

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year 2025-26	Business Unit Number 2665	Department CA High-Speed Rail Authority
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Hyperion Budget Request Name 2665-002-BCP-2025-GB	Relevant Program or Subprogram 1960 – High-Speed Rail Authority Operations
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Budget Request Title
National Environmental Policy Act (NEPA) Assignment Support

Budget Request Summary
The CA High-Speed Rail Authority (Authority) requests \$2.54 million and 13.0 positions ongoing in High-Speed Passenger Train Bond Funds (Proposition 1A), and associated reimbursement authority, for costs associated with the renewed National Environmental Policy Act (NEPA) Assignment Memorandum of Understanding (MOU) executed with the Federal Railroad Administration (FRA) on July 22, 2024.

Requires Legislation (submit required legislation with the BCP) <input type="checkbox"/> Trailer Bill Language <input type="checkbox"/> Budget Bill Language <input checked="" type="checkbox"/> N/A	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Department CIO	Date
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For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. _____ **Project Approval Document:** _____
Approval Date: _____ **Total Project Cost:** _____

If proposal affects another department, does other department concur with proposal? Yes No

Prepared By Stefan Galvez-Abadia, Director of Environmental Services	Date 11/5/2024	Reviewed By Jamey Matalka, Chief Financial Officer	Date 11/11/2024
Department Director Ian Choudri, Chief Executive Officer	Date 11/25/2024	Agency Secretary Toks Omishakin, Transportation Agency Secretary	Date 12/4/2024

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE Dept. of Technology

Principal Program Budget Analyst Matthew Macedo	Date submitted to the Legislature 1/10/2025
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A. Problem Statement

The CA High-Speed Rail Authority (Authority) requests \$2.54 million and 13.0 positions in High-Speed Passenger Train Bond Funds (Proposition 1A), and associated reimbursement authority in Fiscal Year 2025-26 and ongoing, for costs associated with the renewed National Environmental Policy Act (NEPA) Assignment Memorandum of Understanding (MOU) executed with the Federal Railroad Administration (FRA) on July 22, 2024. Under this agreement, the Authority serves as the lead agency for compliance with NEPA and other federal environmental laws pertaining to the review and approval of all aspects of the CA High-Speed Rail System, including new review and approval responsibilities for local projects directly connected to the high-speed rail system, including stations. To date the Authority is aware of eight local projects that will be applying to the Authority for inclusion in the NEPA Assignment Program.

On July 23, 2019, the FRA and the California State Transportation Agency (CalSTA) alongside the Authority executed a MOU for a five-year term. Under the original MOU, the state and the FRA listed the Los Angeles Metropolitan Transportation Authority's (LA Metro) Link Union Station (Link US) project, and the San Joaquin Regional Rail Commission's (SJRRRC) Stockton Diamond project (part of the *ACEforward* project) within the Altamont Corridor Express system as projects for which the Authority would take NEPA responsibility.

Since the signing of the 2019 MOU, the Authority has acted as NEPA Assignment lead for the Link US project and the Stockton Diamond Grade Separation Project which is a part of the *ACEforward* project. Pursuant to the NEPA Assignment MOU, the Authority is responsible for ensuring that the Authority complies with all federal laws and regulations applicable to the FRA's work on the high-speed rail program (or related program) in performing the requirements specified in the NEPA Assignment MOU. When the FRA approved the Authority for assigning these responsibilities, it was made clear that the staff working on NEPA Assignment tasks were to be independent from the Authority's Program Delivery staff. This was to ensure that those working on the NEPA Assignment team would be able to act as if they were the federal lead agency. Last fiscal year, the Authority delivered an Administrative Final and Final EIR/EIS on the Palmdale to Burbank (PB) Project Section as well the Administrative Draft and Draft EIS for LA Metro's Link US project. The Authority's Program Delivery Staff (PDS) consultant's NEPA Assignment Team spent 3,000 hours on the PB Project and 2,200 hours on the Link US project. However, these totals do not include Authority state staff and legal counsel hours. The PB Project would be considered the most complex type of EIS and Link US would be considered a medium complexity project.

On July 22, 2024, CalSTA alongside the Authority and FRA renewed the NEPA Assignment MOU for a 10-year period and broadened the types of local agency projects over which the Authority can take on the NEPA lead-agency role. The renewed MOU aligns with Governor Gavin Newsom's Executive Order N-8-23, further complementing recent legislation aimed at accelerating critical infrastructure projects across California to build more, faster. The new MOU states that eligible projects within this class may include grade separation projects on the California HSR System, and rail improvement projects connected to the California HSR System via existing rail corridors, such as the Coachella Valley Rail Corridor and the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor. The MOU enables local agencies and railroads to benefit from the state's NEPA Assignment Program. On a project-by-project basis, FRA and the Authority can agree to include a local or railroad project. This opens the door to more projects than what was possible in the original MOU. This requires the Authority to seek new staff resources as current staff are focused on the Authority's projects and fulfilling scope of the original NEPA Assignment MOU terms. The Authority has approved seven of the eight project section environmental impact reports/environmental impact statements, with the last project section being Los Angeles to Anaheim. However, this does not mean that the Authority has completed all environmental phase work on the system. As ancillary infrastructures such as

traction power substations, maintenance facilities and stations advance in design, the need for additional environmental review becomes apparent. For example, the Authority has identified areas for solar infrastructure to provide clean energy to the system. This infrastructure was not contemplated in the project section environmental review, therefore an environmental document analyzing and disclosing the impacts is needed. Existing Authority staff are working on current and upcoming tasks in the Central Valley, southern California, and managing the NEPA Assignment Program.

The new work occurs across the program delivery process includes:

- Evaluating local project application information;
- Executing and management of reimbursement agreement contracts with local entities;
- Reviewing environmental documents of all levels as the NEPA lead agency, design or construction contracts, design for environmental compliance, permit applications;
- Leading coordination and consultation with regulatory agencies, construction documents for compliance; and,
- Performing audits on local sponsors for compliance with NEPA.

Currently, the Authority is aware of eight potential projects of various size and complexity which local sponsors will seek applying to the Authority for inclusion in the NEPA Assignment Program. In order to handle the new work in the immediate period, the Authority's Environmental Services Branch must rely on program consultants for more resources. Consultants are typically more expensive than state staff and do not provide the opportunity for institutional knowledge retention and succession planning.

Resource History
(Dollars in thousands)

Program Budget	PY – 4 2019-20	PY – 3 2020-21	PY – 2 2021-22	PY-1 2022-23	PY 2023-24	CY 2024-25
Authorized Expenditures	58,255	73,020	97,297	96,517	98,041	111,940
Actual Expenditures	45,846	53,729	72,174	77,549	82,780	111,940
Revenues	2,498	1,930	2,169	2,565	3,087	8,756
Authorized Positions	226.0	356.0	429.0	429.0	429.0	496.0
Filled Positions	197.7	265.3	303.9	352.0	375.8	361.0
Vacancies	28.3	90.7	125.1	77.0	53.2	135.0*

*Current Year Data Through October 2024

B. Justification

The prior NEPA Assignment MOU was set to expire in 2024 and the Authority only assumed the NEPA lead agency role for two projects. However, with the 10-year MOU extension and the Authority undertaking the NEPA lead-agency role for additional projects, it is in the best interest of the state to hire state staff to fulfil the responsibilities necessary to carry out the terms of and comply with the MOU. The Authority does not currently have the staff available to take on additional workload and is requesting 13.0 positions to handle the new workload, with 12.0

positions for the Environmental Services Branch, and 1.0 position for the Legal Office. As mentioned above, to date, the Authority is aware of eight local projects that will be applying to the Authority for inclusion in the NEPA Assignment Program.

Specifically, to accomplish this additional workload, the Authority requests the following positions **(See Attachment A for Workload Matrix)**:

- One Environmental Program Manager I (Managerial)
- Four Senior Environmental Scientists (Supervisory)
- One Staff Services Manager I (Supervisory)
- One Associate Governmental Program Analyst
- Five Environmental Scientists
- One Attorney IV

The existing Environmental Services Branch is fully engaged in evaluating sites for the Heavy Maintenance Facility to determine which sites will advance to be fully evaluated in the appropriate level of environmental document. Work is also progressing to different phases of project delivery. Work in the Central Valley on the 119-mile segment continues on the civil packages with a targeted completion date for the end of 2026. Additional procurements for designing and building the track and systems, power infrastructure, along with station design being advanced from conceptual to final is underway, all of which requires environmental services resources. Work has expanded beyond the 119-mile segment, including two extensions, Merced and Bakersfield have design progressing. The Environmental Services Branch and the NEPA Assignment Team is engaged in review of procurements and design. The Environmental Services Branch's current staff and program consultants are fully deployed covering the work occurring in the 119-mile segment, the extensions to Merced and Bakersfield. Design and construction work entails resources from:

- Environmental Analysis - Review environmental documentation, Reexamination package, to assess changes in the project since the approved Environmental Impact Report (EIR) / Environmental Impact Statement (EIS). To date, the Authority has completed 185 Reexaminations. On average, a Reexamination takes 9-12 months. Determine strategy for permitting the construction of high-speed rail infrastructure and apply for necessary permits. Develop a strategy to secure natural resource mitigation credit in advance of construction.
- NEPA Assignment – Staff dedicated to specific MOU tasks, who act as federal lead agency, independent from current Authority workload. This is intentional and required. Conduct audits of contractors and program construction managers (PCM). Review environmental compliance documentation, and coordinate with internal stakeholders to resolve environmental disputes with contractors and regulatory agencies.
- Construction and Maintenance - Review environmental compliance documentation, coordinate with internal stakeholders to resolve environmental disputes with contractors and regulatory agencies, apply for and secure amendments to regulatory permits and conduct audits of contractors and PCM.

Hiring an in-house Attorney IV will assist the Authority in achieving the roles and responsibilities assumed in the NEPA Assignment MOU for numerous projects throughout the state of California. When the Authority had only assumed the NEPA lead agency role for two projects, the Authority relied mainly on outside counsel to fulfil the legal responsibilities related to the NEPA Assignment MOU. With the Authority undertaking the NEPA lead-agency role for additional projects for the next 10 years, an in-state counsel position is necessary. Without such a position, the Authority will be required to utilize outside counsel to fulfill this role at a much higher cost. NEPA outside counsel

previously utilized by the Authority averages \$503 per hour. For the Stockton Diamond project (a relatively simple grade separation) outside counsel spent 181.5 hours on work related to NEPA and, for LA Metro's Link US project, outside counsel has already billed the Authority for 415 hours of work. An Attorney IV would be significantly less expensive given the salary associated with this position. Additionally, in-house counsel provides an advantage as they can focus on the necessary tasks related to NEPA Assignment rather than juggle time completing assignments for other clients.

The staff resources requested will enable the Authority to fulfill anticipated workload expectations without pulling from current staff who are fully engaged in existing Authority work. Without additional resources, new NEPA workload will be a burden on the Authority's current projects. This would impact the Authority's ability to fulfill public commitments made in the 2024 Business Plan and the FRA's American Recovery and Reinvestment Act of 2009 (ARRA) Grant.

The requested resources will be deployed on work generated from local sponsor agencies that apply and get accepted under the Authority's NEPA Assignment Program. Based upon preliminary conversations with FRA and CalSTA, it is anticipated that the Authority could take eight local sponsor projects which are in the environmental stage of project delivery. These eight projects vary in size and complexity. Preliminarily, the documents the Authority would be responsible for next fiscal year would be two routine Environmental Assessments (EA) (full build of the relocated Madera Station, Doran Street Grade Separation), one complex EA (Merced Intermodal Track Connection), three Environmental Impact Statements (Del Mar Bluffs Rail Realignment, Coachella Valley, San Jose Intermodal Station), one complex Reexamination (High Desert Corridor Intercity High-Speed Rail), and a yet to be determined environmental document for the Capital Corridor.

Prior to staff working on the local sponsor projects, the NEPA Assignment Team staff will evaluate and make recommendations to leadership on which requested projects should be admitted under the Authority's NEPA Assignment Program. This work will entail reviewing an application package with supporting documentation containing information such as: applicable federal funding and associated requirements, type of environmental document, project description, anticipated level of controversy, known stakeholders, and an environmental checklist to provide recommendation on whether a local project should be accepted or rejected. After there is an agreement between the FRA and the State, the NEPA Assignment Team will work to execute a reimbursement agreement with the local sponsor to reimburse the Authority for its staff time. Currently, the Environmental Services Branch does not have these tasks as part of its yearly work plan or standard operations.

C. Departmentwide and Statewide Considerations

This proposal is in line with the Governor's Executive Order N-8-23, in which streamlining project delivery was a critical aspect. Adding additional resources will alleviate time burden on existing Authority staff enabling their focus on delivering the Authority's projects as outlined in the 2024 Business Plan and FRA ARRA Grant. The additional requested resources in this proposal will be engaged in reviewing local sponsor project's environmental justice coordination and impact analysis, a priority for California and the federal government.

Additionally, CalSTA develops and coordinates California's transportation policies and programs to achieve the state's mobility, safety, equity and environmental sustainability objectives. It is the Agency's vision to provide everyone, wherever they live, access to a safe, sustainable and convenient transportation system throughout California. The Authority's acceptance of the role of NEPA lead agency for projects throughout the State of California will assist CalSTA in meeting its vision and will assist the Authority connect its high-speed rail system to other transportation systems throughout the State.

D. Outcomes and Accountability

If this request is approved, the Authority will be able to achieve the following outcomes:

- Compliance with the MOU between FRA and the Authority to advance local projects through the NEPA process without compromising resources working on the Authority's projects;
- Sustainability of the NEPA Assignment Program by ensuring continuity of staff; and,
- Reduced reliance on consultant staff. This proposal addresses findings from the California State Auditor's Office. Specifically, in November 2018, the California State Auditor's Office concluded an audit of the Authority and released California State Auditor Report 2018-108 which called out the Authority's reliance on contractors as a key risk area to the ongoing success of the program.

E. Implementation Plan

An initial requirement in the MOU was for FRA and the Authority to define, in 120 days from execution of the MOU, a process for mutually agreeing on local sponsor projects that would be accepted into the NEPA Assignment Program. FRA verbally informed the Authority that they would like CalSTA and the Authority to be ready to start accepting locally sponsored projects into the NEPA Assignment Program in the fall of 2024. However, FRA extended the timeframe for developing the process for mutual agreement to a new deadline of January 2025. The final version of this process is currently under review and is being revised by the Authority. The Authority will temporarily utilize consultant resources in the current year to develop internal and external facing policy and procedures, evaluate proposed projects, and execute necessary reimbursement agreements. Upon the allocation and approval of resources in FY 2025-26, recruitment packages will be released so the new environmental and legal resources can be hired to fulfil the roles and responsibilities set forth in the NEPA Assignment MOU.

F. Supplemental Information (If Applicable)

Workload Matrix (Attachment A)

BCP Fiscal Detail Sheet

BCP Title: National Environmental Policy Act (NEPA) Assignment Support

BR Name: 2665-002-BCP-2025-GB

Budget Request Summary

Personal Services

Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Positions - Permanent	0.0	13.0	13.0	13.0	13.0	13.0
Total Positions	0.0	13.0	13.0	13.0	13.0	13.0
Earnings - Permanent	0	1,439	1,439	1,439	1,439	1,439
Total Salaries and Wages	\$0	\$1,439	\$1,439	\$1,439	\$1,439	\$1,439
Total Staff Benefits	0	792	792	792	792	792
Total Personal Services	\$0	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5301 - General Expense	0	52	52	52	52	52
5302 - Printing	0	13	13	13	13	13
5304 - Communications	0	39	39	39	39	39
5320 - Travel: In-State	0	13	13	13	13	13
5322 - Training	0	13	13	13	13	13
5324 - Facilities Operation	0	104	104	104	104	104
5340 - Consulting and Professional Services - External	0	2,543	2,543	2,543	2,543	2,543
5344 - Consolidated Data Centers	0	65	65	65	65	65
5346 - Information Technology	0	13	13	13	13	13
Total Operating Expenses and Equipment	\$0	\$2,855	\$2,855	\$2,855	\$2,855	\$2,855

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	\$0	\$5,086	\$5,086	\$5,086	\$5,086	\$5,086

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
0995 - Reimbursements	0	2,543	2,543	2,543	2,543	2,543
State Operations - 6043 - High - Speed Passenger Train Bond Fund	0	2,543	2,543	2,543	2,543	2,543
Total State Operations Expenditures	\$0	\$5,086	\$5,086	\$5,086	\$5,086	\$5,086
Total All Funds	\$0	\$5,086	\$5,086	\$5,086	\$5,086	\$5,086

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
1960010 - Administration	0	5,086	5,086	5,086	5,086	5,086
Total All Programs	\$0	\$5,086	\$5,086	\$5,086	\$5,086	\$5,086

Personal Services Details

Positions

Positions	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
0760 - Environmental Program Mgr I (Mgrial) (Eff. 07-01-2025)	0.0	1.0	1.0	1.0	1.0	1.0
0762 - Environmental Scientist (Eff. 07-01-2025)	0.0	5.0	5.0	5.0	5.0	5.0
0764 - Sr Envirnal Scientist (Supvry) (Eff. 07-01-2025)	0.0	4.0	4.0	4.0	4.0	4.0
4800 - Staff Svcs Mgr I (Eff. 07-01-2025)	0.0	1.0	1.0	1.0	1.0	1.0
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2025)	0.0	1.0	1.0	1.0	1.0	1.0
5780 - Atty IV (Eff. 07-01-2025)	0.0	1.0	1.0	1.0	1.0	1.0
Total Positions	0.0	13.0	13.0	13.0	13.0	13.0

Salaries and Wages

Salaries and Wages	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
0760 - Environmental Program Mgr I (Mgrial) (Eff. 07-01-2025)	0	173	173	173	173	173
0762 - Environmental Scientist (Eff. 07-01-2025)	0	362	362	362	362	362
0764 - Sr Envirnal Scientist (Supvry) (Eff. 07-01-2025)	0	567	567	567	567	567
4800 - Staff Svcs Mgr I (Eff. 07-01-2025)	0	94	94	94	94	94
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2025)	0	79	79	79	79	79
5780 - Atty IV (Eff. 07-01-2025)	0	164	164	164	164	164
Total Salaries and Wages	\$0	\$1,439	\$1,439	\$1,439	\$1,439	\$1,439

Staff Benefits

Staff Benefits	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5150900 - Staff Benefits - Other	0	792	792	792	792	792
Total Staff Benefits	\$0	\$792	\$792	\$792	\$792	\$792

Total Personal Services

Total Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Personal Services	\$0	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231

