



California High-Speed Rail **BRIEFING: January 21, 2026 Agenda Item #5**

TO: Board Chair Richards and Board Members

FROM: Catrina Blair, MBA, Chief, Small Business Development and Compliance Branch
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DATE: January 21, 2026

RE: Program Delivery Support Services Agreement Annual Update Regarding Small Business and Conflict-of-Interest Compliance

Summary

This is an informational item that will update the California High-Speed Rail Authority (Authority) Board of Directors (Board) on activities related to the Authority's Program Delivery Support (PDS) services agreement annual report regarding small business and conflict-of-interest compliance.

Background

The Board's October 20, 2022, Resolution #HSRA 22-23 approved the contract award of the PDS services to AECOM-Fluor Joint Venture (AECOM-Fluor) and directed the Authority to "report on conflict-of-interest compliance and small business compliance to the full Board on an annual basis."

Prior Board Action

1. On October 20, 2022, the Board previously approved the award of the PDS services contract to AECOM-Fluor through Resolution #HSRA 22-23.
2. On December 6, 2023, Authority staff provided an annual update to the Board regarding AECOM-Fluor's small business and conflict-of-interest compliance under the PDS services agreement.
3. On January 23, 2025, Authority staff provided the 2024 annual update to the Board regarding AECOM-Fluor's small business and conflict-of-interest compliance under the PDS services agreement.

Discussion

The PDS services Agreement No. HSR21-17 (Agreement) between the Authority and AECOM-Fluor was fully executed on November 8, 2022. Exhibit A, Section 3.7 of the Agreement requires the consultant to prepare "a Conflict Mitigation Plan identifying mitigation measures it will put in place to avoid actual or potential organizational conflicts of interest for the Consultant and staff throughout the duration of the Agreement."

Exhibit D, Section 22 of the Agreement requires compliance with Small Business (SB), Disabled Veteran Business Enterprise (DVBE) and Disadvantaged Business Enterprise (DBE) participation goals in compliance with State and federal law. The Agreement is subject to the Authority's prior Revised Small and Disadvantaged Business Enterprise Program (August 2012, updated 2022), which established a 30 percent SB utilization goal, that is inclusive of a 10 percent DBE goal 3 percent DVBE participation goal.

In compliance with Resolution #HSRA 22-23, this informational item will provide the 2025 annual report to the Board regarding the PDS services consultant's compliance with the conflict-of-interest and small business Agreement requirements.

Small Business Compliance

The Authority's Small Business Team ensures SB, including Microbusiness (MB), and Small Business Public Works (SB-PW), DVBEs, and DBEs, are afforded every practicable opportunity to participate on the High-Speed Rail Project.

Monitoring compliance is the method by which the SB Team tracks the efforts of Prime contractors/ consultants on the project. The PDS must comply with Authority's prior Revised Small and Disadvantaged Business Enterprise Program (August 2012, updated 2022), which established a 30 percent SB utilization goal, that is inclusive of a 10 percent DBE goal 3 percent DVBE participation goal. PDS is not subject to the new SB/DVBE/DBE goal structure approved by the Board on November 2, 2023, through Resolution #HSRA 23-07. Compliance measures are detailed as follows:

1. Payment

Compliance Management - The Authority continues to track and validate payments made to SB/DVBE/DBE firms from the prime. There have been no reports of late payments to SB/DVBE/DBE firms on the PDS contract.

Monthly Compliance Form Submittal - Authority Primes must submit monthly compliance forms that detail payments made to SB, DVBE and DBE firms. PDS continues to submit thorough and timely reports detailing prompt payment efforts.

2. Utilization

Bi-weekly meeting with SB Officer - The PDS Small Business officer (SBO) has a standing meeting with the Authority's SB Program Chief to discuss compliance and efforts PDS is making to achieve SB/DVBE/DBE Goals.

Monthly Narrative - The PDS provides a monthly narrative that details outreach efforts, and strategies to increase participation, which include training meetings held with SB/DBE/DVBE firms on the PDS contract. This narrative is shared with the Authority's Business Advisory Council (BAC).

In addition to the above measures, the PDS Small Business Officer (SBO) participates in partnering workshops with the Authority and attends BAC meetings held six times per year. The PDS SBO regularly reports their utilization, payment, and outreach efforts in BAC meetings.

3. Challenges

DBE Interim Final Rule - On October 3, 2025, the U.S. Department of Transportation (USDOT) issued an Interim Final Rule (IFR), effective immediately, with changes to its DBE Program found at 49 CFR Part 26. No significant changes were made to the federal SB program, which is a subcomponent of the federal DBE Program.

The changes withdrew current criteria under which a firm may be certified as a DBE and required that all currently certified DBEs seek recertification under new criteria. Under the new rule, a state's Uniform Certification Programs (UCPs) must first revise their DBE certification criteria to be consistent with the new IFR and seek USDOT approval for the new criteria, before DBEs may apply for revalidation of their DBE certification status with the UCPs.

During the pendency of the DBE certification revalidation process, the IFR prohibits federal funding recipients like the Authority from counting DBE participation on its contracts. The IFR further does not allow recipients to enforce DBE Goals, during the pendency of the revalidation process.

- **Impact of October 3 Final Rule on PDS Contract** - All firms that possessed a DBE certification were dual-certified as a SB, SB-PW, MB, or DVBE. As a result, crediting has not been impacted.

Optimization

Continued optimization efforts have reduced the PDS budget and staff resources which ultimately impacted SB/DVBE/DBE utilization; however, PDS has been able to continue to exceed the Authority's SB and DBE participation goals. PDS has implemented measures to ensure open positions are first extended to SB/DVBE/DBE firms. PDS has implemented measures to ensure open positions are first extended to SB/DVBE/DBE firms. Additionally, they have increased their small business support and capacity building initiatives that address the following:

- Ongoing engagement and communication
- Resourcing and compliance
- Training, support and leadership development and continuous improvement

2025 Annual Report Utilization

As of the October 31, 2025, reporting period, the PDS continues to be on target based on the total expended values. The SB Team has worked closely with the PDS SBO to assist with increasing the DVBE. The DVBE percentage has doubled since the last reporting period.

2025 Overall SB Goal Attainment (30%)

PDS SB Goal Progress	Actual Value to Date	Status SB Goal Progress
All SB Total Expended (SB/DBE/DVBE)	\$68,044,609.57	30.97%

DBE Goal 10%

PDS DBE Goal Progress	Actual Value to Date	Status DBE Goal Progress
DBE Total Expended	\$39,775,529.81	18.10%

DVBE Goal 3%

PDS DVBE Goal Progress	Actual Value to Date	Status DVBE Goal Progress
DVBE Total Expended	\$4,757,206.67	2.17%

Conflict-of-Interest Compliance

As previously reported to the Board, the Authority and AECOM-Fluor, including their respective staff attorneys, have worked collaboratively to implement mitigation measures that will sufficiently address potential and/or actual conflict-of-interest issues. In accordance with the Agreement provisions, a Conflict Mitigation Plan (Plan) was developed by AECOM-Fluor, negotiated, and approved by the Authority. The Plan requires the following:

- 1. Identification of the consultant's key personnel and additional expertise resources, their respective companies, and their proposed locations for the duration of the Agreement to ensure required physical separation, if necessary, as a mitigation measure.**

The Plan identified the requisite key personnel and additional expertise resources and where necessary mitigation measures have been implemented. AECOM-Fluor continues to update this information and track all key personnel changes.

To date, the Authority and AECOM-Fluor have agreed to mitigation measures for certain key personnel and additional expertise resources on the project and have not conflicted out any individual from working on the project.

- 2. A description of the reporting relationships of each of the consultant staff.**

The Plan designates the consultant's Principal in Charge and the Deputy Principal in Charge have all key personnel and additional expertise personnel reporting to them and have first line project responsibility regarding conflicts.

AECOM Technical Services, Inc. (AECOM) staffs the role of Principal in Charge, and Fluor Enterprises, Inc. (Fluor) provides the Deputy Principal in Charge (DPIC). The DPIC role is currently vacant, and Fluor ensures that this requirement is administered by its Chief of Staff and supporting staff. Both AECOM and Fluor have supporting administration personnel who provide supplemental reports, various information, and compliance with mitigation efforts.

- 3. A description of methods to prevent, restrict and disassociate consultant staff from other projects outside of the Authority's program that may create a potential or actual organizational conflict of interest.**

Prior to an employee becoming part of the PDS staff, the Plan requires that AECOM-Fluor conduct an internal due diligence review to determine other project involvement. If the due diligence reveals a potential or actual conflict of interest, mitigation measures are employed such as an ethical wall and separation are put in place.

To date, ten supplemental reports to the Plan were prepared by AECOM and/or Fluor, which identified employees working and/or potentially working on other projects. An analysis of each of the potential conflicts was performed by the Authority's Legal Office and mitigation measures have been implemented, to the extent required, including disassociation from the other project.

Since our 2024 annual report to the Board, one supplemental report to the Plan, and an update related to a prior supplemental report, were provided by AECOM-Fluor. The supplemental report to the Plan involved the Transbay Joint Powers Authority (TJPA) and the PDS work related to the TJPA Portal project's Integrated Project Delivery Team (IPDT) for the Authority. As AECOM provides staff augmentation for the TJPA program and construction management services regarding the Portal project, there was a potential conflict of interest.

The update to a prior supplemental report to the Plan was provided by AECOM that involved the Merced Integrated Track Connector (MITC) project, which intersects with the California High-Speed Rail project. There is a potential conflict related to the possibility of Authority NEPA work for the MITC project.

For both matters, the potential conflicts were analyzed by the Authority's Legal Office and mitigation measures were put in place, which include utilization of separate AECOM teams for the PDS Agreement work and the TJPA and MITC work. AECOM has also ethical walls between the AECOM employees who work on the contracts to ensure that no "inside" information is shared. Any outside NEPA work will require an additional conflict of interest analysis and mitigation efforts will have to be reviewed to determine if mitigation remains possible.

4. **A Description of how the consultant will control the information relative to the Authority's operations and strategy in accordance with the terms of the Agreement.**

AECOM-Fluor continues to implement security controls and a tracking system to identify user access regarding PDS information and has been utilizing project-specific servers and separate cloud environments.

5. **The Consultant's process to promote awareness and to instruct Consultant staff in the importance of impartiality and its role in preventing bias, fraud, waste and abuse, including ethics training.**

AECOM-Fluor continues to take steps to ensure that all staff working on the Authority's project have a copy of the Plan and are aware of their obligations and responsibilities under the Plan. AECOM-Fluor has also implemented a live web-based conflict-of-interest training program.

6. **The Consultant's process to assess the effectiveness of the Conflict Mitigation Plan and address issues.**

AECOM-Fluor appointed attorneys for AECOM and Fluor as their Plan officers with direct responsibility for implementation of the Plan. The Plan officers continue to be responsible for monitoring overall compliance with the various Plan measures and for identifying and responding to any potential or actual conflicts.

The Plan officers continue to undertake quarterly reviews of Plan compliance and prepare quarterly reports provided to the Authority. The Plan officers also continue to prepare supplemental reports to address potential conflicts of interest, as necessary.

Legal Approval

The Legal Office has reviewed this informational item and has found it complies with Authority policy and Board Resolution #HSRA 22-23.

Budget and Fiscal Impact

This is an informational item, and by itself, does not have a budget or fiscal impact.

Recommendations

Not applicable, as this is an informational item only.

Attachments

Authority Board's October 20, 2022, Resolution #HSRA 22-23.