



STAFF REPORT
Board Meeting of March 18, 2026

AGENDA ITEM: 4-B

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SUBJECT:

California High Speed Rail Authority - Draft 2026 Business Plan

Enclosure: No

Action: Information and Discussion Only

SUMMARY:

The California High-Speed Rail Authority released its Draft 2026 Business Plan on February 28, 2026, initiating a required 60-day public review and comment period. The draft outlines updated cost estimates, funding strategies, construction progress, and delivery timelines for the statewide high-speed rail system, including the Initial Operating Segment in the Central Valley. After reviewing public and legislative feedback, the Authority is expected to submit and adopt a Final 2026 Business Plan by May 1, 2026, as required under state law. The document serves as the project’s biennial strategic and financial roadmap.

The Draft 2026 Business Plan updated cost and funding which show a modest reduction in the estimated cost for Phase 1 of the California high-speed rail system — the segment connecting San Francisco and Los Angeles/Anaheim — with the overall projection trimmed by about \$1.7 billion compared with earlier estimates due to “streamlining efforts” the Authority says will make delivery more efficient and economical. The plan also describes strategies for diversifying funding beyond traditional capital allocations, including new revenue streams through early fare service, real estate development, ancillary projects, and private-sector partnerships or financing mechanisms intended to strengthen long-term financial resilience while managing limited public funds.

In project delivery and phasing, the Authority continues to prioritize completing the Central Valley segment (especially the 171-mile Merced–Bakersfield section) as the first operational piece of the system, with expansion to major population centers coming next to support revenue-positive service. The draft emphasizes a phased, incremental implementation strategy rather than waiting for the full San Francisco–Los Angeles/Anaheim build-out, enabling earlier service, potential commercial benefits, and opportunities for private investment to accelerate construction and system rollout. Delivery plans also include

leveraging proven “best practices” and sequence adjustments to bring useful segments into service sooner while laying groundwork for full statewide connectivity over time. The Central Valley Initial Operating Segment between Merced and Bakersfield is currently forecast to begin passenger revenue service in 2032.

In the Draft 2026 Business Plan, the San Joaquin Valley remains central as the backbone of California’s initial high-speed rail delivery: the Merced–Bakersfield segment is still identified as the Initial Operating Segment, with updated capital costs of roughly \$34.7 billion — a net reduction from prior estimates — and construction actively underway across Madera, Fresno, Kings, and Tulare counties. The plan continues to prioritize that segment as the first to be completed and operated while ongoing public and legislative review has highlighted outstanding issues such as funding gaps on the Merced–Bakersfield corridor, timing of revenue versus upfront costs, statutory requirements for an operating subsidy, and legal mandates for a downtown Merced station.

Madera County’s role remains important but is progressing outside the core Business Plan document itself: construction continues on the Central Valley segment (including major structures and grade separations in Madera County). The Madera High-Speed Rail Station project — led by the San Joaquin Joint Powers Authority with local and federal funding — is advancing a station relocation to a site off Avenue 12 to improve access, support transit-oriented development, and enable future HSR connections when the system comes online. This relocation creates an intermodal hub linking Amtrak’s Gold Runner to the future HSR line and is part of local and regional rail plans.

Longstanding planning for the Central Valley Wye — a key junction south of Chowchilla near Madera County that will connect the north–south HSR trunk with branches toward the Bay Area and Sacramento — continues in environmental review and alignment work, though the 2026 Business Plan does not introduce new Wye decisions. These elements, including local station and Wye planning, remain outstanding pieces of integration and connectivity tied to broader HSR deployment and regional transit integration.

FISCAL IMPACT:

No fiscal impact on the approved 2025-26 Overall Work Program and Budget.