

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

MAIN MEETING LOCATION

DEPARTMENT OF HEALTHCARE SERVICES AUDITORIUM
1500 CAPITOL AVENUE
SACRAMENTO, CA 95814

SATELLITE LOCATIONS

LONG BEACH CITY HALL
12TH FLOOR CONFERENCE ROOM
333 WEST OCEAN BOULEVARD
LONG BEACH CA 90802

CASA DORADA LOS CABOS
AV. PESCADOR SN, COL EL MEDANO
23410 CABO SAN LUCAS, B.C.S., MEXICO

TUESDAY, JULY 18, 2017

10:00 A.M.

Reported by:
Gigi Lastra

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk

Lorraine Paskett (absent)

Mike Rossi

Daniel Curtin

Bonnie Lowenthal (remote location)

Ernest Camacho (remote location)

EX OFFICIO BOARD MEMBERS

Assemblymember, Dr. Joaquin Arambula

Senator, Jim Beall

STAFF

Tom Fellenz, Chief Counsel & Interim Chief Executive Officer

Krista Jensen, Board Secretary

Scott Jarvis, Chief Engineer

Alice Rodriguez, Small Business Advocate

PRESENTERS:

Scott Jarvis, Chief Engineer

Alice Rodriguez, Small Business Advocate

APPEARANCES (Cont.)

Thomas Fellenz, Chief Counsel & Interim Chief Executive Officer

Alice Rodriguez, Small Business Advocate

PUBLIC COMMENT

Diana LaCome, Association of Professionals and Contractors of California, APAC

Alan Scott, Citizens for California High-Speed Rail Accountability, CCHSRA

Roland Lebrun, Self

Bill Descary, Self

Thaddeus McCormack, City Manager, City of Santa Fe Springs

Paul Guerrero, La Raza

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P R O C E E D I N G S

10:08 a.m.

PROCEEDINGS BEGIN AT 10:08 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, JULY 18, 2017

(The Board convened into Closed Session at 9:27 a.m.)

(The Board reconvened out of Closed Session at 10:08 a.m.)

CHAIRMAN RICHARD: Thank you. I got fooled by this thing that said mics are live. Okay. Good morning, the Board will now reconvene in open session. We're returned from closed session. We have no items to report, so I'll ask the Secretary to please call the roll.

MS. JENSEN: Director Schenk?

BOARD MEMBER SCHENK: Here.

MS. JENSEN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. JENSEN: Director Rossi?

BOARD MEMBER ROSSI: Here.

MS. JENSEN: Director Curtin?

CHAIRMAN RICHARD: Record Director Curtin is here. He was here for the closed session, so he's already here this morning. He's just stepped out for a moment.

DIRECTOR CURTIN: (Present, out of the room.)

MS. JENSEN: Director Paskett?

BOARD MEMBER PASKETT: (Absent.)

MS. JENSEN: Director Lowenthal?

1 BOARD MEMBER LOWENTHAL: Here.

2 MR. JENSEN: Director Camacho?

3 BOARD MEMBER CAMACHO: Here.

4 MS. JENSEN: Senator Beall?

5 CHAIRMAN RICHARD: Senator Beall is here.

6 EX OFFICIO BOARD MEMBER BEALL: Yeah, I'm here.

7 MS. JENSEN: Assemblymember Arambula?

8 EX OFFICIO BOARD MEMBER ARAMBULA: Here.

9 MS. JENSEN: Chair Richard?

10 CHAIRMAN RICHARD: I'm here.

11 Please join me in the Pledge of Allegiance.

12 (The Pledge of Allegiance is made.)

13 CHAIRMAN RICHARD: Before we proceed to the
14 public comment period, as I mentioned at the last Board
15 meeting the Legislature enacted a measure by Assemblymember
16 James Frazier to add Ex Officio Members from the
17 Legislature, one from the State Senate and one from the
18 State Assembly, to our Board. And we welcome this and
19 appreciate this opportunity to further integrate what we're
20 doing with the policymakers of the state.

21 Last month we introduced Assemblymember,
22 Dr. Arambula. And this month we're also pleased that
23 Senator James Beall has joined us. Senator Bell, if you'd
24 like to make any remarks, at this time, I certainly would
25 welcome those, but welcome to the High-Speed Rail Authority

1 Board.

2 EX OFFICIO BOARD MEMBER BEALL: Thank you.

3 CHAIRMAN RICHARD: Okay. With that, we will move
4 to the public comment period and we'll take the comments in
5 the order in which they are received. I don't see any
6 elected or appointed officials among the list today, so
7 we'll just take them --

8 MR. FELLEENZ: (Indiscernible.)

9 CHAIRMAN RICHARD: Oh, okay. Yes, so thank you.

10 Mr. Fellenz reminds me that we have two offsite
11 locations. Ms. Lowenthal, are there any members of the
12 public at your location who will wish to speak?

13 BOARD MEMBER LOWENTHAL: No, not right now. I
14 thought someone might come, but they're not here yet.

15 CHAIRMAN RICHARD: Okay. No members at your
16 location.

17 And Mr. Camacho, at your location, are there
18 members of the public who wish to speak?

19 BOARD MEMBER CAMACHO: No. There are no members
20 here.

21 CHAIRMAN RICHARD: Okay. Then we'll proceed to
22 the public comment period from the members who are here,
23 starting first with Diana LaCome from APAC followed by Alan
24 Scott and Roland Lebrun.

25 MS. LACOME: Good morning Chairman and members of

1 the Board. I'm Diane LaCome, representing the Association
2 of Professionals and Contractors of California. And I am
3 here again to ask for your help with PG&E and the
4 California Public Utilities Commission.

5 We have talked about this before, because there
6 seems to be many obstacles for smaller businesses to
7 contract, to actually be awarded contracts on the utility
8 relocation contracts that are just now starting. So this
9 is a good time to really move forward on this.

10 The Business Advisory Council has actually set up
11 several subcommittees to look into this with PG&E and also
12 PUC. But there's no reason why this Board, with whatever
13 influence you have, cannot help us. Because PUC has
14 different levels of sizes for small businesses, there is an
15 expensive certification for small businesses that many
16 can't afford. And we need your help. We need your help,
17 that's all I can say.

18 I will go ahead and meet with Director Paskett,
19 because she came and spoke with me, that she knows some
20 people within PG&E that may be able to help us. So I will
21 follow up and get back to you on that also. Thank you.

22 CHAIRMAN RICHARD: Thank you, Ms. LaCome.

23 Mr. Scott, good morning, followed by Roland
24 Lebrun and then Bill Descary.

25 MR. SCOTT: Good morning Mr. Chair, Members of

1 the Board. Alan Scott, Kings County, I come before you,
2 again with some issues.

3 To begin with, you don't have a valid Business
4 Plan that demonstrates the ability to construct and operate
5 any train sets. Regardless of how you state it, you're
6 deficient.

7 And then the other day I opened up on an article
8 from "The Independent" newspaper in England dated July
9 16th, 2017. It stated that the HS2 Project -- and I
10 understand that we're talking about the California High-
11 Speed Rail, but there is synergy between the two -- and it
12 said that their project would cost \$403 billion British
13 pound sterlings, which equates to \$527 million per mile.

14 Okay. Rather than go through a lot of detail on
15 that I'll just leave it at that, so looking at your work
16 and your information provided in your business plans that
17 you have out there. That this leads to the question that
18 the California High-Speed Rail's projection costs for
19 ridership calculation and especially travel time are very
20 seriously flawed.

21 Therefore, from what I have been able to
22 determine you calculate the cost per mile at around \$214
23 million and some odd dollars for the construction. Based
24 on what the article stated on the HS2 I think you're
25 somewhere between \$100 million to \$200 million short of the

1 number. I think the British know exactly what they're
2 doing, I think they've figured it out, and I think they
3 have the right number. We seem to be somewhere around 100
4 to 200 million.

5 Additionally -- I'm just going to pass on that
6 part. Anyway, in CP1 you have only 6.5 miles -- I need to
7 finish this part right here -- in CP1 you only have 6.5
8 miles of connected property; again, 6.5 miles of connected
9 property. CP2-3 you only have 2.5 miles, and Diana Gomez
10 is the one that told me that on June 28th at a KCAG meeting
11 in Kings County.

12 So out of the total of 119 miles you only have 9
13 miles of connected land. You're short by 110 miles. This
14 is a major setback, proving once again of the fragment in
15 construction. Astonishingly, this is a house of cards
16 that's going to fall.

17 Also, do you have any information on the \$400
18 million that may be short in CP2-3? Thank you.

19 CHAIRMAN RICHARD: Thank you, Mr. Scott.

20 Mr. Lebrun then followed by Bill Descary and then
21 Paul Guerrero.

22 MR. LEBRUN: Good morning Chair Richard and
23 Directors and a nice warm welcome to Senator Beall, welcome
24 to the party.

25 I'd like to give you an update on what's going on

1 in the north, starting with setting the record straight on
2 Mr. Tripousis's pending appointment to the TJP Board of
3 Directors. Specifically that Mr. Tripousis actually used
4 the backdoor to invite himself to a position on the Board,
5 not the other way around.

6 Moving on to the Peninsula and why Mr. Rossi is
7 not seeing any EIRs coming through, we're looking at a
8 trail of blunders including -- sit down -- a proposal for a
9 six-mile viaduct right through the Downtown San Jose,
10 parcels currently are being acquired by Google.

11 There are also additional issues with station and
12 track design up and down the Peninsula. And it's unclear
13 why Network Rail, who are PB's alleged RDP partner, are not
14 involved in the discussion let alone the design of multiple
15 opportunities for additional capacity in the Peninsula.

16 In closing, I really do appreciate WSP's
17 appointment of Mr. Roy Hill. I've got the greatest
18 admiration and respect for him, but this isn't up to him to
19 put the Parsons Brinckerhoff train wreck back on track.
20 And I personally do not see any path forward with the
21 existing cast of characters.

22 My recommendation to you is to stopping kicking
23 the can down the road. Terminate the RDP contract at the
24 earliest opportunity. And either reissue the RFB or award
25 the contract to the Bechtel/Arup/SYSTRA Joint Venture,

1 which achieved a much higher technical score that was based
2 on the experience working on nearly half of every single
3 high-speed rail system in the world including the Channel
4 Tunnel, High Speed 1 and High Speed 2.

5 Thank you.

6 CHAIRMAN RICHARD: Thank you, Mr. Lebrun.

7 Bill Descary, good morning, sir.

8 MR. DESCARY: Good morning.

9 BOARD MEMBER LOWENTHAL: Chair Richard, it's --

10 CHAIRMAN RICHARD: Hold on one second, sir.

11 Yes, Ms. Lowenthal?

12 BOARD MEMBER LOWENTHAL: Yes. I have the City
13 Manager from Santa Fe Springs who's come here to testify.

14 CHAIRMAN RICHARD: All right. If you could ask
15 that person to just wait then we'll slot him in right after
16 our current speaker at the podium here.

17 BOARD MEMBER LOWENTHAL: Perfect.

18 CHAIRMAN RICHARD: Thank you.

19 MR. DESCARY: I'm Bill Descary, Mr. Chairman and
20 Board.

21 In the 2016 Business Plan it was announced
22 instead of going south to San Fernando the alignment would
23 go north through San Jose without requisite environmental
24 work completed, not to mention lack of land acquisition.
25 The impetus for the change was to get something up and

1 running sooner by avoiding costly and time-consuming
2 construction through the Tehachapi Mountains.

3 Another reason was six hours of heated public
4 comment at a Board meeting in Los Angeles in June of 2015,
5 that made it obvious destruction from the high-speed rail
6 alignment was not welcome around San Fernando.

7 Additionally, it was hoped high-speed rail would
8 be welcomed by Silicon Valley workers who would move to the
9 Fresno area for cheaper housing and commute on high-speed
10 rail. If the objective is to have high-speed rail between
11 Fresno and San Jose, plans have not been adjusted to fully
12 implement that goal.

13 Despite the preference to getting a section from
14 Fresno to San Jose operating, the Authority vigorously
15 continues use of eminent domain and expends scarce cash to
16 acquire parcels south of Fresno. Since we learned last
17 week there is no High-Speed Rail money in the 2018 Federal
18 Budget, and considering ridership between Fresno and
19 Shafter will be negligible at best, it seems only prudent
20 to conserve funds for the targeted area north of Fresno.
21 If land acquisition south of Fresno were stopped,
22 destruction of lives and businesses small and large, such
23 as SunnyGem and family farms in the Central Valley could be
24 deferred for years, if not decades. Harassing property
25 owners south of Fresno needs to stop.

1 Obviously, costs would be involved in breaking
2 construction contracts such as CP2-3 and CP4. The trade-
3 off is costs being incurred by construction delays.
4 Additional considerations are operating losses that would
5 be incurred in the underutilized Fresno to Shafter section
6 and the cost of a temporary station in Shafter.

7 According to the timeline provided at the last
8 Board meeting your early train operator contract will be
9 awarded in December of this year. It's unfortunate that
10 here we are, nearly ten years into the project and we're
11 just now talking about using the expertise of an early
12 train operator in planning the project.

13 Nevertheless, one of the operator's first tasks
14 should be an evaluation of the wisdom of allocating scarce
15 resources to the Fresno to Shafter section when in fact,
16 the immediate goal seems to be to define and construct an
17 alignment from Fresno to San Jose.

18 Thank you.

19 CHAIRMAN RICHARD: Thank you. Thank you, sir.

20 Yes, and Ms. Lowenthal, I'm sorry could you ask
21 the speaker from Santa Fe Springs to introduce himself for
22 the record? And then --

23 MR. MCCORMACK: Yes, Honorable Chair. This is
24 Thaddeus McCormack, City Manager from the City of Santa Fe
25 Springs.

1 CHAIRMAN RICHARD: Good morning, sir.

2 MR. MCCORMACK: Thank you and thanks for taking
3 me early on.

4 I am the City Manager from Santa Fe Springs. I
5 also chair a city manager group of cities from the Gateway
6 Council of Government and an ad hoc committee or rather a
7 standing committee comprising the affected cities in the
8 COG. And that would be Santa Fe Springs, Commerce,
9 Montebello, Bell, La Mirada, Norwalk, Vernon, Pico Rivera.
10 And we've been working in earnest I think, with the
11 Authority staff and consultants going back to 2009, and in
12 particular over the last year.

13 And I'm here today to express some frustration in
14 terms of the level of detail that we have not received.
15 And so we have a growing frustration. I have a letter that
16 I want to submit to Mr. Richard and the Board. I have
17 copies here and I will facilitate that.

18 The bottom line is the City Managers and the
19 Public Works Directors are in an awkward position and that
20 is we need the details to be able to make an informed
21 recommendation and briefing to our office, our respective
22 city councils. And right now have been unable to ascertain
23 the kind of basic facts, other than kind of the aggregate
24 data.

25 In the City of Santa Fe for the six miles of

1 track that will run through our community, other than
2 aggregate data on the number of residents and businesses
3 that will be impacted I cannot establish what the basic
4 impacts of the project are going to be. Our concern is, as
5 the environmental document winds down we will be in a
6 position where we will not have just adequately then
7 analyzed that document. It was our hope, going back a year
8 ago that there was a good faith effort by the Authority to
9 grant the City's resources to be able to analyze and
10 hopefully shape the environmental document in a way that
11 would work for the city.

12 I'm here today to say that we have -- since that
13 project has unfolded, have not been able to get the basic
14 data. And we really don't see the utility and the -- until
15 we get that information. And that leaves us in the
16 position, potentially in the absence of understanding the
17 impacts, recommending to our respective councils that they
18 oppose this project. We certainly don't want to do that.
19 We see the overall benefit of this and want to help shape
20 it in a way, but in a way that works for our communities,
21 the communities of Southeast Los Angeles County.

22 So I do again have a letter that was sent to the
23 Chair Richard and I'd be happy to answer questions that you
24 have. I have my Public Works Direct, Noe Negrete here,
25 who's part of the Technical Advisory Committee for the COG

1 as well.

2 CHAIRMAN RICHARD: Thank you, Mr. McCormack.

3 We will look at your letter. And I'm going to
4 ask our CEO, Mr. Fellenz, to work with staff to address
5 these issues, so he can come back and advise us on these.
6 But thank you for taking the time to appear this morning.

7 And I don't -- I have to say, I don't know the
8 issues in particular that you're referring to, but we will
9 examine this and certainly appreciate the work of your city
10 and the other gateway cities in Los Angeles.

11 MR. MCCORMACK: Well, I appreciate that. And I
12 look forward to coming up with some mutually acceptable
13 resolution here. Thank you so much.

14 CHAIRMAN RICHARD: Thank you, sir.

15 Paul Guerrero?

16 MR. GUERRERO: Good morning.

17 CHAIRMAN RICHARD: Good morning.

18 MR. GUERRERO: I'm referring to a response from
19 the Federal Rail Administration dated September 15th, 2011.
20 And it was regarding a complaint filed by Associated
21 Professionals and Contractors against the High-Speed Rail.

22 In that decision, the High-Speed Rail was
23 directed to do five things. To appoint a point person to
24 the FRA, to conduct a disparity study, to get together a
25 DDE Director, to issue a supporting services contract and

1 to establish an Advisory Council.

2 The Board set forth on the task and accomplished
3 four of these things. The fifth that it had not
4 accomplished was the supporting services contract.
5 However, in December -- or in 2016 they put out to bid a
6 proposal for a supporting services contract and they made
7 an award. They did not issue a Notice to Proceed on the
8 award.

9 Thereafter, on December 19th, 2016 they -- prior
10 to that, they had notified the FRA that they had completed
11 all five tasks, because they had issued a contract. And
12 thereafter, based on that notification the Federal Rail
13 Administration closed out the complaint. And in their
14 closure, they said they had received a final follow-up
15 email dated December 15th from the High-Speed Rail. The
16 document completes the list of programs and initiatives the
17 California High-Speed Rail has undertaken to comply with
18 FRA's required items, okay.

19 Three days after -- or five days after the High-
20 Speed Rail received this letter closing out the complaint,
21 they canceled the contract for supporting services and were
22 no longer in compliance. I think there was a little
23 cheating or something by staff to accomplish that task.

24 Now, I'm hoping that the Board will take a look
25 at this and bring the High-Speed Rail into compliance with

1 that decision and get the added supporting services
2 contract issued.

3 Sitting on the Advisory Council we've been
4 bringing this up since December and we are continually
5 advised, "There's supporting services all over the place.
6 You can get them anywhere." And we say, "Well, where?
7 Give us a list of where we can get them." "Well we don't
8 know. But I mean, we know they're out there, but we can't
9 find them. But they're out there." S, we're either going
10 to have supporting services for the small businesses, or
11 not.

12 And finally, in the contractors, the prime
13 contractors' letters, of what are the activities that are
14 going on, they keep complaining at the bottom that their
15 small businesses don't have training. They don't know how
16 to do certified payroll. They don't this, they don't know
17 that. Who's going to train them? That's what the
18 supporting services is about, is training of people. So I
19 hope that you'll do something about this, please.

20 CHAIR RICHARD: Thank you, Mr. Guerrero.

21 MR. GUERRERO: Thank you.

22 CHAIR RICHARD: We won't get into this here, but
23 I do understand that this is being handled with in-house
24 and DGS resources. So just to say today I think there is
25 certainly an attempt to comply with that.

1 I have no more speaker cards here in front of me.
2 Ms. Lowenthal, do you have any other speakers at your
3 location?

4 BOARD MEMBER LOWENTHAL: No.

5 CHAIR RICHARD: Mr. Camacho, have any members of
6 the public arrived who wish to speak at your location?

7 BOARD MEMBER CAMACHO: No, none at all.

8 CHAIR RICHARD: Okay. With that, the public
9 comment session will now be closed. I thank everybody for
10 taking the time to come before us today.

11 Before we go further, I noticed that we do have
12 representatives with us today from the Federal Railroad
13 Administration, Ms. Brenner and others. And I want to
14 welcome them. We appreciate the close relationship we have
15 with them as our primary funding partner. And so, thank
16 you for being here today.

17 Our next item, item two has been pulled from the
18 agenda. It'll be brought back at a future date.

19 VICE CHAIR RICHARDS: It's the minutes.

20 BOARD MEMBER SCHENK: The minutes.

21 CHAIRMAN RICHARD: Well, you know I always skip
22 the minutes. Why don't we go to the minutes at this point?
23 (Laughter.)

24 Can I get a motion --

25 BOARD MEMBER ROSSI: I move approval.

1 CHAIRMAN RICHARD: -- for the minutes.

2 BOARD MEMBER SCHENK: Second it.

3 CHAIRMAN RICHARD: Every month, I just read right
4 over that. Okay, it's been -- I'm sorry, who moved it?
5 Moved by Director Schenk, I think I heard Director Rossi
6 second it.

7 Will the Secretary please call the roll?

8 MS. JENSEN: Director Schenk?

9 BOARD MEMBER SCHENK: Yes.

10 MS. JENSEN: Vice Chair Richards?

11 VICE CHAIR RICHARDS: Yes.

12 MS. JENSEN: Director Rossi?

13 BOARD MEMBER ROSSI: Yes.

14 MS. JENSEN: Director Curtin?

15 BOARD MEMBER CURTIN: Yes.

16 MS. JENSEN: Director Paskett?

17 BOARD MEMBER PASKETT: (Absent.)

18 MS. JENSEN: Sorry, Director Lowenthal?

19 BOARD MEMBER LOWENTHAL: Yes.

20 MR. JENSEN: Director Camacho?

21 BOARD MEMBER CAMACHO: Yes.

22 MS. JENSEN: Chair Richard?

23 CHAIRMAN RICHARD: Yes.

24 Okay. As I was starting to say our next item is
25 item two. It's been pulled from this month's agenda and

1 will be brought back at the future meeting. So that moves
2 on to item three, which is the Construction Update.

3 You don't look like Mr. Jarvis there, the guy
4 standing at the podium.

5 UNIDENTIFIED SPEAKER: Hopefully someday.

6 (Laughter.)

7 CHAIRMAN RICHARD: Hmm, Mr. Jarvis, you look more
8 like Scott Jarvis.

9 MR. JARVIS: Yes, indeed.

10 Well good morning, Chairman Richard, Vice-Chair
11 Richards, Members of the Board. My name is Scott Jarvis.
12 I'm the Authority's Chief Engineer and I'm here to give a
13 construction update as an informational item.

14 So to start out, the big picture is we do have
15 119 miles under contract with design-build contracts in the
16 Central Valley, which is very exciting. In particular, CP1
17 is progressing very well. There are 11 active worksites
18 within CP1 and that is CP1 and the 11 sites that's shown on
19 the screen there.

20 We have several worksites that are nearing
21 completion. One of those is the Fresno River Viaduct and
22 the other is the Tuolumne Street Bridge. The Fresno River
23 Viaduct is our first structure under construction. And now
24 that the barrier walls are complete, the viaduct is
25 scheduled to be complete in the coming weeks. In addition,

1 the Tuolumne Street Bridge is nearing completion, with the
2 bridge expected to open in the coming weeks.

3 We have three worksites, in particular that are
4 very visible. All three of them are along State Route 99.
5 Two of them include our signature structures and the other
6 is the 99 Realignment Site. On the southern end is the
7 Cedar Viaduct. And in the middle is the San Joaquin River
8 Viaduct or it's the northern red dot there that's on the
9 northern part of Fresno. And then we also have the State
10 Route 99 Realignment Project. And that's in the middle of
11 your screen there.

12 And so, we do have some additional information on
13 those three locations. And here is a video coming. We
14 don't have the sound? Nope.

15 CHAIRMAN RICHARD: It's not sure we need the
16 sound.

17 MR. JARVIS: Okay. Well, what you're -- there we
18 go.

19 (Video begins playback - no audio.)

20 So there's the Cedar Viaduct as I mentioned.
21 That's on the southern end of the project. And so that's
22 very visible. You see that as you're driving along Highway
23 99. The viaduct is in various stages of construction. You
24 see the column construction there. We have a bridge deck
25 going up. We have the falsework, as you see there, tying

1 the rebar on the bridge decks, getting ready for the
2 construction pours, so quite majestic.

3 Now, ultimately that's going to go over Highway
4 99 itself and some other overpasses and since -- the
5 height.

6 Now, this is the 99 realignment area here and
7 what we're doing here is we're shifting Highway 99 about
8 100 feet to the west to make room for high-speed rail
9 between the UP Freight Line and Highway 99. We've
10 contracted with Caltrans to do the construction management
11 and deliver this project. That's the construction engineer
12 on the project, Mike Weber.

13 As you can see, Granite is the prime contractor.
14 We've used an alternate procurement delivery method. It's
15 referred to as CMGC, Construction Manager General
16 Contractor. So we've had Granite involved in the project
17 since early on to help with the design process and really
18 help the construction when it really gets rolling. And
19 because of that I think we have been very successful.
20 You'll see that the construction is moving on very quickly
21 there on the Highway 99 Project.

22 And then, this is the San Joaquin River Viaduct
23 that I mentioned. That's the Pergola Structure. And what
24 that is, is it's kind of like a tabletop like a lattice
25 that you'd see over a garden. And what the -- the rail

1 itself will go from one corner of it across the other
2 corner, because it's going along at a very close angle to
3 the freight line itself. So that's the Pergola Structure.
4 You see the columns, you can see the falsework going up,
5 additional girders and the deck on that will be poured in
6 in the future, so there it is.

7 (Video playback ends.)

8 So those were our three main sites. I'm sure
9 Karen Massie's voice would have been much better than mine,
10 but you got a little bit of audio there.

11 (Pause to set up PowerPoint presentation.)

12 Okay, so not to be outdone by those three
13 locations that we focused on, we also have other major
14 sites under work. And one of those is the Fresno Trench
15 and Passageway and in this section the high-speed rail line
16 will be about 40 feet down below the surface in a trench,
17 and go underneath the State Route 80.

18 There's five stages on that, we're in the second
19 stage right now. Work has shifted. Traffic is over a
20 temporary bridge and there's work being performed in the
21 State Route 180 median.

22 We also have three major overcrossings going
23 under construction in the northern part of the project:
24 Road 27, Avenue 8 and Avenue 12. One of the real benefits
25 here is the safety improvements by providing vehicles a

1 safe route over the freight lines and high-speed rail
2 thereby eliminating the need for at-grade crossings.

3 And then our newest project site is on the
4 southern end of the project. It's called the Muscat Avenue
5 Bridge. Falsework has been placed to support the bridge
6 deck, as you can see. And this will ultimately connect to
7 the Cedar Viaduct. So that was the summary of CP1.

8 As far as Construction Package 2-3 some of the
9 field work that's been accomplished is demolition at
10 various locations, geotechnical work for design study
11 purposes, and local road improvements.

12 Also ongoing is there's been an embankment that's
13 completed. That's a test fill. And utility relocation
14 work is scheduled to begin very shortly at Adams Avenue.

15 Now, shifting over to the San Jose to Merced
16 Project Section, fieldwork has also begun in this section.
17 There's been geotechnical investigations that have been
18 ongoing in the Pacheco Pass area. Rock core samples have
19 been removed. The rock is 60-95 million years old, so it's
20 been around for a long time. And the Authority and our
21 contractors will use this soil information to evaluate
22 future tunnel options and also to plan the future work.

23 Now, there's been a lot of information and a lot
24 of attention related to our Right-of-Way Program. But part
25 of that Right-of-Way Program has been many successful

1 relocation stories. And another one of those successful
2 business stories is the business, Gymnastics Beat. And
3 that opened in its new location in June just five days
4 after moving from its previous location. And the owner
5 really couldn't be happier with this, the way the situation
6 worked out.

7 So let's see if we get some video on this one, or
8 some audio. Nope, it's still a pretty cool video, though.
9 (Laughter.)

10 (Video begins playback - no audio.)

11 But overall, just a very successful story as far
12 as moving another business in the Fresno area, part of our
13 overall Right-of-Way Program. So I'll go ahead and move
14 on.

15 (Video playback ends.)

16 And finally, what I did want to mention is that
17 the Communications Team has developed a new BuildHSR.com
18 website. And it'll be mobile and tablet-friendly and
19 there'll be more photos to show the progress. And there'll
20 be an interactive map and that'll include information on
21 the specific locations of the work.

22 So with that, I'll open it up if there might be
23 any questions from the Board.

24 CHAIRMAN RICHARD: I will have a question, but
25 let me just start with my colleagues.

1 Mr. Curtin, that was a pretty good imitation of a
2 welder from a carpenter. I thought all you guys --

3 BOARD MEMBER CURTIN: (Knocks on podium.)

4 CHAIRMAN RICHARD: Yeah, right, any other
5 questions?

6 Senator Beall?

7 EX OFFICIO BOARD MEMBER BEALL: No.

8 CHAIR RICHARD: Assemblymember Arambula?

9 EX OFFICIO BOARD MEMBER ARAMBULA: I have a
10 comment.

11 CHAIR RICHARD: Please.

12 EX OFFICIO BOARD MEMBER ARAMBULA: You know, I
13 take the train to work most days and when I do I get to see
14 much of the construction that's happening. And anyone
15 who's here or present I would love to be able to show you
16 what's happening in my backyard. And I'm quite proud of
17 the work that you guys are doing day in and day out, so
18 thank you.

19 MR. JARVIS: Thank you.

20 CHAIRMAN RICHARD: Thank you very much.

21 Scott, one thing, I just -- some of these facts
22 are known to us and so we don't tend to repeat them. But
23 sometimes there are new people either in the audience or
24 watching or so forth, so I would like to just make sure
25 that as we do these construction updates we touch on just a

1 couple of things.

2 MR. JARVIS: Sure.

3 CHAIRMAN RICHARD: One is at last count on these
4 11 sites I think we had something on the order of 1,200
5 direct employees. Can you just update us on what the
6 staffing levels are out there, the job numbers that we're
7 seeing right now in the Central Valley?

8 MR. JARVIS: I don't have those on the top of my
9 head. I know it's very significant, as you mentioned, over
10 a thousand. But yeah, there certainly is a huge ripple
11 effect. I mean, these are obviously very massive projects
12 and so there's various layers subcontractors and suppliers,
13 so definitely stimulating the economy in construction in
14 the Central Valley.

15 CHAIRMAN RICHARD: Right, so let's include those
16 in the future --

17 MR. JARVIS: Sure.

18 CHAIRMAN RICHARD: -- even if people have heard
19 them before, because I think they're impressive numbers.
20 And I know in terms of information I was just given for
21 testimony I just presented to the Congress a couple of
22 weeks ago, there was cited one -- just as one example a
23 young man had served a couple tours in Iraq and was now
24 earning \$22 an hour as an electrician on the site. So
25 we're providing not only jobs, but very good jobs that

1 support a livable wage for middle-class incomes.

2 MR. JARVIS: Absolutely.

3 CHAIRMAN RICHARD: Secondly, I'd like to remind
4 people, you mentioned it, about the grade separations --

5 MR. JARVIS: Yes.

6 CHAIRMAN RICHARD: -- which are critical,
7 especially in the Central Valley. And particularly, in
8 terms of the disruption Dr. Arambula, in your community in
9 Fresno a federal law requires trains to blast their horns
10 as they come up on an at-grade crossing. And I think in
11 Downtown Fresno I would have lost my hearing a long time
12 ago from pretty constant movement of the trains there.

13 If I recall the number, we're replacing something
14 like 55 at-grade crossings up and down the Valley?

15 MR. JARVIS: Yes.

16 CHAIRMAN RICHARD: Yeah, so this is going to be a
17 really critical benefit in terms of freight rail movement,
18 in terms of public safety. I'd just like to make sure that
19 as we give these construction updates that we remind people
20 about the real societal impacts that this construction is
21 having on people and on the communities.

22 MR. JARVIS: Absolutely.

23 BOARD MEMBER SCHENK: (Off mic colloquy.)

24 CHAIRMAN RICHARD: Yes, Ms. Schenk?

25 (Off mic colloquy.)

1 BOARD MEMBER SCHENK: And so Scott, just
2 piggybacking on what the Chairman said, in those reports if
3 you could be a little bit more granular in terms of for
4 example, how many small businesses are involved in this and
5 just a continuing update on women and minority business
6 owners involved in this site. I'd appreciate hearing that.

7 MR. JARVIS: Absolutely.

8 BOARD MEMBER SCHENK: Thank you.

9 MR. JARVIS: Yes.

10 CHAIRMAN RICHARD: Yeah, I think the numbers that
11 I gave to Congress were something like 384 small
12 businesses, 45 businesses owned by disabled American
13 veterans. I mean, we have some very impressive numbers.

14 BOARD MEMBER SCHENK: It would be good to have it
15 in our record.

16 CHAIRMAN RICHARD: Right. That's right.

17 MR. JARVIS: Yeah, absolutely.

18 CHAIRMAN RICHARD: Okay anything else that you
19 wanted to add at this point?

20 MR. JARVIS: That was it.

21 CHAIRMAN RICHARD: Thank you very much.

22 MR. JARVIS: You're welcome, you bet.

23 CHAIRMAN RICHARD: I appreciate the good work.

24 Okay, maybe we're going to get some of that in
25 the next presentation.

1 MR. JARVIS: Yes.

2 CHAIRMAN RICHARD: Is that what you were trying
3 to tell me Mr. Jarvis?

4 MR. JARVIS: Yes.

5 CHAIRMAN RICHARD: Yes, okay. I don't read lips
6 very well.

7 Well, now we're going to have a presentation on
8 the Economic Impact of High-Speed Rail. Ms. Rodriguez, I
9 hope I didn't steal your thunder.

10 MS. RODRIGUEZ: Not at all.

11 CHAIRMAN RICHARD: That's okay. I told Rossi to
12 go easy on you.

13 MS. RODRIGUEZ: Oh, thank you.

14 CHAIRMAN RICHARD: You're welcome.

15 MS. RODRIGUEZ: I appreciate it.

16 BOARD MEMBER ROSSI: (Off mic colloquy.)

17 MS. RODRIGUEZ: Oh, shoot! (Laughter.)

18 Okay, let's see if I can go, okay.

19 Well, thank you Chair Richard, Board Members and
20 Acting CEO Fellenz, it's Alice Rodriguez. I'm the Small
21 Business Advocate, happy to be here today to discuss the
22 economic impact of the California High-Speed Rail and the
23 results of a very deep analysis that the team has been
24 working on.

25 And before I dive in I do want to thank the team

1 and acknowledge their hard work: Boris Lipkin,
2 Tim Thornton, Sarah Levin-Torvals, Thierry Prate, Gabriel
3 Catapang and countless others who really dedicated almost a
4 year's worth of work on this analysis. I hope that you
5 will enjoy what we're about to share. Let's keep going.

6 Okay. So significant investment as you know has
7 already been made on high-speed rail here in California,
8 but until now we haven't really been able to fully describe
9 those benefits to you and the impacts that those
10 investments are having in our local economies. So the
11 purpose of this analysis was really to gain a better
12 understanding of how the High-Speed Rail Program is helping
13 California and the national economy.

14 So we asked ourselves a few key questions. What
15 economic activity has happened here in California? How
16 much has that investment actually stayed here in the state?
17 What is the distribution of that investment, including to
18 disadvantaged communities? And how many companies, large
19 and small, have really contributed to this project?

20 So the answers to those questions and much more
21 detailed information is housed in your packets, there is a
22 very lengthy technical memo that will have a lot more
23 detail. For the purposes of today, we're going to go quite
24 high level. I'll give you the highlights and then
25 obviously ask that if you have any questions related to

1 those materials in your packets you let us know, and we'll
2 be happy to provide it for you.

3 Okay. So the team looked at ten years of data
4 going back from July of 2006 through June of 2016. They
5 reviewed contracts and thousands of invoices. They
6 conducted interviews and site visits. They did utilize
7 industry standard economic models to ensure that we were
8 following what the industry follows in terms of public
9 works projects and really calculating the economic outputs.

10 They received external validation, a very
11 important part of the process. The external validation
12 process included input from the High-Speed Rail Peer
13 Support Group -- or peer support group, we need a support
14 group around here, I know that's for sure -- High-Speed
15 Rail Peer Review Group, excuse me, the State Department of
16 Finance -- anyone who works with me knows that's true --
17 and the economists from the California Department of Labor.

18 It also included a review by the Center of
19 Business and Policy Research at the University of the
20 Pacific -- excuse me -- widely seen as experts on the
21 economy of the Central Valley. And many of you are
22 probably familiar with the annual report they put out.
23 They've already been identifying historic growth in the
24 Central Valley that's currently happening, and in large
25 part due to high-speed rail.

1 So let's talk first about the direct investment
2 that we've made. From again July '06 through June of 2016
3 we've made a \$2.3 billion investment: 94 percent of that
4 stayed here and went to California firms and workers, a
5 significant amount, over 70 percent of that was funded by
6 federal ARRA dollars; 630 different private sector firms
7 have been contracted to work on the program. And I'd be
8 remiss as the Small Business Advocate if I didn't mention
9 that half of those have been small and disadvantaged
10 businesses; 52 percent of those project expenditures
11 occurred in what we would -- or what are designated
12 disadvantaged communities and again spurring activity in
13 the areas that need it most.

14 So here are the big numbers. This is what you
15 really want to hear about. In addition to the direct
16 spending, the analysis also shed light on indirect and
17 induced impacts. These are basically the ripple effects
18 that happen from direct economic activity. Our analysis
19 showed that the \$2.3 billion investment supported nearly
20 20,000 job years of employment; a labor income of at least
21 \$1.4 billion, mostly staying again here in California; and
22 a total economic output of \$3.5 to \$4.1 billion, quite
23 significant.

24 Okay, ready for Econ 101? This slide is that.
25 Okay, so how does \$2.3 billion actually yield \$3.5 to 4.1

1 billion? Typical economic input analysis provide outputs
2 in terms of direct, indirect and induced economic impacts.
3 But for the purposes of this slide let's start in the
4 middle and look at direct spending. So that's going to be
5 impacts that are supported by the direct high-speed rail
6 investment, including firms under contract for
7 construction, their employees, planners, engineers, and
8 including state employees as well.

9 Those lead to indirect impacts, and that's one
10 step removed from the direct spending. So those are buying
11 supplies, concrete, materials, office supplies, things like
12 that.

13 And as the income earned by those employees,
14 supported by both direct and indirect investment gets spent
15 elsewhere in the economy, this supports induced effects.
16 So when we go to the grocery store or we go shopping, we go
17 play golf -- look, there's a little golfer there.

18 All of those have that induced impact, so that's
19 how that \$2.3 relates to the \$3.5 to \$4.1 billion economic
20 output.

21 Okay. So the team also looked at each of the
22 major regions where work is happening on the high-speed
23 rail. The Bay Area, Southern California, and including
24 Sacramento as well. But as one would guess, given that the
25 construction has begun in Central Valley that has the

1 largest economic impact.

2 A little bit of information about Fresno, let's
3 dive in there for just a second. The Central Valley has
4 historically lagged behind the rest of the state when it
5 comes to economics, and especially through the recovery of
6 the last recession. According to the recent report by the
7 UOP's Business and Policy Research Center, the Central
8 Valley counties experienced a job growth either at or
9 exceeding the state average in 2016. And this trend is
10 forecast and should continue through 2017.

11 So based on the analysis the program investments
12 have generated 6,800 job years of employment in the Central
13 Valley. And that's the equivalent to about a \$1.2 billion
14 total economic output. And that's over the last ten years.

15 In Fresno County alone, the unemployment rate
16 dipped below 10 percent for the first time since the
17 recession of 2008. And that's only the fourth time in the
18 last 25 years that that has happened there in the County.
19 And so in addition to the reduced unemployment, the County
20 has experienced three consecutive years of employment job
21 growth over 3 percent. In a little context there, Fresno
22 County has had just one other year since 1990 where they
23 experienced such growth in employment, so really very
24 significant impacts to the Central Valley and the Fresno
25 area.

1 Okay. But besides -- oh, that just took away my
2 thunder, sorry -- I was going to dramatically expand this
3 map. And so I guess it's already out of the bag, let's go
4 ahead and go back to it. There we go.

5 So besides the economic impact obviously in the
6 Central Valley and then within the State of California,
7 we've also had a national impact. And I understand a
8 couple of you, especially Board Member Lowenthal, have been
9 asking for this information. In your packets you're going
10 to have a much more detailed map of the work that's
11 happening in other states. But I will tell you that it's
12 35 states represented here and those are states where firms
13 are doing significant work on the project. And you know,
14 you hear the phrase "It takes a village." Well, I think
15 for high-speed rail it takes a state, but it also takes a
16 country really to build such a historic project.

17 So now I'd like to give you a little bit of a
18 dive into that impact that we just mentioned. Let's talk a
19 little bit about Con-fab. You might have heard about them
20 before. We've brought you information about this firm.
21 They're out of Lathrop, California. They are providing the
22 girders for CP1, for all the structures in CP1. They
23 really do illustrate this ripple effect that the direct
24 investment of high-speed rail is having across the country.

25 So while many of the materials come from

1 California and the workers here in the Central Valley are
2 being supported, they actually buy materials all around the
3 country. They purchase fly ash from Wyoming, steel strands
4 from Tennessee, gantry cranes from Illinois and Wisconsin,
5 welded wire reinforcement from Arizona and steel strands
6 from Oregon. So again showing that in this one company
7 alone, the kind of impact we're having across the country
8 is quite significant.

9 So the economic impacts and the next steps, so
10 what we're going to do with this is you have like I said a
11 technical memo in your packets, quite detailed. An
12 executive summary will be coming out in the coming weeks.
13 At the same time as we release that we will also be putting
14 out an online interactive map, which will allow folks to
15 dive into the county level to see what impact is happening
16 in their region or the areas that they care most about.

17 And then lastly, the team will be continuing to
18 update this information on an annual basis. Now that we
19 have this process started and we know where we're going,
20 let's continue with that. And then update the Board
21 accordingly, whether it be annually or more often, but we
22 are looking forward to watching the impact grow as this
23 project continues.

24 And that pretty much concludes my presentation.

25 CHAIR RICHARD: Very good, Ms. Rodriguez. Thank

1 you.

2 Let me just start right to left, questions or
3 comments, Director Curtin, first.

4 BOARD MEMBER CURTIN: Oh, yeah. Thank you for
5 that report. Except the mic's on -- I can't tell.

6 CHAIRMAN RICHARD: The red button

7 BOARD MEMBER CURTIN: The red button? Okay.
8 There you go, now it's on.

9 Could you tell me what the labor income
10 represents?

11 MS. RODRIGUEZ: Sure.

12 BOARD MEMBER CURTIN: Does it include -- is it
13 sort of like the cost of construction that includes the
14 materials or is it just simply wages? Because it would
15 seem out of 2.3 billion we're looking at 1.4 billion for
16 labor income, so what's the definition there?

17 MS. RODRIGUEZ: I'm going to look to the
18 technical experts and maybe invite one to come on up and
19 answer that for me. Yeah, this is Tim Thornton. He's been
20 one of the major contributors on the analysis.

21 BOARD MEMBER CURTIN: Keep it simple.

22 MR. THORNTON: Yeah, the labor income actually
23 represents the income from all the jobs that support it
24 from the direct, indirect and induced impacts. So to
25 compare the project spending with that labor income is a

1 little apples and oranges.

2 BOARD MEMBER CURTIN: Okay. So like I said, keep
3 it simple. What is it?

4 MR. THORNTON: The labor income is the wages paid
5 to jobs that are supported by the project. Not just the
6 direct spending, but also those ripple effects that we
7 talked about.

8 BOARD MEMBER CURTIN: Okay. So it's more
9 analogous to 3.5 or the economic output?

10 MR. THORNTON: No, that is a broader metric. The
11 economic output is more of the sum of the economic activity
12 across the -- so the labor income is one piece of the
13 economic output.

14 BOARD MEMBER CURTIN: Right. But is it actually
15 wages or is it construction company income from the
16 project, which would include ancillary issues, I'm
17 assuming?

18 MR. THORNTON: Well, part of the income is --
19 part of the construction spending is wages. Part of what
20 they spend their money is on materials, fuel, concrete,
21 that sort of --

22 BOARD MEMBER CURTIN: Right. Is that included?

23 MR. THORNTON: Not in labor income, no.

24 BOARD MEMBER CURTIN: Hmm.

25 CHAIRMAN RICHARD: You good?

1 BOARD MEMBER CURTIN: I don't know. (Laughter.)

2 BOARD MEMBER SCHENK: It doesn't sound like it.

3 BOARD MEMBER CURTIN: I'm fine with the concepts.
4 I just don't quite get the how it added up, but we're good.

5 CHAIRMAN RICHARD: You're good?

6 BOARD MEMBER ROSSI: They don't add -- they don't
7 add up.

8 CHAIRMAN RICHARD: Well, we'll --

9 BOARD MEMBER ROSSI: Somehow, they're different.
10 There's one is a multiplier or something (indiscernible -
11 off mic). It's just they don't add up, because they're
12 not relative to the (indiscernible - off mic). --

13 CHAIRMAN RICHARD: Director Schenk?

14 BOARD MEMBER SCHENK: Thank you. Thanks for the
15 support in going from the micro to the macro issues. What
16 do we do to get this out? Is this on our website? Is this
17 presented regularly out there? Has it been presented to
18 the media? How do we get this out?

19 MS. RODRIGUEZ: So in your packets there's a
20 four-page info factsheet. That has already been released
21 to the public. This report is now open to the public as
22 well, since it's here in your packets.

23 BOARD MEMBER SCHENK: Yeah, but I mean the
24 factsheet is nice, but people don't read factsheets unless
25 they're on the board. But this presentation is visually

1 good and it tells a story. And the 30-second snapshot that
2 most people have in terms of attention span --

3 MS. RODRIGUEZ: Sure, sure. So yes, we plan to
4 promote this information through different telling stories
5 like, "Our Faces of High-Speed Rail," the shorter little
6 clips that you were talking there, but also the interactive
7 map that will be online to promote that as well. So anyone
8 across the state can dive in and find what that information
9 is in their areas, in the Bay Area, Sacramento, Central
10 Valley, Southern California. Is that --

11 BOARD MEMBER SCHENK: No, well yeah. People can,
12 if they -- Look, I'm talking about outreach, about our
13 getting the story out. It's one thing to have somebody go
14 online and say, "Oh, let me see what's going on --

15 MS. RODRIGUEZ: Sure, I get it --

16 BOARD MEMBER SCHENK: -- it's another for us --

17 MS. RODRIGUEZ: -- so marketing, yes, to promote
18 it. Sure.

19 BOARD MEMBER SCHENK: -- to be telling the story
20 in promoting this.

21 MS. RODRIGUEZ: Yes, we will focus on that as
22 well to make sure we get the story out.

23 CHAIRMAN RICHARD: Let me turn now to
24 Ms. Lowenthal? I know some of this information, there's
25 things that you've been seeking for a long time. Did you

1 have questions or comments at this point?

2 BOARD MEMBER LOWENTHAL: Yes, absolutely. And
3 first of all, thank you so much Alice. I really appreciate
4 it. I did not take Econ 101, unfortunately. I hope you're
5 not going to give me a test on all these acronyms either.
6 (Laughter.)

7 MS. RODRIGUEZ: No.

8 BOARD MEMBER LOWENTHAL: But I really do
9 appreciate it and I found it interesting to know that the
10 unemployment rates in the Valley have gone down. I
11 remember during the recession that the food lines for the
12 banks were very, very (indiscernible) I hope that has
13 decreased with the amount of work that's available.

14 I am curious about whether the unskilled worker
15 has opportunities to connect with the small businesses that
16 are involved in the project. What are we doing about
17 unskilled workers in the Valley, if anything?

18 MS. RODRIGUEZ: Yes, that's a big focus for the
19 High-Speed Rail. We have the national target of hiring
20 initiatives that is meant to ensure that disadvantaged
21 workers along the Alignment have an opportunity to
22 participate in the program, so pre-apprenticed programs
23 become very important there when you mentioned unskilled.
24 In other words they need to learn those skills.

25 So that just as Chair Richard mentioned the story

1 of a young man who served in the military. And those are
2 also limited -- or excuse me -- associated as disadvantaged
3 workers, being a veteran is one of their criteria -- to
4 ensure they can get the skills to learn those jobs and then
5 have a real future in those trades.

6 BOARD MEMBER LOWENTHAL: Right. Are there are
7 other programs?

8 MS. RODRIGUEZ: We do partner with local agencies
9 in the Fresno region for pre-apprenticeship, so that those
10 workers can get the skills necessary and get them ready to
11 work in those trades.

12 BOARD MEMBER LOWENTHAL: So how many will that
13 be? How many are we talking about?

14 MS. RODRIGUEZ: I'm sorry, I didn't quite --

15 CHAIRMAN RICHARD: She asked how many there might
16 be.

17 BOARD MEMBER LOWENTHAL: So I'm sort of -- I'm
18 kind of feeling like I'm loving the numbers about the
19 economic output. I really think that High-Speed Rail has
20 done such an important job in starting to move the economy
21 in the Central Valley. I just don't want to leave those
22 behind who have no connection with it. And I'd love to
23 know what the numbers are of disadvantaged workers who
24 connect with the projects and get the training. And once
25 they get the training are they involved in a project? We

1 really need to look at those folks.

2 MS. RODRIGUEZ: Excellent. We can absolutely get
3 you that information, including those that came through the
4 Apprenticeship Program and those that are actively working.

5 BOARD MEMBER LOWENTHAL: That's great. And I
6 again, really appreciate these charts about the national
7 impact. I hope, as time goes on, we can make it even more
8 detailed than it is.

9 MS. RODRIGUEZ: I'm sure we will.

10 BOARD MEMBER LOWENTHAL: Thank you, Alice.

11 MS. RODRIGUEZ: Sure.

12 CHAIRMAN RICHARD: Thank you, Director Lowenthal.

13 And let me just point out that preparatory to my
14 testimony, we did get some information from the California
15 Building and Construction Trades about their apprenticeship
16 program, so we should get that circulated to you, as well.

17 BOARD MEMBER LOWENTHAL: Okay.

18 CHAIRMAN RICHARD: Director Camacho, did you have
19 questions or comments at this time?

20 (No audible response.)

21 Okay, all right. Vice-Chair Richards, did you
22 have questions or comments?

23 VICE CHAIR RICHARDS: No, I don't have any
24 questions.

25 CHAIRMAN RICHARD: Director Rossi?

1 BOARD MEMBER ROSSI: Yeah, just a suggestion --

2 BOARD MEMBER CAMACHO: I'm sorry, I have nothing.

3 CHAIRMAN RICHARD: Okay. Director Camacho, did
4 you have any questions or comments at this time on the
5 staff presentation?

6 BOARD MEMBER CAMACHO: No, not at all. Thank
7 you.

8 CHAIRMAN RICHARD: Thank you.

9 Okay. Director Rossi, can you just pull your
10 microphone in front of you and hit the red button, so that
11 your comments can be recorded for posterity?

12 BOARD MEMBER ROSSI: I would just suggest with
13 this document that the kind of metrics subset is not going
14 to have a lot of value for (indiscernible: audio cuts out.)

15 MS. RODRIGUEZ: Noted, thank you.

16 BOARD MEMBER ROSSI: Thank you for that
17 presentation.

18 CHAIRMAN RICHARD: Okay. Thank you.

19 Okay, Senator Beall?

20 EX OFFICIO BOARD MEMBER BEALL: And that's the
21 mic right there? Okay.

22 Of course, I look at this thing from the bigger
23 picture. SB 1 included provisions that included the
24 Workforce Investment Act, pre-apprenticeship programs and
25 the small business development goals to be worked out with

1 the State Legislature, pre-apprenticeship programs
2 including women, underserved populations, even -- I'll say
3 this -- formerly-incarcerated individuals.

4 There was some kind of thing in the paper about
5 how we were giving money to convicted felons. I thought it
6 was kind of a joke, because we can go out in the audience
7 and can probably find some convicted felons, right? Maybe,
8 I don't know. But I think the general population is if
9 somebody was out of prison and we were able to put him in
10 the workforce, it seems like every model I've seen shows
11 that that is a beneficial thing.

12 So we put in the SB 1, which is the \$52 billion
13 transportation measure that everybody approved -- at least
14 most of us; two thirds of us at least -- we put in there,
15 the "workforce development" part, that the Workforce
16 Investment Board will develop plans. So everybody that has
17 any of that money has to develop a workforce investment or
18 plan for their community and for their agencies. So all
19 the local governments, the counties, the cities, the
20 transit districts, Caltrans have to develop these workforce
21 investment plans. And they are being developed now. The
22 State Commission is developing the guidelines for these
23 plans.

24 Similar provisions will be in SB 2 and 3, the two
25 housing measures. We are going to be voting on those very

1 shortly for financing affordable -- publicly assisted
2 affordable housing, as well.

3 AB 398 also has provisions in it. It's the one
4 we adopted yesterday, I think called the Global Warming
5 Fund, which is the \$25 billion ten-year program. That will
6 have workforce investment measures in it.

7 We want to include those measures, because we
8 need to build our labor force. A bigger labor force and
9 more labor force in California means the money stays in
10 California. People would call it here the induced economic
11 impact will be beneficial to the State of California if we
12 can train and get employees in California.

13 And also the added benefit of a larger, well-
14 trained labor force is we'll have people ready and
15 available to do the work, which means more competitive and
16 actual hopefully lower bids on projects. I don't know if
17 anybody disagrees with that, but that's the theory.

18 I want to point out economic impacts in a fiscal
19 sense, because it affects the state budget. I'm a member
20 of the Budget Committee, the Appropriations Committee, and
21 the Government Finance Committee and the Audit Committee in
22 the Senate, so I've got all the fiscal committees under my
23 belt and sometimes it gets boring actually. But this is
24 exciting what we're talking about here.

25 This could have a dramatic impact on CalWORKS in

1 terms of lowering the caseloads. It will lower the Medi-
2 Cal caseload. You will see Medi-Cal reduced with the
3 employment. There will be people working in these
4 programs, these construction programs, that will no longer
5 be on Medi-Cal, because they'll be getting full paid,
6 benefitting, middle-class jobs.

7 The other one is getting incarceration recidivism
8 down. The Governor has been fighting like crazy to get it
9 down. Having a job available for people once they leave
10 our incarceration facilities will cut the \$70,000 a year we
11 spend in the State General Fund on that particular area.
12 So it is a wise investment to keep the money in California.

13 And I think there can be ways we can maximize
14 what I call the "multiplier effects" of the investment of
15 the High-Speed Rail Authority in these socio-economic ways.
16 And I chair the Senate Committee on Transportation Housing
17 and for six years I chaired the Human Services Committee of
18 the State Assembly. So I had kind of an interesting mix
19 where I understand this, the poverty issues and the people
20 that are unemployed and how we have to fight that,
21 especially in areas where we're building the high-speed
22 rail.

23 So I think just a big-policy picture, not just
24 for high-speed rail, but for the State of California on all
25 the legislation that involves infrastructure, we should

1 make infrastructure benefit as much as possible the State
2 of California and the people of California. Keep the money
3 in California, buy the groceries in California, keep the
4 payroll in California.

5 And that's, Mr. Chairman, I think this Board
6 should follow that direction that we are excited about in
7 Legislature in developing all these infrastructure
8 legislations this year. We're having a very exciting year
9 in Sacramento on infrastructure and I just wanted to lay
10 that out in my first meeting. It's going to be a very
11 exciting year in developing, we think, half a million jobs
12 in infrastructure development this year. By the time we
13 tally all the jobs we're creating with all these
14 legislative efforts it will be close to half a million jobs
15 created.

16 CHAIRMAN RICHARD: It's amazing.

17 EX OFFICIO BOARD MEMBER BEALL: Yeah, it's
18 amazing when you add it all up.

19 So I just wanted to lay that out for you,
20 Mr. Chairman. I think we have to have that social,
21 economic and very importantly, fiscal impact. How can we
22 help the state budget? How can we help the state budget
23 reduce the caseloads of people on public assistance? Is
24 there a way we can work hard to do that?

25 And that would be my strategic viewpoint on the

1 subject. Thank you.

2 CHAIRMAN RICHARD: Thank you very much, Senator.
3 As my colleague Director Schenk pointed out, we sometimes
4 struggle with the public -- you know, our ability to be
5 credible about the impacts this is having. I think having
6 elected representatives like yourself be able to make that
7 case is very beneficial and it's important for the people
8 to hear it.

9 Assemblymember Arambula?

10 EX OFFICIO BOARD MEMBER ARAMBULA: Thank you
11 Chairman Richard. I wanted to piggyback on that comment,
12 if I can, as well as what Director Schenk had mentioned.

13 While many of us who are present and paying
14 attention, are aware of the economic impacts on our
15 communities, the public may not be. And so I think there
16 really is an opportunity to share a message, a good,
17 message back to my community.

18 And if I could help to focus on three specific
19 points: first, I thought your point about how we are
20 exceeding the state average in job growth is a message that
21 we should be sharing. My community needs to hear it, so
22 that we can help to create the momentum needed to complete
23 this project.

24 Second, I would focus on the total economic
25 benefit that we're seeing, the \$3.5 to \$4 billion. That's

1 another powerful message, as well as the 52 percent of
2 disadvantaged workers. Those are good, salient points that
3 we could hit with social media in a 30-second block and
4 share it to be able to help to get the public to support
5 what is the first in our nation, the first in North
6 America. And it is exciting that we are investing in
7 infrastructure and supporting middle-class good jobs. My
8 community is breathing a sigh of relief, because we have an
9 opportunity to build a pathway out of poverty.

10 We have an opportunity now for some prosperity.
11 And it's exciting to see what the future holds for us. But
12 we know that we need to work with you to figure out how
13 best to share this message.

14 MS. RODRIGUEZ: Excellent.

15 EX OFFICIO BOARD MEMBER ARAMBULA: And I look
16 forward to that opportunity.

17 MS. RODRIGUEZ: Sir, thank you.

18 CHAIRMAN RICHARD: Thank you very much.

19 I'll just conclude with two quick thoughts.
20 First, I want to applaud the work that you did. I think
21 that this is the basis for something that can be very
22 important for us. Not only for the reasons that have been
23 articulated by our members of the Legislature, who are
24 sitting with us today, but in our ability to reach out to
25 members of the public. And I'm thinking every rotary club

1 needs to see what the impacts are that are flowing into
2 their community. Citizens groups and so forth need to
3 start to understand this. We need to be creating this
4 connective tissue that people see this as something really
5 important.

6 And the second point I want to make is that when
7 I had the testimony in front of the House of Transportation
8 and Infrastructure Subcommittee a couple of weeks ago, and
9 there was an entertaining moment when I talked about the
10 fact that all of our steel and all of our concrete is
11 domestic and then I indicated that the girders were being
12 produced in Lathrop. This allowed a colloquy to exist
13 between Congressman Garamendi and the Committee Chairman,
14 Congressman Denham -- in his district Latham (sic) lies --
15 and Mr. Garamendi made the point of asking me four times if
16 this was the same Lathrop that might be in the Northern
17 California? He didn't say it, but basically, the 10th
18 Congressional District. And so it really kind of brought
19 it home that these are jobs in these members' districts.
20 And we see this, as you're also saying, reaching out across
21 Tennessee and others.

22 In the recent fight over funding for the Caltrain
23 electrification, one of the reasons they were successful
24 was they were able to go to Senator Hatch in Utah and point
25 out that the trains were going to be made in Utah. So that

1 94 percent of the money is being spent in California is
2 appropriate, but it's also being spent across the country.

3 And the last point I want to make, just very
4 quickly, is that CEO Fellenz and I yesterday had the
5 privilege of having a meeting with the Ambassador to the
6 United States from Spain. And Ambassador Morenes was very
7 passionate about the impact that high-speed rail had had in
8 Spain of connecting the cities in Spain and connecting the
9 economically-depressed areas of Spain to their major urban
10 cores. And everything he was saying was exactly down the
11 line what we talk about when we talk about connecting
12 California.

13 And he looked at the chart that Tom Fellenz had
14 put up showing our construction. And at the top it said,
15 "Connecting California." And the Ambassador said, "I think
16 that that's an excellent, excellent phrase. It's exactly
17 what we did in Spain." And then he said, "If I may humbly
18 make a suggestion, you should also say connecting
19 California and Californians."

20 And so I mean, I think we're on the cusp of
21 really being able to explain this program as we're getting
22 into construction and people are starting to see it's
23 becoming real. But this is good work Alice, and thank you
24 and the team for doing it.

25 MS. RODRIGUEZ: Thank you.

1 CHAIRMAN RICHARD: So thank you.

2 MS. RODRIGUEZ: Thank you.

3 CHAIRMAN RICHARD: Senator, thank you.

4 And I think we have one more item, which is an
5 Update on the Assignment of NEPA Responsibilities.

6 I indicated before we have our representatives
7 here from the Federal Railroad Administration. We've been
8 working with them and the Department of Transportation on a
9 way to try to streamline our Environmental Analysis. And
10 Mr. Fellenz, you're going to walk us through this.

11 MR. FELLEENZ: Yes, Mr. Chairman and Board
12 Members. This is another bit of good news for our meeting.
13 What we're trying to do is to create better efficiencies
14 with our funding partners and our environmental clearance
15 partners, the Federal Railroad Administration.

16 And I thank them for being here today. And I
17 think part of it is because of the work that we're doing
18 together now to try to streamline the environmental
19 approval process. And as you know, we're the lead agencies
20 for the CEQA State Environmental Clearance and FRA is the
21 lead for the Federal NEPA Process.

22 There is a federal statute that allows a federal
23 agency in Transportation Modal Arena to assign their
24 responsibility under NEPA to a state. And there's a long
25 process that has to be gone through, including an

1 application, a public comment period and then a Memorandum
2 of Understanding between the federal agency and the state
3 that's receiving that assignment. And I'm just happy to
4 announce to you that we've started that process. And it
5 really was started, I would say, at the federal level.

6 As you can see in your materials the Trump
7 Administration, through an Executive Order, invited the
8 states to look for efficiencies in delivering
9 transportation projects. In a response to that Governor
10 Brown engaged the Trump Administration by saying that,
11 "There are a list of projects that we, the state, think
12 need to be accelerated to create jobs sooner and to realize
13 more efficiencies in the delivery of these projects."

14 And one of the projects that the Governor had
15 highlighted in his response was the High-Speed Rail
16 Authority Project. And we're asking then can we now go
17 with this NEPA streamlining process called "Assignment," as
18 part of that plan in conjunction with that Executive Order?

19 Caltrans has had assignment for the NEPA process
20 with the federal government, the Federal Railroad
21 Administration, for over ten years and it's been extremely
22 successful. When I was over at Caltrans I was on part of
23 the legal team that worked on this. And we went through
24 about a year-and-a-half process to be certified. And it
25 was a pilot process, a pilot project, at the time and that

1 was very successful.

2 It had been in place for ten years. And you can
3 see from the attachment that the Governor included in his
4 letter back to the President, some of the statistics that
5 show how successful Caltrans Environmental Clearance has
6 been in terms of time savings and efficiency pre-NEPA
7 assignment and post-NEPA assignment.

8 For example, just to the draft environmental
9 assessment process there was a savings of ten months. And
10 you can see there are significant savings in delivery of
11 projects, which is the goal of Transportation. Get the
12 projects completed so the public can use them.

13 So we have met with FRA a couple of times now in
14 D.C. to work on going through this assignment process.
15 They've responded to us saying they embrace it. They would
16 like to have this assignment take place. It's more
17 efficient for both of us.

18 Right now we're working on the application and we
19 have assistance from the Secretary, through Brian Annis,
20 the Secretary's Office Brian Annis is quite involved in
21 this and so we'll keep you posted as we go through this
22 process.

23 We believe we can achieve it in a much shorter
24 time period than Caltrans did. And FRA has agreed to
25 really work on an ambitious schedule. And we hope to have

1 this assignment in place by early 2018. And this will
2 allow us then, to fill both rules in the NEPA Process,
3 which is the development of this blended document that we
4 have now, which is both CEQA and NEPA. And then to have an
5 independent team approve that in the role of FRA, through
6 this assignment. And I'm happy to answer any questions you
7 might have about this.

8 CHAIRMAN RICHARD: Questions from members,
9 Director Schenk any questions on this?

10 (No audible response.)

11 Director Lowenthal, any questions on the
12 potential for NEPA Assignment?

13 BOARD MEMBER LOWENTHAL: No, I'm good. Thank
14 you.

15 CHAIRMAN RICHARD: Director Camacho?

16 BOARD MEMBER CAMACHO: No, thank you.

17 CHAIRMAN RICHARD: Members here?

18 BOARD MEMBER SCHENK: Thank you.

19 CHAIRMAN RICHARD: Well, thank you very much. I
20 certainly commend the work. I think we owe a debt of
21 appreciation to the Secretary Kelly's organization,
22 Undersecretary Brian Annis, to the Governor for raising
23 this, and frankly to the Trump Administration for opening
24 the door to continue the work under this Executive Order.

25 This is an area, as our Governor has laid out,

1 where we can find good cooperation with the Administration
2 on something that helps us move forward on it.

3 MR. FELLEENZ: Right. And I would add FRA as
4 well. Their open-mindedness and cooperation in working
5 through this; I think we'll both benefit greatly.

6 CHAIRMAN RICHARD: Thank you.

7 MR. FELLEENZ: Thank you.

8 CHAIRMAN RICHARD: I didn't mean to ignore them,
9 so okay. Thank you.

10 With that, we have completed the Regular Order.
11 The Executive Session, the Closed Session, has already
12 occurred. So unless there is any other business before us,
13 thank you all.

14 This meeting is adjourned.

15 (Having no further business, Chair adjourned the
16 Board Meeting at 11:23 a.m.)

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REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of August, 2017.



Eduwiges Lastra
CER-915

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Myra Severtson
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