

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

DEPARTMENT OF HEALTH CARE SERVICES AUDITORIUM

1500 CAPITOL AVENUE

SACRAMENTO, CA 95814

TUESDAY, MARCH 8, 2016

10:00 A.M.

Reported by: Kent Odell

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk

Daniel Curtin

Lou Correa

Michael Rossi

Bonnie Lowenthal

STAFF

Jeff Morales, Chief Executive Officer

Janice Neibel, Acting Secretary

Margaret Cederoth

Mark McLoughlin

Alan Glen

Scott Jarvis

ALSO PRESENT

Waseem Ahmed, Mayor, City of Chowchilla

Brian Haddix, Chowchilla City Administrator

Max Rodriguez, Madera County Board of Supervisors

Brett Frazier, Madera County Board of Supervisors

APPEARANCES (CONT.)ALSO PRESENT (Cont.)

Representative for Council Member Andrew Medellin, City of Madera

Michael Turnipseed, Kern Taxpayers Association

Richard Chapman, Kern Economic Development Corporation

Kevin Bush, Kern County Black Chamber of Commerce

Lauren Skidmore, Kern4HMF

Roland Lebrun

Ted Hart

Robert Allen

Diana LaCome, APAC

Paul Guerrero, La Raza

Lee Ann Eager, Fresno County EOC

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P R O C E E D I N G S

10:07 a.m.

PROCEEDINGS BEGIN AT 10:07 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, MARCH 8, 2016

CHAIRMAN RICHARD: Okay. Good morning, this meeting of the High-Speed Rail Authority Board will come to order. And I'll ask the Secretary to please call the roll.

MS. NEIBEL: Director Schenk?

BOARD MEMBER SCHENK: Here.

MS. NEIBEL: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. NEIBEL: Director Rossi?

BOARD MEMBER ROSSI: Here.

MS. NEIBEL: Director Correa?

BOARD MEMBER CORREA: Here.

MS. NEIBEL: Director Curtin?

BOARD MEMBER CURTIN: Here.

MS. NEIBEL: Director Paskett is absent.

Director Lowenthal?

BOARD MEMBER LOWENTHAL: Here.

MS. NEIBEL: Chair Richard?

CHAIRMAN RICHARD: Here.

Vice Chair Richards, would you lead us in the Pledge of Allegiance?

(The Pledge of Allegiance is made.)

1 CHAIRMAN RICHARD: Thank you. Before we proceed
2 into the public comment section this morning I have just a
3 brief announcement relevant to the program, which is that
4 we were informed this morning that in the litigation
5 involving our use of the state bonds, the Tos case, that
6 Judge Kenny denied the petition of the Plaintiffs and ruled
7 in favor of the Authority on key issues.

8 So I don't have anything further to say on that
9 until we actually analyze the decision. But obviously
10 anything like this is always welcome, because we are really
11 gaining momentum in this program. We're moving forward
12 with the construction, and I think as people will hear
13 today with our new Draft Business Plan, laying out how we
14 recommend that the system can actually come into operation
15 in a reasonable timeframe. And so certainly it's a welcome
16 development.

17 I think the other thing too that I just want to
18 emphasize -- it's something that I've noted recently -- is
19 that there's been this myth out there that has grown up
20 that somehow the High-Speed Rail Authority, because of the
21 adoption of the blended approach or whatever, is somehow
22 not building the system that the public voted for in the
23 ballot measure. And I have to say this is a great myth and
24 it's totally and completely false.

25 What we are building is exactly what the public

1 voted for, a fully electric 200-plus mile per hour train
2 that can operate without a subsidy that is designed to
3 achieve nonstop speeds of 2 hours 40 minutes between our
4 great cities of Los Angeles and San Francisco. That's
5 always been our goal and we have never wavered from
6 fidelity to the Bond Act.

7 So how this has kind of come into the public
8 discourse, well that's just politics. But up here we know
9 that what we're building is precisely consistent with the
10 Bond Act and that's what's going to be delivered to the
11 public. And that's what we will continue to do.

12 So anyway, it's a welcome development for us, but
13 as always we take a pause to note that and then get back to
14 the business of building this program. So I wanted to make
15 sure that my colleagues had heard that that ruling had come
16 down this morning.

17 With that, we will turn to public comment. And
18 as we always do, we start with elected officials first and
19 then take comments in the order in which they were
20 received. And my glasses are here somewhere, excuse me.

21 So we will start with Waseem Ahmed, Mayor of the
22 City of Chowchilla, followed by Brian Maddix (phonetic)
23 from the City of Chowchilla.

24 Mr. Mayor?

25 MAYOR AHMED: Good morning.

1 CHAIRMAN RICHARD: Good morning.

2 MAYOR AHMED: Mr. Chairman and Members of the
3 Authority, my name is Waseem Ahmed, and I'm the current
4 Mayor of the City of Chowchilla.

5 The City of Chowchilla Council voted unanimously
6 in support of the location of a heavy maintenance facility
7 within the County of Madera. The City of Chowchilla is in
8 a unique position, as we all know, of accommodating the Wye
9 whereas nowhere else in the State other than Chowchilla
10 does the North-South Alignment meet the East-West
11 Alignment.

12 The City of Chowchilla supports the construction
13 of high-speed rail along Avenue 21 and Road 13 in
14 accordance with Resolution Number 8115, which already has
15 been provided to the Authority before, and been submitted.

16 It is estimated that the high-speed maintenance
17 facility will create 20,000 jobs annually for the next 5
18 years and will create 1,500 jobs when the facility is
19 complete. The City of Chowchilla would welcome increasing
20 employment opportunities -- as we all know as it being a
21 disadvantaged community -- with better paying jobs and an
22 enhancement of professional opportunities. We always
23 welcome those.

24 So having said that, I will greatly appreciate it
25 for the time and opportunity, thank you.

1 CHAIRMAN RICHARD: Mayor, thank you for coming a
2 long way to address us this morning, we appreciate that,
3 and that of your colleagues.

4 Mr. Maddix?

5 MR. HADDIX: Good morning, Mr. Chairman, Members
6 of the Board, my name is Brian Haddix. I'm the City
7 Administrator with the City of Chowchilla.

8 CHAIRMAN RICHARD: Can I just stop you and
9 apologize for mispronouncing your name? I'm sorry.

10 MR. HADDIX: Oh, that's okay. That's okay.

11 CHAIRMAN RICHARD: It was just I didn't read it
12 correctly. Excuse me.

13 MR. HADDIX: There are many other different ways
14 to pronounce my name. That one is relatively benign.

15 But I just would like to tell all of you that I
16 echo the concerns of my mayor and my council. Madera
17 County is a wonderful county, but it does suffer from
18 chronic unemployment. And yet we also sit at this
19 geographic location right in the center of the new phase
20 that would connect Kern County up to San Jose. And we also
21 sit right at the spot where Highway 152 from the Bay Area
22 intersects with 99. It all comes together in Chowchilla,
23 excellent location in our county for a high-speed rail and
24 maintenance facility.

25 But as we do so, just encourage you to keep in

1 mind the quality of life and impacts in Chowchilla as we
2 grow jobs, because that's the three key words we have in
3 Chowchilla: jobs, jobs and jobs. As we grow jobs both in
4 Fairmead, which is part of our sphere of influence, and
5 Chowchilla -- because right between the two, sits our
6 Industrial Park. So as we look at alternatives I encourage
7 you to protect that Industrial Park, the job-creation
8 generator, and then look overall at the benefits of a heavy
9 maintenance facility.

10 So thank you, very much.

11 CHAIRMAN RICHARD: Thank you, Mr. Haddix.

12 Supervisor Max Rodriguez from Madera County,
13 Chair of the Board of Supervisors I believe, and followed
14 by Supervisor Brett Frazier from Madera County.

15 Supervisor, welcome, good morning.

16 SUPERVISOR RODRIGUEZ: Good morning, Mr. Chairman
17 and Members of the Authority. My name is Max Rodriguez,
18 I'm a Supervisor for Madera County.

19 I am here with a delegation from Madera County.
20 I mean, we may not have perfect attendance at these
21 hearings, but we're listening and we're with you guys all
22 the way. And I know there's a lot of pressure on things
23 happening.

24 I've been a friend of the high-speed rail from
25 the beginning. I've taken a lot of criticism from Madera

1 County, but you know what? I think I'm right. I think
2 this system is going to be built and it's going to be
3 something that we can all be proud of. It's a beautiful
4 sight.

5 Near Madera, which is the birth of the high-speed
6 rail -- that's what I call it -- they've got them
7 structures up. Folks, it's very impressive, very
8 impressive. And the people around there that drive through
9 145, through the underpass there, they see that and they
10 marvel. And I've got to comment, I say, "Well, it's going
11 to get done." And that's what we hope for.

12 Madera County has, as the previous speaker said,
13 we have really high unemployment. We have ag, which has
14 done real well, but the other sectors in Madera County are
15 really suffering. Hopefully with this system coming in,
16 and the cluster that's going to be built around it, things
17 will really happen. And I hope so, because we need a
18 stimulus there.

19 And Fresno's doing well, Bakersfield is doing
20 well. They have oil. Fresno's got a lot of companies
21 working there. Madera? We're suffering, so we ask that
22 you can take that into consideration when you make that
23 decision to build the high-speed rail.

24 Thank you very much.

25 CHAIRMAN RICHARD: Thank you, Supervisor.

1 Supervisor Frazier?

2 SUPERVISOR FRAZIER: Good morning, Mr. Chairman
3 and Board.

4 As you can tell Madera County's come a long way
5 in the last few years from, you know, sometimes being
6 adversarial to now we're up here trying to be good long-
7 term partners with the high-speed rail, looking at
8 alternative sites.

9 And I just wanted to point out, you know, Madera
10 County is the birthplace and backbone of the high-speed
11 rail. It's where it's all starting. It's right there as
12 close to the south of the Wye as possible, which was a big
13 part of where you'd want your heavy maintenance facility.

14 And just we talked about three words, and I just
15 want you to leave with these three words when you think of
16 Madera County in terms of the heavy maintenance facility:
17 cheaper, faster and smarter. We have single-owner
18 properties that are ready to do it right on the alignment
19 with all the necessary infrastructure in place. Some of
20 them are by right, able to accommodate industrial right
21 now. So cheaper, faster, smarter, just remember that when
22 you think of it.

23 We're a regional location, pull from both Merced
24 and Fresno Counties as well as Madera County. If you place
25 the heavy maintenance facility -- if you want to see a

1 needle move you'll see it in Madera County. You'll see
2 actual change. And I think that's something that the
3 Authority can go out and say, "Look at what we've done.
4 We've changed a community overnight." And to have that as
5 a feather to put in your cap, I think would be a great
6 thing.

7 And remember, cheaper, faster, smarter. Thank
8 you very much for your time.

9 CHAIRMAN RICHARD: Thank you, Supervisor.

10 Councilman Andy Medellin, I hope I pronounced
11 that correctly, from City of Madera.

12 REPRESENTATIVE FOR COUNCILEMBER MEDELLIN: Good
13 evening, or good morning folks, it's actually Andy Medellin
14 and he was unfortunately detained. I have short statement
15 on his behalf if you would indulge me --

16 CHAIRMAN RICHARD: That's fine.

17 REPRESENTATIVE FOR COUNCILMEMBER MEDELLIN: --
18 written by him, I can assure you.

19 But the new business plan, which places Madera in
20 the most central location, is something that's important.
21 It's 130 miles away from San Jose and 130 miles away from
22 Bakersfield.

23 You know, not only we are the heart of the high-
24 speed rail. We're the heart of California. So I don't
25 think it's any mistake that what is also known as the

1 Spaghetti Bowl or the Wye comes together there. It's a
2 natural fit and so we would just like to echo the City of
3 Madera has lots of thoughts and ideas about how this can be
4 accommodated, working as partners. The two cities in the
5 County have come together and are pooling resources
6 together to make this happen.

7 And like Supervisor Frazier said, this is really
8 a regional facility. Madera could pull from the Merced and
9 Mariposa, Fresno labor markets quite easily. Those are
10 other communities in need. So we basically think that our
11 proposed sites meet every criteria that we've known so far.
12 And we're very happy that you have us here today. And
13 we're very happy to have Madera County be the birthplace of
14 your system.

15 Thank you.

16 CHAIRMAN RICHARD: Thank you, Councilman.
17 Appreciate that.

18 So that concludes comments from elected
19 officials, thank you. Turning now to general public
20 comment, taking again the speakers in order, we first have
21 Michael Turnipseed from the Kern Taxpayers Association
22 followed by Richard Chapman from Kern Economic Development
23 Corporation.

24 MR. TURNIPSEED: Good morning Mr. Chair and
25 Members of the Board. I'm Michael Turnipseed representing

1 the Kern County Taxpayers Association.

2 I'm here to do two things. First of all,
3 introduce myself to the Authority. And second of all, I
4 express our support for the efforts of the Coalition of
5 Kern for Heavy Maintenance Facility. We are one of the
6 charter organizers of the group and we're here just to make
7 sure that we start being in the game too.

8 Thank you very much.

9 CHAIRMAN RICHARD: Thank you.

10 Mr. Chapman, I see you have two speaker cards,
11 but I think this'll be your slot if that's okay?

12 MR. CHAPMAN: I apologize for being redundant.

13 CHAIRMAN RICHARD: No, that's --

14 MR. CHAPMAN: I'll keep my remarks in check.

15 Chairman Richard, and Members of the Board, good
16 morning. My name's Richard Chapman. I'm the President and
17 CEO of the Kern Economic Development Corporation.

18 In a brief nutshell I have 20 years in economic
19 development experience, about 10 years in Seattle. I
20 worked on the team with Sound Transit's commuter and Light
21 Rail Link helping to bring Talgo in, a train set
22 manufacturer -- in Kern County almost 10 years.

23 I believe we have an amazing story to tell. And
24 it's evident in our motto "Take a Closer Look" and I would
25 urge you to take a closer look at Kern County and the story

1 there.

2 And I'll let the facts speak for themselves.
3 What we do is use a lot of quantitative information around
4 the country ranking Kern County. Several of the rankings
5 that we're very proud of: it's the fastest growing economy
6 in the country since 2001. We look back over that 15-year
7 period almost 10 percent annualized GDP growth.

8 Number two in millennial job and population
9 growth in the U.S. Again, we compare ourselves to cities
10 around the country, not just in California.

11 And also number four in STEM rankings according
12 to Brookings Institution. So we have Brookings
13 Institution, Bloomberg and Bureau of Economic Analysis,
14 these are where we derive our rankings from.

15 And then number nine, according to Forbes, for
16 engineering jobs per capita. All this, I believe, is in
17 the wheelhouse for the heavy maintenance facility.

18 Recently, this is a California ranking however,
19 we were the top place in California in terms of cost
20 competitiveness.

21 We talk about workforce quality as well as
22 availability where they come together, so we always use the
23 term quality. You're going to get good quality workforce,
24 obviously with oil prices pretty low, there is a
25 significant amount of workers available to plug into these

1 facilities.

2 And so we really do think in addition to our
3 "Take a Closer Look" motto, we also use "The Best
4 Investment a Business Can Make." And we believe the
5 Authority -- it behooves the Authority to look at Kern
6 County and to meet your expectations for this facility.

7 Another point I wanted to put out there is that
8 we are commissioning through our Foundation with the
9 Institute for Applied Economics at LAEDC, a study to
10 measure the economic benefits of such a facility in our
11 county.

12 So we're very pleased to be here today as well as
13 part of the HMF Coalition, Kern4HMF Coalition. And thank
14 you for your time.

15 CHAIRMAN RICHARD: Thank you, Mr. Chapman.

16 Kevin Bush, Kern County Black Chamber of Commerce
17 followed by Lauren Skidmore of Kern4HMF.

18 MR. BUSH: Good morning. Thank you for allowing
19 me to speak this morning. My name is Kevin Bush. I'm on
20 the Board of Kern County Black Chamber of Commerce.

21 And for the record, the Chamber is in support of
22 high-speed rail. Also, the Chamber is in support of all
23 efforts to bring the heavy maintenance facility, and all
24 the economic benefits of job creation and business
25 development, to Kern County.

1 And then in closing I'd like to say three things.
2 When you think about Kern County as well, it is cheaper,
3 faster, smarter, okay?

4 (Colloquy off mic. Laughter)

5 CHAIRMAN RICHARD: Thank you, Mr. Bush.

6 MS. SKIDMORE: This could get interesting.

7 CHAIRMAN RICHARD: Ms. Skidmore, good morning.

8 MS. SKIDMORE: Good morning Chairman Richard and
9 Authority Board Members. My name is Lauren Skidmore and I
10 am Chair of the coalition that you've been hearing about
11 from some of my partners, Kern4HMF. We are a coalition
12 based in Kern County, made up of local business leaders,
13 schools, government entities and individuals.

14 Supervisor Mick Gleason asked me to send his
15 apologies for not being able to be here today. He has a
16 very important vote related to our local library system in
17 Kern County that he had to be at.

18 I have other Kern4HMF partners with me today as
19 you have met. Most of them were not able to attend last
20 month. As well, we have representatives from the cities of
21 Shafter and Wasco.

22 Our coalition believes the new business plan is
23 focused on cost savings and efficiency. And your focus is
24 also on reducing the schedule. Our sites in Kern County
25 can do both of those things: save you time and money. As

1 well, we're extremely proud that our sites have no to
2 minimal environmental issues.

3 Lastly, Supervisor Gleason and our coalition
4 would like to invite you to hold a meeting in Bakersfield
5 or Kern County. And we welcome any of you individually at
6 any time.

7 Thank you for your time.

8 CHAIRMAN RICHARD: Thank you, Ms. Skidmore. If
9 you could pass on to the Supervisor our best wishes and
10 tell him I actually thought his airplane was back in the
11 shop. So that was -- thank you.

12 Okay, I think those are the comments from various
13 people on the -- well no, I'm sure they're not. I'm sure
14 we have at least one more on the heavy maintenance facility
15 issue, so I'll hold my comment on that.

16 Next is Roland Lebrun, followed by Ted Hart.

17 MR. LEBRUN: Good morning, Chair Richard and
18 Members. And thank you for reaching out earlier. I really
19 appreciate that.

20 The first thing I'd like to say with regards to
21 earlier remarks, it is really unfortunate when your own
22 Chief Executive is quoted in the press as saying that the
23 Authority is transitioning from providing a high-speed
24 connection between L.A. and San Francisco. That's
25 unfortunate.

1 But the real reason I'm here is to share some
2 concerns with what we know of the Draft Business Plan so
3 far. And the first one is Monterey Highway, which is in my
4 back yard, and the second one is serious issues with the
5 proposed tunnel designs.

6 The proposal right now is to pretty much build a
7 \$1.4 billion 20-mile viaduct between South San Jose and
8 Gilroy. And it doesn't make any sense, because if you look
9 at the Monterey Highway Alignment it's all built up, which
10 means you've got the 125-mile-an-hour speed limit. And
11 then you're going to hit something called Tulare Hill,
12 which is a sharp bend around a hill that you can't possibly
13 touch.

14 So the question is why are we having a 60-foot
15 viaduct that basically goes over everything, all on the
16 overpass over there?

17 The second thing I want to talk about, which I'm
18 extremely concerned about, is the so-called value
19 engineering for the Pacheco Pass tunnels. And the proposal
20 is to reduce the tunnel diameters and eliminate the tunnel
21 ventilation. And that is really remarkable, because the
22 only way that you're going to be able save lives, if there
23 is an incident in the tunnel, is with tunnel ventilation.

24 And the issue that you have is let's just suppose
25 worst comes to worse and you do have an incident and you

1 have fatalities, and you do want to add tunnel ventilation
2 later. The equipment interferes with the air flow in the
3 tunnel, which means that eventually you're going to have to
4 increase the diameter of the tunnels. That needs to be
5 looked at.

6 But in closing, with all due respect to the
7 Members of this Board, my recommendation moving forward is
8 that next time you have vacancies is you follow the example
9 that Mr. Rossi started with Administration and Finance --
10 start with engineering and consider appointing civil
11 engineers to the Board who have got this kind of expertise.
12 Who basically are going to stop this thing like right there
13 before it gets anywhere in your Business Plan.

14 Thank you very much.

15 CHAIRMAN RICHARD: Thank you, Mr. Lebrun.

16 Ted Hart followed by Robert Allen.

17 MR. HART: Good morning.

18 CHAIRMAN RICHARD: Good morning.

19 MR. HART: The 2016 Draft Business Plan does not
20 contain one word concerning the need for security to
21 prevent a terrorist attack on the High-Speed Rail System.
22 How could this have been overlooked with the threat and
23 execution of bombings, murder, mass destruction a 24/7
24 worldwide reality?

25 Security is not something that High-Speed Rail

1 can ignore if they expect passengers to actually ride its
2 trains. It must be part of the Business Plan. Why was a
3 security plan left out?

4 Possible reasons, it would be impossible to
5 execute a security plan given the conditions necessary to
6 adequately protect all travel passengers. Two, the cost
7 would be prohibitive. Three, it would reduce ridership
8 because of increased wait times at train stations.

9 Imagine the terrorists' eyes lighting up when
10 they see a beautiful shiny blue and gold bullet train
11 flying down the rail at 200 miles an hour. It's a dream
12 target for them. What a spectacular way to kill hundreds
13 of infidels and obtain worldwide attention for their
14 jihadist goals. The methods for attacking a train are
15 endless.

16 Start at the stations. Preventing a terrorist
17 attack should include the same system as the one we have in
18 place for our airports. Rail passengers are in a highly
19 vulnerable position given all the small stations on the
20 line with passengers boarding and leaving with suitcases in
21 hand. The Authority needs to explain how they're going
22 protect 800 miles of open track.

23 Imaginations can run wild with various methods
24 that can potentially use to derail or blow up a train. Any
25 type of fencing is useless, because of drones and ultra-

1 light air craft. All road crossings are open. Keep in
2 mind that people have been blowing up trains since the
3 first ones made it out on to the tracks. And blowing up
4 trains was perfected in World War II.

5 Since there isn't a security plan there isn't any
6 way to make a cost analysis. The first terrorist-created
7 high-speed train wreck would potentially end the demand for
8 high-speed rail travel in the U.S. for the simple reason
9 that fear would drive people to make the choice to fly or
10 drive. Of course, planes are vulnerable, but so far they
11 have a great safety record. It's hard for the bad guys to
12 attack a plane once it's in the air whereas the train is
13 exposed the entire trip. Fear is a great motivating factor.
14 And people who fear a terrorist attack are not going to buy
15 tickets on the high-speed rail.

16 The High-Speed Rail Authority must address these
17 serious security issues. And I look forward to the
18 response in the final 2016 Plan. Thank you.

19 CHAIRMAN RICHARD: Thank you Mr. Hart.

20 Next is Robert Allen.

21 MR. ALLEN: I never thought that we would see a
22 train uprooted by a tree. A tree uprooted in the rain was
23 all it took to stop that train. They tell us now that it
24 was just a slide. The train was slow, but no one died.

25 I think you're on the right track. Your 2016

1 Business Plan is far better than plans of previous years.
2 However, it does miss the important role of another state
3 agency, the California Public Utilities Commission. CPUC
4 has safety oversight responsibility over railroad
5 operations. Yet I find no mention of the CPUC's role in
6 safety. Indeed it's until we get to a note at the bottom
7 of page 93 that we even see the CPUC mentioned.

8 You ignore the CPUC at your peril. They are
9 fierce, even overbearing at times, in pursuing safety
10 issues. Let me cite an example with a publicly-owned
11 railroad like yours. In January of 1979, a third rail
12 power pick up paddle on the BART train broke, sending a
13 high voltage power surge that set the train on fire.
14 The CPUC ordered BART to -- now let me look, my notes are
15 missing here. I have the (indiscernible) --

16 CHAIRMAN RICHARD: Let me help you out with this.
17 What you are going to tell us is that a firefighter died in
18 the ensuing fire and the PUC shut down BART for many months
19 after that.

20 MR. ALLEN: Yes, for over three months the PUC
21 ordered BART to keep that Transbay Tube closed, even though
22 -- well I've worked for three different railroads, which
23 are all part of the Union Pacific now -- any of those
24 railroads after such a freak incident would have repaired
25 the damage and continued operations. The PUC here ordered

1 the BART to keep the Transbay Tube closed, causing chaos in
2 the Bay Area commutes for well over three months. Nobody
3 would deny that the changes were needed, but the regional
4 havoc was a stiff price to pay.

5 You plan blended rail operating on Caltrain
6 tracks that now have a maximum speed of 79 miles an hour.
7 You and Caltrain talk of raising that speed to 110 miles an
8 hour or more and running your trains at close to the
9 maximum speed. Bourbonnais is a good example of a train at
10 79 miles an hour hitting a truck loaded with steel. Two
11 Amtrak locomotives and 11 of 13 cars derailed, with many
12 deaths and injuries. Had the train been going faster, the
13 toll would have been much higher. Or the truck could have
14 been loaded with gasoline, or chlorine, a chlorine tanker,
15 or it could have been loaded with explosives.

16 Trains are vulnerable to accidents, suicides,
17 sabotage and even terrorism at grade crossings. Demand
18 grade crossings -- demand grade separation at roads that
19 cross your tracks where you operate. PUC will likely
20 demand it.

21 One thought regarding the PUC, operate your
22 trains only south of San Jose. Let the Caltrain either
23 pilot the equipment or run the equipment north of San Jose
24 as a Caltrain train. Thank you.

25 CHAIRMAN RICHARD: Thank you, Mr. Allen.

1 Our next speaker is Diana LaCome, followed by
2 Paul Guerrero.

3 MS. LACOME: Good morning, Chairman Richard,
4 Board Members and CEO Morales.

5 I have two items I want to discuss with you
6 today. One is the Authority Business Council. You have
7 new staff people with the Council. They seem very nice and
8 I'm sure very capable in their respective fields.

9 However, they seem to be lacking in skills and
10 experience dealing with small minority and woman-owned
11 businesses. They seem to lack experience with the State
12 Regulations and the Code of Federal Regulations as well,
13 the CFRs dealing with civil rights relative to small
14 business participation.

15 I don't know why but the experts that you had,
16 Olivia Fonseca and Pat Padilla, are no longer working with
17 the Council. I don't know why, but to my opinion the Small
18 Business Council would not be -- the whole program, Small
19 Business Program, would not be where it is if it weren't
20 for them. And I'm sure there's an explanation for all of
21 this.

22 I would have hoped that we had the experience and
23 skills of people hitting the road running, because we have
24 to meet a high goal. And experience with small businesses
25 is extremely important.

1 The second item, in reviewing your extension to
2 CP1 I didn't see the 30-percent small business goal on it.
3 Maybe it was just my oversight, but I'm assuming the 30
4 percent is going with the -- yeah, with the extension.

5 CHAIRMAN RICHARD: Yes.

6 MS. LACOME: Okay. Thank you very much.

7 CHAIRMAN RICHARD: We'll confirm that when we get
8 to that point, Ms. LaCome, but yeah.

9 Mr. Guerrero followed by our last speaker.

10 BOARD MEMBER CORREA: Excuse me, Mr. Chair?

11 CHAIRMAN RICHARD: Oh, yes?

12 BOARD MEMBER CORREA: And also confirm that the
13 veterans can continue to get their set-asides as well.

14 CHAIRMAN RICHARD: Yes.

15 BOARD MEMBER CORREA: Thank you.

16 CHAIRMAN RICHARD: We'll address that.

17 Okay, we'll pass these down, Mr. Guerrero.

18 MR. GUERRERO: Good morning.

19 CHAIRMAN RICHARD: Good morning.

20 MR. GUERRERO: If you will recall about a year
21 ago I passed out something similar to this and it said this
22 was what the Department of General Services was working on.
23 And it would be coming and this is the final draft of it.
24 And, in fact, this is on the website now.

25 And you'll notice that the High-Speed Rail is in

1 the red as far as meeting the small business goal, the
2 State's small business goal. You're at around 20 percent.
3 It's very hard to read, but if you get real close you can
4 find that 20 percent down there. And of course the State's
5 goal is 25 percent.

6 Right now, the High-Speed Rail has established a
7 30 percent small business goal of which 10 percent is
8 disabled -- I mean 3 percent is disabled veterans and 10
9 percent is minority business. And that has worked well and
10 the staff has met that. And we've been really proud of the
11 High-Speed Rail for being a leader out there.

12 But times have changed now and we're noting that
13 Caltrans, who is just above you, is in the green. That
14 means it's meeting a 25 percent small business goal, it's
15 meeting a 10 percent disadvantaged business goal, and it's
16 meeting a 3 percent disabled veterans goal. So Caltrans is
17 around 38 percent.

18 To that end, I would suggest that the High-Speed
19 Rail examine the possibility of raising its goal from 30 to
20 40 percent. So it can meet all these goals and give staff
21 the tools to work with.

22 What the State's procedure will be following the
23 announcement of where you're at, will be to take your small
24 business advocates and attempt to train them, so they can
25 meet the goal. And I don't think they need the training.

1 I think they're doing the best they can with the tools the
2 Board has given them.

3 And following the training, which will included
4 movies and workshops and so forth, they'll be asking the
5 agency that met the goals to mentor the agencies that
6 didn't meet the goal. And I don't think the High-Speed
7 Rail needs mentoring. I think it just needs the tools --
8 to give your staff the tools. I don't think your staff
9 needs training to meet the goal. I don't think they need
10 mentoring to meet the goal. I think they simply need to
11 have you guys raise the goal from 30 to 40 percent to give
12 them the tools to work with. And I would submit that you
13 take a look at that and see what you can do.

14 The other thing I want to say is I understand
15 your next meeting will be in San Jose. You're coming to
16 the big city and we'll be there to welcome you.

17 The other thing we'll be looking at is as you
18 start your planning for the route through San Jose, one of
19 the things that part of the earliest stages of planning is
20 the environmental justice study. And we'll be looking at
21 comes out of that in San Jose.

22 And so I welcome you there. I hope you have a
23 meeting place. You haven't announced where you're going to
24 be meeting at, Supervisor Chambers or the City Hall, but
25 we'll be there. Thank you.

1 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.

2 Just for the public I think our next meeting is
3 in Anaheim followed by a meeting in San Jose.

4 (Colloquy off mic.)

5 Lee Ann Eager, here to support Bakersfield and
6 Madera's high-speed rail heavy maintenance facility
7 application.

8 MS. EAGER: Good morning.

9 CHAIRMAN RICHARD: Good morning.

10 MS. EAGER: I know you think I'm going to talk
11 about the maintenance facility, but I'm not. I'm not. I
12 don't think I need to.

13 Actually, I'm excited to see the folks from
14 Madera County here and the folks from Kern County. And I'm
15 hoping there's some folks here from other Central Valley
16 communities, because I think the most important thing that
17 we're here for is to support the efforts of connecting the
18 Valley to other parts of the State of California. And one
19 way to do that, and I'm glad you're all here to hear this,
20 because one way to do that is to actually be at the table
21 when these discussions are happening, when decisions are
22 happening.

23 One of the things that happened in Fresno County
24 recently, is I was out working with farmers out in the
25 community and I had a group of farmers that asked me, "Is

1 there some way that they could build an overpass that
2 doesn't do diagonally through my property, that goes along
3 the current line?" Two miles down the road I had another
4 large farming entity that said, "We don't really need this
5 overpass here, because no one goes on this road. Is there
6 some way to take that overpass off and move it down
7 farther?"

8 So I took that information back to the High-Speed
9 Rail Authority staff, Diana and her staff. And they said,
10 "We would support that. It would actually save us money if
11 we did that. But go to the County and see what they think,
12 because they voted on this a couple of years ago."

13 So I took that information to the County, they
14 did a traffic study, they sent me back out to talk to every
15 farmer in that entire community to get their opinion on
16 that. We brought it back to the Board of Supervisors last
17 month and those changes were made. Those changes saved
18 hundreds and hundreds acres of farmland. And that's
19 because we all sat at the table together.

20 And one of the things that we all know in the
21 Central Valley is that we always have to say, "How about
22 us? How about us? How about us?" Because things happen
23 on either side of that and we know that if we're not at the
24 table, we're on the menu.

25 So I just implore all of you to please sit at

1 that table. And I think you all know that Fresno County's
2 been at that table every step of the way. Thank you.

3 CHAIRMAN RICHARD: Thank you, Ms. Eager, very
4 nice.

5 Before we go to the regular agenda, after
6 listening to the speakers this morning I'm tempted to ask
7 the staff and the Finance And Audit Committee, what the
8 impact on our budget would be if we had five heavy
9 maintenance facilities, so that we could distribute them
10 around the Valley.

11 BOARD MEMBER ROSSI: It would reduce the cost.

12 CHAIRMAN RICHARD: Mike says it would reduce the
13 cost. Okay, good. We'll pursue that.

14 Thank you all, especially for coming long
15 distances to speak to us this morning. That concludes the
16 public comment segment.

17 We'll now move to the regular agenda. And the
18 first item will be consideration of approval of the Board
19 minutes from the February 16th meeting. Do I have a motion
20 on that?

21 VICE CHAIR RICHARDS: So moved.

22 BOARD MEMBER SCHENK: Second.

23 CHAIRMAN RICHARD: Okay. It's been moved by Vice
24 Chair Richards, second by Director Schenk.

25 Would the Secretary please call the roll?

1 MS. NEIBEL: Director Schenk?

2 BOARD MEMBER SCHENK: Yes.

3 MS. NEIBEL: Vice Chair Richards?

4 VICE CHAIR RICHARDS: Yes.

5 MS. NEIBEL: Director Rossi?

6 BOARD MEMBER ROSSI: Abstain

7 MS. NEIBEL: Director Correa?

8 BOARD MEMBER CORREA: Yes.

9 MS. NEIBEL: Director Curtin?

10 BOARD MEMBER CURTIN: Yes.

11 MS. NEIBEL: Director Lowenthal?

12 BOARD MEMBER LOWENTHAL: Yes.

13 MS. NEIBEL: Chair Richard?

14 CHAIRMAN RICHARD: Yes. Thank you.

15 Okay, item two, the consideration of an updated
16 sustainability policy.

17 Ms. Cederoth, good morning.

18 MS. CEDEROTH: Good morning, Chair Richard, Vice
19 Chair Richards, Members of the Board and CEO Morales.
20 Thank you for the opportunity to review some of the
21 activities to date around sustainability and to provide you
22 with some information on issues we'd like to update and to
23 prepare this policy for adoption by the Board.

24 As you can see this is an overview of actions
25 that all fall under the umbrella of sustainability as

1 defined by the Authority. The Authority consulted with its
2 peer rail organizations globally and has defined
3 sustainability as the consideration of environmental,
4 social and financial impacts for both current and future
5 generations across all aspects of the organization and
6 every element of the project life cycle. These actions
7 address policy objectives across several important areas
8 for California including benefits to disadvantaged
9 communities, and implementation of key California
10 regulations.

11 As you can see none are perhaps more robustly
12 addressed than in the category of sustainable
13 infrastructure. And I'd like to go through a few more
14 details to -- and I realize it's behind you.

15 CHAIRMAN RICHARD: That's okay, go ahead.

16 MS. CEDEROTH: So perhaps it's a little difficult
17 to see. But I'd like to go through a few more details on
18 how, in addressing sustainable infrastructure, the
19 California High-Speed Rail Authority is setting a new
20 standard for the delivery of infrastructure in California.

21 So this is a very long list of numbers. And it's
22 a wide array of metrics. But the story that it tells you
23 is that the program we're delivering is the most
24 sustainable infrastructure project in California, if not
25 the United States.

1 We've had several successes in delivering the
2 project. Let's start with up at the top. You see the
3 demolition of the Tuolumne Bridge. And to date, as we've
4 heard, we do have 266 small businesses already under
5 contract, 94 of those businesses are in disadvantaged
6 communities. And one of those small businesses is
7 performing all of the demolition work for CP1. They added
8 employees to carry this out. And the success so far has
9 been tremendous. In fact, it's unprecedented in the State
10 of California.

11 We've achieved a 99 percent recycling rate.
12 That's 100 percent of all the concrete and steel and 92
13 percent of the rest of the construction waste. That's
14 avoiding 45,000 tons from Fresno's landfills. We're
15 avoiding those tipping fees. This is really unique among
16 California infrastructure projects.

17 It's not just in that area we're seeing success.
18 The requirement for the contractor to use Tier 4, or as
19 clean as Tier 4 equipment, means that we have the cleanest
20 fleet available in the United States. As Jared Blumenfeld
21 pointed out -- the EPA's Regional Administrator for the
22 Pacific Southwest pointed out -- when we unveiled the Tier
23 4 cranes in Fresno a few months ago, the construction of
24 this first-in-the-nation high-speed rail will bring air
25 quality benefits to the residents of the San Joaquin

1 Valley.

2 And by using clean diesel equipment engines
3 during the construction phase, emissions of soot and
4 nitrogen oxides are reduced up to 95 percent compared to
5 older models. We've compared the fleet we have onsite with
6 a California standard fleet, which is a little bit cleaner.
7 And the results are quite powerful in terms of the
8 avoidance of criteria pollutants. So we've seen a 49
9 percent reduction in oxides of nitrogen and reactive
10 organic gases, which are ozone precursors. We know this
11 has effects on human health, both for workers as well, as
12 in the air basin.

13 And in terms of particulate matter by reducing
14 particulate matter, by having cleaner engines, we're also
15 avoiding black carbon, which is a powerful short-lived
16 climate pollutant, which California is aggressively
17 tackling.

18 We have, of course, combusted fuel in these
19 engines, which means we have emitted some criteria
20 pollutants, about three tons. But through our agreement
21 with the San Joaquin Air District we've already after one
22 year -- actually after 90 days -- the Air District has
23 offset 26 tons of criteria pollutants. So we've already
24 offset all of the criteria air pollutants associated with
25 the construction of Construction Package 1.

1 This is being carried out by about 200 or more
2 skilled laborers. We're bringing jobs to the Central
3 Valley, which as we've heard are of strong interest to the
4 communities in this area. These workers are delivering the
5 transformative project for California. Our ridership model
6 carried out for the update to the Business Plan has showed
7 us that we should be reducing at least 176,000 metric tons
8 of carbon dioxide equivalent, the first year of operation,
9 which means that by 2030 we'll have reduced about 2.5
10 million metric tons of carbon. This is contributing to
11 achieving California's climate goals in that timeframe.

12 So the project will use concrete and steel. And
13 to achieve a very durable and reliable easy to maintain
14 system what we are directed to consider in Executive Order
15 B-30-15, and what the Board has asked us to look at in more
16 detail in the Policy Update, are ways of selecting
17 materials to improve the environmental quality of those
18 materials across that life cycle.

19 Now to date, we know because we've required the
20 contractor to report this, that the concrete going into the
21 structure so far has 25 percent fly ash that is a waste
22 product from the combustion of coal to produce energy. And
23 by using this we're achieving the durability we need for
24 the system and also avoiding carbon dioxide emissions.

25 We also know, thanks to the requirement to have

1 environmental product declarations for our concrete and
2 steel, that in August we used around 300 tons of 100
3 percent recycled steel.

4 What's even more interesting about that steel is
5 that the information about that steel showed us that the
6 global warming potential of that steel used was 50 percent
7 lower than an industry average. So already, we find that
8 we're using some vary quality, very green materials. And
9 the direction of the Board of course is to explore further
10 measures to improve that.

11 BOARD MEMBER ROSSI: Could I ask a question?

12 MS. CEDEDROTH: Of course.

13 CHAIRMAN RICHARD: Director Rossi?

14 BOARD MEMBER ROSSI: How do know that, what is
15 the math?

16 MS. CEDEDROTH: What is the math on that?

17 BOARD MEMBER ROSSI: I mean how do you -- I mean,
18 I understood what you said, that's a conclusion. How do
19 you get to the conclusion and how do we know that that
20 utilization of that material was in fact a 50-percent
21 reduction? I mean when you look at all of those numbers,
22 they're interesting but in order to understand whether or
23 not we are in fact achieving those ends, you need to
24 understand the front end of the equation.

25 MS. CEDEDROTH: Yes.

1 BOARD MEMBER ROSSI: And so I'm just wondering.
2 If you have that data, I'd just like to see it. You don't
3 have to take me through it here, but I'd like to see the
4 data?

5 MS. CEDEDROTH: Yes.

6 BOARD MEMBER ROSSI: And I'd like to understand
7 how that works and I'd like to understand how the
8 projections work to get to the numbers.

9 MS. CEDEDROTH: Yes. We do have that data and
10 I'd be more than happy to kind of walk you through those
11 numbers in detail. It might be a little bit more than we
12 want to go into at the moment, but yeah.

13 CHAIRMAN RICHARD: Why don't you follow up on
14 that with Director Rossi on that? That sounds great.

15 MS. CEDEDROTH: Yes, very happy to.

16 CHAIRMAN RICHARD: Great.

17 MS. CEDEROTH: In terms of mitigation and our
18 respective natural resources I know you've heard from my
19 colleague, Mark McLoughlin previously, to approve the
20 procurement of 500 acres of habitat at the Lazy K Ranch.
21 This is habitat that's connected to other habitat areas and
22 other conservation areas, which is a deliberate approach
23 that the Authority is taking in terms of natural resources
24 mitigation. This is looking at resource mitigation from
25 the regional scale, rather than from a piecemeal

1 perspective.

2 By taking this regional scale approach and
3 process and consulting and engaging with local experts as
4 to determine regionally significant contributions to
5 fulfill mitigation, we're taking that much more robust
6 approach to mitigation than a piecemeal approach.

7 You've also heard from my colleague, Melissa
8 DuMond, the Director of Planning and Integration, on the
9 investments we're making already in our station
10 communities. And the work that we're engaged with, with
11 our partners, to determine and develop a set of investments
12 at each station based on the principles of good access,
13 operational efficiency, and setting a high bar on
14 development potential at and around the station.

15 So even if you never ride the train, these
16 investments will transform these cities enriching the urban
17 districts with walkable, bikeable, transit-rich networks
18 that benefit every community member through access to
19 destinations, and mobility and economic development
20 opportunities, again even if you never take the train.

21 However we do, of course, build these stations
22 with the object of achieving really excellent ridership.
23 And we've provided planning funding to these communities
24 that enables those cities to incorporate the station into
25 their land-use scenarios and leverage this major public

1 investment to achieve the infill development with
2 affordable housing and compact walkable streets and a mix
3 of uses that brings riders to our system and reduces
4 pressure on development elsewhere.

5 We've also heard a lot today about jobs and jobs
6 training. That's a very strong need in the Central Valley
7 and elsewhere in California. And the Small Business Team
8 and Title 16s are, of course, hard of work engaging with
9 hundreds and thousands of community members providing
10 information on how to participate in the system and how to
11 access jobs training and workforce development
12 opportunities associated with the system.

13 So the action today is to adopt a revised
14 sustainability policy, which we've revised to identify
15 material sustainability and other actions in response to
16 stakeholder feedback we received when we did a materiality
17 assessment, as well as feedback, Board Member direction,
18 executive orders and recent regulations.

19 Some of those policy updates as I mentioned,
20 include having zero net Scope 1 greenhouse gas emissions
21 and criteria pollutant emissions from construction,
22 extending the use of environmental products declarations --
23 we already require these in CP4 -- and taking this step is
24 actually quite significant to the industry. There's no
25 other infrastructure project that's required this. But by

1 requiring this, we're revealing information about the
2 materials we have already in use on the project and can
3 move to improve on those materials choices.

4 The policy also commemorates the 100 percent
5 renewable energy for operations goal. It incorporates some
6 of the scenarios and analysis done to date on climate risk
7 in assessing how various climate scenarios -- what that
8 relationship is to the rail infrastructure and how to
9 mitigate that risk. It also looks at our energy net
10 positive design criteria and the requirements for LEED
11 platinum facilities, as well as our reinforcement of water
12 conservation and efficiency elements.

13 And finally, across the program we're focusing
14 efforts on identifying meaningful community needs that can
15 be addressed through our programs and approaches. And as
16 you'll hear more about in our presentation on greenhouse
17 gas emissions, we're looking not just at programs such as
18 those at CAL FIRE, where we can deliver sequestration
19 through tree planting, but other community benefits and
20 addressing community needs that achieve greenhouse gas
21 emissions reductions.

22 I'd like to take any further questions you have.

23 CHAIRMAN RICHARD: All right. I'll have one
24 comment, but let me just go down the list. Director
25 Schenk?

1 BOARD MEMBER SCHENK: Thank you. Thanks,
2 Margaret.

3 I'd like to go back to the station communities?

4 MS. CEDEROTH: Yes.

5 BOARD MEMBER SCHENK: Working with our partners,
6 so over 35 years many of us have had the opportunity to see
7 the development around stations in other countries: Japan,
8 Spain, even China. And frankly it's just a remarkable
9 benefit to the communities that have stations and right
10 around the stations too.

11 And so my question is what are some of the
12 lessons learned from these other places that have worked on
13 station communities? What are some of the top three
14 positive lessons and the top three negative lessons that we
15 have learned from these other places?

16 MS. CEDEROTH: Well, I'd say those top three
17 lessons are connectivity and multimodal access making sure
18 that it's a seamless, transparent connection for folks
19 moving from high-speed rail to other transit and first-
20 mile, last-mile choices.

21 I think we also see that making the station a
22 destination for more than just taking the train means you
23 derive greater activity and benefit from that station
24 investment --

25 BOARD MEMBER SCHENK: What does that mean?

1 MS. CEDEROTH: What does that mean?

2 BOARD MEMBER SCHENK: Yeah.

3 MS. CEDEROTH: It means embedding the station
4 with -- well one, making it very transparent for the rider.
5 I think that's a key lesson, right? We want people to
6 easily get to their train and know absolutely where to go
7 and sort of move seamlessly through the station.

8 But we know that this investment in these
9 communities can really be leveraged if we look at other
10 activities at the station, other business opportunities at
11 the station, so that folks could come to shop or to have
12 business meetings and things like that. That's that
13 element.

14 BOARD MEMBER SCHENK: And that's two. Okay, I'll
15 give you two, but how about other -- on the negative?

16 MS. CEDEROTH: On the negative side, I think
17 they're twinned, right? We've seen stations which have not
18 necessarily integrated well into the surrounding urban
19 fabric and stand a little bit apart. And so we're working
20 very hard with our local partners to make sure that there's
21 complementary land uses around the station to complement
22 what's happening at the station.

23 And so I'd say that is one negative. Two, I'd
24 say that again is twinned with the ease of use of the
25 station. You know, I'm sure we've all had experience in

1 rail stations and airports where it's confusing, you don't
2 know where to go, you don't know how to get to your gate or
3 your train, the train platform. And so we've really taking
4 that on board as a key negative lesson to make sure we
5 address.

6 BOARD MEMBER SCHENK: Thank you.

7 MS. CEDEROTH: Yes.

8 CHAIRMAN RICHARD: Questions? (Indiscernible)
9 okay.

10 BOARD MEMBER LOWENTHAL: Thank you for such a
11 comprehensive report. I'm very impressed. But I am
12 curious about the energy net positive design, but in all of
13 this is there an opportunity to produce renewable energy
14 where the train is going?

15 MS. CEDEDROTH: Yes. I'm sorry we --

16 BOARD MEMBER LOWENTHAL: Not for our own
17 purposes, but for communities that we serve along the
18 route.

19 MS. CEDEDROTH: Yes. And I'm sorry that we
20 didn't have you at our January Board meeting where we
21 talked about renewable energy in more detail.

22 We're updating the renewable energy policy, but
23 to answer your question we do work with station communities
24 to specifically explore ways that excess energy we produce
25 at the station can be used in surrounding development by

1 looking that much more sort of micro grid or district scale
2 approach.

3 So we're investigating that. Of course, that's a
4 lot of engagement with local partners to make sure that
5 works well.

6 And then in terms of the overall policy, its 100
7 percent renewable energy for the traction power and station
8 functions. Stations, as you know, can tell their own net
9 zero energy story, right? They can be very efficient and
10 produce energy onsite. And then elsewhere, we'll look for
11 opportunities to procure renewable energy to feed into the
12 California Grid.

13 BOARD MEMBER LOWENTHAL: Thank you.

14 CHAIRMAN RICHARD: Okay. I know Mr. Curtin was
15 waiting, so let me just go to Director Curtin next.

16 BOARD MEMBER CURTIN: Yeah, I'm curious about the
17 climate change issues.

18 MS. CEDEDROTH: Yes.

19 BOARD MEMBER CURTIN: And how you -- what
20 adaptations are you thinking about or could you give us
21 some examples of what you'd be talking about there, because
22 -- particularly in the Central Valley, which is really
23 feeling the effects in a variety of ways.

24 MS. CEDEDROTH: Yes. I think temperature
25 subsidence and, of course, more intense precipitation

1 events are what -- some of the key concerns in that area.
2 And so we're still at the early stages of assembling
3 meaningful data and understanding that relationship to the
4 proposed alignment.

5 But we would be looking at the sizing of culverts
6 to make sure they accommodate more intense rain events.
7 The engineering team, I know, has taken a very deep and
8 detailed look at the subsidence issue in making sure that
9 the infrastructure is able to adjust as that condition
10 adjusts as well. So we'd be looking at either design
11 adaptation features or there's features that really pertain
12 to operations, right? We know an event has a likelihood of
13 happening and so we want to be able to appreciate that we
14 have what we need in place to be able to address it.
15 Either to --

16 BOARD MEMBER CURTIN: So have you been working
17 with that complex network of water agencies and flood
18 control districts and such and such to -- hopefully they're
19 working on the same issues?

20 MS. CEDEROTH: They are.

21 BOARD MEMBER CURTIN: I talked to Jeff about this
22 a little bit, but it's kind of a --

23 MS. CEDEDROTH: Yes, we are engaged with that
24 organization. And I should have mentioned more clearly we
25 have a -- California has a unique, very innovative program

1 called the CivicSpark Program.

2 BOARD MEMBER CURTIN: What's it called?

3 MS. CEDEDROTH: CivicSpark.

4 BOARD MEMBER CURTIN: CivicSpark.

5 MS. CEDEROTH: So we have a fellow who is with us
6 through October. She is doing this detailed data
7 collection and analysis. And part of the CivicSpark
8 mission is to provide capacity to local jurisdictions. So
9 she'll be engaging with some of the local communities along
10 the alignment to share the data and analysis that she's
11 done to make sure that we're all sort of looking at the
12 same set of information.

13 BOARD MEMBER CURTIN: Okay. Thank you.

14 MS. CEDEDROTH: Uh-huh.

15 CHAIRMAN RICHARD: Okay. Mr. Rossi, did you have
16 any questions?

17 BOARD MEMBER ROSSI: Yeah, but mine is much more
18 vague than my colleagues. As I read this policy, and as
19 policies that want to do, it's not very specific. Fair
20 enough, but let me just read you a couple of things.

21 I don't know what all-encompassing means. I
22 don't understand, "The Authority's priorities and
23 objectives seek to balance social, economic and
24 environmental issues." Who defines what that is? Who
25 makes the decision that it's balanced?

1 "The Authority will deliver a sustainable high-
2 speed rail system." By when and what exactly is that? How
3 do we measure success?

4 And here's one of my favorite ones, being a
5 finance guy, "We will achieve a self-sustaining financial
6 structure." I have no idea what that is.

7 We talk about reinforce a clean energy economy
8 through the use of onsite renewable energy systems. What
9 would those be? And how does that, in effect, reinforce a
10 clean energy economy?

11 There's a whole series of these things that I'm
12 sure that you have data for. But I can't understand
13 exactly what they mean without -- they're very broad-based
14 statements. And I wouldn't know how to measure them to
15 find out if in fact we were successful.

16 So what I would like is a -- you know, I don't
17 want to hold you up in getting this approved, but I would
18 like at some point, Mr. Chairman, to get a whole series of
19 definitions as to what this actually means.

20 Another one is a statement here that I can't
21 quite figure out which is, "Incorporating sustainable
22 design in construction practice, as well as renewable
23 energy development and deployment, into a project or
24 program from the beginning avoids a historic concern that
25 sustainability requires a higher upfront higher capital

1 investment than more traditional business as usual
2 practices." On its face, it doesn't make any sense. The
3 fact that you do something earlier doesn't make it cost
4 less.

5 So I'm trying to understand some of these items
6 as we move through here. So as I say I understand we're
7 all committed to this exercise, but I would like at some
8 future date, not too far in the future, to get a much
9 clearer understanding of what we're saying we're going to
10 do, so we can measure it. So we can tell the populace that
11 we have, in fact, done these things. So...

12 CHAIRMAN RICHARD: Yeah, if I might? I think
13 that if I could recharacterize what you're saying in my
14 words, not trying to put words in your mouth, but --

15 BOARD MEMBER ROSSI: It wouldn't be the first
16 time. (Laughter.)

17 CHAIRMAN RICHARD: No, I think -- and I certainly
18 applaud this, which is that we -- and I know the staff has
19 put a lot of work into this. And let me also just stop for
20 a moment and say that one of our newest board members,
21 Lorraine Paskett, who can't be here today because of a
22 conflicting Board obligation, told me that she had detailed
23 discussions with Ms. Cederoth and the staff. Ms. Paskett,
24 in a prior life, was Assistant General Manager of LADWP,
25 with sustainability as her primary responsibility. So she

1 was very interested in this as well.

2 And so I think what I'm hearing from Director
3 Rossi is that we should go beyond simply adopting a
4 farsighted policy and really make sure as a Board that
5 we're looking at how that policy would be effectuated and
6 implemented beyond just words.

7 And I know that in consideration of the next
8 item, Ms. Paskett had asked the staff to come back with a
9 more fulsome description of the overall program in, I think
10 60 days, or something like that. And so since that was
11 going to be part my request for that item, I think in that
12 same time period if having perhaps some additional
13 conversations with Director Rossi, if we can have further
14 dialogue about how some of these things can be implemented
15 with greater specificity.

16 And I think that actually puts more oomph into
17 the Board's determination today about adopting this policy.
18 That we're not just adopting a set of words and stopping
19 there, but really wanting to look at how they are
20 implemented.

21 Mr. Morales?

22 CHIEF EXECUTIVE OFFICER MORALES: Yeah, if I
23 could just comment?

24 We have entered into, and signed on to
25 sustainability programs administered by national and

1 international organizations such as the American Public
2 Transportation Association and the UIC. And as part of
3 that, there are reporting protocols for how you can measure
4 sustainability and the progress against them. So that will
5 be part of the report back to you is to give you a sense of
6 what those reports look like.

7 I think we're consistent with how we approach
8 other things. We're trying not to -- well we're trying to
9 be on the leading of what we're doing. We're not trying to
10 create new things where we don't have to. And so we're
11 utilizing existing metrics, accepted standards of how you
12 measure these types of things. So we can be measured
13 against others as well, not just against our own
14 commitments, but against how others are performing. So
15 we'll include that in the update that we provide.

16 VICE CHAIR RICHARDS: So you will likely -- you
17 can simply addend that information to the report? It makes
18 it easier for the public and for us to act on it. I think
19 that's a perfect --

20 BOARD MEMBER ROSSI: Yeah, it's a great idea.

21 CHAIRMAN RICHARD: Terrific, okay.

22 BOARD MEMBER ROSSI: And if I might,
23 Mr. Chairman, because I had a second question. And I don't
24 know if this is the right -- if you're the right individual
25 to ask. But as you look at these items that we say we're -

1 - that we're committed to doing, that I would wonder if we
2 have budgeted for these kinds of things and where those
3 budgets are and if they're enough?

4 Now, I wasn't at the last Board meeting, but
5 clearly we had -- well, I shouldn't say clearly. I may say
6 this wrong and Jeff will correct me -- I think it was \$12
7 million for however many trees. And now we have a plan
8 here for half that amount. And I don't understand.

9 Number one, I find 12 million as an abatement
10 budget for a \$68 billion project somewhat well,
11 incredulous. But it doesn't mean it isn't right, because
12 you may only be filling a gap depending on what all these
13 other things are. But I think we need to be clear about
14 and if 12 was right at the last meeting why is 6 right now?
15 Or as a result of whatever the decision was, we cut the
16 benefits in half. And we're going to get the other half of
17 those benefits when we spend the other half of that money.

18 But I think we need to make that clear before we
19 approve that.

20 CHAIRMAN RICHARD: Yes. And I think that also
21 was also part of Director Paskett's request on the other
22 item that we move forward with the no regrets strategy on
23 some immediate greenhouse gas reductions as the staff comes
24 back with a broader discussion of the program there.

25 And if I might, Director Rossi, I think I would

1 just suggest that if the staff could just roll that
2 discussion in, of the overall budget associated with the
3 overall budget associated with those policies that would be
4 great if that's satisfactory.

5 BOARD MEMBER ROSSI: If it works for them, it
6 works for me.

7 CHIEF EXECUTIVE OFFICER MORALES: A few quick
8 comments on that -- and we had some of this discussion last
9 month.

10 What Meg reported on were a combination of things
11 that we're doing strictly as a matter of required
12 mitigation through permitting or the regulatory or the
13 environmental approval process. And then other things that
14 we're doing above and beyond what's required, as a matter
15 of policy and public good, and some of those have a direct
16 cost attached and some do not.

17 So for instance the Tier 4 equipment requirement
18 is something we've incorporated into the contracts, so
19 that's been borne by the contractors. Obviously, we see
20 that reflected in the bids, but it's not a discrete cost.

21 There was a meeting yesterday that -- the White
22 House Council on Environmental Quality held a meeting on
23 mitigation efforts and featured -- our program is the only
24 program that it featured for what we're doing on
25 mitigation, the types of things that Mark is overseeing in

1 our regional mitigation program. And that's a \$200 million
2 effort initially on that. It gives you a better sense of
3 what we're doing to scale, of what we're doing on a
4 mitigation basis with the -- and we'll talk about this in
5 the trees, when talking about trees.

6 But yeah you're right, the initial proposal was
7 for 12. That was a calculation made on a direct one-for-
8 one offset of GHG. What we're coming back and proposing is
9 a scaled back, but phased approach to doing that.

10 So it does not mean that that's the end of it.
11 It's just at this point based on discussions with some
12 Board Members, Ms. Paskett in particular, she wanted us to
13 take a step approach to implementing that program and see
14 if there are other things we could do in complementing the
15 tree planning. And so that's why we're taking that step.

16 MS. CEDEROTH: Uh-huh, exactly.

17 (Off mic colloquy)

18 BOARD MEMBER ROSSI: That 200 million you just
19 mentioned, that's money we will expend?

20 CHIEF EXECUTIVE OFFICER MORALES: Yes. And that
21 is budgeted. And that's part of -- again that comes out of
22 the environmental approval process and the permitting
23 requirements. So that's shown in the budget, it's carried
24 in the budget for each segment. And we can walk through
25 all of that when we come back with our report.

1 MS. CEDEROTH: Yes, uh-huh.

2 CHAIRMAN RICHARD: Okay. Other questions, other
3 members? All right, this is an action item, so.

4 BOARD MEMBER SCHENK: Make a motion?

5 CHAIRMAN RICHARD: Please.

6 BOARD MEMBER SCHENK: So moved.

7 CHAIRMAN RICHARD: Okay, moved by Director
8 Schenk.

9 BOARD MEMBER ROSSI: Second.

10 CHAIRMAN RICHARD: Seconded by Director Rossi.
11 Secretary, please call the roll.

12 MS. NEIBEL: Director Schenk?

13 BOARD MEMBER SCHENK: Yes.

14 MS. NEIBEL: Vice Chair Richards?

15 VICE CHAIR RICHARDS: Yes.

16 MS. NEIBEL: Director Rossi?

17 BOARD MEMBER ROSSI: Yes.

18 MS. NEIBEL: Director Correa?

19 BOARD MEMBER CORREA: Yes.

20 MS. NEIBEL: Director Curtin?

21 BOARD MEMBER CURTIN: Yes.

22 MS. NEIBEL: Director Lowenthal?

23 BOARD MEMBER LOWENTHAL: Yes.

24 MS. NEIBEL: Chair Richard?

25 CHAIRMAN RICHARD: Yes.

1 Thank you, that was good.

2 MS. CEDEROTH: Thank you.

3 CHAIRMAN RICHARD: Next item, we're just rolling
4 into --

5 MS. CEDEROTH: We're rolling into --

6 (Colloquy between Board and staff.)

7 CHAIRMAN RICHARD: Instead of doing the entire
8 presentation, if that's okay, can we just talk about any
9 modification from what was presented last time?

10 MS. CEDEROTH: Yes, absolutely. I'm going to put
11 this up. It sort of frames the discussion for you
12 somewhat.

13 CHAIRMAN RICHARD: Oh, yeah.

14 MS. CEDEROTH: So we were asked to revisit the
15 program and kind of understand what it covered. And this
16 is a picture of your greenhouse gas emissions boundary for
17 construction. What we talked about in the sustainability
18 presentation are the actions that are (indiscernible)
19 already undertaken to reduce that budget. And what we're
20 left with are the Scope 1 emissions that we proposed to
21 begin offsetting through a tree planting program.

22 This is to cover the existing construction
23 packages, Construction Packages 1 through 4. And then
24 we'll investigate other programs that provide community
25 benefits --

1 CHAIRMAN RICHARD: Okay.

2 MS. CEDROTH: -- on greenhouse gas reductions.

3 CHAIRMAN RICHARD: Good. Ms. Schenk?

4 BOARD MEMBER SCHENK: My only question was Member
5 Paskett's -- were her concerns addressed to her
6 satisfaction?

7 CHAIRMAN RICHARD: Yeah, she talked to me about
8 it. And what she said was that she supports this notion of
9 moving forward at this point and asked that the staff then
10 come back to us with a broader program.

11 BOARD MEMBER SCHENK: Okay.

12 CHAIRMAN RICHARD: So that's fine. And then let
13 me also announce, for the record, that Vice Chair Richards
14 stepped out because as he announced last time he has a
15 commercial relationship with CAL FIRE through a lease
16 agreement. And so he's recusing himself.

17 BOARD MEMBER SCHENK: So moved.

18 CHAIRMAN RICHARD: Okay, other questions? Moved
19 by Director Schenk.

20 BOARD MEMBER ROSSI: I'll second.

21 CHAIRMAN RICHARD: Second by Director Rossi.
22 Secretary, please call the roll.

23 MS. NEIBEL: Director Schenk?

24 BOARD MEMBER SCHENK: Yes

25 MS. NEIBEL: Director Rossi?

1 BOARD MEMBER ROSSI: Yes.

2 MS. NEIBEL: Director Correa?

3 BOARD MEMBER CORREA: Yes.

4 MS. NEIBEL: Director Curtin.

5 BOARD MEMBER CURTIN: Yes.

6 MS. NEIBEL: Director Lowenthal?

7 BOARD MEMBER LOWENTHAL: Yes.

8 MS. NEIBEL: Chair Richard?

9 CHAIRMAN RICHARD: Yes.

10 Thank you, Ms. Cederoth. Mr. McLoughlin, thank
11 you. I know a lot of work went into to that.

12 Okay. Next item is the Right-Of-Way Acquisition
13 Update and Progress Report. And then we'll just combine
14 that, Mr. Glen, with item five which is the proposal to
15 consider the amending the existing contracts for right-of-
16 way services.

17 MR. GLEN: Yes. Good morning Chairman Richard,
18 Members of the Board, CEO Morales. Alan Glen, the Director
19 of Real Property here to report on action item -- or agenda
20 items four through six.

21 So initially the first area is a Right-Of-Way
22 Program Update, which is an information item. The slide
23 that's in front of you here is not meant to teach you all
24 the steps of right-of-way, but rather to demonstrate the
25 significant complexities in the process that are required

1 in order to meet multiple state and federal laws.

2 We have also multiple state agencies involved in
3 the process --

4 CHAIRMAN RICHARD: I sense Mr. Rossi's question
5 of who's in charge?

6 MR. GLEN: Right. The agencies include the
7 Department of General Services, Department of Finance,
8 Public Works Board and we have Caltrans legal support
9 providing eminent domain processing.

10 The important thing though is that the process is
11 well defined. The circles on the graph represent 40
12 different locations --

13 CHAIRMAN RICHARD: That might be the
14 understatement of the year, Mr. Glen.

15 MR. GLEN: -- that we track dates in order to
16 manage the overall flow of the parcels through the process.
17 This also allows us to provide reporting to management as
18 well as to the Board.

19 (Colloquy between Board and staff.)

20 This slide demonstrates the nearly 1,500 parcels
21 that are required to deliver CPs 1 through 4. Over time
22 the number of parcels has continued to increase due to
23 design refinements, alternative technical concepts, which
24 are sometimes referred to as ATCs. These ATCs are proposed
25 by the design-builder as part of their proposal. And it's

1 a modification to the proposed design, which is
2 functionally equivalent, however often results in an
3 overall cost savings to the project.

4 The ATCs do sometimes require changes to the
5 right-of-way, but that shouldn't imply that the changes are
6 always increasing the right-of-way. In fact many of the
7 ATCs actually reduce the overall right-of-way, but
8 regardless any change plus or minus to the planned right-
9 of-way does increase the additional support services needed
10 to deliver those parcels. And we do expect, in the coming
11 weeks to receive some additional parcels coming from the CP
12 2-3 teams, so we will have more than 1,500 parcels in the
13 program.

14 This slide indicates the significant progress
15 that we've made over the last year. In 2014, we had
16 delivery of just 95 parcels total. And with many process
17 improvements that we've implemented during calendar year
18 2015, we've increased the delivery to 457 parcels during
19 the calendar year. So the combined total at the end of
20 2015 was 552 parcels. As of March 4th, the current number
21 sits at 624 parcels.

22 This delivery pace as you've seen in recent
23 months continues to improve. And we would expect that we
24 can sustain that delivery pace in 2016 and beyond.

25 The following two slides are progress graphs that

1 are utilized by the Finance and Audit Committee to report
2 out on the progress for Construction Packages 1 and
3 Construction Package 2-3.

4 Just as a quick orientation, the light green line
5 is the original contract Addendum 9 planned Acquisition
6 Plan Graph. The dark blue line is a rebase-lining that
7 occurred in December of 2014. That line continues to be
8 modified in order to reflect the additional parcels that
9 come into the program. The mustard line is the actual
10 delivery graph to date, so through January 31st, we had 428
11 parcels. And then the dashed green line that extends from
12 that is the forecast that we anticipate from the
13 consultants as they update the program weekly.

14 So you can see early on in comparing the green
15 line and the mustard-colored line, we had a very late
16 start. This is due to a variety of reasons. We have made
17 a lot of adjustments in the program. And you can see that
18 the slope of the line has improved drastically. And we
19 expect to catch the original plan by the middle of 2016.

20 In CP2-3, we have the good fortune to get out
21 ahead of it a little bit. You can see that we actually
22 were delivering parcels well before the planned acquisition
23 line, which is represented in the dark blue. But the
24 planned acquisition line was really shown to be far too
25 aggressive and too steep in terms of the delivery rate.

1 And so we have crossed under, and are slightly trailing
2 behind, in terms of the total number of parcels.

3 The good news however though, in CP2-3 we have
4 delivered most of the parcels needed in the northern ten
5 miles of the project that will enable eight bridges to go
6 to construction in calendar year 2016.

7 We continue to partner closely with the design
8 builders for both CP1 as well as CP2-3 to identify those
9 critical parcels needed to not only initiate construction
10 in multiple locations, but also to continue to sustain it,
11 once they get started. We will be adding a similar graph
12 for CP4 in the coming months.

13 So a little bit about the lessons learned. We
14 must learn from our past mistakes that occurred in CP1 and
15 make sure that we never repeat them. Keep in mind that
16 we're a new state agency. We had to develop policies and
17 procedures. We had to develop a tracking and management
18 tool system. And we had to develop those new relationships
19 with other state agencies to effectively deliver the
20 overall parcels.

21 We had to hire consultants. And we had to train
22 and develop them to represent the Authority the way we want
23 them to operate. And we listened to our customers and
24 stakeholders to adapt and improve overall and we continue
25 to do that today.

1 While most of the growing pains are behind us, we
2 must continuously look for process improvements and
3 eliminate the bottlenecks that slowed delivery. We have
4 to anticipate the adequate resources that align with
5 upcoming workload. And anticipate when adjustments are
6 needed. We're doing all this now and the results, as I've
7 indicated, have improved.

8 Looking at some of the future segments beyond CP1
9 through 4, there are some improvements that I believe we
10 should look at seriously. Right-of-way staff is getting
11 involved in many of the upcoming environmental documents to
12 assist with those teams in the alignment studies, so that
13 we minimize the number of complex acquisitions that would
14 be required as those tend to drive the overall delivery
15 schedule.

16 We also would like to clear a slightly wider
17 footprint, because as we've seen in the initial CP1 through
18 4, as design builders come in and recommend slightly
19 modified designs it does sometimes require us to back to
20 some of the property owners and acquire very narrow slivers
21 in order to accommodate those new designs.

22 As the Board considers and adopts preferred
23 alternatives we would also like to initiate the appraisal
24 mapping, get the appraisals well under way and nearly
25 complete, so that at the time of environmental

1 certification we'll be ready to begin first written offers
2 with the property owners. We will continue to increase the
3 partnering efforts as been discussed on the other slides.

4 So with that, that concludes the informational
5 part of the presentation, and if there's any questions?

6 CHAIRMAN RICHARD: Well, thank you Mr. Glenn.
7 Thank you for your hard work on this. This has been a very
8 tough, tough assignment. And by all accounts, you've been
9 very productive and very good at this. So thank you.

10 MR. GLEN: Thank you.

11 CHAIRMAN RICHARD: Colleagues, are there
12 questions for Mr. Glen?

13 Ms. Lowenthal.

14 BOARD MEMBER LOWENTHAL: Where do we stand with
15 the railroads in terms of right-of-way?

16 MR. GLEN: We have a number of railroad
17 agreements that have been put in place. They have a
18 variety of titles. We have an EA (phonetic) with UPRR that
19 is mainly up and down the rail corridor that did allow us
20 to transfer ten parcels to CP1 design-builder in 2015. We
21 do have other agreements that are for the overcrossings
22 within CP1 with UPRR.

23 In order to transfer those rights and give the
24 ability for the design-builder to construct, they have to
25 complete what is referred to as a Construction and

1 Maintenance Agreement. And so that onus on is on the
2 design-builder and owner to complete that process.

3 So we're working through a similar process now
4 with UPRR in other parts of the project. And we were also
5 negotiating with BNSF in terms of laying out their
6 agreements as well. Frank Vacca, our Chief Project
7 Manager, is the one responsible for those negotiations.

8 CHAIRMAN RICHARD: Okay. Ms. Schenk?

9 BOARD MEMBER SCHENK: Yeah, just thank you for
10 the telephonic briefing. That was very helpful and
11 appreciated at the time.

12 MR. GLEN: You're welcome.

13 BOARD MEMBER SCHENK: And as I -- this really
14 applies to 5 and 6 as well, so just to sort of shortcut it.
15 We heard from members of the public in the past about
16 right-of-way agents not treating members of the public with
17 respect and dignity. And all of us were troubled by that.

18 I can see that you've touched on training, but I
19 want to make sure that we have a way of getting feedback
20 from members of the public. And as I had suggested maybe
21 we hand out a, "How am I driving card?" to people who are
22 being talked to by agents or contacted by agents, so that
23 we can get feedback on how they're being treated.

24 MR. GLEN: Yes, I think your suggestion is spot
25 on. We should put out some sort of customer survey in

1 terms of the process and how they believe that they've been
2 handled.

3 We do occasionally get some sort of feedback
4 either through a letter or phone call. And we take all of
5 those, if they're complaints we take them very seriously.
6 If they are compliments we receive them well, as well.

7 But I have -- since I've been on board I have had
8 four occasions where an agent wasn't representing us the
9 way we intended for them to be representing us, so we have
10 removed them from the project. Or in a couple of cases
11 we've worked with them to change their approach and allowed
12 them to continue, but we monitor them very closely.

13 CHAIRMAN RICHARD: You send them to a North
14 Korean reeducation camp or what do we do?

15 MR. GLEN: Well, in a couple of cases we actually
16 had to remove them from the job, so.

17 CHAIRMAN RICHARD: My colleagues are embarrassed
18 by me, so that's not the first time.

19 VICE CHAIR RICHARDS: But not surprised.

20 CHAIRMAN RICHARD: But not surprised, other
21 questions for Mr. Glen at this point? Okay.

22 Why don't we roll into the next two items?

23 MR. GLEN: Thank you, yes.

24 Agenda item five is to consider amending the
25 existing contracts for right-of-way engineering and serving

1 support services. So these are serving types of contracts.

2 The Board did authorize, in 2014, \$16 million for
3 right-of-way engineering contracts. We initially hired
4 five firms at \$3.2 million each. One of those five firms
5 did terminate their contract with mutual consent. So we
6 have just four current contracts remaining. Those four
7 current contracts are set to expire in 2018. The scope of
8 work for these contracts covers surveying work needed to
9 define the parcels including boundary work, legal
10 descriptions, title research, and associated condemnation
11 support.

12 The proposal before you today is requesting
13 authority to augment those current four contracts by a
14 total of \$10 million. No one firm would receive more than
15 \$3.5 million of the additional work.

16 We're also requesting a time extension of the
17 contract term by two years to take it to 2020.

18 These contracts would remain focused on
19 completing the CP1 through 4 project work. A separate RFQ
20 would be issued under our delegated authority for the
21 extensions to Bakersfield to the south and up to Merced to
22 the north. And that contract would also support limited
23 early acquisition parcels that might be identified such as
24 hardships or other opportunities to acquire parcels before
25 they develop and increase the overall cost to the

1 Authority.

2 CHAIRMAN RICHARD: Questions on this?

3 MR. GLEN: Well, I've got to keep going.

4 The additional capacity needed to handle the new
5 work associated with design refinements, the ATCs
6 condemnation support, that was not anticipated in a
7 previous procurement. The time extension is needed to
8 complete the scope of work envisioned. And the large
9 advantage of extending these contracts is to maintain the
10 momentum of delivery, retain the institutional memory,
11 benefit from utilizing the consultants that already know
12 our standards and can deliver more efficiently.

13 Each contract would require an amendment to
14 incorporate the new terms. And then as the work is
15 identified it would be assigned via task orders.

16 The last slide related to this item is just a
17 summary slide that shows the remaining capacity, the
18 requested addendums. And I'll leave it at that, so any
19 questions?

20 CHAIRMAN RICHARD: Okay.

21 VICE CHAIR RICHARDS: Could you go back to that
22 last slide one more time, Alan?

23 MR. GLEN: Sure.

24 VICE CHAIR RICHARDS: Thank you.

25 CHAIRMAN RICHARD: Tom, did you have a question?

1 Did you have a question or do you just want to see the
2 slide again?

3 VICE CHAIR RICHARDS: Yeah, I just wanted to see
4 the slide. Thank you.

5 CHAIRMAN RICHARD: Okay. All right, now are
6 there questions on this?

7 BOARD MEMBER ROSSI: Yeah, I have a question, but
8 you go ahead.

9 VICE CHAIR RICHARDS: Just a couple of questions,
10 Alan. Can you just go over where the estimate came from
11 for the \$10 million? How did you arrive at the \$10 million
12 numbers being adequate?

13 MR. GLEN: Okay. So for both action item five as
14 well as six, we did compare the original scope of work that
15 was included in past authorities. And we've -- as I
16 indicated in the earlier presentation, we've increased the
17 number of parcels from approximately 1,000 parcels for CP1
18 through 4 by another 500 to date.

19 In addition, there's another 420 parcels or so
20 between the southern extension down to Bakersfield as well
21 as the northern extension up to Merced, not including the
22 Wye.

23 And so, as we looked at that number of parcels
24 and the work that remains to be completed we came up with
25 an overall comprehensive analysis to justify the

1 expenditures.

2 VICE CHAIR RICHARDS: Okay. Jeff, how's this
3 being treated in the budget and are we -- what's the
4 threshold? This is an extension as opposed to a new
5 procurement I understand, so what's the threshold there?
6 Are we on firm ground with regards to doing this?

7 CHIEF EXECUTIVE OFFICER MORALES: Yes, we are.
8 And the reason we're coming to the Board is it exceeds the
9 delegated authority. Otherwise we could do this under
10 delegation and so we're coming to the Board because of
11 that.

12 VICE CHAIR RICHARDS: Okay.

13 CHIEF EXECUTIVE OFFICER MORALES: But Counsel
14 has reviewed and confirmed that this is appropriate to
15 proceed this way.

16 And on the budgeting issue, Alan can speak in
17 more detail within the overall right-of-way budget, for the
18 Valley.

19 MR. GLEN: Right. We are able to fit this within
20 our current overall approximately \$800 million budget for
21 right-of-way.

22 VICE CHAIR RICHARDS: Okay. Okay, thank you.

23 CHAIRMAN RICHARD: Okay, next?

24 BOARD MEMBER ROSSI: Yeah. Tom covered two of
25 mine, so I just have one.

1 When you look at how you're going to allocate the
2 new dollars, Alan, have you ranked these players? Is it
3 all going to be -- I mean, you said no one will get more
4 than 3. Wouldn't we want to give the most money to the
5 people who perform the best?

6 MR. GLEN: Yeah, well it's a combination of who
7 has the best performance records as well as the overall
8 capacity. Some of the teams are a little smaller than the
9 other teams. And who has current work assignments that
10 might influence their ability to take on additional work
11 assignments.

12 BOARD MEMBER ROSSI: Okay. Thank you.

13 CHAIRMAN RICHARD: Other questions?

14 Without objection, I think we'll just have Mr.
15 Glen present the next item and then we can just have a
16 single vote on both of them, because I can't imagine that
17 people would want to vote differently on them. But hearing
18 none, we'll proceed that way.

19 MR. GLEN: Okay, so agenda item six --

20 (Off mic colloquy regarding procedure.)

21 CHAIRMAN RICHARD: Okay. Well, I did hear an
22 objection and it came from our General Counsel, so given
23 that I overrule myself on that ruling from the Chair. And
24 let's see if we have a --

25 BOARD MEMBER ROSSI: So moved.

1 BOARD MEMBER CORREA: Second.

2 BOARD MEMBER ROSSI: Not that you're overruled,
3 so moved for Alan's request.

4 CHAIRMAN RICHARD: Okay. So it was moved by
5 Mr. Rossi and was seconded somewhere -- by Director Correa.

6 Will the Secretary please call the roll?

7 BOARD MEMBER CURTIN: So this is on item five?

8 CHAIRMAN RICHARD: This is on item five. Okay.

9 MS. NEIBEL: Director Schenk?

10 BOARD MEMBER SCHENK: Yes.

11 MS. NEIBEL: Vice Chair Richards?

12 VICE CHAIR RICHARDS: Yes.

13 MS. NEIBEL: Director Rossi?

14 BOARD MEMBER ROSSI: Yes.

15 MS. NEIBEL: Director Correa?

16 BOARD MEMBER CORREA: Yes.

17 MS. NEIBEL: Director Curtin?

18 BOARD MEMBER CURTIN: Yes.

19 MS. NEIBEL: Director Lowenthal?

20 BOARD MEMBER LOWENTHAL: Yes.

21 MS. NEIBEL: Chair Richard?

22 CHAIRMAN RICHARD: Yes.

23 I just want the record to show that our General
24 Counsel actually requires us to follow procedures, which is
25 a good thing.

1 Okay. Let's move on to the next item, Mr. Glen.

2 MR. GLEN: Okay. Agenda item six is to consider
3 releasing a request for proposals for additional right-of-
4 way services. And then it's important to note that these
5 services are completely different than the previous action
6 item as these services relate to appraisal and acquisition
7 services as opposed to the surveying services mentioned
8 before.

9 This RFP would anticipate awarding to multiple
10 firms for a total authorized amount not to exceed \$44
11 million. Because of the lengthy procurement process and
12 the anticipated work load coming in the near term, this
13 proposal also requests authority to move up to \$10 million
14 of the total \$44 million request to augment the current
15 2014 contracts that are on board for similar services.

16 The proposed contracts would be for five year
17 terms. And the scope of work includes hazardous material
18 testing, appraisals, acquisition services, relocation
19 assistance for residential and businesses that may be
20 displaced and other services that may be needed to fulfill
21 delivery of right-of-way.

22 These contracts are needed to handle the
23 additional workload associated with the design refinements,
24 ATCs, and condemnation support. As indicated in the
25 earlier presentations the parcel count has grown

1 significantly.

2 These contracts will also cover the geographic
3 limits of CP1 through 4 plus extensions to Merced and
4 Bakersfield, which were also identified in the 2014
5 procurement. However, the proposed alignment to
6 Bakersfield is anticipated to be revised with the upcoming
7 environmental update. There are more than 500 additional
8 parcels than were identified in 2014 in the additional 420
9 for these extensions.

10 So this slide summarizes the previous two
11 procurements. There are four 2011 contracts remaining with
12 the capacity of about \$4 million remaining. These
13 contracts expire June 30th of this year. And we may not be
14 able to fully utilize the capacity in those contracts.

15 There are seven remaining 2014 contracts. We did
16 start with eight, but one of the firms terminated their
17 contract and ceased operations in California. The total
18 capacity remaining in these contracts is about \$10 million
19 and they are due to expire in 2018.

20 This requested authority would add multiple
21 contracts totaling \$44 million. And again, if needed up to
22 10 of that 44 would be used to augment the 2014 contracts.

23 So are there any questions?

24 CHAIRMAN RICHARD: Questions for Mr. Glen?

25 VICE CHAIR RICHARDS: Yes, thank you,

1 Mr. Chairman.

2 Alan, again the same -- so this is all within the
3 budget for right-of-ways?

4 MR. GLEN: Yes.

5 VICE CHAIR RICHARDS: You know one of the things
6 that I've thought about, Jeff. I'm just wondering when we
7 look at all these action items one thing that would seem to
8 me that may be beneficial for us is, because a budget
9 always comes into mind, is just to have a small section in
10 each presentation that identifies the implications on
11 budget.

12 BOARD MEMBER SCHENK: Oh, good idea.

13 CHAIRMAN RICHARD: Yeah, I think that's right.

14 And I guess I would just add to that that it
15 might be efficient to in the transmittal have a sign-off
16 from whoever is responsible for that, whether it's Mr. Fong
17 or whatever. And if there's legal issues a sign-off from
18 Mr. Fellenz. That way when the packages get here we know
19 they've been through that process and we can go forward.

20 VICE CHAIR RICHARDS: We don't need to ask the
21 question, and it also provides clarity for the public.

22 CHIEF EXECUTIVE OFFICER MORALES: Absolutely, I
23 think you'll see in this memo on page 2 there is a sentence
24 that speaks to that, but it's kind of buried in there. So
25 we'll work on a format that pulls it out very explicitly

1 and provides for this sort of sign-off.

2 VICE CHAIR RICHARDS: Okay. Thanks, Jeff.

3 CHAIRMAN RICHARD: Other questions?

4 BOARD MEMBER ROSSI: Yeah.

5 CHAIRMAN RICHARD: Okay, Director Rossi?

6 BOARD MEMBER ROSSI: The same questions, as you
7 look at these in our existing contractees we make decisions
8 predicated on performance as well?

9 MR. GLEN: Yes, similar to the previous response,
10 it'll be a combination of performance, which is considered
11 as part of the scoring in the RFP process as well as their
12 capacity in terms of number of agents that are available to
13 the project, and their current workload.

14 BOARD MEMBER ROSSI: And a second question, Alan,
15 is when you look at this as you get this additional
16 staffing, that will lead to assuring hopefully -- I mean,
17 no one controls 100 percent of anything here -- but
18 ensuring that we will continue to get the right aggregation
19 of parcels in order to not forestall a need in any of the
20 construction that's taking place up and down the line.

21 MR. GLEN: Yeah, that's correct. While we manage
22 the overall delivery of all the parcels by construction
23 package, we also have a separate management strategy
24 focused around the critical parcels needed to not only
25 start construction, but then also sustain construction once

1 it's started.

2 And so we're meeting with each of the
3 construction teams weekly to discuss those critical parcels
4 in terms of the progress. And as we pick those off of the
5 critical list then we ask them for the next set of critical
6 parcels that are needed to continue and sustain that
7 construction.

8 BOARD MEMBER ROSSI: Thank you.

9 CHAIRMAN RICHARD: Director Curtin?

10 BOARD MEMBER CURTIN: Just as sort of a brief
11 comment, and maybe a question, I'm not quite sure. Part of
12 the additional effort that you need to make has to do with
13 the alternative technical concepts, which is also part and
14 parcel with bringing the costs down. But while we look at
15 these independently, it's always disturbing to see added
16 cost to anything that we're doing. But if the added costs
17 actually adds up to be reduced costs we might -- I don't
18 know if you could actually put that sort of analysis in
19 there, but it certainly helps for me to be happy with the
20 changes, to know that they're part and parcel of bringing
21 down the overall costs.

22 And the idea of getting these things done as
23 expeditiously as possible is becoming more and more
24 critical, especially on CP1, 2, 3 and 4, because of some of
25 our timelines that we have to meet. So while it may look

1 like we're actually moving up in our budget, we hopefully
2 will be bringing our overall costs down and meeting other
3 goals that we have to meet under a pretty strict timeline.

4 So in the presentation I just don't get the sense
5 of all that, but I kind of get it, you know?

6 MR. GLEN: Yeah, I did try to highlight that some
7 of the ATCs, while some do add some parcel requirements, a
8 lot of them actually reduce the amount of right-of-way. We
9 had a partnering meeting with CP4 and they were reporting
10 an overall savings of nearly 300 acres of right-of-way.

11 BOARD MEMBER CURTIN: Well, that's just even
12 within the right-of-way concept, but in the construction
13 cost concept it could be more dramatic. I mean, they're
14 not doing the ATCs, because somebody had a bright idea.
15 They're doing them, because it's bringing down the costs in
16 terms of the efficiency on construction.

17 MR. GLEN: Right, and I haven't been directly
18 involved in the analysis of those overall approvals of the
19 ATCs, but it's my understanding that they do consider
20 right-of-way in that overall cost. And so they're looking
21 at the total sum aggregate of the costs and the benefits
22 associated with it.

23 BOARD MEMBER CURTIN: Right. So I don't think it
24 was a question, just more like a --

25 CHAIRMAN RICHARD: Okay. Well, before we vote I

1 just have one observation, which I don't know if it makes
2 sense or not. But, you know, we get so involved in the
3 details of this program and the complexity in all the
4 pieces. But, every once in awhile you stand back and try
5 to look at the scope of it. And people are sort of amazed
6 that a program can cost \$64 billion. And then you realize
7 that we're spending \$121 million on right-of-way services,
8 not on the acquisition of the parcels which is another huge
9 chunk of money, but on being able to go out and manage this
10 process for the 700 or some parcels that we're talking
11 about.

12 And it gives you a sense of just the complexity
13 and the scale of what it takes to do something like this.
14 Just to reach out to people, inform of their rights, walk
15 them through the process. Do all this so that we can end
16 up writing them a check, which is a total separate amount
17 from this. And it really is an enormous enterprise and
18 that's just for the first 100 miles of a 500-mile system.

19 So I just as I looked at that number I kind of
20 reflected on the scale of what we're doing here and the
21 cost and how difficult it is. So again, thank you, Mr.
22 Glen, for your work.

23 I'll take a motion?

24 VICE CHAIR RICHARDS: I'll move.

25 BOARD MEMBER CURTIN: So moved.

1 BOARD MEMBER LOWENTHAL: Second.

2 CHAIRMAN RICHARD: Okay. Moved by Vice Chair

3 Richards and seconded by both Ms. Lowenthal and Mr. Curtin.

4 So Secretary, please call the roll?

5 MS. NEIBEL: Director Schenk?

6 BOARD MEMBER SCHENK: Yes.

7 MS. NEIBEL: Vice Chair Richards?

8 VICE CHAIR RICHARDS: Yes.

9 MS. NEIBEL: Director Rossi?

10 BOARD MEMBER ROSSI: Yes.

11 MS. NEIBEL: Director Correa?

12 BOARD MEMBER CORREA: Yes.

13 MS. NEIBEL: Director Curtin?

14 BOARD MEMBER CURTIN: Yes.

15 MS. NEIBEL: Director Lowenthal?

16 BOARD MEMBER LOWENTHAL: Yes.

17 MS. NEIBEL: Chair Richard?

18 CHAIRMAN RICHARD: Yes, thank you.

19 Okay. The next item is a contract authorizing,

20 to consider authorization of an extension of the design-

21 build contract for Construction Package 1.

22 Mr. Jarvis, good morning.

23 MR. JARVIS: Yes. Good morning, Chairman

24 Richard, Members of the Board, CEO Morales. Yes, I'm Scott

25 Jarvis, Chief Engineer for the Authority. And this is an

1 action item. It's item number seven on your agenda, which
2 is a request for authorization to negotiate and execute a
3 change order to extend the northern terminus of
4 Construction Package 1 or CP1.

5 So CP1 is the first 29 miles of the first
6 construction segment, FCS, of the high-speed rail system.
7 And the contract was executed in August of 2013 and
8 construction is currently underway on that contract. The
9 current CP1 northern limit would be extended from south of
10 Avenue 17 in Madera County, northward approximately 2.7
11 miles to near Avenue 19 in order to advance construction
12 through the Central Valley.

13 The northern extension will better ensure the
14 Authority's compliance with the terms of the federal grant
15 agreement including the expenditure of ARRA funds. The
16 northern extension also advances the work on an
17 environmentally cleared section, and provides the
18 capability of a more logical connection and transfer point
19 near an existing Amtrak station. The proposed extension
20 lies within both of the initial operating segments
21 identified previously by the Board: Merced to San Fernando
22 Valley, IOS-South, and Bakersfield to San Jose, IOS-North.

23 This extension northward is eligible to be added
24 to CP1 through a change order as the design and
25 construction work is consistent with the nature of TPZP's

1 current scope of work. Additionally, there is an
2 efficiency in adding this work to the existing contract
3 where similar construction is currently under way.

4 The scope of work includes civil infrastructure
5 of additional guideway structures, roadway, and drainage.
6 TPZP submitted preliminary cost proposals for the design
7 and construction of the northern extension, and the
8 Authority engaged an independent estimator for comparison
9 and evaluation of the cost proposals.

10 The design and construction estimated costs for
11 this extension are design \$16.2 million and construction
12 \$138 million for a total estimated cost of \$154.2 million.

13 The design scope of work includes geotechnical
14 engineering services, surveying and mapping, and all design
15 activities.

16 The construction scope of work includes the civil
17 work necessary to complete the infrastructure including
18 significant earthwork and structures work with three major
19 overcrossing structures. An 18-month construction duration
20 has been proposed by TPZP for this additional work.

21 This change is anticipated to predominantly be
22 concurrent with existing CP1 work and therefore should not
23 significantly affect the overall construction schedule.

24 To avoid TPZP including significant contingencies
25 in its cost estimate, the Authority is electing to pay for

1 third-party utility work and hazardous material surveys and
2 remediation using a provisional sum. Additional
3 investigation on impacted utilities will be performed
4 during the design and preliminary construction stages, so
5 the cost of third-party utility work can be more accurately
6 estimated.

7 Staff will also develop a contingency amount for
8 risks borne by the Authority. After conducting these
9 analyses, staff will likely return to the Board at a later
10 date to seek further approval of a provisional sum and a
11 contingency amount for this work.

12 The Authority now seeks the Board's approval to
13 negotiate and execute a change order for a northern
14 extension, to the design-build services contract for CP1 in
15 an amount not to exceed \$154.2 million.

16 I would now be happy to answer any questions that
17 you might have.

18 CHAIRMAN RICHARD: So before I turn to my
19 colleagues it was raised before, can you just confirm for
20 us that this change order will also have within it the --
21 or the implementation of the Authority's goals on small
22 business participation and disabled veteran participation?

23 MR. JARVIS: Yes, I can confirm that. Those
24 provisions of the contract are not changed as part of this
25 change order, so yes.

1 CHAIRMAN RICHARD: All right. Okay, I'll have a
2 comment in a moment, but are there questions from members?

3 Director Rossi, microphone?

4 BOARD MEMBER ROSSI: Yes. As you look at page 3,
5 the contingency paragraph, which you just discussed?

6 MR. JARVIS: Yes?

7 BOARD MEMBER ROSSI: I have been informed that
8 you don't have a contingency allocation for each mile of
9 track, so I'm not going to ask you that. But what I am
10 asking is that we would assume that -- I mean, given what
11 you just said it sounds like we're going to create this
12 contingency as a result of all this additional work. The
13 fact of the matter is, it's already in the budget, there is
14 a contingency. And that's the contingency we're going to
15 allocate.

16 MR. JARVIS: That is correct.

17 BOARD MEMBER ROSSI: Okay.

18 MR. JARVIS: We're going to do an analysis on
19 this .272 miles of design construction work.

20 BOARD MEMBER ROSSI: Until we get
21 (indiscernible), right.

22 MR. JARVIS: We can pull out of the existing
23 unallocated contingency and allocate it to this project.

24 BOARD MEMBER ROSSI: Right, so there's not a real
25 budget issue here other than understanding how you pull

1 forward --

2 MR. JARVIS: Correct.

3 BOARD MEMBER ROSSI: -- with the appropriate
4 allocation.

5 MR. JARVIS: Yes.

6 CHAIRMAN RICHARD: Right, in other words that
7 would have been associated with this segment of track in
8 some other segment of the project. We need to pull it out
9 of that and assign it to this segment of track.

10 MR. JARVIS: That's correct.

11 CHAIRMAN RICHARD: Okay. Other questions?

12 VICE CHAIR RICHARDS: Yes, thank you, Mr.

13 Chairman.

14 CHAIRMAN RICHARD: I didn't recognize you, but go
15 ahead.

16 VICE CHAIR RICHARDS: Oh, okay. You were looking
17 at me.

18 CHAIRMAN RICHARD: I was kind of looking at
19 Ms. Lowenthal, but that's all right.

20 VICE CHAIR RICHARDS: I'm sorry, please Bonnie,
21 no go ahead. No, no, go on.

22 CHAIRMAN RICHARD: Vice Chair Richards?

23 VICE CHAIR RICHARDS: I'm not going to do it.

24 So Mike just asked the first question. The
25 second one with regards to the estimate -- is it normal

1 then, Scott, in using an independent estimator which I
2 applauded -- do you generally then have somebody check that
3 estimate? Is there somebody that just confirms that the
4 estimator didn't miss anything?

5 MR. JARVIS: No, it was checked. The estimator
6 was actually contracted by our project and construction
7 management team. And that independent estimator did the
8 work and then it was reviewed by the PCM itself as well.

9 VICE CHAIR RICHARDS: Okay, great. All right,
10 thank you, I'm done.

11 CHAIRMAN RICHARD: Any others? I just want to
12 make sure, other questions?

13 BOARD MEMBER CURTIN: Dan?

14 CHAIRMAN RICHARD: Oh yes, Mr. Curtin?

15 BOARD MEMBER CURTIN: So in the independent
16 estimates, or the estimates that we've had in the past,
17 that have been considerably higher than the bids that have
18 come in, is this estimate that we have put out -- is it in
19 soap with the sort of cost of the -- I don't want to say
20 per mile cost, because there could be other added issues.

21 But is it in the same percentage as let's say
22 that the original bid was dealt with? So our original
23 estimate was a bit higher than the bid that came in. And I
24 think we've all been happy about that, so how do we know
25 we're not sort of falling prey to the same problem if we

1 don't have any sort of competitive issue here? Do you
2 understand my question?

3 MR. JARVIS: Yes, I do. The independent estimate
4 took into consideration the specific scope of this work.
5 And so we really couldn't apply like a per mile basis.

6 BOARD MEMBER CURTIN: I get that, yeah.

7 MR. JARVIS: Yeah, because this -- even though
8 its' 2.7 miles, there's three major overcrossings as part
9 of this. There's also another bridge over a creek, Schmidt
10 Creek, so the independent estimate took that scope of work
11 into consideration. You know, pulled out those specific
12 structures, the guideway necessary and so forth. So we
13 feel like we were able to have a very strong verification
14 of the contractor's proposed price based upon the specific
15 scope of work of this segment.

16 BOARD MEMBER CURTIN: Okay. So this was a
17 proposal -- a contractor's proposed price as well as our
18 estimates kind of working together?

19 MR. JARVIS: Yes. We used the independent
20 estimate to compare the contractor's proposed price.

21 BOARD MEMBER CURTIN: Okay.

22 CHAIRMAN RICHARD: Yeah, I just want to say that
23 I really like this initiative on the part of the staff and
24 the organization. To me it's creative and good. We take
25 advantage of the fact that the contractor's already

1 mobilized, working in this area. So we avoid the
2 mobilization costs.

3 MR. JARVIS: Exactly.

4 CHAIRMAN RICHARD: We take advantage of the fact
5 that we already have cleared environmentally up to this
6 limit. We take advantage of the fact that by going up this
7 two-and-a-half miles we can be prepared if necessary, or
8 desirable to connect to existing rail service in Madera.
9 And we take advantage of the fact that this is something
10 that we can do now, which further draws on the ARRA funds
11 where I think it's fair to say that we know there's a
12 deadline. We're on track to spend all the money by that
13 deadline, but it's always nice to have more cushion in case
14 we get rains or earthquakes or things that disrupt the
15 construction area.

16 And this is also entirely consistent with the
17 purposes of the Stimulus Act, because we're creating that
18 many more jobs and putting that many more people to work,
19 building part of our system. And as you pointed out, this
20 really has nothing to do with where we go next. It's all
21 part of the original first construction segment in the
22 Central Valley.

23 So I think it's a good opportunity to take
24 advantage of all those things and it's a good initiative.
25 I certainly support it, so I wanted to thank you for you

1 guys digging into this and making it work.

2 MR. JARVIS: You're welcome.

3 CHAIRMAN RICHARD: Okay. Do we have a motion?

4 BOARD MEMBER CURTIN: So moved.

5 VICE CHAIR RICHARDS: Moved.

6 CHAIRMAN RICHARD: Okay. It was moved by
7 Director Curtin and seconded by Vice Chair Richards.

8 Please call the roll.

9 MS. NEIBEL: Director Schenk?

10 BOARD MEMBER SCHENK: Yes.

11 MS. NEIBEL: Vice Chair Richards?

12 VICE CHAIR RICHARDS: Yes.

13 MS. NEIBEL: Director Rossi?

14 BOARD MEMBER ROSSI: Yes.

15 MS. NEIBEL: Director Correa?

16 BOARD MEMBER CORREA: Yes.

17 MS. NEIBEL: Director Curtin?

18 BOARD MEMBER CURTIN: Yes.

19 MS. NEIBEL: Director Lowenthal?

20 BOARD MEMBER LOWENTHAL: Yes.

21 MS. NEIBEL: Chair Richard?

22 CHAIRMAN RICHARD: Yes. Thank you, Mr. Jarvis.

23 Okay. We will next have a presentation by our
24 CEO Mr. Morales, on the 2016 Business Plan. We are now --
25 excuse me, let me correct myself -- on the 2016 Draft

1 Business Plan.

2 And I was about to make the point that this was
3 released by the Authority as a draft for public comment and
4 review. And as part of that, these meetings will also be
5 an opportunity among others for the public to comment. And
6 as Mr. Morales is taking the lectern let me also point out
7 that for those who are following our proceedings
8 electronically we encourage and invite comments on the
9 Draft Business Plan. You can find it on our website. You
10 can also find the instructions on how to comment.
11 Certainly you can come before us here. You can send
12 letters. You can post comments, etcetera. So all of those
13 will be considered and reviewed and contemplated before the
14 Board considers adopting the final.

15 So with that, Mr. Morales?

16 CHIEF EXECUTIVE OFFICER MORALES: Well, with that
17 you just gave half of my presentation

18 CHAIRMAN RICHARD: Oh, I'm very sorry.

19 CHIEF EXECUTIVE OFFICER MORALES: We can shortcut
20 this a little bit.

21 CHAIRMAN RICHARD: No, I didn't mean to do that.
22 I was adlibbing.

23 CHIEF EXECUTIVE OFFICER MORALES: That's all
24 right.

25 So this is an information item both for the Board

1 and the public, about the release of the Draft Business
2 Plan, which is required under law to be submitted every two
3 years. And updates all of the major forecasts and cost
4 estimates and other elements of what the program is.

5 As you noted it was released on February 18th,
6 we're in a 60-day comment period running through April
7 18th, and have scheduled a Board meeting at the end of
8 April to consider any changes and adopt a final plan in
9 order to submit it to the Legislature on schedule.

10 Probably the most significant thing about this
11 Draft Business Plan is that for the first time, within
12 available existing resources, we can actually project out
13 to delivering an operating system. That's a major step
14 forward. And that's largely due -- that is due to the tool
15 that the Governor and the Legislature provided through the
16 commitment, on an ongoing basis, of Cap and Trade Funds.
17 That's the game changer in terms of delivering the program.

18 In delivering it -- and what this plan includes
19 really is the three-legged stool in terms of how we move
20 forward. And those being one, to get into service as soon
21 as possible -- and then for several reasons, one it's to
22 let people experience and have the benefit of riding the
23 system to start seeing the GHG benefits of getting people
24 out of cars and airplanes and on to nonpolluting trains;
25 and very significantly to unleash the private sector

1 participation due to the revenue generation.

2 At the same time very importantly, we are
3 committed to making concurrent investments throughout the
4 system. That's to spread the benefits to provide local
5 enhancements in advance of our system being ultimately
6 delivered. And it makes linking the system up simpler as
7 we go forward.

8 And then third, to continue to advance all of the
9 segments through the environmental approvals, so that we
10 can move forward and take advantage of opportunities as
11 they present themselves.

12 Using those criteria we apply that first note
13 that the plan does result in or does show a decrease in the
14 total capital cost. That's largely due to the lessons
15 learned through the first contracts and related value
16 engineering efforts to look at how we can deliver this
17 program more effectively.

18 Applying the three legs of the stool, what we
19 propose in this draft is to initiate operations first in
20 the north from the terminus of where our construction
21 project is happening in the Central Valley up to San Jose
22 at the same time making investments. And we've identified
23 a total of \$4 billion worth of investments that we intend
24 to move forward with in conjunction with our regional
25 partners, to improve that corridor and prepare it for high-

1 speed rail. But deliver interim benefits to local commuter
2 rail, also to Amtrak. That is on the second busiest Amtrak
3 corridor in the country.

4 And third, and to conclude all of the
5 environmental, we do want -- obviously we're talking about
6 initial operations. That's just the first place that the
7 models show us that we can run the system and meet all of
8 the various requirements. Obviously, we want to continue
9 to extend the system and we've identified the initial
10 extensions from that operating segment to get into downtown
11 Bakersfield and to San Francisco.

12 And we are noting in the plan that we think it's
13 time for the federal government to get back engaged in the
14 program. And we'll be looking for opportunities as we go
15 forward. But I do want to point out that the plan that we
16 have laid out here in Draft, in terms of getting into
17 operation and making these other investments, does not
18 depend on new federal money. We're looking at that down
19 the road.

20 We heard some discussion during public comment
21 about connecting the Central Valley to Silicon Valley. And
22 that's really what's so significant about the initial
23 operating system is it is a game changer for that reason,
24 tying together the Central Valley for the first time with
25 Silicon Valley. It takes three-and-a-half hours to drive

1 from Fresno to San Jose to the Bay Area today. That'll be
2 45 minutes or so, on the train.

3 That's just a whole different way of connecting
4 and it opens up all sorts of opportunities. And that's
5 what we're laying out in this program and then expanding it
6 as we go forward to tie in and expand the benefits to the
7 key cities throughout.

8 In Southern California, very heavily used rail
9 corridor between Burbank and Anaheim, a key corridor for
10 us, it goes through Los Angeles Union Station. This Board
11 recently approved an agreement with L.A. Metro to help
12 partner in the station, and invest in that. We'll be
13 expanding on those investments through specific funding of
14 projects in that corridor that have distinct, independent
15 value and independent utility. And ultimately tie together
16 to ultimately let us operate our system there.

17 As the Chairman noted, we are in the public
18 comment period. To date, we have received over 40
19 comments. In the future Board meetings we will be
20 presenting a summary of those comments for the public. The
21 Board Members will receive all the comments to look at, as
22 we go through the process.

23 There are a variety of ways that the public can
24 make comment and they're contained here. All of that is
25 accessible through the website. And as was noted earlier

1 we will have future meetings in April 12th in Anaheim to
2 take public comment there, and then April 21st in San Jose
3 to consider the plan, take comment, and act on it there.

4 And with that, that's the summary. Any questions
5 or comments?

6 VICE CHAIR RICHARDS: Thank you, CEO Morales.

7 Any questions for Jeff or comments?

8 BOARD MEMBER SCHENK: Well, just a --

9 VICE CHAIR RICHARDS: Yes, Director Curtin?

10 BOARD MEMBER CURTIN: No, you go ahead. Please,
11 I don't really have a question. I wanted to comment --

12 BOARD MEMBER SCHENK: I don't either, as well.

13 BOARD MEMBER CURTIN: Okay. Well, we'll make our
14 speeches then.

15 BOARD MEMBER SCHENK: Okay.

16 BOARD MEMBER CURTIN: You know, I've very excited
17 about the new development, because for me -- and I've only
18 been on here about six months -- this is the first time
19 that at least I believe you can really see the value of the
20 connectivity that we keep talking about.

21 Aside from all the details that we have to argue
22 over on a regular basis, there's two elements to this that
23 are critical. I think the enhancements in Southern
24 California are clearly identifiable in a commuter sense,
25 but the connection from San Jose to Fresno-Bakersfield --

1 and we've had many people from the Valley here today -- it
2 changes very, very dramatically the potential economics.

3 And I do remember from my own experiences, sort
4 of having an awakening. When you connect those centers,
5 the idea of commuting from Fresno to San Jose is really
6 quite easy to conceive of. And the dynamics of living in
7 Fresno versus the -- I mean, we all see the economic
8 pressures that are being put on the Bay Area by Silicon
9 Valley. This is a whole change in how that can be
10 approached, that really is to me sort of the first signal
11 of what high-speed rail will do for California.

12 And the more people talk about it the more they
13 understand it. And I know the people in the Valley kind of
14 get it, because as you've heard we're in the middle of
15 nowhere for them to get from one place to the other. And
16 people sort of feel left out, but this will change things
17 dramatically. And I'm really kind of thrilled about the
18 ideas that are being presented here and particularly, the
19 idea of not leaving Southern California.

20 I mean, the first impression from the press was,
21 "Oh my goodness, they're changing direction." I know there
22 was one article that I got a big kick out, which was very
23 consistently negative on high-speed rail. But then when
24 the direction was changed the article sort of said, "Oh my
25 god, all the benefits of high-speed rail are moving north

1 now." You know, so the discussion has changed dramatically
2 and I really want to thank you for that. I appreciate it.

3 VICE CHAIR RICHARDS: Thank you.

4 Director Schenk?

5 BOARD MEMBER SCHENK: Well, Jeff, I just take the
6 moment here, I also applaud the work that has gone into it
7 and the refinement. The people here earlier from Madera
8 were talking about high-speed rail -- that the birthplace
9 of high-speed rail is Madera. Not so, the birthplace of
10 high-speed rail and the idea was San Diego to Los Angeles,
11 in the second busiest Amtrak corridor, back in 1981.

12 And so as we now push out further and further, I
13 fear I'm not going to live long enough to see Phase 2. But
14 I just want to make sure that with all the emphasis on
15 Central Valley, which is important, and the Bay Area -- and
16 I agree with everything that Director Curtin said and that
17 others have said -- that we not lose momentum to try and
18 accelerate that Phase 2, the real birthplace of high-speed
19 rail and the real raison d'etre of high-speed rail.

20 And the reason that back in 1981 I, as the
21 Secretary of Business and Transportation and Governor Jerry
22 Brown, supported high-speed rail, began to implement it as
23 -- we just need to keep that focus even as we move through
24 the Business Plan as amended now.

25 CHIEF EXECUTIVE OFFICER MORALES: Two comments on

1 that. One, we are continuing and it's clear in this plan
2 to do the early work, the planning and work, for the Phase
3 2 system to get to San Diego.

4 The other thing that this plan does is builds on
5 the work we've done over the last few years to really look
6 at how we connect into rail overall in the state. And so
7 part of our focus on the Burbank to Anaheim corridor is
8 that corridor continues south then to get to San Diego --
9 that's the LOSSAN Corridor.

10 We're working the State Transportation Agency and
11 the regional partners to look at continuing investments
12 that can be made in that corridor to continue to improve
13 service between L.A. and San Diego even in advance of when
14 we ultimately get them through a high-speed rail system.
15 So there's a comprehensive statewide effort to look at
16 connecting those two cities much more efficiently with
17 (indiscernible)

18 BOARD MEMBER SCHENK: No, I understand that,
19 Jeff. What I'm saying is we need to talk about it, because
20 people in that corridor say, "Really? Why should we be
21 supportive? What's it about?" We need to at least keep
22 the dream alive, is all I'm saying, by talking about it and
23 writing about it.

24 CHIEF EXECUTIVE OFFICER MORALES: Thank you.

25 CHAIRMAN RICHARD: Okay. Sorry to have stepped

1 away, any other questions or comments at this point?

2 Well, Mr. Morales, let me thank you for the
3 presentation. And let me also just say from the dais here,
4 I think on behalf of all of us, we want to thank the hard
5 work of the men and women of the staff, and the RDP, and
6 others who put this document together.

7 And I think it's a very exciting time for high-
8 speed rail, because we've laid out for the public our
9 recommendation of how we can actually build the system.
10 And what is really here is the sense that we can build this
11 now. We have the available funds, if they're allocated, to
12 build an operating segment, which will kick off everything
13 else as you pointed out. So it's all good.

14 Anyway, please pass our thanks on to them and the
15 staff.

16 Okay. Thank you, with that we've completed the
17 regular agenda. The Board will now enter into closed
18 session in the anteroom off of this auditorium, after which
19 we will come back and report on any actions.

20 (The Board convened into Closed Session at 12:15 p.m.)

21 (The Board reconvened out of Closed Session at 1:33 p.m.;

22 and having no new business to report, the meeting was

23 adjourned by Board Chair Dan Richard)

24 --oOo--

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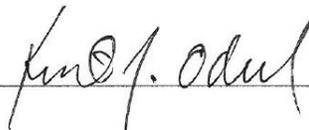
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IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March, 2016.



Kent Odell
CER**00548

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Myra Severtson
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