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High-Speed Rail and Federal Partners Realign Grant to Reflect Updated Business Plan

SACRAMENTO, Calif. – Following the recent approval of the new high-speed rail 2016 Business Plan—which sets forth the plan to connect the Central Valley and Silicon Valley by 2024—the California High-Speed Rail Authority (Authority) and the Federal Railroad Administration (FRA) today updated an existing 2010 ARRA grant agreement.

“High-speed rail construction is underway in California and this agreement is consistent with our efforts to connect Silicon Valley and the Central Valley by 2024, and then move forward with connecting San Francisco to Los Angeles,” said Authority CEO Jeff Morales. “This amendment to the existing agreement makes a number of technical fixes and updates the document to reflect the Board’s recent approval of the 2016 Business Plan and the Legislature’s commitment of Cap and Trade proceeds to the project.”

Today’s amendment marks a significant step toward the delivery of the operable segment connecting the Silicon Valley with the Central Valley, does not delay the project, and will ensure that ARRA funds are expended by the mandated deadline of September 30, 2017. Grant amendments are common and an essential tool used to manage joint federal-state projects, particularly when those projects are complex.

Because the ARRA grant was awarded prior to the Legislature’s commitment of Cap and Trade proceeds and to the Authority’s adoption of the 2016 Business Plan, the grant agreement did not align with the current status of the program. The amendment makes a number of technical fixes and other adjustments, primarily to reflect the changed circumstances around the program and progress the Authority has made since it was originally executed in 2010.

Key amendments to the agreement include:

- Modification of the overall project (the work funded with the grant) schedule from 2018 to 2022, to incorporate the Central Valley segment into the operating segment, consistent with the 2016 Business Plan.
- Establishment of a working capital account for right-of-way – ensuring that sufficient funding is available to maintain the pace of right-of-way acquisition without limitation. This streamlines the payment process.
- Continuity of the tapered match which allows for the expenditure of federal funds first, followed by the use of state funds.
- Amendment of the grant budget to include the Construction Package 1 northern extension to Madera and the purchase of Radio Spectrum to support train communications and safety measures.
- Increasing the amount of ARRA funding that can be expended on project development.



With the commitment of Cap and Trade proceeds, the Authority has been able to expand the scope of the project funded with the original grant--using state funds--to go beyond the basic infrastructure and all the way into an operable segment.

This is the first amendment to the grant agreement since December 2012.

The Cooperative Grant Agreement Amendment can be found here-

http://hsr.ca.gov/docs/about/funding_finance/funding_agreements/HSRFRA_CooperativeGrantAgreement_Amendment6_051816_Redacted.pdf

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