

# ATTACHMENT 3

April 20, 2026

Mr. Thomas Richards  
Board Chair  
California High-Speed Rail Authority  
770 L Street, Suite 620  
Sacramento, CA 95814

Mr. Ian Choudri  
Chief Executive Officer  
California High Speed Rail Authority  
770 L Street, Suite 620  
Sacramento, CA 95814

Re: City of Merced – 2026 DRAFT Business Plan

Dear Honorable Board Chair Richards and Mr. Choudri:

Thank you for the opportunity to comment on the 2026 California High-Speed Rail Draft Business Plan and the Capitol Cost Basis Estimate Report, which provides background for the information presented in the Business Plan. While the DRAFT business plan offers little detail regarding a station in Merced, there are several key areas within the technical document where we seek clarification. While we appreciate the continued effort to refine project delivery and manage costs, several recent design changes raise concerns regarding long-term system performance, capacity, and regional equity.

## **Consideration of Station Relocation**

While communication between the Authority and the City has increased, the substance and transparency of that communication remains insufficient. The City has been engaged in discussions with the Authority since the better part of last year regarding the potential relocation of the downtown station to southeast Merced. We have, however, received very limited detail about the specific site under consideration. Yet the technical document accompanying the Authority's Draft Business Plan appears to provide confirmation of a "new station at Mission Avenue." (p. 46, Table 17.) Elsewhere the relocation of Merced's station out of our downtown is presented as a "key design and optimization update" that has already been decided. (p. 51 ("New station and location near E. Mission Ave south of downtown Merced[.]").) That position would seem to counter existing state law. It is also concerning that such critical information is conveyed through publicly released documents rather than through direct engagement with the City. This approach undermines the assertion that the City will have a meaningful seat at the table in key decision-making processes, particularly when those decisions appear to be made without prior consultation and a public comment letter becomes the first opportunity for input.

## **Downsized Station**

We were pleased to read that the priority is to complete the Merced to Bakersfield (Central Valley) segment. However, it appears that Merced would function as a transfer hub, not a true destination. On page 31 of the technical document there is a comparison table of infrastructure elements and service characteristics by segment. In the row “Trains Per Day” the table 8 for Merced-Bakersfield, but in the other scenarios (SF-Bakersfield, SF-Palmdale, and SF-LA/Anaheim) reference “shuttles to Merced.” The potential for shuttle service to Merced is mentioned nowhere else in the technical document.

Additionally, while most of the alignment is planned to be double-tracked, the extension to Merced is proposed as a single-track segment. This design choice represents a significant operational constraint that could limit service reliability, reduce scheduling flexibility, and create long-term bottlenecks in the system. The absence of recognition of years of public dialogue between the Authority and our community about the Merced station design further underscores the need for greater transparency regarding changes that materially affect Merced’s connection to the system.

Page 50 of the technical report outlines “key design and optimization updates” intended as cost-saving measures. These include substantial reductions in platform lengths, modifications to viaduct height and width, simplification of station canopies, and reductions in trackwork. While cost containment is important, these changes appear to prioritize short-term savings over long-term system performance, potentially resulting in higher lifecycle costs and reduced service quality.

Page 51 provides a somewhat expanded summary of the revised Merced station, indicating a new southeast Merced location and a significantly simplified design consisting of an at-grade station with a single side platform with a small support building. This concept represents a notable departure from prior expectations for a major system node that finds voice in state law. It also raises concerns about whether the station will be adequately designed to serve as a functional and attractive connection point within the statewide network.

Taken together, these changes suggest a shift away from a fully built, high-capacity system toward a more constrained initial operating segment. We encourage the Authority to clearly articulate how these design decisions align with long-term system goals, including scalability, operational efficiency, and regional connectivity. It is critical that cost-saving measures implemented today do not preclude future system upgrades or significantly increase their cost.

## **Updates to SB 198**

The DRAFT Business Plan identifies the need to modify Senate Bill (SB) 198. Under SB 198, a Downtown Merced High-Speed Rail Station is guaranteed rail service from the Altamont

Corridor Express (ACE) and Amtrak/Gold Runner. Furthermore, SB 198 restricts the amount of funding that may be spent outside of Phase I/Segment 1. Relocating the station from Downtown Merced to southeast Merced requires amending SB 198. The City of Merced previously submitted a letter to the Authority noting that modifications to SB 198 should be decided by impacted stakeholders such as the City of Merced, Merced County, and the Merced County Association of Governments. We expect that to happen.

### **Tax Increment Financing, Encroachment, and “Shared Benefit Costs”**

The legislative proposals suggested by the Authority, particularly the use of Tax Increment Financing (TIF) mechanisms such as an Enhanced Infrastructure Financing District (EIFD), raise significant concerns for the City of Merced.

First, while EIFDs have traditionally been tools used by local governments to fund locally driven infrastructure and economic development projects, the proposal outlined in the Draft Business Plan would repurpose this mechanism to support state-led high-speed rail construction and related commercialization activities.

This approach would effectively divert future property tax revenue growth away from the City and other local agencies. These incremental revenues are a critical funding source upon which the City relies to support essential public services, including police and fire protection, public health programs, infrastructure maintenance, parks, housing initiatives, and local transportation improvements. Redirecting these funds to the high-speed rail project would constrain the City’s long-term fiscal capacity and limit its ability to meet the needs of a growing population.

Moreover, the proposal represents a shift in local control. EIFDs are typically established with significant input and governance by local jurisdictions to ensure alignment with community priorities. In this case, the Authority’s use of TIF tools could override local planning objectives and financial strategies, placing additional strain on municipal resources without guaranteeing commensurate local benefits.

Second, expanded encroachment authorities sought by the Authority may further impact the City by limiting its control over local streets, rights-of-way, and public spaces. Such authorities could reduce the City’s ability to manage land use, coordinate infrastructure, and protect community interests during project development and construction.

Third, the Authority envisions that local agencies will jointly invest in certain infrastructure improvements made necessary by the high-speed rail project. (p. 8, top paragraph.) Among those “shared benefit costs” are a proposed clean energy farm and utility interconnections near the Merced station (p. 47, Table 17), as well as grade separations in the southern segment of the Merced to Madera connection. (p. 72, Table 30.) Even assuming our community will support and can sustain the deployment of a “clean energy farm,” we do not view infrastructure made necessary by, and for the benefit of, the Authority to present projects requiring joint investment by the City of Merced.

Taken together, these legislative proposals pose both fiscal and governance risks to the City of Merced, potentially undermining its ability to provide essential services and exercise local control over development within its jurisdiction.

We respectfully request that the Authority provide us with additional analysis on the operational impacts of single-track segments, reduced platform capacity, and simplified station designs, as well as a clear plan for future expansion to meet projected demand. Without clarity we have significant concern that the City of Merced will be left with a partial line, modest ridership, slower than expected development, and ongoing local costs.

Thank you for the opportunity to provide these comments. We look forward to continued engagement on the development of a high-speed rail system that meets California's long-term transportation needs.

The Merced City Council's High Speed Rail Council Committee, High Speed Rail Project Manager/Deputy City Manager Frank Quintero, and I are available to discuss the content of this letter.

Respectfully submitted,

Scott McBride  
City Manager  
City of Merced

Cc: Anna Caballero, State Senator, District 14  
Esmeralda Soria, Assemblywoman, District 27  
Marla Livengood, League of California Cities  
Craig Cornwell, City Attorney, City of Merced  
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