

**Congress of the United States**  
**Washington, DC 20515**

January 24, 2017

The Honorable Elaine Chao  
Secretary of Transportation  
Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Dear Secretary Chao,

Congratulations on your confirmation to serve as our nation's next Secretary of Transportation. We are excited to work with you to advance transportation policies that will serve the needs of our constituents and the nation. Advancing technologies, expanding populations and changing consumer behaviors present many challenges ahead and we stand ready to work with you on delivering a regulatory environment that serves local transportation planners and leverages private resources.

As you are undoubtedly aware, California has received \$2.55 billion in funding from the American Recovery and Reinvestment Act (ARRA) and an additional \$1 billion in the Fiscal Year 2010 Consolidated Appropriations Act to help fund a statewide high speed rail system. In 2008, Proposition 1A, a bond measure totaling \$9.95 billion, was sold to the voters of California on the basis that the entire cost of the San Diego – Sacramento project would be \$33 billion, with the other two-thirds of the funding coming from the private sector and the federal government in roughly equal amounts.

Since that time project costs ballooned to over \$100 billion, the project was scaled back to only include Los Angeles to San Francisco, and the project ceased to be true high speed rail by "blending" with the existing system. Additionally, the California High Speed Rail Authority (Authority) nixed plans to provide service to Los Angeles for initial operations in favor of San Jose due to costs of tunneling and is still promising to cost \$68 billion. To date no private funding has been secured, state bond money is being held up for failure to meet the terms of Prop 1A, and the Authority's official business plan relies on the vast majority of money coming from the federal government.

Late last week, the LA Times published an article<sup>1</sup> that exposed a confidential FRA report that outlines yet another cost overrun in the consistently maligned project. Specifically, "California's bullet train could cost taxpayers 50% more than estimated — as much as \$3.6 billion more. And that's just for the first 118 miles through the Central Valley, which was supposed to be the easiest part of the route between Los Angeles and San Francisco." The confidential financial report from FRA also explains that the Authority is also unlikely to meet the spending deadline for the ARRA grant and would thus forfeit upwards of \$220 million back to the federal government. To complicate matters, California has been unable to meet the

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<sup>1</sup> LA Times, "California's bullet train is hurtling toward a multibillion-dollar overrun, a confidential federal report warns", January 13, 2017 <http://www.latimes.com/local/california/la-me-bullet-cost-overruns-20170106-story.html>


matching fund requirements of receiving the grant and could potentially have other federal grant monies withheld.

We have learned that the Authority is pursuing a Railroad Rehabilitation and Improvement Financing package to fill funding holes from its inability to secure State or private funding, and is seeking an additional \$650 million in grants from the federal government to electrify its line from San Jose to San Francisco for use by both transit and high-speed rail service.

We think providing additional funding at this time to the Authority would be an irresponsible use of taxpayer dollars. In light of the new revelations from the confidential FRA report, we request no further monies be granted to the Authority or the State of California for High Speed Rail until a full and complete audit of the project and its finances can be conducted, and those findings be presented to the public.

The American people deserve a full and honest accounting of where and how its federal resources are being spent. We look forward to working with you in your new role and appreciate your time and consideration of this matter.

Sincerely,



JEFF DENHAM  
Member of Congress



KEVIN MCCARTHY  
Member of Congress



MIMI WALTERS  
Member of Congress



DOUG LAMALFA  
Member of Congress



ED ROYCE  
Member of Congress



TOM MCCLINTOCK  
Member of Congress



DUNCAN HUNTER  
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DANA ROHRABACHER  
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DARRELL ISSA  
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DAVID G. VALADAO  
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STEVE KNIGHT  
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DEVIN NUNES  
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