

# California Legislature



## ASSEMBLY REPUBLICAN CAUCUS

October 28, 2015

Honorable Toni G. Atkins, Speaker  
California State Assembly  
State Capitol, Room 219  
Sacramento, California 95814

Dear Speaker Atkins:

Pursuant to Joint Rule 35.5, we are writing to request a subpoena to compel the California High-Speed Rail Authority to produce records, as described below.

On October 24, the *Los Angeles Times* revealed the existence of a confidential internal document, which “estimated that the cost of building the first phase from Burbank to Merced had risen 31 percent, to \$40 billion.” The Authority’s project management team “briefed state officials on the estimate in October 2013, according to the document obtained by The Times. But the state used a lower cost estimate when it issued its 2014 business plan four months later.”

The business plan is a document submitted to the Legislature every two years, and the law requires it to contain “the estimated capital costs for each segment or combination of segments.” The 2014 business plan was released on February 7, 2014, and estimated the capital cost for the Burbank to Merced segment as \$31.2 billion. There is a \$9 billion discrepancy between the Authority’s internal cost estimates, and the numbers it provided to the public and the Legislature four months later.

The business plan, which we now know to be the lower of two estimates, was used as the basis for the Legislature’s decision to continuously appropriate 25 percent of Cap-and-Trade revenue for High-Speed Rail. The Authority continued to mislead the Legislature in two subsequent project update reports, and has yet to publicly disclose this \$9 billion cost increase.

The internal Authority document says that state officials were briefed on the higher estimate, but both project update reports to the Legislature were reviewed and signed by Authority CEO Jeff Morales, and Secretary of Transportation Brian Kelly. If these officials were briefed on the cost increase, then they approved these reports in an attempt to misrepresent facts and mislead the Legislature.

Construction of High-Speed Rail is the largest state public works project in the nation’s history. The Legislature must play a critical role in exercising oversight, and ensuring the responsible use of public funds. These efforts are undermined when the Authority withholds material facts, and

intentionally provides the Legislature with false information. A subpoena is necessary to investigate these troubling claims, and uncover the truth behind this \$9 billion deception.

We therefore request that Assembly Rules Committee issue a subpoena to the High-Speed Rail Authority for the following papers, books, accounts, reports, documents, and records:

1. A copy of the confidential report described in the *Los Angeles Times* article referenced above.
2. A list of state officials briefed on the content of this report.
3. All internal electronic and paper documents discussing the content of this report.
4. All internal electronic and paper documents discussing preparation of the 2014 Business Plan, as well as the November 15, 2014 and March 1, 2015 Project Update Reports to the Legislature.

Additionally, we request that the Legislature create a special committee to have officials sworn in under oath under penalty of perjury in order to determine whether High-Speed Rail Authority officials acted to intentionally mislead the Legislature and the people of California.

Thank you for your prompt consideration of this matter.

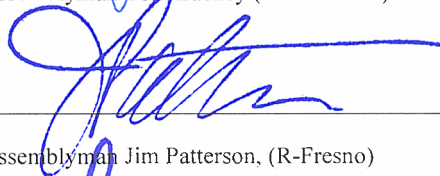
Sincerely,



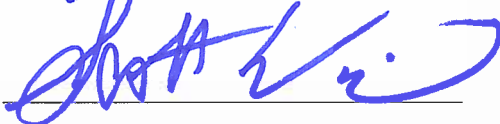
Assembly Republican Leader Kristin Olsen (R – Riverbank)



Assemblyman Tom Lackey (R- Palmdale)



Assemblyman Jim Patterson, (R-Fresno)



Assemblyman Scott Wilk (R-Santa Clarita)