30,000. The 4-layered glass used for the building's windows will keep the temperature of the building constant between 20 to 27 °C (68 to 81 °F). The air indoors will be specially filtered to be up to 20 times cleaner than the air outside. The lamps used in the building will be made of LEDs, saving energy. The builders have claimed that they are working with some of the same architects who worked on the Burj Khalifa which is Adrian Smith. As currently planned, Sky City would cost RMB 9 billion (\$1.46 billion) to build.^[2] A cost estimate of \$1,500 per square meter^[14] of floor space would make Sky City considerably cheaper than the similarly tall [Burj Khalifa](#) (\$4,500 per square meter).

N.Y. Follows World Leaders



NORDSTROM TOWER
225 W 57TH STREET

SPINE (175 FEET)
PARAPET (140 FEET)

Nordstrom Tower, at 1,775 feet, is New York City's entry in the global skyscraper boom. The new tower at 225 West 57th Street could very well represent the crest of the current new U.S. sky-scraper wave, assuming the tower is financed. The new tower would allow Manhattan to finally retake the 'tallest roof' title in the United States from Chicago's Willis Tower, which stands 1,451'. The tower would become the tallest residential building in the entire world, surpassing both 432 Park Avenue and Mumbai's World One Tower.



Integrate HST with City Development

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Will California follow New York, or will it lead the World?



Our vision of the future is limited only by our capacity to imagine. These images of Beijing and Shanghai give reason for the California High-Speed Rail Authority to look beyond the next election cycle and imagine California 100 years from now.

The “blended” plan may eliminate political opposition of high-propensity voters in the Bay Area today, but it will likely cost taxpayers and HST commuters billions of dollars in the future. It will also constrain our ability to accommodate growth and to enable our children and future generations to enjoy the benefits that we inherited from our parents and grandparents. Perhaps we don’t care because future taxpayers and voters are not voting in the next election.

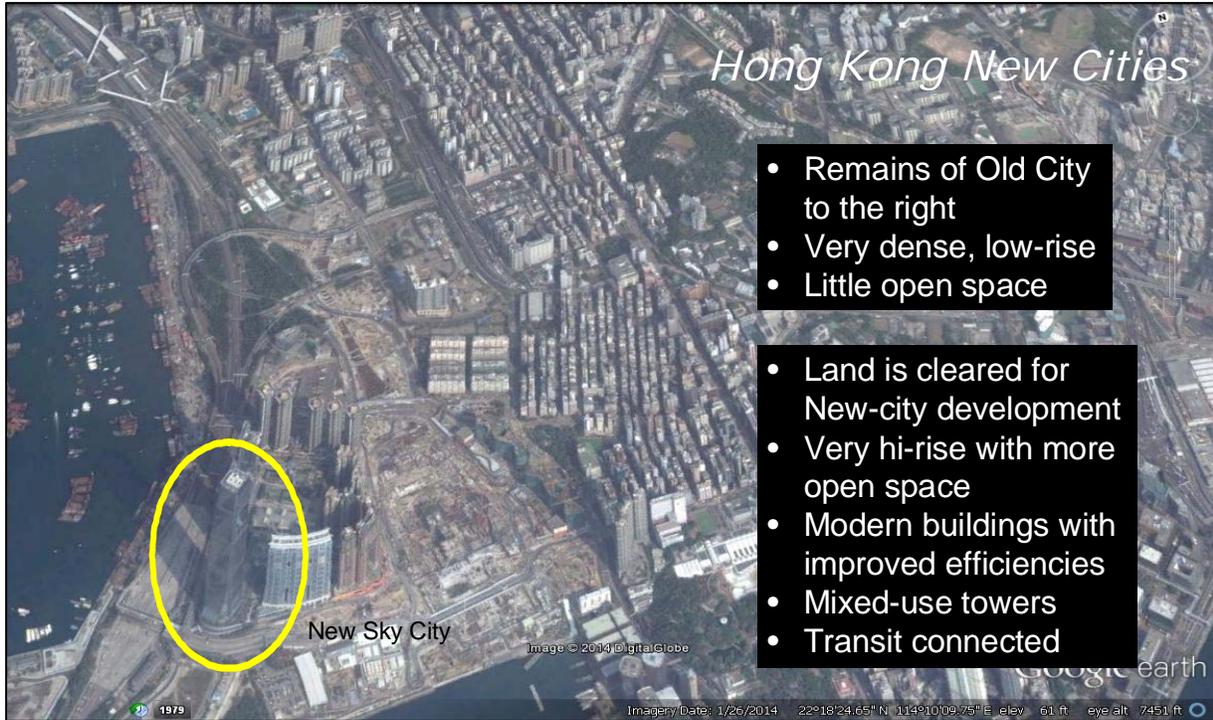
Perhaps that’s the reason elected officials should not have a next election. Allow them to serve a meaningful-length term in one elected office, say 6-8 years and then preclude them from running again for elected office. Then, they can better serve the near-term and long-term interests of all Californians, without being overly biased by the near-term interests of their limited voting base.



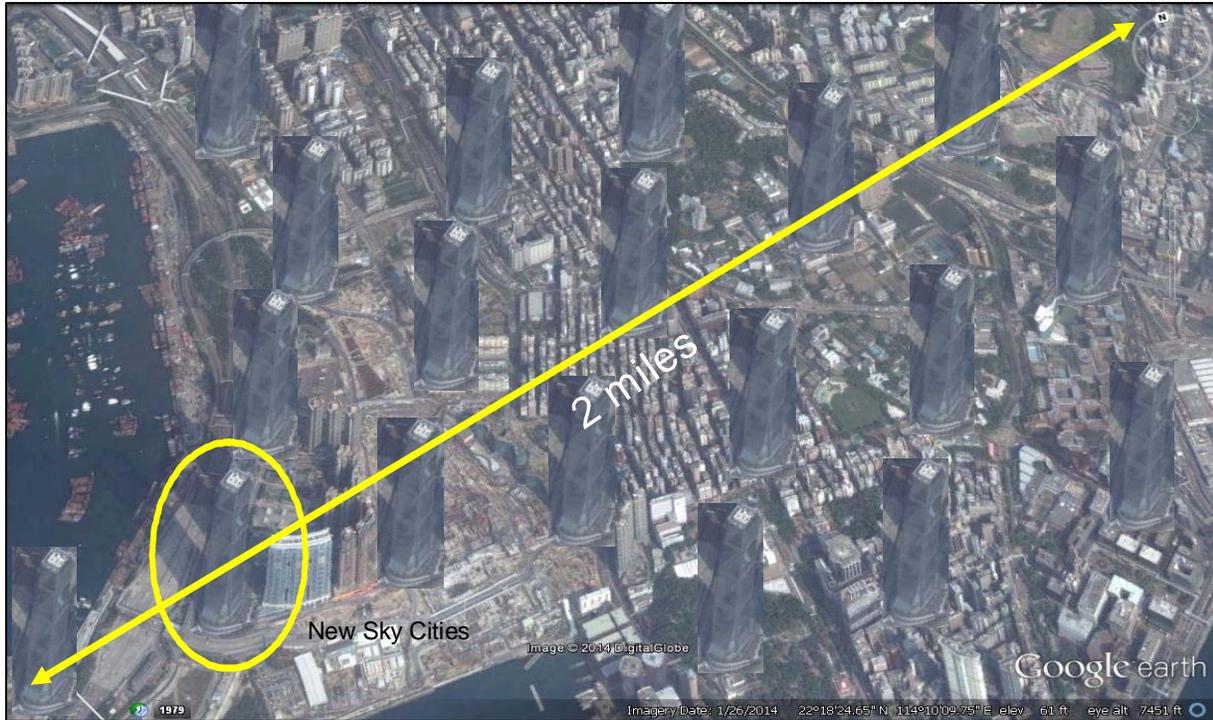
How are cities we compete with in the global market place approaching their growth demands and opportunities?

Hong Kong's International Commerce Center is a striking example.

A main objective is energy conservation. Another is achieving cost efficiencies. Their approach is to reach for the sky.



This slide focuses on the area cleared of older development and prepared for new-city development.
Note the super hi-rise “sky city” in the lower left corner.



Imagine this area populated by 20-30 220-story “sky cities” surrounded by open space and lower-scale development linkages among the sky cities, all served by an excellent transit system that eliminates dependence on automobiles for mobility.

Why are people moving to live and work in Dubai?

Dubai Sky City Living Expenses – 3500 sq ft villa (town house) in Jumairah Village Circle
(not far from Marina, JBR Springs or Mall of Emirates)




Item	AED		US Dollars		Transportation and Housing	Annual
	Monthly	Monthly	Monthly	Monthly		
Food	2,295.83	\$	625.57			\$ 7,506.80
Du	638.03	\$	173.85			\$ 2,086.20
Skype	78.91	\$	21.50			\$ 258.02
DEWA	938.09	\$	255.61			\$ 3,067.32
Rent	6,096.43	\$	1,661.15	\$	24%	\$ 19,933.83
School Fees	964.29	\$	262.75			\$ 3,152.99
Maid	1,984.17	\$	540.65			\$ 6,487.75
Car1	1,127.96	\$	307.35	\$ 307.35		\$ 3,688.15
Car2	2,294.61	\$	625.23	\$ 625.23	17%	\$ 7,502.81
Petrol	805.96	\$	219.61	\$ 219.61		\$ 2,635.29
Gardner	166.07	\$	45.25			\$ 543.01
Child 1	1,000.00	\$	272.48			\$ 3,269.75
Child 2	1,000.00	\$	272.48			\$ 3,269.75
Going Out	1,274.27	\$	347.21			\$ 4,166.55
Others	1,509.25	\$	411.24			\$ 4,934.88
Visa (over 24 months)	282.50	\$	76.98			\$ 923.71
Travel	2,437.50	\$	664.17			\$ 7,970.03
Actual Expense	24,893.86	\$	6,783.07	\$ 2,813.34	41%	\$ 81,396.82
Income (3.67 AED = 1 US\$)	65,000.00	\$	17,711.17			\$ 212,534.06

Supplemental Slides: Appendix

CHSRA Board of Directors
Southern California residents/taxpayers have little influence in Board decisions

One of the State's biggest civil engineering projects; no civil engineers on the Board.

Southern California	
Population	Representation
54%	22%

*Recent Appointments

Lawsuits: An unlawful funding plan for a reduced-scope project. No representation from the Inland Empire.

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Supplemental Slides: Appendix

The Governor and Legislature should consider what skills and experiences need to be represented on the Board. No doubt, each of the current Board members brings a valuable perspective to the Board's deliberations. The Board is mired in legal controversy. Therefore, it is good to have a lawyer on the Board to provide a legal perspective and to help the Board and agency avoid lawsuits. The Board does not need four lawyers.

A banking perspective is also valuable to provide expertise in financing. A real estate developer is valuable in providing a perspective on the integration of HST with real estate development. A retired state employee can be valuable in representing state employee interests in the project. A transit riders union activist, preferably one that uses transit, can offer a transit riders point of view. The HST project is a \$138 billion infrastructure development project that entails complex civil engineering and planning issues. The Board would benefit from having a professional civil engineer on the Board who has had similar experience in successfully managing the development of a large transit project in California.

The Board should also have a member representing the Inland Empire and a member representing those areas of the State that will not be served by HST, but whose taxpayers will be contributing to the Project. The Bay Area is over-represented; two Bay Area members should be replaced to enable appointed of new members representing the other areas of interest.

Shanghai's "Sky City" – The latest addition started as a vision in 2008 – it's now a reality in August 2015

<http://www.latimes.com/business/la-fi-shanghai-tower-20150625-story.html#>



35 of the world's 100 tallest sky cities are in China. By 2020, there will be 59. This proposal envisions 44 sky city towers in Paramount and Bellflower by 2045

Presentation Outline

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The Bottom Line

“How are you going to pay for it?”

34 slides

It's a simple, time proven, strategy

based upon how you use the land.

“Matty Hurtado-Sokolow told me she had sold a South Pasadena house for \$1.1 million less than two years ago. The owners made improvements and then put the house back up for sale recently. It was listed at \$1.4 million, drew 11 offers, and sold for \$1.75 million.”

Steve Lopez, Los Angeles Times, July 8, 2015

**From one house to two cities:
Make Improvements to the cities,
then put them up for sale.**

Grow Paramount and Bellflower

by re-building the cities

from 132,000 people and 44,000 units at \$323,000 each
to
1.1 million people and 422,000 units at \$784,000 each

Average Profit

up to \$3 million per current property owner

Start Now!

The China Connection

- A Chinese business connection representing a major investor group is considering potential investments in Paramount and Bellflower.
- If the cities are interested, a proposal will be prepared:
 - 200 room five star hotel + shopping arcade: Budget \$700 million, including \$100 million for land purchase.
 - Housing/job development for 400 immigrant families: \$1 billion
 - New commercial and industrial buildings for local and foreign companies looking for location to settle their business in SoCal for tourism, fashion, industrial and financial business activities, including hospital and senior-age care and high tech industrial center: Budget TBD
- Public/private partnership
 - For 1st project, \$140 million plus equity for Bellflower and Paramount

Near-term Payoff

The China Connection

- Projected land cost for proposed building project
 - \$20 million per acre, 5 acres, \$100 million cost
- Current improved land prices in Bellflower (sample)
 - \$1.8 million per acre, 5 acres, \$8.9 million cost
- The City Councils have the potential to rezone the land for high-density air rights and big profits
 - Responsible action will ensure that the profit goes to current residents and businesses and not to speculators
 - Setting current appraisals is key so as not to give your money away. The air rights belong to your residents.

Sample Sales Listings for Bellflower	
Price	Acres
\$500,000	0.15
\$228,000	0.02
\$375,000	0.14
\$529,000	0.26
\$380,000	0.20
\$325,000	0.57
\$345,000	0.43
\$389,000	0.14
\$365,000	0.13
\$425,000	0.13
\$3,900,000	2.17
\$1,800,000	per acre
\$8,900,000	Per 5 ac

Key Objectives and Desired Outcomes

Goal: Create a better, more prosperous future

Key Objectives

- Higher Quality of Life
- Stronger Economy and Job Growth
- Greater Political Power
- More Knowledge and Influence

Desired Outcomes

- Greater wealth – by up to \$3 million per household
- Higher average income – \$100,000 or more per year
- Full employment – meaningful, satisfying jobs that create value

Here's how we get and pay for it.

Put the new cities as planned up for sale – then build them

1. No Cost to Current Owners: (Replace 44,000 units/132,000 residents) \$0B
2. New Units Phase 1: (22,000 rent-to-buy units/66,000 residents) \$11 B
3. New Units Phase 2 (75,000 condo units/224,000 residents): \$52 B
3. New Units Phase 3 (119,000 condo units/290,000 residents): \$148 B
5. New Units Phase 4 (162,000 condo units/324,000 residents): \$112 B
6. Economic Benefit and Profit Sharing
 - Total Sales Revenue: \$323 billion
 - Total Build Cost: \$210 billion (422,000 units – 1,100,000 residents)
 - Profit: \$2 million per each of 49,000 current property owners

There's more money to be made!

For each current residential / business owner

Profit from Sale of New Unit Leases = \$2.0 million

Value increase in Current Residential Units = \$0.4 million

50-year Commercial Space Lease Revenue = \$.4 million

50-year Transportation Cost saving = \$0.5 million

Total Return on "Zero Investment" = \$3.3 million*

*A "back-of-the-envelope" estimate prepared over a period of more than 5 years; an investment-grade economic analysis is required to confirm credible values

Current Renters also profit!

For each current residential tenant

Value Increase in New Unit Leases = \$0.3 million*

50-year Commercial Space Lease Revenue = \$.4 million*

50-year Transportation Cost saving = \$0.5 million

Total Return on “Zero Investment” = \$1.2 million per family**

Growth-induced High-paying Jobs = \$?

*Transfer of privately- and publicly-owned air rights from private/City owners to tenants

**A “back-of-the-envelope” estimate prepared over a period of more than 5 years; an investment-grade economic analysis is required to confirm credible values

The First Steps

Initiate the Proposal Approval Process

- Secure preliminary support of this proposal by each of the City Council's initial representatives (less than a majority of members).
- Prepare and submit a report to each City Council, in a closed joint session, describing the proposal and outlining the legal issues and recommendations
- If the proposal and report on contingent actions to be taken are approved in closed session, give notification in an open joint session that each City Council has taken contingent actions necessary to protect the Cities from possible litigation.
- Implement the approved contingent actions.

The Second Steps

Complete the Proposal Approval Process

- Next, prepare and submit to each City Council jointly, in open session, a report on legal actions taken, with consideration of the public interest, including legal interests, to approve action steps for creation of the new City of SoCal; action steps are subject to further consideration and voter approval.
- Submit these prior contingent actions for community review, voter input and final action plan for ultimate voter approval.
- Upon voter approval, approve action steps to implement the building process to create the new city of SoCal. (Building – not studying)

Four Key Provisions

1. Create the New City of SoCal

- Establish a new public corporation combining Bellflower and Paramount into a new city to be called the City of Southern California
- Retain Paramount and Bellflower as communities in SoCal
- Secure additional monikers for the new city, including:
 - The Sky Cities of Southern California
 - The City of SoCal
 - The Sky Cities of SoCal
- Approve this proposal and subsequent agreement, pursuant to negotiations, to initiate the building of the new City of SoCal
 - Establish authorities and requirements for the agreement

Four Key Provisions

2. Create New Ownership Mechanism

- Create the SoCal Public Stock Corporation
 - Stock secures, through deeds of trust, ownership of permanent equity in the form of private and shared SoCal lease space
- Replace existing residences with new units having a median 1,100 sq. ft. of private living space per residential unit, plus shared space, with an estimated median value: \$.6 - \$1 million or more per living unit
 - Current median 1,032 sq. ft. living space is valued at \$300,000 to \$400,000 (For City of LA, average price has reached \$780,000)
- Provide comparable arrangements for commercial space

Four Key Provisions

3. Ensure that Everyone Benefits (voters, in particular)

- Everyone gains in proportion to current “investment”.
 - Resident and Business Owners, Renters
- All current stakeholders become investors in the new SoCal communities of Paramount and Bellflower using their existing equity.
- “Membership rights” are guaranteed in the SoCal Private Sky Cities Club: including residency rights & other benefits.

Four Key Provisions

4. Minimize Risks

- Decision making is structured to reduce risks while maximizing profit.
- Outside developers and investors may participate and receive “earned risk profit” but current occupants will assume and manage the majority of risk and profit.
- Current owner risk is minimized through adoption of the SoCal growth plan.

Five Key Steps for Moving Forward

1. Make it Fair and Appealing to Everyone

- Identify Current Stakeholders
 - Homeowners and Business Owners
 - Renters
- Set Market Value of all lease space per current appraisals
- Prepare City General Plan/Site Plan/Governance Plan
- To gain an immediate benefit, secure contingent funding guarantee to retire city pension obligations
- Secure Stakeholder Approval (majority vote/agreements)

Five Key Steps for Moving Forward

2. Adopt General Growth Plan and Governance Plan

- Adopt New General Growth Plan and Specific/Site Plan, EIR, etc. to enable/entitle growth and building of the new City of SoCal (6 votes)
- Adopt New SoCal General Governance Plan, a “4P Contract” for the:
 - City of SoCal Public Agency Corporation (to own land and infrastructure assets and to manage the legal inter-agency relationships),
 - Public Stock Corporation (to own assets and deeded lease agreements defining permanent occupancy rights of lessee owners and ccra’s (covenants, conditions, restrictions and authorities)
 - Private Management Corporation (to manage the building and operation of infrastructure), and
 - Private Residents and Business Owners Association and Sky Cities Club to protect the interests of the lessee owners and provide services to the owners/residents.

Five Key Steps for Moving Forward

3. Expedite CEQA/NEPA Environmental Clearance

- In order to mitigate the potentially adverse impacts of likely CEQA litigation, proactively seek expedited environmental clearance of the project through legislation or otherwise; included environmental approvals in ballot measure.
- The proposed action to create the new City of SoCal will result in significant overall environmental benefits, far exceeding possible negative impacts.
- Any action taken by any party to prevent or delay the proposed action would create the threat of significant harm to the people and the environment, including significant cost impacts.
- Based upon recent research findings, the cities should be aggressive in seeking prosecution of frivolous lawsuits by threatening parties.

Five Key Steps for Moving Forward

4. Secure Project Funding Stream

- For Planning Phase: Interest earnings from refundable deposits on initial 178,000 new housing units
 - 1% on \$3 billion in refundable deposits ranging from \$5,000 to \$25,000 over a period of 3 years = \$63 million.
- For Construction Phase: Sales earnings from 422,000 Units + Infrastructure
 - Interest earnings on non-refundable security deposits
 - Buyer-financed payments on property lease purchases
 - Infrastructure Financing.

Five Key Steps for Moving Forward

5. Secure Project Lease Sales/Purchase Agreements

- Market New housing units to international buyers/investors
 - Pre-sell 178,000 new units (50%) @ initial price offerings (limits risk)
 - Require refundable deposit priced to meet set sales goal (limits risk)
- Once sales goal is met, require non-refundable deposits from initial buyers to cover initial construction costs (limits risk) (\$ 2B)
- Execute legal deeded permanent lease ownership agreements to SoCal Public Stock Corporation (limits risk)
- Initiate construction of replacement and new pre-sold units and infrastructure

Risk/Reward Considerations

- There will be substantial up-front costs to move this proposal forward from concept to reality.
- The cost burden can be shared by the cities and by outside investors
 - Cities/Residents: Purchasers of new housing and other improvements
 - Others: Outside investors willing to loan funds to cover up-front expenses
- The cities can transfer risk to outside investors at a cost to future revenues (10% or more in annual financing/risk costs)
- The cities can mitigate risks by creating certainty in their actions
 - Clarity and soundness in decision-making
 - Courageous and timely decision-making (e.g. in project approvals and CEQA/NEPA clearance)

A Discussion: Own versus Lease

We know that, generally:

- Most people want to “own their land and their own house” not rent land or a house owned by someone else; ownership implies a permanent right – renting through a lease agreement generally creates a temporary right to occupy someone else’s land or house.
- Land ownership rights are established in a legally recorded deed of trust and are governed by local government through zoning and other land-use regulations and laws.
- Lease ownership rights are defined in lease agreements between a land and or building owner and lessee/tenant.

A Permanent Lease Ownership Agreement

can be granted through either a private or public entity:

- Currently, your privately-owned house and the land that surrounds it is private space; streets and other improvements, such as parks and utilities, etc., owned by the city or other public agencies, is public space.
- In this proposal, the ownership of all private land and physical improvements is transferred to the City of SoCal.

A Lease Deed of Trust

- an ownership rights agreement

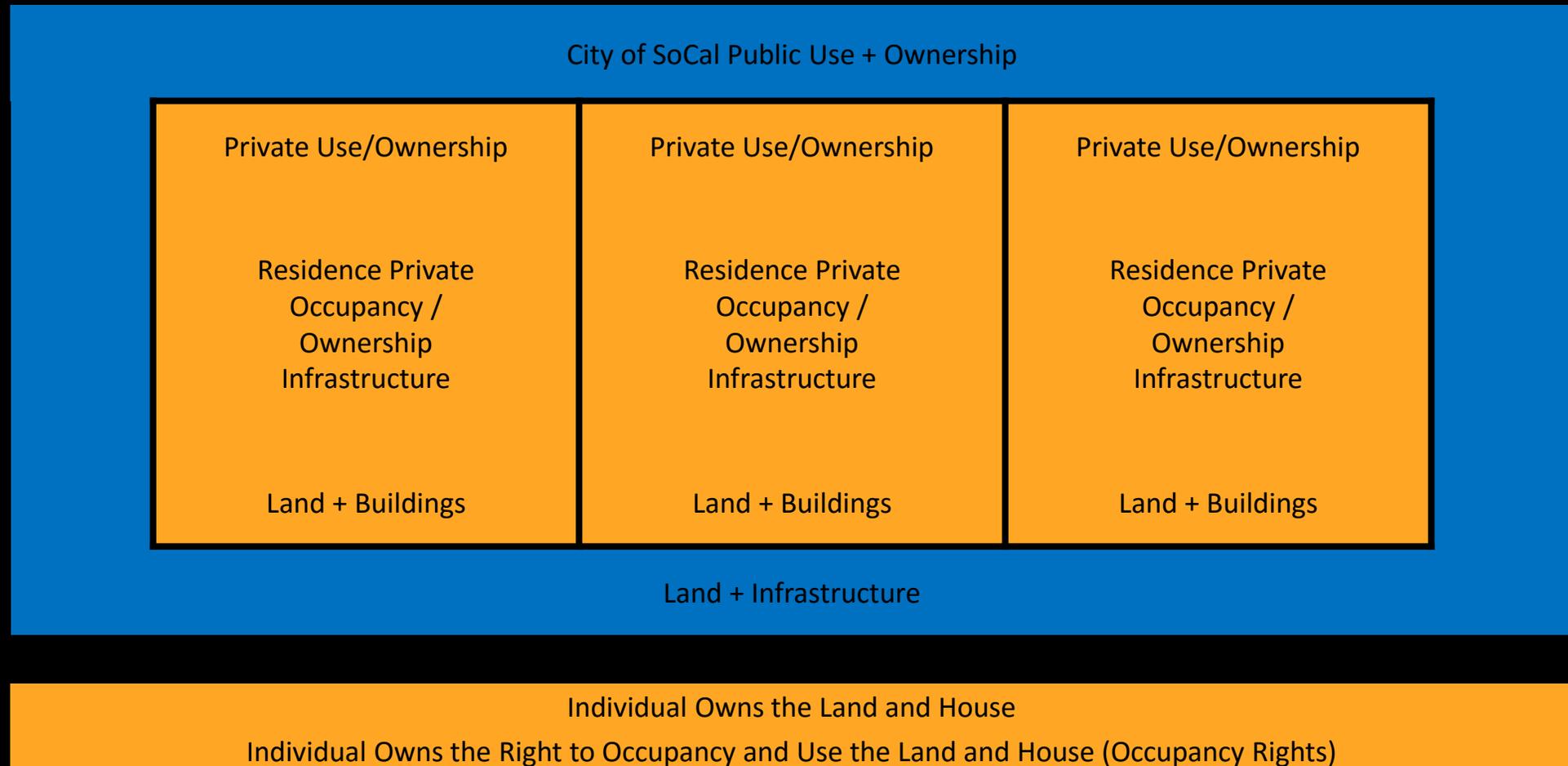
- With ownership of land and buildings, or with ownership of a lease agreement, comes the rights to occupy, access and use the land and buildings under specified beneficial conditions.
- If occupancy rights are denied, the ownership value is lost.
- Thus, under this proposal, SoCal lease ownership rights will be legally recorded in a deed of trust in a similar manner as provided with land ownership rights.
- Lease ownership rights will be defined in and are subject to the voter-approved ballot measure creating the new city of SoCal.

As proposed: SoCal Lease Ownership Agreements

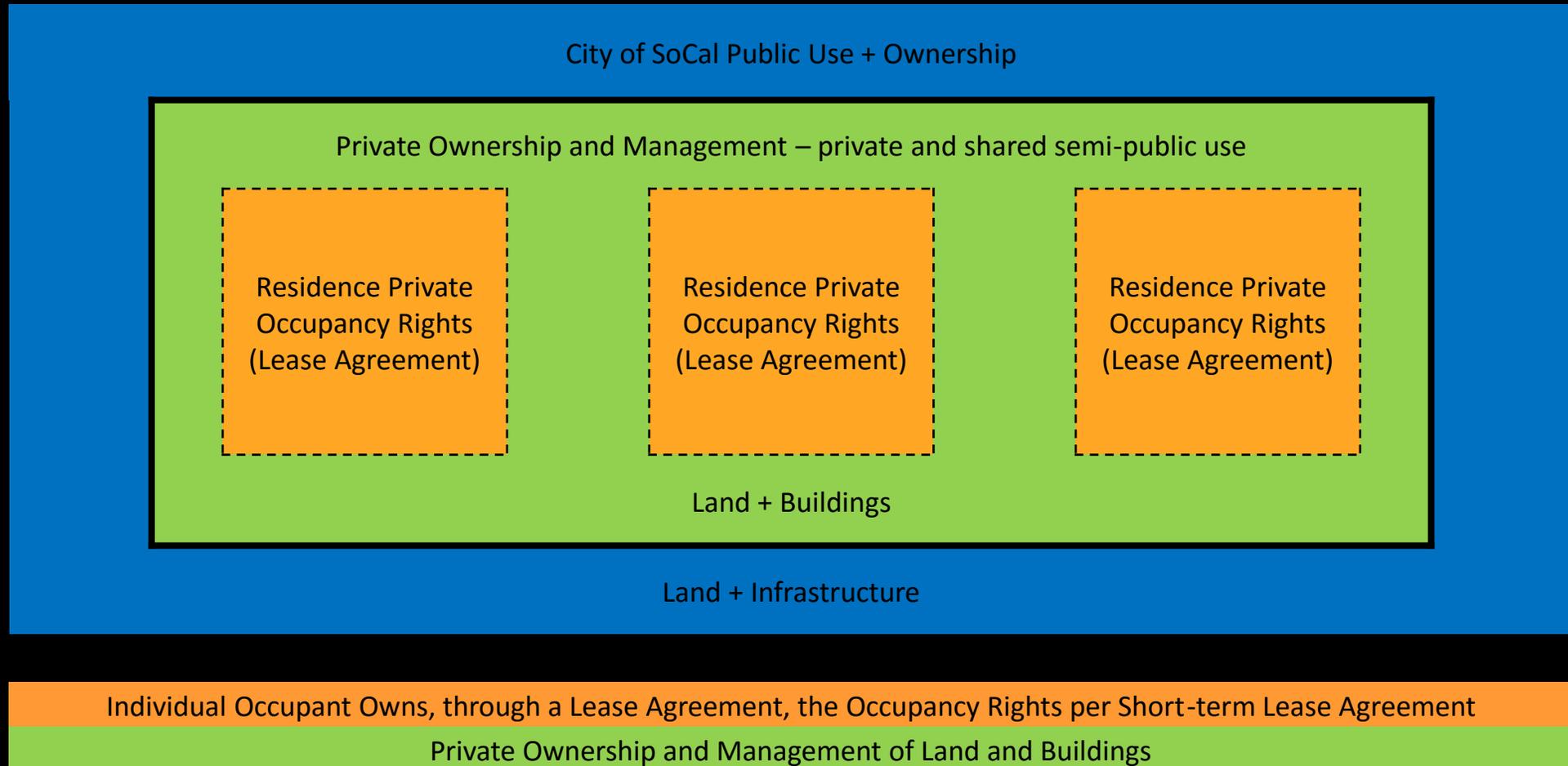
once acquired after deposits are received, are:

- Ranked by ownership seniority, per deposit received date
- Permanent unless and until sold, or taken by condemnation
- Transferrable among SoCal properties, subject to availability
- Prescribed in legal recorded deeds of trust
- Only diminished in value with market-based compensation
- Protected from deleterious impacts on beneficial use
- Assured beneficial access provisions
- Transactional: available to sublet intermittent or long-term

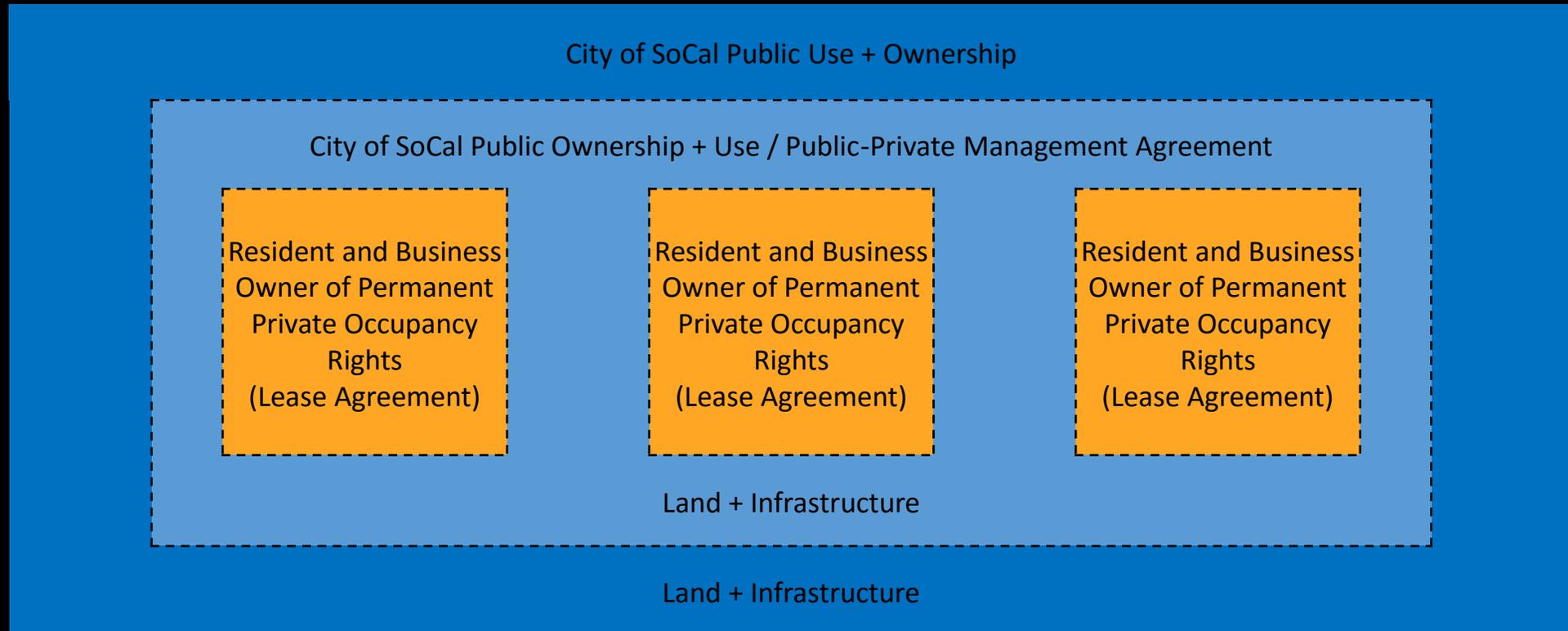
Single Family Residence



Multi-Family Residence



SoCal Residence and Business Owners



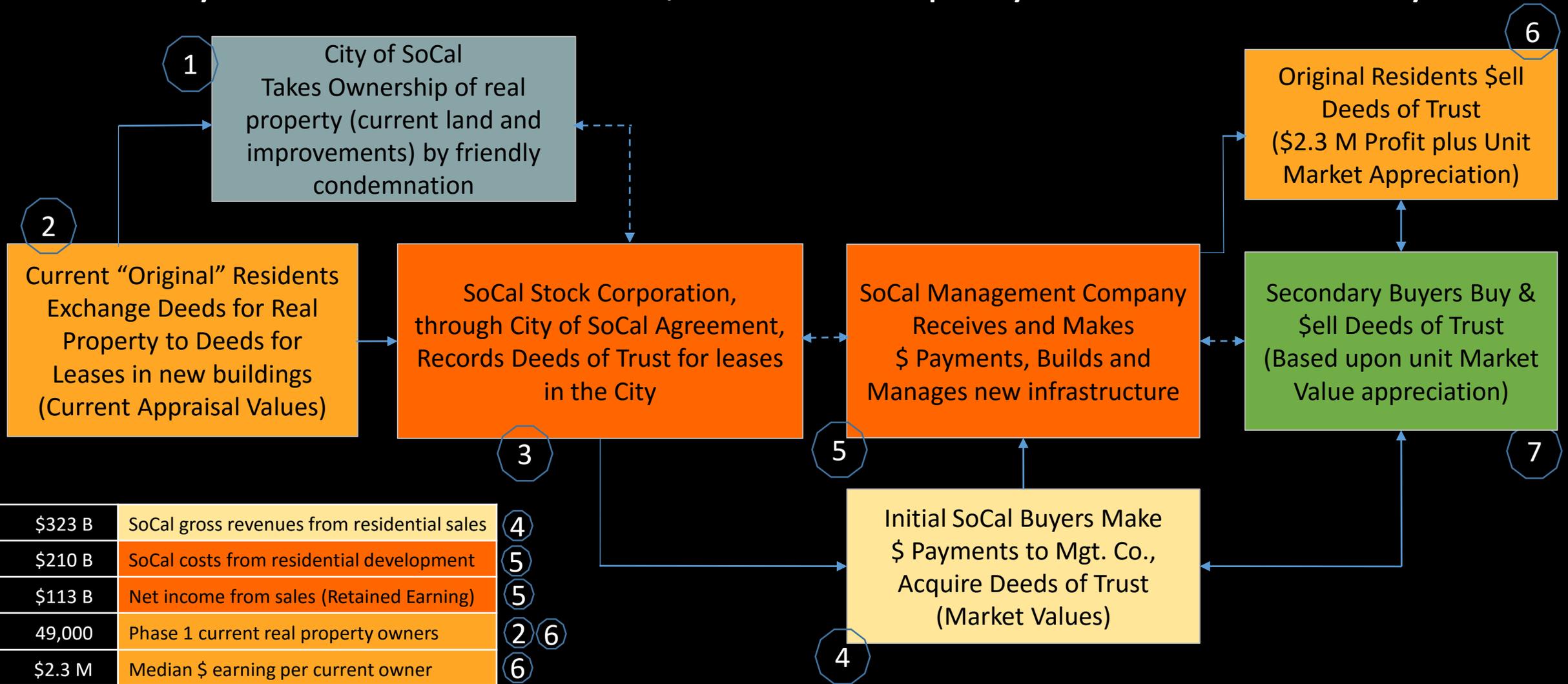
Individual Occupant Owns Stock and Permanent Lease/Occupancy Rights

SoCal City Owns Land and Infrastructure + Agreement with SoCal Stock Corp.

SoCal Stock Corp holds Assets and Deeded Lease Agreements

Benefits to Current and Future Owners

Buy and sell Deeds of Trust, not Real Property – Follow the Money



Permanent Ownership of Living Space

offers advantages over ownership of land and infrastructure:

- Under this proposal, current property owners will enjoy easier access to, and more beneficial use of, new living spaces, protection from deleterious or diminished use and living conditions, at lower costs and greater flexibility, as well as enhanced transportation and housing mobility.
- These living spaces include one or more of 422,000 housing units connected by transit across 11 sq. mi. in the City of SoCal, where travel by auto is a choice – not a mandate.
- This proposal achieves a higher quality of life and increased wealth for millions of current and future residents and visitors.

Development and Density (The “D” words)

They’re an ownership issue, a growth issue, a political issue and a wealth issue

“In San Diego, the debate over the “D-word” – building DENSITY – reached a fever pitch when residents objected to preliminary plans for development along the trolley line that will link Old Town and University City in the next few years.”

*UTSan Diego, November 30, 2014

468 homes on 151 acres are eyed for northern Lake Elsinore; neighbors questioned Terracina development

Concerns: traffic, noise, black soot
Horrendous to build during a drought
Too many houses in a mostly rural area

*Press Enterprise, November 27, 2014

Today’s residents see greedy developers eyeing profits.
Today’s developers see greedy residents opposing growth.



On Thursday a judge halted a developer’s plan to build two massive skyscrapers in the heart of Hollywood, ruling that the City of Los Angeles failed to fully assess how the \$1-billion development would affect surrounding neighborhoods.

*Los Angeles Times, April 30, 2015

Lilac Hills Ranch Decisions Nearing

San Diego Union Tribune – August 9, 2015

- Potential decision to welcome 5,000 new residents in Valley Center controversial for years
- Decision thrills new owners, but baffles and outrages opposing current owners who argue that the project violates guidelines for smart growth laid out in the county's hard-fought General Plan Update.
- “Project is a winner if located somewhere else.” – comment by current owner at public meeting.
- Planning for 15 years, \$18 million spent (at-risk) to date, 1,746 housing units (\$10,000 per home)
- San Diego County Board of Supervisors cancels hearing to consider project on October 14, 2015

For 1.1 million current and future City of SoCal residents – \$4 billion (at-risk)



The way to stop this nonsense:



- Get buy-in from a majority of the voters in Bellflower and Paramount at the outset – for the entire city, not for each property owner/builder and lawyers time over time.
- Secure voter approval of the:
 - General Plan (The Big Picture)
 - Specific Plan (Greater Detail)
 - Governance Plan (Who's in charge? What are the rules?)
 - CEQA/NEPA documents and approvals
 - Funding/Ownership Strategy (Permanent Lease)
- Secure lease sales agreements

The Internet Revolution is Changing Everything

Constant Information Flow - Nothing is ever finished

- The static city, or for that matter the static house, that never changes, that never adapts, with a chosen few in power controlling other people's lives, has no chance to survive in the new global economy. Efforts of government agents to limit personal control or contain the freedom to easily move about will fail in the long term.
- People are changing the ways they relate to each other, as individuals, communities and governments; and with new degrees of freedom. It's happening quickly and continuously.
- By embracing these changes, the new City of SoCal can serve as a platform for dynamic growth and prosperity – “a place that is never finished” (Walt Disney, 1955).

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The Growth of Two Cities

A lesson from the past – A game plan for the future

- 1902 Henry E. Huntington Pacific Electric Railway.
- “Red Cars” bring tremendous growth in outlying towns.
- 1915 Long Beach grows to 18,000 people
- Paramount and Bellflower communities grow as the Red Cars are extended to Santa Ana
- Soon, freeways and autos begin replacing the Red Cars

http://menu.ci.cerritos.ca.us/collections/local_history/cl_lhStoryBiblio.htm

Paramount Fights Annexation

A new city is born



- Paramount is created in 1948
- January 30, 1957 incorporation
- "Save Paramount for Paramount" campaign to fight annexation by Long Beach, Bellflower and South Gate
- High cost of land converts hay and dairy industries to mostly housing

Bellflower Incorporates

Another new city



- By 1957, a 51-year old community, fully matured in all areas but that of city government
- August 1957, Bellflower votes to incorporate – a large majority
- Bellflower's first City Council elected
- On September 3, 1957 California's 348th city is officially born

441 people say yes in Dairy Valley

After incorporation, a new land-use plan



- 1965, a county re-appraisal doubles property taxes in neighboring Dairy Valley
- Following the tax increase, and its own previous incorporation in 1956, Dairy Valley votes to change zoning from agricultural to residential
- The vote is a mere 441 to 391 majority
- Soon, subdivision requests are filed for one thousand homes – at \$30,000 each

New land use plans brings increased density

– and greater wealth



- Higher taxes, Prop 13, new land use plans drive potential higher land value
- The Red Cars, freeways and increased housing density enabled growth
- Paramount, Bellflower and other new cities grew with enthusiasm and success
- The hay and dairy industries moved on with money in the bank and hopes of even “\$greener” pastures in future sprawl areas as the cycle continued.

Enthusiasm and hopes for the future don't guarantee a city's continued success



San Bernardino falls on hard times



Los Angeles Times
June 14, 2015

15 slides



Could your city be the next San Bernardino?

By Joe Mozingo

Los Angeles Times June 15, 2015

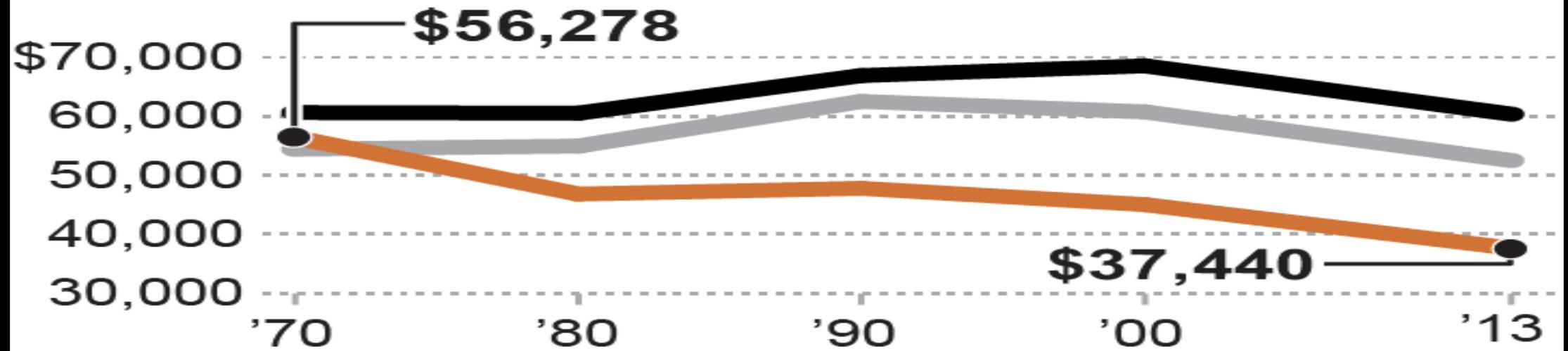
“San Bernardino, once a sturdy, middle class “All-America City,” is now bankrupt, the poorest city of its size in California, and a symbol of the nation's worst urban woes.”

“Last month the City Council approved a 77-page plan that it hopes will move the city toward solvency, in part by making residents pay higher taxes and fees while further cutting their services.”

Median household income (2013 inflation-adjusted dollars)

- California
- San Bernardino County
- San Bernardino City

A City, a County and a State all in Decline



Sources: U.S. Census, American Community Survey, Management Partners.

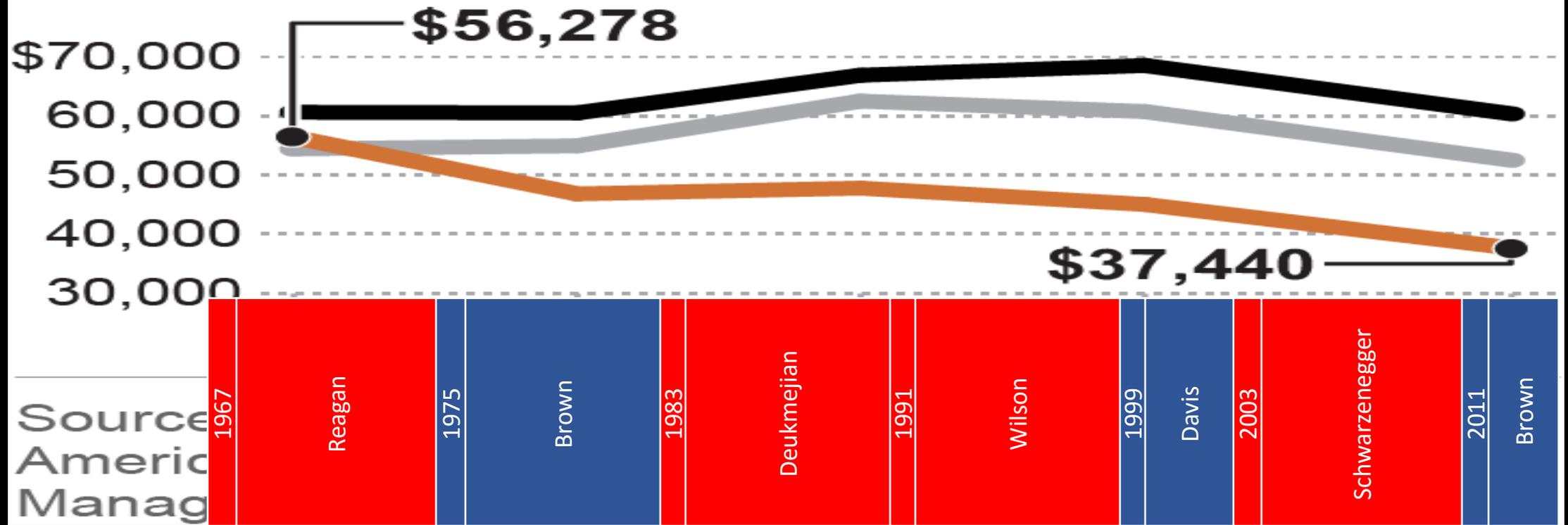
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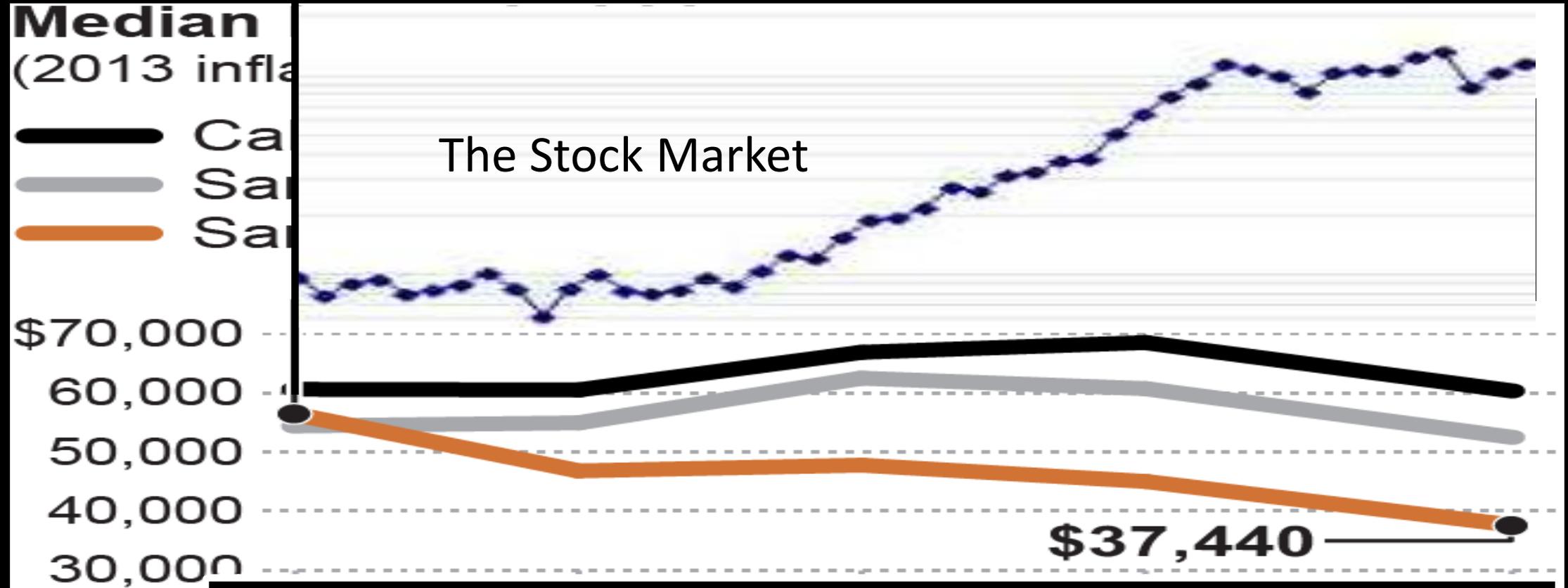
@latimesgraphics

Median household income (2013 inflation-adjusted dollars)

- California
- San Bernardino County
- San Bernardino City

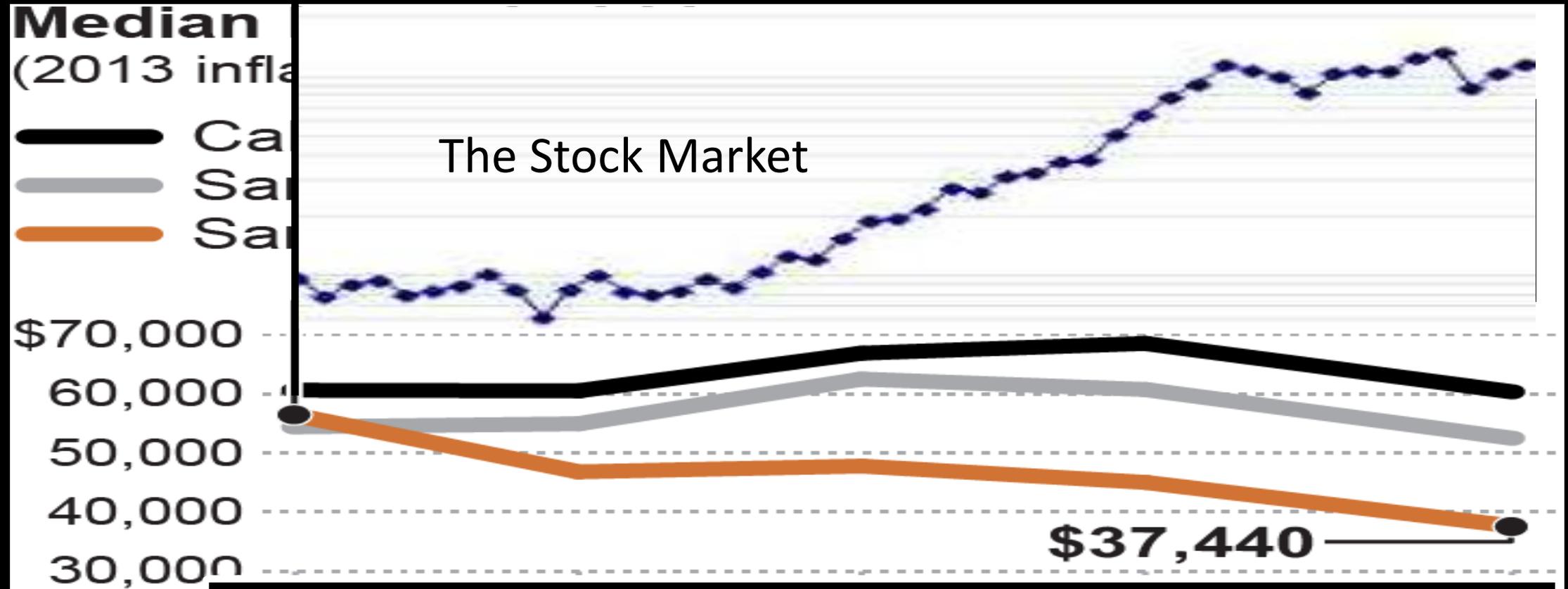
State leaders have failed to stem the tide





As ordinary people lose wealth,
the rich get richer.

Source
Americ
Manag



What about Bellflower and Paramount?
There are challenges following earlier success.

Source
Americ
Manag

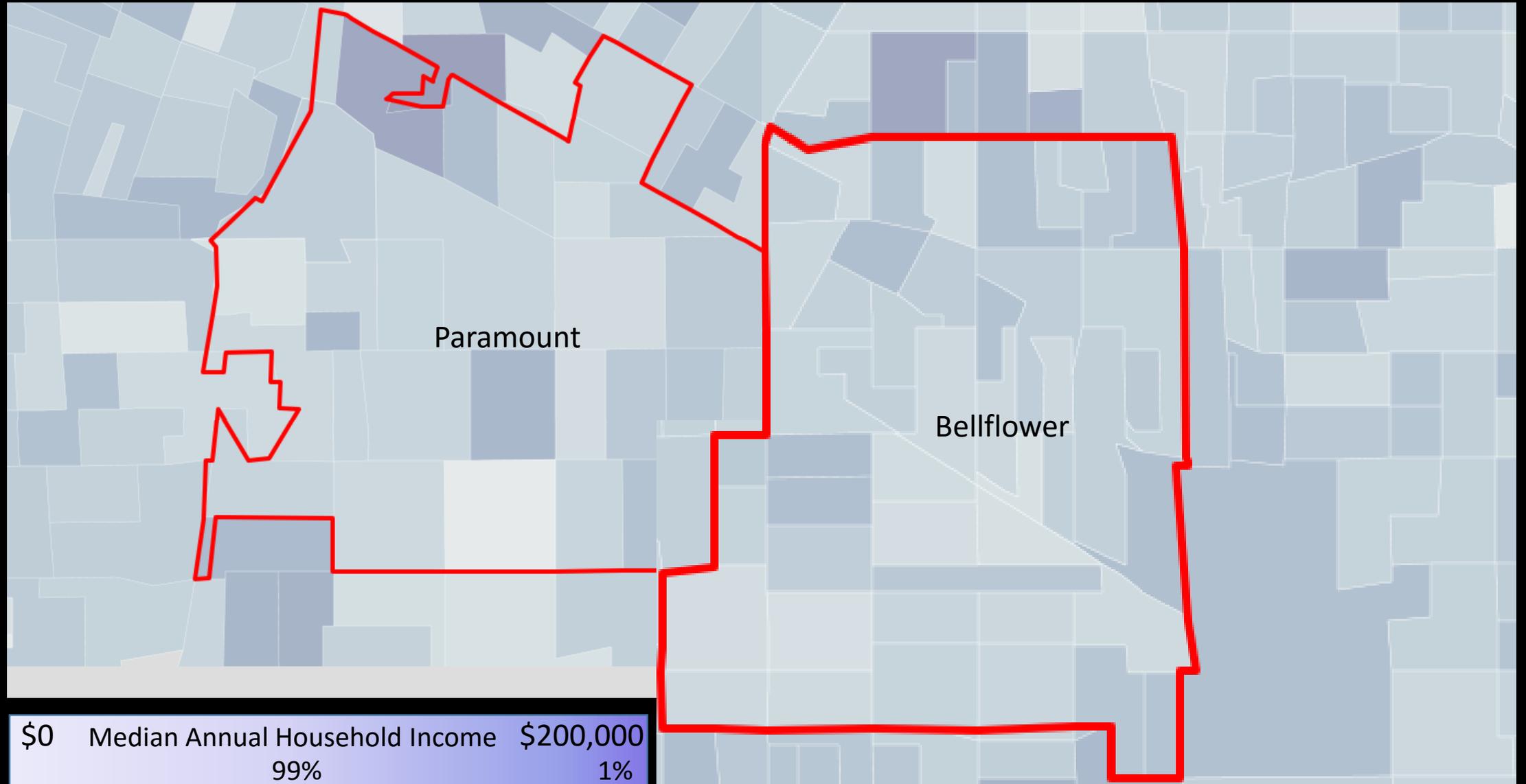
Challenge #1: Low or Declining Family Income

Median Family Income July 2015	
Cerritos	\$76,944
California	\$53,025
Bellflower	\$42,822
Paramount	\$37,276
San Bernardino	\$33,357

America's Middle Class is shrinking

- 10-year income trends highlight the great 21st-century wage slowdown.
- Since 2000, the middle class has been shrinking for an alarming reason: Incomes have fallen.

Some are making it, many are not



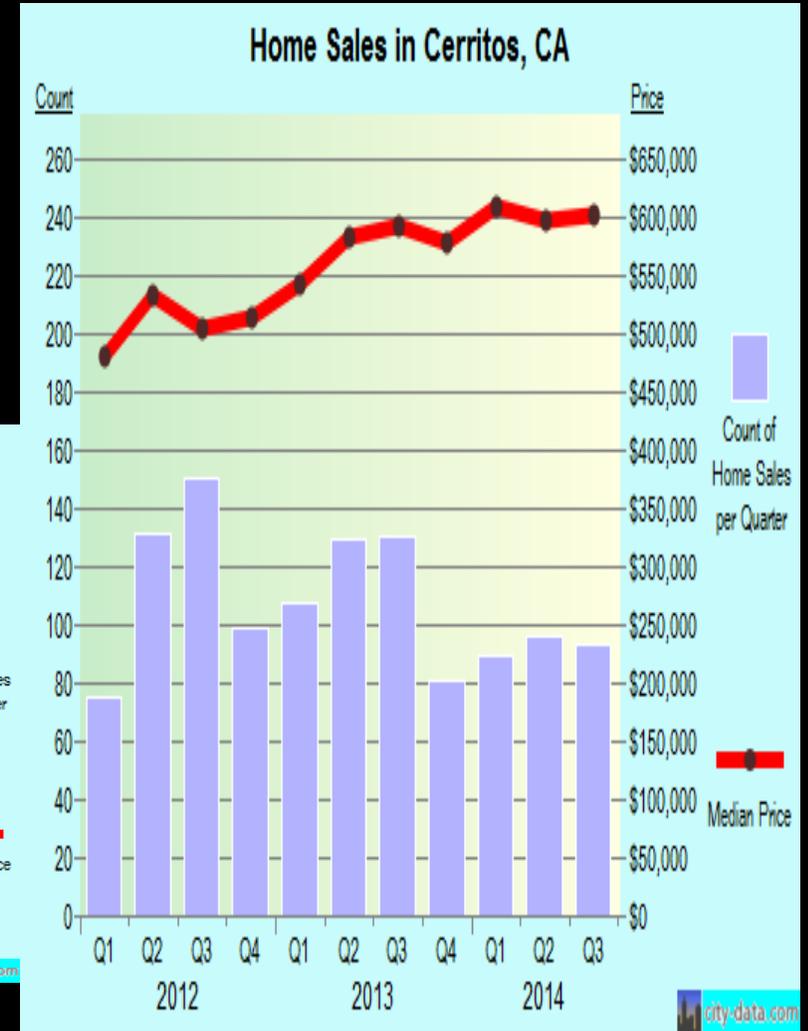
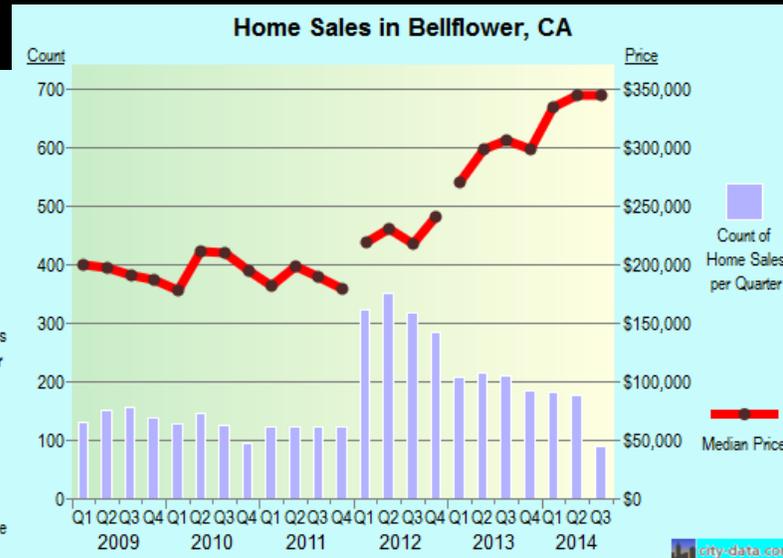
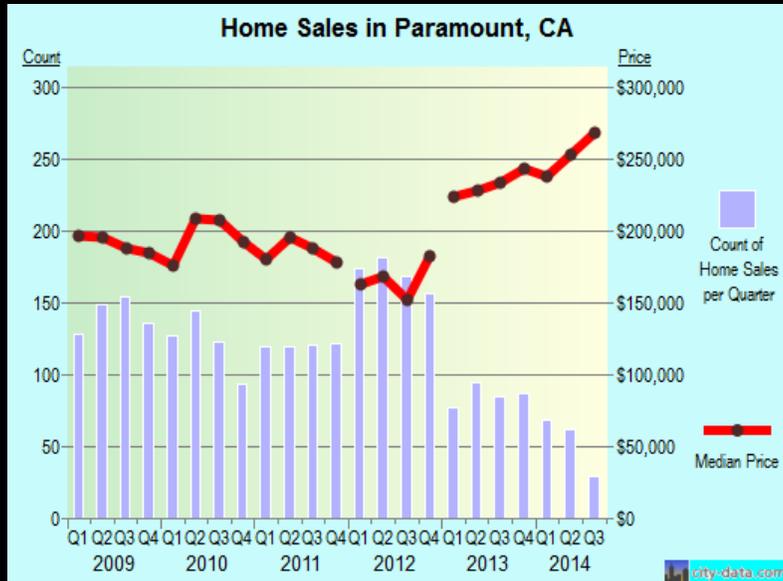
Challenge #2: Low Housing Values

Median value of owner-occupied
housing units, July 2015

Orange County	\$698,000
Cerritos	\$608,000
LA County	\$517,000
Bellflower	\$400,000
Inland Empire	\$296,000
Paramount	\$266,000

A Slow Recovery from Financial Ruin

Lost Equity for Hundreds of Homeowners



Challenge #3: Limited or Declining Population Growth

<u>Population Growth</u>	1999	2013	14 years
San Bernardino	185,382	213,708	15.3%
California	33,900,000	38,000,000	14.5%
Bellflower	72,878	77,593	6.5%
Paramount	55,266	54,980	-0.5%

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2013	14 yrs
Bellflower	72,878	73,577	74,664	75,853	76,260	76,306	75,991	75,787	75,911	76,220	76,531	76,616	77,593	6.5%
Paramount	55,266	55,522	55,823	55,956	55,917	55,606	55,087	54,730	54,430	54,201	54,126	54,098	54,980	-0.5%
San Bernardino	185,382	187,778	192,045	195,594	198,227	201,295	203,319	206,904	207,748	208,318	209,656	209,924	213,708	15.3%

Declining Employment Growth

Growth has gone to other regions

“The Bay Area—representing only 19 percent of the state’s population—accounts for 52 percent of the net employment growth since 2007.”

Fox & Hounds Daily Update - June 25, 2015

Challenge #4: High Unemployment

Unemployment Rate June 2015	
Paramount	8.5%
San Bernardino	8.2%
Los Angeles County	7.3%
Bellflower	6.9%
California	6.2%
Cerritos	5.4%

City of Bellflower – Striving to Improve Core Objectives

- Public Safety
- Economic Development
- Community Beautification
- Raising Development Standards
- Adding New Housing Stock
- Attracting Quality Businesses
- Creating a Better Tomorrow

Voters approved a 5-year tax increase providing \$1.6 million annually to the General Fund from April 1, 2013 to March 31, 2018.

2012-2013 City Budget

“The Bellflower City Council provides vision and direction to lead the City on a path of long-term growth and community development.”

City of Paramount – Striving to Improve

Blueprint for Turning its City Around

- Streets and Sidewalks
- Pocket Parks
- A Little of Bit Country
- Utility and Railroad Corridors
- Design Guidelines
- Commercial Rehabilitation
- Code Enforcement
- Residential Rehabilitation
- White Picket Fences
- Public Art Program
- Downtown Plaza

RESIDENTIAL REHABILITATION

- ❖ PROJECTS SINCE 1990: 346
- ❖ PUBLIC INVESTMENT: \$3.85 MILLION
- ❖ PRIVATE INVESTMENT: \$1.23 MILLION

NATIONAL TRIBUTES

“Today, Paramount is known for pocket parks and picket fences . . . no longer a model of suburban blight . . .”

Los Angeles Times, Editorial, April 26, 2004

Despite Concerted Efforts

Growth and Wealth Continue to be Constrained

	Population Growth 1999 to 2013	Median value of owner-occupied housing units	Median Family Income	Unemployment Rate June 2015
San Bernardino	15.3%	\$210,000	\$33,357	8.2%
California	14.5%	\$254,100	\$53,025	6.2%
Bellflower	6.5%	\$400,000	\$42,882	6.9%
Paramount	-0.5%	\$266,000	\$37,276	8.5%

Bellflower and Paramount
have an opportunity to reverse the trends.

The Bottom Line

“How are you going to pay for it?”

“Air Rights”

34 slides

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An Un-solicited Proposal for
Achieving a New Vision and Plan
for
Long-term Community Growth

An Un-solicited Proposal for
Achieving a New Vision and Plan
for
Long-term Community Growth
and for

Increasing the Wealth of each Bellflower and Paramount Family
by as much as \$3 million

If a majority say yes to this Proposal

Median value of owner-occupied housing units, July 2015	
Orange County	\$629,000
Cerritos	\$608,000
LA County	\$500,000
Bellflower	\$400,000
Paramount	\$266,000
San Bernardino	\$210,000

Median value of owner-occupied housing units, July 2025	
Bellflower	\$1,000,000
Paramount	\$1,000,000
Orange County	\$629,000
Cerritos	\$608,000
LA County	\$500,000
San Bernardino	\$210,000

It means: Property values will increase.

If a majority say yes to this Proposal

Appraised House Prices Rankings		
1st.	SoCal	\$5,000,000
2nd.	Atherton	\$4,410,000
5th.	Hillsborough	\$3,080,000
13th.	Beverly Hills	\$2,200,000
?	SoCal	\$2,000,000
69th.	Danville	\$1,000,000
?	SoCal	\$1,000,000
72nd.	San Francisco	\$980,000
210th.	Cerritos	\$583,000
375th.	Bellflower	\$392,500
576th.	Compton	\$255,000
576th.	Paramount	\$255,000
http://www.eppraisal.com/home-values/california/san%20marino-ca/		

It means: You can decide how high you want to go.

If a majority say yes

Median Family Income July 2015	
Cerritos	\$76,944
California	\$53,025
Bellflower	\$42,822
Paramount	\$37,276
San Bernardino	\$33,357

Median Family Income July 2025	
Bellflower	\$100,000
Paramount	\$100,000
Cerritos	\$76,944
California	\$53,025
San Bernardino	\$33,357

It means: Household incomes will increase.

If a majority say yes

Unemployment June 2015	
San Bernardino	8.2%
California	6.2%
Bellflower	6.9%
Paramount	8.5%

Unemployment June 2025	
San Bernardino	8.2%
California	6.2%
Bellflower	2.0%
Paramount	2.0%

It means: People will be able to find work

If a majority say yes

Population Growth 1999 to 2013	
San Bernardino	15.3%
Paramount	-0.5%
Bellflower	6.5%
California	14.5%

Population Growth 2015 to 2065	
San Bernardino	? %
Paramount	733%
Bellflower	
California	36%

It means: The cities will grow and create new wealth

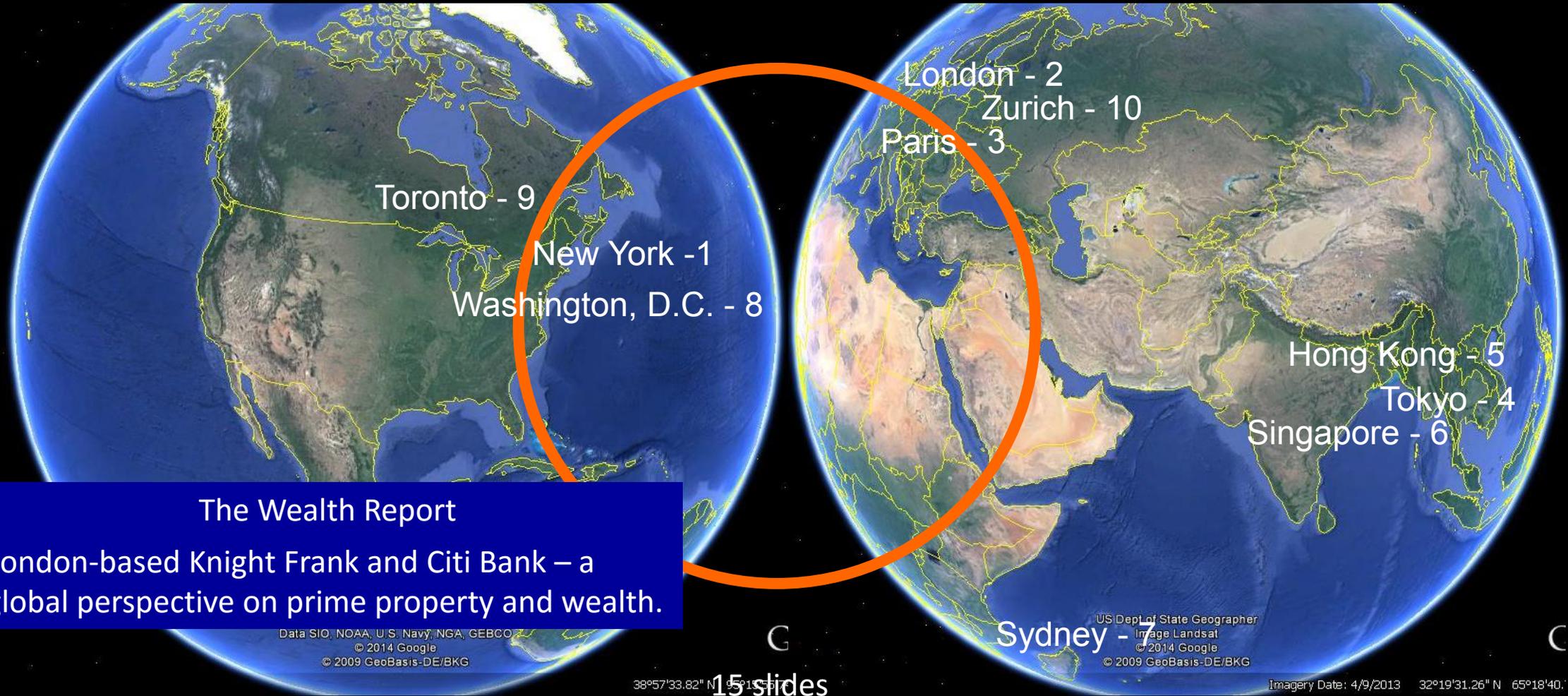
And, if a majority say yes

Bellflower and Paramount
could immediately erase their current
employee pension obligations

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2015 - Top 10 Cities of the 40 Cities Most Important to High-Net-Worth Individuals



The Wealth Report
London-based Knight Frank and Citi Bank – a
global perspective on prime property and wealth.

Data SIO, NOAA, U.S. Navy, NGA, GEBCO
© 2014 Google
© 2009 GeoBasis-DE/BKG

US Dept of State Geographer
Image Landsat
© 2014 Google
© 2009 GeoBasis-DE/BKG

The 40 Cites Most Important to High Net Worth Individuals per London-based Wealth Advisors and Luxury Property Specialists

Los Angeles #20

The ranking is not static, It changes over time.

Overall Rank	City	Economic Activity	Political Power	Quality of Life	Knowledge & Influence
1	New York City, USA	1	7	6	2
2	London, ENGLAND	2	5	8	1
3	Paris, FRANCE	4	8	11	4
4	Tokyo, JAPAN	3	6	23	13
5	Hong Kong, CHINA	7	10	26	6
6	Singapore	8	23	22	3
7	Sydney, AUSTRALIA	17	12	3	7
8	Washington, D.C., USA	14	1	19	23
9	Toronto, CANADA	12	15	4	15
10	Zürich, SWITZERLAND	11	24	1	22
11	Berlin, GERMANY	10	4	18	9
12	Brussels, BELGIUM	27	3	25	21
13	Seoul, KOREA	28	11	28	10
14	Boston, USA	19	25	24	5
15	Beijing, CHINA	6	2	40	27
16	Vancouver, CANADA	38	19	7	16
17	Chicago, USA	13	29	20	14
18	Vienna, AUSTRIA	23	27	13	8
19	Amsterdam, NETHERLANDS	16	26	14	19
20	Los Angeles, USA	21	30	15	10
21	Stockholm, SWEDEN	22	28	9	18
22	Melbourne, AUSTRALIA	30	35	2	12
23	Frankfurt, GERMANY	9	33	5	36
24	Shanghai, CHINA	5	17	39	35
25	San Francisco, USA	15	34	27	20
26	Miami, USA	29	20	17	34
27	Geneva, SWITZERLAND	26	38	10	24
28	Oslo, NORWAY	20	32	21	32
29	Dubai, UAE	18	18	36	29
30	Moscow, RUSSIA	24	9	37	31
31	Montreal, CANADA	37	31	16	17
32	Auckland, NEW ZEALAND	33	40	12	33
33	Tel Aviv, ISRAEL	39	13	30	38
34	Milan, ITALY	31	37	29	25
35	Buenos Aires, ARGENTINA	40	14	35	28
36	São Paulo, BRAZIL	32	16	33	37
37	Abu Dhabi, UAE	25	21	38	40
38	Mumbai, INDIA	36	22	32	39
39	Kuala Lumpur, MALAYSIA	34	36	31	30
40	Bangkok, THAILAND	35	39	34	26

USA	7
CHINA	3
CANADA	3
GERMANY	2
SWITZERLAND	2
AUSTRALIA	2
UAE	2

2015 - Top 10 Cities of the 40 Cities

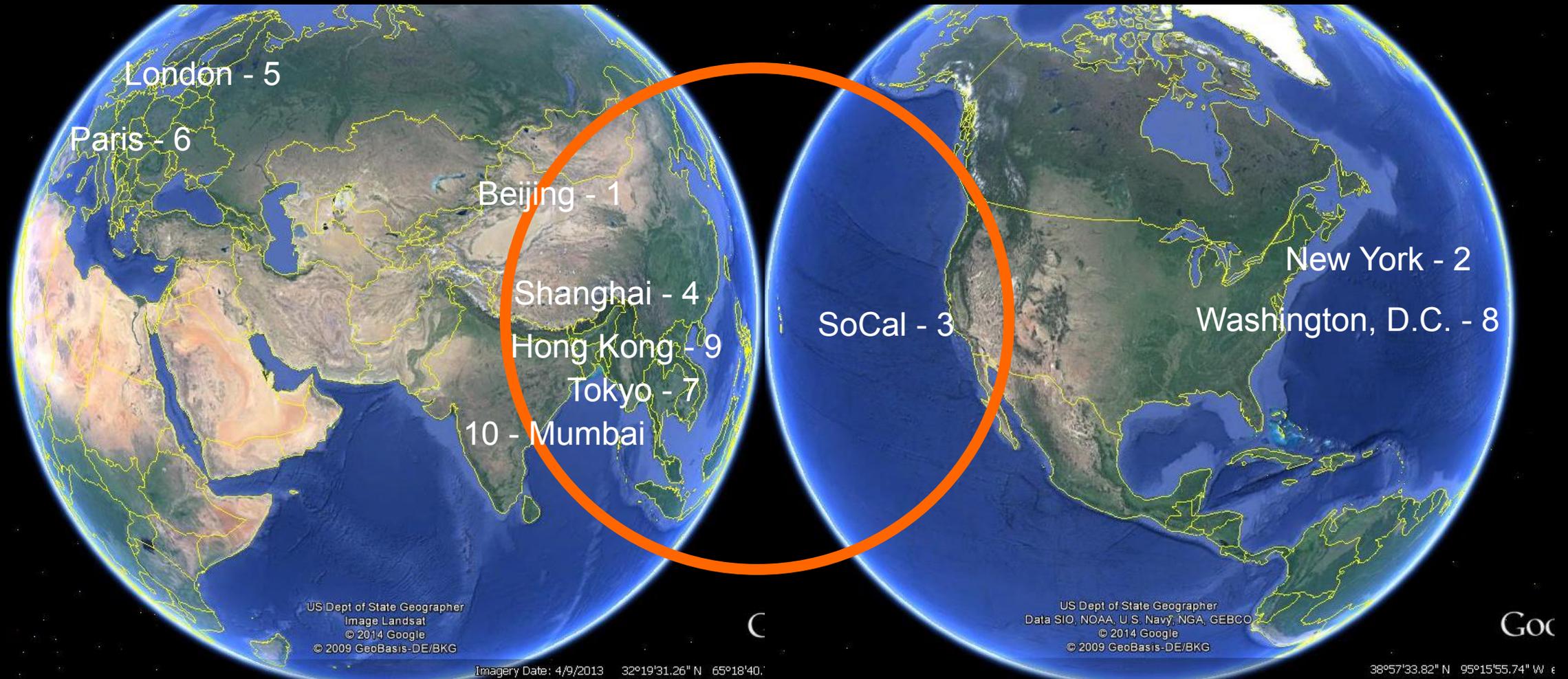
The Economy is Changing



Global dominance is shifting from the Atlantic to the Pacific

2065 - Top 10 Cities of the 40 Cities

The new power center brings new opportunities



Southern California is well-positioned to move into the #3 ranking

In SoCal, LA is the power center

22 million people in the SoCal Region
60% do not live in Los Angeles

LA dominates the Region and especially the MTA



"The Mayor"

Waxman

Yaroslavski

Feinstein

Garcetti

4-5-4

Southern California – SoCal, the Region

Why does the City of Los Angeles have so much power over Metro?

Seemingly, LA County and Small City reps have majority control

City of Los Angeles 4 Votes 4 million residents - 1 city	LA County Supervisors 5 Votes 10 million residents	Smaller Cities 4 Votes 6 million residents - 77 cities
Eric Garcetti Mayor	Hilda Solis LA + San Gabriel Valley	John Fasana: SGV Council Member Duarte
Mike Bonin City Council Member	Mark Ridley Thomas Los Angeles + Others	Diane DuBois: Gateway Council Member Lakewood
Paul Krekorian City Council Member	Sheila Kuehl Los Angeles + Others	Ara Najarian: Northern Council Member Glendale
Jacquelyn Dupont-Walker Mayoral Appointee	Don Knabe LA + South-East / Coastal	Pam O'Connor: South Bay Mayor Santa Monica
	Mike Antonovich LA + Antelope Valley	

6

7

Southern California – SoCal, the Region

In reality, the system is gamed (4/4 – 4/6) to favor the City of LA
 By “selling” a vote to another Board member, say John Fasana,
 the City of Los Angeles has controlling power over Metro.

City of Los Angeles 4 Votes 4 million residents - 1 city	LA County Supervisors 5 Votes 10 million residents	Smaller Cities 4 Votes 6 million residents - 77 cities
Eric Garcetti Mayor	Hilda Solis LA + San Gabriel Valley	John Fasana: SGV Council Member Duarte
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	Mike Antonovich LA + Antelope Valley	

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6

Paramount and Bellflower need to take charge of their future

FY2014 Budget Transit Capital Projects	“Life of Project” Cost	%
LA Crenshaw/LAX Light Rail Transit	\$1,762,900,000	89.3%
LA SFV Orange Line Busway Extension	\$215,600,000	
LA Purple Line Subway Extension to West LA Wilshire	\$311,025,000	
LA Downtown Light Rail Connector 7 th to Little Tokyo	\$1,427,000,000	
LA Expo Blvd Light Rail Transit to Santa Monica - Phase I	\$930,625,000	
LA Expo Blvd Light Rail Transit to Santa Monica - Phase II	\$1,527,260,000	
Montclair Gold Line Foothill Extension	\$741,000,000	10.7%
Measure R Transit Construction Projects	\$6,915,410,000	100.0%
LA Airport Metro Connector	\$8,786,000	34.8%LA
LA San Fernando Valley East N/S Rapidways	\$9,698,000	
LA Sepulveda Pass Transit Corridor	\$8,427,000	
LA Eastside Extension Phase II	\$23,320,000	29.3%
LA Eastside Light Rail Access	\$13,308,000	16.7%
South Bay Green Line Extension to Redondo Beach	\$12,602,000	15.8%
West Santa Ana Branch (OLDA Orangeline Maglev) Corridor	\$3,425,000	4.3%
Measure R Transit Planning Projects	\$79,566,000	100.0%

There is Great Risk by Not Acting Quickly and Responsibly LA is deciding where the next \$120 billion will be spent

Voters more likely to support \$120 billion “LA-sponsored” measure if it includes favored projects

Bolster transportation infrastructure	LA: Sepulveda Pass Rail and Highway Tunnel
Bolster transportation infrastructure	LA: SFV Rail line to LAX
Bolster transportation infrastructure	LA: Purple Line Subway Extension to Santa Monica
80 percent support	Retrofitting Bridges, Tunnels and Over-passes
79 percent support	Keeping Transit Fares Low for seniors, students, disabled
67 percent support	Improvements to Streets or Freeways
64 percent support	Connect public transit to airports
25 percent support	Light Rail and Bus Projects
Will more likely support measure if it	LA: Improves flow on the I-10 Freeway
Will more likely support measure if it	LA: Extends Crenshaw Line to Miracle Mile and Hollywood
Will more likely support measure if it	LA: Widens 101 Fwy bottlenecks in the San Fernando Valley
Will more likely support measure if it	LA: Builds north-south light rail line along Van Nuys Blvd.
Will more likely support measure if it	Widens I-5 bottlenecks along Santa Clarita, Newhall, Castaic
Will more likely support measure if it	Builds High Desert Corridor from Palmdale to Victorville
Will more likely support measure if it	Widens I-5 from the 605 to the 710 Freeways
Will more likely support measure if it	Builds light rail line from Downtown LA to Orange County

Transit Operating Deficits Pose Biggest Threat

MTA FY 2014 Budget	Bus	Rail	Total
Capital Expenses	\$520,000,000	\$1,324,000,000	\$1,844,000,000
Operating Expense	\$1,352,000,000	\$374,000,000	\$1,726,000,000
Operating Revenue	\$258,000,000	\$89,000,000	\$347,000,000
Added Expenses/Subsidies			\$500,000,000
Deficit/Wealth Transfer	\$1,614,000,000	\$1,609,000,000	\$3,723,000,000
SoCal City % of Pop and Subsidy	1.3%		\$49,143,600
Annual Tax per Bellflower / Paramount Family			\$1,117
Annual Boardings	503,000,000	113,000,000	616,000,000
Daily Users	689,041	154,795	843,836
Annual Subsidy received per MTA User	\$1,970	\$10,022	

Just look in the mirror

The MTA is one big ATM

LA County Taxpayers



ATM

LA City Tax subsidies for MTA construction and operations



Others are Dictating your Future

1957 "Save Paramount for Paramount" Campaign

- In 2005, Bellflower, Paramount and 15 other cities formed the Orangeline Development Authority to pursue a 110-mile integrated real estate and transit corridor development project from Palmdale to Irvine (sort of a “Save the Orangeline Cities for the Orangeline Cities” campaign).
- In 2008, SCAG rejected the Orangeline Corridor Development Project in the RTP. It approved a competing project from LA to Ontario – despite a higher ranking in SCAG’s cost/benefit study; the decision was purely political.
- In 2010, MTA included \$240 million in Measure R funding for an LRT project estimated to cost \$2.5 billion and be completed by 2027.
- By July 2015, no MTA funding or schedule commitment to completion.

SCAG and MTA Gain at Bellflower and Paramount Expense

The Risk of leaving it for others to decide and for not Acting Quickly



Vacancies



- Stagnant Growth
- An aging Housing Stock
- Growing Expenses
- Economic Decline
- High Unemployment
- Loss of Wealth

For the cities and for you personally



\$415 per sq. ft.



Presentation Outline

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California Needs to Get Over its Fantasy of Constant Growth

“Only after the Great Recession and a second consecutive decade of extra-slow growth did it finally become clear to state demographers that growth was NOT going to return close to the level of the unprecedented 1980s.

We are making all kinds of decisions about state policy on false premises.

California, with fewer children and a stagnant population, needs to do more for its children, since they will have to be more productive than previous generations.”

California Needs to Get Over its Fantasy of Constant Growth

“In the most recent projections, California won’t hit 50 million until 2051
(Southern California at 61% of total = 31 million vs 29 million proposed in this plan).

If we want to have the economic growth to support an aging population and generous social benefits, we need to think—for the first time—about how to attract more people here.

Unfortunately, there is little serious effort or investment aimed at growing our actual population; perhaps because we’re too busy coping with the (unreal) population boom taking place in our collective imagination.”

Overall Rank	City	Economic Activity	Political Power	Quality of Life	Knowledge & Influence	City Population	Area Sq. Mi.	Density Persons / Sq. Mi.
1	New York City	1	7	7	2	8,405,837	305	27,600
2	London	2	5	9	1	8,416,535	607	13,871
3	The New City of SoCal	9	9	1	5	1,100,000	11	100,000
4	Paris	4	8	12	4	2,249,975	41	55,303
5	Tokyo	3	6	24	14	9,071,577	240	37,723
6	Hong Kong	7	11	27	7	7,219,700	426	16,942
7	Singapore	8	24	23	3	5,399,200	275	19,645
8	Sydney	18	13	4	8	4,757,000	4,774	996
9	Washington, D.C.	15	1	20	24	646,449	61	10,533
10	Toronto	13	16	5	16	2,615,000	243	10,753
11	Zürich	12	25	2	23	383,708	34	11,312
12	Berlin	11	4	19	10	3,517,424	344	10,216
13	Brussels	28	3	26	22	1,138,000	62	18,312
14	Seoul	29	12	29	11	10,388,055	234	44,483
15	Boston	20	26	25	6	645,966	48	13,388
16	Beijing	6	2	40	27	21,150,000	6,334	3,339
17	Vancouver	38	20	8	17	603,502	44	13,595
18	Chicago	14	30	21	15	2,695,598	234	11,524
19	Vienna	24	28	14	9	1,781,000	160	11,118
20	Amsterdam	17	27	15	20	813,562	85	9,624
21	Los Angeles	22	31	16	11	3,884,307	469	8,289
22	Stockholm	23	29	10	19	905,184	73	12,474
23	Melbourne	31	36	3	13	4,348,000	1,526	2,850
24	Frankfurt	10	34	6	36	701,350	107	6,536
25	Shanghai	5	18	39	35	24,150,000	2,447	9,867
26	San Francisco	16	35	28	21	837,442	47	17,930
27	Miami	30	21	18	34	419,777	36	11,770
28	Geneva	27	39	11	25	196,257	6	31,917
29	Oslo	21	33	22	32	634,463	175	3,620
30	Dubai	19	19	36	29	3,319,000	475	6,991
31	Moscow	25	10	37	31	25,101,000	969	25,908
32	Montreal	37	32	17	18	1,560,000	141	11,072
33	Auckland	34	40	13	33	1,414,000	426	3,321
34	Tel Aviv	39	14	31	38	414,600	20	20,656
35	Milan	32	38	30	26	1,354,000	70	19,305
36	Buenos Aires	40	15	35	28	2,890,000	78	36,882
37	São Paulo	33	17	34	37	11,895,893	587	20,262
38	Abu Dhabi	26	22	38	40	971,000	375	2,587
39	Mumbai	36	23	33	39	12,655,220	236	53,576
40	Kuala Lumpur	35	37	32	30	1,627,000	86	18,901

SoCal #3

The 40 Cities Most Important to High Net Worth Individuals per SoCal - based Wealth Advisors and Luxury Property Specialists

Los Angeles #21

SoCal Rank #3 Overall

Namesake of a city of 22 million

#1 Rank in Quality of Life

Top 10 Ranking Economic Activity Political Power Knowledge and Influence

Growth to 1.1 million

#1 in Density 100,000/sq. mi.

*Rank based upon current data for listed cities

Some examples of cities that are embracing density to achieve greater wealth and a higher quality-of-life



[Shanghai Sky Cities](#)

Pudong, Shanghai



1987

Pudong, Shanghai



2013
26 years

Embracing Growth

Shanghai	SoCal
26 years (1987 -2013)	25 years (2020-2045)
1987 – 11 million people	2020 – .132 million people
2013 – 24 million people	2045 – 1.100 million people
Growth Rate: 500,000 people per year	Growth Rate: 38,720 people per year

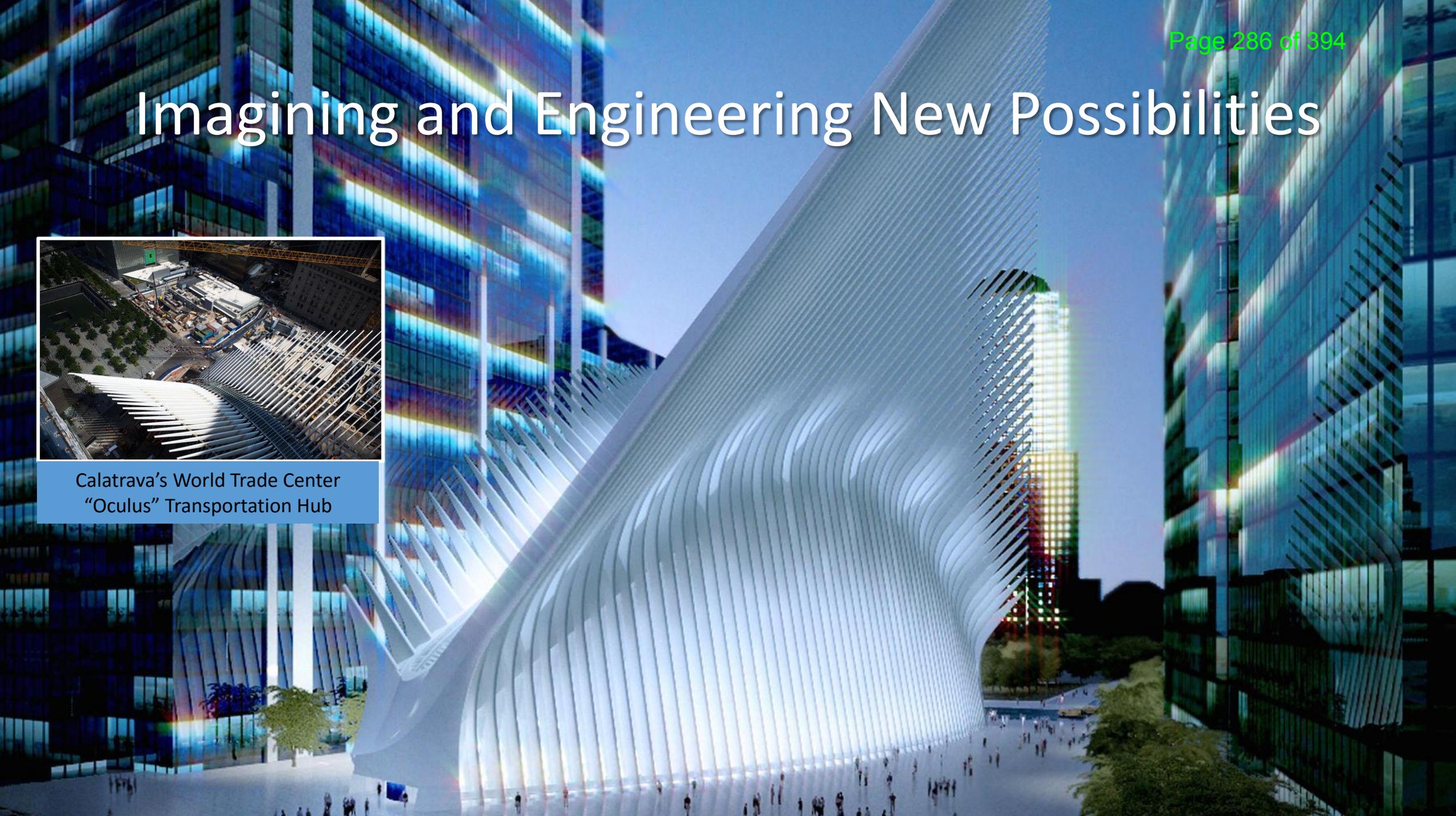
Embracing New Realities



Imagining and Engineering New Possibilities



Calatrava's World Trade Center
"Oculus" Transportation Hub



In the Middle East



Burj Khalifa, Dubai, United Arab Emirates
2,717 feet tall; in January 2010 – a Reality

In Dubai

Burj Khalifa, Dubai, United Arab Emirates
2,717 feet tall; in January 2010 – a Reality



In Jeddah



Kingdom Tower, Jeddah, Saudi Arabia
3,280 feet – 200 floors; \$1.2B; under construction

In India



World One is under construction in Mumbai, India and is expected to be completed in 2015.

In Shenzhen



Shenzhen's "super city" will connect individual towers, uniting them into an integrated urban environment.



500-foot high walkways

In Shangsha



Shangsha, China

Stories: 220, 11 million sq. ft.

Height: 2,749 feet tall

Built in a Factory

Trucked to the Site

Assembled in <9 months

Affordable "Sky City"

Kingdom Tower: \$358/sf – 5 yrs

Burj Khalifa: \$500/sf – 5 yrs

Shanghai Tower: \$538/sf – 8 yrs

Sky City: \$132/sf – 240 days



Sky City: Game Changer



Shangsha, China

Stories: 220

Height: 2,749 feet tall

Built in a Factory

Trucked to the Site

Assembled in 9 months



More Affordable "Sky City"

Kingdom Tower: \$443/sf – 5 yrs

Burj Khalifa: \$500/sf – 5 yrs

Shanghai Tower: \$538/sf – 6 yrs

Sky City: \$368/sf – 240 days

Downtown LA condo prices climbed 6% in March, 2014 to \$656 per sq. ft. Re-sales climbed to \$534 per sq. ft.



In Europe too!



London, England

- The Leadenhall Building
- Completion: 2014
- 909,000 square feet
- \$423 million (\$465 per sq. ft.)
- Height: 740 feet
- Floors: 50
- Elevators: 29
- Usage: commercial office

Pre-fab

More than 80% of the components were **prefabricated off-site and then delivered and assembled on-site.**

Off-site manufacture is safer, less wasteful and more accurate, especially in such a constricted area.



and in the U.S.



New York

One World Trade Center

Tallest Skyscraper in the Western Hemisphere

1,792 ft. tall

3.1 million sq. ft.

\$3.9 B rail, subway and shopping hub

Los Angeles



Wilshire Grand

Tallest Skyscraper west of Chicago

1,100 ft. tall

Replacing 15-story hotel/office

Under LA's busiest subway station





“Imagineering”

Walt Disney

Dutch Architect Ole Scheeren imagines his new tower “giving the sense of arms and fingers reaching out and floating in the sky.”

He’s imagining and then engineering new ways to design buildings – and for a good reason.

“People want to be more connected to their cities and to one another.”



People want to be more connected to their cities and one another.

High-Speed Maglev to connect people across distant destinations.



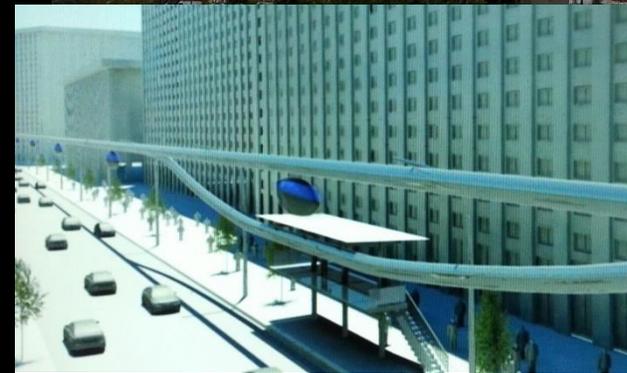
Fast acceleration
0-262 mph in 4 minutes

Downtown LA to Bellflower 15 miles: OL-Maglev: 6 min; Car: 30+ min; MTA-LRT: 50+ min



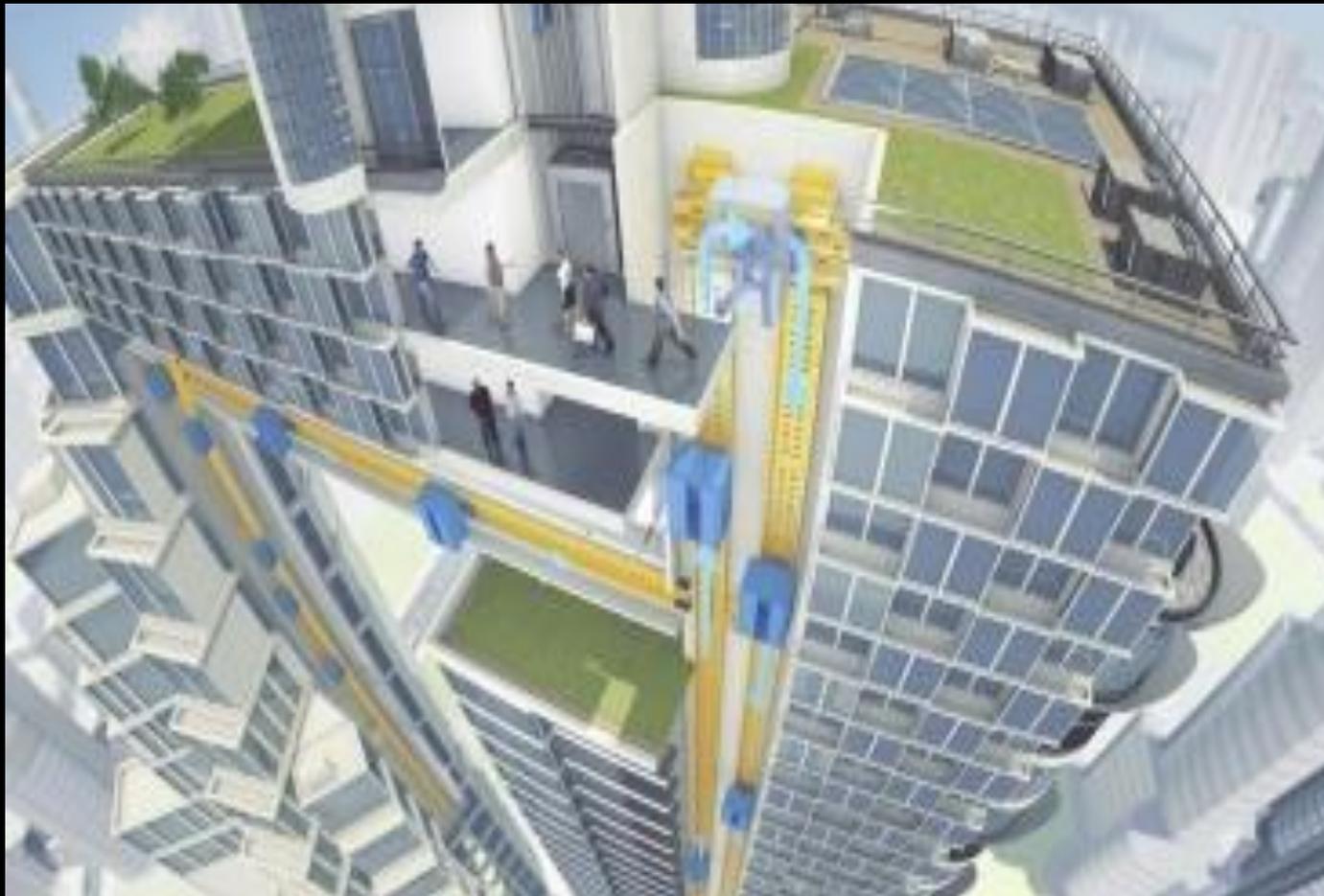
People want to be more connected to their cities and one another.

Continuous-flow People Movers to connect “Sky Cities” and other local destinations.



People want to be more connected to their cities and one another.

High-Speed Maglev Elevators to connect the 10th floor with the 100th floor.



Revolutionary
maglev elevator cabins
that travel sideways
are on the way
to Hong Kong skyscrapers

The cable-free system uses magnets to move elevator cabins horizontally and vertically. The new design means you'll never have to wait more than 30 seconds for a lift.

South China Morning Post November
30, 2014

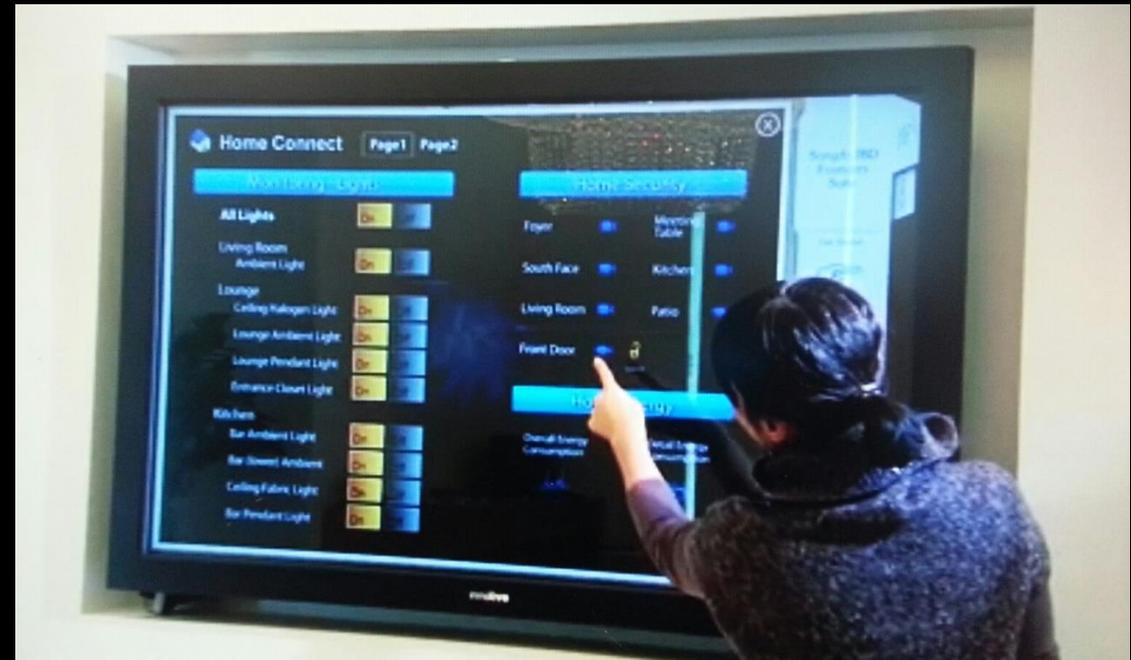
In New York, office workers spend a cumulative 16.6 years waiting for lifts and 5.9 years riding in them, ThyssenKrupp chief executive Andreas Schierenbeck said.

People want to be more connected to their cities and one another.

High-Speed Intelligent Technology to keep people in touch – instantaneously, everywhere at all times.



Communications and control systems manage home functions and connections with the outside world.



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New General Plan

Goals: Create Wealth and a High Quality of Life

- As characterized by cities that attract the World's HNWIs

- Higher Quality of Life

- They are beneficial and desired, and have:
- Multi-functional infrastructure offering some of the best legal, medical and entertainment facilities in the country

- Stronger Economic Activity

- A variety of international financial services, notably in finance, insurance, real estate, banking, accountancy, and marketing
- Domination of the trade and economy of a large surrounding area
- Major manufacturing centers with port and container facilities
- High percentage of residents employed in the services sector and information sector

The Wealth Report: London-based estate agent Knight Frank's wealth advisors and Citi Private Bank's luxury property specialists: a global perspective on prime property and wealth.

New General Plan

Goals: Create Wealth and a High Quality of Life

- As characterized by cities that attract the World's HNWIs

- **Greater Political Power**

- Headquarters of several multinational corporations
- The existence of financial headquarters, a stock exchange and major financial institutions
- Considerable decision-making power on a daily basis and at a global level
- Dominance of the national region with great international significance

- **More Knowledge and Influence**

- Centers of new ideas and innovation in business, economics, culture and politics
- Centers of media and communications for global networks
- High-quality educational institutions, including renowned universities, international student attendance and research facilities

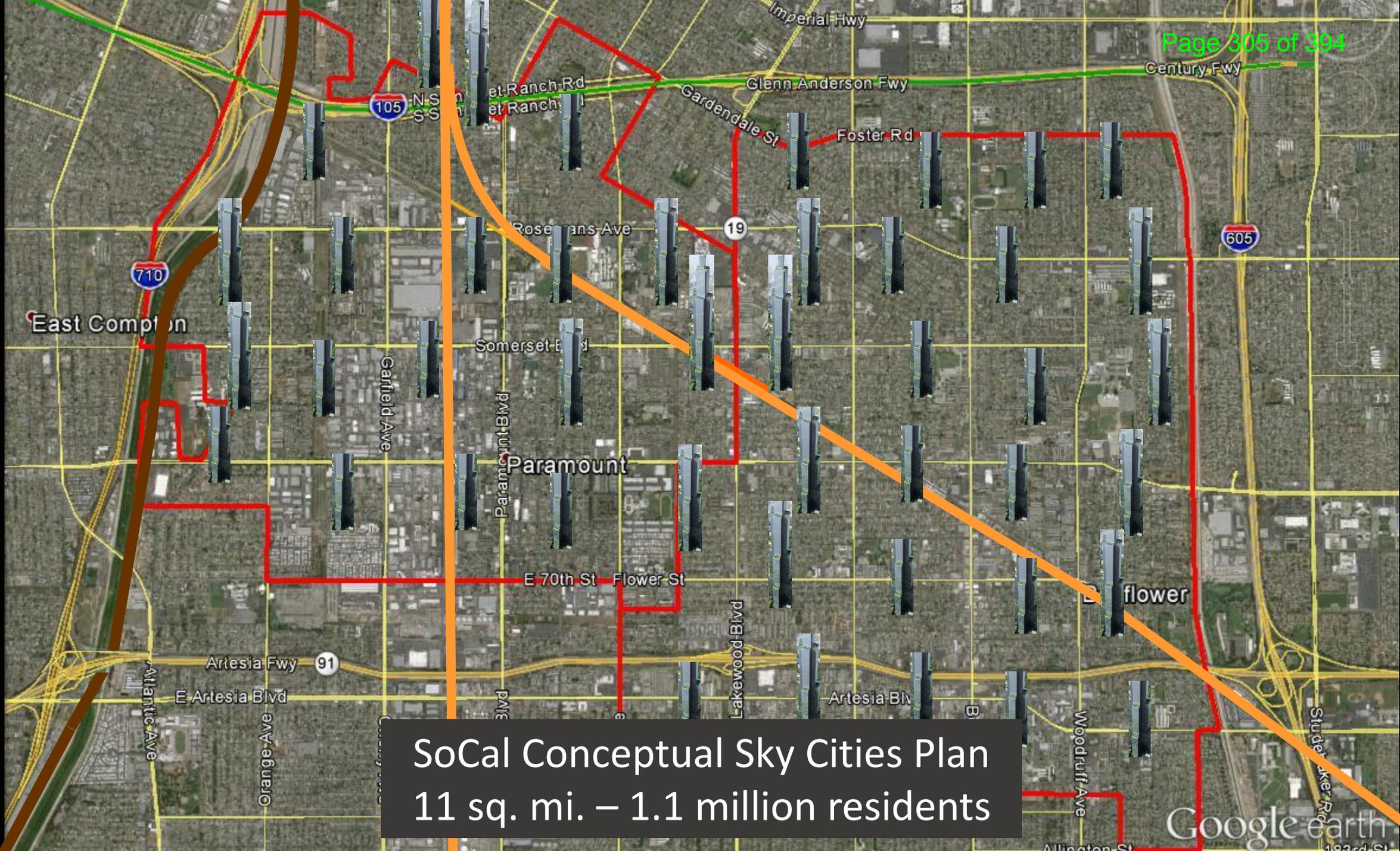
The Wealth Report: London-based estate agent Knight Frank's wealth advisors and Citi Private Bank's luxury property specialists: a global perspective on prime property and wealth.

New General Plan

Goals: Create Wealth and a Higher Quality of Life

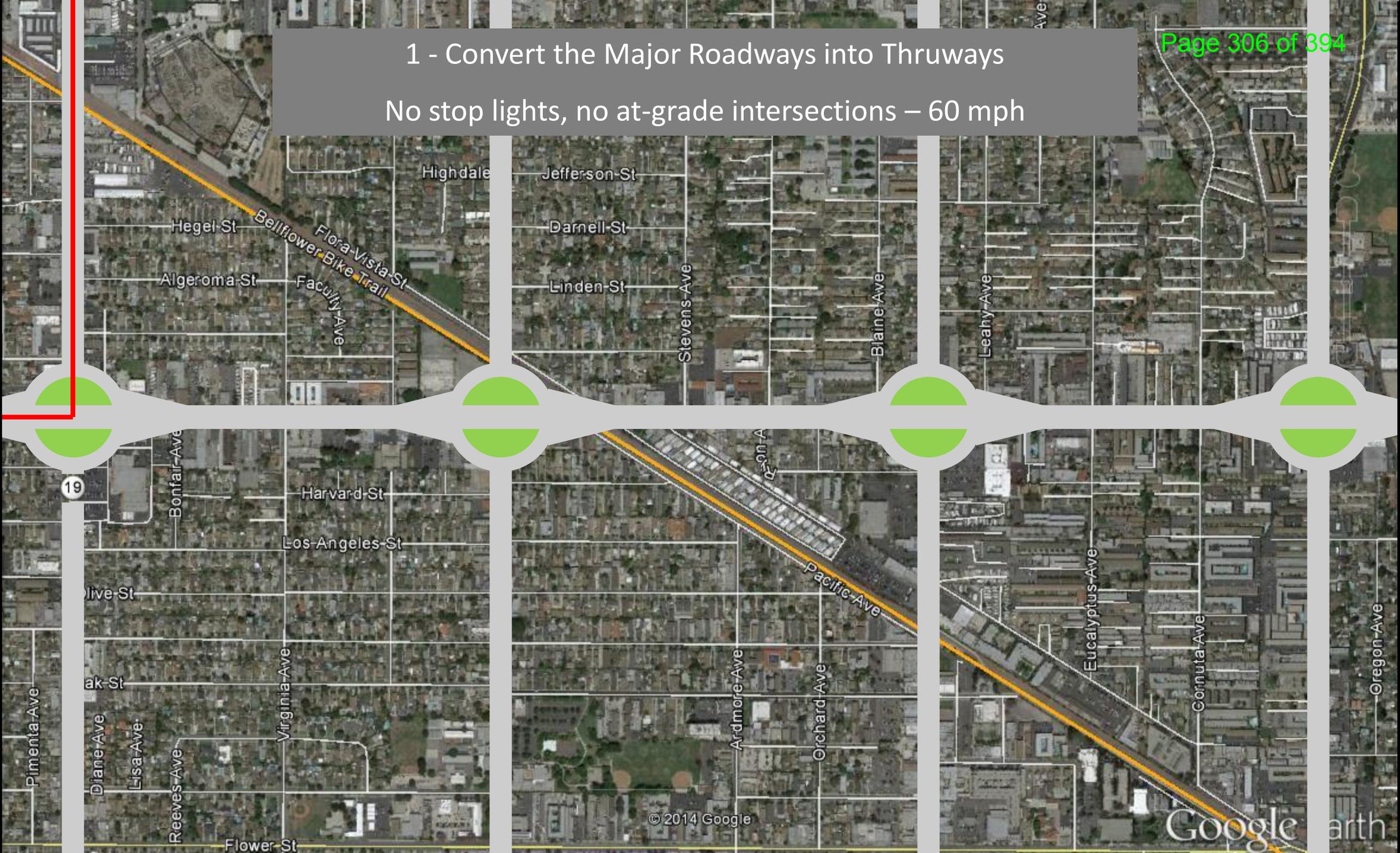
Key Features

- The New City of Southern California - SoCal, U.S.A.
- Grow SoCal to 1.1 million residents by 2065
- 44 High-Density Sky Cities (200 Stories – 2,400 ft.)
- High-density, mid-rise, mixed-use (7 Stories to 20 Stories)
- Auto-Free Zones; an Alternative to Auto Dependence
- High-Speed Major Arterial Thruways
- Internal Transit System – Regional Transit Connections
- Extensive Parkland/Recreation/Cultural Space
- Top Schools, Universities, Medical Services, Entertainment



SoCal Conceptual Sky Cities Plan
11 sq. mi. – 1.1 million residents

1 - Convert the Major Roadways into Thruways
No stop lights, no at-grade intersections – 60 mph





Shiloh Blvd

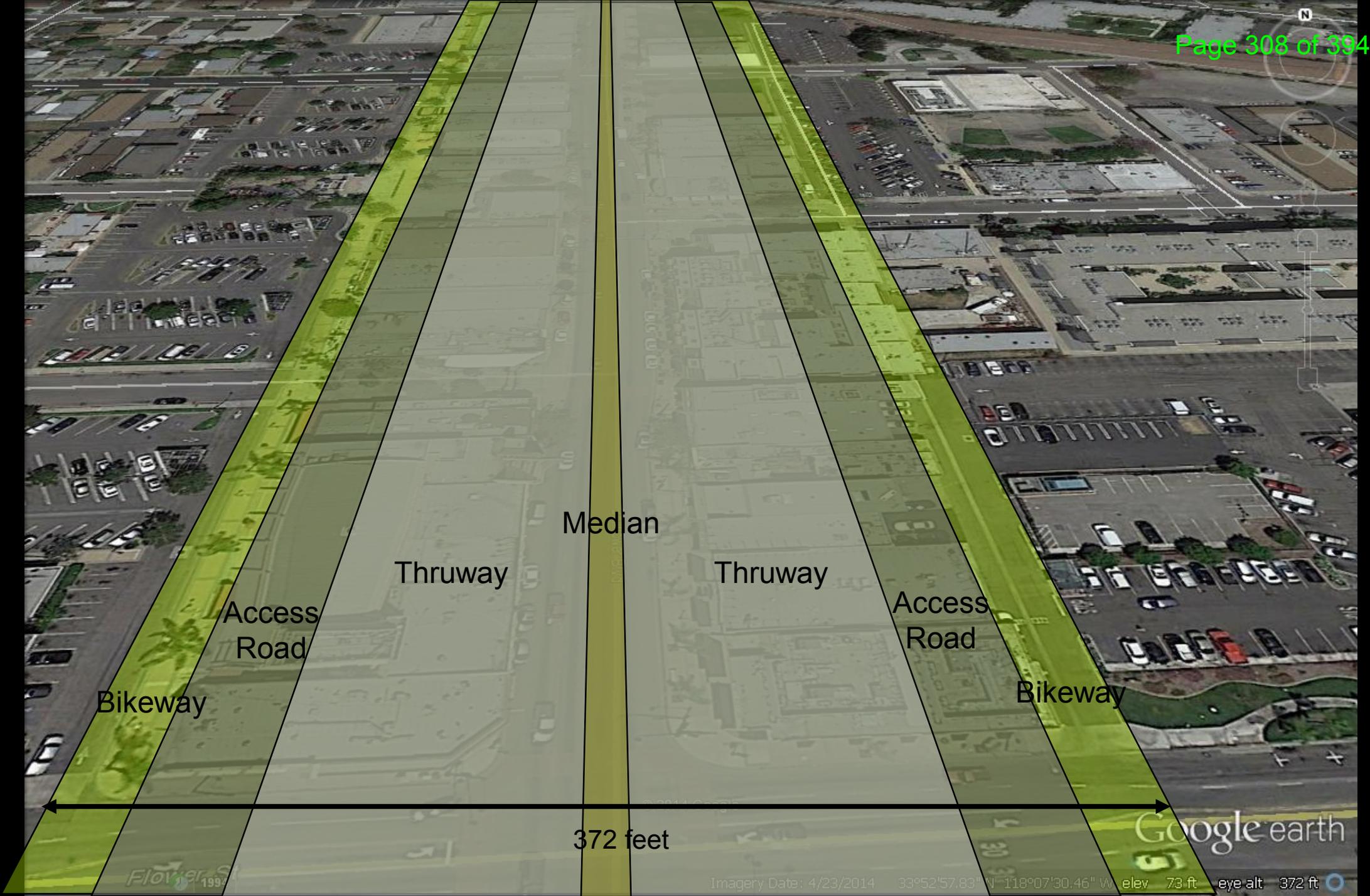
© 2014 Google

Google earth

Flower St 1994

Imagery Date: 4/23/2014 33°52'57.83" N -118°07'30.46" W elev 73 ft eye alt 372 ft

N



Median

Thruway

Thruway

Access Road

Access Road

Bikeway

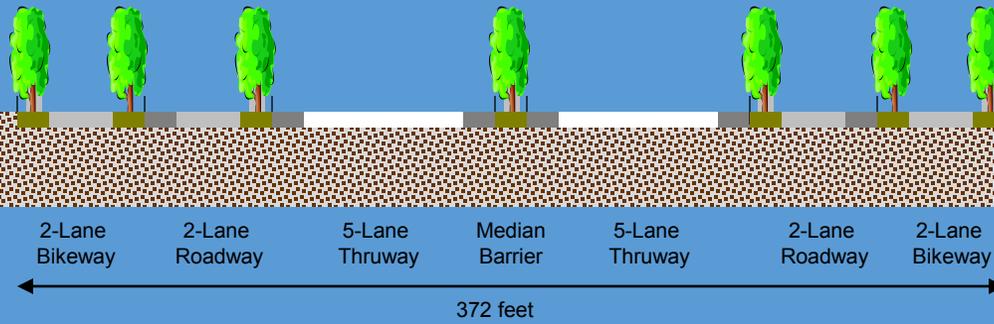
Bikeway

372 feet

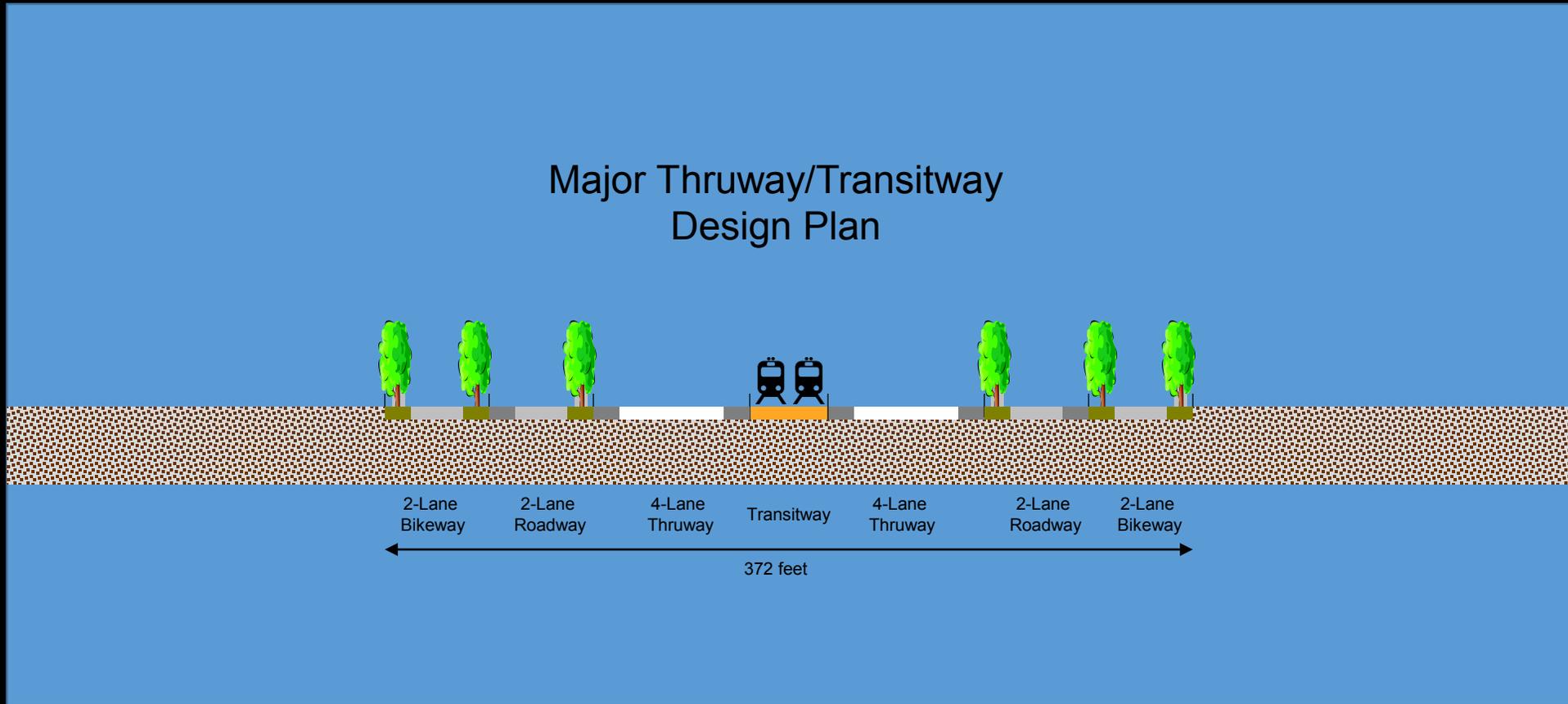
Google earth

Flower 1997

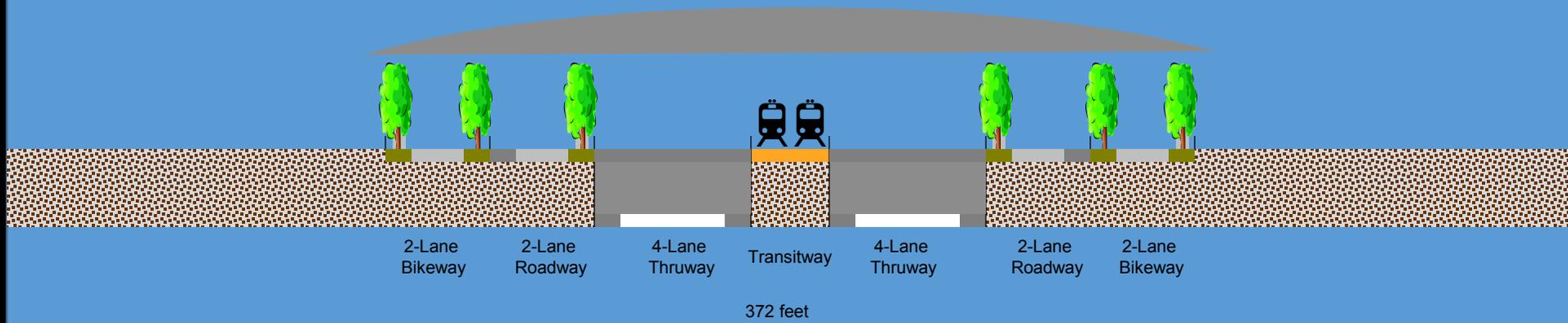
Major Thruway Design Plan



Major Thruway/Transitway Design Plan



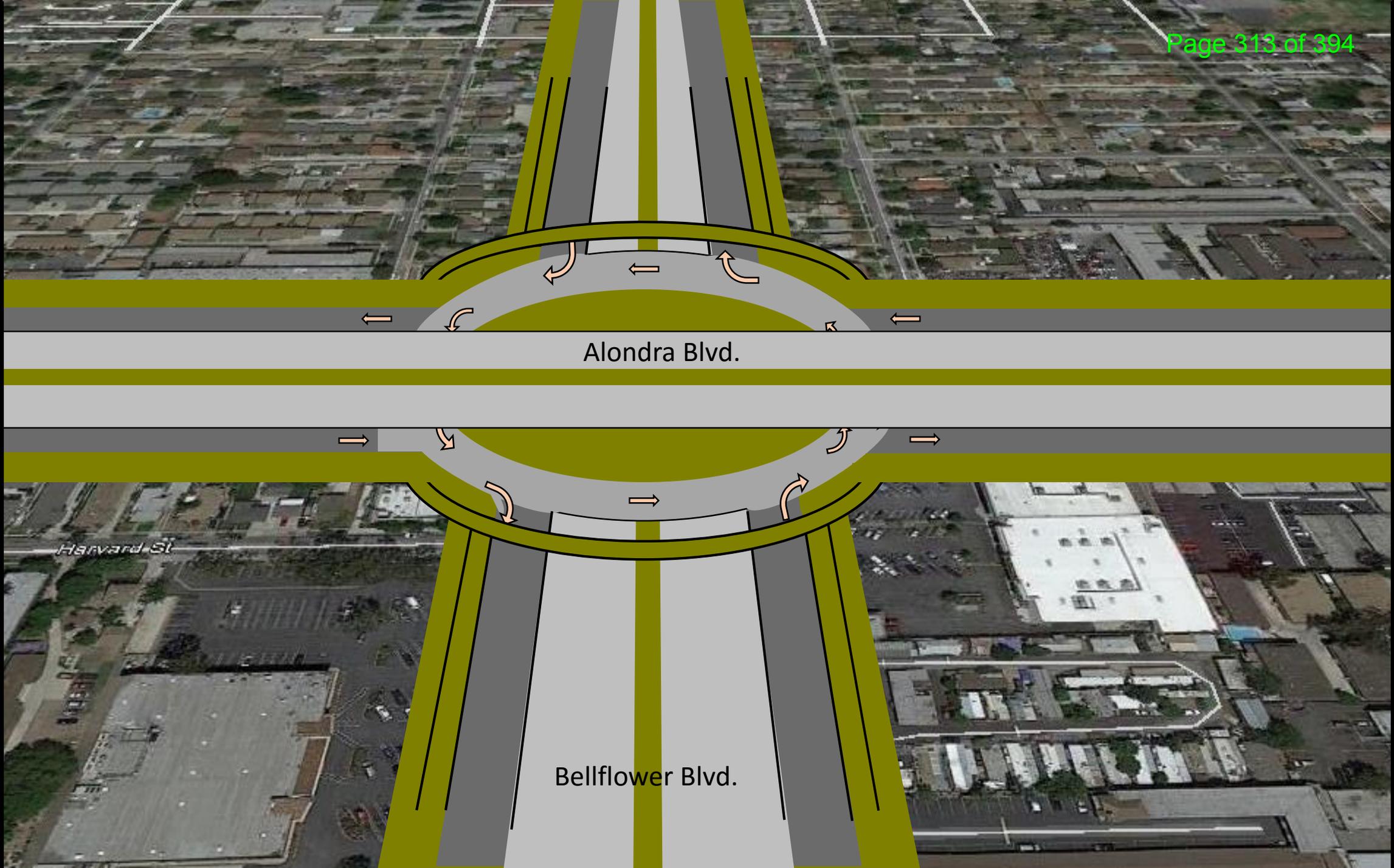
Major Thruway/Transitway Station Design Plan





Harvard St

Balfower Blvd



Alondra Blvd.

Bellflower Blvd.

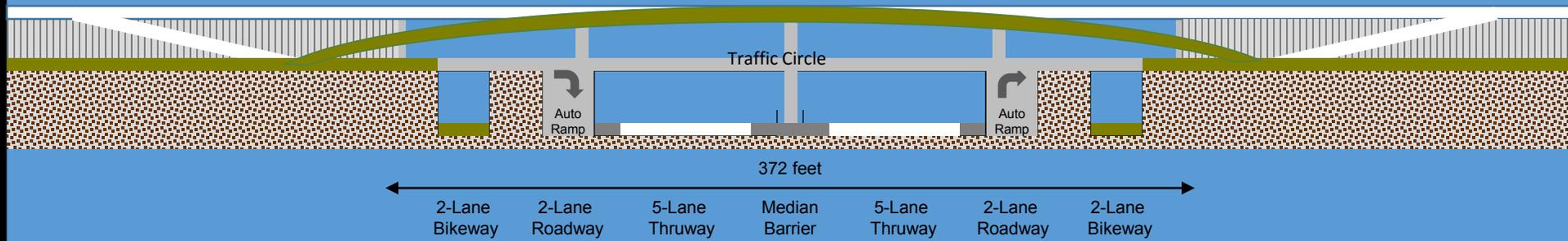
Harvard St.

Pacific Coast Highway - Lakewood Boulevard Traffic Circle



Major Thruway Design Plan - Elevation

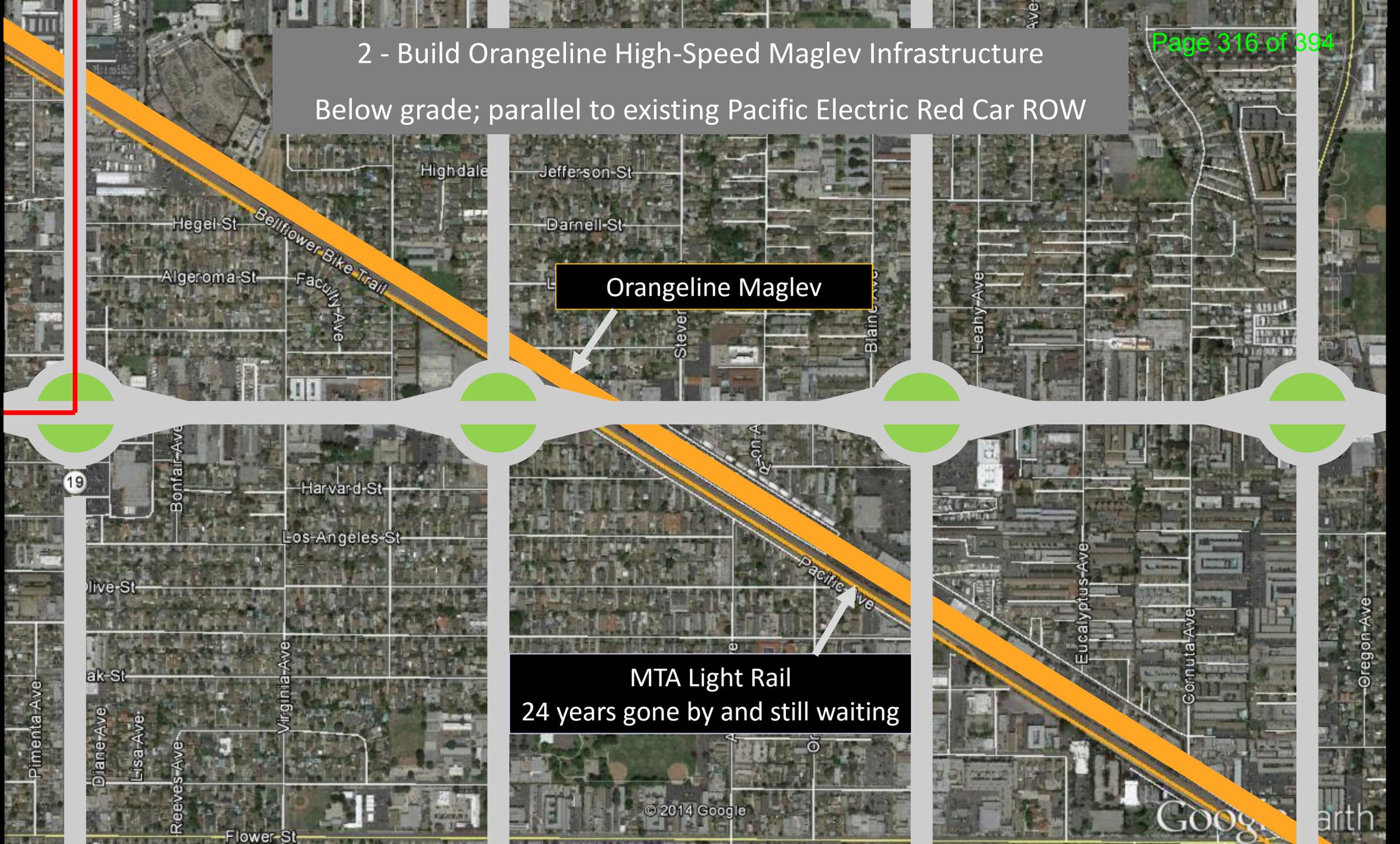
Alondra Overpass at Bellflower Blvd.



2 - Build Orangeline High-Speed Maglev Infrastructure
Below grade; parallel to existing Pacific Electric Red Car ROW

Orangeline Maglev

MTA Light Rail
24 years gone by and still waiting

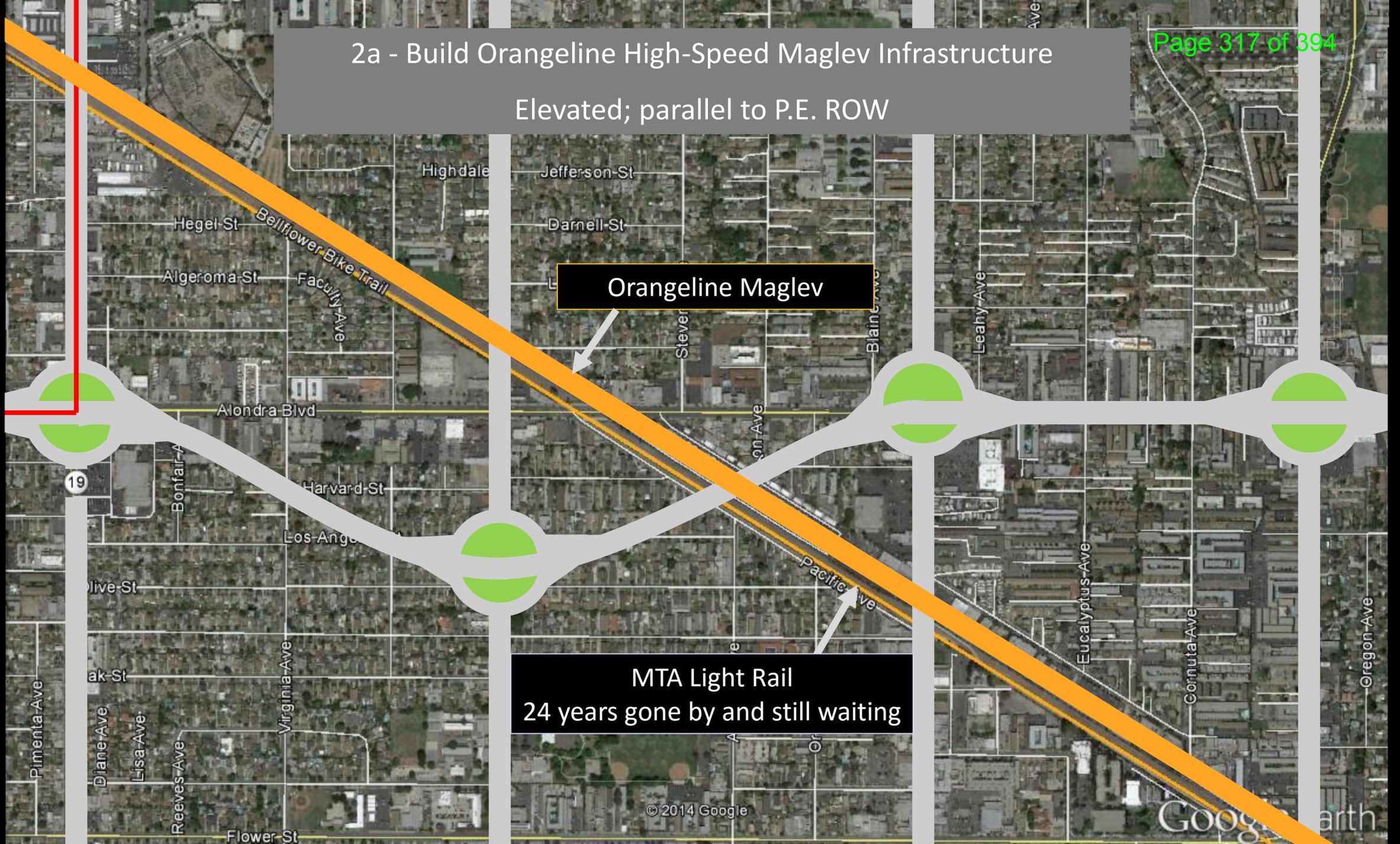


2a - Build Orangeline High-Speed Maglev Infrastructure

Elevated; parallel to P.E. ROW

Orangeline Maglev

MTA Light Rail
24 years gone by and still waiting



A Proven Technology – Energy Efficient



High-Acceleration/Speed Maglev



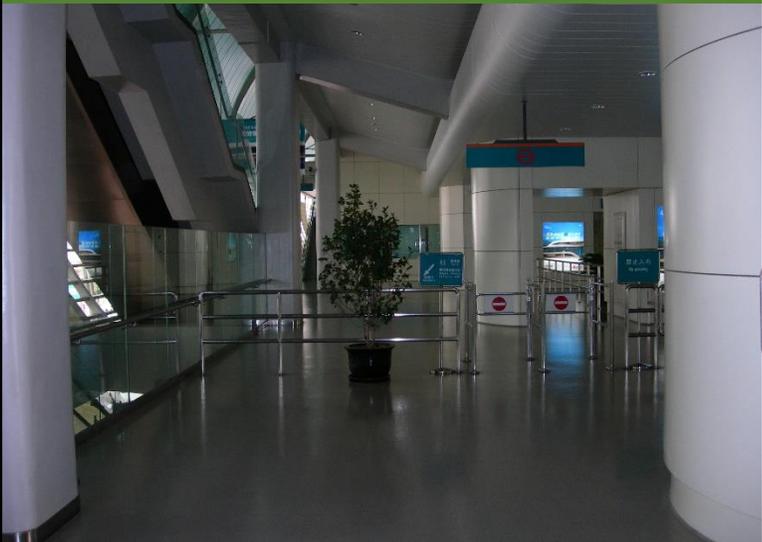
Bellflower to Downtown LA in 6 minutes



262 miles per hour

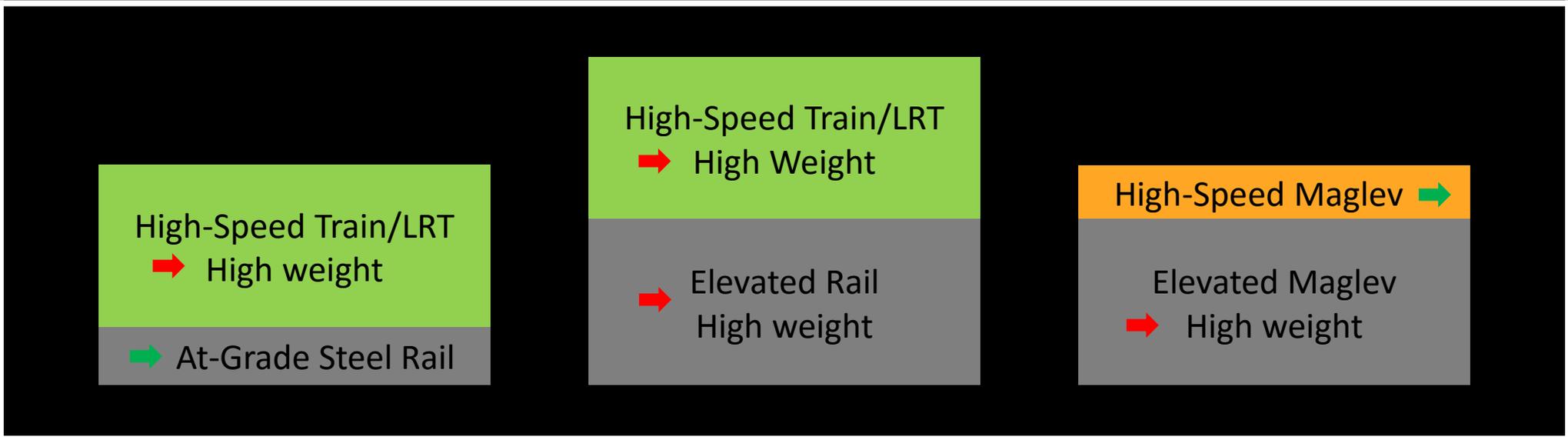


John Lyon, former Artesia Mayor flying at 262 mph



A Proven Technology – Energy Efficient

Long-term Operating Costs Drive Annualized Energy and Cost Efficiencies



Lower Capital Cost
Serves Political Interest

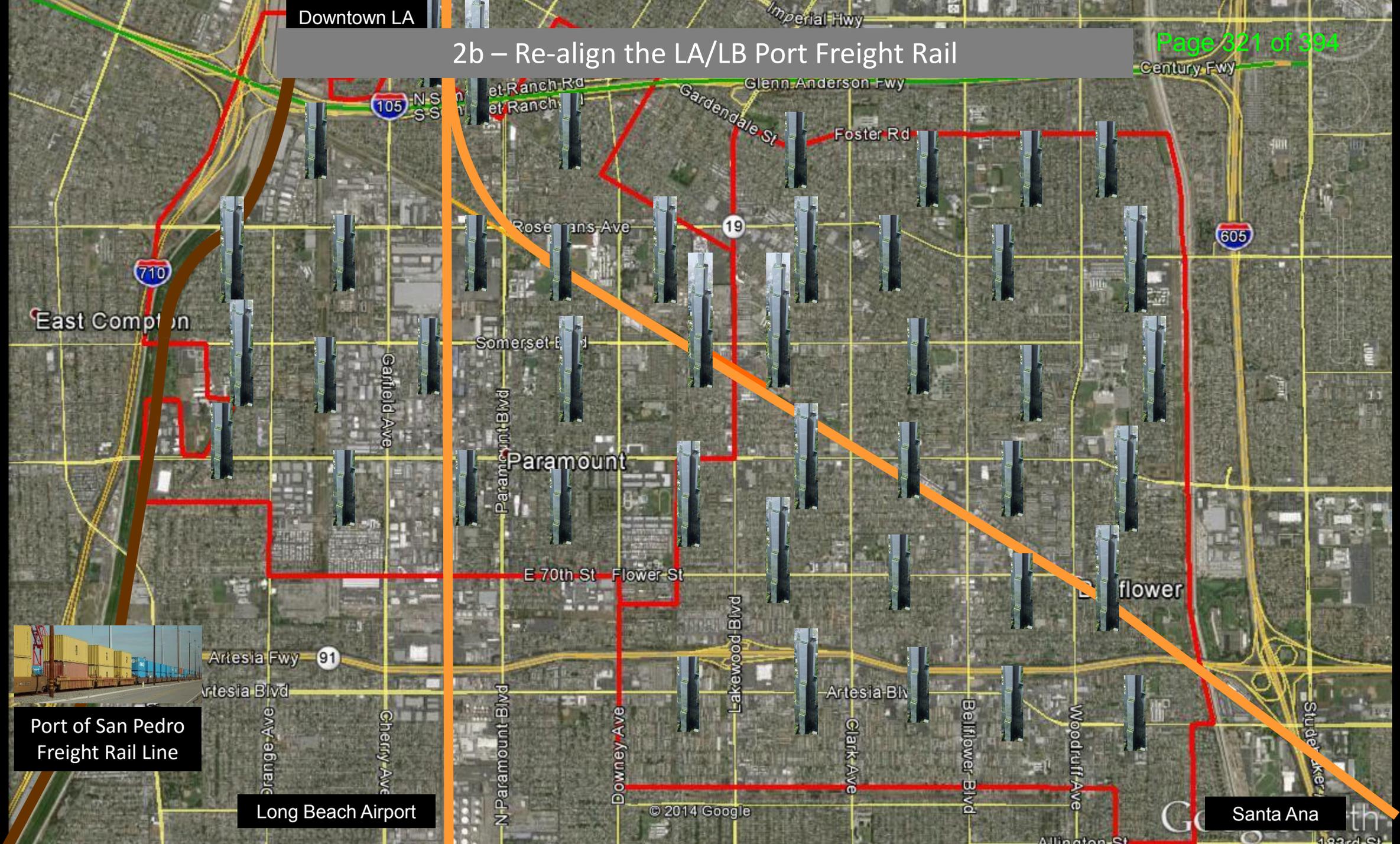
Not Financially Feasible
Not Most Cost-Effective

Lower Annualized Cost
Serves Public Interest

*SoCal Transit Systems Must be Sustainable – Not rely on Government Subsidies
 Unlike Metrolink - \$2,300 annual operating expense subsidy per each of 40,000 daily users and rising*

	FY 2010-2011	FY 2011-2012	Annual	FY 2012-2013	Annual	Two-YR
Actual/Proposed Budgets (\$ million)	Actual	Actual	% Change	Budget	% Change	% Change
Operating Expenses	\$168.20	\$179.70	6.8%	\$194.00	8.0%	15.3%
Revenue	\$91.30	\$98.50	7.9%	\$99.90	1.4%	9.4%
Metrolink Operating Subsidy	\$76.90	\$81.20	5.6%	\$94.10	15.9%	22.4%

2b – Re-align the LA/LB Port Freight Rail

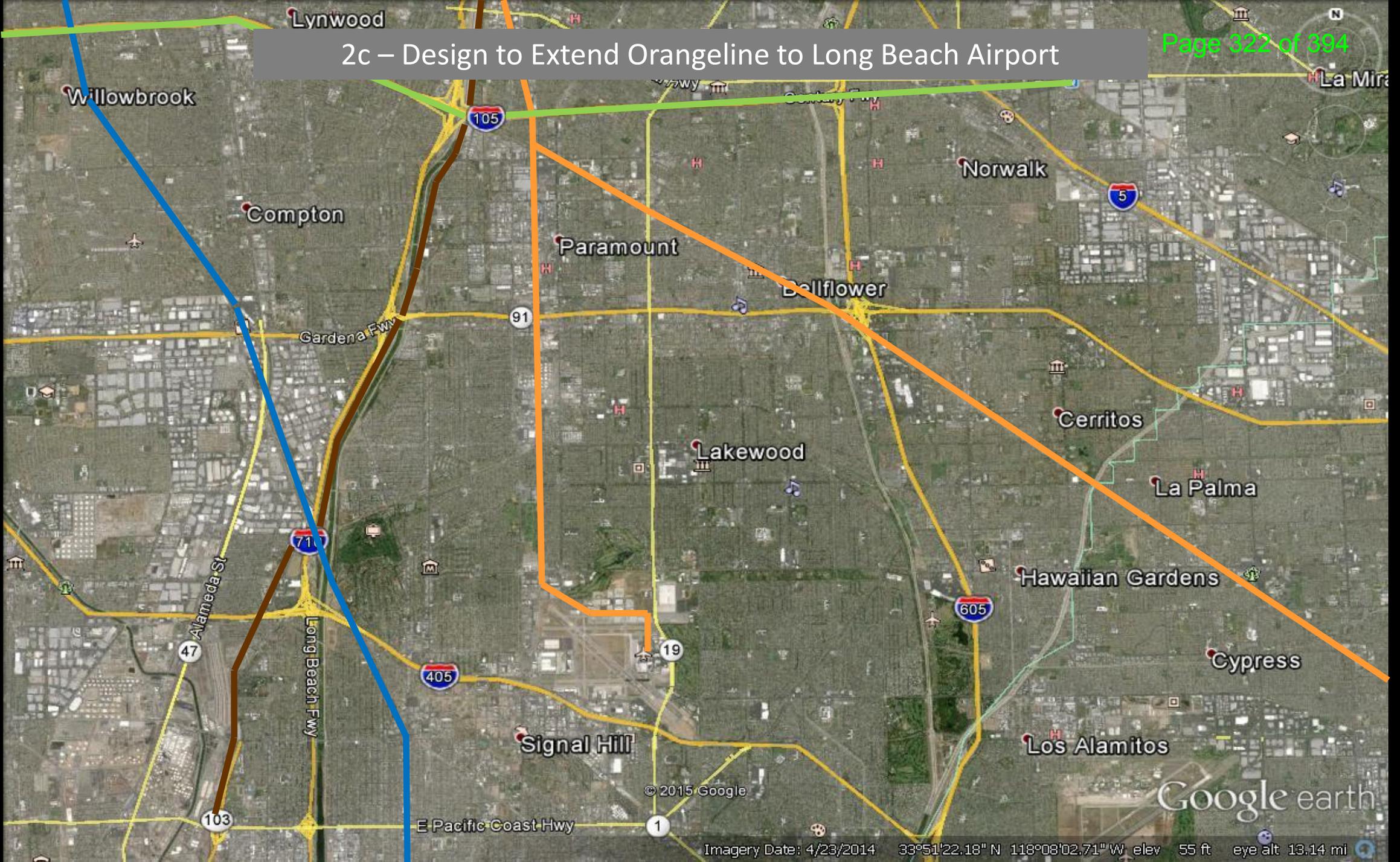


Port of San Pedro
Freight Rail Line

Long Beach Airport

Santa Ana

2c – Design to Extend Orangeline to Long Beach Airport



2c – Design to Extend Orangeline to Long Beach Airport



© 2015 Google

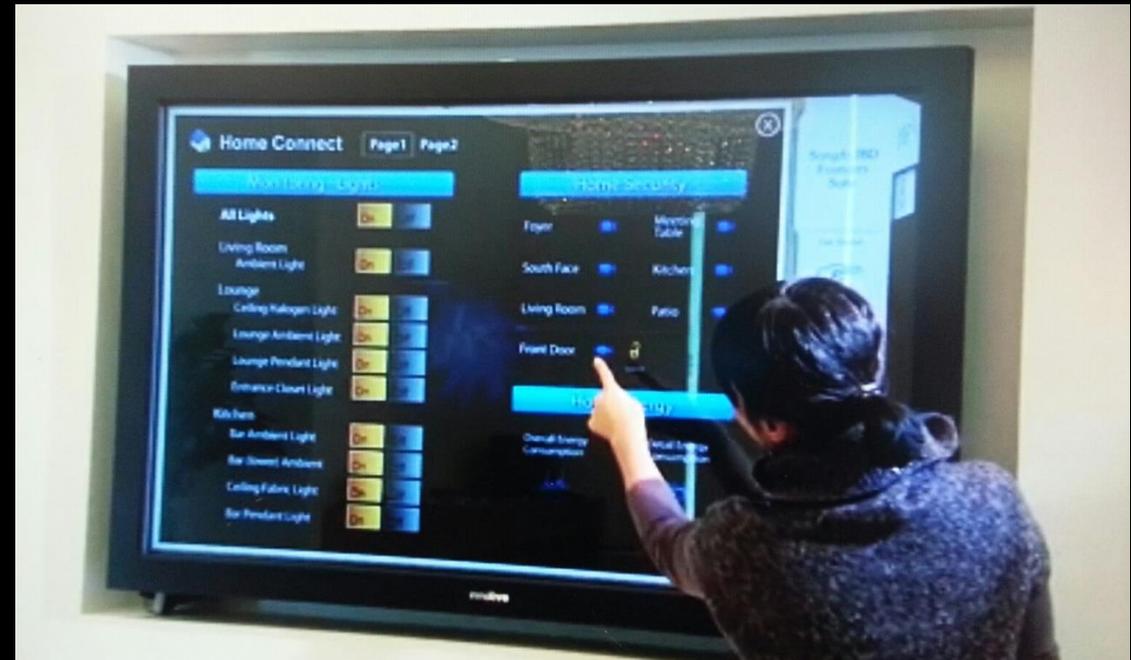
Google earth

(Garbage, sewage, storm water, drinking water, reclaimed water, electricity, communications)

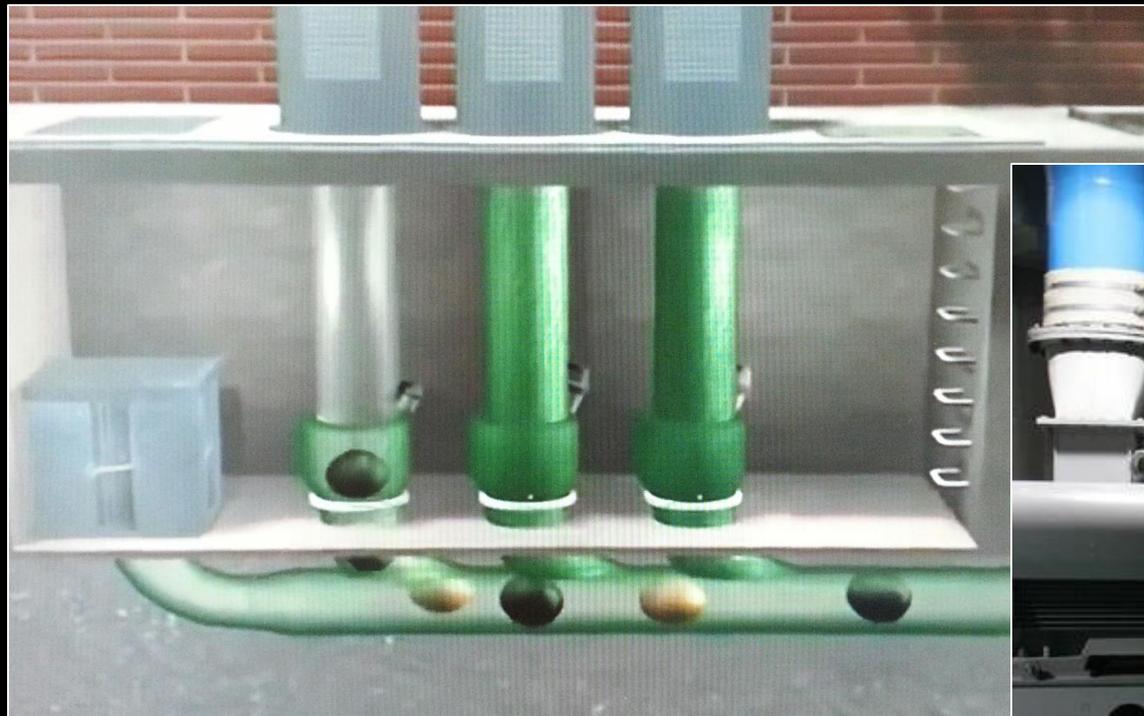


Communications and control systems manage home functions and connection with the outside world.

Intelligent Technology



(Garbage, sewage, storm water, drinking water, reclaimed water, electricity, communications)



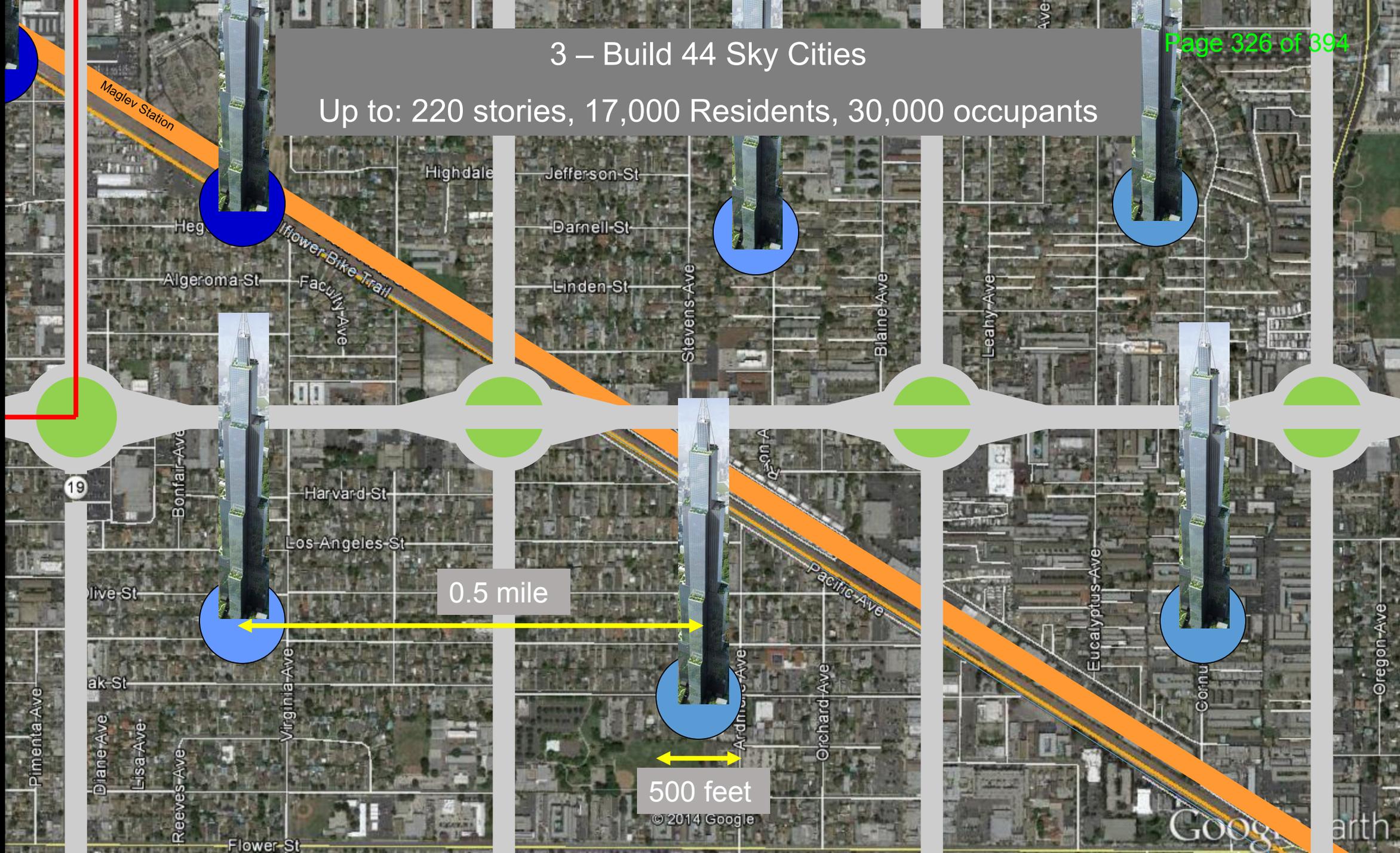
Garbage Collection



Garbage is extracted through under-ground vacuum tubes directly to an automated waste collection and processing plant.

3 – Build 44 Sky Cities

Up to: 220 stories, 17,000 Residents, 30,000 occupants



Sky City Tower
17,000 Residents
30,000 Occupants

500 feet

Today: 3,000 Residents

1/2 mile

lower St

1994

Google

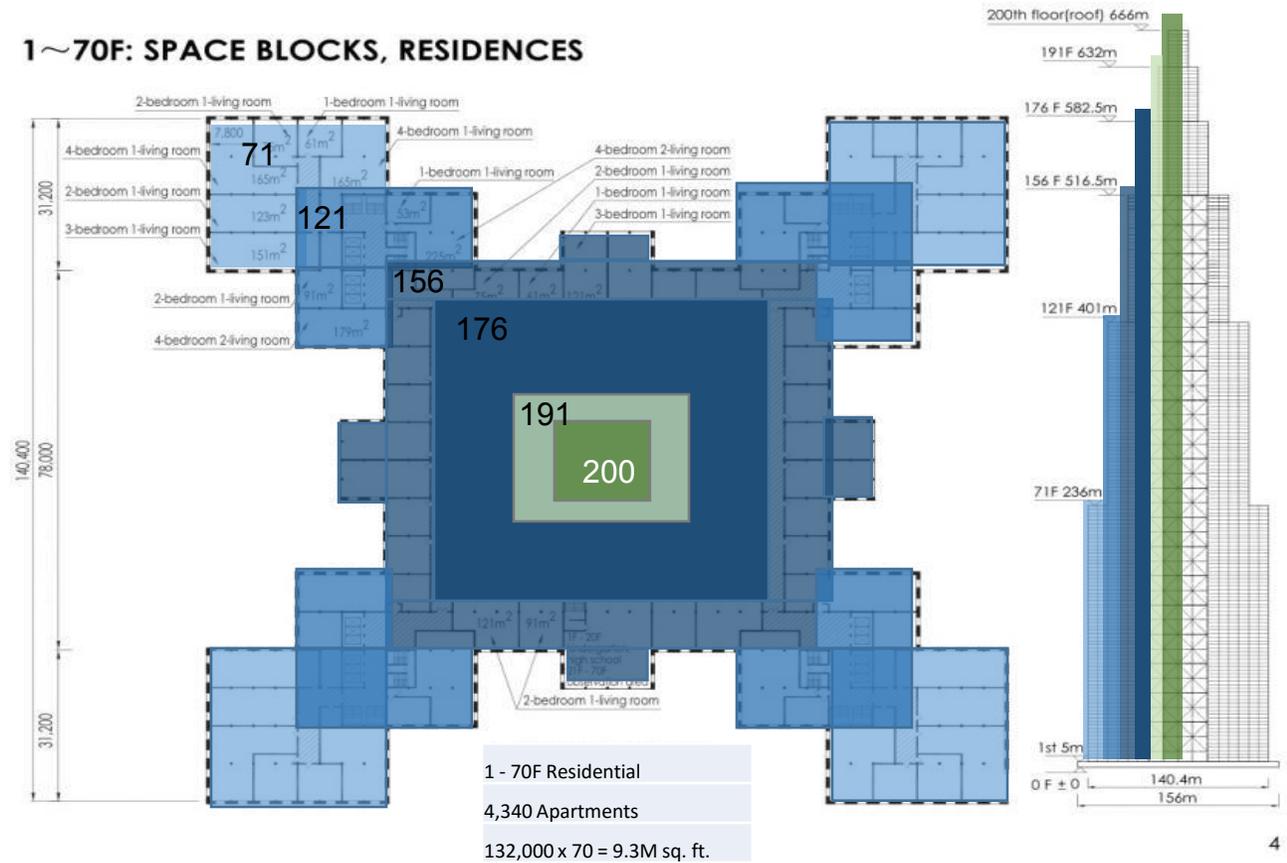
Imagery Date: 4/23/2014 33°53'05.28" N 118°07'46.43" W elev 72 ft eye alt

3 – Build 44 Sky Cities

Up to: 220 stories, 17,000 Residents, 30,000 occupants



1~70F: SPACE BLOCKS, RESIDENCES



10 hi-rise towers merged into one
creates the expansive views and lack of crowding

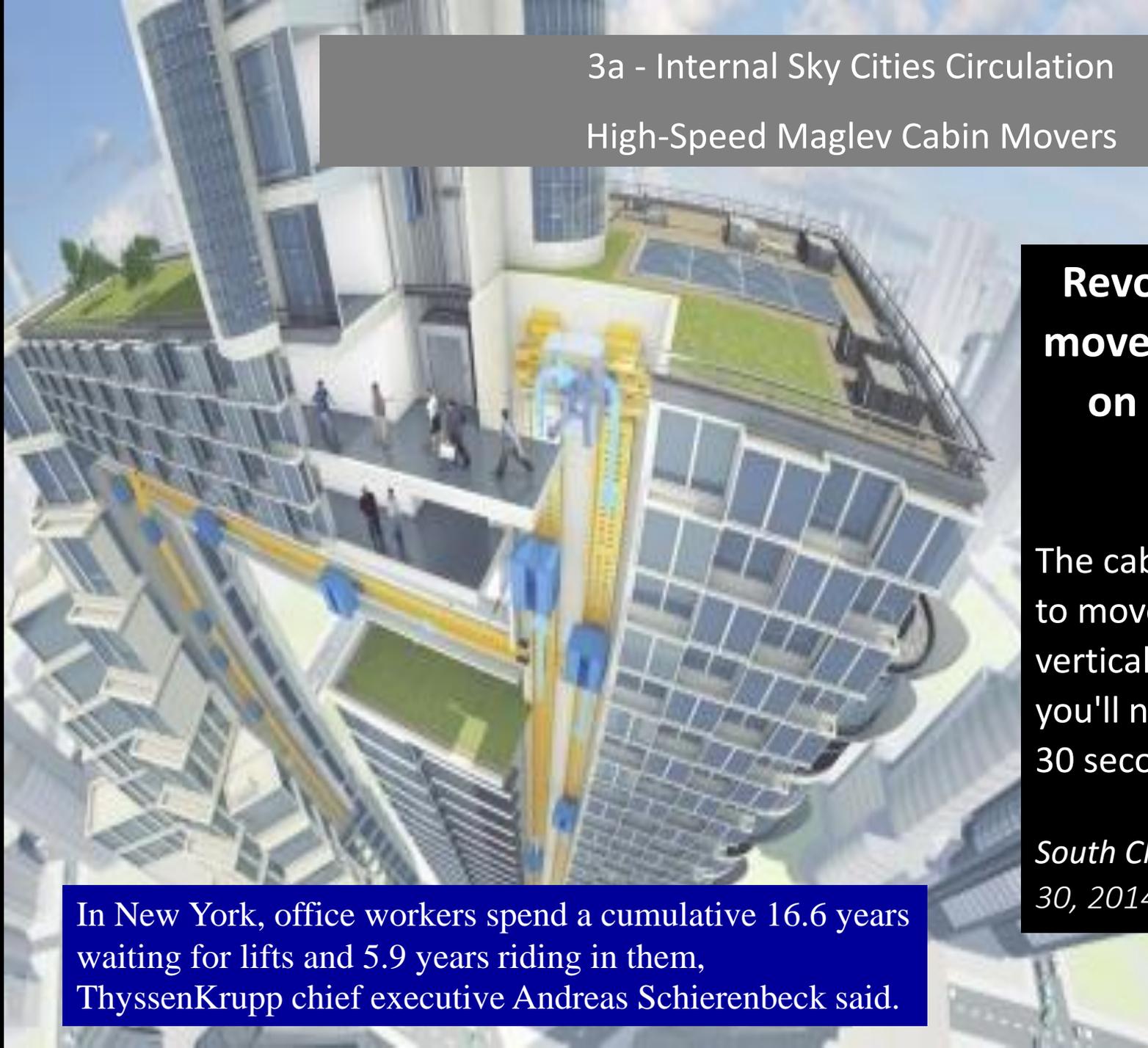
3a - Internal Sky Cities Circulation
High-Speed Maglev Cabin Movers

**Revolutionary maglev cabin
movers that travel sideways –
on the way to Hong Kong
skyscrapers**

The cable-free system uses magnets to move cabins horizontally and vertically. The new design means you'll never have to wait more than 30 seconds for a lift.

South China Morning Post November
30, 2014

In New York, office workers spend a cumulative 16.6 years waiting for lifts and 5.9 years riding in them, ThyssenKrupp chief executive Andreas Schierenbeck said.



ThyssenKrupp cabin movers derive their inspiration from Maglev systems such as the one first deployed commercially in Shanghai, which travels at over 250 miles per hour.

The system radically increases the capacity, efficiency and convenience of conventional elevator systems, with a cabin never more than a minute away from a passenger stop, travelling 16 feet per second, or about 11 miles per hour. Maglev cabin movers would enable a staggering 40 per cent increase in usable floor area in a multi-story building.

Maglev Cabin Movers





The World's Largest Spiral Escalator

The developers of the Shanghai New World Daimaru Store have made the world's largest spiral escalator the center piece of their new shopping mall's main atrium.



Solar-powered Elevators

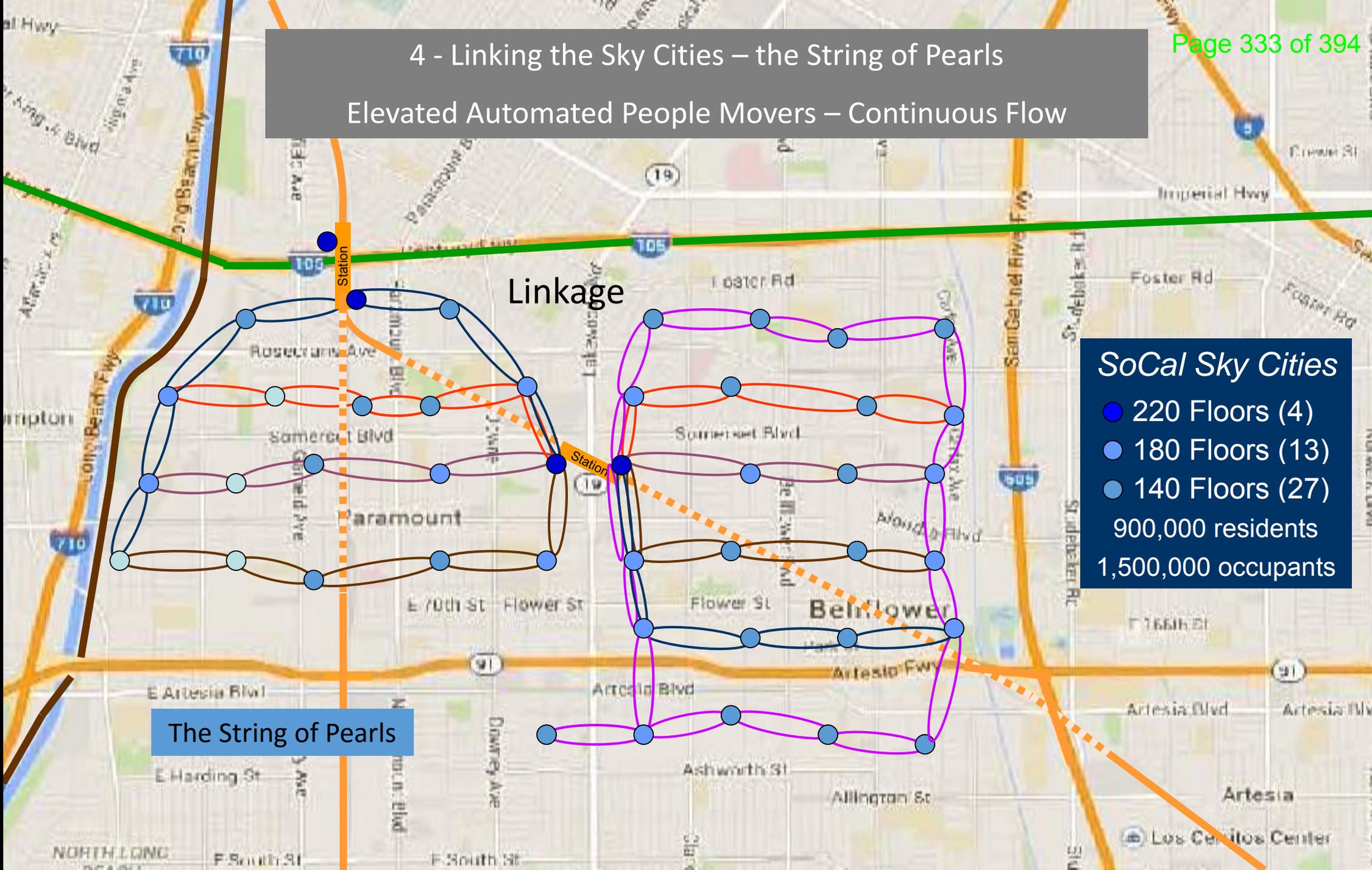
A sustainable social housing project near Nantes, France will host a solar-powered elevator that derives more than 80 per cent of its power from a set of four solar panels installed on the roof of the eight-story Les Bouderies housing projects.

The Gen2 Switch elevator will be capable of operating even during blackouts, due to the installation of innovative solar-powered batteries that are capable of fueling as many as 100 trips independently.



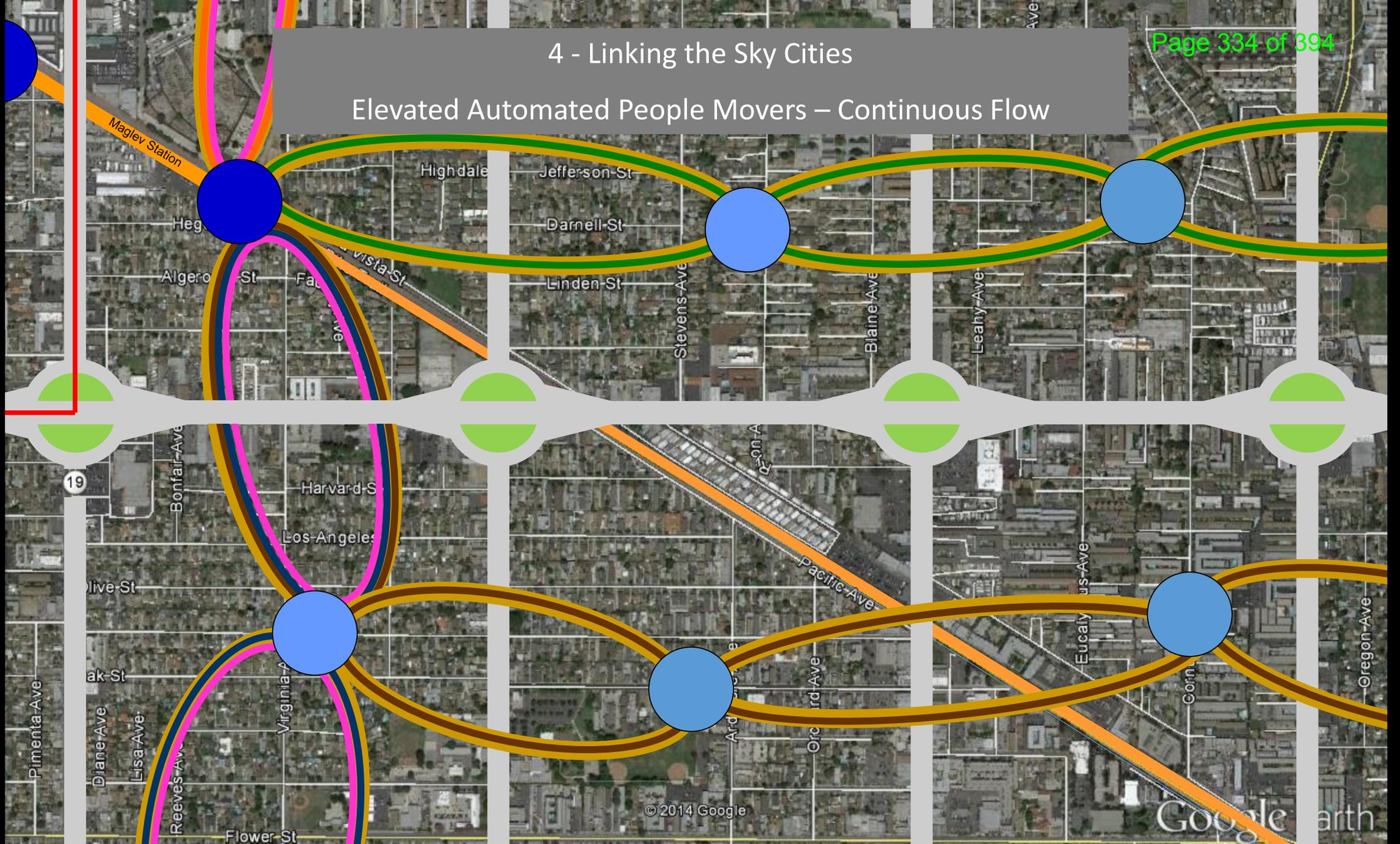
4 - Linking the Sky Cities – the String of Pearls

Elevated Automated People Movers – Continuous Flow



4 - Linking the Sky Cities

Elevated Automated People Movers – Continuous Flow

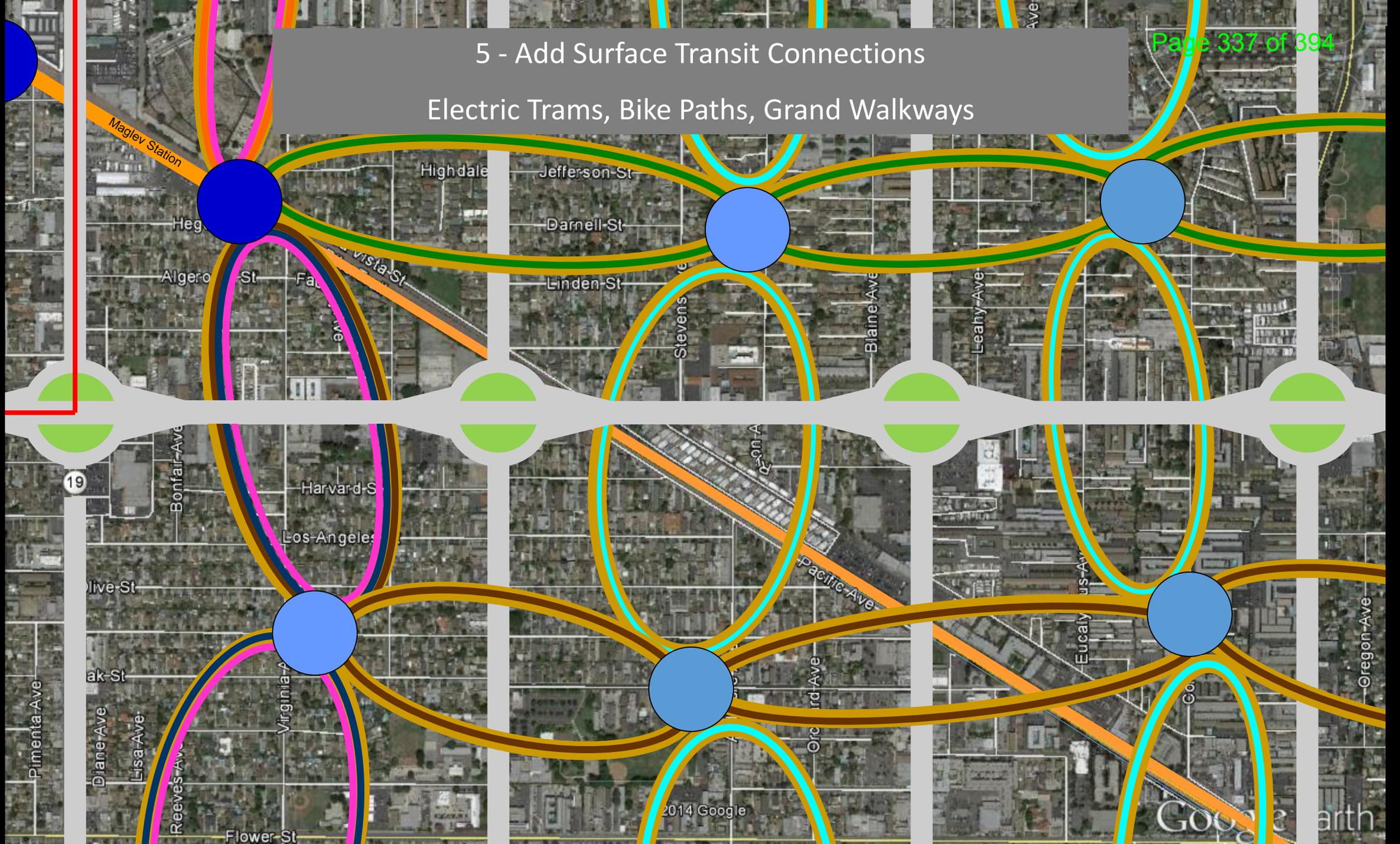


Available PeopleMover Technologies



5 - Add Surface Transit Connections

Electric Trams, Bike Paths, Grand Walkways

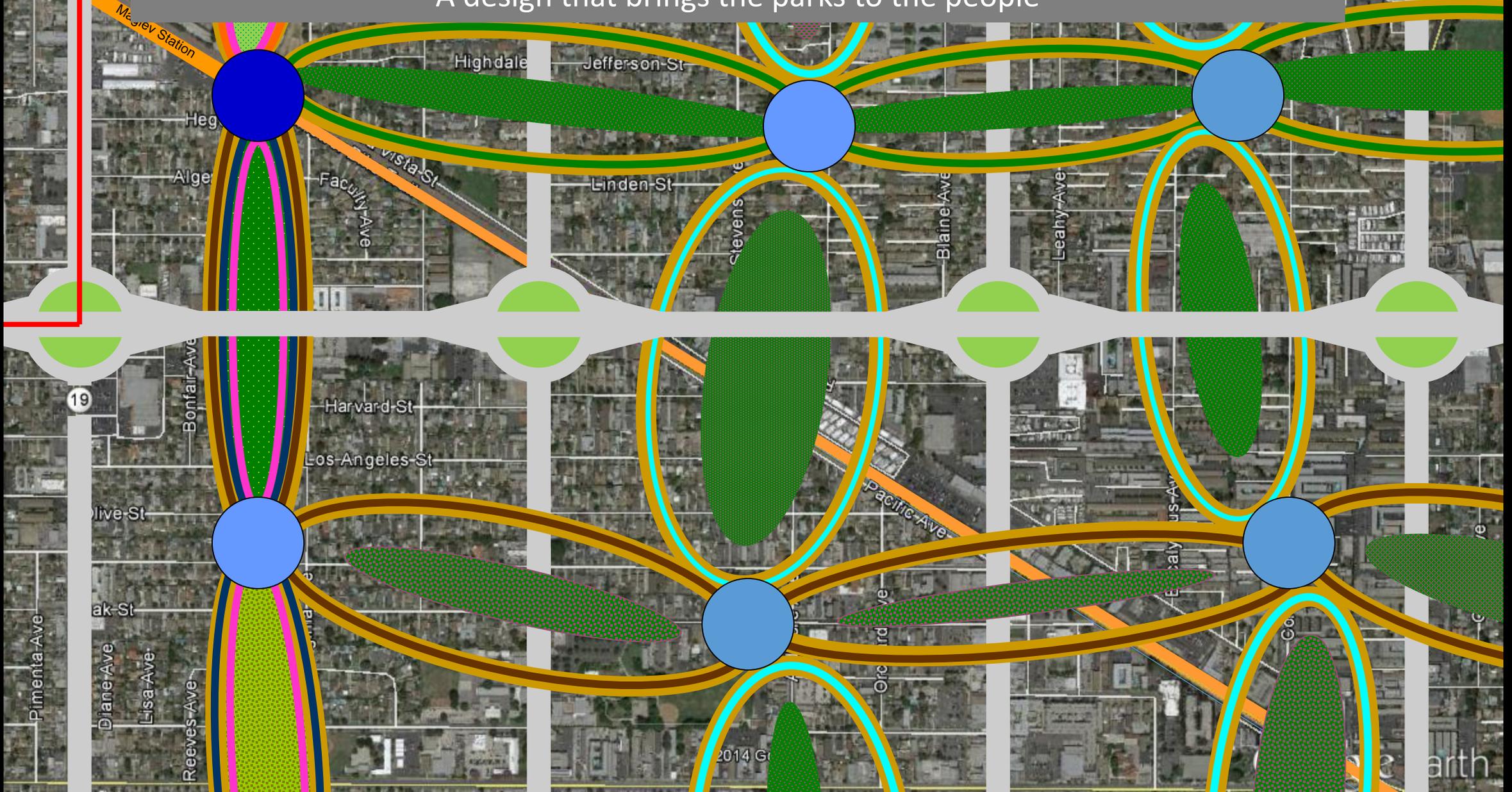






6 - Add Parkland (2 times size of New York's Central Park)

A design that brings the parks to the people



6 - Add Parkland (2 times size of New York's Central Park)

Most "Parkland" in Bellflower and Paramount is for Cars



6 - Add Parkland (2 times size of New York's Central Park)

Convert Parking into Great Open Spaces for People



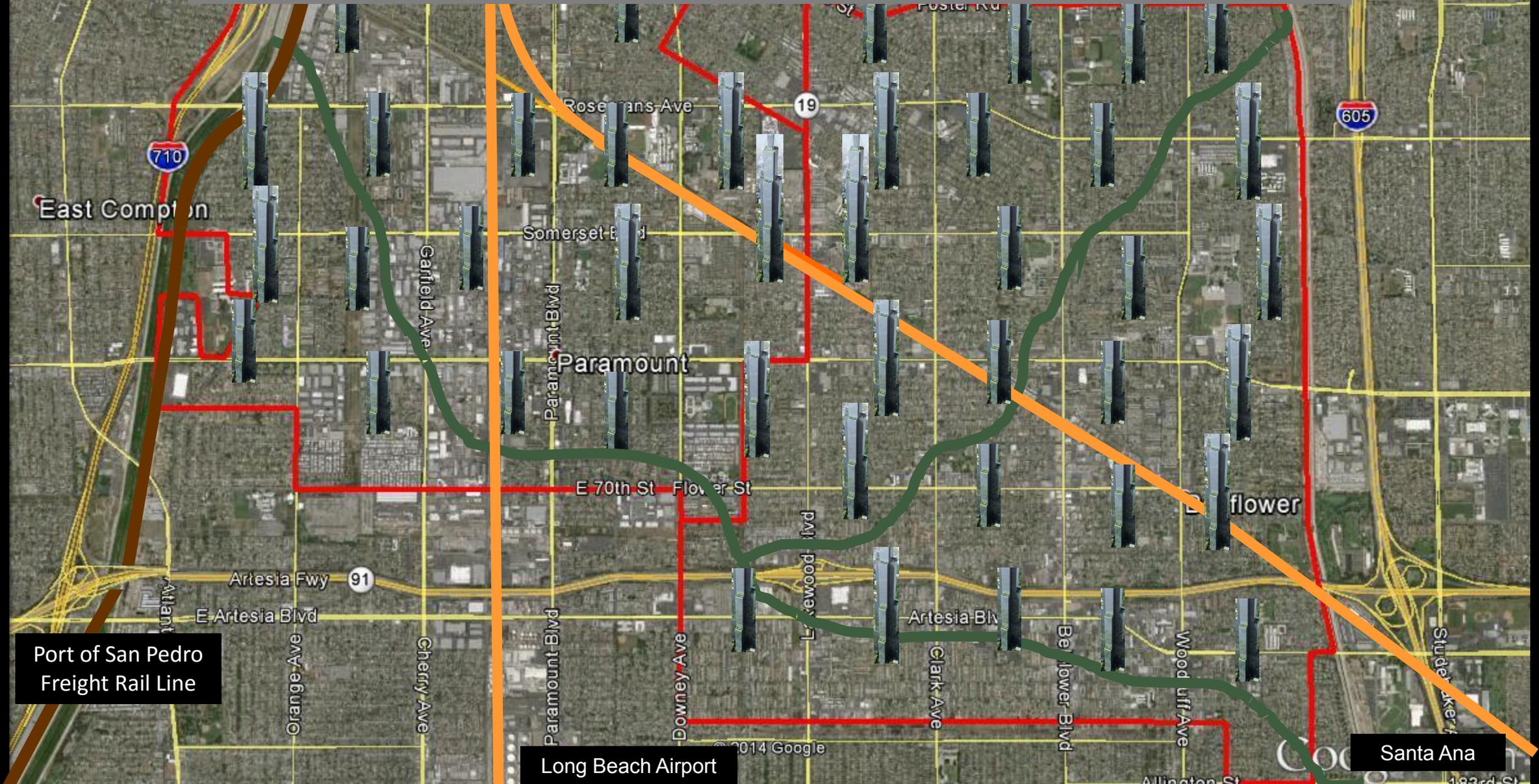
6 - Add Parkland (2 times size of New York's Central Park)

The Beach at Bellmount – Why Not?



6a - Add LA River – San Gabriel River Linkage

SoCal River Run – Provide Recreation and Flood Management



Port of San Pedro
Freight Rail Line

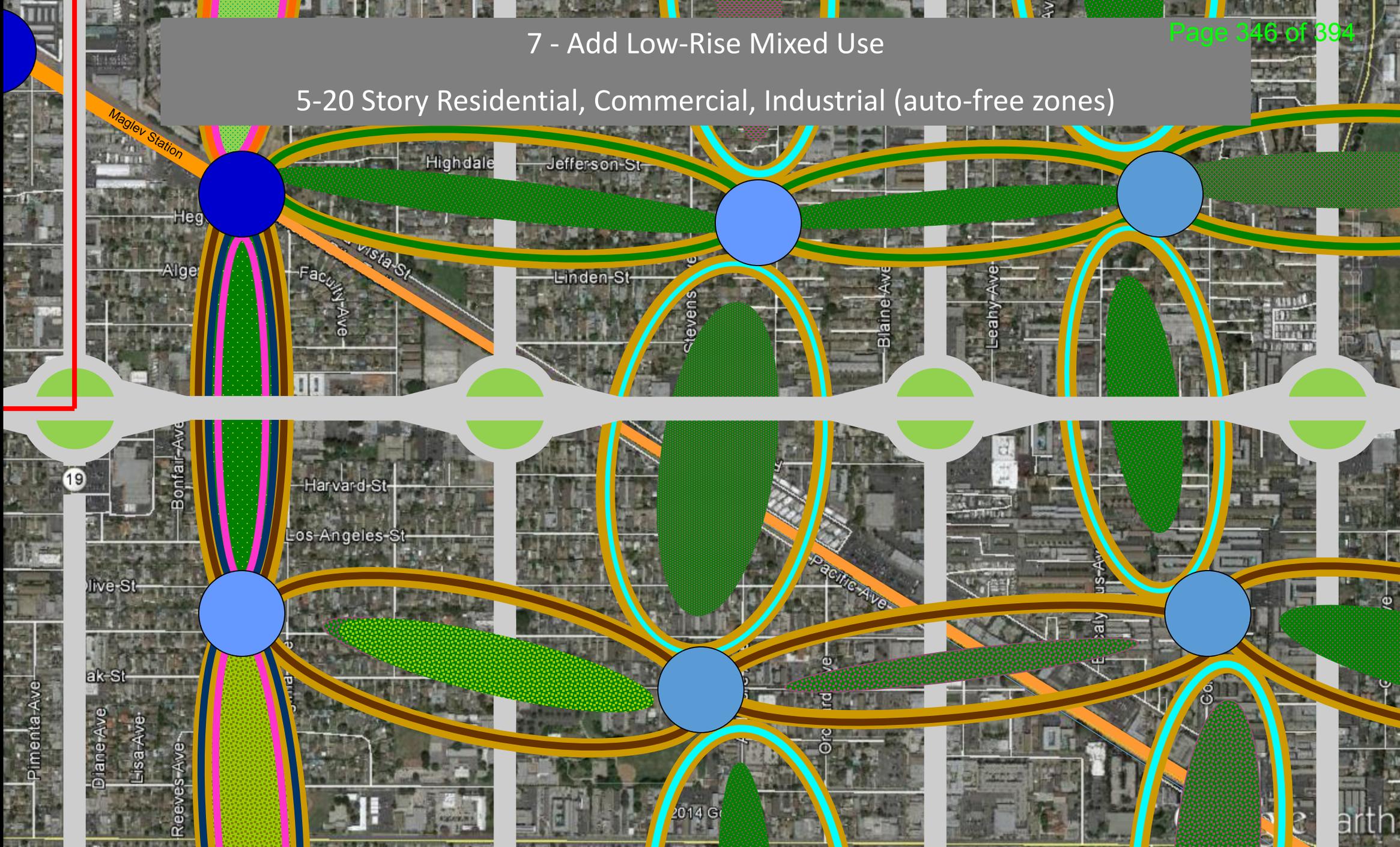
Long Beach Airport

Santa Ana



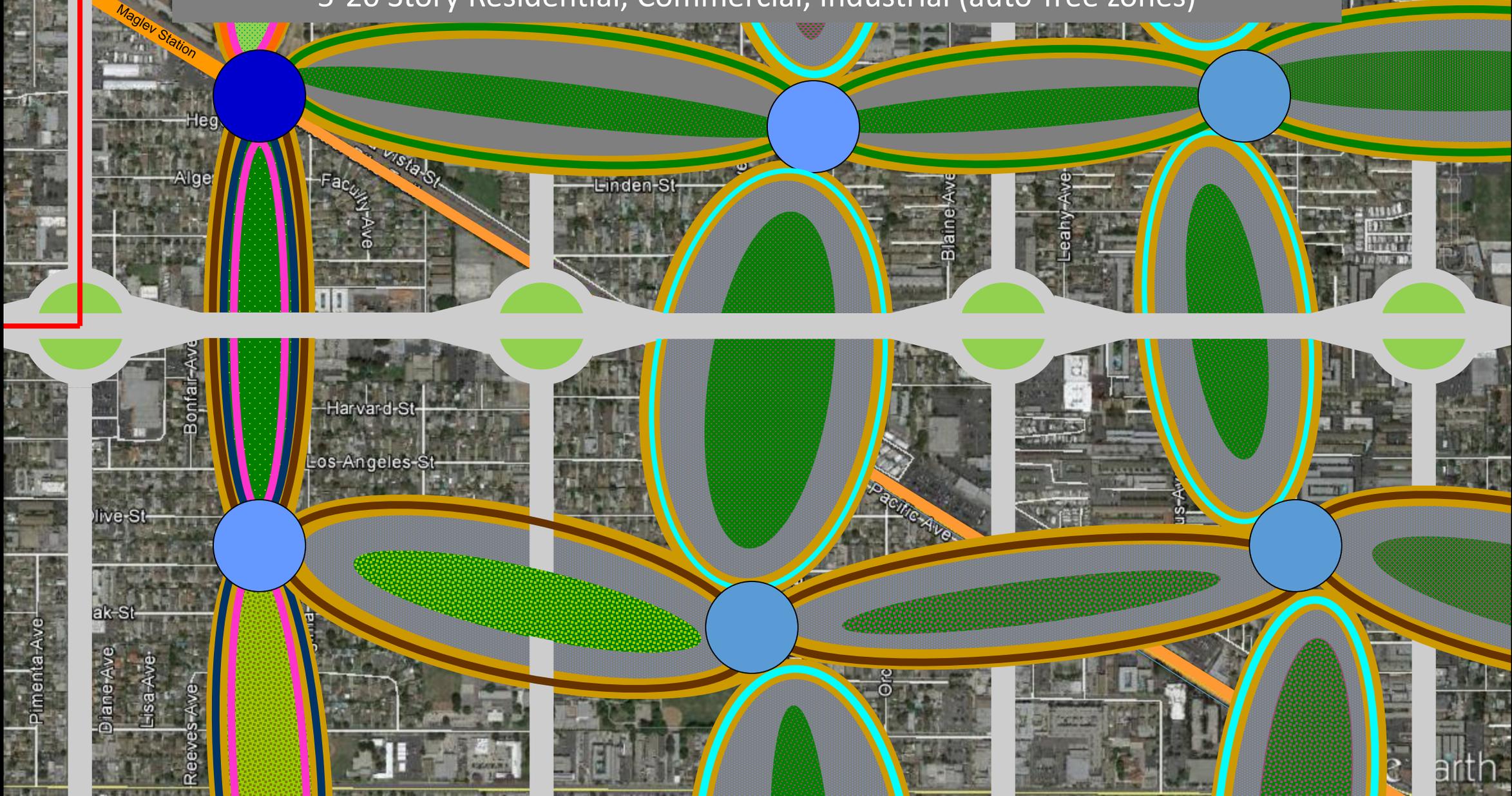
7 - Add Low-Rise Mixed Use

5-20 Story Residential, Commercial, Industrial (auto-free zones)



7 - Add Low-Rise Mixed Use

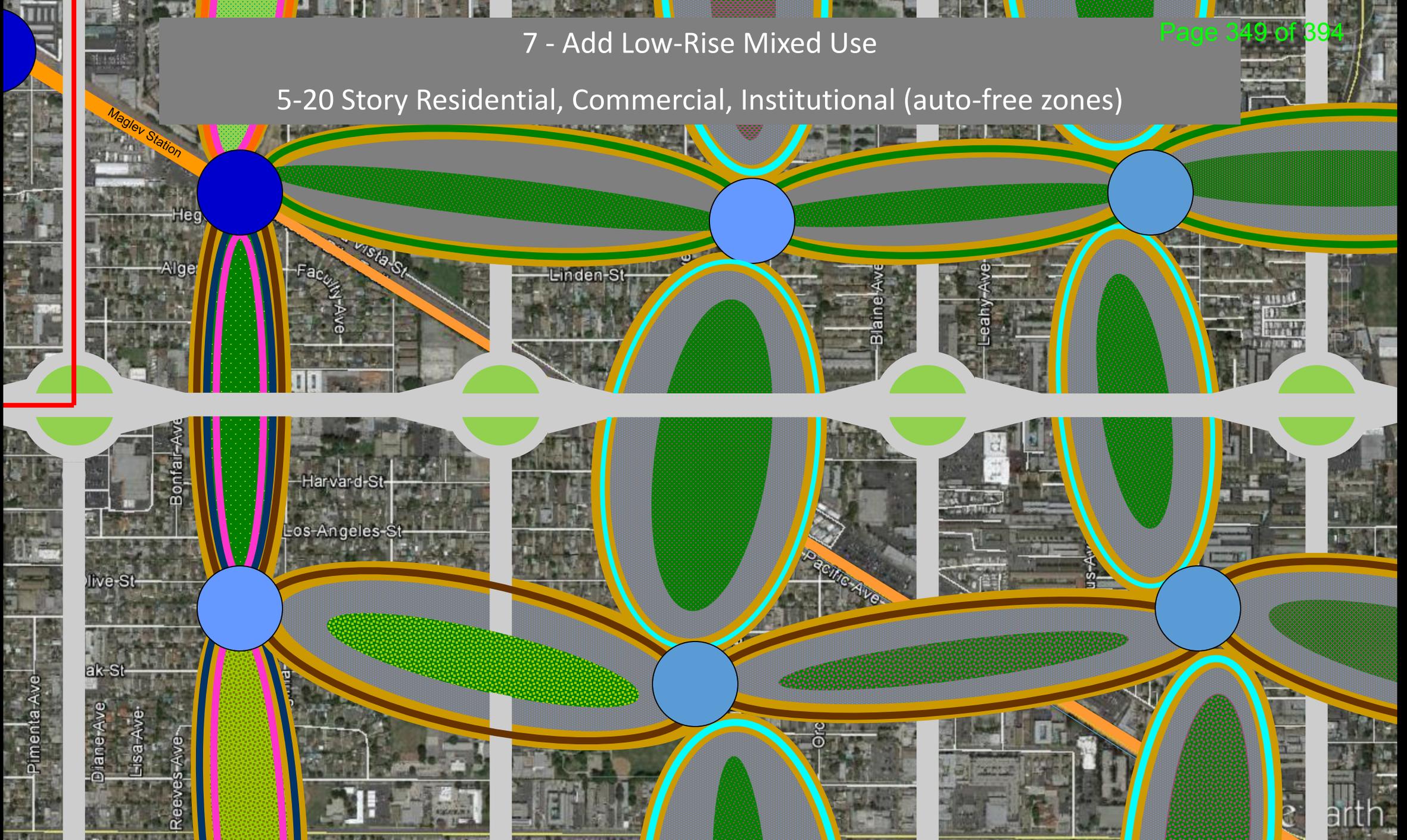
5-20 Story Residential, Commercial, Industrial (auto-free zones)





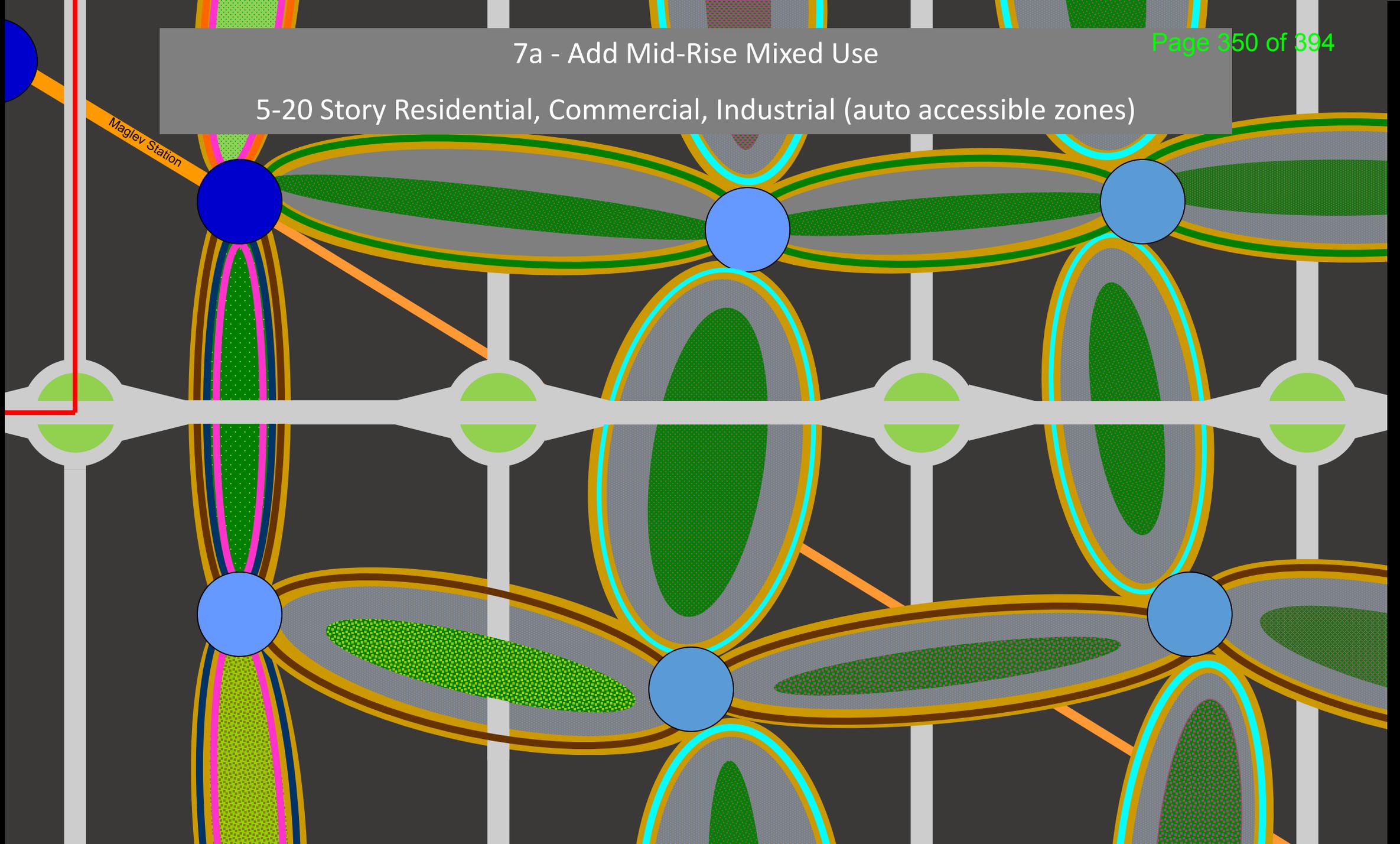
7 - Add Low-Rise Mixed Use

5-20 Story Residential, Commercial, Institutional (auto-free zones)

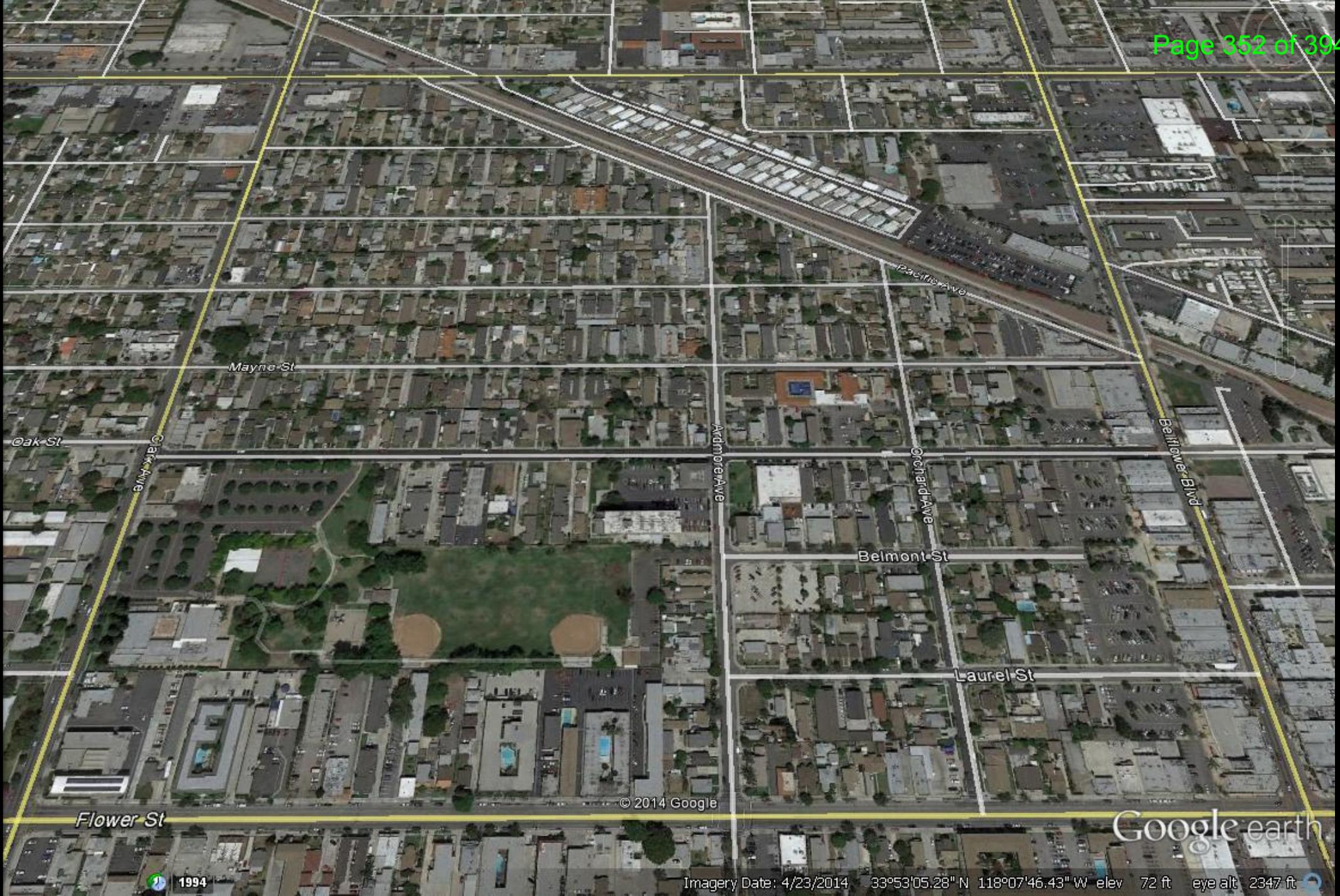


7a - Add Mid-Rise Mixed Use

5-20 Story Residential, Commercial, Industrial (auto accessible zones)







The New City of Southern California - SoCal Linking the Communities of Bellflower and Paramount

Linkage

SoCal Sky Cities

- 220 Floors (4)
 - 180 Floors (13)
 - 140 Floors (27)
- 900,000 residents
1,500,000 occupants

SoCal Mid-rise

- 200,000 residents
- 300,000 occupants

SoCal PeopleMover System

- 11 links
- 2 million trips per hour
- without needing to own a car

Regional Mobility/Access

- Within Sky Cities < 5 min
- Between Sky Cities < 20 min
- To Downtown LA < 20 min (Orange)
- Santa Ana < 20min (Orange)
- LAX < 30 min (Green)
- Downtown Long Beach < 40 min (Green/Blue)
- Long Beach Airport < 15 min (Orange)



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Price to market demand*

\$1,640,000 – \$800 per sq. ft.

- The average sale price on Trulia for homes on sale in the top 20 City of Los Angeles neighborhoods was \$1,640,000 for the week ending Sept 23, 2015.
- The average price per square foot was \$800.
- Popular neighborhoods in Los Angeles include Hollywood Hills, Bel Air, Brentwood, Westwood, Century City and Hancock Park
- For the bottom 20 neighborhoods, the average sale price was \$330,000 with an average price per square foot of \$288.

* http://www.trulia.com/home_prices/California/Los_Angeles-heat_map/; Jun-Sep 2015

Accommodate Middle-Class Families

Five 500-to-1500 sq. ft. SFR



Improve housing quality and availability for the middle class.



SoCal Sky City

Competitive Pricing

SoCal – Higher value – Competitive price			
Size	Five LA Area SFR		SoCal
	Current Prices		Phase 1 Price
Sq. ft.	\$/sq. ft.	\$788 / sq. ft.	\$622 / sq. ft.
532	\$737	\$392,000	\$331,000
640	\$731	\$468,000	\$398,000
726	\$726	\$527,000	\$452,000
744	\$671	\$499,000	\$463,000
1,400	\$928	\$1,299,000	\$871,000

Our Value Proposition:
Affordable Housing but with High Value

Encourage Buyers to Buy Early

First to make deposit gets first choice in housing selection – forever!

42 Downtown LA Condos
 on the market 7/1/2015
 Avg. Sale Price \$744,000
 Avg. \$701 per sq. ft.
 Range: \$535-\$1,150 per sq. ft.
 Avg. 1,060 Sq. ft.



A Room with a View



SoCal Sky City

Competitive Pricing

	Median Price \$748 per sq. ft.	
Sq. Ft.	Phase 1	Phase 2
	50%	50%
\$/Sq. Ft.	\$622	\$1,100
500	\$311,000	\$550,000
1,000	\$622,000	\$1,100,000
1,060	\$659,320	\$1,166,000
1,500	\$933,000	\$1,650,000
2,000	\$1,244,000	\$2,200,000

**Our Value Proposition:
 Buy Early or be Left Out**

Attract High Net Worth Individuals



LA Live

Location: 900 W. Olympic Blvd., Los Angeles 90015

Asking price: \$15 million

Year built: 2010

House size: Three bedrooms, four bathrooms, 6,590 square feet

Price per sq. ft.: \$2,276

On the market: 6/28/2015

LA Live



Competitive Pricing

	Median Price \$748 per sq. ft.	
Sq. Ft.	Phase 1	Phase 2
	-50%	-50%
\$/Sq. Ft.	\$622	\$1,100
500	\$272,000	\$493,000
1,000	\$544,000	\$986,000
1,500	\$816,000	\$1,479,000
2,000	\$1,088,000	\$1,972,000
6,590	\$3,584,960	\$6,497,740

Our Value Proposition:
SoCal Live at Lower Prices

Design for Quality and Profit

Integrate Multi-Use Places

- Residential
- Commercial
- Community

Integrate Seamless Connections

- Local Transit
- Regional and Inter-City High-Speed Transit
- Airports
- Internet
- (Cars not needed)

Capture Value from Commercial Space

- 110 million square feet commercial space
- \$36 per square foot per year lease rate
- \$200 billion gross income over 50 years total for SoCal
- -\$129 billion operating costs
- -\$40 billion for value capture infrastructure costs (+ \$74B for residential)
- \$31 billion net profit from lease of commercial space
- 71,000 resident and business property owners, and tenant families
- \$400,000 per property owner and tenant families over 50 years

Create Realistic Expectations

	office space (sf)	population	area (sq mi)	lease rates (sf/yr)
Ratio (SoCal/Manhattan)	27%	68%	48%	52%
Manhattan	354,000,000	1,626,159	23	\$69.68
SoCal	110,000,000	1,100,000	11	\$36.00
Downtown LA	35,000,000	54,000	6	\$36.00
Ratio (Downtown/SoCal)	36%	4.9%	54%	100%

Capture Higher Value to Pay for Transit

Value Capture Funding from New SoCal Residential Development (example for a \$748,000 home)	50-year Cost per housing unit (current \$s)	% of housing cost
State Property Tax (Existing)	\$374,000	50%
SoCal Mobility Taxes (Added)		
Local Community Facilities Tax	\$307,000	41 %
PeopleMover Tax	\$52,000	7%
OrangeLine High-Speed Maglev Tax	\$15,000	2%
Subtotal	\$374,000	50%
Impact Mitigation Tax	\$22,000	3%
Total Local Taxes (New – Value Capture)	\$396,000	54%
Total Property Taxes	\$770,000	104%

The draft Fee Schedule in the draft 2015 Nexus Study is as follows:

Residential Sector Fee/Dwelling Unit:

- Single-Family \$9,826
- Multi-Family \$6,399

Non-Residential Sector Fee/Square Ft.

- Industrial \$2.79
- Retail \$16.24
- Service \$6.63
- Government/Public \$16.41

Design for Density to Reduce Auto Costs

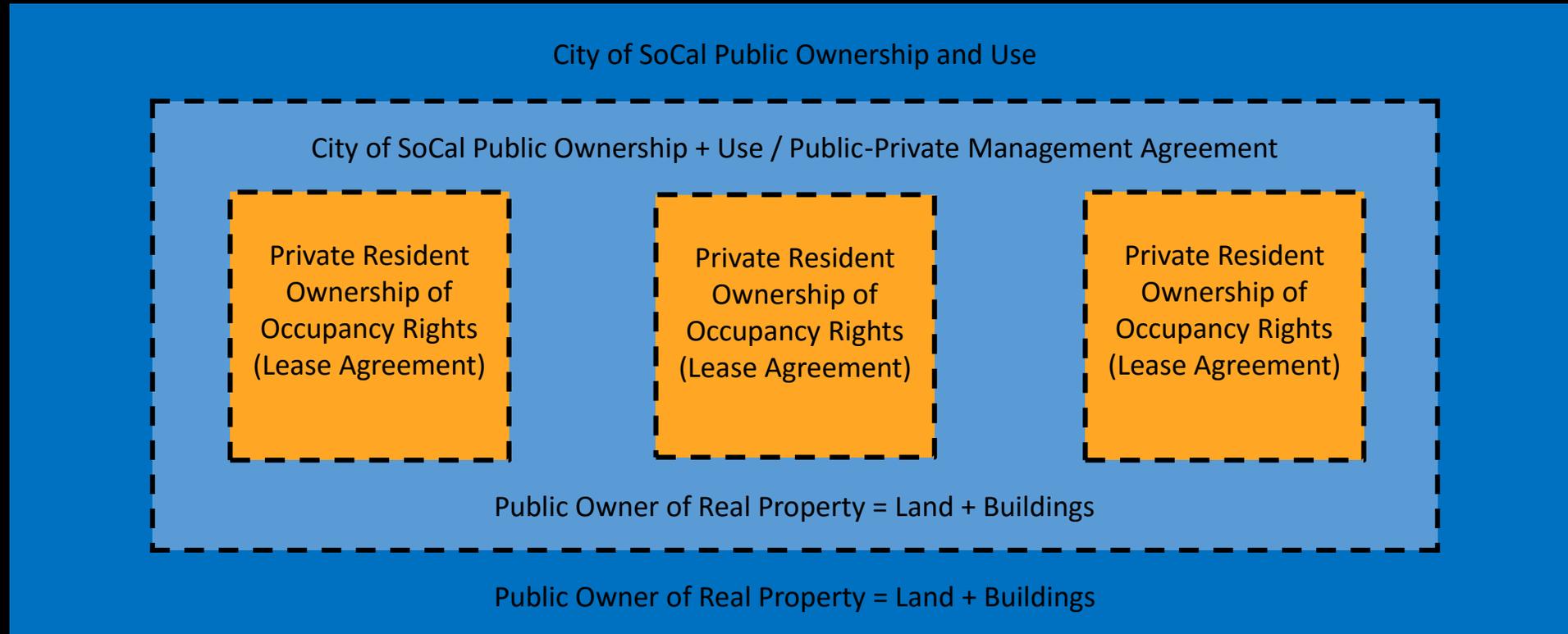
High-Density, Transit-Oriented City Design	
Elements of Cost Savings	50-Year Cost Savings Current \$s
Auto Purchase Cost Savings	\$200,000 - \$300,000
Auto Operating Cost Savings	\$400,000 - \$500,000
Housing, Energy, Water, Parking Savings	\$100,000 - \$200,000
Total Cost Savings (Value Increase)	\$700,000 - \$1,000,000
Subtract Value Capture Contribution	(\$396,000)
SoCal Residence Retained Savings	\$304,000 - \$600,000

Recognize the Tax Consequences

Value Capture Funding from New SoCal Residential Development (example for a \$748,000 home)	50-year Cost per housing unit (current \$s)	50-year Tax Revenue 422,000 housing units (current \$s)
State Property Tax (Existing)	\$374,000	\$157,828,000,000
SoCal Mobility Taxes (Added)		
Local Community Facilities Tax	\$307,000	\$129,554,000,000
PeopleMover Tax	\$52,000	\$21,944,000,000
OrangeLine High-Speed Maglev Tax	\$15,000	\$6,330,000,000
Subtotal	\$374,000	\$157,828,000,000
Impact Mitigation Tax	\$22,000	\$9,284,000,000
Total Local Taxes (New – Value Capture)	\$396,000	\$167,112,000,000
Total State Property Tax and Local Tax Revenues	\$770,000	\$324,940,000,000

Consider Tax and Political Consequences

Public ownership of land and improvements – eliminates property tax



Consider Tax and Political Consequences

Redistributing Wealth and Power

Tax Payments	SoCal Income Tax	Fed Income Tax	State Income Tax	Property Taxes	Sales Tax
New SoCal Tenant	New Income Tax Payments	SoCal Income Tax Deduction	SoCal Income Tax Deduction	Eliminate Current Property Tax	Maintain Sales Tax Rates
Tax Revenues					
SoCal	New Income Tax Revenues			Reduce Property Tax Revenues	Growth-induced Revenue increase
Other Local Jurisdictions				Increase in-lieu Tax Revenues	Growth-induced Revenue increase
State			Growth-induced Revenue increase	Increase in-lieu Tax Revenues	Growth-induced Revenue increase
Federal		Growth-induced Revenue increase			

Eliminate Auto Dependence

In SoCal, provide a car-free lifestyle



“Millennials are leading the trend, looking for wheels to supplement an otherwise car-free lifestyle, researchers say.”

“Society and the automotive industry are undergoing radical change.”

“For most people, a car, that sits parked most of the day, is one of their most underutilized — but most expensive — assets.”

“Now, some companies are devising ways to make it easier than ever to get around without owning a car.”

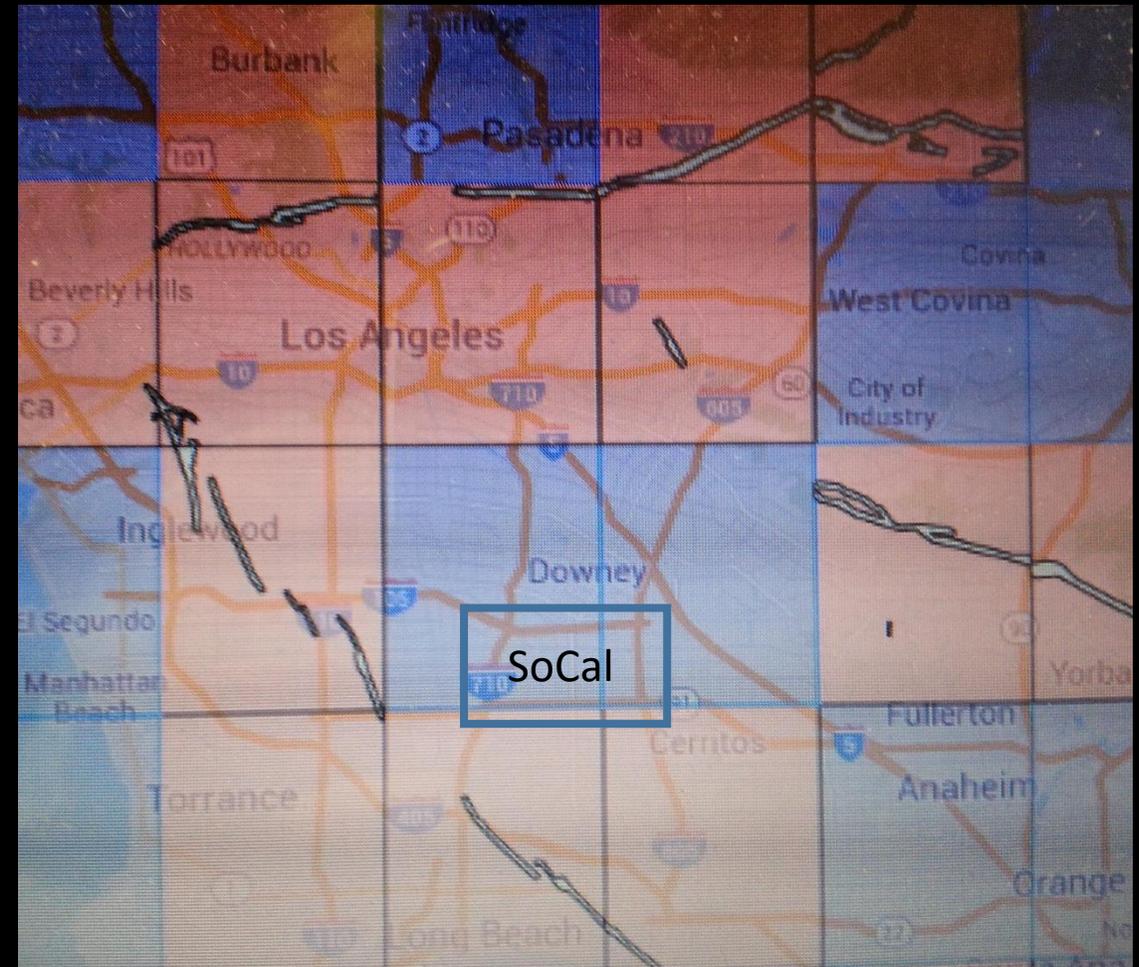
“This is a big bang moment for the auto industry.”
By 2025, 20% of the vehicles in urban centers will be dedicated to shared use.”

Design for Geologic Conditions

No Known Earthquake Fault Lines

Area where historic occurrence of liquefaction, or local geological, geotechnical and ground water conditions indicate a potential for permanent ground displacements such that mitigation as defined in Public Resources Code Section 2693 (c) would be required.

* Seismic Hazard evaluation of the South Gate and Whittier 7.5 minute quadrangles, Los Angeles County, California: California Division of Mines and Geology: Open File Reports 98-25 and 98-28. March 25, 1999



Decide to Grow Using the Land and Air Above

Southern California

25 years (2020 -2045)

2020 – 22 million people

2045 – 28 million people

Growth Rate:
240,000 people per year

City of SoCal

25 years (2020-2045)

2020 – 132,000 people

2045 – 1.1 million people

Growth Rate:
38,720 people per year

Manage the Competition

City of LA Mobility Plan 2035

- SoCal has an advantage over downtown Los Angeles
 - Mike Bonin, City Councilman, City of Los Angeles describes a new program to improve bike lanes and transit and to reduce reliance on autos; take away lanes for autos. KPPC asks, “How are you going to pay for this?”
 - Mike Bonin: “We’re going to look for state and federal funds, cap-n-trade funds.”. “This is a 20-year project. We’re going to evaluate individual projects and complete an EIR for each and then get funds.”
 - Commenter: “It’s a fantasy.” Not about connectivity. They don’t like autos. So, they want to shoe-horn people into another type of living. They will double streets that are congested. Speeds will be faster on side streets. Less safe for people.
- SoCal overcomes these deficiencies and concerns; however...
 - LA can’t see beyond 20 years and looks outside for funding; SoCal has a 50-to-100-year vision
 - LA and other cities will oppose SoCal because we offer a more attractive alternative and greater value. LA will want to continue controlling the agenda for its own advantage.

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Sliced Peaches

The Southern California Association of Governments (SCAG)
Draft 2016-2040 Regional Transportation Plan (RTP),
Sustainable Community Strategy (SCS) and
2016 Programmatic Environmental Impact Report/Statement (PEIR/PEIS)
Fall Short in Achieving
Required and Attainable Air Quality and Water Quality Improvements

A Shake-up is Required

- Los Angeles Mayor Eric Garcetti, Chair of the SCAG Board of Directors, and other SCAG directors that represent the Association's local mayors and city council leaders, need to re-think their approach to solving the region's major challenges.
- This presentation, entitled Sliced Peaches, presents clear evidence, obscured in thousands of pages of consultant studies the public and its elected political leaders don't have time to read, that confirms what the average citizen already knows.
- The call for more taxes is a waste if it doesn't bring meaningful results in reducing congestion, improving air quality and increasing prosperity for all current and future residents of Southern California.













It gets worse



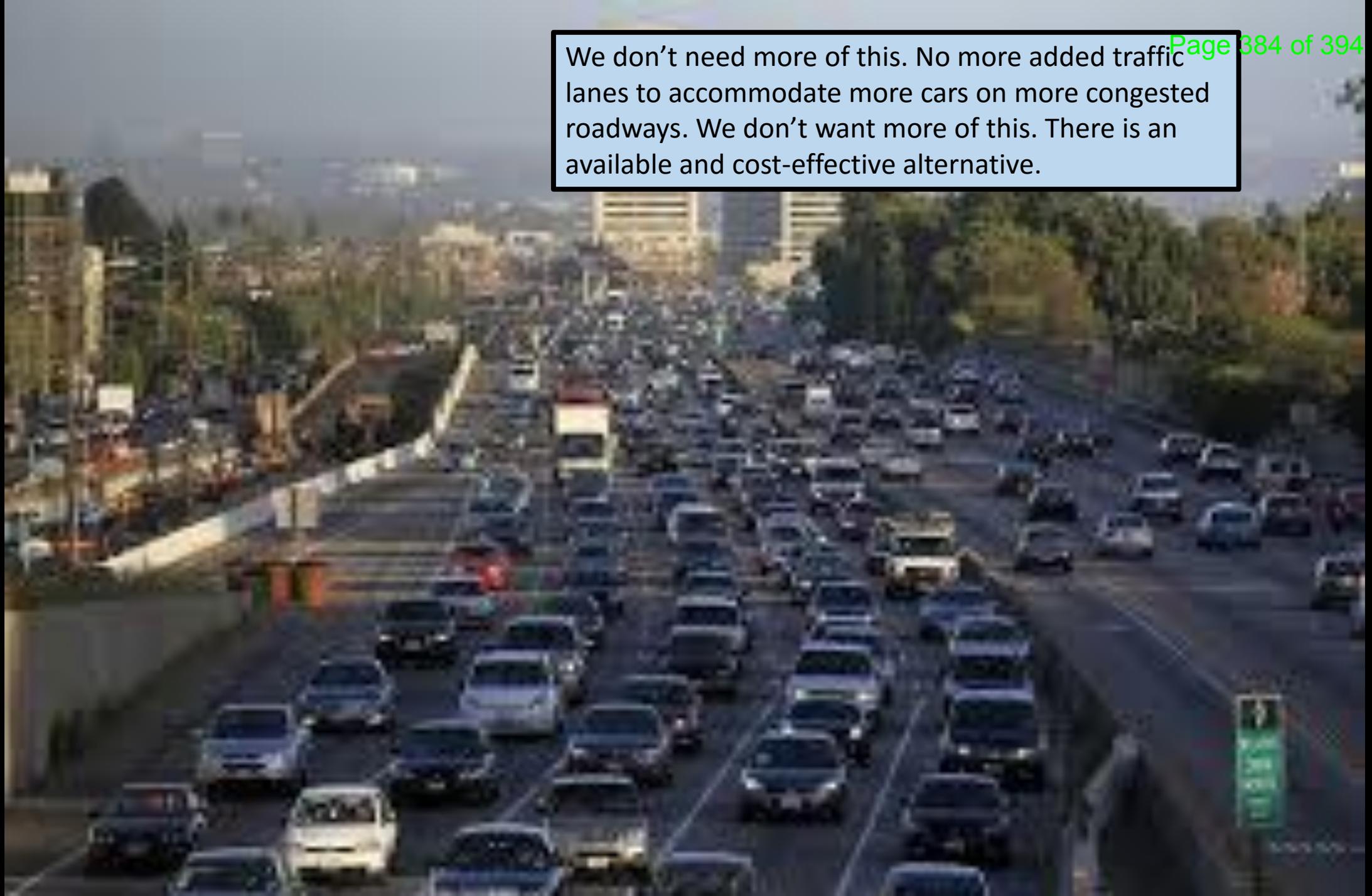
When you shake it up



An Alternative is Available

- The Final Regional Transportation Plan must provide an alternative that ensures most growth in population will be accommodated without reliance on or daily use of an automobile. The Plan should reflect funding priorities and appropriate land-use and zoning policies that achieve the needed results.
- There exist many good ideas and solutions for such growth that should be considered.
- The solutions must be based upon an integrated plan for land-use and transportation that includes very high-density housing in designated population growth centers accessible by non-auto transit services, including local bus and rail transit and high-speed trains that connect the high-density centers.
- The 2016-2040 RTP/SCS and its 2016 PEIR/PEIS should include an evaluation and discussion of this alternate growth plan, and policy commitments to implement such a plan, or risk a lawsuit from concerned citizens who want to see a better and more dramatic change from the current business-as-usual approach.

We don't need more of this. No more added traffic lanes to accommodate more cars on more congested roadways. We don't want more of this. There is an available and cost-effective alternative.



Here's an example of "better idea" solutions: A solar-powered roadway in France, and a solar-powered bikeway adjoining a solar-powered high-speed train and a human-powered walkway in the Netherlands.



Solar cells imbedded in bikeway riding surface

ADDITIONAL COUNTY COMMITMENTS

In addition to the projects included as part of the FTIP, the six CTCs that represent the SCAG region have also identified and committed to completing a number of additional projects through the year 2040. These projects have been identified either through countywide long-range transportation plans (LRTPs) or in part by voter approved sales tax initiatives. **TABLE 4** provides a sample of major projects beyond the FTIP (i.e. projects beyond 2020). **EXHIBITS 2-5** showcase major highway improvement projects ranging from HOV/HOT, toll and major mixed-flow improvements throughout the region. The 2016 RTP/SCS commits more than \$36.1 billion for various highway improvements, including mixed-flow and interchange improvements, HOV/HOT lanes and toll facilities as shown in **TABLE 5**. In addition, the 2016 RTP/SCS commits more than \$75.4 billion toward goods movement improvements; a portion of these funds are allocated specifically toward highway improvements.

For a complete project list, please refer to the 2016 RTP/SCS Project List Appendix.

ARTERIALS

Our region's local arterial system is comprised of all local streets and roads. These serve many different functions, one of which is to provide our region's residents with linkages to homes, schools, jobs, healthcare, recreation and retail. As shown in **EXHIBIT 6**, our region's local streets and roads account for more than 80 percent of the total road network and carry a majority of overall traffic. In conjunction with our state highway system, a number of local arterials paralleling our major highways serve as major thoroughfares that provide alternate routes to our congested highways. Our local streets also provide for modes of travel other than the automobile, including public transit and active transportation (i.e. walking and bicycling). **TABLE 6** provides the amounts invested by county for arterial improvements.

PERFORMANCE RESULTS

The 2016 RTP/SCS performance results for mobility are included in this report. A more complete discussion of all performance results for the 2016 RTP/SCS is contained in Chapter 8 of the main document and in the Performance Measures Appendix. The mobility performance measures rely on the commonly used measure of delay. Delay is the difference between the actual travel time and the travel time at some pre-defined reference or 'optimal' speed for each mode alternative under analysis. It is measured in vehicle-hours of delay (VHD), which can then be used to derive person-hours of delay. This is a relatively straightforward measure to calculate using real-world and modeled data, is understandable by both transportation professionals and the general public, and can be forecasted for the 2040 future scenarios.

TABLE 4 Sample Major Highway Projects Committed by the Counties

County	Route	Description	Completion Year	Cost (\$1,000's)
IM	SR-98	Widen and improve SR-98 or Jasper Rd to 4/6 lanes	2025	\$1,170,483
IM	SR-111	Widen and improve to a 6-lane freeway with interchanges to Heber, McCabe, and Jasper, and overpass at Chick Rd	2030	\$999,136
LA	SR-57/ SR-60	Improve the SR-57/SR-60 interchange	2029	\$475,000
OR	I-5	Add 1 mixed-flow lane in each direction from SR-57 to SR-91	2040	\$305,924
OR	SR-55	Add 1 mixed-flow lane in each direction and fix chokepoints from I-405 to I-5 and add 1 auxiliary lane in each direction between select on/off ramps and operational improvements through project limits	2020	\$274,900
OR	SR-91	Add 1 mixed-flow lane on SR-91 eastbound from SR-57 to SR-55 and improve interchange at SR-91/SR-55	2025	\$425,000
OR	I-405	Add 1 mixed-flow lane in each direction from I-5 to SR-55	2023	\$374,540
VEN	SR-118	Add 1 mixed-flow lane in each direction from Tapo Canyon Rd to LA Avenue	2025	\$216,463
LA	I-110	Construct HOT off-ramp connector from 28th St to Figueroa St	2023	\$55,000
RV	I-15	Add 1 HOT lane in each direction from Cajalco Rd to SR-74	2029	\$453,174
SB	I-15	Add 2 HOT lanes in each direction from US-395 to I-15/I-215 interchange	2030	\$687,994
LA	I-5	Add 1 HOV lane in each direction from Weidon Canyon Rd to SR-14	2017	\$410,000
LA	SR-14	Add 1 HOV lane in each direction from Ave P-8 to Ave L	2027	\$120,000
LA	SR-71	Convert expressway to freeway-add 1 HOV lane and 1 mixed-flow lane	2028	\$13,392
OR	I-5	Add 1 HOV lane in each direction from Pico to SD County Line	2040	\$237,536
RV	I-15	Add 1 HOV lane in each direction from SR-74 to I-15/I-215 interchange	2039	\$375,664
SB	I-10	Add 1 HOV lane in each direction from Ford to RV County Line	2030	\$126,836
SB	I-215	Add 1 HOV lane in each direction from SR-210 to I-15	2035	\$249,151
SB	I-210	Add 1 HOV lane in each direction from I-215 to I-10	2040	\$178,780
VEN	US-101	Add 1 HOV lane in each direction from Moorpark Rd to SR-33	2029	\$132,000

MIXED-FLOW LANES

TOLL LANES

HOV LANES





Carolyn Syms Luna
Director

RIVERSIDE COUNTY PLANNING DEPARTMENT

Agency Notice of Preparation of an Draft Environmental Impact Report

DATE: June 10, 2013

TO: _____

PROJECT CASE NO./TITLE: GPA996 and TR36410/Cameron Ranch

PROJECT LOCATION: Northwest of the intersection of State Route (SR-) 243 and Poppet Flats Road in Riverside County. The zip code is 92220.

PROJECT DESCRIPTION: The General Plan Amendment proposes to change the General Plan from Rural: Rural Mountainous (R:RM) (10 Acre Minimum) to 228 Acres of Rural Community: Estate Density Residential (RC:EDR) (2 Acre Minimum) and 399.04 Acres of Rural: Rural Mountainous (R:RM) (10 Acre Minimum). The Tentative Tract Map proposes a Schedule B subdivision of 627 acres into 154 clustered single-family residential lots and surface streets. Approximately 228 acres would be developed. Lot sizes would range from 0.23 acre to 1.15 acres and foundation pad sizes would range from 4,160 square feet to 4,406 square feet. Access would be via Wonderland Drive to the northeast or via Old Banning Idyllwild Road along the southeast boundary, which would connect the proposed project to SR-243. Electricity, gas, and water utilities would be provided from the nearest existing interconnection point. Stormwater would flow into natural drainage courses and household wastewater would be treated by septic tanks. Graded trails for recreational use within the project site would connect to a regional trail network.

LEAD AGENCY:

Riverside County Planning Department
4080 Lemon Street, 12th Floor
P.O. Box 1409
Riverside, CA 92502-1409
Attn: Matt Straite, Project Planner

PROJECT SPONSOR:

Applicant: Don Kojima
Address: 7 Shoreridge
Newport Coast, CA 92675

Pursuant to Riverside County Rules to Implement the California Environmental Quality Act, notice is given to responsible and interested agencies, that the Riverside County Planning Department plans to oversee the preparation on an Environmental Impact Report for the above-described project. The purpose of this notice is to solicit guidance from your agency as to the scope and content of the environmental information to be included in the EIR. Information in that regard should be submitted to this office as soon as possible, but **not later than thirty (30) days** after receiving this notice.

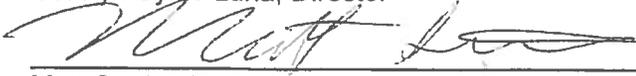
Attached is a copy of the issues to be included in the draft EIR. If you have any questions please contact Matt Straite, Project Planner at mstraite@rctlma.org

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Sincerely,

RIVERSIDE COUNTY PLANNING DEPARTMENT
Carolyn Syms Luna, Director

A handwritten signature in black ink, appearing to read "Matt Straite", written over a horizontal line.

Matt Straite, Project Planner

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Oil Infrastructure **Final December 1, 2015**

Summary for the Citizens Guide Booklet

The transportation fuels needs of Orange County are manufactured from crude oil by the manufacturers in the oil infrastructure system of California for which the State receives a grade of B-. This reflects a concern that Orange County receives 100% of its transportation fuels needs from manufacturers located outside of Orange County. A lower grade is probable in the event one of the few remaining in-state manufacturers decides to opt out of the California business environment. The concern is further complicated by the fact that California is an **energy island that imports the majority of the crude oil needs** from foreign countries and Alaska from tankers into California ports to support the California manufacturers of our transportation fuels, and that **virtually no other State or Country can provide Orange County's needs for transportation fuels in a timely manner.**

California's isolation as an "energy island" and fuel differentiation are documented problems for California and these problems become much more apparent when outages and/or shocks to the system occur. As California's fuel standards become more differentiated from surrounding states and the rest of the nation, it will likely become more difficult to find relief sources that are compliant with state regulations. This means that Californians are likely to become more vulnerable to price surges if there are supply outages. The state's growing population—which will lead to continuous demand for transportation fuels—combined with potential for disruption to the fuel supply infrastructure from such things as earthquakes and other disasters underscore the long-term likelihood of such price surges in the future. Crude by rail would be helpful to resiliency for the supply of crude oil.

Even though the California population continues to grow, the number of operating refineries in California has been decreasing over the last few decades. Generally the smaller refineries have been shuttered primarily as a result of regulatory requirements that are economically infeasible for small capacity refineries, economies of scale, flattened demand, cost effectiveness, as well as the huge cost of land in California, and the continuous pressures from special interest groups and those from the groups of "not-in-my-backyard" (NIMBY's), "citizens against virtually everything" (CAVE's), and the California Environmental Quality Act (CEQA) process that has given the opportunity for virtually anyone to continually challenge any project from getting off the ground.

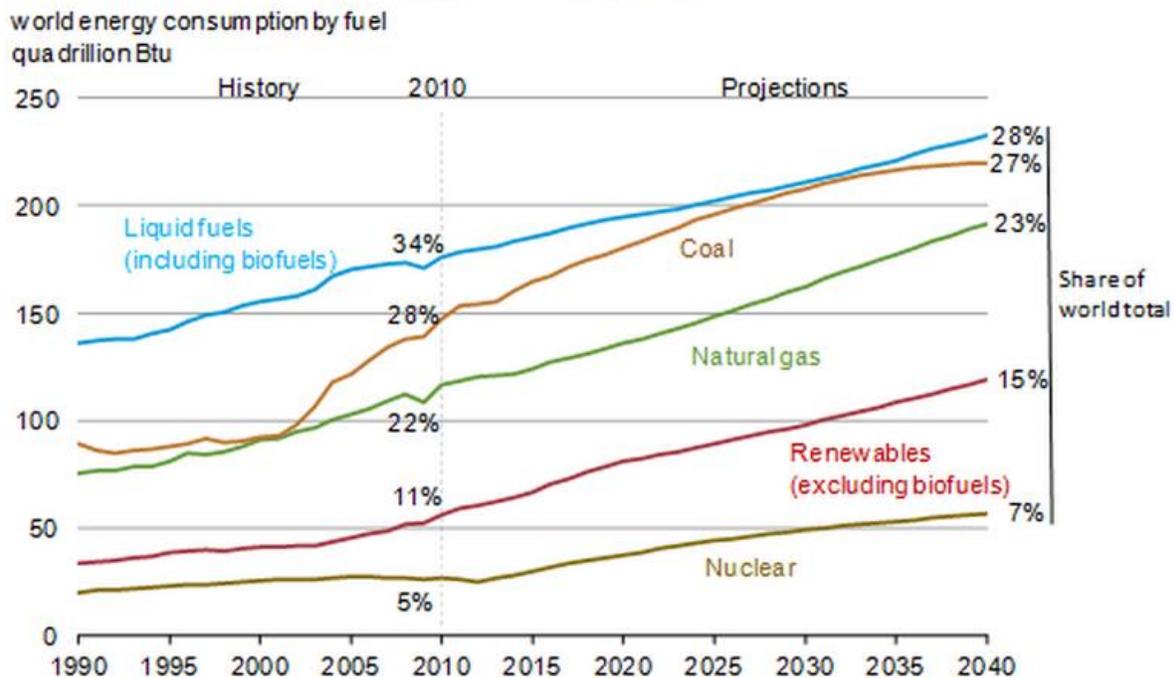
Background Information

This is the first time that oil infrastructure has been incorporated into the Orange County Report Card, since virtually everything Orange County citizens see, touch, and use in their daily lives is derived from the benefits of our use of one or more of the fossil fuels; crude oil, coal, gas, and the products manufactured from crude oil.

We focused our efforts on assessing Orange County's numerous industries and infrastructures that drive the economy and the lifestyle to which we have become accustomed that are dependent on energy from the oil and gas industries for their existence as well as the chemical

by-products from oil. We recognized that oil has industrialized the world and driven an exponential increase in human numbers and human civilization and most importantly the development of economies that drive the technological developments that supports the various infrastructures for: transportation systems, sewage treatment, sanitation systems, water purification systems, irrigation, synthetic fertilizers and pesticides, genetically improved crops, agricultural productivity, dams, seawalls, heating, air conditioning, sturdy homes, drained swamps, central power stations, vaccinations, pharmaceuticals, medications, eradication of most diseases, improvements in manufacturing productivity, electronics, communication systems, and so on. Other benefits from fossil fuel energy include the continuing reduction in infant mortality and that fossil fuel use is a major contributor to the longest life expectancy in history. Oil, coal and natural gas remains essential to the security and stability of modern society, both today and tomorrow (see the Energy Information Administration figure). Worldwide there is an increase in nuclear power to meet energy consumption growth requirements, but in California we've had a big drop in energy supplied by nuclear due to the closure of the San Onofre Nuclear Generating Station (SONGS), thus there will be more reliance in California placed on fossil fuels and renewables to meet the forecasted energy outlook as it is also reasonable to conclude that there will be no new sources of nuclear power in the USA that could supply California with the future given regulatory and licensing restrictions.

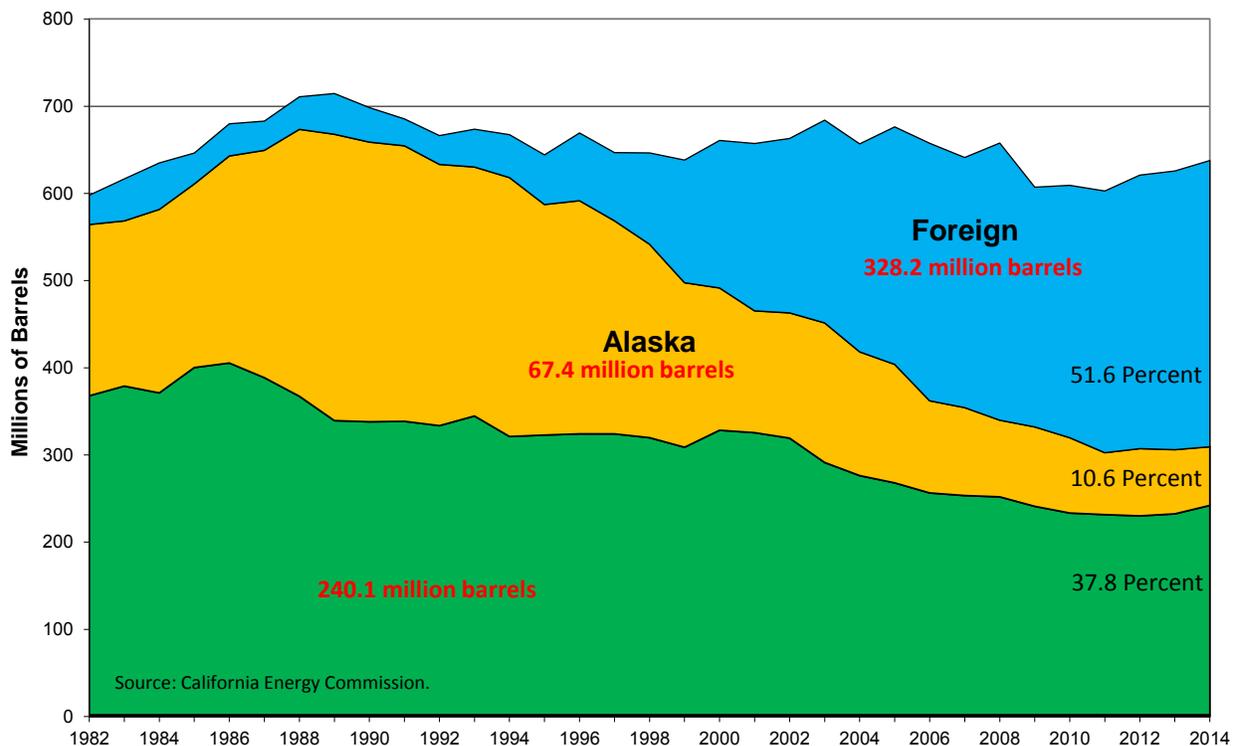
Figure 2. Renewable energy and nuclear power are the fastest growing sources of energy consumption



Source: EIA, International Energy Outlook 2013

We considered that without an accessible, reliable, and affordable fuel supply, California’s economy that is heavily driven by affordable transportation would suffer, negatively impacting the business community, families, communities, regions, and ultimately the state budget. We observed that Californians pay more per gallon in gasoline due to Californians being isolated on an “energy island”, the “boutique” fuel standards required by the Federal Clean Air Act and the California Air Resources Board (CARB) to meet the state’s fuel blending requirements for reformulated gasoline standards (in comparison to the mix of conventional, oxygenated, and reformulated gasolines represented in the national average), and California taxes-which also top most of the other 49 states. These excess costs quickly add up when billions of gallons are consumed by millions of consumers and businesses in a trillion dollar California economy.

It’s a great accomplishment that California remains one of the largest economies in the world even though California’s 38 million citizens live on an “energy island” with the Pacific Ocean on one side and the Sierra Nevada Mountains on the other side. **The huge California economy is very dependent on the continued mobility of its 32 million registered vehicles and the ability of maintaining a fuel supply to that growing fleet.** With no crude oil pipelines into the State from other States, the concern toward the economy is complicated by the fact that California currently imports more than 50% of the crude oil needed (by the in-state manufacturers of California’s transportation fuels) via ships from foreign countries and Alaska. With crude oil production and shipments from Alaska on the decline, ships from foreign countries or via crude by rail for oil from the Midwest or Canada will be increasing to meet the demands on the California energy island.



Historic trend in sources of oil to California refineries (source: California Energy Commission)

Most of USA is decreasing imports of crude oil as they take advantage of domestic oil production, while California is increasing their imports of crude as California has no access to the growth in domestic oil production, other than crude by rail. We have concerns that the choice is with Californians either to continue the ever increasing importation of crude oil from foreign countries into California ports (*see the California Energy Commission figure*), already at more than 50% of California needs, or to take advantage of the lower cost of crude oil from Canada and the Midwest (which requires public approval of crude-by-rail projects to get that crude oil into California).

We recognize and have concerns that Orange County receives 100% of its demand for transportation fuels of gasoline, diesel, and jet fuel from California manufacturers located throughout California. Those California based manufacturers are dependent on the supply of the raw product of crude oil to support their manufacturing processes. Few other manufacturers of transportation fuels, outside of California, manufacture California fuel blends, thus the reliability of supply to Orange County for transportation fuels and other fossil fuel products has been impacted by the fact that California is an “energy island” that can experience periodic transportation fuel price spikes resulting from significant unplanned refinery outages. Continued unimpeded access to marine terminals for importing additional transportation fuel supplies in the aftermath of significant unplanned refinery outages, as well as to maintain an adequate and growing import capacity for crude oil is essential to avoid potential constraints that can lead to possible fuel shortages and significantly higher prices for gasoline and diesel fuel.

Public Policy Considerations

The Economy

The ongoing and future needs of Orange County is a balance in the sources for energy, but regulators and community leaders need to think broadly to find solutions across the entire energy system, inclusive of renewables, electricity, and the fossil fuels of crude oil, coal, and natural gas, to meet California’s ambitious environmental goals without severely impacting the economy.

Economically, the California “emissions crusade” to lower emissions was prioritized with California’s flagship climate change policy Assembly Bill 32, the Global Warming Initiative. This bill was signed into law in 2006 at a time when California was contributing a minuscule 1% to the world’s greenhouse gases, and has since raised billions of dollars for the government while dramatically increasing the costs for energy and products to all 38 million that live in California.

We have further concerns that both solar and wind energy provide on-and-off intermittent power to the electric grid. Unfortunately, there is no evidence that solar and wind can provide the cheap, plentiful reliable energy to the electric grid on a 24/7 basis that our standard of living requires. In addition, solar or wind can not provide the oil or the oil by-products that every industry and infrastructure relies upon for their existence. Further concerns are that wind and solar require huge amounts of real estate that are located long distances from the users, thus much is lost in transmission to where the users have the demand. Solar and wind power are NOT cheap, plentiful, reliable, scalable, and dependable and thus requires heavy government

subsidies to flourish. Shortcomings such as these mean that more costs will be borne by the financially challenged in California (which already ranks 1st in the nation in poverty).

We have continued concerns that California persists on a go-it-alone emissions crusade that generates billions of dollars for the government at the expense of businesses and the financially challenged as the costs of burdensome regulations that disproportionately affect young people and other Americans who are living within limited means.

Resiliency

The resiliency of exploration and production of oil equates to Foreign oil production currently at 52% of California's needs and increasing yearly to make up for the decreasing production in California and Alaska. Imported crude oil is delivered to California ports via foreign tankers. The availability of abundant conventional energy supplies is what drives the economy that funds the technologies for affordable renewable energy and alternative fuels and improving the efficiencies of every infrastructure sector and business sector that are the basis of our economy and standard of living.

The resiliency to disruptions to manufacturing is driven by timely supplies of crude oil to California, and the planned and unplanned turnaround periods that are disruptions to the manufacturing of transportation fuels, resulting in temporary shortages and price increases until the turnaround is completed and the refinery is able to get back to a full operational mode. All of petroleum production and manufacturing in California are also dependent on adequate water supplies.

What you can do

1. Urge policymakers, regulators and community leaders to think broadly to find solutions across the entire energy system to meet California's ambitious environmental goals. This means renewables, electricity, and the fossil fuels of crude oil, coal, gas, and the products manufactured from crude oil.
2. Remind policymakers, regulators, residents and businesses that:
 - a. Virtually all products that citizens see, touch, and use in their daily lives are derived from the benefits of our use of one or more of the fossil fuels; crude oil, coal, natural gas, and the products manufactured from crude oil.
 - b. California is an isolated "energy Island" that currently imports more than half of the crude oil needed to meet the demands for boutique blends of transportation fuels manufactured in California for gasoline, diesel, and jet fuels.
 - c. Orange County receives 100% of its transportation fuel needs from three transportation fuel manufacturing centers on the West Coast: Pacific Northwest, San Francisco, and Los Angeles.
 - d. The availability of affordable, plentiful, reliable, scalable, accessible and dependable supplies of energy is what drives the California economy.
 - e. California's 100,000 electric vehicles are the most that any state has. However, the other 97% of California's 32 million vehicles that DO NOT run on electricity or other alternative fuels are consuming more than 40 million gallons of

transportation fuels, gasoline and diesel, EVERY DAY, excluding jet fuel for the numerous airports. Sounds like a lot of fuel, but it equates to just more than 1 gallon per day per vehicle.

- f. Even though there is a projected growth in population from the current 38 million citizens, and vehicle registrations from the current 32 million, the gasoline demand is projected to decline slightly from the current 40,000,000 gallons per DAY mostly as a result of more fuel efficiencies, and a slight impact by the 3% of vehicles that run on electricity or other alternative fuels.
 - g. The huge California economy is very dependent on the continued mobility of its 30 million registered vehicles and the ability of maintaining a fuel supply to that growing fleet. In the event California cannot manufacture transportation fuels to meet the demand to continue to support the mobile fleet of vehicles that drives the California economy, Californians will be forced to seek their transportation fuel needs and the by-products from oil to be provided by other states or countries that have less stringent emission guidelines, resulting in an increase in the World's Green House Gases.
 - h. Off-oil schemes in Sacramento that seem to constantly perpetuate would result in transferring the responsibility for California energy supply requirements to other State or Countries and would increase greenhouse gasses because no other State or Country has the stringent air quality regulations than California. In addition, hundreds of thousands of energy related jobs would also be transferred out of California to the States or Countries that would provide the energy needs of California.
 - i. Continued unimpeded access to marine terminals to maintain an adequate and growing import capacity for crude oil is essential to avoid potential constraints that can lead to possible fuel shortages and significantly higher prices for gasoline and diesel fuel.
 - j. The choice is with Californians to continue the ever increasing importation of crude oil from foreign countries into California ports, already at 52% of California needs, or to take advantage of the lower cost of crude oil from Canada and the Midwest which requires public approval of crude-by-rail projects to get that crude oil into California.
3. Support legislation for incentives for clean engine technology and clean energy refueling infrastructure.

Members:	Dave Hackett	President, Stillwater Associates
	Dr. Donald Paul	Executive Director, USC Energy Institute
	Stephen Faichney	Director of Public and Government Affairs, Valero
	Gordon Schremp	Energy Commission Specialist, Calif Energy Commission
	Marc Mitchell	Vice President, Cerrell Associates
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