



U.S. Department  
of Transportation

**Federal Railroad  
Administration**

**Administrator**

1200 New Jersey Avenue, SE  
Washington, DC 20590

JUN 29 2012

The Honorable Ashley Swearengin  
Mayor of Fresno  
Fresno City Hall  
2600 Fresno Street  
Fresno, CA 93721-3600

Dear Mayor Swearengin:

At Secretary LaHood's request, I am responding to your letter of June 19 concerning the "National Targeted Hiring Program" proposal advanced by a consortium of officials from the City of Fresno, the County of Fresno, the Fresno Council of Governments, and the Fresno Regional Workforce Investment Board, collectively "Fresno Works" and submitted to the California High-Speed Rail Authority (CHSRA). I appreciate your support of CHSRA's high-speed train (HST) project in California's Central Valley that received grant funds from the Federal Railroad Administration (FRA). A portion of these funds were provided by the American Recovery and Reinvestment Act (Recovery Act) through FRA's High-Speed Intercity Passenger Rail (HSIPR) Program.

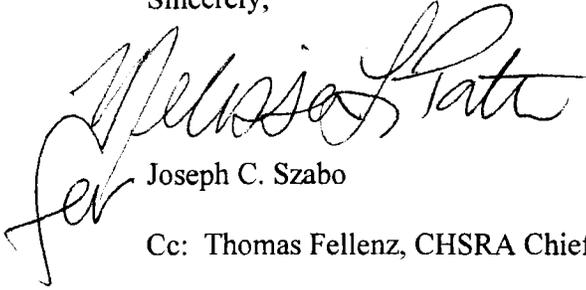
As described in FRA Acting Chief Counsel Michael T. Haley's January 6, 2012 letter, geographic or in-state preferences often undermine fair and cost effective procurement and, for that reason, are disfavored—if not outright prohibited—in Federal government funded contracting. However, as he also noted, under the Federal Common Grant rule (49 C.F.R. Part 18) State grantees are required when expending Federal funds to follow the same policies and procedures the State uses when procuring services or property using its non-federal funds. (See 49 C.F.R. § 18.36(a)). Therefore, we would respect the choices of CHSRA in adopting a variation of a targeted hiring program so long as the program is consistent with the California state procurement policies and procedures that CHSRA uses in the expenditure of its non-Federal funds. This is the foundation of our grant process and respects state sovereignty while incorporating important Federal mandates.

We will continue to work with CHSRA to ensure a fair and cost effective procurement while keeping in mind that one of the objectives of the Recovery Act is to create good paying American jobs. We are happy to work with CHSRA to examine the revisions to the targeted hiring program and the program advanced by Los Angeles County Metropolitan Transit Administration's (LACMTA) and approved by the Federal Transit Administration (FTA). One distinction I note is that LACMTA, as a local government entity, is covered by 49 C.F.R. § 18.36(b) through (i) while CHSRA, as a state entity, is governed by § 18.36(a). Additionally, FRA looks forward to reviewing any final findings or recommendations resulting from the

CHSRA subcommittee study of the Fresno Works proposal and CHSRA's proposal for adopting a targeted hiring program in implementing the HST project.

Thank you again for your continued support of FRA's HSIPR Program and this historic project that will transform California's transportation future, improve long-term air quality, and revitalize California's economy.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph C. Szabo". The signature is written in black ink and is positioned to the left of the printed name.

Joseph C. Szabo

Cc: Thomas Fellenz, CHSRA Chief Counsel