

## California High-Speed Rail Peer Review Group

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The Honorable Toks Omishakin  
Secretary, California State Transportation Agency  
400 Capitol Mall, Suite 2340  
Sacramento, CA 95814

Dear Mr. Secretary,

I am hereby resigning, effective October 1, 2024, my commission as a member of the Peer Review Group reporting to the legislature as established by Proposition 1A. After 15 years as a member, twelve as Chairman, I think whatever contribution I can make has been made.

I do believe the Group has made a positive contribution to the project. We supported the “blended” approach that was adopted by the Authority and Caltrain and by the Authority and Metrolink. We supported the establishment of the Authority’s Inspector General. Over the years, the Group’s reports and appearances before the legislature have encouraged better progress reporting by the Authority and have fostered a clearer understanding of the financing sources and needs of the project and its cost and scheduling risks. All of the Group’s documents, reports and testimony can be found at [www.cahsrprg.com](http://www.cahsrprg.com).

More important, in recent years we have repeatedly called attention to the very large funding gap the project faces. In doing so, we have stressed that, even if the Merced to Bakersfield section is completed within the available and reasonably predictable future resources, there is a funding shortfall of at least \$100 billion, probably significantly more, if the system is to meet its Proposition 1A goal of connecting San Francisco with Los Angeles and Anaheim. I believe the gap is likely to be significantly larger because the Authority has yet to complete existing construction contracts within award value or schedule, and because there is no bidding or management experience with major cost elements yet to be encountered, specifically electrification, high-speed rolling stock, and the nearly 50 miles of tunnels that will be needed through the Pacheco Pass, in the Tehachapi Mountains and in the Antelope Valley.

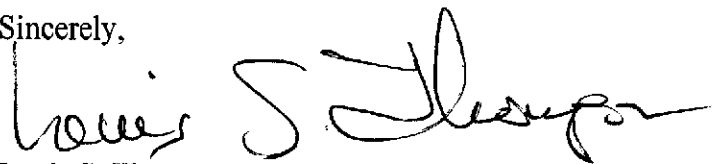
There are no existing programs for financing the gap, either at the federal or state level, and it is not obvious that the political will exists to fill it. Failure to fill it would mean that the state would build a very expensive system where the potential demand cannot justify the effort. The dilemma is simple: if the state isn’t committed to completing the system, then the section from Merced to Bakersfield will be far more expensive than it needs to be, but if the state intends to complete the full system outside the Central Valley, it needs a credible and stable financing plan to generate at least \$100 billion from sources that do not exist today. We have repeatedly stressed that the lack of adequate and stable funding has made management of the project effectively impossible; that will only get worse if the funding gap is not resolved.

In our letter to the legislature of March 8, 2024, we made several requests, the most pertinent of which were: 1) to commission a reassessment of the justification of the project, given that costs are far higher, the schedule is far longer and the expected demand is far smaller than foreseen when the citizens approved Proposition 1A; 2) to commission a study of alternative sources for financing the \$100 billion (or more) shortfall for extending the project beyond the Merced to Bakersfield section; 3) to commission a study of the lessons that should be learned from the project for use in future megaprojects; and 4) to provide guidance for the future role of the Group, given that the work of the LAO closely parallels ours and that the Inspector General will be doing at least some of the things we had originally been doing. I want to take advantage of the opportunity in this letter to urge as strongly as I can that these questions be addressed by the legislature and by the Governor. The largest and riskiest project ever undertaken by the state deserves no less. I would also like to urge that my slot on the Group, appointed by the Secretary of Transportation, and the currently empty slot, appointed by the Finance Director, be filled as soon as suitable candidates can be found.

The primary lesson I have drawn from the Group's work so far is that Proposition 1A was at best an optimistic aspiration that was nowhere near being adequately planned, designed or funded. The search for funding, and especially the timing mandates of the federal ARRA funding, caused the Authority to commence work without adequate preparation, and the project has yet to fully recover from the damage. My experience in the U.S. and around the world has convinced me that there can be a role for high-speed rail in California, but I do not think that role can be fulfilled unless the objectives for the system are clearly defined and committed and the financing for the system is adequately and stably provided. Otherwise, the project will never get on track.

It has been a pleasure and a privilege to serve on the Group. I hope that, with renewed attention from the legislature and the Governor the project can achieve the success that the people of California deserve.

Sincerely,



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

cc: Hon. Dave Cortese, Chair, Senate Committee on Transportation  
Hon. Roger W. Niello, Vice Chair, Senate Committee on Transportation  
Hon. Lori Wilson, Chair, Assembly Transportation Committee  
Hon. Vince Fong, Vice Chair, Assembly Transportation Committee  
Gabriel Petek, State Legislative Analyst  
Samuel Assefa, Director, Governor's Office of Planning and Research  
Tom Richards, Chairman, California High-Speed Rail Authority  
Ian Choudri, Chief Executive Officer, California High-Speed Rail Authority  
Ben Belknap, Inspector General, California High-Speed Rail Authority  
Members, California High-Speed Rail Peer Review Group