



June 14, 2019

Honorable William Barr, Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Re: California High-Speed Rail

Dear Attorney General Barr,

SAFE (Save Angeles Forest for Everyone) is a coalition of leaders of communities in California's Northeast San Fernando Valley, many of which border the Angeles National Forest. We united to protect sensitive environmental areas and densely populated areas threatened by California's high-speed rail project. Together, we represent hundreds of thousands of people impacted by the three routes currently proposed by the California High-Speed Rail Authority (CHSRA) to connect proposed train stations in Palmdale and Burbank.

Given our vested and personal interest in this project, we have been following it closely for the past four years. We believe that a federal grand jury should be impaneled to investigate CHSRA for intentionally and/or negligently wasting and mispending federal funds. The recent impaneling of a federal grand jury to investigate the federally-subsidized Honolulu Authority for Rapid Transportation (HART) serves as not only as a precedent for our request, but also as a compelling comparator in failure. The problems exhibited by both bear striking similarities: cost overruns (which almost doubled the forecast cost of construction) and reckless rushing to meet artificial construction deadlines for the sole purpose of meeting contractual and political funding deadlines.

Hawaii's critical state audit faulted HART officials for management deficiencies that resulted in cost increases and delays that put completion 6 years behind schedule. California's 87-page state audit report of its own rail authority revealed similarly scathing results. The headline of the report, released on November 15, 2018, stated that CHSRA's "*Flawed Decision-making and Poor Contract Management Have Resulted in Billions in Cost Overruns and Delays in the System's Construction.*"¹

Specifically, among State Auditor Elaine Howle's key findings was the determination that CHSRA – in an effort to beat the clock on a deadline to spend federal grant money – prematurely awarded contracts and began construction before it had completed necessary, critical tasks including: acquiring enough and/or crucial parcels of land; relocating utilities; obtaining requisite agreements from entities like local governments and other railroad operators; or even planning the rail line with the modicum of detail necessary to assess risks to the overall cost and schedule of the project.

On March 5, 2019, the Federal Railroad Administration announced that it would terminate its 2010 grant agreement with CHSRA because CHSRA had "materially failed to comply with the terms of the

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agreement” and had not made “reasonable progress” on the project.² On May 16, the FRA followed up with a 25-page letter detailing the reasons it decided to withhold \$929 million in pending federal funding from CHSRA. The federal audit of CHSRA is due to be released soon.

The June 4, 2019 edition of the Los Angeles Times features an article³ detailing a conflict of interest investigation over a \$51 million change order approved by a top CHSRA consultant who had a financial interest in the company given the change order. An ethics review has been initiated by the state.

This article came as no surprise, as CHSRA has a long history of embroiling itself in conflicts of interest. In 2016, SAFE responded to CHSRA’s so-called “Equine Study,” a report intended to evaluate the effect of high-speed rail on horses and on the equestrian communities proposed to be bisected by the rail alignment.⁴ Instead of partnering with a team of independent, third-party experts in the field, CHSRA instead contracted with the Mineta Transportation Institute (MTI) to be the sole entity to conduct the Equine Study. The hiring of this entity was in and of itself a conflict of interest as there existed significant crossover between the board of CHSRA and the board of MTI, as well as between MTI, contractors hired by CHSRA, and rail funding sources.

In the online version of the *LA Times* on June 10, 2019, correspondent Ralph Vartabedian disclosed that CHSRA has defaulted on payments owed to farmers whose property has already been seized by eminent domain.⁵ One farmer interviewed has been owed \$1.9 million for three years. CHSRA is making promises it will not and cannot meet. The question is whether it is intentionally misleading the farmers, the courts, or the public by continuing to make commitments it has no ability to fulfill. This bulldozer approach to government projects is unethical and possibly illegal.

These examples are just the tip of the iceberg. There are numerous sources of information available which document CHSRA’s long history of transgressions. In addition to myriad articles by LA Times correspondent Ralph Vartabedian, we would encourage you to read “The Hamilton Report”, a website maintained by Kathy Hamilton, an investigative journalist and activist focused on the high-speed rail project. Since 2010, Hamilton has written more than 350 articles on the subject and has attended or watched hundreds of local, state and federal meetings: www.thehamiltonreport.com. Additionally, our own website, www.dontrailroad.us, contains a valuable library of articles, reports, and other pertinent material.

However, we would caution you against relying on the CHSRA website (www.hsr.ca.gov) as an accurate source of information, as they have previously omitted or hidden information that is detrimental to their organization. For example, in 2017 CHSRA conducted a geotechnical analysis of tunneling through the Angeles National Forest, but the resulting Draft Geotechnical Report was so damning that it was never included in the documents available on the CHSRA website. It was only discovered a year later as the result of a Public Records Request issued by our organization.⁶

CHSRA is anything but transparent. If HART met the threshold necessary for impaneling a federal grand jury, then CHSRA surely surpasses that threshold. CHSRA’s history of ineptitude, negligence, waste, and misspending of federal funds has risen to the level of possible criminal misconduct and as such, CHSRA demands scrutiny at the federal level. Simply put, a federal grand jury needs to be impaneled to unravel this ball of yarn.

I would be happy to answer any questions you may have, or provide additional information or source material that may be of assistance. I can be reached via telephone at (818) 248-0050 or via email at bill@eickfreeborn.com.

Sincerely, on behalf of the S.A.F.E. Coalition,

/s/

William E. Eick

cc:

Ralph Vartabedian, Correspondent, *Los Angeles Times*
Kathryn Barger, Supervisor, Fifth District Los Angeles County
Luz Rivas, Assemblymember, 39th Assembly District of California
Jim Patterson, Assemblyman, 23rd Assembly District of California
Anthony Portantino, State Senator, 25th Senate District of California
Bob Hertzberg, State Senator, 18th Senate District of California
Ronald Batory, Administrator, Federal Railroad Administration
Kevin McCarthy, Congressman, 23rd Congressional District of California
Adam Schiff, U.S. Congressman, 28th Congressional District of California
Elaine Chao, Secretary of the United States Department of Transportation

References:

1. November 15, 2018: Auditor of the State of California: "*California High-Speed Rail Authority: Its Flawed Decision Making and Poor Contract Management Have Contributed to Billions in Cost Overruns and Delays in the System's Construction.*"
<https://www.auditor.ca.gov/pdfs/reports/2018-108.pdf>
2. March 5, 2019: FRA notice of termination to CHSRA:
https://www.fra.dot.gov/eLib/details/L20092#p1_z5_gD_IOT_IWR_y2019_m5_IFR
3. June 4, 2019: *LA Times* article by Ralph Vartabedian: "*California's top bullet train consultant is suspended amid a state ethics review.*"
<https://www.latimes.com/local/california/la-me-bullet-train-investigation-20190604-story.html>
4. January 13, 2016: SAFE Coalition response to Mineta Transportation Institute's "*Report WP 12-07: High Speed Rail and Equine Issues*"
<http://www.dontrailroad.us/wp/downloads/2016/Ltr-from-SAFE-to-Mineta-Transportation-Institute-Final1.pdf>
5. June 10, 2019: *LA Times* article by Ralph Vartabedian: "*High-speed rail route took land from farmers. The money they're owed hasn't arrived.*"
<https://www.latimes.com/local/california/la-me-bullet-train-cash-20190610-story.html>
6. May 28, 2018: Letter by William Eick to Elaine Howle, California State Auditor: "*Audit of California High-Speed Rail.*"
<http://www.dontrailroad.us/wp/downloads/2018/CHSR-CA-Audit-2.pdf>

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