



**OFFICE OF THE
INSPECTOR GENERAL**
CALIFORNIA HIGH-SPEED RAIL

Benjamin M. Belnap

Inspector General

Mark Reinardy

Chief Deputy Inspector General

June 10, 2025

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly

State Capitol
Sacramento, California

Dear Governor and Legislative Leaders:

On June 4, 2025, the Federal Railroad Administration (FRA) published a letter along with its compliance review report notifying the California High-Speed Rail Authority (CHSRA) of its proposed determination to terminate two cooperative agreements totaling roughly \$4 billion in federal funding. Some of the reasons the FRA provided for its proposed termination of funding included conclusions previously published by the Office of the Inspector General, California High-Speed Rail (OIG-HSR). In this letter, we correct various mischaracterizations of OIG-HSR conclusions used by the FRA in support of its determination. We issue these corrections in a public letter because the FRA did not provide our office an opportunity to review and correct these mischaracterizations prior to publishing its compliance review report.

The OIG-HSR Has Not Opined on Future Merced-to-Bakersfield Ridership Revenue or Operating Costs

FRA Statement: “The CHSRA Office of the Inspector General’s 2025 findings further noted the Merced–Bakersfield segment’s projected 2 million annual riders would be insufficient to cover costs, with a \$6.5 billion shortfall, raising questions about why CHSRA promoted such figures to secure initial grants.”



OIG-HSR Correction: The OIG-HSR has never concluded or otherwise noted anything related to the information the FRA attributes to our office in the above statement. Specifically, we have not opined on projected Merced-to-Bakersfield annual revenue or operating costs. We have identified no citations by the FRA supporting its assertion that the OIG-HSR ever made this conclusion.

The OIG-HSR Has Never Concluded that the CHSRA Lacks the Funding to Meet Federal Grant Agreement Requirements

FRA Statement: “CHSRA’s own Inspector General (the “CHSRA IG”) released a report confirming CHSRA has no credible plan to close the approximately \$7 billion funding gap necessary to complete the Central Valley Segment. Even if CHSRA intended to make good on its commitments to FRA, the CHSRA IG report concludes CHSRA simply lacks the funding to meet these commitments.”

OIG-HSR Correction: Although we have described in past reports the funding gap that has existed on the Merced-to-Bakersfield segment, and have provided recommendations for the CHSRA to improve its associated funding plans, we have never concluded that the lack of funding for certain components of the Merced-to-Bakersfield segment would prohibit the Authority from meeting its federal grant provisions (“commitments to the FRA”). We have identified no citations by the FRA supporting its assertion that the OIG-HSR ever made this conclusion.

Critical Context Is Missing from the FRA’s Description of the OIG-HSR’s Conclusion Regarding the Early Operating Segment

FRA Statement: “In February 2025, CHSRA’s Office of the Inspector General (CHSRA IG) published a report revealing that CHSRA would likely not be able to complete the Early Operating Segment due to a \$7 billion funding gap with no plan to address the gap.”

OIG-HSR Correction: The FRA statement above inaccurately implies that the OIG-HSR concluded that, because of the \$7 billion funding gap, the Early Operating Segment would not likely be completed at all. To clarify, our February 2025 report concluded that the Early Operating Segment—as then scoped and funded—would not likely be completed within the schedule envelope of 2030 to 2033.

With that critical context included, we stand by our report conclusion about the challenges facing the segment schedule but also point out that the CHSRA—in discussion with state lawmakers—is both examining project scope and pursuing additional funding in an effort to remain within the schedule envelope. Along with other reforms we have recommended that would better position the CHSRA to overcome challenges associated with third parties, these efforts could position the project for successful completion of an Early Operating Segment that meets federal requirements, brings immediate transportation benefits, and demonstrates the value of future expansion of high-speed rail throughout California.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Belnap", written in a cursive style.

Benjamin M. Belnap, CIA
Inspector General, High-Speed Rail