

California High-Speed Rail Authority (CHSRA)
June 1, 2026 Board Meeting
Action Item 3 (TSCC Award)

[Steve Kawa, Board Chair]

We will now move on to the next Item, Item Three: Approval to award Track and Systems Construction Contract. This is an Action Item.

At this time, I invite Staff to provide the presentation to the Board.

[Emily Cohen, Board Member]

Mr. Chairman, I will recuse myself for this discussion and vote because of my role as CEO of United Contractors.

[Kawa]

Thank you very much, Director Cohen.

[Edward Fenn, Chief of Construction]

Good morning. Chair Kawa, Vice Chair Williams, Board of Directors. I'm here on behalf of the Authority Staff to present our findings and recommendations resulting from the Track and Systems procurement that we brought here back in November of 2025.

[Lynn Schenk, Board Member]

Would you speak closer into the microphone, please?

[Fenn]

Yes. Much better, right? The Staff is recommending that the Board authorize the CEO to award and execute the contract for the Track and Systems construction to KSWHJV in the amount of the not-to-exceed of \$3.5 billion. Specifically, we're recommending the NTPs today for Package 1B and Package 2. Our Package 1B includes the design development to obtain the deliverables for our OEM procurement, our Systems equipment, as well as pre-construction and program management work and estimating for future Packages of 5, 6, and 7. This is a not-to-exceed price of \$118 million.

The second Package is our construction for CP4 for civil track and OCS construction. That's a price of \$260 million. The combination of Package 1B and Package 2 is a total of \$378.9 million. This will allow us to start to get into

the track laying phase in 2026, as well as meet our commitments of having infrastructure in place by the end of 2029. Just some background. On November 20th, 2025, we came to the Board for the approval for the issuance of RFP for Track and Systems.

This consisted of nine Packages, so each Package has its own unique and specific NTP that has both cost and schedule associated with each NTP. The scope primarily for the first Packages is the 119-mile construction, where our CP, our existing CP contracts are finishing up. 12 for track and construct, excuse me, Track and Systems construction and OCS.

Also, concurrently, our packaging provides the opportunity to commence design on our Systems Package in order to be in a position to order long lead materials and to allow the completion of that Systems design. And just a summary of the contract here. Again, we talked about the NTE, the \$3.5 billion that brought back in November, the nine separate Packages. So, each NTP will require us to collaborate with our partner contractors to develop the scope, cost, and time for the execution. Each of these Packages essentially builds on one another. So, going forward, each one of those will be a distinct Package that we'll bring forth to the Board.

I wanted to note that this was competitively procured with two proposals received for this contract. Next slide, please. Without getting into detail here, here's the summary of the NTP Packages that's proposed within the contract itself.

And again, I just want to mention that they kind of build on one another. The information from 1B will allow us to go after future Packages 5, 6, 7. So, you'll be hearing more from us in the future on that.

So, this is a summary of Package 1B here that we spoke about. It's a design development to get us to a juncture for the deliverables of the OEM procurement as well as preparing ourselves for Package 5, 6, and 7. In addition, it has our pre-construction and program management work for the entire program.

The price, again, is \$118 million for that. Key milestones for us, the preliminary design for Systems completion is June 30, 2027, which is a critical date for us. And next slide will be just a summary of Package 2, should be.

And again, this is for the CP4 construction for track, excuse me, civil track and OCS. The lump sum price is \$260 million. We anticipate issuing NTP tomorrow, and this is going to give us a good start on preparing and ensuring that we get track in place by the end of the year.

The overhead, the OCS completion date is October 17, 2027, and track completion is June 14, 2027. And that's for the initial 22 miles or so of track in our CP4. Next slide.

Here's an overview of the procurement process. This was a one-step procurement process. The Proposers submitted both technical and price, and they're evaluated to determine best value for the delivery of the work.

As part of the contract, small business commitment goals is 25%, inclusive of 3% carve-out for microbusinesses, as well as 10% DBE and a 3% DVBE goal. This is applied across the entire contract. Summary of our proposals, the Authority issued RFPs back in November 26, 2025.

We received two proposals, the first one being from Kiewit, Stacy Whitbeck Herzog, a joint venture, a KSWH, and California High Speed Rail Partners. Legal did an OCOI on both Proposers. Then we went forth and did a responsiveness check for both Proposers.

We deemed, the Authority deemed KSWH to be responsive. CHSP was deemed non-responsive due to failing meeting all the requirements of the RFP. We issued notice to propose award on April 29, 2026.

We did receive a Protest from CHSP, and to update on May 29, the Authority formally dismissed this Protest by the Authority's Protest official. I think we discussed most of this, but this is a kind of summary outline of the procurement, where we started and where we are today, and looking for the contract execution NTPs going forward. In summary, we are recommending the Board approve to authorize the CEO to execute contract with KSWH for the not-to-exceed price of \$3.5 billion, as well as to issue NTPs for both our Package 1B and Package 2, which will put us in a position to execute track laying this year, as well as achieve our overall schedule goals. Are there any questions?

[Schenk]
Mr. Chairman?

[Kawa]

Yes, Director Schenck.

[Schenk]

Thank you. Just a couple of quick ones. I know I asked this in the briefing, but I want to get it on the official record.

For Packages, the Notice to Proceed Packages 3 through 9, will those come back for action by the Board?

[Fenn]

Yes, they will. Yes.

[Schenk]

And on this Protest, what is the impact? You're going to do the Notice to Proceed tomorrow if we take the action that you ask. What is the impact of the Protest on moving forward?

[Christie Scottie, Chief Counsel]

This is Christine Scottie, Chief Counsel. So just to assist Ed, the Protest was denied on Friday, so there is no impact. We can move forward to contract execution and issuance of NTPs.

[Schenk]

Thank you.

[Kawa]

Are there any more questions? Yes, Director Worthe.

[Jeffrey Worthe, Board Member]

Thank you. So help me with a couple of questions. You said it was competitively procured, but there was only one bidder, right?

Because the second bidder was removed from the process. So we have a single bidder. We've got two Packages of \$378 million, but you want to award a \$3.5 billion contract to a single bidder that we're going to be locked into for phases 3 through 9?

[Fenn]

Yes. So to answer the first part of your question, we did receive two proposals under a competitive environment from both the technical and cost perspective.

[Kawa]

Could you speak up a little bit more?

[Fenn]

I can't get much closer. I'm going to eat this thing soon. As I was saying, we did receive two proposals under a competitive environment from both the cost and technical perspective as outlined in the Board resolution itself.

So they were under a competitive environment for costing. In addition to that, our internal estimating numbers and reviews had shown that the cost of the Proposer was in line with our internal budgets and that we felt it was appropriate to move forward with this contractor.

[Worthe]

The pricing for the second bidder is in this Package?

[Fenn]

I'm sorry, please say that again.

[Worthe]

The pricing for the second bidder is in here?

[Fenn]

Because they are non-responsive, we did not open the pricing for the second bidder.

[Worthe]

Oh, so we don't know what their pricing was?

[Fenn]

We do not.

[Worthe]

Okay. I don't know. Last month, we had another single contract bid for cable trays, although we were told we're changing the things aren't proprietary.

Yet, last month, I was told there's only one bidder that could bid that project. Now, we're going to lock ourselves into a single bidder for \$3.5 billion with one bid. So the rest of this Board will have to help me decide why that's a prudent use of taxpayer dollars.

This is not a kitchen remodel. These are massive contracts. So I'm just confused as to why we can't get more clarity and transparency with the market and get a better sense of it.

I mean, I appreciate the internal estimating, but we're not building a project. It's the outside market that tells us what things cost. They probably go into one source.

I don't know that I know what it costs.

[Fenn]

That's a fair assessment. I would say a few things. Firstly, this work is quite specialized.

This contract is quite large. There's certainly a lot of outreach done to the market, and this is what the market produced for us. Secondly, this is an open book process for future NTPs so that we have the ability to go back and negotiate and look at their costs, very specifically dive down and to ensure that we have proper pricing going forward for each Package.

Thirdly, under the procurement itself, the Proposers were understanding that they're in a competitive pricing environment in order to win the project, which gives us assurance on their pricing, in addition to being consistent with our internal estimating. When we have that pricing, we have future bookends, so to speak, to manage costs going forward for the future CP Packages. In addition, the contract itself incorporates going out to OEM manufacturers for the Systems equipment.

That'll be an open book process. Those are specialty suppliers, and we'll probably get likely three bids for that, so the Authority will also be part of that process in selecting that OEM for our system, which also mitigates our risk going forward.

[Worthe]

Maybe a tough question. Any sense of what the value on a percentage basis that OEM is versus the rest of the dollars we're talking about here? Is it half?

Is it a quarter? Is it three quarters?

[Fenn]

Certainly less than half. If I could go back and take a closer look.

[Worthe]

That's good enough. I just want to get a sense of the scale. Let's just say Package three comes in.

You said it's open book, which means we get to see all their numbers. We have a dispute over those costs. How do we proceed with the project, which I appreciate everyone is focused on schedule.

Schedule can come at a cost, so I'm focusing on cost and schedule. How do we proceed with a Package with a sole bidder that's already locked in if we don't agree with their numbers? What's the process to keep the project moving but get the right price?

[Fenn]

Yeah, fair. Of course, we always have an opportunity to off ramp, but that's certainly not what we want to do, to your point, to keep the project going forward. I'll go back to the point being for Package two.

We do have pricing with the contractor so we can see what their productions are, see what their costs are from labor equipment material standpoint, have that as a basis for negotiating going forward. Just have to negotiate and be fair. We have to trust that our partners are going to come to terms with us in regards to pricing, cost, and schedule.

[Worthe]

Okay, thank you.

[Kawa]

Any more questions for Staff? Yes, Director Perea.

[Henry Perea, Board Member]

And thank you for the briefing this week. You answered a lot of my questions, but one for today following up on the questions just asked, can you talk a little more about the off ramps? Because that was my concern too.

I know we're allocating \$3.9 billion to the entire project and only allocating so many dollars today, but going forward, how do we not be held hostage to performance issues or costs going forward? What are those off ramps that we have?

[Fenn]

Yeah, so essentially, I mean, each Package is kind of a standalone. So, we go forth for each Package for approval from, again, from cost and schedule in terms. Again, certainly not desirable to off ramp a contractor, right?

That's not where we want to go. Again, we're going to have to, I think we're invested, our partners are invested in getting this project right. And we have a lot of institutional knowledge as far as what costs and schedules should be.

And we have, you know, experts to help us ensure that we have competitive pricing going forward. Again, I think the key is that we have, from a track and OCS perspective, we have hard bid pricing from the Proposers that if it was high, they, you know, they would potentially not be the successful Proposer. So, it is, in essence, a competitive pricing.

We have that as a baseline. And any changes from that, there'd have to be reasons for increased costs above and beyond what we have for Package two already.

[Perea]

Okay. And I'm sure it's a great company. And everybody wants to come into a project making sure that they get the job done.

And I'm sure they will. But just an example, if we get to the third Package, and their price is far, far exceeding what we believe it should be, describe the off-ramp. Is it, could we say, okay, now you're non-responsible, go to somebody else?

Or how do you resolve that? What is in the contract that resolves that for us?

[Fenn]

Well, first, I'd call CEO Ian Choudri. But secondly, the off-ramp, in essence, is, you know, walk away and, you know, go plan B for those Packages.

[Ian Choudri, Chief Executive Officer]

Okay. Let me...

[Kawa]

Executive Director Choudri.

[Choudri]

Sure. Let me comment on what Ed is saying. I mean, these, typically these contracts in the industry and in California are normally logged in right up front.

If you take the example of LA Metro or LA Airport, recent projects, these are kind of, once you negotiate, you are in the full deal. And then you're in until they finish. Here, what we have done is created these NTPs, just to make sure that two things happen.

One, when they're going out and looking for OEMs to competitively bid the price, we want that open book. We do want to see it. We want them to actually walk us through how they selected the OEMs. And if they also will bring in, for instance, if we say signaling or traction power companies, we do want to know who they are during the selection. If those prices come in, like you're asking, Director Worthe, we will see all of those prices with some of these OEMs actually are going to do supply of the material and testing and commissioning, because they are the expert on the products. These NTPs guarantee that we have the visibility, which is not very traditional. You see in Southern California, we just go design, build, lump sum.

Second, if after the competitive OEM selection they do, and yet their own markups and prices on top is not reasonable and not fair, that is where we trigger the off-ramp. An off-ramp means that at that point we go to someone else. We already know the prices of the OEMs. We know all the testing commissioning prices of the OEM. If the general contractor in this case is being unreasonable, that's where we off-ramp that.

[Perea]

Okay, that makes sense. Okay, thank you.

[Worthe]

Question on that. How integrated are these Packages? Meaning if you've awarded me one and two, I'm trying to be cute with you on Package three.

I assume it's got to be a giant delta for us to want to actually replace a contractor at that stage.

[Choudri]

Right. I mean, off-ramp is done based on what we did.

[Worthe]

Last resort.

[Choudri]

Well, yeah, it's always, you know that. And so what we did in the bid, we added a price tab with unit prices of every item. So what we did, the purpose was, we asked the team to do it, is making sure the quantities and the unit prices are in there.

So when they go for the next phase, it is not that now they can create a new unit price. The unit is already there. And that was the way for us to keep the transparency between the phase we are committing today and the phase we will commit in the future.

[Worthe]

Okay. Okay. Thank you.

[Perea]

Ed, I had a few more.

[Kawa]

Sure. Director Perea.

[Perea]

Yeah, just a couple more things. Just to finish on one of your slides and referring to page three. Sorry, can you hear me?

[Fenn]

Could you speak closer to the microphone, please?

[Perea]

Yeah. Here's page three, reviewing page three of our Board packet.

So June 14th of 27 is when we're anticipating the track being completed for the 119-miles?

[Fenn]

No, sir. No, that's just for CP4. That's the first 22 miles.

[Perea]

Yeah, for the first 22 miles.

[Fenn]

That's correct. Yeah. So basically, that's the civil infrastructure that we have in place ready for track right now.

[Perea]

I can't hear you.

[Fenn]

Sure thing. That is for the first 22 miles for CP4 because that's the civil infrastructure in place right now. After that, we get into CP2-3, which we've talked about an extent to have that work done by the end of 2020-, by the end of 2026.

And then we have to do design as well on top of that. And then once we get that design complete, then they can roll into CP2-3 as well. So the intent is by June of next year, we'll start looking at that future NTP and what the realistic date is to commence that work.

And the idea is to keep that track lane concurrent from CP4 into CP3 and two, then one.

[Perea]

Okay, so assuming we begin no later than November of this year and laying the track ballpark, when will the 119 be completed?

[Fenn]

So from a track perspective, or yeah, so the track itself, to be frank with you, is not the critical path to getting the infrastructure in place. It's more of the

Systems. From the track perspective, we'd be looking at late 2027 for the completion of track.

And to be frank, we're probably going to pace the track because there's no sense in getting everything out in front of us and maintaining it. We're going to go at the most, not economical, but the best pace, cost-effective pace of laying track is our plan.

[Perea]

Okay. All right. My last question is, we talked a little bit about it the other day, was on the workforce and contracting subcontractors.

And maybe it's a question, are the folks here today that we're going to be selecting?

[Fenn]

That we're going to be selecting?

[Perea]

Yeah.

[Fenn]

I do believe so.

[Perea]

Yeah. If I could ask them a quick question, if they're... No, I understand.

I have a different question. Yeah. Okay.

Well, it may be premature because we haven't approved it yet, but if you could just as much as you can cover, I had mentioned to you in our briefing, I understand that they are going to sign and agree to meet that requirement that we have for acquiring small businesses. My sub-question was, we have that Central Valley Training Center in the Valley where we train classes every eight to nine weeks, like a pre-apprenticeship type programs. And I know that we work with our building trades in bringing folks on Board.

So my question though, as we talked about center around, what level of commitment can we get from these folks to hire or at least interview these pre-apprentices for other jobs that they may have in their program?

[Fenn]

Yeah. I think we'll get further into those details, but just want to offer that clearly this is a union project. They'll be engaging the local craft trade unions within the Central Valley.

I think part of that may be a question also is how did the unions integrate with that?

[Perea]

I can work with Ian with that afterwards. But the main point is this training program is a pre-apprenticeship. It's a relationship we have with our local building trades.

But of course, these folks are not in the union yet, but they're on that path. So I know there'll be a lot of subcontractors working. So it's what kind of a relationship can we build not just with the prime here, but their subs to at least commit to interviewing these folks for jobs.

So that I'll talk to Ian more about that.

[Fenn]

Great. Thank you. That's fair.

I would assume that they'll be very interested based upon the need for craft in the Central Valley. And that's a very good idea and outlet for our contractors to develop long-term skilled tradesmen and women.

[Perea]

Yeah. Right. Thank you.

[Kawa]

Thank you, Director Camacho. I think you had a question.
Director Camacho?

[Ernest Camacho, Board Member]

Yeah. Just one real quick question. In the Board report, it says the Protests that we responded to the Protests in May 13th of 26.

And the Protest is pending resolution. What is it? What is the issue of resolution?

[Kawa]

So, Director, may I ask the General Counsel to speak to that since it's a legal issue? That's okay with you?

[Camacho]

Yeah, legal issue.

[Kawa]

General Counsel?

[Scottie]

Yes, Director Camacho. So the Protest Official is an independent person within the contracting office who reviews the merits of the Protests and makes a determination as to whether the Protest should be upheld or dismissed. That independent official, the Protest Official, dismissed the Protest on Friday.

So these slides were presented, were prepared prior to that dismissal occurring. When the slides were prepared, it was still under discussion or being reviewed at that time.

[Camacho]

The reason I ask is even back where it's still pending, we can't be issuing a contract if that's still out there.

[Scottie]

The Protest was denied on Friday, so we can move forward to award and Notice to Proceed if the Board approves.

[Kawa]

Vice Chair Williams, do we have a follow-up question?

[Anthony Williams, Vice-Chair]

A couple of questions on that. So picking up on actually what Director Worthe was asking about the second, we did receive another bid. Obviously, we wouldn't be talking about a Protest if we didn't. They were disqualified. Can you talk about on what basis they were disqualified? And then I have a question about what they were challenging in the Protest.

[Scottie]

Sure. So under procurement integrity rules, now that the Protest has been dismissed, we can speak to the merits of the Protest. And Ed, please feel free to jump in here.

But based on what the Authority reviewed, the Protestor was found non-responsive for failing to meet the requirement that at least one key personnel in charge of the work was a California Registered Professional Engineer. That was a material qualification by the Authority's own specifications that were included to all offerors in the ITP and the RFP. The Design Oversight Manager had to be a California Registered Professional Engineer.

So you had to have at least one that was a California registered Professional engineer, if not more. And the design Oversight manager position was one that required that licensure. Failing to meet that, the agency, we determined them to be non-responsive.

And that the basis of their Protest.

[Williams]

Got it. And just in terms of their original bid, do we have any sense or understanding about how their bid compared to the bid that is before us now from a cost standpoint? Because I think that was sort of what Director Worthe was getting at.

Do we have any sense of what the market is on this? So did we have any information from that bidder as to what they would propose?

[Scottie]

So under the instructions that were provided to all offerors, this was a pass-fail, like a go, no, go gating situation. So failing to meet these requirements means we did not open the price bid. So you didn't move basically to the next phase of evaluation if you failed to meet this requirement.

It's sort of like a checklist that we go through. You get a no, you don't move forward because you're non-responsive at that point.

[Williams]

And this is more of a comment, but it that would make logical sense to me that if you don't meet the qualifications, it's somewhat irrelevant what your bid might be because you don't meet the requirements, right? So it would be probably inappropriate and not very instructive for us to make a comparison between a qualified bidder's proposal and a like, you know, by definition unqualified bidder's proposal.

[Scottie]

Yes, that's reviewed independently. The minimum requirements are reviewed independently from the technical or price proposals for procurement integrity. Got it.

[Kawa]

Keeping with this discussion, any other Directors on this discussion? Yes.

[Schenk]

Yeah.

[Kawa]

Director Schenk.

[Schenk]

Yeah. I'm glad you brought that up, Director Williams. The specific reason that they were disqualified seems to me something that could be curable.

I mean, if they did have California licensed people, is there a process going forward or is it now closed?

[Scottie]

So after the proposal closed date, you can no longer substitute personnel at that point. You had to have that in place by the deadline that proposals were due to avoid providing any sort of unfair competitive advantage down the road. So there was an extensive period in between when initial proposals were due and the time period at which you had to provide sort of the final proposal.

There was a question and answer session where this was laid out as to that this was a requirement. There was a request whether we would waive it. We responded we would not waive this requirement.

So we very clearly laid out in about four places and the instruction offers this was a material requirement and during the question and answers that it would not be waived.

[Kawa]

Thank you, General Counsel. Yes. Any further questions?

Okay. But I'm just asking, there's no further questions. I thought I saw the Senator wanting to talk.

[Honorable Anna Caballero, Board Member Ex-Officio]

You can read faces pretty clearly. Thank you. I appreciate that.

This is, I guess, part of the discussion as it's proceeded is the uncomfortableness of such a huge contract when we had only two bidders and one of the bidders didn't comply because of what I perceive as a really a technical issue. And in my mind, a minor technical issue that could be fixed as part of the process. I'm not saying to go back and redo it.

I'm just saying that it's in a company this size, it's not that hard or a partnership to find someone from California that's licensed that can come in and serve in that capacity. And it would have given us the ability to allow them to fix that, assuming it was the only problem, would have given us the ability to see a different price and understand whether we're even in the ballpark. So I just want, I want to make that very clear.

The other question that was brought up by Commissioner Perea had to do with the pre-apprenticeship programs. And I think those are really important. In addition to that, and to the extent that we have the company here, I'd like to hear from them rather than from staff about their commitment to hiring people from the Valley.

And the contractual obligations for small business, DVBE, and those are all great. But if we've got contractors that have wage orders, it's the final resolution from the Labor Commissioner and it's not called a judgment, but it's a wage order judgment that they have not complied with for wages and meal rest periods, those kinds of things. We need to make sure that those are not the people that are getting hired to do this project.

We need to make sure that workers are getting paid with their contracted for and for the work that they're doing. So I just want to be sure.

[Kawa]

Thank you, Senator.

Yeah, I think they hear your question. I'm sure they will be responsive to you. Are there any further questions?

[Perea]

You know, I did have one. I apologize. Yes, just as we're the sequence of timing, the power or electrification that will be obviously attached to our system.

What is the timing of the installation of those facilities?

[Fenn]

The installation of our traction power substation. Is that what you're... yes, essentially the grid?

[Choudri]

Yeah, I think the question is about the PG&E grid main power supply. When are we connecting?

[Fenn]

Yeah, I mean, as far as the specific data, I don't have the program schedule in front of us right now. We're concurrently working the approval process with PG&E to get our connections to the grid. That'll be concurrent with our procurement of traction power substations.

What we talked about getting design up to a certain level to go out to OEM for the for the substation. I can share we can I can get more details with you. I would say just off the top of my head, that's like a 20 late 2028.

[Perea]

Okay.

Can you share that with the Board, the information later?

[Fenn]

Yes, we can. And the TLOs that we have in the next time we can more get into that a little bit more detail that was the kind of the graph with the lines on it and the colors that kind of outlines all when all the pieces come together. We can get them to further review with that.

[Perea]

Thank you.

[Kawa]

Okay, we will now take up the item. No further questions. So I have a Motion to Approve by Director Perea, seconded by Vice Chair Williams.

[Secretary]

Director Schenck?

[Schenk]

Yes.

[Secretary]

Chair Kawa?

[Kawa]

Yes.

[Secretary]

Director Camacho?

[Camacho]

Yes.

[Secretary]

Director Elliott?

Director Perea?

[Perea]

Yes.

[Secretary]

Director Escutia?

[Martha M. Escutia, Board Member]
Aye.

[Secretary]
Vice Chair Williams?

[Williams]
Aye.

[Secretary]
Director Worthe?

[Worthe]
Yes.

[Secretary]
Motion carries.

[Kawa]
Thank you.

[Based on transcription produced by TurboScribe]