

California High-Speed Rail Peer Review Group

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The Honorable Toni G. Atkins
Senate President Pro Tem
State Capitol Building
Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol Building
Room 219
Sacramento, CA 95814

The Honorable Shannon Grove
Senate Republican Leader
State Capitol Building
Room 305
Sacramento, CA 95814

The Honorable Marie Waldron
Assembly Republican Leader
State Capitol Building
Room 3104
Sacramento, CA 95814

Dear Honorable Members:

This letter reviews a funding plan submitted by the California High Speed Rail Authority entitled “Burbank to Los Angeles and Los Angeles to Anaheim Usable Segments, Incremental Capital Investment (#2), Link Union Station (Link US) Project Proposition Funding Plan,” March 2020. The letter is also based on a report by the Authority’s Independent Financial Advisor (PFAL) entitled “Independent Financial Advisor Report to the California High-Speed Rail Authority Regarding: Link Union Station (Link US) Project Proposition 1A Funding Plan,” March 6, 2020.¹ The letter is submitted to the Legislature by the California High-Speed Rail Peer Review Group pursuant to Section 185035 of the Public Utilities Code which provides in part:

- (a) The authority shall establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority’s plans and issuing an analysis of appropriateness and accuracy of the authority’s

¹ These reports were received by the Peer Review Group on May 11, 2020.

assumptions and an analysis of the viability of the authority's financing plan, including the funding plan for each corridor required pursuant to subdivision (b) of Section 2704.08 of the Streets and Highways Code.

- (c) The peer review group shall evaluate the authority's funding plans and prepare its independent judgment as to the feasibility and reasonableness of the plans, appropriateness of assumptions, analyses, and estimates, and any other observations or evaluations it deems necessary.
- (e) The peer review group shall report its findings and conclusions to the Legislature no later than 60 days after receiving the plans.

The Peer Review Group has discussed these reports in detail with the Authority and LA Metro staff. We find as follows:

- The proposed project, which entails construction of "run-through" tracks from the south into the Los Angeles Union Station and reconfiguration of the tracks entering the station from the north is feasible and based on reasonable assumptions.
- The project is a critical link in the public transportation system of the Los Angeles area and is also critical to successful operation of high-speed trains transiting Los Angeles.
- The LA Metro Board of Directors has approved the project and given it a high priority.
- Supervision of the project by LA Metro is appropriate as LA Metro has the experience and resources needed to manage the project.
- The method of construction management – using a construction manager/general contractor (CM/GC) approach -- is new to LA Metro and may pose risks as LA Metro gains experience. We understand, however, that LA Metro will acquire staff and consultants who are experienced in the CM/GC approach.
- The Authority and LA Metro state that the Authority's exposure is limited to its agreed contribution of \$423.3 million in Proposition 1A funding and \$18.7 million in other HSRA funding, a total of \$442 million of estimated total project cost of \$950.4 million.
- On this basis, the project meets the requirements stated in the law.

Sincerely,



Louis S. Thompson
Chairman, California High-Speed Rail Peer Review Group

cc: Hon. Jim Beall, Chair, Senate Committee on Transportation
Hon. Patricia C. Bates, Vice Chair, Senate Committee on Transportation
Hon. Jim Frazier, Chair, Assembly Transportation Committee
Hon. Vince Fong, Vice Chair, Assembly Transportation Committee
David S. Kim, Secretary, California State Transportation Agency
Gabriel Petek, State Legislative Analyst
Kate Gordon, Director, Governor's Office of Planning and Research
Tom Richards, Acting Chair, California High-Speed Rail Authority
Brian Kelly, Chief Executive Officer, California High-Speed Rail Authority
Members, California High-Speed Rail Peer Review Group