

**MEMORANDUM OF UNDERSTANDING  
BY AND BETWEEN THE  
CALIFORNIA STATE TRANSPORTATION AUTHORITY  
and  
CALIFORNIA HIGH-SPEED RAIL AUTHORITY  
and  
SAN JOAQUIN JOINT POWERS AUTHORITY**

**FOR COOPERATION AND COORDINATION IN THE DEVELOPMENT OF AN  
INTERIM SERVICE PLAN**

This Memorandum of Understanding (MOU) is entered into by and between the California State Transportation Agency, California High-Speed Rail Authority and the San Joaquin Joint Powers Authority (referred to herein collectively as the “Participants”) to facilitate cooperation and coordination in the development of parameters for early interim operation of a portion of the California High-Speed Rail (HSR) system in combination with existing intercity and regional rail systems.

**PERTINENT ENTITIES**

*California State Transportation Agency (CalSTA):* develops and coordinates the policies and programs of the state’s transportation entities, including CHSRA and Caltrans; responsible for overall planning, coordination and budgeting of intercity passenger rail service in California; delegates specified administrative and oversight responsibilities related to transit and intercity rail to Caltrans; responsible for the review and approval of SJJPA business plans that will include plans by SJJPA to execute contracts related to implementing HSR services.

*California High-Speed Rail Authority (CHSRA):* responsible for planning, designing, constructing, and operating HSR.

*San Joaquin Joint Powers Authority (SJJP):* responsible for the governance, operation and management of the San Joaquin Intercity Passenger Rail Service (San Joaquin) between the cities of Bakersfield, Fresno, Merced, Modesto, Stockton, Sacramento and Oakland.

*California Department of Transportation (Caltrans):* provides oversight of intercity rail services managed by the joint powers authorities, including SJJPA; owns and manages intercity rail rolling stock used for the services.

*San Joaquin Regional Rail Commission (SJRRCC):* the current managing agency of San Joaquin on behalf of SJJPA and is responsible for the governance, operation and maintenance of the Altamont Corridor Express (ACE).

*Early Train Operator (ETO):* the consultant retained by CHSRA to assist in the design, development and procurement of the commercial aspects of HSR passenger train operations as well as the study of, and preparation for, operation of the HSR system; participated with other Parties in an analysis of the feasibility of HSR operations (discussed in more detail below).

*Operator:* SJJPA's proposed delegate to operate trainsets and stations. The Operator will not be in place to be a party to this MOU but is included for the purposes of defining roles and responsibilities.

## **RECITALS**

- A. Whereas, the state statutory mandate of CHSRA is to develop an HSR system that coordinates with the state's existing transportation network, which includes intercity rail and bus lines, regional rail lines, urban rail and bus transit lines, highways, and airports; and
- B. Whereas, the HSR system will eventually provide intercity, high-speed service on more than 800 miles of track, connecting the major population centers of Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego; and
- C. Whereas, future planning for the HSR system includes service between Sacramento and Merced, and between the Central Valley and San Jose along the Altamont Corridor; and
- D. Whereas, the Participants are interested in pursuing a coordinated implementation strategy to provide improved rail service, including segments of HSR operations, connecting the Bay Area, Sacramento, Merced and Bakersfield utilizing a combination of future CHSRA assets and existing regional rail services and/or corridors (as detailed more fully below); and
- E. Whereas, the Participants desire to memorialize in this non-binding MOU their shared understanding for the development of an interim service plan for the HSR, San Joaquin, and potentially ACE; and
- F. Whereas, the Participants intend to utilize this MOU as the next step in developing the interim service plan and expect that this process will be collaborative and iterative; and
- G. Whereas, the Participants intend to enter into detailed agreements as the roles, responsibilities and expectations regarding the interim service plan develop.

## **NOW, THEREFORE, THE PARTICIPANTS SHARE THE FOLLOWING UNDERSTANDING:**

1. CHSRA, SJJPA, SJRRC, CalSTA, Caltrans and the CHSRA ETO completed an analysis of the feasibility of HSR operations in the Central Valley documented in the "California High Speed Rail Early Train Operator – Central Valley Segment System Management and Operations Interim Financial Plan" dated January 31, 2020 (CV Study)<sup>1</sup>. In the CV Study, the participants agreed on assumptions, estimated the operations and maintenance costs, and utilized the State Rail Plan ridership model to estimate the potential revenue and benefits of the combined services (ACE/San Joaquin/HSR). The CV Study analysis included an integrated service plan for the region including the ACE and San Joaquin intercity rail service, and the use of the CHSRA section in the Central Valley. The CV Study

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<sup>1</sup> The CV Study is incorporated herein by this reference. Capitalized terms in this MOU have the same meaning as in the CV Study unless otherwise defined herein.

concluded that the best scenario for all the parties is to start an early service of HSR between the cities of Bakersfield and an integrated station in Merced where ACE and San Joaquin services will directly connect to HSR at a multi-modal station in the future (Interim Service).

2. The CV Study contains the assumed targeted service and timetables to be implemented in both the high-speed sections and in the connecting intercity and regional rail and bus services, including the coordinated transfer times. According to these targets the parties agreed to:
  - a. Implement a high-speed train service in each direction from Merced to Bakersfield with intermediate stations at Madera, Fresno, and Kings/Tulare (HSR Segment).
  - b. Improve the connections to San Joaquin's intercity and ACE regional rail services from:
    - i. Merced to Sacramento and Oakland via San Joaquin's;
    - ii. Merced to Sacramento and San Jose via ACE; and
    - iii. Bus Connections to match the HSR trains at stations throughout the route, as assumed in the CV Study (including at Merced, Bakersfield and intermediate stations).
  - c. Develop stations to an agreed upon appropriate level.
  - d. Participate in the Merced station planning group (to be formed in the future), for the intermodal Merced station shared by HSR, San Joaquin's and ACE services.
3. CHSRA Responsibilities
  - a. CHSRA will provide system access to the Operator for the use of CHSRA infrastructure (including track and railway systems, bridges, platforms) and related assets in the HSR Segment.
  - b. CHSRA will not exclude any interested, qualified and acceptable entity from participating in the Operator procurement and will consider the potential value to CHSRA of entities gaining operational experience and maximizing efficiencies in the operation of high-speed services where possible.
  - c. CHSRA will be responsible for maintaining civil infrastructure, track and railway systems, and associated facilities (to be performed by a Track and Systems contractor engaged by CHSRA).
  - d. CHSRA will be responsible for providing and maintaining station platforms, platform lighting, canopies, and vertical circulation (to be performed by a Track and Systems contractor engaged by CHSRA).
  - e. CHSRA will provide high-speed trainsets and a train maintenance facility.
  - f. CHSRA will be responsible for maintaining high-speed trainsets and the high-speed train maintenance facility (to be performed by a rolling stock contractor engaged by CHSRA).

- g. CHSRA will be responsible for the provision, maintenance, and operation of an Operations Control Center (OCC) (to be operated by a Track and Systems contractor engaged by CHSRA) to handle dispatching, incident management, and service recovery; CHSRA will provide space on the operations floor for Operator staff to facilitate coordination between Operator and CHSRA.
- h. CHSRA will be responsible for security and policing of infrastructure, track, systems, and associated facilities, and for trainsets stabled in the train maintenance facility.
- i. CHSRA will provide accurate and timely budget inputs to SJPPA and CalSTA for the above services such that SJPPA can accurately reflect such costs in its business plan submissions to CalSTA.
- j. CHSRA will inform SJPPA of any material change to the Track and Systems or Rolling Stock agreement(s) that could affect SJPPA budgeting efforts.
- k. CHSRA to be responsible for all legal requirements, including FRA requirements, related to maintenance of rail infrastructure and rolling stock.
- l. CHSRA will maintain, directly or through insurance obtained by its contractors (including Operator), the appropriate level of insurance or self-insurance for its responsibilities.

#### 4. SJPPA Responsibilities

- a. SJPPA will act as the rail service provider (indirectly, by contract with the Operator) of the Interim Service.
- b. SJPPA will identify and propose a delegate Operator, to be approved by CHSRA, to operate trainsets and stations. The Operator could include a joint venture partnership or other arrangement with any interested, qualified and acceptable entity/entities, under a separate agreement(s) if agreeable terms are negotiated.
- c. SJPPA will pay CHSRA a System Access Fee for usage of CHSRA infrastructure and related assets in an amount sufficient to cover the portion of CHSRA's maintenance and overhead costs that are related to the Interim Service. SJPPA will use incremental farebox revenues generated from increased ridership to make these CHSRA payments, and also to pay the Operator engaged by SJPPA.
- d. SJPPA will pay CHSRA a Train Rental Fee for usage of CHSRA trainsets in an amount sufficient to cover CHSRA's maintenance and insurance costs related to the rolling stock, the costs of which will also be paid for using incremental farebox revenues generated from increased ridership.
- e. SJPPA will work with SJRRC on behalf of the ACE service, and CHSRA on behalf of the HSR service, to pursue the joint Operator for ACE, San Joaquin and HSR operations. SJRRC will continue to be responsible for planning and scheduling ACE service and receiving local and federal compensation sufficient to cover the costs of the ACE rail services. SJPPA will coordinate with SJRRC on the scheduling of ACE services to ensure optimal network integration while protecting existing ACE service markets. SJPPA will seek approval to collect revenues on behalf of ACE passengers for joint ticketed services and to provide such revenues to SJRRC at publicly published ticket prices for peak-period ACE rail services within the ACE corridors.

Additional revenue generated on ACE trains as a direct result of SJJPA-contracted HSR supplemental services, will be split between SJJPA and SJRRC as determined by future negotiated agreement(s).

- f. SJJPA commits to prioritize the development of the regional rail connectivity infrastructure up to and around Merced station including securing the additional funding necessary for these improvements.
- g. SJJPA will establish and maintain a robust advertising and marketing program approved by CalSTA;
- h. SJJPA will engage and support the CalSTA Integrated Travel Project;
- i. SJJPA will engage and oversee the Operator that will:
  - i. operate high-speed rail service, San Joaquin service, connecting bus services in an integrated manner (collectively, the “Related Service”), and potentially ACE service;
  - ii. operate and manage all Related Service in compliance with all applicable laws and regulations;
  - iii. conduct day-to-day station operations, including provision of station and retail staff, daily cleaning, and management of car parking associated with the station;
  - iv. conduct day-to-day management of the train crew and provide all on-board customer services (ex. food services);
  - v. recommend fare policies and collect revenues;
  - vi. establish and observe safety protocols for customers and staff;
  - vii. maintain insurance policies required by CHSRA, naming CHSRA, SJJPA and certain other entities as named or additional insureds;
  - viii. manage passenger welfare during any train incidents and coordinate with the OCC regarding impacts on service;
  - ix. provide input on advertising and marketing program;
  - x. be responsible for all legal requirements, including STB and FRA compliance related to the operation of trains.
- j. SJJPA will engage and oversee the Operator or other entities to:
  - i. provide security and policing for stations, car parks, on board trains, and for trainsets stabled in places other than the maintenance facility; and
  - ii. establish and operate a ticketing system, both on-line and at stations (as applicable), for high-speed trains, which system will be integrated with the ticketing systems for the Related Service;
- k. SJJPA will work with CalSTA on the best approach for its business plan under this new model and do any work needed to provide information to CalSTA. Based on those discussions, SJJPA will submit a modified business plan to CalSTA for approval by the Secretary that includes plans to execute future agreements for joint

SJJPA and HSR Segment services that consider methods to account for the operating costs, including utilizing incremental revenues to pay for all incremental operating costs.

## 5. CalSTA Responsibilities

- a. CalSTA is responsible for overall planning, coordination and budgeting of intercity passenger rail service in California, including: (1) approving SJJPA business plans that include plans to execute agreements related to implementing the business plan; and (2) delegation of state administrative and oversight responsibilities to Caltrans.
- b. CalSTA will work with SJJPA on the best approach for its business plan under this new model. CalSTA will review and approve SJJPA business plans that include plans and budgets for SJJPA to operate Related Services after ensuring that all legal requirements have been met.
- c. CalSTA expects to only approve SJJPA business plans that ensure that incremental costs tied to HSR operations and related agreements with SJRRC related to ACE services are fully covered by incremental revenues. Similar to the expectations for Thruway bus services, agreements related to providing high-speed rail services are expected to deliver incremental revenue across the network in excess of the incremental contract costs.
- d. CalSTA will delegate appropriate authority to Caltrans to provide oversight and funding to SJJPA, in accordance with contractual requirements, including the authority to support the modeling of various ridership and cost forecasts tied to ensuring incremental service growth has cost increases that can at least be covered by incremental revenues. Caltrans will be authorized to work with SJJPA to identify service levels lower than those envisioned in earlier studies if the service levels indicated by the results of such earlier studies would be likely to result in incremental revenues exceeding incremental costs.

## 6. Necessary Interim Service Flexibility

- a. CHSRA, SJJPA, and SJRRC work under boards that will need to review and approve decisions related to the items covered in the MOU.
- b. COVID-19 may change funding availability to all parties and require modifications to the approach set forth in this MOU.
- c. Parties will continue to review other models (including structure and funding, among other areas) that achieve the goals set forth herein as the Participants move forward.
- d. If it is determined that it is desirable for SJJPA to begin operations on CHSRA infrastructure prior to full completion of Merced and Bakersfield extensions, additional analysis will be necessary to determine feasibility of service plans and funding structure. The terms of this MOU would need additional amendments.

## 7. General Terms

- a. This MOU is intended as an initial step to facilitate the cooperation, coordination and intentions set forth herein. The Participants expect that as the planning evolves and

the Participants reach consensus of how to best proceed, this MOU may be revised and detailed and specific agreement(s) will be entered into.

- b. At a minimum, the Participants anticipate that the following agreements will be necessary and negotiated at the appropriate time:
  - i. CHSRA/SJJPA System Access Agreement
  - ii. Train Lease Agreement; and
  - iii. SJJPA/Operator Operations Agreement; including CHSRA operating guidelines and requirements.
- c. The Participants agree to collaborate, cooperate and coordinate with each other, including their respective staff and/or consultants, to achieve the objectives of this MOU including, among other actions:
  - i. the commitment of personnel;
  - ii. the participation in recurring meetings and/or workshops;
  - iii. the exchange of necessary technical and other information; and
  - iv. good faith negotiation of more detailed agreement(s), where needed.
- d. The respective contact points for communication and information exchange, as well as any notice required to be submitted under this MOU are:

Chief Deputy Secretary, Rail and Transit  
California State Transportation Authority  
915 Capitol Mall, Suite 350B  
Sacramento, California 95814

Director of Operations and Maintenance  
California High-Speed Rail Authority  
770 L Street, Suite 620  
Sacramento, California 95814

Manager of Regional Initiatives  
San Joaquin Joint Power Authority  
949 East Channel Street  
Stockton California 95202

8. This MOU is a non-binding, voluntary initiative and does not create any legally binding rights, limitations or obligations upon the Participants. This MOU does not purport to include all provisions relative to the structure or terms of the proposed transaction or definitive documents. Rather, the Parties agree to memorialize binding commitments in future agreements as they are negotiated. Each party shall bear its own costs related to this effort unless otherwise agreed in writing.
9. Should the Participants reach an impasse in the collaborative effort anticipated by this MOU, the contact points (identified above) will make an expeditious and good faith effort at working together through dedicated meetings to reach a compromise or resolution. Should that effort be unsuccessful, the Participants agree to elevate the outstanding issues to their

respective Chief Executive Officer/Executive Director/Secretary who will then make an expeditious and good faith effort at working together through dedicated meetings to reach a compromise or resolution.

10. This MOU is not intended to amend or impact in any way other existing written agreements or MOUs that Participants may have entered pertaining to Interim Service, ACE, San Joaquin, or the HSR project, in general.
11. This MOU is effective from the date of its last signature and shall remain in effect until another MOU or agreement regarding Interim Service is executed between the Participants, or one Participant withdraws from the MOU, whichever is earlier.
12. This MOU can only be renewed or extended by the Participants in writing. The Participants may, at any time, withdraw from this MOU by providing a written notice to the other Participants.
13. This MOU may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile, pdf., or electronic/computer-image signatures will be treated as originals.

**FOR THE CALIFORNIA STATE  
TRANSPORTATION AUTHORITY**

**FOR THE CALIFORNIA HIGH-  
SPEED AUTHORITY**

**David S. Kim,  
Secretary**

**Brian P. Kelly,  
Chief Executive Officer**

**Date: November \_\_\_, 2020**

**Date: November \_\_\_, 2020**

**FOR THE SAN JOAQUIN JOINT  
POWERS AUTHORITY**



**Vito Chiesa,  
Chair**

**Date: November 30, 2020**