

STATE OF CALIFORNIA

EDMUND G. BROWN JR.
Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Motor Vehicles
Department of Real Estate
Department of Transportation



BRIAN P. KELLY
Acting Secretary

Office of Real Estate Appraisers
Office of Traffic Safety
New Motor Vehicle Board
Board of Pilot Commissioners
California Film Commission
California Office of Tourism
Infrastructure and Economic Development Bank
Small Business Loan Guarantee Program
Public Infrastructure Advisory Commission

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

October 1, 2012

The Honorable Mark DeSaulnier, Chair
Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

The Honorable Bonnie Lowenthal, Chair
Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

The Honorable Mark Leno, Chair
Senate Committee on Budget and Fiscal Review
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Bob Blumenfield, Chair
Assembly Committee on the Budget
State Capitol, Room 6026
Sacramento, CA 95814

Dear Senator DeSaulnier, Assembly Member Lowenthal, Senator Leno and
Assembly Member Blumenfield:

This letter is to indicate that I have reviewed and approve the California High-Speed Rail Authority's (Authority) 2012 Staff Management Report as consistent with the criteria of Item 2665-306-6043 of the Budget Act of 2012 (SB 1029, Chapter 152, Statutes of 2012).

Sincerely,

A handwritten signature in black ink that reads "Brian P. Kelly". The signature is written in a cursive style.

BRIAN P. KELLY
Acting Secretary

Attachment

cc list: See next page

cc: Honorable Ted Gaines, Vice Chair, Senate Transportation and Housing Committee
Honorable Kevin Jeffries, Vice Chair, Assembly Transportation Committee
Honorable Bill Emmerson, Vice Chair, Senate Committee on Budget and Fiscal Review
Honorable Jim Nielsen, Vice Chair, Assembly Committee on the Budget
Ms. Carrie Cornwell, Chief Consultant, Senate Transportation and Housing Committee
Ms. Janet Dawson, Chief Consultant, Assembly Transportation Committee
Ms. Keely Bosler, Staff Director, Senate Budget and Fiscal Review Committee
Mr. Christian Griffith, Chief Consultant, Assembly Committee on the Budget
Ms. Diane Boyer-Vine, Legislative Counsel, State Capitol, Room 3021
Mr. Gregory Schmidt, Secretary of the Senate, State Capitol, Room 3034
Mr. E. Dotson Wilson, Chief Clerk of the Assembly, State Capitol, Room 3196



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Board Members:

Dan Richard
Chairperson

Lynn Schenk
Vice-Chairperson

Thomas Richards
Vice-Chairperson

Robert Balgenorth

Jim Hartnett

Michael Rossi

Thomas J. Umberg

Jeff Morales

Chief Executive Officer

The Honorable Bonnie Lowenthal, Chair
Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

The Honorable Bob Blumenfield, Chair
Assembly Committee on the Budget
State Capitol, Room 6026
Sacramento, CA 95814

Dear Senator DeSaulnier, Assembly Member Lowenthal, Senator Leno and Assembly Member Blumenfield:

I am pleased to submit the California High-Speed Rail Authority's (Authority) 2012 Staff Management Report. This report satisfies the requirements under provision Item 2665-306-6043 of the Budget Act of 2012 (SB 1029, Chapter 152, Statutes of 2012). The provision states:

“(1) By October 1, 2012, prior to awarding a contract to commence construction of the first construction segment or committing funds for the contract... a comprehensive staff management report that includes:

- (i) An organizational chart for the authority, detailed description of each executive manager’s function and responsibilities, summary of staffing changes in the preceding year, a strategy for filling vacancies and the recruitment and staffing plans for the 2012–13 fiscal year.
- (ii) The management approach, including number, skill level, position, and hiring and retention plan of staff and outside consultants required to adequately oversee each of the planned construction contracts funded in this act.
- (iii) Proposed steps and procedures that will be employed to ensure adequate oversight and management of contractors involved in the construction contracts funded in this act.
- (iv) Procedures to detect and prevent contract splitting.”

Distribution to the Legislature has been made by the Authority pursuant to California Government Code section 9795.

Sincerely,

Jeff Morales
Chief Executive Office

Attachment

cc: Honorable Ted Gaines, Vice Chair, Senate Transportation and Housing Committee

JERRY BROWN
GOVERNOR



Honorable Kevin Jeffries, Vice Chair, Assembly Transportation Committee
Honorable Bill Emmerson, Vice Chair, Senate Committee on Budget and Fiscal Review
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California High-Speed Rail Authority

2012 Staff Management Report

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1. Introduction

1.1. Purpose of the 2012 Staff Management Report

The Board of Directors and executive management of the California High-Speed Rail Authority (CHSRA or Authority) recognize the importance of a strong management structure and proper staffing to ensure successful delivery of the High-Speed Rail Program (Program).

The 2012 Staff Management Report (Staff Management Report) describes the organizational structure supporting the delivery of the High-Speed Rail Program, as well as the staffing structure and key construction management procedures established by the Authority.

The Staff Management Report documents the enhanced organizational strategies implemented by the Authority's executive management team to achieve the program goals identified in the Revised 2012 Business Plan and to implement the program funded through SB 1029 (Chapter 152, Statutes of 2012). While much of the core structure remains consistent with the Authority's organizational assessment developed in October 2009, enhancements to management, staffing levels, risk management, regional management, and contract and construction management have been implemented.

The Staff Management Report begins by describing the current guiding principles that underpin the Authority's staffing and organizational strategies. This summary reflects the recent progress and current status of the Program.

1.2. Staffing and Organizational Guiding Principles

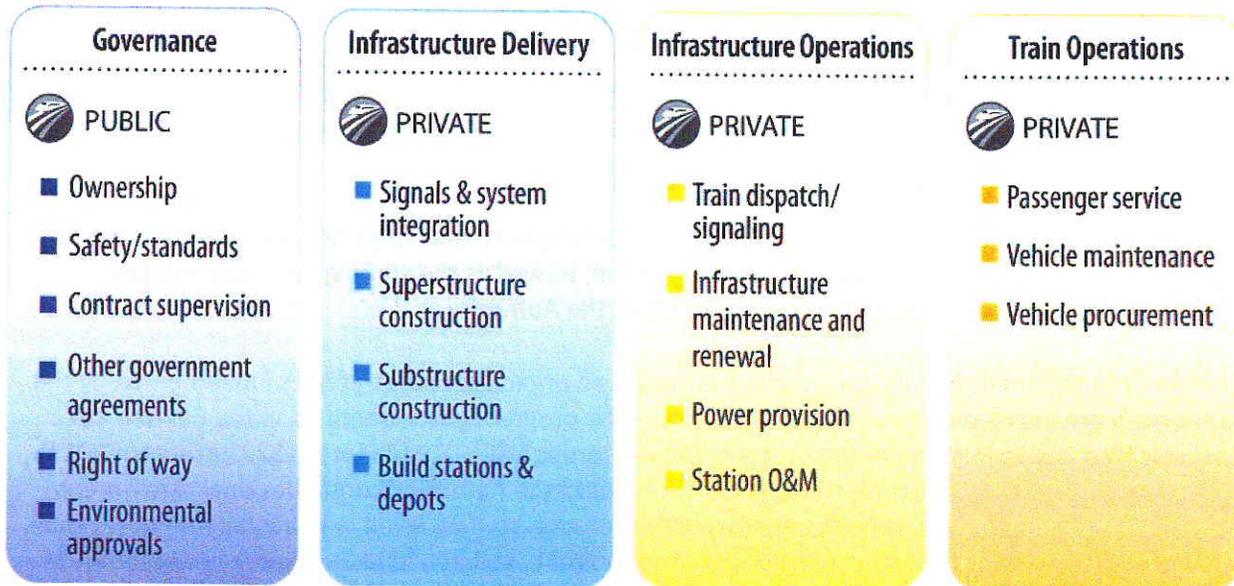
The Authority has three areas of guiding principles for its organizational structure and staffing which are defined further below:

- 1) Governance and oversight shall be provided by the Authority's Board and government employees
- 2) Accelerating delivery of California's high-speed rail system through cost-effective and innovative practices is in the public interest
- 3) Administrative functions will be supported through partnerships arranged with other governmental agencies

These principles reflect an overall program delivery approach that is driven by Proposition 1A and the experience of other countries that have successfully developed high-speed rail systems. Both Proposition 1A and the Authority's business plans rely on the public sector to plan and manage the development of the system while shifting responsibility for operational planning, design, construction, operations, and maintenance services to the private sector. This approach allows the public sector to manage and oversee development and operation while obtaining extensive private sector expertise to achieve lower costs and greater efficiency. Under this model the State transfers key risks for building and operating the system to the private sector, which can lead to numerous additional public benefits.

The principal roles for the public and private sectors are illustrated in Exhibit 1-1, below.

Exhibit 1-1. High-Speed Rail Principal Roles



Source: Exhibit 4-1. High-speed rail organizational model, 2012 Business Plan

The Authority's organizational guiding principles are discussed below:

1) Governance and oversight shall be provided by the Authority's Board and government employees

- The key functions of the Authority's Board, executive management, and government employees must include government program management, including: policy-setting; decision-making; management functions; accountability; and reporting. All strategic and development decisions of the Authority will be made by government employees with sufficient management experience for the activity.
- The organizational structure of the Authority will ensure the strategic direction and on-going implementation of the high-speed rail system is driven by objective government decision-makers.
- The reliance on the private sector for construction and operation of the system means that the Authority has a relatively small internal staff for program delivery. However, the Authority's government employees must consist of highly-qualified senior executive managers with large project development expertise and commitment to public service to ensure proper oversight and decision making roles are effectively filled.
- Responsiveness to multiple oversight bodies will remain a key priority for the Authority's executive team, while also balancing implementation and efficiency objectives.

2) Accelerating delivery of California’s high-speed rail system through cost-effective and innovative practices is in the public interest

- Structures and ways of doing business must be adapted to sustain a nimble and responsive government organization.
- Traditional government employment levels associated with operating organizations are not appropriate for a development-oriented program that is long-term, but ultimately temporary, in nature.
- Innovation will be integral to project success, as will partnership with public and private sector entities with specialized skills and resources, including financial resources.
- The means of achieving accelerated project delivery must not compromise quality or sacrifice accountability to the public interest.

3) Administrative functions will be supported through partnerships arranged with other governmental agencies

- Many administrative functions can be more quickly, efficiently, and cost-effectively achieved by using existing expertise and capacity of other government agencies under executive oversight by the Authority.
- Due to the evolving nature of the Authority’s staffing needs, creating a large number of new permanent government positions would be onerous and prohibitive.
- Competition among multiple potential public partners pre-qualified to provide services to the Authority will provide access to the “best and the brightest” and improve results.
- Lessons from successful public-private partnerships will be applied to these new public-public partnerships to provide enhanced standards of performance and effective remedies to enforce that performance.

1.3. Organization of this Staff Management Report

This Staff Management Report is organized as follows:

1. Introduction

Section 1 discusses the purpose, guiding principles, and organization of the Staff Management Report.

2. Organizational Model to Deliver the Program

Section 2 provides an overview of the functions performed by the Authority, its external oversight agencies, interagency team members, and private sector service providers. It also includes a current Organizational Chart for the Authority, as well as descriptions of the roles and responsibilities of the members of the Authority’s executive management team. It concludes with a summary of recent changes in the Authority’s staffing allocations over the period from fiscal year 2010-11 through the current year, fiscal year 2012-13.

3. Staff Recruitment and Retention Strategies

Section 3 describes the growth of the Authority's authorized staffing and the progress it has made toward filling vacant positions. It includes discussion of some past challenges and current recruiting and retention strategies.

4. Management Approach for Construction Phase

Section 4 describes the phasing of activities and related staffing needs as the first construction segment of the Initial Operating Section moves into final design and construction. This includes discussion of both government employees and private sector employees involved in implementation, support, and oversight for design and construction. This section also describes the process being put in place to efficiently and effectively manage the design-build construction packages for the first construction segment of the Initial Operating Section. This includes design-build oversight, project controls, and contract management. Section 4 also includes information regarding the Authority's procedures to avoid contract splitting.

2. Organizational Approach to Deliver the Program

As noted in Section 1, *Introduction*, the Authority has an organizational approach that takes into account the unique nature of California’s High-Speed Rail Program and the various responsibilities that will arise under the phased implementation strategy outlined in the Authority’s Business Plan. Of particular note is the creative organizational approach the CHSRA has adopted to execute a business model in which public and private sector capabilities are leveraged over the course of implementation and operation of the Program.

This model includes: oversight provided by multiple external agencies, both state and federal; an active Board of Directors to set policy and make routing, environmental, contracting and financial decisions; a senior executive management team with extensive project development experience; interagency support for many standard state administrative functions; and reliance on the private sector to deliver the project under contracts negotiated and managed by government employees and legal counsel. Such a structure is needed to support the nature of the Authority’s single project focus – to develop the HSR Program.

There are other organizations in California, with analogous project development and oversight responsibilities, which are structured similarly to the CHSRA, notably, the “self help” counties responsible for the delivery of a combined \$140+ billion in capital projects. These organizations have elected or appointed boards, a core team of highly-experienced senior executives, directors, and managers, and a relatively small number of staff members overseeing the work of a larger number of external resources. The executive management teams typically include the core competencies of project development/planning, procurement, project delivery, administration/information systems, legislation/public affairs, communication, and funding/financing, along with functions more tailored to the nature of the organizations projects.

For example, the Riverside County Transportation Commission (RCTC) is an association of local governments that coordinates county-wide transportation planning and project funding – including over \$2 billion in transportation construction spending in 2011 through 2013, alone. These transportation projects include those constructed by RCTC, the County of Riverside, local cities, or Caltrans.

RCTC has a lean organization that reflects its planning, funding, and oversight functions. Governed by its 34-member Board of Commissioners, the staff of the organization consists of 42 personnel predominately comprised of senior executives, including eight Directors/Deputy Directors and 17 Managers. Additional resources are acquired through contracting for various professional services. According to RCTC management, this approach helps to control costs and provides staffing only as required.

Riverside County Transportation Commission

“The Commission’s status has become somewhat unique in Southern California. As many transportation agencies have consolidated functions and grown in size, the Commission remains true to the original intent of the state of California (State) legislation that first created it—now operating with a staff of 42 budgeted positions. This maintains the original vision of the Legislature when it created the Commission in 1976. By doing so, the Commission remains effective in its role as a transportation planning and funding agency by maintaining productive relationships with other agencies.” – Riverside County Transportation Commission, Fiscal Year 2012/13 Budget, June 7, 2012.

Another example is the Metropolitan Transportation Commission (MTC), which is the transportation planning, coordinating and financing agency for the nine-county San Francisco Bay Area. Along with acting as the Bay Area's Regional Transportation Planning Agency (RTPA) and Metro Planning Organization (MPO), the MTC coordinates and updates the Regional Transportation Plan, screens requests from local agencies for state and federal grants for transportation projects to determine compatibility with the Regional Plan, and administers the Bay Area Toll Authority (BATA).

The MTC is responsible for administering the 25-year Regional Transportation Plan, which is budgeted to total \$118 billion over the period of 2005 through 2030, including \$27 billion in state and federal funds. MTC is governed by a 19-member Commission and supported by a relatively lean staff of 170 people, including an Executive Director, two Deputy Executive Directors, Chief Financial Officer, General Counsel, and Directors overseeing seven functional divisions.

Similarly, in the Central Valley the San Joaquin Council of Governments (SJCOG) is comprised of the County of San Joaquin and the local cities. SJCOG is the Regional Transportation Planning Agency (RTPA) responsible for adopting a Regional Transportation Plan and a Regional Transportation Improvement Program, and overseeing state and federal funds within the region's boundaries, including through its planning and coordination responsibilities. In 2011, SJCOG oversaw more than \$2.8 billion in Regional Transportation Plan investments for rehabilitation, repair, and expansion from federal, state, and local funding sources.

SJCOG is a lean agency that reflects its planning and coordinating functions. Governed by its 15 member Board of Directors, the staff of the organization consists of 31 personnel comprised largely of senior executives, including three Directors, nine Managers and four Senior Planners.

2.1. Functional Overview

External Oversight (State and Federal)

The functional model begins with the external oversight agencies that are responsible for reviewing and, in many cases, approving or confirming decisions and transactions for the Authority. Numerous external entities are involved in the oversight of the CHSRA, including the Legislature, the Administration, the Legislature's Peer Review Group, the State Auditor, federal transportation and environmental agencies, and other state control agencies. These oversight bodies provide a wide range of services, from strategic to tactical. They also have set guidelines and procedures which the CHSRA follows in the execution of its daily business. For example, the Department of General Services has external oversight over all of the Authority's procurement activities and the Department of Finance is a key gatekeeper for all budget-related activities. The Federal Railroad Administration has a wide range of oversight responsibilities, both as a funding partner and as a regulatory agency with responsibility for safety of the nation's railways.

In addition to process, transaction, environmental, and other reviews that occur as a part of individual planning and development activities, there are a range of external audit and miscellaneous agencies that review and report on the Authority's policies, procedures, plans, and progress on a regular basis. A listing of recent and future oversight reports is provided in **Appendix 1**.

CHSRA Board of Directors

The Authority's Board of Directors (Board) consists of nine members (five appointed by the governor, two appointed by the Senate Rules Committee, and two by the Speaker of the Assembly). The Board sets direction for and governs the organization through broad policies and objectives. Other responsibilities include but are not limited to, the appointment and/or approval of key executive staff members and the approval of key actions, including various contracts, reports, plans, and financial allocations and expenditures.

For example, the Board is responsible for approving Authority policies and key organizational documents, such as the Authority's business and strategic plans. The Board selects, appoints, supports, and reviews the performance of the chief executive and may approve the hiring of other management staff. The Board is also responsible for approving the annual budget, other financial plans, all environmental documents, and contracts. Ultimately, the Board is accountable to the public and other stakeholders for the CHSRA's performance.

The Board meets as a whole on a monthly basis, or more or less frequently as needed. The Board also has established a Finance and Audit Committee, the role of which is described below.

Finance and Audit Committee

- Review development of a phased segment-by-segment financial plan that leverages Proposition 1A proceeds with federal American Recovery and Reinvestment Act (ARRA) and other high-speed rail funds
- Review all funding opportunities beyond Proposition 1A and ARRA, including local and private
- Consideration of a framework for private sector participation given Proposition 1A and ARRA funding and cash flows
- Review matters of state bonds sales, debt financing, financial operations, and financial reporting
- Review coordination with the Legislative Analyst's Office on annual reports, etc.
- Review reports by the Bureau of State Audits and the Authority's staff responses and implementation plans

CHSRA Executive Management Team

The Authority has a dedicated executive management team including a chief executive, chief deputy, chief counsel, and other senior management. CHSRA's executive management function is responsible for executing the program and working with the Board, external oversight bodies, and other stakeholders to achieve the vision for high-speed rail in California. The executive management team provides leadership for all of the Authority's activities, manages state personnel and contract personnel, and holds primary responsibility for making those decisions that have been delegated from the Board of Directors. The function is responsible for providing management and oversight for the day-to-day operations of the organization. The executive management function also has responsibilities related to determining the appropriate organizational structure for CHSRA, selecting management staff, and establishing management plans while executing the risk management, budgetary, compliance, and other organizational processes.

The Authority's executive management team includes:

- Chief Executive Officer
- Chief Deputy Director
- Chief Legal Counsel
- Chief Financial Officer
- Chief Administration Officer
- Chief of External Affairs
- Chief Program Manager
- Risk Manager
- Internal Auditor

The Authority's functional divisions are described below, followed by descriptions of other agency support and private sector services obtained by the Authority to deliver the Program.

Program Delivery

The CHSRA's overall Program Delivery function is responsible for the design, development, construction, and preparation for future operations of the high-speed rail system. Over time, this function is responsible for the environmental planning, transportation planning, engineering, operations, project controls, project management, right of way, contract and construction management, railroad operations, procurement, and regional coordination elements of the high-speed rail program.

This organization is led by CHSRA management and staff with extensive transportation development experience, supported by Caltrans managers and engineers dedicated to the program under interagency agreements. This team oversees the delivery of environmental document preparation, preliminary engineering, permit preparation, systems planning, revenue forecasting and other technical activities conducted by specialists from the private sector. The elements of this function include:

- **Transportation Planning.** Transportation Planning supports long-range planning activities by developing and maintaining transportation plans, compiling preliminary route analyses, and assisting with schedule, cost and other planning activities. This includes coordinating with other regional and statewide transportation agencies. Transportation planning also encompasses forecasting ridership and revenues and planning for overall system capacity. CHSRA staff, with assistance from Caltrans and contract staff, support the Transportation Planning function.
- **Environmental Planning.** The Environmental Planning function within the CHSRA is responsible for overseeing and coordinating environmental assessments in compliance with state and federal law. State employees oversee contract staff, federal and state review, public outreach, and the activities conducted by others on the Authority's behalf. Legal support for environmental processes is provided by CHSRA and the Attorney General's Office. Key environmental decisions are made by the CHSRA Board of Directors.

- **Right of Way.** To construct the first construction segment of California's high-speed rail system, the Authority must acquire nearly 1,100 properties and land parcels upon which to build the rail system and accompanying facilities, stations, etc. Accordingly, the Authority has a standard government transportation right of way function that has the responsibility to manage state employees and contract staff that survey land, prepare maps, prepare deeds, appraise property, acquire property, plan for utility relocation, and provide relocation assistance to homeowners and businesses. The right of way function also provides other property-related services such as managing encroachments, negotiating damage contracts to private property, coordinating permits, and providing escrow and title services. The Right of Way function is performed by both CHSRA and contract staff and is supported by a contract legal team and Caltrans, under interagency agreement.
- **Project Delivery.** Project Delivery includes the overall planning, coordination, and control of construction. Key to the function is quality assessments of projects through key activities such as site visits and inspections to verify contractor compliance. A detailed description of this function is provided in Section 4, *Management Approach for Construction Phase*.
- **Contract Procurement.** Contract Procurement is responsible for requests for proposals, evaluations, negotiation, and contracting for design and construction phases of the high-speed rail project. The Contract Procurement function is managed by CHSRA staff and supported by a specialized procurement team from Caltrans, as well as engineers, financial advisors, and legal counsel from the private sector.
- **Commercial and Business Planning.** Commercial and Business Planning will develop and implement strategies and tools to enhance the financial performance of the system through means such as station and station-area development, generation of ancillary (non-ticket) revenues, and cooperative programs with partner agencies.

External Affairs

Providing accurate and timely information to the public, stakeholders, and oversight agencies is critical to the success of the high-speed rail program. The Authority's External Affairs function fulfills this need by coordinating communications, legislative analysis, and other intergovernmental relations. External Affairs oversees and directs the Authority's public and stakeholder-related communications to ensure consistency and accuracy of information as well as the efficient operation of these functions internally and across the three primary regions covering the Bay Area, Central Valley, and Southern California.

- **Communications.** CHSRA's Communications function facilitates internal and external communication through research, fact-finding, information dissemination, and public engagement. Other Communications duties include: coordinating external stakeholder outreach and community relations; developing and distributing press materials; communicating with the media; maintaining the Authority's website and social media tools; adhering to open public meeting laws; executing the Authority's policy of transparency; developing printed materials; developing advertising, when necessary; and responding to inquiries from the public. The Authority's Communications function is managed by CHSRA employees. Occasionally, support services are provided by contract staff or regional coordinators, which are then overseen by CHSRA staff.

- **Legislation.** CHSRA's Legislation function advises the Board and executive management on legislative matters. They conduct research, analyze proposed or enacted legislation, develop policy analysis, and prepare legislative briefings and other white papers. The Legislation function also performs educational services by providing needed information to policy makers. Where applicable, the function also assists with outreach efforts and responses to media and public inquiries. The Authority's Legislation function is performed by CHSRA employees.
- **Stakeholder Relations.** During the planning and construction phases, as well as during future operations of California's high-speed rail system, it is critical that CHSRA develop and maintain relationships with local stakeholders, policy makers, and feeder transportation systems. Further, it is necessary for the Authority to build local communications strategies and community partnerships. CHSRA's Regional Directors fulfill this need by providing both leadership and staff resources to represent the Authority on a regional basis. These individuals are the Authority's project managers at the regional level. The Authority also has established the position of the Small Business Advocate, which presently is being filled through an interagency agreement.

Financial Management

Constructing and operating California's first high-speed rail system represents a significant financial endeavor for the CHSRA and its public/private partners. Accordingly, the Authority has a critical responsibility for prudent financial management that requires a Financial Management function. As careful stewards of state, federal, and other funds, the CHSRA's Financial Management function includes budget, accounting, grants, contracts, and procurement. CHSRA staff oversee and manage the overall Financial Management function. Invoice processing and accounting are provided under interagency agreement with the Department of General Services. Finance and commercial planning related to private sector investment is supported by Caltrans staff and the private sector.

- **Budget.** CHSRA's Budget function conducts financial forecasting for current and future years to project costs and needed funding. CHSRA staff are responsible for preparing and submitting the Authority's proposed budget change proposals to the Department of Finance.
- **Accounting.** Accounting maintains the Authority's record of its financial transactions, monitors account balances, manages cash flow, prepares and posts regular financial statements, and reports on the Authority's financial results. CHSRA staff oversee the accounting function, which is performed on the Authority's behalf by the Department of General Services.
- **Grants.** The Authority's Grants function is responsible for overall management, oversight, and monitoring of state and federal awards received. This function requires accountability and transparency, and must provide a means of tracking and monitoring program goals, accomplishments, and compliance with grant requirements. The Grants function also interfaces with the Grantor to transfer funds and report on progress. CHSRA presently has both internal staff and contract staff performing Grants activities.
- **Contracts and Procurement.** The Contracts and Procurement function is responsible for purchasing goods and services required by the Authority, managing contracts, and ensuring

that the Authority complies with state and federal procurement guidelines. CHSRA's Contracts and Procurement function develops requests for proposals and other procurement documentation, reviews proposals, and selects vendors/services in accordance with relevant guidelines. CHSRA staff work with the Department of General Services on all procurements.

Administration

As with any organization, CHSRA requires administrative functions to support the organization's broader mission. CHSRA's Administration function is designed with performance and management of business responsibilities in mind. Thus, it includes key services such as human resources and information technology services, as well as facilities and business services.

- **Human Resources.** The Human Resources (HR) function is responsible for acquiring, developing, and sustaining the appropriate level of internal staff required to support the Authority. This function includes identifying resource needs, developing future staff projections, navigating California Human Resources-related procedures and regulations, defining job duties, recruiting and selecting candidates, facilitating staff development and training, managing the employee evaluation process, managing employee benefit information, and performing other HR processes. The CHSRA's Human Resources function is staffed by CHSRA employees, who work in coordination with other state agencies (e.g., CalHR, CalPERS, State Controller's Office, and the Department of Finance).
- **Information Technology.** The Information Technology (IT) function is responsible for providing needed computer and technology resources to Authority staff. This function includes desktop support, network services, technical systems (e.g., e-mail, file sharing and collaboration environments), telephone support, and other software and hardware services. The Authority's Information Technology function is staffed by CHSRA employees, who work with and oversee interagency agreements with other state agencies that provide technical services, as well as contract staff.
- **Business Services.** The Business Services function is responsible for property acquisition, contract administration, financial record keeping, office layout, purchasing, records management, and building management as it relates to daily activities. This function develops process and procedures for the organization to manage the facilities and purchasing of materials, supplies, and equipment. Record retention is vital for this Program, and the Business Services section provides information on new laws and regulations regarding monitoring of records storage and advising how to protect vital records, which includes solving forms and records management problems and ensuring compliance with applicable laws.

Legal

The Legal function is responsible for providing the CHSRA's Board, Chief Executive, and other executive management with required in-house legal services. The Legal function is directed by the Authority's Chief Counsel, who coordinates with the California Attorney General's Office as necessary. This function includes contract preparation and review, litigation support and representation, legislative review and technical support, regulatory support (e.g., environmental impact review), and other services as

requested. CHSRA's Legal function is staffed by CHSRA employees who work with the California Attorney General's Office. CHSRA legal staff also coordinate with and oversee contract staff that perform a limited number of legal services as part of the Program Delivery function. In matters of litigation, the Authority is represented by the Attorney General's Office, which also may engage outside legal counsel, as needed. The Authority also must obtain the review and approval of the Attorney General's Office prior to engaging outside legal counsel for litigation work.

Other Agency Support

The CHSRA uses a range of state agencies to perform administrative and support functions under interagency agreements. This strategy allows the Authority to utilize in-place teams, controls, and processes that have proven successful in other agencies without recreating them within the Authority, thereby saving time and resources.

The Authority has initiated a new collaborative working group consisting of representatives of the CHSRA's executive management team and other state agencies, including Department of General Services (DGS), Department of Finance (DOF), California Department of Transportation (Caltrans), the Department of Justice (DOJ), and the Governor's Administration.

Activities supported by other agencies include:

- Real estate acquisition – Caltrans
- Construction oversight – Caltrans
- Construction procurement – Caltrans
- Accounting and invoice processing – Department of General Services
- Budget analysis – Department of Finance
- Human resources processing – Department of General Services
- Information technology services – California Technology Agency
- Legal support – Attorney General's Office

Private Sector Services

The private sector provides support services in five broad categories:

- Program Delivery Support for transportation planning, contract management, environmental planning, and project delivery
- Program and Construction Oversight for program management, construction management, project controls, and contract management related services
- Design and Construction of segments of the system under design-build contracts
- Financial Assistance for support of commercial planning and transaction advice related to funding
- Legal Support for contracting, litigation, and specialized compliance services

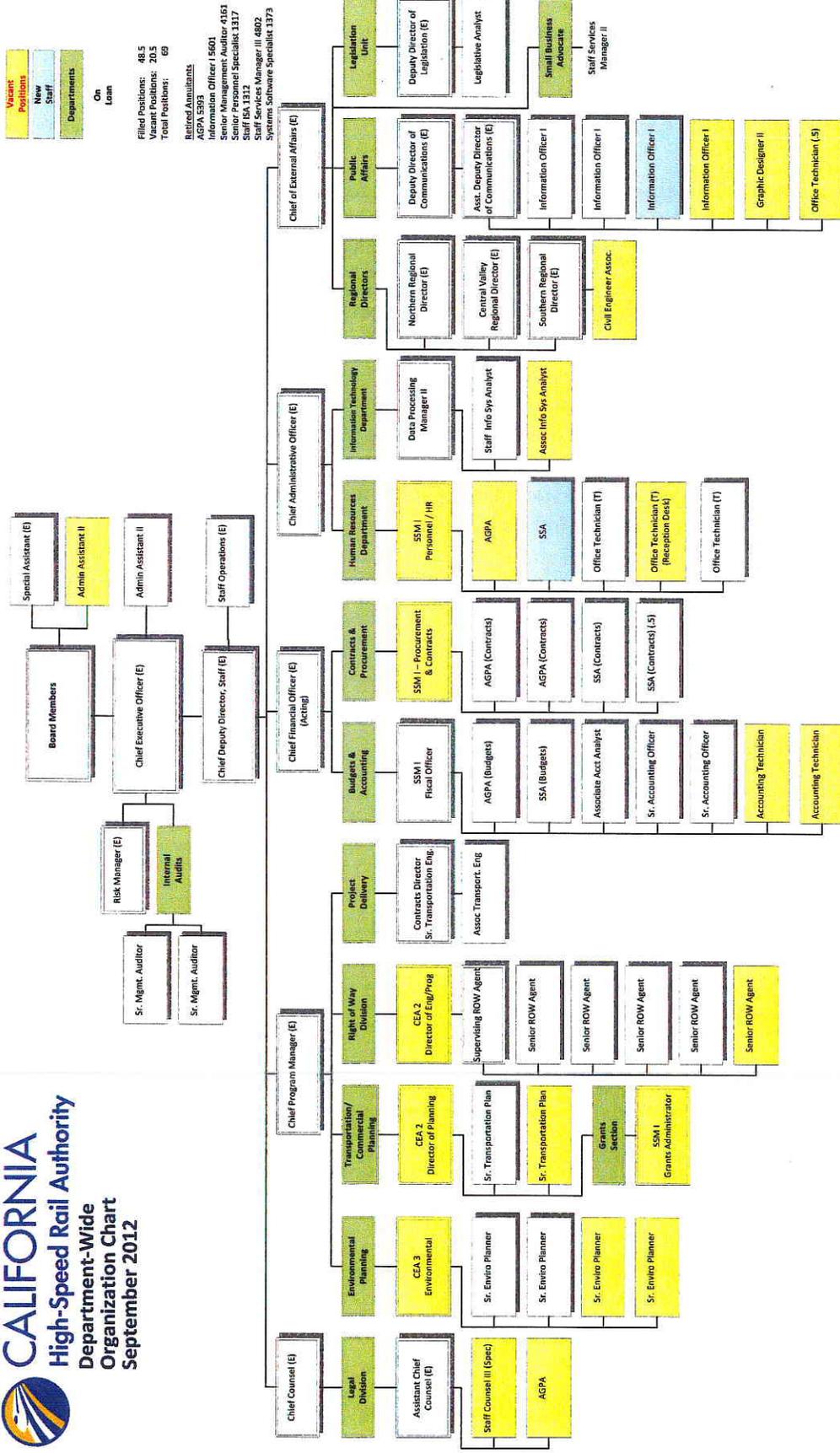
Private sector activities are performed under contracts with annual workplans and monthly status reporting. All contractors report to one or more Authority management team members and all deliverables are reviewed by Authority staff.

2.2. Organizational Chart

As previously noted, CHSRA employs a variety of resources to support its needs including internal employees, staff loaned to the Authority from other state agencies, services provided by other state agencies, and contract staff from private-sector service providers. Given the reliance on support from external entities, it is critical that CHSRA is staffed internally with highly qualified individuals who have deep expertise in their designated role and discipline, so that they can appropriately manage and oversee personnel from other sources.

In a sense, the CHSRA has designed its internal organization in a manner that optimizes its ability to oversee resources that are provided by others – both in the public sector and private sector. As illustrated in Exhibit 2-1, CHSRA’s structure supports the functions previously described by providing experienced executives, managers, and staff in each of the functional areas. Positions filled by interagency agreements do not appear in Exhibit 2-1.

Exhibit 2-1: California High-Speed Rail Authority Organizational Chart as of September 28, 2012



Approved by: _____ Date: _____

Revision Date: September 28, 2012

2.3. Executive Management Roles and Responsibilities

Building on the organizational structure illustrated above, CHSRA's executive management team has a vital role in directing the Authority's human resources and overseeing the work of its internal staff, loaned staff, interagency staff, and contract staff. The following provides additional insight on the executive management team's key roles and responsibilities.

Chief Executive Officer / Executive Director

The Chief Executive Officer (CEO) administers the affairs of the Authority as directed by the Board. The CEO provides executive leadership of all Authority activities, including management and oversight of the Authority's day-to-day operations. The CEO is responsible for determining the appropriate organizational structure for CHSRA, selecting key management staff, facilitating discussion and agreement between the Board members, and establishing key management plans as well as executing the risk management, budgetary, compliance, and other organizational processes. The CEO develops policies for Board approval and represents the Authority at public meetings, events, etc. The CEO oversees the executive management team, including the Chief of Staff, Chief Counsel, Chief Financial Officer, Chief Administrative Officer, Chief Deputy of External Affairs, Chief Program Manager, Risk Manager, Deputy Director of Communications, Deputy Director of Legislation, and other key staff.

Chief Deputy Director / Chief of Staff

The Chief Deputy Director advises and assists the Chief Executive Officer regarding all aspects of the policy and operations of the High-Speed Rail Authority. The Chief Deputy Director represents the CEO in meetings and hearings, while assisting in the formulation of Authority policy. The Chief Deputy Director also plays an active role in the day-to-day operations of the Authority and has designated authority to act for the Chief Executive Officer in his/her absence. The Chief Deputy Director is responsible for the oversight and coordination of all Authority staff activities, including administrative support for the Board, on behalf of the Chief Executive Officer. Finally, the Chief Deputy Director resolves problems, mediates disputes, and addresses issues to avoid the need for escalation to the Chief Executive Officer.

Risk Manager

Under the general direction of the Board, the Chief Executive Officer, and the Finance and Audit Committee, the Risk Manager is responsible for managing and tracking risks as well as risk mitigation/contingencies on the project. As a member of the executive management team, the Risk Manager monitors prime contractor risk management efforts to ensure they do not adversely impact the Program. The Risk Manager manages and tracks potential and active risks, maintains the risk management tool and documentation information, leads risk identification sessions for the Program, monitors prime contractor risk management efforts, and participates in project-level risk management activities for risks that cross project boundaries or are beyond the project's control. The Risk Manager identifies and analyzes areas of potential risk to the assets, earning capacity, or success of the organization. The Risk Manager creates processes for assessing, identifying, monitoring, and preventing business risks. The Risk Manager also plans, designs, and implements an overall risk management process.

Internal Auditor

The Internal Auditor is responsible for the development and implementation of a comprehensive internal audit program for the Authority. This program includes management of a variety of complex administrative, operational, financial, performance, and management studies as well as audits of the Authority's activities, functions, services and programs.

Chief Counsel

The Chief Counsel is responsible for all of the Authority legal activities, including significant contracting, negotiations, litigation, and other legal proceedings. The Chief Counsel is also responsible for providing strategic legal advice to the Board and other executive management. The Chief Counsel oversees and provides opinions on contracts, legislation, and regulations, and represents the Authority in contract negotiations and litigation.

The Chief Counsel is a key member of the Authority's executive management team and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's legal matters. The Chief Counsel directs and provides oversight to Authority employees, and works with the Attorney General's office and contract staff to support the Authority's needs.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible for the integrity and accuracy of the Authority's fiscal programs including financial planning, financing, budgets, accounting, grant management, and procurement. The CFO directs the development, evaluation, negotiation, recommendation, and resolution of the Authority's financial goals, objectives, policies, regulations, standards, plans, and operating procedures. This includes the Authority's revenue and expenditure levels based on the Governor's Budget, capital financing plans, federal fund management, and other financial programming.

The CFO is a key member of the Authority's executive management team and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other governmental agencies affected by the Authority's fiscal status and actions. The CFO directs and provides oversight to Authority employees, contract staff, loaned staff, and interagency staff that support the Authority's financial programs.

Chief Administrative Officer

The Chief Administrative Officer (CAO) is responsible for the overall management of the Authority's Administration and Information Technology program. The CAO is also responsible for the policy development and application of administrative and information technology systems. Furthermore, the CAO provides leadership and management to the following programs: Human Resources, Business Services, and Information Technology. The CAO acts as an executive level liaison to various control agencies including the Department of Finance, CalHR, California Technology Agency, and the State Controller's Office. The CAO also acts as the Authority's Title VI administrator.

The CAO is a key member of the Authority's executive management team and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's administrative matters. The CAO directs and provides oversight to Authority employees, contract staff, loaned staff, and interagency staff that support the Authority's Human Resources, Business Services, and Information Technology needs.

Chief Deputy, External Affairs

The Chief Deputy, External Affairs is responsible for the development and implementation of a comprehensive federal, state, and local government relations program. As the Authority's primary public affairs officer, the Chief Deputy of External Affairs manages all government entity contacts for the Authority. The Chief Deputy of External Affairs also serves as chief liaison for the Authority to stakeholder communities, members of the press, California citizens, and legislative staff to ensure that the Authority's policy and intergovernmental relations are integrated with external outreach, transparency, and accountability goals.

The Chief Deputy of External Affairs is a key member of the Authority's executive management team, and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's public affairs team.

Deputy Director, Communications

The Deputy Director of Communications is responsible for the development and implementation of the Authority's communications and outreach programs. As the Authority's primary communications officer, the Deputy Director of Communications manages all media contacts for the Authority and serves as the principal spokesperson in responding to media and public inquiries. The Deputy Director of Communications also serves as chief liaison for the Authority to stakeholder communities, members of the press, California citizens, and others to facilitate the Authority's external outreach, transparency, and accountability goals.

The Deputy Director of Communications is a key member of the Authority's executive management team, and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's communications matters. The Deputy Director directs and provides oversight to Authority employees and contract staff.

Small Business Advocate

The Small Business Advocate (SBA) is the subject matter expert on the Disadvantaged Business Enterprise (DBE) Program. The SBA ensures that the California High-Speed Rail Authority is in compliance with the DBE Program requirements for federal funding and State regulations, policies and Executive orders as they pertain to the soliciting and reporting of Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) participation. The SBA provides direction in advocacy, outreach, and marketing the DBE/SB/DVBE programs and represents the Authority at conferences, workshops, and training.

Deputy Director, Legislation

The Deputy Director of Legislation is responsible for the development and implementation of a comprehensive state and federal government legislative program. The Deputy Director, Legislation is also responsible for the development and implementation of comprehensive plans, strategies and approaches for legislation that will remove obstacles facing the construction and operation of a successful high-speed rail program. The Deputy Director of Legislation also serves as the primary contact for the Authority's analysis and position on pending legislation and provides analysis and recommendations for the Chief Executive Officer, Board members, senior staff, The Business, Transportation, and Housing Agency, and Governor's Office. The Deputy Director of Legislation also serves as the legislative liaison for the Authority and identifies the need for legislation, as well as works with Legislators and their staff in the development of proposed bills to incorporate the concerns of the Authority and/or stakeholders.

Regional Directors (Northern California, Central Valley, and Southern California)

Under the direction of the CEO and in coordination with the Chief Deputy of External Affairs, each of the three Regional Directors (Northern California, Central Valley, and Southern California) advise and assist the Authority's executive management team in the implementation of the high-speed train project. Each Regional Director is responsible for ensuring the high-speed train project in his or her region continues forward on the planned schedule and budget. Each Regional Director develops and maintains relationships with local residents, policy makers, and Authority personnel while building strategies for communicating with local constituents to foster their continued involvement and support. Each Regional Director serves as a key member of the executive management team and monitors budgets for the region to ensure the program is on task and within budget. Finally, each Regional Director manages regional staff and volunteers in the implementation of the high-speed rail project.

Chief Program Manager

The Chief Program Manager provides the overall management and oversight of a highly complex and sensitive high-speed rail program. This entails directing program management staff in the administration and management of all of the Authority's capital outlay projects; developing policies and procedures for the engineering and planning services activities of the Authority such as project design, plans, specifications, cost estimating, and schedules; and overseeing the development and implementation of the Authority's engineering and planning goals.

This position serves as the Authority's technical expert by providing advice and recommendations to the Chief Executive Officer, Chief Deputy Director, and Authority Board on all capital outlay projects. The Chief Program Manager acts on behalf of the Chief Deputy Director and the Authority in capital outlay functions as required and represents the Authority at meetings with federal government, local governments, Department of Finance, the Legislative Analyst Office, client state agencies, and at legislative hearings and conferences, as necessary.

The Chief Program Manager serves as a member of the Authority executive management team and reviews all capital outlay budgets for planning work as well as capital construction projects. The Chief Program Manager directs and provides oversight to Authority employees and contract staff in the implementation of the High-Speed Rail project.

2.4. Summary of Recent Changes

Since 2010, CHSRA has strategically grown its staff and organizational structure to support its business plan and intended project phases. More specifically, in the past two years, the Authority added 11 staff in FY 2011/12 and 19 staff in FY 2012/13, as illustrated in Exhibit 2-2 below.

Exhibit 2-2. Recent Changes in CHSRA Staffing Allocations

	FY2010/2011	FY2011/2012	FY2012/2013
Budgeted Positions	43	54	69
% Change	-	25.6%	27.7%

These additions largely have been designated for additional staff in the accounting/finance, human resources, communications, construction management, and right of way functions. Since the Authority is drawing closer to the construction phase, growth was needed in construction management and right of way to oversee contracts and begin addressing the acquisition of property upon which the rail system will be constructed. Additionally, as CHSRA has grown, additional support was needed in human resources and administration to manage the appropriate state processes and procedures. Outreach to stakeholders and external relations also required additional support for communications. Details regarding these additional positions appear in Exhibit 2-3, below.

Exhibit 2-3. Additional Positions Approved Since July 2011

FY 2011-12	FY 2012-13
Deputy Director (CEA) (3 positions)	Deputy Dir - Legislation (Exempt)
Senior Mgmt Auditor	Dir Enviro/Planning (CEA III)
Assoc Mgmt Auditor	Staff Counsel III
Staff Services Manager I	Sr Enviro Planner (2 positions)
Office Technician (part-time position)	Sr Trans Planner
Assoc Gov Prog Analyst	Staff Services Manager II
Staff Info Sys Analyst	Staff Services Manager I (2 positions)
Assoc Info Sys Analyst	Staff Info Systems Analyst
Legal Secretary	Information Officer I (3 positions)
Information Officer I	Assoc Gov Prog Analyst
Staff Services Analyst	Graphic Designer II
	Staff Services Analyst
	Office Technician
	Accounting Technician (2 positions)
Total net additional positions: 10.5 *	Total additional positions: 19

* During FY 2011-12 two prior positions were reduced, netting only 10.5 additional positions. Office Technician is a part-time position counting as 0.5 of a position.

In addition to the overall growth, other recent changes include filling of several key management positions, including the Chief Deputy Director; Chief Deputy, External Affairs; Chief Administrative Officer; Risk Manager; Assistant Chief Counsel; Deputy Director, Communications; and three Regional Directors. The Chief Deputy Director has been designated by the CEO as the acting CFO to ensure that those functions are being carried out, and a candidate for Chief Program Manager has been identified and is expected to be in place before the end of the year.

Structural changes also have occurred to align functions in a more efficient manner and to provide increased levels of management and oversight. For example, the Human Resources function was added to the overall structure, with a Chief Administrative Officer being added. In addition, the Program Delivery function was further segmented into transportation planning, environmental planning, right of way, and project delivery, and commercial planning to better manage the lifecycle of the construction management processes.

The objectives of these structural changes and additional key management positions are to achieve the Authority's primary goals for accelerating delivery of California's high-speed rail system and successfully implementing construction of the first construction segment of the Initial Operating Section. The Authority's expanded executive management team will focus on implementing the objectives articulated in the Revised 2012 Business Plan using cost-effective and innovative practices that leverage both public sector and private sector capabilities while protecting the public interest.

3. Staff Recruitment and Retention Strategies

Over the past several years, the CHSRA's internal staffing level has grown from an authorized staff of less than 11 full-time positions in 2009 to 70 full-time equivalent positions today. This growth in state staff runs in parallel with the progress that the Authority is making toward implementation of the High-Speed Rail Program.

Consistent with the Authority's guiding principles for staffing and organizational structure, as described in Section 1, the growth in the Authority's staff has included significant expansion of senior executive management positions. This expansion was needed in order for the Authority to be able to perform its critical governance and oversight functions.

The specialized skills needed for some of the senior executive positions, in particular, have required the Authority to reach beyond existing state employees to obtain access to experienced professionals from industry and other parts of government. This recruitment process has been successful in filling many needed positions and substantial progress has been made.

This section outlines the Authority's approach to recruiting internal staff. It describes the recruitment and retention strategies that have been utilized by the Authority to attract and retain professionals with the necessary experience and expertise.

3.1. Recruiting and Retention Strategies

The CHSRA is utilizing the following recruiting and retention strategies, as described below.

Maintain a lean internal organization focused on the governance of key functions.

The Authority's staffing is focused on the key governance functions of policy-setting, decision-making, and accountability. This requires the Authority to employ top-level managers and key staff consisting primarily of highly-qualified senior executive managers with unique expertise and commitment to public service.

Recruitment of senior executives has been a major focus of the Authority's Board and Chief Executive Officer recently, resulting in the filling of several key positions that had long remained vacant. These efforts have been greatly assisted by the enactment of SB 1029 which provided the Authority's budgetary approval for the Initial Construction Section of the Program, a project that will be completed over the next five years. As further discussed below, recruitment of the Authority's remaining senior executives will be the primary focus of the Authority's Human Resources team, while other staffing capacity can be obtained through greater collaboration with other government agencies.

Leverage resources of other agencies and organizations through partnerships and similar cooperative arrangements.

The Authority believes that many administrative functions can be more quickly, efficiently, and effectively achieved by using existing expertise and capacity of other governmental agencies and contract employees, when needed.

Through interagency and cooperative agreements, the Authority can meet staffing needs that are more comparable to existing positions and functions within other parts of state government. This approach allows the CHSRA to maintain a lean and focused structure, while also acquiring the right talent to support the organization's evolving needs. Similarly, contracts with external organizations can meet specialized or temporary staffing needs that would not be as well suited for permanent government positions due to the evolving nature of the Authority's Project needs.

Utilizing external resources is also a key to improving the effectiveness of the recruiting process. This approach allows CHSRA to quickly fill its functional needs with individuals from within other organizations who have deep expertise. Recruiting and hiring new Authority staff with the same knowledge base could take considerably longer, if it were even possible. Furthermore, many of these staffing needs are temporary, adding additional complexity to the process.

Obtaining the staff resources through other state agencies and/or external organizations also shifts the responsibility of acquiring and managing these personnel resources from the Authority to other providers, with oversight and approval by the Authority. Rather than having to recruit each individual, CHSRA's management staff will specify its needs and requirements, provide guidance to partner agencies, and hold these agencies accountable for the performance of their assigned personnel.

Create and recruit for positions based on project phase and need (e.g., construction phase).

Another key tenet of CHSRA's recruiting and hiring process is to create and fill positions based on current and upcoming needs. For example, CHSRA has primarily focused its attention to date on staff needed to support the organization's start-up; thus, it has been hiring executive management, accounting and finance personnel, and other related staff. Now that the Authority is drawing closer to the construction phases, its attention has shifted to engineering, right of way, and other technical needs.

This phased hiring approach allows CHSRA to focus its recruiting efforts on immediate, priority needs, rather than being tasked with filling positions that are not imminently needed. That said, CHSRA's recruiting and hiring focus has included filling key positions in Risk Management and Program Management. These internally-focused CHSRA hires were prioritized early to provide proper oversight to the Program Management Team (PMT) organization and the Program Management Oversight (PMO) organization, including the work focused on the project implementation strategy, master plan, project level environmental work, and development of technical aspects of the Program. Since neither the PMT

nor PMO make strategic management decisions, it was important for the CHSRA to hire additional state staff to provide guidance, direction, and decision-making in the Program Management function.

Prioritize the most critical positions for immediate hiring.

While the CHSRA's recruiting and hiring targets are strategically timed with current and upcoming project phases, the Authority has also prioritized recruiting efforts in order to fill key positions as soon as possible. Building upon the strategy to provide strategic direction and oversight to leveraged external resources, the Authority has identified its executive management and managerial positions as the highest priority recruits.

Over the past year, the following have been key executive management recruiting and hiring priorities for new and replacement positions:

- Chief Executive Officer
- Chief Deputy Director / Chief of Staff
- 2 Internal Auditors
- Risk Manager
- Chief Counsel
- Assistant Chief Counsel
- Chief Program Manager (to be filled in near future)
- Chief Financial Officer (to be filled in near future)
- Chief Administrative Officer
- Chief of External Affairs
- Deputy Director of Communications
- 3 Regional Directors

See Exhibit 3-1, at the conclusion of this section, for the Authority's positions filled since July 2011. See Exhibit 3-2 for additional details on the status of recruitment efforts for the remaining vacancies among the Authority's key management positions. Beyond the key management positions listed above, other priorities have included finance, accounting, human resources, and program management staff. Some of these positions have been scheduled to be filled once the key management positions for the given functional areas have been hired. This phasing of hiring ensures that the responsible management personnel will be directly involved in recruitment and hiring of staff in their respective areas of responsibility. See Exhibit 3-3, at the conclusion of this section, for additional details on the status of recruitment efforts for other CHSRA positions.

Utilize salary survey findings to shape positions and recruiting goals.

To recruit highly qualified candidates, the CHSRA also has utilized salary surveys and other comparative information to better understand how the Authority can be more competitive with other state and private sector opportunities. The idea behind this has been to position the Authority to recruit talent, recognizing the unique needs of the HSR program. The CHSRA previously utilized the support of a

search firm to refine position parameters and assess competitive landscape before establishing positions and commencing recruitment. Information previously gathered from the salary survey continues to be utilized for key management positions. While there are currently no plans to conduct another salary survey, the Authority will utilize such services if needed in the future.

Utilize California's standard recruiting methods available through the California Department of Human Resources (CalHR).

Similar to other state agencies, the Authority uses the State of California's centralized service (CalHR) for publicly posting job announcements and exams, and uses the State's job classifications, examination process, and recruiting mechanisms. This method has proved valuable for attracting candidates for common state job classifications (e.g., accounting specialists, office technicians, etc.). In some cases, the CHSRA has been able to review the list of potential candidates who have passed the requisite exam, evaluate those candidates' qualifications, and conduct interviews. This approach has not been viable for meeting all of the CHSRA's needs because the Authority has had to draw from some classifications only utilized by Caltrans, thus limiting the pool of candidates. Additionally, this approach has only proven useful when recruiting candidates who are existing state employees. So, recruiting through standard state methods is only one strategy that must be supplemented to find other qualified staff not currently within state service.

Advertise key position openings and recruitment opportunities through relevant industry journals, websites, and other medium.

To support its goals, mission, and overall structure the Authority is hiring many key positions such as executives and managers, with the understanding that the candidates will bring years of experience and necessary knowledge. The CHSRA cannot only draw from the existing pool of knowledgeable transportation executives and managers within California state service; the Authority also must recruit from other transit and transportation agencies across the county.

In addition to standard state options for publishing job announcements, the CHSRA has advertised key positions in relevant industry journals, websites, and other medium. The Authority has advertised its executive positions on the State Jobs web page, and also in industry publications such as *Railway Magazine*.

Utilize networking opportunities to identify and recruit potential candidates.

As a final recruiting strategy, the CHSRA has utilized networking opportunities to share information about open positions and job opportunities. The networking opportunities have included connecting with personal and professional contacts, as well as sharing information in public appearances, and on partner state agency intranet systems.

The Authority continues to make progress toward recruitment and hiring to fill vacancies. Exhibit 3-1 provides details on the new positions filled since July 2011. Positions established and filled prior to July 1, 2011 are not all included below, as they were already part of the existing Authority organization.

Retention Strategies

With regard to retention, the Authority expects that this will become less of a challenge going forward, primarily due to the improved budgetary certainty for the Program over the near term, and the organizational and staffing strategies to expand use of interagency agreements for key governmental functions. This approach will mitigate some of the recruitment and retention challenges experienced recently. In addition, the Authority has enacted enhanced policies to facilitate staff training, development, and retention. These policies include expanding staff access to training opportunities via webinars and other alternative forums, including interagency training sessions. The Authority also is implementing enhanced staff recognition programs.

Exhibit 3-1, below illustrates the success the Authority has had in filling vacant position since July 1, 2011.

Exhibit 3-1. CHSRA Positions Filled Since July 2011

Classification	Date Initially Hired	Date Replacement Hired
Information Officer I (Specialist)	5/19/2010	1/17/2012
Chief Executive Officer	6/1/2010	6/18/2012
Administrative Assistant II (Board)	1/5/2011	2/1/2012
Chief Deputy Director/Staff (Exempt)	5/17/11	3/6/2012
Southern Regional Director	6/1/2011	10/1/2012
Senior Management Auditor	7/25/2011	
Deputy Director Comm. Policy (Exempt)	9/1/2011	5/11/12
Staff Operations Specialist (Exempt)	9/1/2011	
Chief Counsel (Exempt)	9/12/2011	
Deputy Director of Legislation (Exempt)	10/3/2011	
Senior Transportation Planner	10/17/2011	
Office Technician (Typing) (Contracts)	11/1/2011	
Staff Services Manager I (Fiscal Officer)	11/1/2011	
Senior Right of Way Agent	11/17/2011	
Associate Accounting Analyst	12/1/2011	
Associate Governmental Program Analyst (Contracts)	12/1/2011	
Assistant Information Officer	12/8/2011	
Senior Environmental Planner	12/19/2011	
Deputy Director Human Resources (Exempt)	1/1/2012	
Senior Accounting Officer Specialist	1/24/2012	
Special Assistant (Exempt)	2/6/2012	
Staff Counsel III Specialist (Retired Annuitant)	3/3/2012	
Data Processing Manager II	3/5/2012	

Classification	Date Initially Hired	Date Replacement Hired
Office Technician (Typing) (Reception Desk)	3/23/2012	
Student Assistant TAU (9 mo)	3/26/2012	
Associate Governmental Program Analyst (Leg Analyst)	4/2/2012	
Assistant Deputy Director, Communications(Exempt)	4/13/2012	
Senior Right of Way Agent	4/23/2012	
Senior Right of Way Agent	7/2/2012	
Chief of External Affairs (Exempt)	8/27/2012	
Risk Manager and Project Controls	8/31/2012	
Central Valley Regional Director (Exempt)	Note (1)	9/4/2012
Northern Regional Director	Note (1)	10/1/2012

Note (1): Contract/loan staff were assigned in the absence of regional directors.

Exhibit 3-2 and Exhibit 3-3 provide updates on hiring for the remaining vacancies among key management positions and other CHSRA positions, respectively, including information on the positions, priority, and current status of recruitment.

Exhibit 3-2. Update on Hiring for Key Management Positions

Position	Staffing Priority (H, M, L)	Current Status of Recruitment	Comments	Internal Candidates/Readiness Assessment
Chief Program Manager – Exempt	H	Recruitment complete; Candidate selected	Effective date TBD	None
Chief Financial Officer – Exempt	H	Currently recruiting, interviewing potential candidates		None
Deputy Director Environmental – Exempt	H	Candidate selected; final review and approval is needed from the Governor’s office	Convert existing CEA 3 to Exempt	None
Deputy Director Planning – CEA	H	Exam bulletin posted within the last three months, candidate pool minimal; re-advertise announcement and provide advertisement to various transportation departments to attract a wide pool of candidates		None
Deputy Director Legislation Exempt	H	Recruitment complete; Candidate selected	Effective date of appointment 10/23/12	None

Key: Priority Level: High (H), Moderate (M), Low (L)

Exhibit 3-3. Update on Hiring for Other CAHSR Positions

Position	Priority (H, M, L)	Current Status of Recruitment	Comments	Internal Candidates/Readiness Assessment
Office Tech (Reception)	L	Position vacant as of September 2012 – currently recruiting		None
Office Tech (.5)	L	Need to develop duty statement; Begin recruitment		None
Accounting Tech	L	Recruitment in progress		None
Accounting Tech	L	Recruitment in progress		None
Administrative Assistant II – Board	H	Underwent recruitment; Candidate selected	Effective date October 1, 2012	None
Assoc Info System Analyst	M	Currently revising duty statement; Begin recruitment		Internal candidate exists, follow standard recruitment process
Assoc. Civil Engineer	M	Need to develop duty statements, modify by region; Begin recruitment	Position will be reclassified to Sr Transportation Engineer	None
Attorney III (Staff Counsel)	M	Need to develop duty statement; Begin recruitment	Reclassify the position to Attorney I	Internal candidate exists, follow standard recruitment process
Assoc Governmental Program Analyst (Legal)	M	Recruitment in progress; Interviews to follow		Internal candidate exists, follow standard recruitment process
Assoc Governmental Program Analyst (HR)	M	Underwent recruitment; Interviews are being conducted		None

Key: Priority Level: High (H), Moderate (M), Low (L)

Exhibit 3-3. Update on Hiring for Other CAHSR Positions (continued)

Position	Priority (H, M, L)	Current Status of Recruitment	Comments	Internal Candidates/ Readiness Assessment
Information Officer I	M	Underwent recruitment; Interviews complete; Candidate selected	Effective date of appointment October 8, 2012	None
Information Officer I	M	Currently recruiting	Position will be reclassified to an AGPA	None
Graphic Designer II	M	Underwent recruitment; Currently interviewing		None
Sr. Environmental Planner	M	Currently recruiting; Conducting Interviews		None
Sr. Environmental Planner	M	Currently recruiting; Conducting Interviews		None
Staff Services Analyst – (HR)	M	Underwent recruitment; Candidate selected	Effective date of hire mid-October	Internal candidates exist, follow standard recruitment effort
Sr. Transportation Planner	H	Currently recruiting; Conducting Interviews		None
Sr. Right of Way Agent	M	Underwent recruitment; Interviews complete	May require additional review of applicant pool	None
Staff Services Manager I (HR)	H	Currently recruiting; Reviewing applications		Internal candidates exist, follow standard recruitment effort
Staff Services Manager I (Contracts)	H	Currently recruiting	Working with DGS to utilize statewide consortium list	Internal candidate exist, follow standard recruitment effort
Staff Services Manager I (Grants)	M	Revising the duty statement		None

Key: Priority Level: High (H), Moderate (M), Low (L)

4. Management Approach for Construction Phase

4.1. Management and Staffing Approach

As noted in previous sections, CHSRA's staffing and management approach has and continues to focus on maintaining a lean, well-qualified staff comprised of CHSRA employees, loaned staff made available through interagency agreements, and private sector resources. The Authority's approach has been to bring onboard new staff and resources as those resources are needed to support current and upcoming program phases.

For the upcoming construction phases, the Authority continues to plan its needs based on the timelines for each Design-Build Construction Package (CP). With CP 1 beginning in Spring 2013, the Authority is currently filling positions and roles needed, both internal staff as well as interagency staff, based on the Authority's fiscal year (FY) 2012-13 budget.

The Authority currently has positions authorized to support construction management and delivery. For information about CHSRA's current planned internal staffing for construction management and oversight of CP 1, reference can be made to Section 3, Staff Recruitment Strategies, for information about steps being taken to fill current vacancies. Section 3 has information about the number, position and hiring and retention plans related to these positions, including for those positions involved in construction management and oversight. The Authority has determined that an additional 25 to 30 engineering positions are needed over the upcoming 18 months. These positions would provide construction and delivery oversight and are planned to be a combination of Authority staff and positions contracted from Caltrans. The Authority is currently in the process of requesting additional positions that would be approved by the Legislature in the next budget cycle, which is consistent with the timing of the initial activities in CP 2 through CP 4.

With regard to retention, the Authority expects that this will become less of a challenge going forward, primarily due to the improved budgetary certainty for the Program over the near term, and the organizational and staffing strategies to expand use of interagency agreements for key governmental functions. This approach will mitigate some of the recruitment and retention challenges experienced recently. In addition, the Authority has enacted enhanced policies to facilitate staff training, development, and retention.

The management approach for the construction phase is described in this report and will remain in place as the Program advances through Construction Packages 1-4. The specific number of staff will vary depending on the need at each stage. Typically, the Authority estimates its internal staffing needs in alignment with the State's Budget Change Proposal (BCP) process. For CP 2, CP 3, and CP 4, planning is underway to determine the staffing needs that will be submitted as part of the FY 2013-14 budget process.

Currently the Authority is processing its BCP requests for FY 2013-14 through the Business, Transportation and Housing Agency and the Department of Finance. The BCP requests are still in review, and are expected to be finalized for inclusion in the Governor's Budget to be released in January 2013.

CHSRA anticipates adding additional Authority and interagency staff in the coming years to support CP 1 through CP 4 in several key areas, as depicted in Exhibit 4.1, below.

Exhibit 4-1. Anticipated Staffing Needs to Support the Construction Phase (CP 1 through CP 4)

Categories of Future Need	Anticipated Employee Types / Positions	Currently Authorized *	Additional Planned *	Key Skills / Functions
Engineering	<ul style="list-style-type: none"> • Transportation Engineers • Civil Engineers • Structural Engineers • Bridge Engineers 	9	30	<ul style="list-style-type: none"> • Transportation Planning • Environmental Planning • Right-of- Way • Project Delivery • Construction Oversight • Design-Build Oversight
Planning	<ul style="list-style-type: none"> • Transportation Planners • Environmental Planners - General • Environmental Planners – Biology • Environmental Planners - Naturalist 	4	13	<ul style="list-style-type: none"> • Transportation Planning • Environmental Planning • Right-of- Way
Finance and Administration	<ul style="list-style-type: none"> • Office Technicians • Information Technology Officers • Associate Government Programs Analysts • Staff Services Managers 	6	19	<ul style="list-style-type: none"> • Accounting • Budgets • Contracts • Information Technology • Procurement
Communications	<ul style="list-style-type: none"> • Information Officer • Staff Services Managers • Graphic Designer • Office Technician 	4	1	<ul style="list-style-type: none"> • Communications Liaison • Media • Community Outreach • Public relations • Small Business Advocacy

* Does not include positions not dedicated directly to construction management and oversight.

As shown above, the CHSRA anticipates adding additional engineering staff to support planning activities, as well as to provide direct and indirect oversight of the design-build process. For example, transportation, civil, structural, and bridge engineers will be required to support the Authority's responsibilities related to design reviews, site inspections, quality assurance, testing, etc. Additional

planning resources will be needed to support the transportation and environmental planning and impact assessments that will continue through the construction phases. Likewise, staff will be needed to support the acquisition of property for the Right of Way. The Authority also anticipates adding resources to the financial and administrative functions to support the contracting, procurement, budgeting, and accounting related processes needed to support the broader Program. Additional communications staff will support community outreach, media relations, and small business advocacy, among other functions. There also will be some growth in other functions, such as legal and administrative, to support the overall operations of the Authority, without being dedicated directly to construction oversight and management. All new Authority professional staff will be required to have significant experience in their field and be highly knowledgeable of their respective craft. The Authority anticipates that its staff will grow roughly in proportion to the rate of growth of interagency and contract staff to ensure proper oversight. See Section 3, *Staff Recruitment and Retention Strategies*, for additional information on recruitment and retention of current and future positions.

Likewise, the Authority estimates its need for contracts with the private sector as part of its capital and annual budget planning processes. The Authority determines the scope of oversight and reporting, and selects contractors based on detailed service proposals consistent with industry practices. Service providers determine staffing levels and mix to meet their service obligations to the Authority. Per the RFP for CP 1, Attachment B, the PCM (Project & Construction Management) will provide thoroughly knowledgeable senior professionals who demonstrate comparable experience and skills appropriate to the assigned roles. The service providers are responsible for recruitment and retention strategies for the necessary personnel to meet their service obligations. In some cases, the Authority retains review and approval rights over key personnel assigned to serve its needs, and typically retains other forms of oversight, including budgetary controls.

Overall staffing and service levels are driven by the PCM contracts, which are sized consistent with industry standards. Both PCM and the PMT (Program Management Team) provide services related to design-build oversight, for which the Authority's capital budget plan includes approximately two to three percent of design and construction cost. The functions of the PCM are estimated to require 25-30 on-site personnel per Construction Package. The size of the PCM team may vary due to project circumstances such as the quality of the design-builder's validation and QA/QC processes, the number of active sites, and the size of each site. The PMT and PCM contracts are funded annually through the budget cycle.

4.2. Procedures for Construction Package Oversight and Management

Now that the Program has reached the implementation phase, the Authority is focused on efficiently and effectively providing construction oversight and management. This requires an enhanced internal oversight capability, as discussed previously, as well as a common approach to managing all of the Design-Build Construction Packages for final design and construction of the first construction segment of the Initial Operating Section (IOS), in order to control costs and achieve high quality delivery. As described in Section 2, *Organizational Approach to Deliver the Program*, the Authority's executive management team has been enhanced to provide vital oversight for the first construction phase of the Program.

Under adopted Delegations of Authority the Board has authorized and directed the Chief Executive Officer to take various actions, as summarized below:

- sign agreements, amendments, memoranda of understanding and interagency agreements, subject to dollar value limits established by the Board
- hire and manage staff, as designated by the Board
- prepare required budget documents, as designated by the Board
- settle lawsuits and claims, subject to limits established by the Board
- manage and direct program activities, as designated by the Board

These Delegations of Authority form the basis for the executive management team's ability to provide the oversight and management of the High-Speed Rail Program.

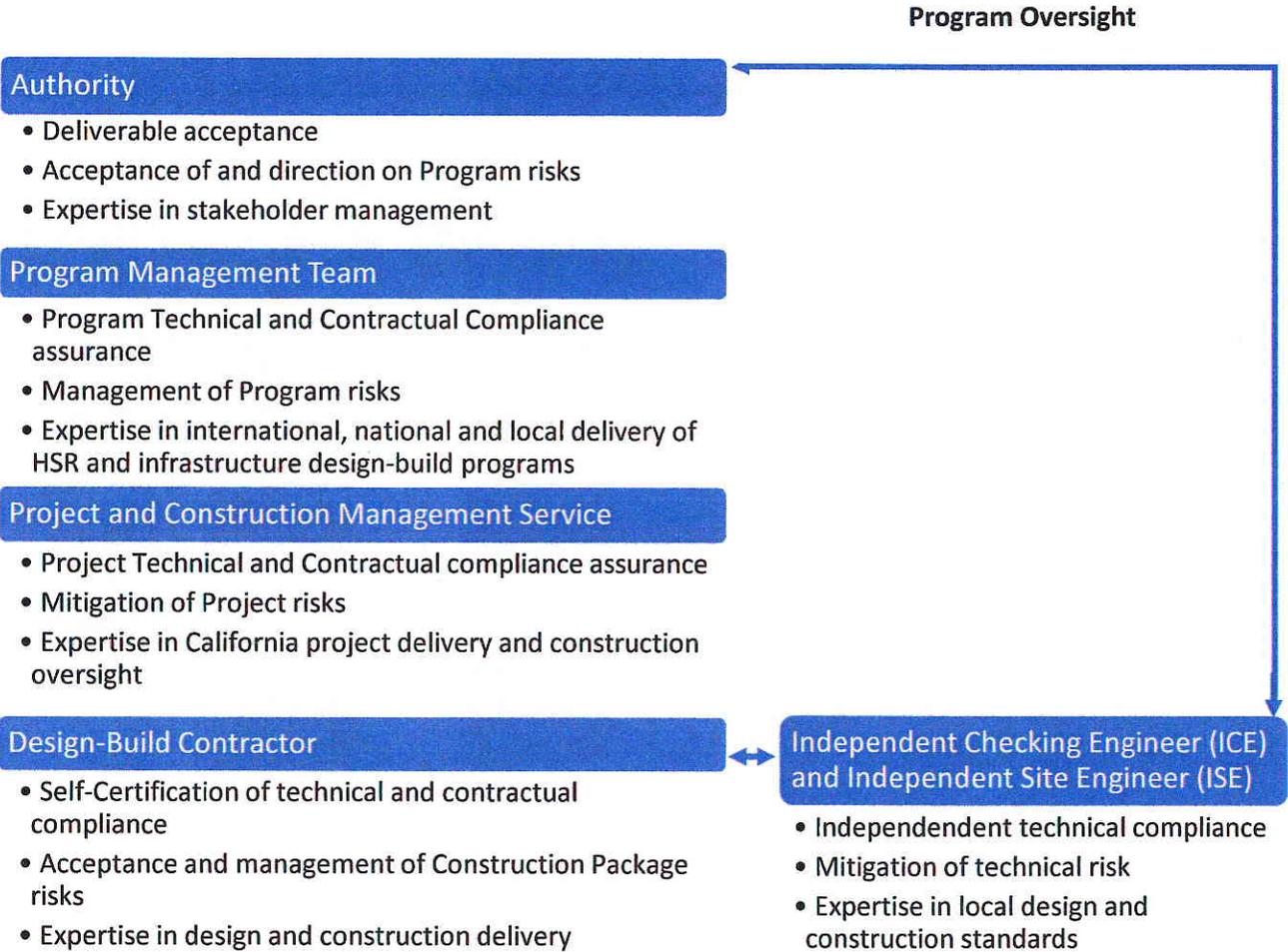
Furthermore, the Authority has designated additional contract staff to provide services for project and construction management of the CPs for construction of the first construction segment of the IOS. Those services include, but are not limited to, Program Management (PMT), Program Management Oversight (PMO), and Project and Construction Management (PCM). In particular, a newly selected PCM team of approximately 25-30 personnel for each CP will work closely with the Authority staff to provide independent oversight and management throughout final design and construction.

Among other functions, the Authority's executive management team will utilize the PCM's resources to enforce Authority processes and procedures related to oversight and management of the Design-Build Contractor (DB). Executive management, in turn, will report regularly to the Board of Directors on construction progress. Hence, the Board will provide additional oversight and guidance.

The PCM's role will be to provide on-the-ground oversight while working under the direction and guidance of the Authority and PMT. The PCM will be co-located with the DB, and will provide the

Authority with independent reporting and status updates on various aspects of the DB’s construction progress. Additionally, the PCM will serve as the liaison between the PMT and DB. The respective responsibilities and expertise of the Authority, the PMT, the PCM, the DB Contractor, and the independent engineers are illustrated in Exhibit 4-2, below.

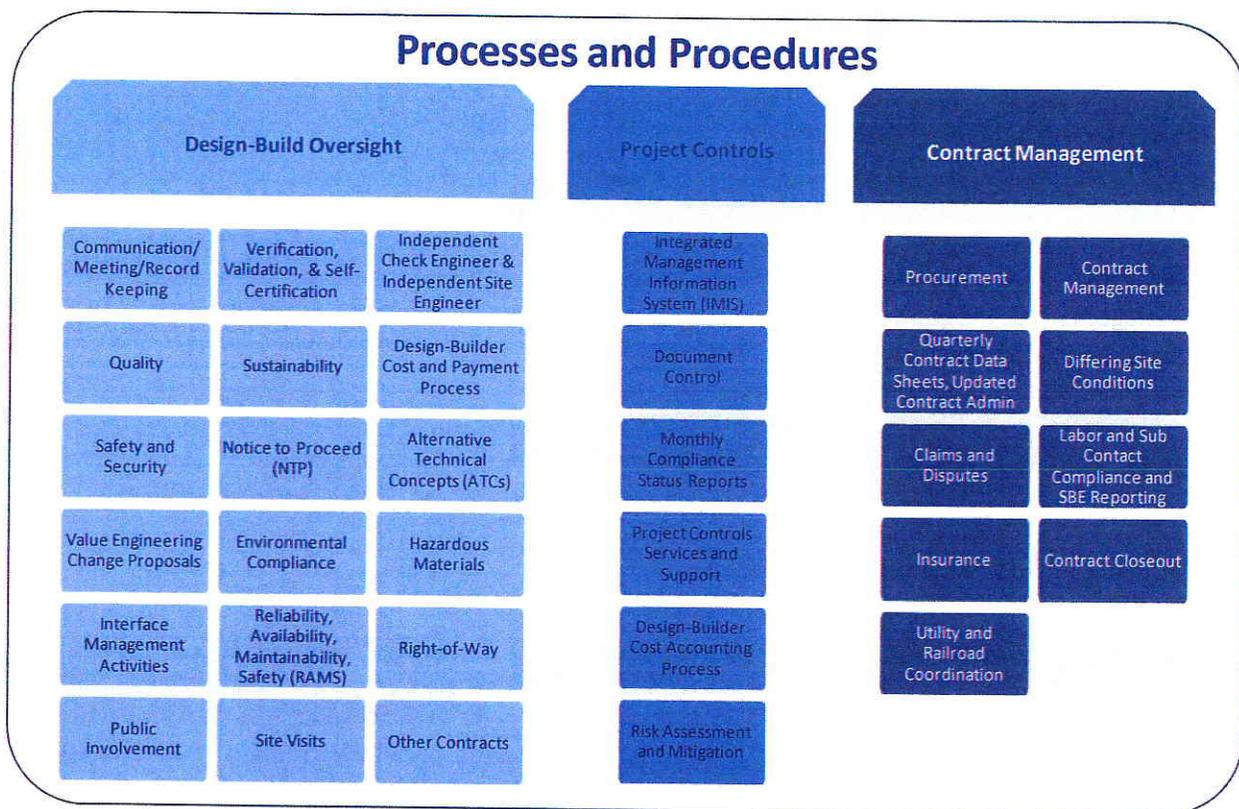
Exhibit 4-2. Project and Construction Management – Responsibilities and Expertise



As indicated in Exhibit 4-2, in order to verify the DB Contractor’s self-certification process, an Independent Checking Engineer (for design) and Independent Site Engineer (for construction) will submit all reports and reviews directly to the Authority. State staff will perform an additional detailed check on a sample of the ICE & ISE work to ensure state standards are met. Also, all “Ready for Construction” submittals require Authority approval prior to construction.

The Authority has developed processes and procedures for contract administration, oversight, and management related to the construction packages anticipated to be awarded between the date of this Staff Management Report and the end of 2013. These processes and procedures are part of the Authority's construction oversight and management framework, which encompasses three parts: 1) Design-Build Oversight; 2) Project Controls; and 3) Contract Management, as illustrated in Exhibit 4-3, below.

Exhibit 4-3. Construction Oversight and Management Framework



Each of the three core elements of the Authority's construction oversight and management framework – Design-Build Oversight; Project Controls; and Contract Management – is described in turn below, along with the relevant processes and procedures. These processes and procedures include those that will be performed on the Authority's behalf by the PMT and the PCM, under direction of the Chief Program Manager, with certain deliverables submitted to the Authority staff for review, contribution, guidance, and approval. At the end of each of the three core elements described within this Section 4, several representative PCM deliverables to be received by the Authority have been listed to illustrate the range of documentation the Authority will review over the course of each construction contract.

4.2.1. Design-Build Oversight

With the assistance of the PCM the Authority will achieve the following activities to support the ability of the Authority and its program delivery team to make decisions based on accurate, precise, and timely information:

- Development and implementation of Project plans and procedures
- Implementation of information management systems that provide for timely collection, collation, analysis, and reporting of Project information
- Compliance with FRA and other third-party reporting requirements

The key elements of the Authority's Design-Build Oversight process and procedures are consistent with practices used by organizations and government agencies across the country for delivery of capital projects. They are described below.

Communication/Meeting/Record Keeping

As the primary point of contact for the Authority in communicating with Design-Builders on a day-to-day basis, the PCM shall receive DB correspondence and control outgoing PCM/Authority correspondence pertaining to the DB's scope. The PCM shall maintain record-keeping standards required by the Authority.

Pursuant to one or more written delegation(s) of authority from the Authority, the PCM may prepare, and in some cases deliver, correspondence to the DB on behalf of the Authority. The PCM shall track the progress of all correspondence and hasten near-due and overdue communications from others to the DB.

The Authority will receive from the PCM meeting minutes and/or records for all meetings conducted by the PCM. These minutes shall be reconciled with the Design-Builder records. The PCM also shall coordinate invitations to the Authority and third-party representatives that are required at particular meetings.

Verification, Validation and Self-Certification

A critical element of the overall program delivery oversight is the Verification, Validation, and Self Certification process (V&V). The main responsibilities for this process at a project level are with the Design-Builder, the Independent Checking Engineer (ICE), and Independent Site Engineer (ISE). The PCM and PMT also play roles in the checking of the data as submitted by the Design-Builder and ICE/ISE organizations. The V&V process is independent of, but supported by, the Design-Builder's Quality Management, Requirements Management, and Interface Management processes. All the processes work together to fulfill a self-certified, technically compliant project. The PCM will follow the process and procedures developed by the Authority and the PMT and refine as deemed appropriate by the PCM with Authority and PMT concurrence as appropriate. In addition, the PCM will work with the PMT and the regional

consultant teams to review all technical submittals from the DB, ICE, ISE and third parties and report to the Authority as needed.

Independent Checking Engineer (ICE) and Independent Site Engineer (ISE)

Initial review of the work of the ICE and ISE is performed on the Authority's behalf by the PCM. Among other things, this requires the PCM to: Check the deliverables of the ICE and ISE for administrative compliance with the Design-Build contract; Check the qualifications of the ICE and ISE and advise the Authority on suitability of proposed staff; and Audit the transparency and effectiveness of the review and submittal process between the Design-Builder and the ICE and ISE.

Quality

The Design-Builder is responsible for Quality Control and Quality Assurance of the Construction Package work, as well as the work and products of all sub-consultants, fabricators, suppliers, and vendors.

As part of the Authority's DB oversight administration, the PCM shall develop and implement a Quality Management System (QMS) with associated procedures in accordance with the Authority's Program Quality Management Plan (QMP). The PCM shall support the Authority's QMP as required by the DB Contract and shall submit a Quality Assurance Plan (QAP) to the Authority for approval. The PCM's QMS shall complement the DB's self-certification and quality systems and shall not duplicate those requirements. The QMS shall comply with the general requirements of the Authority's QMP, and applicable provisions of ISO International Standards 9001:2000. The PCM also will perform the following tasks and report relevant findings to the Authority: Design-Builder Quality Oversight; Statistical Sampling; and Inspection and Testing Oversight. Additionally, in the event that the Design-Builder fails to comply with quality standards and procedures, the PCM will submit Non-Conformance Reports (NCR) to the Authority for review when necessary.

Sustainability

The Authority's oversight of the DB's sustainability initiatives and compliance with sustainability requirements is another area in which assistance will be provided by the PCM, which will check the DB's sustainability report submittals for contract compliance and report to the Authority.

Design-Builder Cost and Payment Process

Prior to payment by the Authority, all DB milestone payment requests submitted in accordance with Authority-approved procedures and the design-builder cost accounting process are subject to review by the PCM. Similarly, the PCM shall administer the process regarding provisional sum entitlements as described in the DB Contract.

Safety and Security

The Design-Builder is responsible for safety and security issues for all work sites under its contract. To enhance the Authority's oversight capacity, the PCM will be assigned the following responsibilities: Providing oversight of the Design-Builder's construction safety and security

activities and Design-Build Contract safety and security deliverables; Developing and implementing Construction Safety Training programs for Authority and PCM field staff; Acting as the Authority's representative for and coordinator of Authority construction safety and security activities; Participating in Safety and Security Committee Meetings; Creating and Implementing a Safety and Security Certification Plan.

Notice to Proceed (NTP)

Because certain work by the Design-Builder occurs between Contract Award and NTP for construction, the PCM will assist the Authority to monitor and track Design-Builder activity, deliverables and schedules between Contract Award and NTP. The Authority will consult with the PCM and PMT to determine and then issue a reasonable NTP for the Design-Builder, once all contractual requirements are finalized.

Alternative Technical Concepts (ATCs)

On behalf of the Authority, the PCM will monitor and record the implementation of ATCs priced in the Design-Build Contract. Because change requests for an increase in the Contract price resulting from the Contractor's failure to implement an ATC are not permitted, the PCM's assistance will enable the Authority to avoid unwarranted cost increases.

Value Engineering Change Proposals (VECPs)

VECPs represent the formal process of identifying and reviewing design concepts aimed at achieving cost savings from alternative designs and construction methods. VECPs shall be subject to the Authority's change control and configuration control administration procedures. The PCM shall review VECPs for completeness and distribute for review. The PCM shall account for accepted VECPs according to the design-builder cost accounting process, the terms of the Design-Build Contract, and Authority procedures.

Environmental Compliance

The Design-Builder is responsible for self-certifying compliance. In addition, the PCM will undertake its review on behalf of the Authority in order to provide assurance to the Authority that the Design-Builder's reports are an accurate reflection of actual activities. The PCM shall provide oversight of the Design-Builder's design, permitting, construction, and operation phases and review the Design-Builder's documented compliance with approved environmental mitigation requirements. The PCM shall check design reports from the Design-Builder and the ICE for compliance with the environmental mitigation measures and permit requirements. As with all such reviews, significant findings are reported to the Authority's PMT and executive management.

Hazardous Materials

The PCM shall track, check, and report to the Authority on Design-Builder activities in relation to the discovery, remediation, disposal of, and provisional sum administration of hazardous materials.

Interface Management Activities

The Design-Builder is required to manage the interfaces involved in the Design-Build Scope. On behalf of the Authority, the PCM shall review the Design-Builder's Interface Management Plan and team members' qualifications in consultation with the PMT and shall ensure that the Interface Coordination Team (ICT) workshops occur and that the relevant Authority and PMT parties have been invited. ICT efforts are to ensure and document that the Design-Builder's design is compatible with the adjacent Construction Package interface points and installation of future core system elements and facilities.

Reliability, Availability, Maintainability, Safety (RAMS)

The RAMS management process incorporates the characteristics of planning, design, construction, testing, operational readiness, and subsequent operation of the high-speed rail system. RAMS are priority considerations in the planning and execution of all work activities on the Project. As part of the Authority's contract management processes and procedures, the PCM shall review the Design-Builder's RAM program plan for conformance with the CHSTP RAM Program objectives. All other RAMS submittals shall be reviewed for contract compliance by the PCM and distributed to the Program RAMS team for technical review. As with all such reviews, significant findings are reported to the Authority's PMT and Executive Management.

Right-of-Way (ROW)

The PCM shall assist the Authority to coordinate between the Design-Builder and the Authority's ROW team to ensure that access is efficiently coordinated. The PCM shall also perform the following tasks and report, as needed, to the Authority's PMT and Executive Management:

- Coordinate information-sharing workshops between the ROW team, Authority, and Design-Builder
- Administer the change control process for changes to the baseline ROW Acquisition Plan
- Provide oversight of Design-Builder temporary construction easement activity
- Check Design-Builder ROW report submissions for contract compliance
- Monitor and record Design-Builder actions following a change in the ROW Acquisition Plan
- Work with the PMT to review and update elements of the access control maps, as required

Public Involvement

The Program Communications Plan shall be updated by the Authority through a collaborative effort with the PCM and the Design-Builder to create and maintain an ongoing process for Project communication for the Project between the Authority, the Design-Builder, the PMT, the PCM, key stakeholders, agency representatives, and the general public. The Design-Builder shall implement the Public Involvement Plan to provide timely and accurate information regarding the Project. The Design-Builder shall assist the Authority in preparing for and participating in public meetings and other outreach activities. The PCM will: Provide oversight of Design-Builder Public Involvement Teams; Provide personnel to support the Authority in community outreach, media and public information efforts; Facilitate Public Involvement meetings, as requested;

Produce graphics in support of Public Outreach; and Coordinate, in conjunction with the Authority, public and agency interaction elements of environmental compliance requirements specified in the Final environmental documents.

Site Visits

The PCM shall coordinate all site visits to the construction site with the Design-Builder. Site visit requests may come from a wide variety of stakeholders, including, but not limited to, the FRA and other federal, state, and local agencies with regulatory or permitting authority over the Program, as well as elected officials, interest groups, and the media. The PCM shall recommend and agree on the site visit schedule in consultation with the Authority and PMT. The aim is to balance the burden of site visit administration on the Design-Builder with the requirement for comprehensive stakeholder engagement.

Other Contracts

The PCM shall be tasked with providing coordination and oversight of the State Route 99 (SR-99) scope of work to be performed by Caltrans. The limits of the oversight activity will be defined in the Master Agreement between Caltrans and the Authority. The majority of items in this scope apply to this element of the project.

Representative Design-Build Oversight Deliverables from PCM to Authority

As noted previously, the Authority will receive numerous reports from the PCM to assist in its oversight process. Below are representative examples of such PCM deliverables.

- Responses to Design-Builder-initiated Requests for Information (RFIs) within the time targeted in the Authority process
- Submittal review comments and recommendations for Statement of No Objection
- NCR reporting
- Statistical sampling progress reports
- Statistical sampling program as part of the quality management plan
- Quality management plan inclusive of Inspection Test Plan and Audit Schedule
- Quality Assurance Plan (QAP)
- Monthly sustainability compliance reports
- Reports on DB safety and security representative qualifications reviews
- Reports on DB SSHASP and SSSP compliance review
- Safety and Security Training Program Plan
- Audit reports, as scheduled
- Design-Build Contract compliance reports
- Construction Safety and Security Audit

- Monthly reports reviewing Design-Builder environmental compliance reporting
- Right-of-way compliance updates
- Assessment and report on the schedule impact of proposed ROW Acquisition Plan changes
- The Program Communications Plan
- Summary reports including agendas, comments and statements of responsive members, specified action items and issues, and any required follow up
- Public outreach materials with consistent graphic representation as approved by the Authority
- Site visit schedule updated monthly
-

4.2.2. Project Controls

The Authority is establishing Project Control processes, tools, and techniques to monitor and control the program in the primary areas of scope, schedule, cost, risk, quality, safety, procurement, and communications (internal information and data flows for accurate and precise decision making). As part of this effort, the PCM will establish a variety of processes and implement them under the Authority's direction. The key processes and procedures for Project Control are described below.

Integrated Management Information System (IMIS)

Key to the Authority's Project Controls efforts will be the implementation of a robust document control system with accompanying procedures. Such controls will assist the Authority in managing the large volume of documents exchanged between the Design-Build Contractors, third parties, and Authority.

Within sixty (60) days of issuance of the initial NTP for each Construction Package, the PCM shall provide a summary level plan describing the PCM's Management Information System (MIS), including the identification of additional software applications and hardware to be used, the integration of the applications, MIS organizational structure, system administration and site hosting, and IMIS integration and support. The plan shall be updated if required.

Document Control

To assist the Authority in managing the large volume of documents exchanged for the CPs, the PCM shall provide document control services to record, monitor, and track submittals between the Design-Builder and the Authority. All material developed and produced for the Authority under the contract for PCM Services shall belong exclusively to the State of California. Maintaining a transparent record of the progress of the design-build program is critical to inform future procurements and decision-making.

All records at final acceptance of the contract for PCM services shall be transferred to the Authority or State of California in a format to be determined by the Authority. The Authority also may obtain services from the PCM for the following document control activities:

- Guidelines and Training
- Document Standards
- Reference Standards File
- Photographic Records
- Final Documentation Delivery

Monthly Compliance Status Reports

On a monthly basis the Authority will receive from the PCM a compliance report and supporting data through the IMIS that reflect Design-Builder compliance to engineering standards, schedule compliance, quality of material and work, safety and security and other contractual related issues for the prior month. Significant work anticipated in the coming month shall also be included in the monthly report.

Project Controls Activities and Support

The Authority will obtain support from the PCM for additional Project Control activities, which may include: Change control administration; Configuration control administration; and Schedule oversight.

Design-Builder Cost Accounting Process

The Authority establishes requirements for DB cost accounting procedures that support the intent of the Design-Build Contract and compliant with Authority, State and FRA requirements. The Authority also will require the PCM to refine and implement such procedures in order to enable the PCM to review and, as appropriate, recommend the approval of the milestone payment applications that are allowable under the Design-Build Contract. The Authority also will be able to obtain additional DB cost accounting services through the PCM, as well as cost review reporting, and cost estimating services, as needed.

Risk Assessment and Mitigation

As part of the Authority's overall Risk Management process, the PCM shall support the Authority by submitting relevant information regarding the Design-Build Contract for incorporation into the Authority's Risk Register. The PCM shall track the progress and effectiveness of Project risk mitigation activities from the Design-Builder. The PCM also will be responsible for various risk assessment and mitigation tasks, and for providing relevant reports to the Authority's PMT and executive management, such as a cost and schedule risk analysis, and a contingency management plan.

Representative Project Controls Deliverables from PCM to Authority

As noted previously, the Authority will receive numerous reports from the PCM to assist in its project controls process. Below are representative examples of such PCM deliverables.

- Summary level plan describing the PCM's MIS
- Performance reporting metrics in the IMIS
- Compliance Management Plan
- Change order supporting documentation
- Design-Build Contract configuration usage and variance reports
- Project control procedures
- Support for FRA and other agency reports
- Monthly Cost Review Reports
- Milestone Payment recommendations/concurrence
- Cost and Engineering Estimates, as requested
- Recommendations on estimates by the Design-Builder
- Final cost estimate
- Recommendation to the Authority on change estimates
- Risk Register updates
- Cost and Schedule Risk Report updates
- Project/Contract contingency plan
- Project/Contract contingency usage reports
- Design-Build Contract Risk Register (CRR)
- Draft and Final Contingency Management Plan

4.2.3. Contract Management

The Authority's Contract Management activities related to the Construction Packages for the first construction segment of the IOS include the key processes and procedures described below.

Procurement Process

The Authority's Contract Management process begins during the Procurement process, during which the Authority reviews and evaluates Design-Builders' proposals to determine best value technical and price proposals. The PMT and the PCM assist in this process.

Contract Management

To support the Authority and PMT personnel, the PCM will perform certain contract management services and shall serve as the primary point of contact for the respective Design-Builders. The PCM shall staff teams as necessary to be able to manage the contract and perform all required PCM tasks, likely to be small cross functional teams that mirror the Design-Builders' work fronts. Teams are likely to be comprised of Project Engineers, Field Engineers/Inspectors, Public Involvement representatives, Change/Claim Engineers, Project Controls Engineers/Schedulers, Construction Support Liaison Engineers, Environmental and Safety Compliance representatives, Document Control representatives, as well as administrative and data entry assistants. PCM contract management services will comply with applicable state and federal contracting regulations.

Updated Contract Administration

The Authority will obtain assistance in its development and preparation of contracts, response to Design-Build Contract interpretation queries, and maintenance of a "conformed Design-Build Contract" that shall contain authorized changes. This process will be supported by periodic audits by the PCM of the Design-Build Contract Field Management operations to maintain consistency and document control conformity as it relates to Design-Build Contract documents. The PCM also perform periodic audits of the Design-Builder's cost tracking and documentation as required by the Design-Build Contract and relevant state and federal requirements.

Differing Site Conditions

The Authority will require the PCM to record, photograph, log and track all instances, proven or otherwise, of differing site conditions. The PCM shall respond and inspect the area on behalf of the Authority according to the timelines specified in the Design-Build Contract and shall make recommendations as to the course of action. The PCM shall check for accuracy and submission timeliness, as well as review and recommend action on relevant Contractor submitted reports. The PCM also may be required to check and assess additional investigations conducted by the Design-Builder.

Claims and Disputes

The Authority will maintain a process for claims and disputes as well as take a proactive approach to claims avoidance. For purposes of this document, "claims" are defined as Design-Builder-requested changes where merit has initially been denied by the PCM in accordance with

its Change Management responsibilities, but which continue to be pursued by the Design-Builder. "Disputes" are defined as claims that continue to be pursued by the Design-Builder, cannot be resolved by the PCM or the Authority and the Design-Builder, and are submitted to the Dispute Resolution Board (DRB) for resolution. The Authority's DRB process will follow standard industry practices. The process is similar to the DRB process used by Caltrans for its large projects, but is tailored to the unique circumstances of the High-Speed Rail project. The dispute resolution process is further described in the Request for Proposal for Design-Build Services for CP 1. See the General Provisions, Section 51, Disputes, at the following URL: <http://www.cahighspeedrail.ca.gov/assets/0//443/445/ab6a709b11974c36943b657883227e45.pdf>.

The PCM will bring potential claims to the attention of the Authority and provide recommendations regarding entitlement, potential exposure, and strategies for resolution. The PCM also will prepare monthly claims and disputes status reports with trend analyses, as well as documentation supporting entitlement for change order requests and DB claims, and present them to the Authority for discussion. The PCM then will assist the Authority in deciding which claims and orders will be settled by submitting merit assessments and recommendations to the Authority for review.

Labor and Sub-Contract Compliance and Small Business Enterprise (SBE) Reporting

The Authority will enforce labor and sub-contract compliance requirements with assistance from the PCM. The PCM shall be responsible for checking the Design-Builder's prevailing wage and civil rights compliance records and reports for the Project. Prevailing wage compliance shall include certified payroll management and payment tracking.

Insurance

The Authority will enforce insurance requirements with assistance from the PCM. The PCM shall report on and monitor Design-Builder compliance with the Owner Controlled Insurance Program (OCIP) and workers' compensation requirements and (if necessary) OCIP management reporting and data exchange with the OCIP provider.

Utility and Railroad Coordination

The Authority will require the Design-Builder to provide timely notification, coordination, scheduling, and field work with the utility companies as required. The PCM will oversee related DB activities. It shall also assist the Authority and its PMT in utility and railroad coordination efforts, including those necessary for utility relocations and new services, throughout the design and construction phases of the Project.

The Authority shall require the Design-Builder to provide timely notification, coordination, scheduling and field work with the utility companies for relocation, abandonment, and upgrade work as required. On behalf of the Authority, the PCM will check that all work to be performed by utility agencies is being managed in coordination with the Design-Builder where required. The PCM shall also assist the Authority with utility agreements and task orders.

Contract Closeout

The Authority will obtain contract closeout assistance from the PCM on the Design-Build Contract in accordance with Authority approved procedures and in compliance with state and federal guidelines.

The closeout and transfer of records to the Authority shall include the following:

- All work products and relevant supporting materials
- All change documentation
- All quality control and assurance records
- Check that all commercial issues have been resolved

Representative Contract Management Deliverables from PCM to Authority

As noted previously, the Authority will receive numerous reports from the PCM to assist in its contract management process. Below are representative examples of such PCM deliverables.

- Procurement evaluation recommendations
- Contract Management Manual
- Construction Management and Inspection Procedures
- Conformed Design-Build Contract
- Review reports (Field Management Operations and findings regarding compliance with State and Federal requirements, and in accordance with contractual and legal/regulatory recordkeeping and reporting requirements)
- Monthly Claims and Dispute Status Report
- Subcontract Usage Report
- Closeout Checklist and Report

4.3. Procedures to Avoid Contract Splitting

The Bureau of State Audits (BSA) has identified concerns about contract splitting, and stated the following in its report #2011-504:

“To effectively manage its contracts the Authority should do the following:

- Develop procedures to detect and prevent contract splitting.
- Begin awarding contracts with a sufficient amount of lead time.
- Immediately begin the process of soliciting competitive bids for IT services.”

As presented in a written response to the BSA, dated August 3, 2012, the Authority responded as follows:

“The contracting and procurement manuals are complete and include language prohibiting contract splitting. The contract manual contains language ensuring adequate lead time in the contract award process.

The Authority continues to maintain and use a schedule of contract expiration dates to ensure the contract managers receive timely notification from the contract unit of contract expiration dates.”

Both the current Contract Manual and the current Procurement Manual include the following provisions:

“Contract managers and contract administration staff will ensure that:

- No bid document will be drafted in a manner that limits bidding directly or indirectly to a single bidder (PCC 10339);
- No person shall willfully split a single transaction into a series of transactions for the purpose of evading the bidding requirements of State law (PCC 10329). In particular, a series of related services that would normally be combined and bid as one job cannot be split into separate tasks, steps, phases, locations, or delivery times to avoid adhering to a state law, policy, or DGS procedure (SCM 5.03).

In the course of developing each of the Authority’s procurements, there are multiple points of review. All draft procurement documents (e.g., request for qualifications, request for proposals, etc.) are reviewed for compliance with state requirements by the Authority’s Contract Specialist. The proposed scope of work also is reviewed for compliance with the Authority’s needs by the Project Delivery Contracts Director. The Chief Counsel reviews for legal compliance, with assistance from outside counsel, as needed. Following these initial reviews, the draft procurement documents are subject to additional management review across multiple functions, including budget, contracts, and legal before

being provided to the Deputy Chief Executive Officer and/or the Chief Executive Officer for review and approval. Certain procurements beyond the CEO's delegation of authority are subject to further review by the Board prior to release. The Authority publishes its released procurements through BidSync, the on-line bid notification service used by the California Department of General Services.

In the case of its IT services, the Authority is currently in the process of transitioning its network connection from its previous contractor. It is moving towards a different approach for IT support and services and plans to implement this approach over the next 12 to 13 months.

Audits and Reporting

Prior Audits and Reporting

California State Legislature

California High-Speed Rail Peer Review Group (PRG) summary comments on the Authority's 2009 Report to the Legislature (2009)

PRG testimony before the Senate Select Committee on High Speed Rail, May 11, 2011

PRG summary and recommendation on LAO's May 10, 2011, Report

PRG report in compliance with Public Utilities Code section 185035 (January 3, 2012)

PRG comments on the Draft 2012 Business Plan issued November 1, 2011 (March 21, 2012)

Ridership and Revenue Forecast, Model Run Summary (March 22, 2012)

PRG comments on the Revised 2012 Business Plan approved April 13, 2012 (May 18, 2012)

Authority's response to the PRG Report dated May 18, 2012 (May 31, 2012)

Legislative Analyst Office

The High-Speed Rail Authority Report to the Senate Transportation and Housing Committee (March 17, 2009)

The 2009 High-Speed Rail Business Plan Report to the Assembly Transportation Committee (January 11, 2010)

High-Speed Rail is at a Critical Junction (May 10, 2011)

Strategy for Reviewing the Draft 2012 High-Speed Rail Authority Business Plan to the Assembly Budget Subcommittee No. 3 on Resources and Transportation (November 15, 2011)

High-Speed Rail Authority: The Draft 2012 Business Plan and Funding Plan to the Assembly Transportation Committee (November 29, 2011)

The 2012-13 Budget: Funding Request for High Speed Rail (April 17, 2012)

California High-Speed Rail Peer Review Group (PRG)

PRG comments to the Authority on the Authority's Organizational Assessment performed by KPMG (December 2, 2009)

PRG response to the Authority's presentation materials provided at the April 1, 2011 PRG workshop (May 2, 2011)

Ridership and Revenue Model Sensitivity Tests and Extreme Downside Scenario memo to the PRG (April 20, 2012)

Bureau of State Audits

Bureau of State Audits (BSA) audit request by Senate Committee on Transportation and Housing (May 11, 2009)

- Bureau of State Audits (BSA) Analysis of Audit Request 2009-106 (May 27, 2009)
- High-Speed Rail Authority: It Risks Delays or an Incomplete System Because of Inadequate Planning, Weak Oversight, and Lax Contract Management Report 2009-106 (April 29, 2010)
- Initial response to Audit Report 2009-106 (April 19, 2010)
- 60-day response to Audit Report 2009-106 (June 28, 2010)
- 6-month response to Audit Report 2009-106 (October 12, 2010)
- Final response to Audit Report 2009-106 (April 29, 2011)

SB 1452 letter requesting a response (November 1, 2011)

- SB 1452 response, Update on Recommendations Not Fully Implemented (November 16, 2011)
- Extract of the Recommendations Not Fully Implemented After One Year Report (January 12, 2012)

Department of Finance

Financial Integrity and State Manger's Accountability Act (FISMA) of 1983, 2007 Report (December 31, 2008)

- FISMA Update to the 2007 Report (February 4, 2009)

FISMA 2009 Report (December 31, 2009)

- FISMA 2009 Corrective Action Plan (January 28, 2010)
- FISMA 2009 Corrective Action Plan Update (April 2011)

Executive Order S-02-07 General Obligation Bond Accountability Plan (September 2009)

Office of the Inspector General, State of California

Engagement letter for review of the Authority's progress implementing BSA Report 2009-106 recommendations (August 10, 2010)

- Response to the Office of the Inspector General (OIG) draft report dated October 19, 2010 (October 25, 2010)
- OIG final report dated October 27, 2010

Current Audits and Reporting

House Committee on Oversight and Government Reform

Request for documents regarding the committee's examination (April 9, 2012)

- Authority response (April 16, 2012)

U.S. Government Accountability Office

Initial email regarding scope of the audit (February 28, 2012)

- Discussion agenda with document request (March 20, 2012)

Federal Railroad Administration

Confirmation letter for the July 16 and 17, 2012 monitoring review (May 3, 2012)

- Preliminary meeting agendas (May 21-22, 2012 (rescheduled), July 16-17, 2012)
- Response documenting transmittal of audit request documents (May 22, 2012)

Bureau of State Audits

High-Speed Rail Authority Follow-up Report 2011-504 (January 24, 2012)

- 6-month response (August 3, 2012)
- 60-day response (March 23, 2012)

Department of Finance

FISMA 2011 Report and Corrective Action Plan (January 13, 2012)

- FISMA 2011 Corrective Action Plan Update (June 29, 2012)

Future Audits and Reporting

Senate Committee on Transportation and Housing and Assembly Committee on Transportation

- Business Plan with Additional Terms (January 1, 2014)
- Staff Management Report (October 1, 2012)
- Risk Analysis Report
- Certification of Budget –Contracts (October 1, 2012)
- Net Impacts of Greenhouse Gas Emissions (June 30, 2013)
- Memorandum of Understanding with the Northern California Unified Service

Senate Budget and Fiscal Review Committee and Assembly Budget Committee

- Business Plan with Additional Terms (January 1, 2014)
- Staff Management Report (October 1, 2012)
- Project Update Report (Semi-Annual: March 1, November 15)
- Risk Analysis Report
- Certification of Budget –Contracts (October 1, 2012)Net Impacts of Greenhouse Gas Emissions
- Memorandum of Understanding with the Northern California Unified Service

Joint Legislative Budget Committee

- Funding Plan for Blended System
- Executive Staff Positions Filled Report

Peer Review Group

- Funding Plan for Blended System
- Business Plan with Additional Terms

Department of Finance

- Funding Plan for Blended System
- Accountability Plan
- Audit for Expenditure of Bond Proceeds (Bookends)
- Approval of Design/Build Contracts Performance Criteria
- Project Management and Funding Agreements
- FISMA 2011 Corrective Action Plan Update (December 31, 2012)

State Public Works Board

- Approval of Design/Build Contracts Performance Criteria

Secretary of Business, Transportation and Housing

- Business Plan with Additional Terms (January 1, 2014)
- Staff Management Report (October 1, 2012)
- Project Update Report (Semi-Annual: March 1, November 15)
- Risk Analysis Report
- Certification of Budget –Contracts (October 1, 2012)
- Net Impacts of Greenhouse Gas Emissions (June 30, 2013)

Bureau of State Audits

- SB 1452 response, Update on Recommendations Not Fully Implemented (November 2012)
- Final response to Report 2011-504 (January 2013)