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California's high-speed rail project could run out of money next year

<http://www.bizjournals.com/sacramento/news/2014/04/07/californias-high-speed-rail-project-could-run-out.html?page=all>

The California High-Speed Rail Authority's latest business plan suggests the agency could run out of money next year unless it overcomes legal and legislative funding hurdles.

The project depends on both state and federal funding, but a November court decision blocked the authority from accessing state money. And use of the federal dollars is contingent on the state dollars.

The authority expects to spend approximately \$4 billion on construction next year, according to a 2014 draft business plan ([pdf version here](#)). But the authority only has \$3.3 billion in federal dollars. If state funding does not materialize, "There would be a question of whether the federal government would allow the expenditure of federal dollars on the project," said [Jeremy Fraysse](#), an analyst with the California Legislative Analyst's Office.

In other words, absent state funding, the federal government could determine the project's long-term prospects are unlikely and recall the federal dollars, which is currently the authority's sole funding source.

The rail authority did not respond to calls and emails seeking a response.

In November, a Sacramento Superior Court Judge effectively blocked access to voter-approved bonds after ruling the authority violated a 2008 initiative that granted the money. Under the judge's ruling, the authority must describe how it will identify an estimated \$31 billion needed for its initial segment of tracks through the Central Valley, before accessing additional state funds.

The authority already cobbled together \$6 billion in state and federal money. It's unclear where the additional \$20.9 billion would come from. The authority appealed that decision and a hearing could happen in May.

The authority also is counting on obtaining a new funding source from the state's cap-and-trade program, but that allocation relies on legislative approval that is [far from certain](#).

Even if the federal government allowed the authority to completely subsist off federal dollars, most of those federal dollars come from stimulus grants with a spending deadline of 2017.

But the authority is still on the hook to provide matching funds. If the state can't provide the match, the federal government could demand a refund of its \$3.3 billion in stimulus grants, and would have the right to withhold future transportation funding in order to get it, said Fraysse.

According the 2014 draft business plan, the authority seeks to spend \$751 million in 2014, \$4.003 billion in 2015, and \$4.008 billion in 2016.

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