

July 7, 2025

Drew Feeley
Acting Administrator
Federal Railroad Administration
Via Email Only: FRAExecSec@dot.gov

Dear Mr. Feeley,

The California High-Speed Rail Authority (“Authority” or “CHSRA”) hereby provides additional documentation and information supporting its June 11, 2025 Initial Response to the Federal Railroad Administration’s (“FRA”) June 4, 2025 notice of proposed determination (“FRA Notice”) and its attached Compliance Review Report (“FRA Report” or “Report”). As explained in the Authority’s Initial Response, the Authority disputes FRA’s proposed determination to terminate Cooperative Agreement No. FR-HSR-0118-12 (the “FY10 Agreement”) and Cooperative Agreement No. 69A36524521070FSPCA (the “FSP Agreement”) (together, the “Cooperative Agreements”).

The Authority provides copies of prior correspondence with FRA, which the Authority transmitted during FRA’s compliance review, and which clarify the agreed-upon scope of that review. This correspondence also provides insight as to the sheer volume of documentation (over 80,000 pages) the Authority provided to FRA in response to FRA’s requests—documentation that FRA did not appear to consider in its Report or in reaching its proposed determination. (See Compliance Letters Folder: Document Numbers 2450-2463). The additional documents and information provided with the Authority’s Initial Response and with this submission are intended to supplement those prior document productions. Accordingly, the new materials cited herein in support of the Authority’s assertions should be assessed in conjunction with the Authority’s prior submissions and document productions.

Although the FRA Notice included an attachment titled “Relevant Correspondence Between FRA and CHSRA,” the attachment omitted all correspondence from the Authority except its February 28, 2025 letter acknowledging receipt of FRA’s February 27, 2025 initial document production request. Instead, FRA apparently relied on a risk analysis prepared without input from the Authority that did not adequately describe the model used or the underlying assumptions and exceptions or indicate the qualifications of the person(s) who prepared it.

Although FRA claimed that it prepared a 300-page report,¹ more than 250 pages of the Report are copies of the Cooperative Agreements and other attachments.

Had FRA reviewed and fairly evaluated the documents and information the Authority submitted during the compliance review, it could not have reached the conclusions set forth in the Report.

The below sets forth information about the Authority's substantial progress on the 171-mile Early Operating Segment ("EOS") in the Central Valley ("the Project") and the substantial benefits the Project has already provided. The Authority also provides a catalog of documents that demonstrate the Authority's ongoing compliance with the Cooperative Agreements and refute the conclusions in the FRA Notice and Report.

I. The Authority has made substantial progress on the Project and its work has reshaped the Central Valley.

The Authority has made significant progress on the construction of the first 119 miles of the Project, with one of three construction packages substantially complete and ready for track and systems installation and the remaining two construction packages scheduled for completion by the end of 2026. And crucially, the Authority is on schedule to begin revenue passenger service on the EOS by 2033. The following milestones make plain the Authority's substantial progress.

As an initial matter, the Authority has obtained all environmental clearances between Los Angeles Union Station and the Sales Force Transit Center in San Francisco. This effort required years of coordination with local jurisdictions, third parties, federal government agencies, and the public to get an approved high-speed rail alignment allowing construction to begin. This also constituted a significant portion of the work required under the first agreement between the Authority and FRA, substantially completing the planning and environmental phase as agreed to in the American Recovery and Reinvestment Act (ARRA) Cooperative Agreement ("ARRA Agreement").

The Authority has also made outstanding progress on the structural backbone of the EOS. As of May 31, 2025, 54 structures and 70 miles of guideway have been completed.² In May 2025, the Authority completed two major structures: the Central Avenue Grade Separation in Fresno, a 432-foot, 400-ton reinforced steel overpass,³ and the Belmont Avenue Grade Separation, a four-span bridge that safely takes traffic and pedestrians over both Union Pacific and high-speed rail tracks⁴. In June 2025, the Authority completed one additional structure, the Avenue 56 Grade

¹ June 5, 2025 X Duffy post: <https://x.com/SecDuffy/status/1930353073760723300>

² Central Valley Status Report July 2025, Slide 6-7. (Document Number 2464).

³ <https://hsr.ca.gov/2025/05/23/photo-release-high-speed-rail-completes-central-avenue-grade-separation-project-in-fresno-county/>

⁴ <https://www.hsr.ca.gov/2025/05/23/photo-release-high-speed-rail-opens-belmont-avenue-grade-separation-in-city-of-fresno/>

Separation in Tulare County.⁵ (See Completed Structures Photos Folder: Document Numbers 2786-2804).

At the northern end of the EOS, one of the Authority's largest structures, the San Joaquin Viaduct and Pergola, was completed in 2021, and spans approximately 4,741 feet, with the top of the viaduct 43-feet wide. The 210-foot arch span over the San Joaquin River is supported by 20 pre-cast floor beams and represents the Project's northern gateway to the Central Valley.⁶

At the other end of the EOS, the southern railhead is well underway. Railhead design was completed in July 2024; civil construction is also complete, and the track and signal work is underway with expected completion in Fall 2025.⁷ Construction of the railhead is a major step in the track and systems process and signifies a new phase of the high-speed rail program. The railhead allows the Authority to obtain delivery of materials to construct temporary freight tracks linked to BNSF rail for delivery of materials and major equipment such as track laying machines, track ties, traction power components, overhead contact systems, and high-speed rail track.⁸

Land acquisition—one of the most logistically complex aspects of the entire Project—is more than 99 percent complete on the first 119 miles of civil construction. As of May 31, 2025, the Authority had delivered 2,275 of 2,291 parcels necessary to deliver the 119 miles of right of way. Beyond the impressive progress to acquire the vast amount of right-of-way necessary for construction, the Authority's progress continues into utility relocation work with 1,572 of 1,826 utilities relocated to date and an additional 102 utility relocations underway.⁹

The Project's extensions south to Bakersfield and north to Merced—comprising the remainder of the EOS—have also made substantial strides, with design at 30 percent and timely progressing. Reaching this level of definition has kicked off the right-of-way acquisition process for the extension projects, allowing the Authority to compile a detailed list of parcels to acquire and set a list of priority parcels to start acquiring this year.

II. The Project has brought significant economic benefit to the Central Valley.¹⁰

The high-speed rail project has brought significant economic benefits to the Central Valley region, a Department of Transportation-designated historically disadvantaged area and

⁵ <https://www.hsr.ca.gov/2025/06/16/photo-release-high-speed-rail-completes-first-tulare-county-grade-separation-at-avenue-56-2/>

⁶ <https://www.buildhsr.com/project/san-joaquin-river-viaduct-pergola/>

⁷ California High-Speed Rail Board of Directors March 2025 Construction Update, Slide 18 (<https://hsr.ca.gov/wp-content/uploads/2025/02/20250306-Agenda-Item-3-Construction-Update-PPT-A11Y.pdf>); CVSR July 2025, slide 36. (Document Number: 2464).

⁸ <https://hsr.ca.gov/2025/01/06/news-release-californias-high-speed-rail-program-celebrates-progress-and-highlights-next-steps-towards-operations/>

⁹ June 2025 CVSR, slide 3 (Document Number 2464).

¹⁰ CHSRA June 2025 Central Valley Status Report, slides 2, 5, 18, 28 and 35 (Document Number 2464).

historically unconnected and under-connected community.¹¹ As of March 31, 2025, Project construction in the Central Valley has generated 13,409,171.68 hours of work for 11,489 workers. (See Dispatch Worker Report March 2025 (Document Number 2506). It has also attracted private business and development to Fresno’s downtown core, where the City has environmentally cleared over 70,000 additional housing units.¹²

III. **High-speed rail is reshaping transit in Northern California.**

The Authority has supported delivery of significant projects in Northern California. The Authority’s environmentally cleared Northern California alignment between San Francisco and Gilroy runs along the existing Caltrain alignment. These early investment projects improve the Caltrain commuter train corridor, and will, in turn, benefit the Authority’s future high-speed rail service.

In the meantime, those projects provide important benefits to San Francisco, San Jose, and the entire Bay Area. Continued investment in the Bay Area, including station developments, grade separations and crossing improvements, and right-of-way acquisition, is a major priority for the Authority. The Authority is proud to support the San Francisco Peninsula bookend area of the planned high-speed rail system, which provides near-term improvements for public transit, as well as safety and efficiency benefits for millions of transit riders and motorists.

Salesforce Transit Center, the future northern terminus for high-speed rail.

Salesforce Transit Center, the Authority’s Northern California terminal station structure, began operations in downtown San Francisco in 2018. In 2010, the U.S. Department of Transportation (USDOT) awarded the Authority up to \$2.25 billion in ARRA funds for environmental clearance and supporting preliminary engineering for Phase 1 and funding for certain Authority design-build Project Sections. Of this \$2.25 billion, FRA awarded \$400 million to Transbay Joint Powers Authority for specific high-speed rail related improvements to the former Transbay Terminal, now known as the Salesforce Transit Center.¹³

The Leadership in Energy and Environmental Design Gold certified structure includes a completed two-level underground trainbox (the space built out and reserved for trains) for the Authority and Caltrain, a fully operational multimodal regional bus center, and a 5.4-acre rooftop public park with outdoor amphitheater, gardens, trails, and retail. This Center is currently a transit hub for eight local and regional transit operators.

¹¹ See DOT Grant Project Location Verification map (Document Number 2465); CHSRA 2024 Economic Impact Analysis, Jan. 23, 2025, p.30-33 (<https://hsr.ca.gov/wp-content/uploads/2025/01/20250123-Agenda-Item-4-FY2023-24-Economic-Impact-Analysis-Technical-Report-A11Y.pdf>); FSP Application (Document Numbers 2475-2478).

¹² February 1, 2025 Letter from Fresno Mayor Dyer (Document Number 2436).

¹³ ARRA Agreement, p. 43 at footnote 4. (Document Number 2444).

USDOT estimates¹⁴ that the Center, together with its Downtown Rail Extension, will help create 28,000 jobs and a new transit-oriented neighborhood with 2,600 new homes, and remove more than 8,000 daily auto trips.



Salesforce Transit Center Cross Section

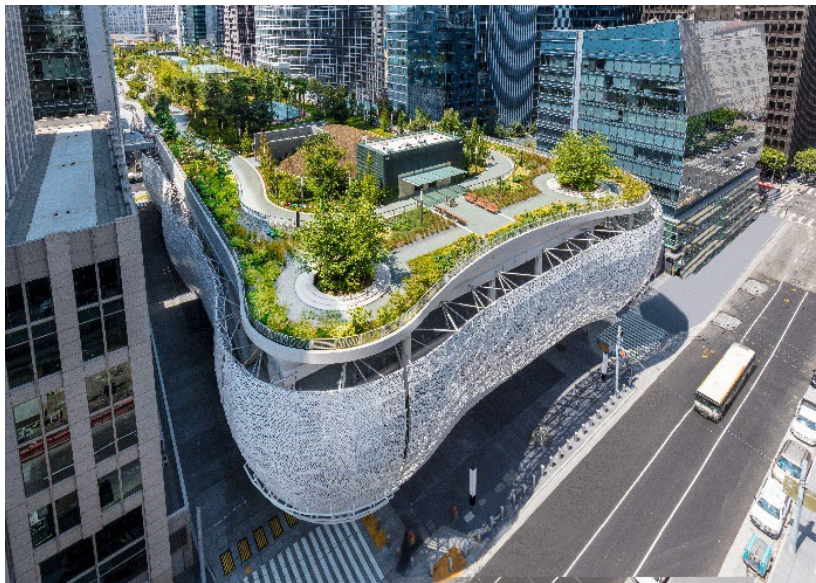


Photo of Completed Salesforce Transit Center and Rooftop Park by Jason O'Rear

¹⁴ Federal Transit Administration (<https://www.transit.dot.gov/regulations-and-guidance/environmental-programs/livable-sustainable-communities/san-francisco>) (December 14, 2015).

Electrification of the 52-mile rail corridor between San Francisco and San Jose.

Between San Francisco and San Jose, the Authority's trains will share the rails currently used by the Caltrain commuter rail service.

Shared usage of the Corridor by the Authority and Caltrain (and by existing freight and other tenants) is known as the "Blended System." Until recently, the Corridor was not electrified, and Caltrain ran diesel trains between San Francisco and San Jose. This changed with the Peninsula Corridor Electrification Project.

- Finished in September 2024, this project enlarged four existing rail tunnels to accommodate electrified vehicles and led to the purchase of over 100 new trains (EMU or electric multiple units). It was the result of a collaborative effort to manufacture the new electric trains and construct electrification infrastructure between San Francisco and San Jose. Electrification created nearly 33,000 good-paying jobs in manufacturing, construction, and related industries in 36 states nationwide, including over 300 jobs in train assembly in Utah—helping sustain economic growth along the corridor and across the country.¹⁵
- The Peninsula Corridor Electrification Project brought 20 percent more service to stations along the corridor and increased the corridor's daily commuter capacity by 30 percent, making it easier to catch a train when you need one. Non-stop service between San Francisco now takes about an hour, and local service that used to take 100 minutes now takes about 75 minutes.¹⁶ The new electric trains are safe, clean, and modern, with onboard Wi-Fi to make the ride more comfortable and productive.
- Caltrain currently deploys approximately 92 daily trains serving more than 17 Northern California cities with over 65,000 daily commuters, an over 40 percent increase in ridership from December 2024.¹⁷ This investment is benefitting the region and its residents today. It also is an investment in infrastructure that will support high-speed rail operations in the future: This segment will be part of the blended high-speed rail system, in which the Authority's high-speed trains and Caltrain will utilize the same track, electric systems, and other infrastructure between San Francisco and San Jose. Using a blended system in this section, rather than constructing dedicated high-speed rail tracks, saves significant time and money.

¹⁵ <https://www.caltrain.com/media/8546/download?inline>

¹⁶ <https://www.caltrain.com/media/32757/download?inline>

¹⁷ <https://www.gov.ca.gov/2025/04/09/ridership-for-this-critical-train-line-is-surging-thanks-to-californias-investments-in-rail/>

- The Peninsula Corridor Electrification Project was funded with a combination of local, state, and federal sources. The Authority contributed \$714 million¹⁸ toward the project—nearly 40 percent of the total project cost.



Photo of an Electrified Caltrain Train Set During the Electric Service Launch



Caltrain's Overhead Catenary Infrastructure

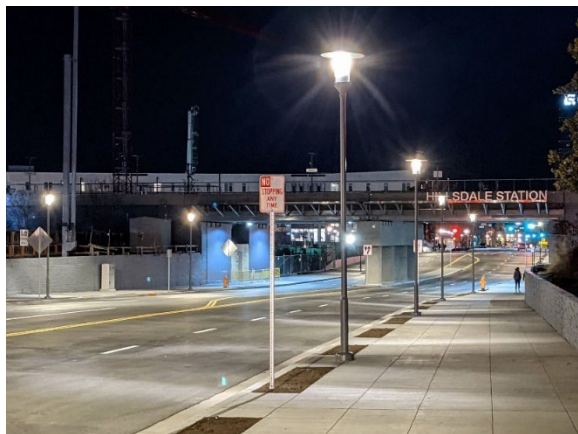
Completion of grade separation in San Mateo.

The Authority contributed \$84 million toward the 25th Avenue Grade Separation Project that grade-separated Caltrain's existing tracks, which the Authority will share in the future, from the existing road. This was completed in September 2021. The project improved safety for motorists, bicycles, and pedestrians; reduced local traffic congestion; and reconnected communities.¹⁹ In

¹⁸ See Agreements between CHSRA and Caltrain (Document Numbers 2484-2488).

¹⁹ See City of San Mateo 25th Avenue Grade Separation Project: <https://www.cityofsanmateo.org/3198/25th-Avenue-Grade-Separation-Project>.

addition, the grade separation project created new east-west street connections at 28th and 31st avenues between S. Delaware Street and El Camino Real.²⁰



25th Avenue Grade Separation

Successful efforts to secure millions of dollars²¹ for station planning in Gilroy, Millbrae and San Jose.

The Authority has supported successful funding efforts for the City of Gilroy, the City of San Jose (Diridon Station), the City of Millbrae (Millbrae-SFO), and the City of San Francisco (Salesforce Transit Center) to plan for the expansion of their stations and integrate significant new housing and transit-oriented development projects around station areas. These stations will eventually support the Authority's high-speed rail service and passengers along the Caltrain corridor.

- **Millbrae Station.** The Authority contributed \$400,000 to jump-start planning to amend the Millbrae Station Area Specific Plan with a multi-modal integrated transit station concept plan to accommodate future high-speed rail.²² The City of Millbrae was awarded a \$600,000 Priority Development Area grant from the Metropolitan Transportation Commission and is committing \$600,000 in matching funds for a total \$1,200,000 allocated. Planning work, coordination, and collaboration between the Authority and the city is key to the city moving forward with transit-oriented development that will assist it in meeting its critical housing need. (Plans include 444 apartments as well as ground

²⁰ San Mateo 25th Avenue Grade Separation Project _ San Mateo, CA - Official Website.pdf (Document Number 2549).

²¹ This includes \$1.125 million (City of Gilroy/Santa Clara VTA 11/19/2024 press release), \$500K (City of Millbrae), \$1 million Diridon Station Project, and \$400 million for the City of San Francisco's Transbay Transit Center Phase 1 (https://mtc.ca.gov/sites/default/files/MTC%20Transbay%20Program%20Overview_1-201-Heminger_V3c.pdf; PDF page 15).

²² Other contributors were the city (\$50,000), BART (\$50,000), Caltrain (\$50,000), and the San Francisco International Airport (SFO) (\$50,000) for a total of \$600,000.

floor retail, live-work spaces and office.) That collaboration will also allow the city to meet its economic goals and to identify and ensure future transit and access needs on the west side of the station.

- **San Jose's Diridon Station.** The Authority is a part of a multi-party partnership aimed at delivering a future Diridon Station designed to accommodate growing transit service as well as travelers and everyday commuters. In 2018, the Authority contributed \$1 million toward the early planning efforts. Since the project began in 2018, the Authority has provided engineering and rail operations technical assistance. The project is now well positioned to start environmental review in the fall of 2025. Diridon Station will ultimately serve high-speed train passengers on the blended high-speed rail system between San Jose and San Francisco.



Rendering of Diridon Station At-Grade Alternative

- **Gilroy Station.**²³ The Authority has collaborated with the Valley Transportation Authority on a future Caltrain/high-speed rail station in Gilroy by funding a visioning study that will set the groundwork for additional planning for the station. This study may also be used by city staff to understand what type of future development residents will support.

Successful efforts to secure millions of dollars for design/engineering of rail/road safety grade separation projects in San Jose.

The Authority supported efforts to obtain funding for grade separation projects in San Jose,²⁴ leading to an award of \$7.5 million in funding for three major grade separation projects, separating the Caltrain tracks from existing roads, along Monterey Road (in San Jose), a road with a history of fatal rail crashes.

²³ <https://www.vta.org/blog/vta-wins-federal-funding-gilroy-urban-planning-0>

²⁴ <https://lofgren.house.gov/media/press-releases/lofgren-announces-75-million-federal-rail-safety-funding-improve-rail-crossings>

Traffic safety and environmental conservation through wildlife-crossings collaborations.

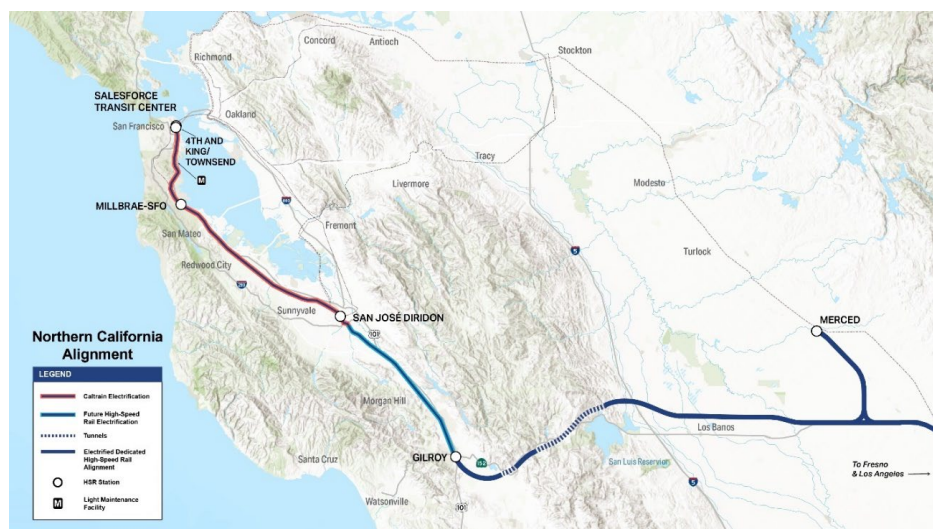
The Authority has a Memorandum of Understanding (MOU) with four conservation groups to collaboratively address longstanding cumulative environmental harms in the Coyote Valley and Pacheco Pass by improving wildlife movement. The wildlife partners are working with the Authority to inform the design of the Authority's wildlife undercrossings and wildlife jump-out locations, as well as advancing their own projects for increasing wildlife movement and reducing roadway accidents involving wildlife.

Caltrain's advanced rail safety system.

In 2011, the Authority contributed more than \$16 million of its Proposition 1A (Prop 1A)²⁵ funds to support implementation of safety technology for Caltrain's Communications-Based Overlay Signal System (CBOSS)/Positive Train Control (PTC) System. Positive train control is an advanced safety system designed to prevent train-to-train collisions, over-speed derailments, and other train accidents caused by human error. These safety features will be important for the safety of Authority high-speed train passengers when future high-speed operations commence.

Federal and state environmental clearance for the high-speed rail line from Los Angeles to San Francisco.

As noted, the Authority has environmentally cleared over 463 miles of the high-speed rail alignment from Los Angeles to San Francisco. This includes the alignment in Northern California from San Francisco to Merced. (See alignment map below.)

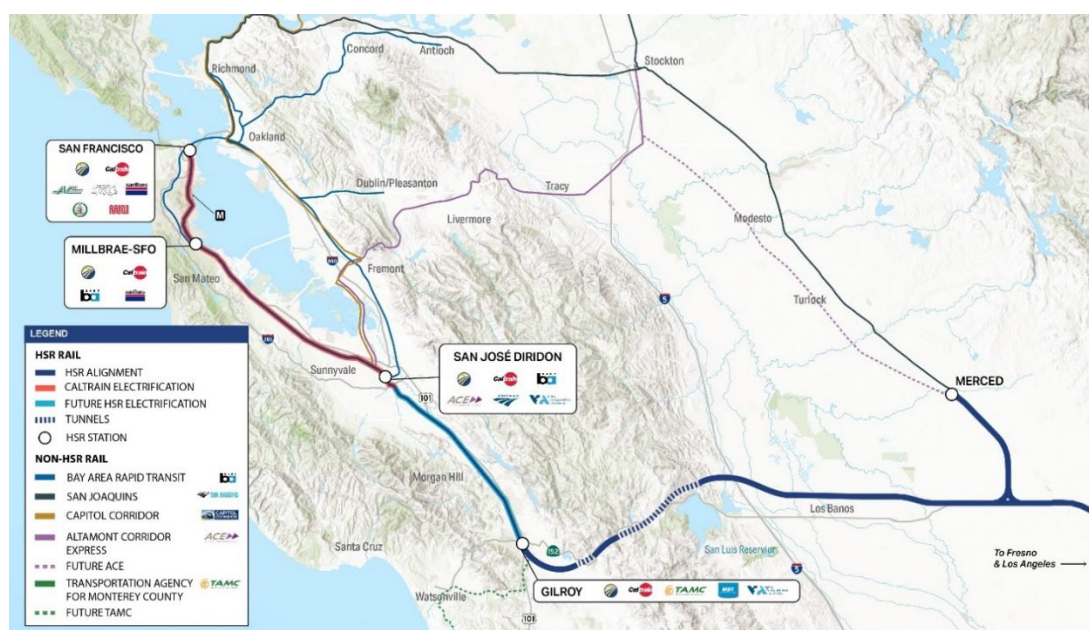


Northern California Alignment

²⁵ Prop 1A was a 2009 bond initiative which provided the Authority with \$9 billion in bond funding to support initiation of the California high-speed rail program. CA Streets & Highway Code Section 2704 *et seq.*

Partnerships for integration with existing and future rail service.

Below is a map showing how the high-speed rail project will integrate with existing and future passenger rail service in Northern California. The Authority has entered into partnerships to support these future integrations, including the partnership for Caltrain electrification, partnerships with Bay Area Rapid Transit (BART), Amtrak San Joaquins, Amtrak Capitol Corridor, Altamont Corridor Express, Altamont Corridor Express (ACE) expansion, and collaboration with the Transportation Agency for Monterey County (TAMC) for future rail extensions to Salinas and the Central Coast (to be delivered by TAMC). These regional partnerships and collaborations will deliver large efficiency benefits when high-speed rail service connects to each region.



Northern California Connectivity Map

Additional supporting documentation for the Authority's Northern California efforts may be found at the following documents and websites provided in the footnote.²⁶

²⁶ Northern California Regional Webpage (<https://hsr.ca.gov/high-speed-rail-in-california/northern-california/>), Northern California at a Glance (<https://hsr.ca.gov/wp-content/uploads/2023/03/Northern-California-Factsheet.pdf>), Salesforce Transit Center (<https://www.tjpa.org/salesforce-transit-center>), Caltrain Electrification (<https://www.caltrain.com/projects/electrification>), The Future of Diridon Station (<https://www.diridonsj.org/>), Wildlife Movement in Northern California (<https://hsr.ca.gov/wp-content/uploads/2023/12/Wildlife-Movement-English.pdf>), At-Grade Crossing Safety in Northern California (<https://hsr.ca.gov/wp-content/uploads/2023/12/At-Grade-Factsheet.pdf>), Station Factsheets: Salesforce Transit Center (https://hsr.ca.gov/wp-content/uploads/2024/12/Salesforce_Transit_Center.pdf), Millbrae-SFO (https://hsr.ca.gov/wp-content/uploads/2024/12/Millbrae-SFO_Station.pdf), San Jose Diridon (https://hsr.ca.gov/wp-content/uploads/2024/01/SJ_Diridon_Station-Final-Jan-2.pdf), Gilroy (https://hsr.ca.gov/wp-content/uploads/2024/12/Gilroy_Station.pdf)

IV. Significant transit infrastructure projects benefitting Southern California have been produced with the Authority's support.

To date, the Authority has either invested or attracted more than \$1 billion to Southern California transportation infrastructure improvement projects that already benefit the region and will allow for high-speed rail operation in the future.

The Southern California Regional Hub and CHSR Terminal Station at Anaheim.²⁷

The Anaheim Regional Transportation Intermodal Center (ARTIC) expands a bus and rail hub to create a major multi-modal transportation center for Southern California and accommodate high-speed rail service. Approximately \$200 million in federal, state, and local funds have been invested into this expansion, completed in December 2014. The new station now allows for direct walking access to two major sports and entertainment venues (Angel Stadium and Honda Center), as well as proximity to Disneyland. The Authority and the City of Anaheim have executed a memorandum of understanding to cooperate in maximizing use of this transit hub to improve regional connectivity.



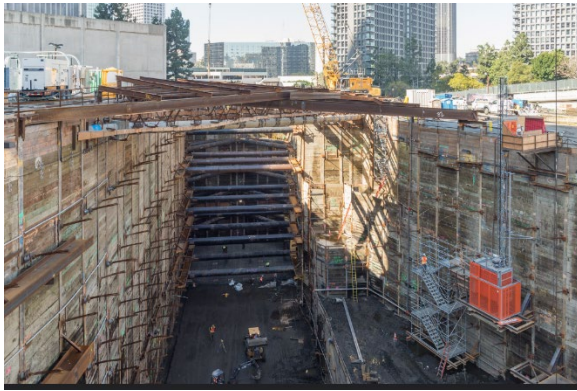
Anaheim Regional Transportation Intermodal Center (ARTIC)

Major Southern California rail expansion projects.

- **The LA Metro Regional Connector Project.**²⁸ The Authority contributed \$115 million to the Los Angeles Regional Connector downtown, a fully underground rail extension project, which was completed in June 2023. This project connects five Metro rail lines together (N-S/E-W) with three new rail stations and 1.9 miles of tunnel for passenger rail, resulting in a nearly \$2 billion investment in Los Angeles infrastructure. The project now serves nearly 88,000 daily riders in the region and will provide additional connectivity to high-speed rail riders in the Los Angeles area.

²⁷ https://www.octa.net/pdf/RailProject_ARTIC_Fact_Sheet.pdf

²⁸ State Investment in Southern California (Document Number 2676).



Station Under Construction



Grand Ave Arts / Bunker Hill New Station

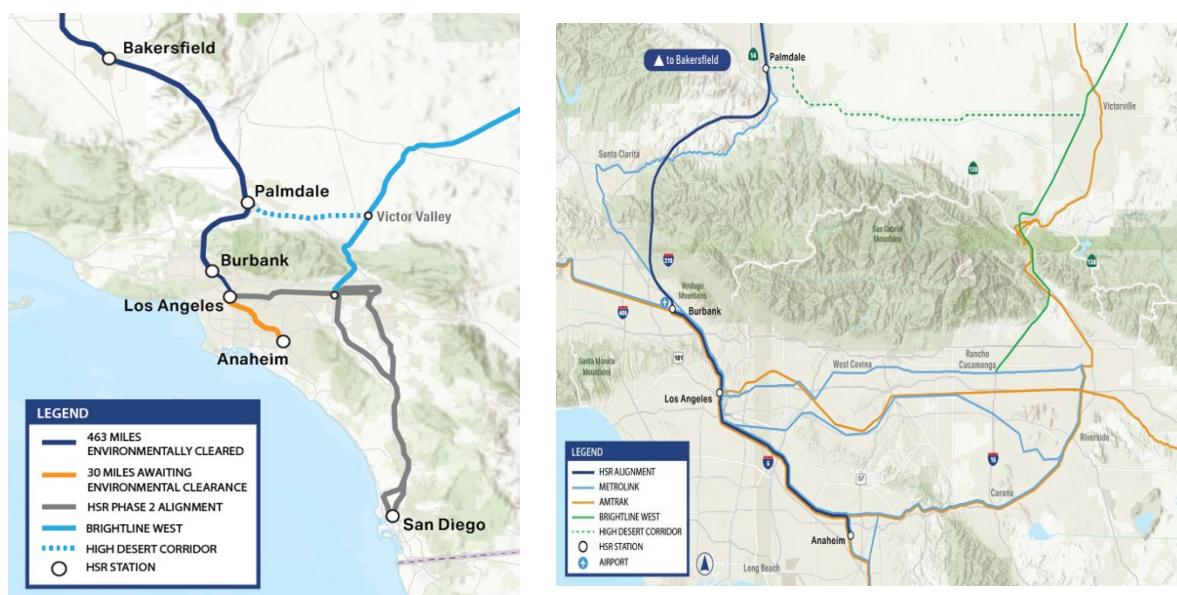


Completed downtown Los Angeles Tunnel for the Regional Connector Rail Project²⁹

- **The Palmdale Regional Hub and Connection to Brightline West High-Speed Rail**

The High Desert Corridor High-Speed Rail Project will provide high-speed rail connection between Brightline West at its anticipated Victor Valley Station and the Authority's high-speed rail line at its Palmdale Station, linking Las Vegas and cities throughout California, including Los Angeles and Anaheim. The parties have committed to work on a seamless, interoperable station at Palmdale and have already undertaken a series of workshops and station planning sessions, resulting in a compatible city master plan to support ridership for Metrolink, bus transit and future High Desert Corridor and CHSRA passenger services.

²⁹ <https://www.wsp.com/en-us/projects/los-angeles-regional-connector>



Critical rail and road safety and connectivity projects in Southern California.

The Authority has funded design, construction, or acquisition for projects in Southern California, including:

- **The Rosecrans/Marquardt Grade Separation Project.**³⁰ Completed in 2024, the Authority contributed \$77 million in funds to this project at what was once one of the most hazardous at-grade crossings in California, traversed by more than 100 freight and passenger trains and 45,000 vehicles in a 24-hour period.³¹ This new grade separation improves safety and current track flow and will provide grade separation for future high-speed rail tracks.
- **Positive Train Control.**³² The Authority contributed more than \$130 million of its Prop 1A funds to support implementation of positive train control safety technology for multiple rail agencies in Southern California. As noted, positive train control is an advanced safety system designed to prevent train-to-train collisions, over-speed derailments, and other train accidents caused by humans. It also enhances operational efficiency.
- **New Tier 4 Locomotives for the Southern California Regional Rail Authority.** The Authority invested over \$80 million for the manufacture and purchase of new Tier 4

³⁰ Southern California at a Glance (Document Number 2675)

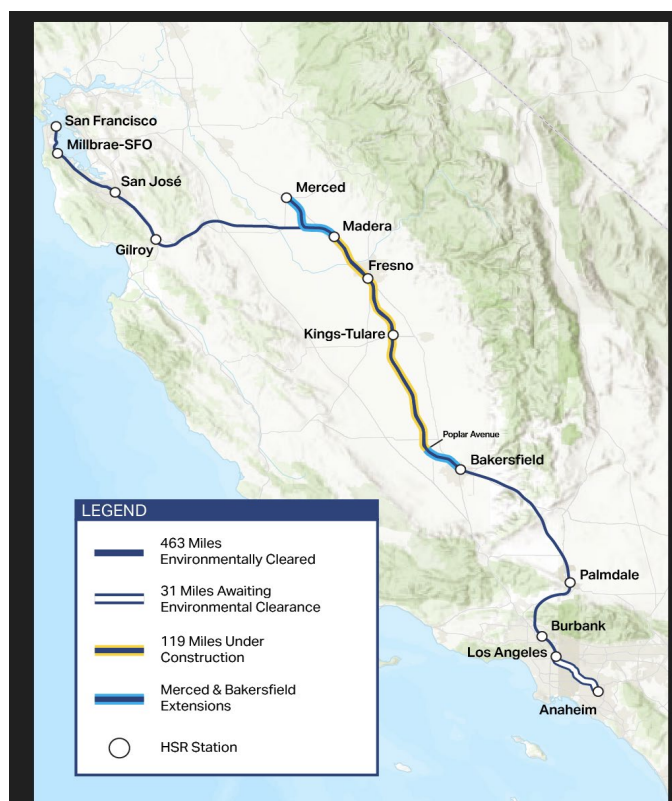
³¹ <https://railroads.dot.gov/sites/fra.dot.gov/files/2024-10/Rosecrans-Marquardt%20Grade%20Separation%20Project.pdf>

³² State Investment in Southern California (Document Number 2676)

clean diesel locomotives for Southern California.³³ Tier 4 locomotives are the cleanest diesel locomotives in the nation.³⁴ These locomotives will reduce emissions by up to 85% compared to Metrolink's legacy vehicles. Locomotives supported by Authority funds were purchased and began phasing into service in Fall 2017. Efficient and reliable service on connecting systems, like Metrolink, that will link to high-speed rail helps pave the way for a successful statewide rail system.

Environmental clearance completion.

The Authority's environmental clearances include 132 miles of high-speed rail alignment in Southern California from Bakersfield to Los Angeles Union Station. (See alignment map below.) Thus, design and construction funding may move forward.



V. FRA's Decision to terminate the Cooperative Agreements was predetermined and its reasons were pretextual.

In spite of the Authority's demonstrated record of accomplishment and the successes of the partnership between the Authority and FRA, Transportation Secretary Duffy declared in February 2025 that "over a decade and \$16 billion of taxpayer dollars [have been] wasted with

³³ 2012 CHSRA Business Plan and State Investment in Southern California Rail Transit Projects Factsheet (Document Number 2676)

³⁴ <https://metrolinktrains.com/about/our-trains/tier-4-locomotives/>

zero results on this rail project.”³⁵ Secretary Duffy was echoing similar hyperbole from President Trump, who also accused the Authority of unsubstantiated overruns (“hundreds of billions of dollars”), both before initiation of the compliance review and while it was pending:^{36 37}

“It’s hundreds of billions of dollars for this stupid project that should have never been built, and then they realized that it would have been a lot less costly if we just gave limousine service back and forth and gave it free. They would have saved hundreds of billions of dollars.” – President Trump, May 6, 2025³⁸

“I told our very great new secretary of transportation—he’s doing a good job, Sean Duffy—I said, uh, ‘We’re not going to pay for that thing.’ They are just—it’s out of control. This is something that—you don’t have things like this. It it’s not even conceivable, like 30 times over a budget, 30 times, it’s the craziest thing. I—and now it’s hundreds of—it was supposed to be a simple train.” – President Trump, May 6, 2025³⁹

Indeed, from the start of the review, Secretary Duffy baselessly accused the Authority of corruption:

“Who got rich? What consultants? What politicians? What politicians’ husbands got rich off of this money?” – Secretary Duffy, February 20, 2025⁴⁰

And at the time of the Report’s issuance, Duffy repeatedly degraded the high-speed rail project as a boondoggle:

*“California’s high-speed rail has all the marks of a boondoggle
\$16 billion spent, 17 years gone
no high-speed track laid”* – Secretary Duffy, June 4, 2025⁴¹

“We don’t want to invest in boondoggles, and so we basically found that they’re not going to be able to complete the project...” – Secretary Duffy, June 4, 2025⁴²

“Our country deserves high-speed rail that makes us proud – not boondoggle trains to nowhere.” – Secretary Duffy, June 6, 2025⁴³

To be clear, FRA’s Report found no corruption or wrongdoing. No new information emerged that would justify FRA’s proposed determination to terminate the FSP Agreement (entered into

³⁵ Feb. 20, 2025, <https://x.com/SecDuffy/status/1892683725567381842>

³⁶ Feb. 4, 2025 https://youtu.be/1hWZ8oG_x9I?si=OqWCIRJbt_CnusW1&t=1134 (transcript)

³⁷ May 6, 2025 <https://www.youtube.com/live/KCplebZOivM?t=1551s>

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Feb 20, 2025, <https://x.com/SecDuffy/status/1892703826580316475>

⁴¹ June 4, 2025, <https://x.com/SecDuffy/status/1930294099082367138>

⁴² *Id.*

⁴³ <https://railroads.dot.gov/about-fra/communications/newsroom/press-releases/trumps-transportation-secretary-sean-p-duffy-2>

less than one year ago) or the FY 10 Agreement. The only explanation is animus toward the Project, expressed repeatedly by President Trump and Secretary Duffy before FRA’s compliance review even started.

The Central Valley is not “nowhere.” High-speed rail construction started with the Central Valley because that is what FRA, through the Cooperative Agreements, specifically required. But more important, the populations of the four cities where stations on the EOS will be constructed exceed 1.1 million.⁴⁴ The greater metropolitan area served by the EOS is more than 2 million people and has a larger population than each of the states of Nebraska, Idaho, West Virginia, Hawaii, New Hampshire, Maine, Rhode Island, Montana, Delaware, South Dakota, North Dakota, Arkansas, Vermont and Wyoming. Bakersfield is the fastest growing of California’s ten largest cities.⁴⁵ The Merced Station will be an integrated intermodal station serving this high-speed rail line along with Amtrak’s San Joaquins and ACE routes. Additionally, the initial 119 miles of the EOS are critical to ensure that the Authority has a test track for its trains.

Secretary Duffy’s statements—such as, for example, that “no high-speed track [has been] laid”—not only show that the outcome of FRA’s compliance review was predetermined; they fail to appreciate the reality of constructing a modern high-speed rail system. As the Authority’s regular reports to FRA show, building high-speed rail is a hugely complicated process that requires several years of planning before design and construction can begin. And in the construction phase, laying track is one of the *last* steps, not one of the first. Tier III high-speed rail regulations implemented by FRA and the Cooperative Agreements require the Authority to build a grade-separated dedicated guideway for the EOS, where speeds will reach 220 mph.⁴⁶ This requires the Authority to convert dozens of at-grade crossings to ensure a dedicated grade-separated guideway at considerable construction time and expense, which must be completed before track is laid.

The Secretary and the President, in their rush for soundbite over substance, ignored the Authority’s well-documented progress and accomplishments. In fact, their attacks are nothing new—both denigrated the project in 2019, when FRA first attempted to terminate federal grant funding.

“California has been forced to cancel the massive bullet train project after having spent and wasted many billions of dollars. They owe the Federal Government three and a half billion

⁴⁴ U.S. Census Bureau QuickFacts: Bakersfield city, California; U.S. Census Bureau QuickFacts: Fresno city, California; U.S. Census Bureau QuickFacts: Merced city, California; U.S. Census Bureau QuickFacts: Madera city, California (<https://www.census.gov/quickfacts/fact/table/US/PST045224>)

⁴⁵ https://dof.ca.gov/wp-content/uploads/sites/352/Forecasting/Demographics/Documents/E-1_2025_Press_Release.pdf

⁴⁶ 49 CFR Part 238, subpart H.

dollars. We want that money back now. Whole project is a “green” disaster!” – President Donald Trump, February 13, 2019⁴⁷

“Even the California Governor abandoned their high-speed rail project. And yet, DC Democrats believe the ‘Green New Deal’ can work for all of America?” – Former Representative Sean Duffy (R-WI) (then-Secretary of Transportation nominee), February 13, 2019⁴⁸

VI. There has been no “Project Material Change” or other “Event of Default.”

The FSP Cooperative Agreement defines “Project Material Change” as “(a) any change to the Project that FRA determines is materially inconsistent with (i) FRA’s basis for selecting the Project to receive the award or (b) Abandonment.” Clearly, the Authority has not abandoned the Project, nor has the Authority changed the Project in any material manner. The Authority remains on track to commence operations on the EOS in 2033, as required by the Cooperative Agreements. The only specific issue FRA alleges, a delay of the rolling stock procurement, does not impact the core objectives of the Cooperative Agreements or the schedule for commencement of revenue service on the EOS, and thus could not be “materially inconsistent” with FRA’s basis for selecting the Project. Indeed, as the Authority has already demonstrated to FRA through the record submitted during the compliance review, the Authority has the ability to meet, and is committed to meeting, the 2033 period of performance.⁴⁹

Furthermore, FRA attempts to utilize the Authority’s past actions to justify its conclusions throughout its Report. However, FRA evaluated and reviewed these same actions prior to awarding the Authority over \$3 billion through the FSP Agreement, which was just executed in September 2024.⁵⁰ (See Grant Award Letter (Document 2781)). It is not possible that the same actions FRA reviewed in 2023 and 2024—which were the *basis* for FRA’s awarding the FSP grant—now justify termination of that grant.

Indeed, less than nine months ago, FRA issued a Monitoring Report that acknowledged the Authority’s progress and concluded that the Authority was on track to timely completion of the EOS by 2033. This Monitoring Report, issued in October 2024, just four months before FRA began its compliance review, did not in any way suggest that the Authority had materially changed the Project nor that the grants were at risk of termination. Monitoring reports provide the Authority and FRA an opportunity to review issues that have arisen and address any ongoing or anticipated future needs and concerns. When FRA determines that a grantee should take some

⁴⁷ Feb. 13, 2019, <https://x.com/realDonaldTrump/status/1095857587344551936>

⁴⁸ Feb. 13, 2019, <https://x.com/SeanDuffyWI/status/1095718481155248128>

⁴⁹ FSP Grant Application Summary Schedule included in the FSP Grant Application Narrative (Document Number 2478), FRA 2025 Q1 ARRA Construction Schedule Update (Document Number 2473), FSP Grant Summary Schedule June 1, 2025 (Document Number 2480)

⁵⁰ When reviewing the Authority’s application for FSP funding, the FRA was required to conduct an application evaluation process that considered “applicant risk including applicable past performance in developing and delivering similar projects” as well as “whether the applicant has, or will have, the legal, financial, and technical capacity to carry out the project. Federal Register Volume 87, No234/Wednesday, December 7, 2022, 75129-75130.

corrective action, the monitoring report makes a finding that demands corrective action. The Authority's October 2024 Monitoring Report contained no such finding or demand for any corrective action. It is unfathomable that, just months later, FRA could conclude that Authority is not only out of compliance with its obligations under the Cooperative Agreements, but that FRA is justified in bypassing its usual process of making a finding and demanding corrective action, and instead proceeding directly to commence the termination process. The Authority includes the October 2024 Monitoring Report herewith:

- FRA Monitoring Executive Summary and Report Dated October 21, 2024 (Document Number 2446)

In short, FRA predetermined the outcome of the compliance review and ignored any evidence contrary to its desired conclusion. As explained in the Authority's Initial Response, FRA went one step further and attempted to support its findings by mischaracterizing statements in a report from Authority's Office of Inspector General ("OIG"). The OIG addressed these mischaracterizations in a June 10, 2025 letter, which is included herewith (Document Number 2520).

VII. Setting the record straight – FRA statements regarding the history of the Authority and CHSR.

FRA's Report includes a selective overview of the Authority's history starting from its inception. (See Report p.2-11; Report Attachment 3.) This FRA-created account of the Authority's history is outside the scope of the compliance review period (June 15, 2021 to January 31, 2025), and discloses no information unknown to FRA at the time the FY 10 Agreement was most recently amended and the FSP Agreement was executed. It also covers a time period outside the scope of the FRA's compliance review, outside of the Cooperative Agreement-funded activities, for which FRA had requested no information or documents. Rather than seek information to provide a comprehensive and accurate description of the Authority's history, FRA selectively uses out-of-date information from the 2008, 2016 and 2020 Business Plans, or selective information from outside reviews and critiques, including information from before and after the compliance review period. FRA utilizes the out-of-date information to denigrate the Project and completely fails to consider economic and other impactful events of the last decade such as inflation, the massive economic disruptions of the COVID-19 pandemic and numerous other relevant factors. Further, FRA misstates the OIG report as noted in the OIG response letter. (See Document Number 2520.)

FRA further fails to acknowledge the tremendous progress the Authority has made on the Project during the cited timeframes. As of February 2019, the Authority had completed four structures: one viaduct, one bridge, and two overhead crossings. Since then, the Authority has completed construction of 51 additional structures, including four viaducts, one bridge, 46 overhead crossings/underpasses. Since February 2019, the Authority has commenced construction of 60 structures: six viaducts, five bridges, 32 overhead crossings and 17 underpasses. It has

completed 70 miles of guideway for the laying of track and related systems, with an additional 27 miles under construction. It has resolved numerous complex issues with third parties, including reaching agreements with cities on station designs and other issues, as well as agreements with BNSF and Union Pacific, which have freight rail lines that are impacted by the high-speed rail system. Design of the Merced extension is well-advanced. And the Authority is in the process of constructing the Southern Railhead, for delivery of track, poles, ballast, and other materials for the Project. The Authority has acquired 2,275 parcels and completed 1,572 utility relocations. A more detailed discussion can be found on Page 3.

VIII. Risk Assessment Information: (Area 23) (Compliance Letters folder)

Instead of using documents and information prepared in the ordinary course of the Project, including risk assessment analyses prepared by the Authority's experienced risk management team and reviewed by FRA after consultation with the Authority, FRA took an extraordinary step. Without advising the Authority or giving the Authority the opportunity to provide any input, FRA caused some unidentified person or group to prepare an incomplete Risk Assessment Report, Attachment 5 to its Report. This Risk Assessment Report—on which FRA's Notice of its intent to terminate the grants heavily relies—does not utilize complete and up-to-date information. It omits information critical to any risk assessment, including an adequate description of the model used and the underlying assumptions and exceptions. The incomplete Risk Assessment Report fails to include information about its purported schedule and cost risk assessment that is needed to allow the Authority to adequately evaluate and respond to the alleged outcomes. (See FRA Attachment 5 Risk Assessment Report.)

The Authority notes that simply by requesting and reviewing information from the Authority, FRA could have had access to complete, accurate and current risk information for inclusion in its risk assessment. It declined to take advantage of the many opportunities the Authority provided to FRA to obtain this information.

The Authority's attempts to provide FRA with risk information as part of the compliance review commenced on April 4, 2025, when the Authority advised FRA that the Risk Registers were available to be viewed in person, a practice that has been previously established between the parties for the sharing of this commercially sensitive information.⁵¹ Rather than view the risk registers onsite as offered by the Authority in its Compliance correspondence to FRA, FRA employee Juliana Barnes called and emailed Authority staff requesting that the Authority provide the risk material electronically. Authority staff did so by providing a partial risk register on April 23, 2025, which included everything except commercially sensitive information. (CHSRA FRA Risk Management Discussion, April 23, 2025.) The Authority reiterated its inability to provide sensitive information electronically to FRA on May 1, 2025. The Authority's email to FRA explained, "consistent with past practices, we are unable to provide full risk register workbooks

⁵¹ CHSRA April 4, 2025 Response to Document Production for FRA Compliance Review (Requests 58 & 59). (Document Number 2455)

with probability scoring and schedule/cost impacts due to commercial sensitivity. Disclosing this confidential and deliberative information would pose a substantial risk to the Authority, as we are in active negotiations with contractors.” Although FRA was onsite at the Authority’s offices for the parties’ Quarterly Meeting on May 5, 2025, FRA made no attempt to view the complete risk registers.

Thus, despite having access to complete risk assessment information and knowing it had incomplete and outdated schedule and budget information, FRA chose to conduct its own analysis. Its claim that it used “schedules and budgets provided by CHSRA,” is flatly misleading.

Finally, the Authority has a highly qualified risk management team.⁵² The Authority frequently discusses its risk analysis methodology and shares information onsite with FRA. The risk analysis process has historically been a collaborative process. As recently as 2023, FRA conducted a review of the Authority’s current risk process and analysis consisting of document reviews and meetings and found the risk analysis to be “robust” and thorough in its report.⁵³ By contrast, the Risk Analysis on which FRA relies was not the product of collaboration. It contains no indication of who conducted the risk review or their qualifications. Indeed, the Authority is unaware that FRA even has personnel who possess the qualifications and experience to conduct a competent risk analysis on a project of the type and scale of the EOS. In contrast, the Authority provides the background, education, and experience of its risk professionals when updating FRA on risk assessments.⁵⁴

In short, FRA ignored the data provided by the Authority and produced its own risk analysis without explaining or collaborating on the inputs to the model. The FRA’s Risk Assessment is incomplete, outdated, and unreliable. It does not justify a decision by FRA to terminate the Cooperative Agreements.

IX. FRA Compliance Report Finding #1.

The FRA Compliance Report is critical of the number of change orders approved by the Authority for the Project. As noted in the Authority’s April 21 Letter to FRA, and as confirmed in the attachment thereto,⁵⁵ FRA clarified its compliance review document request and confirmed its intent to focus the compliance review on an assessment of the Cooperative Agreements and to limit such review to the funding the Authority has been reimbursed under the terms of the Cooperative Agreements within the Compliance Period. See also, Quarterly Finance Budget Reports and FCP Reports Submitted in Compliance Review March 28, 2025, Documents Numbered 72-75. None of the Authority’s design-build change orders have been paid with Cooperative Agreement funds or corresponding state match funds. FRA is well aware of this

⁵² 2023 PUR Briefing, slide 3 and 4. (Document 2437)

⁵³ FRA Risk Review July 31, 2023, slides 12, 18. (Document 2810)

⁵⁴ 2023 PUR Briefing, slides 3 and 4. (Document Number 2437)

⁵⁵ CHSRA April 21, 2025 communication to FRA. (Document 2450)

fact, as it reviews invoice submittals from the Authority and approves all reimbursements prior to payment.

With regard to the change orders related to intrusion protection barriers (IPB), the cooperative agreement between FRA and the Authority, which provided the Authority funding under the American Recovery and Reinvestment Act of 2009, required the Authority to enter into and abide by a written agreement, in form and content satisfactory to FRA, with any railroad owning property on which the high-speed rail project was to be undertaken.⁵⁶ The ARRA Agreement specifically prohibited the Authority from obligating or expending any funds (federal, state or private) for final design and/or construction of the high-speed rail project (as defined in the ARRA Agreement), or commencing any part of the final design and/or construction for the project, or any component of the project, without receiving FRA's prior written approval of the executed railroad agreements. This provision required the Authority to enter into agreements with Union Pacific and BNSF Railway (collectively, Railroads). The Railroads deemed commitments related to risk mitigations, such as the construction of an IPB wall, to be critical to entering into the required agreements. (See Declaration of James Labanowski (Document Number 2806).)

Therefore, to ensure its compliance with the ARRA Agreement, the Authority assessed the railroad-related risks and mitigations via the IPB Wall Study. Both the Railroads and FRA were heavily consulted during the pendency of this Study. As set forth in the Declaration of James Labanowski, FRA hired consultant Volpe National Transportation Systems Center, who sub-consulted to Marian Rule of TranSystems, to support FRA's participation in the IPB Wall Study and evaluate the Authority's approach and methodology for the assessment of risk and mitigations for the IPB Wall Study. The Study process included coordination, draft review, comment, comment responses, and meetings.

FRA provided 43 comments on the IPB Wall Study, Final Draft Release, v1.0, December 23, 2015, confirmed its approval of the Study's methodology on three separate occasions, and thus FRA knew that the Railroad Agreements would require the Authority to construct IPB walls. The Railroad Agreements were ultimately executed on December 23, 2014 (UPRR, which only impacts CP1 regarding the IPB walls), December 23, 2016 (BNSF Railway agreement for CP1, Master and Joint Corridor Agreement), March 21, 2019 (BNSF agreement for CP2-3 alignment), and March 27, 2019 (BNSF agreement for CP4 alignment). Each of the design-build contracts were executed well before the applicable the Railroad Agreements (August 16, 2013 (Construction Package 1), June 10, 2015 (Construction Package 2-3), and February 29, 2016 (Construction Package 4)).⁵⁷ Thus, the change orders adding IPB walls to the scope of the

⁵⁶ ARRA Grant Agreement pp. 8 and 68.

⁵⁷ See CP1, CP2-3 and CP4 Design-Build Contract Execution Pages. (Document Numbers 2807-2809)

design-build contracts were unavoidable, and FRA was significantly involved in the need for those change orders.

For all change orders, the Authority has gone through an extensive evaluation process to determine merit and, if appropriate, reasonable compensation amount. The language of each change order is then evaluated by experts from a number of disciplines to ensure the language negotiated with the design-build contractor is as protective of the Authority's interests as possible. Further, the Authority has correctly documented its costs analysis for its change orders as required by the Cooperative Agreements. (See May 2, 2025 Change Order Submittals, Document Numbers 2390-2435.)

X. FRA Report Finding #2.

Finding #2 states that the Authority missed the December 2024 date for execution of procurement contracts for trainsets. The Authority intends to issue an amended request for proposals for acquisition of trainsets shortly. But in any event, the Authority's failure to meet this date will not impact the schedule for commencement of revenue service on the EOS and is not Persistent Noncompliance under the terms of the FSP Agreement.

"Persistent Noncompliance" is defined under the FSP Agreement as "any Noncompliance Event under the terms of this Agreement that (a) continues for more than 180 consecutive days from the date the related Notice of Proposed Determination is issued (excluding any days the Recipient is taking the Corrective Actions), or (b) occurs 3 or more times in any 12 consecutive month period." (See FSP p. 37 Definition of Persistent Noncompliance; FSP Attachment 1 Section 9.1(b).) The Authority disputes FRA's assertion that the Authority's delay in executing its rolling stock contract constitutes a Noncompliance Event as defined under the FSP Agreement. (See FSP p. 16, Section 9.1, Definition of Noncompliance Event.") However, even if such event is a Noncompliance Event it does not amount to Persistent Noncompliance.

FRA provided the Authority with the Notice on June 4, 2025. Per the FSP Agreement, any Noncompliance Event must continue for a period of 180 consecutive days from the date of the related Notice of Proposed Determination. This 180-day period ends on December 1, 2025, approximately five (5) months from now. Thus, under the terms of the FSP Agreement, any Persistent Noncompliance related to the Authority's delay in the rolling stock procurement cannot occur for several months.

The Authority is on track to ensure its rolling stock is delivered as necessary to fully comply with the Cooperative Agreements' period of performance and commence operations on the EOS by 2033. All of the Authority's actions and reports to date support this. The following additional supporting documentation is submitted herewith: Memo to Senators Allen, Richardson (Documents 2550-2551).

XI. FRA Compliance Report Finding #3.

Finding # 3 states that the Authority has a \$7 billion funding gap that, if not closed, means that “CHSRA does not have a path to complete the EOS.” (Report at 16.) As discussed in the Authority’s Initial Response, the Authority has presented FRA with numerous reports, plans and budgets that provide reasonable pathways to completing the funding for the EOS. The Authority is submitting herewith many of these reports, plans and budgets:

- Quarterly Review Meeting Presentation to FRA May 5, 2025 (slide 16) (Document Number 2811)
- FRA Monitoring Report October 2024, p. 6 (Document Number 2446)
- OIG Pre-Construction Activities Report (Document Number 2522)
- OIG Response Letter (Document Number 2520)
- 2024 Business Plan, pp. xvi and 62 (<https://hsr.ca.gov/wp-content/uploads/2024/05/2024-Business-Plan-FINAL.pdf>)
- May Budget Revision (Document Number 2513)
- Letters of Support: Sen Richardson; FSP Letters, May Revise (Document Numbers 2496-2510)
- Request For Expression of Interest (Public Private Partnership) – June 26, 2025 (Document Number 2439)

XII. FRA Compliance Finding #4.

Finding #4 states that the Authority does not have a viable path to complete the EOS by 2033. As noted above, this finding is contradicted by FRA’s own October 2024 Monitoring Report. And as discussed in the Authority’s Initial Response, the Authority has presented FRA with numerous reports, plans and budgets that provide reasonable pathways to completing the EOS by 2033. In addition to the documents submitted under Finding #3, above, the Authority is submitting herewith additional documents supporting this fact.

- FSP Application p. iii-iv (in chart), 1-5, 8, 15, 23; Appendix A p. 2- 3, 28-30, 36-42; Appendix H p. 2-4 (Document Numbers 2475, 2477, 2478)
- “Financial Management and Capacity - Internal Audits” Response to Compliance Review Request Number 22 (March 28, 2025 Document Submission)
- Program Schedule (Document Numbers 2818-2819)

XIII. FRA Compliance Finding #5.

Finding #5 states that the Authority’s reliance on non-federal funding, i.e., Cap-and-Trade auction proceeds, is volatile, presenting project risk. The fact that the Authority relies to some extent on Cap-and-Trade funding is not a new development that could justify termination of the Cooperative Agreements. The Authority also anticipates that uncertainty surrounding this funding source will soon be addressed by the California Legislature. The Authority’s Initial Response provided a comprehensive response to this finding; however, the Authority is

submitting herewith several documents to further rebut FRA’s assertions regarding the Authority’s non-federal funding sources.

- PUR 2025 pgs. 2-22 (<https://hsr.ca.gov/wp-content/uploads/2025/03/2025-Project-Update-Report-FINAL-030125-A11Y.pdf>)
- CHSRA-FRA Quarterly Report (Document Number 2812)
- May Budget Revision (Document Number 2513)

XIV. FRA Compliance Finding #6.

Finding #6 states that the Authority has not budgeted sufficient time or money to electrify the EOS to enable revenue operation on the segment by 2033. The Authority’s Initial Response provided a comprehensive response to this finding; however, the Authority is submitting herewith several documents to further support its capacity to fund and complete the electrification of the EOS to support revenue operations by 2033. The Authority is in the process of constructing the Southern Railhead and railyard, for delivery of track, poles, ballast, and other materials for the Project, including those needed for electrification.⁵⁸ The Authority also refers FRA to the documentation provided in response to Findings #3-#5, above.

XV. FRA Compliance Finding #7.

Finding #7 states that the Authority’s budget contingency is inadequate.⁵⁹ Once again, FRA did not refer to the documents the Authority provided in response to FRA Compliance Review to support its conclusion. Instead of reviewing the Authority’s record regarding contingency management, which the Authority provided—and as to which FRA identified no problems—FRA calls out a single 2022 change order proposal and relies on an unsupported allegation from a news article, rather than the records the Authority provided to FRA. (*See* FRA Compliance Report footnotes 68, 69.) In several key respects, FRA’s reliance on unsupported claims rather than the Authority’s record led it to the wrong conclusion about the Authority’s budget contingency.

First, as discussed in the Authority’s Initial Response, FRA incorrectly equates change order proposals with change orders. The Authority’s contractors submit change order proposals, not change orders. These proposals are simply requests for a change. They do not indicate the Authority’s authorization of any change in funding or timeline. As noted in response to Finding #1, above, prior to execution of any change order, the Authority undertakes a thorough process ensuring merit, if appropriate, reasonable compensation, and, finally, proper and supportable change order language. Requests for a change order are often larger than the ultimate payment.

⁵⁸ <https://hsr.ca.gov/2025/01/06/news-release-californias-high-speed-rail-program-celebrates-progress-and-highlights-next-steps-towards-operations/>

⁵⁹ FRA refers to this finding as “CHSRA’s budget contingency is likely inadequate to cover anticipated contractor delay claims.” FRA does not limit its discussion or analysis to contractor delay claims and therefore this response does not either.

For example, in 2017, the design-build contractor for Construction Package 2-3 claimed delay damages in the amount of \$275 million. The claim ultimately settled for \$50 million, less than a quarter of the amount the contractor initially claimed.⁶⁰

FRA's reliance on the newspaper article is inappropriate, both because the actual, relevant information is in the Authority's own files and available to FRA, and because the article was published in *March 2021*—that is, outside the date scope set by FRA for the Compliance Review.

Similarly, the FRA Report declares, without relevant context, that the Authority “has failed to improve on this record over time and has reported approximately \$1.6 billion in change orders between January 2023 to the present.” *Id.* However, this allegation misconstrues the data. FRA attempts to show that the annual costs associated with change orders has not changed when in fact it is trending downward significantly. For calendar year 2024, change orders totaled \$454,882,213 while for the first five months of 2025, they total \$132,911,138, indicating a significant downward trend. FRA had this information at the time of the compliance review, yet it grouped the entire period together to obscure that downward trend. Again, FRA does not discuss the actual management of contingency, which has been consistently successful.

The Authority has provided Contingency Management Plans to FRA for over a decade, and FRA has never expressed a concern.⁶¹ Further, FRA points to no specific problems nor any mismanagement of change orders or the Project budget contingency. Instead, it conjures potential problems with no substance to back its allegations.

As discussed in the Initial Response and above, the Cooperative Agreements themselves do not provide scope for change orders, and none of the change orders were funded with federal money.

In addition, the vast majority of design and third-party requirements on the initial 119 miles are now known, and construction on the initial 119-miles is well defined. Therefore, there is less uncertainty that would result in significant dollar value change orders going forward.

In sum, FRA fails to identify any problem with the Authority's contingency and misconstrues information to identify problems where none exist.

XVI. FRA Compliance Finding #8.

Finding #8 states that the Authority has substantially overrepresented ridership projections for the EOS. The Authority reiterates its response to this finding as provided in its Initial Response and herein provides more information regarding the extensive conversations Authority personnel have had with FRA regarding the Authority's ridership and revenue forecast model and process.

⁶⁰ See April 2017 DFJV 0545 Revised TIA No 01 Study (Document Number 2815; CP2-3 Delay Settlement CO 45 (Document Number 2814).

⁶¹ FRA Contingency Summary Report, March 31, 2025. (Document Number 2817)

Over the past three years, the Authority has conducted three separate briefing sessions for FRA regarding the ridership and revenue forecast process and model. The workshops were initiated by the Authority under auspices of the Service Development Plan (SDP) process and took place on the following dates:

- January 25, 2022
- September 27, 2022
- February 25, 2025

The workshops were designed to engage FRA in a constructive dialogue about the demand and revenue forecast process outside of the formal SDP review process. The meetings in September 2022 and February 2025 specifically addressed the California Rail Ridership Model (CRRM), which was introduced in time for the 2023 Project Update Report and the 2024 SDP.

In addition, Chapter 8 of the 2024 SDP explains in detail the CRRM development approach, highlights features not covered by previous model generations, and states the ridership and revenue forecasts for Central Valley, Valley to Valley and Phase 1. FRA approved the SDP less than one year ago, on September 24, 2024.

Subsequent to FRA SDP approval, the Authority received a number of questions from FRA related to CRRM. Those questions were addressed in the February 2025 meeting. The questions were limited to technical aspects of the model such as “testing of modal constants for non-rail modes.” In the meeting, the Authority agreed that it would make sense to update the population estimates in CRRM once the 2025 data are available. The remainder of the Authority’s responses appeared to be satisfactory to FRA and the parties did not discuss any other necessary changes. There were no follow up questions from FRA.

Although FRA has asked many questions in the past three years regarding ridership and revenue forecast methodology, they were mainly clarification questions such as fare assumptions, terminology, timing, operating changes, forecast years, etc. At no time did FRA express doubt or disagreement with actual ridership and revenue forecasts or dispute the model. Further, FRA’s purported “undeniable evidence” of reduced ridership is “Amtrak’s San Joaquin line’s 59 percent ridership drop” during the COVID pandemic, referenced only as “from 2019 to 2021.” FRA ignores the fact that the Amtrak San Joaquin’s ridership then increased by 67 percent in 2022, another 26 percent in 2023 and an additional 9 percent in 2024.⁶²

Included herewith are the presentation slide decks for the two FRA meetings in 2022 (Document Number 2542) with FRA as well as additional support information discussed in this section:

- CHSRA Response to FRA Comments 2024 Service Development Plan Gap Analysis (Document Number 2540)

⁶² 2025 SJJPA Business Plan Update - Public Review Draft, p.16. (<https://cdn.sjjpa.com/wp-content/uploads/20250610101647/Final-2025-SJJPA-Business-Plan-1.pdf>)

- Ridership and Revenue Risk Analysis Report for the 2024 Business Plan, Feb 2024 (Document Number 2539)
- Ridership and Revenue Forecasting Report to the 2024 Business Plan, Feb 2024 (Document Number 2544)
- CHSRA/FRA Ridership Modeling Meeting Presentation, September 27, 2022 (Document Number 2543)
- CHSRA/FRA Service Development Plan Update, FRA Info Session #3, Jan 25, 2022 (Document Number 2542)
- RailSys – Rail Simulation Tool Corridor ID Service Development Plan Subtask 4.2 2/25/2025 (Document Number 2541)

XVII. FRA Report Finding #9.

Finding #9 states the unsupported conclusion that the Authority lacks the capacity to deliver the EOS by 2033. As purported proof, FRA refers to Proposition 1A, a voter initiative that was passed by voters in 2008 and thus the terms of which were in effect long before the Cooperative Agreements were in place. FRA also appears to object to the Constitutional requirement that property owners be compensated for the use of their property. (See FRA Compliance Report at 22.)

FRA has further suggested that the Authority's compliance with State and local laws, such as the California Environmental Quality Act (CEQA), has resulted in numerous challenges to, and impeded the efficiency of, the CHSR Project. However, a failure to comply with State and local laws would simply open the CHSR Project to challenges on different grounds and result in further delays. Furthermore, the ARRA Agreement and the Cooperative Agreements require the Authority to comply with applicable laws.⁶³ Were the Authority to take actions that, though consistent with the Authority's authorizing statutes, conflict with other statutes, such actions may be deemed void. *See, e.g., Cnty. of San Diego v. Bowen*, 166 Cal. App. 4th 501, 508 (2008) (stating that "[a] state agency action that is consistent with such agency's authorizing statutes may still be deemed void if it conflicts with another statute").

FRA also makes several inaccurate statements regarding a farm labor housing community and project in the City of Wasco. None of these inaccurate statements support the contention that the Authority cannot meet the 2033 deadline for revenue service. The events to which FRA refers largely did not occur during the Compliance Period and did not involve the use of funds from the Cooperative Agreements at issue. There is no evidence that the referenced projects impacted the Authority's capacity to deliver the EOS from a funding or timing standpoint. To the contrary, both projects were timely completed by others without the use of any funds from the Cooperative

⁶³ ARRA Agreement at p. 4; FY10 Agreement at p. 6; FSP Agreement, Attachment 1 at pp. 23, 24, 32, and 36 and Attachment 2 at pp. 10 and 14.

Agreements at issue. As this Compliance Report was intended to be a Compliance Review of the Cooperative Agreements, these projects are simply irrelevant.

To be clear, contrary the FRA allegation, the Authority did not agree to build a farm worker housing project or pay to relocate workers. (See FRA Report at 23.) The housing was existing United States Department of Agriculture (USDA) Farm Labor Housing and the United States Department of Housing and Urban Development (HUD) low-income public housing units. These units were operated by the Wasco Housing Authority, not by the Authority. The structures dated to the 1940s and served as a WWII internment camp before being converted to a USDA farm labor housing community. The City of Wasco later developed - and implemented - the plan to build a new housing community as a new location and relocate the residents to the new facility, not the Authority.

The location of the existing farm labor housing community was directly adjacent to the high-speed rail alignment. The Final Environmental Impact Report and Environmental Impact Statement (EIR/EIS) prepared pursuant to the National Environmental Protection Act (NEPA) and CEQA found that the high-speed rail project would have moderate to severe noise impacts on portions of the farm labor housing community before mitigation. (See, generally, Final EIR/EIS Chapter 3.4 (Noise and Vibration), pages 28-29, 33-35, and 40-41.) The Final EIR/EIS mitigation required that a complicated and expensive noise barrier be constructed to reduce the noise and, if that was inadequate, that some units be upgraded with sound-reducing measures. (See, EIR/EIS Mitigation Monitoring and Enforcement Program, Noise and Vibration Mitigation Measure #3.)

The Authority was in need of a lay-down and storage yard for materials and equipment to support the SR 46 construction project. SR 46 is a two-lane highway, and the project was to construct an underpass for SR 46 in Wasco under BNSF and high-speed rail track. The Authority ultimately agreed to contribute some funding toward the City's demolition of the existing farm labor housing in exchange for an easement to utilize the cleared space for the entirety of the SR 46 construction project. The fact that the Authority applied for a RAISE grant for the SR 46 project is irrelevant.

Given the age, condition and location of the housing community, the City of Wasco chose to initiate a plan to relocate the housing and community and obtained approvals and financial support from numerous state and federal sources, including HUD and USDA. In lieu of spending up to \$10 million to construct the sound barrier, and additional sound insulation improvements to the housing, the Authority agreed to contribute the mitigation funding to the City of Wasco's housing relocation project. This election was consistent with the Final EIR/EIS which noted that impacts to the housing community "could potentially be mitigated by the Authority assisting the Wasco Housing Authority in its existing effort to relocate this community ... which would avoid operational noise impacts on 226 noise receivers...." (EIR/EIS Volume I, Chapter 7.0, page 7-14). Most of the money for the relocated housing was contributed by other local, state and

federal sources, the construction was City-led and the project has been completed. In fact, this flexibility may have cost less and taken less time than a complicated sound barrier system, plus the possibility of additional sound insulation on older homes.

With regard to North Kern Water Storage District, the Authority updates FRA at every quarterly meeting and has taken significant steps to resolve the disagreements between the parties. In January 2025, the Authority filed a breach of contract suit against the District and, since then, the parties have been in active settlement discussions. Once the parties reach agreement regarding the facility construction, the Authority anticipates the construction will only take approximately eight weeks, information which was provided to FRA at the May 5, 2025 Quarterly Meeting.

Overall, in the narrative supporting its finding, FRA focuses on a handful of examples to support its conclusion. None of these will prevent the Authority from commencing revenue service on the EOS by 2033.

Conclusions

As provided in more detail above and in the Authority's initial response, FRA wholly fails to support its conclusion that the Authority is unable to deliver the EOS and commence revenue operations by 2033. A review of the information the Authority provided to FRA in response to its compliance review, as well as the information and documentation provided in its Initial Response and herein, clearly demonstrate that the Authority does have capacity to deliver the EOS, and that the Authority is fully on track to complete this commitment. However, rather than rely on the relevant information and documentation provided by the Authority, FRA inexplicably relies on outdated information, unreliable, unsupported third-party sources, and incomplete and flawed analyses to support its conclusions. The FRA Report consistently criticizes actions and events that were not funded by the Cooperative Agreements and/or did not occur during FRA's selected compliance period of review of June 15, 2021 to January 31, 2025.

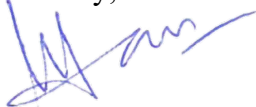
FRA's flawed inputs have led to flawed outputs. The Authority can and will meet the 2033 EOS revenue operations date and no Project Material Change or Event of Default exists.

In addition to its misrepresentation of the facts, FRA's proposed determination disregards applicable law, most notably the terms of the Cooperative Agreements themselves. FRA ignores the clear and unambiguous terms of those agreements -- including the definitions of Persistent Noncompliance and Event of Default -- and invokes those terms without regard to their intended meaning. Nothing in FRA's Report supports FRA's finding of Persistent Noncompliance. The Authority's actions do not, and have not, led to any Persistent Noncompliance or any other Event of Default permitting unilateral termination of the Cooperative Agreements.

The Authority, however, remains willing to address whatever legitimate concerns FRA may have about the Project, so that the long-standing and productive partnership between FRA and the Authority can continue. Thank you for meeting with me and our teams on June 24, 2025. I was

encouraged by the possibility of continuing our discussions to explore a path forward to address and resolve the differences we have concerning the Cooperative Agreements. I hope we can meet again to discuss proposals to resolve the issues. The Authority has a Board meeting on July 10. And the Authority issued a Request for Expressions of Interest for the Delivery of Operating Segments (RFEI) to private sector investors last week, with responses due the end of July.⁶⁴ I propose that we meet again in early August, so that those discussions may be informed by input from our Board and responses we receive from the RFEI. We ask that you agree to pause any final decision regarding termination of the Cooperative Agreements until we complete our discussions about a possible resolution.

Sincerely,



Ian Choudri
Chief Executive Officer

⁶⁴ <https://hsr.ca.gov/business-opportunities/procurements/architectural-engineering-and-capital-contracts/request-for-expressions-of-interest-for-the-delivery-of-operating-segments/>