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VIA CERTIFIED MAIL RETURN RECEIPT, OVERNIGHT DELIVERY, AND E-MAIL

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Re: Notice of Concern and Potential Tort Claim Related to CARTA's Decision to Award Roadside Toll System (RTS) for the Yolo 80 Managed Lanes Project, Solicitation No. FY26-19-RFP-CAR, to Indra USA, Inc.

Dear Chairperson, Members of the CARTA Board, and Clerk:

This letter serves as a formal notice of heightened concern and a potential tort claim regarding CARTA's proposed award of a \$46.6 million Toll System Integration contract for the Yolo 80 Managed Lanes Project, Solicitation No. FY26-19-RFP-CAR (the "Project"), to Indra USA, Inc. ("Indra"), scheduled for Board consideration on September 30, 2026. There are numerous reasons for disqualifying Indra including that Indra recently operated as an unlicensed contractor in California. Indeed, Indra's status resulted in what appears to be a cancellation regarding a major California tolling contract within the past year. The record affirms that ***Indra is not a responsible contractor and no award should be made to such a concerning entity.***

A "responsible bidder" is "a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract." (Public Contract Code, § 1103; *County Civic Center Authority v. Superior Court* (1972) 7 Cal.3d 861, 867.) As set forth below, at least three independently significant grounds establish that Indra is not a responsible, qualified awardee for this significant publicly funded Project:

1. Indra's history of operating as an unlicensed contractor in California, where it was not licensed to perform the electrical work at issue until March 16, 2026, a deficiency along with likely others that prompted serious concerns at the Bay Area Toll Authority ("BATA") regarding ***an over \$77 million tolling contract awarded to Indra within the past year;***
2. The Spanish Supreme Court's June 2026 decision upholding a €13.5 million antitrust sanction against Indra's parent company for a decade-long public procurement bid-rigging cartel; and
3. The Irish Rail's termination of a comparable technology integration contract with the Indra Group after chronic delivery failures, resulting in a €50 million write-off now under parliamentary investigation.

Indeed, the proposed contract is funded with both Federal Infrastructure for Rebuilding America ("INFRA") and state Transportation Corridor Enhancement Program ("TCEP") dollars, which means the award is subject to both Federal and the State of California procurement standards requiring that the contract go to a "responsible offeror," a standard Indra's record calls into serious doubt.

We respectfully urge the Board to discuss these concerns in open session, refrain from executing the contract, allow for a formal responsibility determination to be conducted, reject all bids and go through a rebidding process, and ensure that the award complies with applicable Federal and California procurement law.

This letter also serves as formal notice that the concerns identified herein have been raised in advance of any vote and is intended to preserve all rights and remedies.

I. PROCUREMENT HISTORY AND ISSUES WITH INDRA

On April 30, 2026, CARTA issued Request for Proposals No. FY26-19-RFP-CAR (the “RFP”) soliciting proposals from qualified firms to provide toll system integration, design and installation, and operations and maintenance support services for the Project. The Project encompasses approximately seventeen (17) miles of Express Lanes on Interstate 80 between the cities of Davis and West Sacramento. The RFP contemplated a comprehensive, full-service Toll System Integrator (“TSI”) contract covering RTS design and integration, equipment procurement and installation, testing and commissioning, ongoing operations and maintenance, and coordination with civil contractors and third-party vendors.

The Project is funded by federal INFRA funds and state TCEP funds. In December 2025, the CARTA Board had authorized staff to release the RFP, select a firm, and negotiate a contract with the selected firm, and directed staff to return to the Board with a funding plan and a recommendation for a final contract for approval.

The RFP established rigorous minimum qualifications for proposers. With respect to firm qualifications, the RFP required that the proposer, among other things,:

1. Be registered to do business in the State of California;
2. Hold a valid C-10 Electrical Contractor license as of the date of proposal submission;
3. Demonstrate that the proposer/subcontractor team had, within the preceding five years, installed at least one currently operating multi-lane open road tolling electronic toll collection system employing automatic vehicle identification and image-based toll collection supplemented by automated license plate recognition technologies;
4. Demonstrate installation of at least one electronic toll collection system with trip building and Dynamic Pricing functionality;
5. Demonstrate installation of at least one electronic toll collection system accepted by the client entity and maintained by the proposer for a minimum of one year;
6. Demonstrate a minimum of five years of experience with design and implementation of communication network architecture;
7. Proposers and all subcontractors were required not to have received two or more formal notices of material breach of contract within the last three years; and
8. The RFP also imposed detailed staff qualification requirements for Key Personnel, including the Project Manager, Project Principal, System Design Manager, Software Development Manager, Communications Development Manager, Installation Manager, Maintenance Manager, and Project Quality Manager.

Significantly, proposals were required to be evaluated on four weighted criteria:

1. Qualifications of the Firm (15%);
2. Technical Solution and Project Implementation Approach (40%);
3. Warranty and Operations & Maintenance Approach (30%); and
4. Cost Proposal (15%). The evaluation panel included representatives from SACOG, YoloTD, Caltrans, STA, EDCTC, and PCTPA.

Indeed, one of the key elements in evaluating whether a firm is qualified was the record of the firm making the proposal:

Table 2: Proposal Evaluation Criteria

No.	Evaluation Criteria	Weight (%)
1	Qualifications of the Firm Qualifications to be evaluated include, but are not limited to: experience in performing work of a closely similar nature; experience working with tolling authorities or similar public agencies; record of completing work on schedule; strength and stability of the firm; technical experience and strength and stability of proposed subcontractors; experience of the Key Personnel; and assessments by client references.	15%

The deadline for proposal submissions was June 26, 2026.

On August 19, 2026, the CARTA Board of Directors held its regularly scheduled meeting, at which Agenda Item 4 was an informational item titled “Toll System Integrator Procurement Update,” presented by CARTA Executive Director Kathleen Aziz. This informational hearing served to refamiliarize the Board with the content and role of the TSI contract in advance of the anticipated September action item.

CARTA received three (3) proposals by the June 26 deadline, which were evaluated by a seven-person panel including representatives from CARTA, its member agencies, and two peer toll authorities. Following individual scoring and finalist interviews on July 20–21, 2026, the panel recommended Indra over TransCore, LP (“TransCore”) and SICE, Inc. (“SICE”), which submitted two highly qualified bids, one of which was the lowest-cost and apparently responsive proposal. **Indra was not the lowest bid. Indra also was *not a licensed C-10 contractor until only a few months before submitting its proposal, meaning it lacked relevant licensed experience and had previously operated as an unlicensed contractor under requirements comparable to those imposed by CARTA.*** Indra was not a responsive or responsible bidder. (See Pub. Cont. Code, § 1103; *County Civic Center Authority v. Superior Court, supra*, at 867.)

Nevertheless, on September 21, 2026, CARTA issued its Notice of Intent to Award the TSI contract to Indra. The proposed contract is valued at up to \$46,636,089, funded primarily through a \$40 million transfer from Caltrans drawn from Federal INFRA and California state TCEP dollars allocated to the Project. The Board is scheduled to vote on the contract award at its meeting on September 30, 2026.

II. THE BASES FOR CONSIDERABLE CONCERN AND TORT CLAIM

A. Indra's California Track Record, Including Operating as an Unlicensed Contractor and the Bay Area Toll Authority Concerns Affirm that No Award Should be Made Here

Indra has a troubling track record in California, where it has already operated as an unlicensed contractor and been the subject of concerns submitted to another California tolling authority for this same category of work.

On September 24, 2025, the Bay Area Toll Authority ("BATA") considered and approved a proposed contract with Indra for the design, installation, commissioning, operation, and maintenance of an Open Road Tolling System for seven Bay Area toll bridges. The contract authorized approximately \$77.1 million, plus a 10% contingency of approximately \$7.7 million. BATA voted 12–0, with one abstention, to move forward with the Indra contract and allow the protest period to commence.

The day before the vote, a notice of concern was submitted asserting, among other issues, that Indra did not possess the California contractor licensing required for the electrical work contemplated by the procurement and argued that the alleged licensing deficiency could not be waived. At that time, ***Indra lacked any C-10 electrical license and was entering into a public works contract as an improper unlicensed contractor.*** Bidding for a public works project without the proper license is a misdemeanor.

BATA nevertheless approved moving forward with the Indra contract while preserving the protest process.

Indra was not licensed to perform this work until March 16, 2026. The letter of concern submitted to BATA regarding Indra's unlicensed status for over \$77 million in tolling contract work for the same type of roadside toll system integration work should be a matter of serious concern to this Board. Indra has only been licensed for six months, which shows Indra lacks the experience appropriate for CARTA's complex Toll System Integration contract.

The BATA episode demonstrates that Indra's compliance deficiencies are not theoretical or speculative; they have already resulted in serious concerns regarding a major California public procurement within the past year. Indra knowingly and willfully held no valid C-10 license until just a few months before this Board is being asked to approve a contract of comparable scope and complexity with the same firm. Indra thus lacks valid licensed experience and applied for the license only after its unlicensed status was raised as a concern. Notwithstanding that, Indra was prepared to move forward in violation of California law and the requirements imposed by the California Contractor's State License Board ("CSLB") and the California Attorney General under Bus. & Prof. Code §§ 7028 and 7031. Indra was indeed operating as an ***unlicensed contractor when it engaged with BATA on its project, which raised concerns regarding potential negative impacts, apparent delay, and taxpayer costs.***

This undermines public trust and illustrates that Indra acts disingenuously. This episode alone warrants heightened scrutiny, rather than routine approval, and affirms that Indra should be disqualified.

B. Indra's Judicially Confirmed Record of Public Procurement Fraud and Contract Failure in Spain

Moreover, Indra's California compliance failures are not an isolated episode; they are consistent with a broader pattern of misconduct and performance failures by the Indra Group internationally. It has been widely reported that, on June 29, 2026, the Spanish Supreme Court upheld an approximately \$15.6 million (€13.5 million) antitrust sanction against Indra Group, the parent conglomerate of Indra, originally imposed by Spain's National Markets and Competition Commission ("CNMC").¹ The CNMC investigation found that Indra Group, together with ten other companies, participated in a cartel that illegally manipulated the adjudication of public contracts over a ten-year period, from 2005 to 2015.

According to the CNMC, Indra Group took part in the drafting of tender documents prepared by the Spanish Tax and Social Security Agency, enabling the company to raise prices and manipulate the contests, and had "knowledge of the future tender prior to its publication." The total fines levied against all cartel participants exceeded approximately \$34.7 million (€30 million). The CNMC has also indicated that it plans to refer these findings to competent authorities in connection with possible serious criminal violations arising from the same conduct.

These are serious findings that bear directly on the matter before the Board. The cartel activity at issue involved precisely the kind of conduct that is most dangerous to public procurement integrity: the systematic rigging of competitive bidding processes for government technology and infrastructure contracts, the very category of public work for which CARTA is now proposing to award a contract to Indra's American subsidiary.

Indra relies on the parent company's technical credentials, proprietary technology platforms, and corporate resources to qualify for and perform public contracts. The Board cannot responsibly evaluate Indra's fitness to serve as the toll system integrator for the Project without accounting for this judicially affirmed record of anti-competitive conduct by the corporate parent whose technology, personnel, and institutional practices underpin Indra's proposal.

C. Indra's Ongoing Pattern of Large-Scale Public Infrastructure Failure: The Irish Rail Catastrophe

The concerns set forth above extend beyond a single jurisdiction: the Indra Group is presently embroiled in yet another international public-sector failure, this time in Ireland, one that has

¹ See *The Supreme Court Confirms the Fine of 13.5 Million to Indra for Participating in a Cartel to Share Public Contracts*, *Ara*, https://en.ara.cat/economy/the-supreme-court-confirms-the-fine-of-13-5-million-to-indra-for-participating-in-cartel-to-share-public-contracts_25_5783906.html; *The Supreme Court Upholds the 13.5 Million Fine Against Indra Imposed by the CNMC for Cartel in Public Tenders*, *Demócrata* (June 29, 2026), <https://www.democrata.es/en/economy/the-supreme-court-upholds-the-13-5-million-fine-against-indra-imposed-by-the-cnmc-for-cartel-in-public-tenders/>; *Spain: CNMC Reports Possible Crimes in Indra's Public Contracts*, *Competition Policy, International* (Aug. 7, 2018), <https://www.pymnts.com/cpi-posts/spain-cnmc-reports-possible-crimes-in-indras-public-contracts/>.

been described by elected officials as **a national scandal “call[ing] into question [Indra’s] ability to honour any contract.”**²

As has been widely reported, in or about May 2026, Irish Rail, the state-owned national rail operator of Ireland, has moved to fire Indra Group and permanently discontinue a traffic management system for its national train network that had been under development by the Indra Group since 2019. The system, which was part of an overarching project to deliver a national train control centre at Heuston Station in Dublin, was intended to dictate the flow of train traffic across the entire country and was initially forecast for delivery in 2024 at a cost of just under €20 million. Instead, according to public reporting, the project was beset by chronic delays and cost overruns.

The matter has prompted immediate governmental scrutiny. Ireland’s Public Accounts Committee (“PAC”) voted unanimously to summon the Department of Transport, the National Transport Authority, and Irish Rail to appear before it at the “earliest possible” opportunity. The PAC Chair described the matter as “a national scandal” and stated that Indra’s failures “call into question its ability to honour any contract.” Notably, the PAC also observed that the same Indra Group holds the tender for the National Transport Authority’s €35 million next-generation ticketing system, raising further questions about whether Indra can reliably deliver on any of its outstanding public-sector commitments.

These developments are directly material to the Board’s decision. The Irish Rail failure is not a peripheral matter involving an unrelated line of business; it involves precisely the kind of large-scale, mission-critical technology integration and software delivery work that the Yolo 80 TSI contract requires. The parallels are striking: a public agency contracted with Indra to design, develop, and integrate a complex operational technology system for critical transportation infrastructure; Indra failed to deliver a functioning product despite years of effort and tens of millions of dollars in public expenditure; and the contracting agency was ultimately forced to abandon the project entirely, write off the investment, and engage a replacement vendor.

Evidence of a bidder’s poor performance on another project is sufficient to find a bidder unresponsive, and courts will not interfere with the Authority’s good faith discretion to find a bidder unresponsive. (Raymond v. Fresno City Unified Sch. Dist. (1954) 123 Cal. App. 2d 626.)

CARTA should not expose itself and the taxpayers it serves to the same outcome. CARTA must protect the public taxpayers and not proceed with Indra.

² *Irish Rail Decision to Write Off €50m Spent on Failed IT Project ‘a National Scandal’*, **Irish Examiner** (May 21, 2026), <https://www.irishexaminer.com/news/politics/arid-41848962.html>; see also, *Irish Rail Fires IT Firm Behind Much-Delayed Project and Prepares to Seek Damages Amid €50m Writedown*, **Irish Times** (Sept. 7, 2026), <https://www.irishtimes.com/transport/2026/09/07/irish-rail-to-see-damages-from-it-firm-after-50m-writedown-on-train-control-project/>; *Irish Rail Writes Down €50M After Train IT Project Goes Off the Rails*, **Ground News**, [https://ground.news/article/50m-write-off-of-iarnrod-eireann-it-project-a-scandal?pcx=1](https://ground.news/article/50m-write-off-of-iarnrod-eireann-it-project-a-scandal?pcx=1;);

D. Applicable Federal and State Procurement Law Have Not Been Complied with Here

As set forth above, the Project is funded in substantial part through Federal Infrastructure for Rebuilding America (“INFRA”) dollars administered by Caltrans. Because Federal funds are being used, the procurement process for this contract must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth at 2 C.F.R. § 200, *et seq.*

Specifically, procurement by competitive proposals is governed by 2 C.F.R. § 200.320(b) (2), which requires, among others, that:

1. Requests for proposals require public notice, all evaluation factors and their relative importance be identified, and proposals be solicited from multiple qualified entities;
2. The recipient or subrecipient must have written procedures for conducting technical evaluations and making selections; and
3. Contracts must be awarded to the **responsible offeror** whose proposal is most advantageous to the recipient or subrecipient, considering price and other factors.

2 C.F.R. § 200.320(b)(2)(i)–(iii) (emphasis added).

Given the concerns set forth, including judicially confirmed procurement fraud, a catastrophic contract failure in Ireland, and a California tolling contract that was the subject of serious concern over Indra’s unlicensed status, whether Indra qualifies as a “responsible offeror” under this standard is questionable at best and must be thoroughly investigated before any contract is executed with Federal dollars.

Indeed, the bidding requirements “must be strictly adhered to in order to avoid the potential for abuse in the competitive bidding process.” *Domar Electric, Inc. v. City of Los Angeles* (1994) 9 Cal.4th 161, 175–76. There must be “affirmative safeguards in place to prevent bias and other arbitrary factors from influencing the bid selection” process. *Schram Construction, Inc. v. Regents of University of California* (2010) 187 Cal.App.4th 1040, 1059. As the Court of Appeal has recognized, “[t]he amount of leeway a public entity has in awarding a contract is governed by the statutory or municipal framework applying to that contract.” *Great West Contractors, Inc. v. Irvine Unified School Dist.* (2010) 187 Cal.App.4th 1425, 1447. CARTA must follow the procedures outlined in the applicable federal and state statutes, without exception.

Taken together, these United States Federal and California state requirements impose a clear obligation on CARTA: before awarding a \$46.6 million contract funded with Federal INFRA dollars, the Board must satisfy itself that the proposed awardee is a responsible contractor with the integrity and capacity to perform. The record affirms that **Indra is not a responsible contractor and no award may be made to such a concerning entity.**

At the very least, serious questions about whether Indra is qualified exist and no award should be made under Federal and California law until a further investigation and complete process is concluded.

III. **REQUESTED RELIEF**

In light of the foregoing, we respectfully request that the CARTA Board of Directors take the following actions before executing any contract for the Project:

- Discuss these concerns in open session before any vote on September 30, 2026.
- Do not execute the proposed contract until these concerns have been adequately investigated.
- No contract should be finalized until the Board is satisfied that doing so is consistent with Federal and California procurement law, and CARTA's duty to protect public funds should remain paramount throughout this process.
- Conduct a formal, documented responsibility determination. Before any contract is executed, CARTA should evaluate whether Indra, given Indra and/or its parent's antitrust violations, the Irish Rail termination, the BATA concerns regarding its unlicensed status, its prior acts as an unlicensed contractor, and other concerns, qualifies it as a responsible contractor under Federal and California law.
- As a result, all bids should be rejected and a new bidding process opened.

Regardless of the Board's ultimate decision, this letter constitutes formal notice to each member of the CARTA Board of Directors and to the Clerk of CARTA that the concerns identified herein have been raised before any vote to award the Project contract. Should the Board proceed without adequately addressing them, it will do so with full knowledge of the risks and must expect claims to be brought. Indeed, we anticipate that issues arising from the matters described herein may give rise to several claims against CARTA, and this letter provides notice of such and preserves all rights and remedies in connection therewith.

We respectfully urge the Board to exercise its fiduciary duty with the seriousness this matter demands. Thank you for your prompt attention.

Very truly yours,



Tyson M. Shower
Partner