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CALIFORNIA HIGH-SPEED RAIL AUTHORITY  
MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

Sacramento City Hall  
915 I Street, City Council Chambers  
Sacramento, California 95814

Wednesday, January 23, 2013  
10:15 a.m.

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A P P E A R A N C E S

BOARD MEMBERS

Mr. Dan Richard, Chairman

Mr. Tom Richards, Vice-Chair

Ms. Lynn Schenk, Vice-Chair

Mr. Jim Hartnett

Mr. Michael Rossi

Mr. Thomas Umberg

STAFF

Ms. Angela Reed, Interim Board Secretary

ALSO PRESENT

Mr. Jeff Morales, CEO

Mr. Thomas Fellenz, Esq., Legal Counsel

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1 SACRAMENTO, CALIFORNIA, January 23, 2013

2 10:15 a.m.

3 --o0o--

4

5 CHAIRMAN RICHARD: Okay. Good morning.  
6 Sorry we're a few minutes late. Everybody is getting  
7 themselves collected in the new year.

8 Good morning. The meeting of the California  
9 High-Speed Rail Authority will now come to order.

10 Could you please call the roll.

11 MS. REED: Vice-Chair Schenk.

12 MS. SCHENK: Here.

13 MS. REED: Vice-Chair Richards.

14 MR. RICHARDS: Here.

15 MS. REED: Mr. Umberg.

16 MR. UMBERG: Here.

17 MS. REED: Mr. Hartnett.

18 MR. HARTNETT: Here.

19 MS. REED: Mr. Rossi.

20 MR. ROSSI: Here.

21 MS. REED: Chairman Richard.

22 CHAIRMAN RICHARD: Here.

23 And I will ask Mr. Hartnett, the proud father of  
24 the newest attendee to the United States Naval Academy,  
25 his daughter, to please lead us in the Pledge of

1 Allegiance.

2

3 (Pledge of Allegiance recited.)

4

5 CHAIRMAN RICHARD: Thank you.

6 Welcome back, Mr. Hartnett, we're very, very  
7 pleased that the president of the Senate and Rules  
8 Committee reappointed Mr. Hartnett to the High-Speed  
9 Rail Authority to be graced by his presence and hard  
10 work. Congratulations on your daughter. That's a  
11 phenomenal achievement.

12 MR. HARTNETT: Thank you very much.

13 CHAIRMAN RICHARD: All right. We will begin  
14 with public comment, and as is our custom, we will start  
15 with -- let me just go through to make sure that our  
16 public officials speak first, and then after that, all  
17 of the comments will be taken in order.

18 Okay. Okay. First off, Fresno County Board of  
19 Supervisors, Supervisor Henry Perea.

20 MR. PEREA: Mr. Chairman and members of the  
21 board, thank you for allowing me to speak today.  
22 Congratulations on your families. I just wanted to  
23 share with you -- and I don't have a tie. No  
24 disrespect. I forgot it. I was at the hospital. My  
25 youngest son's girlfriend had a baby, and little Sophia

1 was born at 4:30. So before I left Fresno this morning,  
2 I went to visit her. So it's a great day for family,  
3 and as you know, it's why we come here all the time to  
4 support you for the great things that you're doing, you  
5 know, and I held her this morning before I left, and I  
6 thought about what our parents and what our grandparents  
7 have done for us to build this type of infrastructure  
8 and the world that we have that makes this the  
9 world-class country that we are, and we're doing the  
10 same things for our kids and grand kids.

11 So just wanted to share that with you and thank  
12 you for the heavy lifting that you're doing and the hard  
13 work every day and just know that Fresno -- it's nice to  
14 shift from the phase in high-speed rail to the  
15 execution, and I can tell you, we on the ground, are  
16 working with folks to make sure now that we're making  
17 your vision come true, and it's part of everyone in  
18 Fresno County. We're going to make it happen. So thank  
19 you very much.

20 CHAIRMAN RICHARD: Congratulations, and  
21 thank you, and once again, the record will note that I  
22 think the person who has a near perfect attendance  
23 record -- perfect when you count the excused absences --  
24 is Supervisor Perea.

25 Next, the supervisor, Richard Valle, from Kings

1 County.

2 Welcome.

3 MR. VALLE: Good morning, Mr. Chairman,  
4 members of the board, happy New Year.

5 Mr. Chair, I would just -- very simply, here  
6 before you today to represent the county, one as on the  
7 record of being in attendance here today, and as you  
8 move forward this year, we do know you have a lot of  
9 tough decisions to make, decisions that affect the  
10 overall being of Kings County. And so as you make those  
11 decisions, please continue to keep in mind remarks that  
12 you have heard and as you have been there, and again,  
13 just want to wish your board well and thank you for your  
14 service. And we do look forward to seeing you back in  
15 Kings County, hopefully, prior to these tough decisions  
16 that have to be made. Thank you, sir

17 CHAIRMAN RICHARD: Thank you, Supervisor,  
18 and let me assure you, we definitely -- we know that  
19 they are significant impacts that need to be addressed  
20 in Kings County. We appreciated the opportunity to work  
21 with you and your colleagues on the board of  
22 supervisors, and we hope to work through those issues in  
23 a positive way this year

24 Next, from Madera County Matt Treber. I hope I  
25 pronounced your name correctly, sir

1 MR. TREBER: Thank you, Mr. Chairman,  
2 members of the board. I was here to speak on Item 2. I  
3 can speak under public comment if you --

4 CHAIRMAN RICHARD: Actually, sir, what we  
5 tend to do is we have all comments for all the items at  
6 the outset.

7 MR. TREBER: Certainly, not a problem. My  
8 name is Matt Treber. I am here at the direction of our  
9 Chairman of the Board of Supervisors from Madera. I  
10 would like to start off by thanking you and staff. We  
11 have been working closely with staff on the east/west  
12 alignment alternatives that are going to be discussed  
13 under Item Number 2. We like the dialog that's  
14 occurring there. We would like to call out, however,  
15 our concern over what we have seem to see, a lack of  
16 disclosure of the discussions related to the potential  
17 alignment alternatives and the impacts those may or may  
18 not have on the deciding of the heavy maintenance  
19 facility.

20 As you are aware, the county has several sites  
21 that have been carried forward, and we just would  
22 request that you direct your staff to continue to meet  
23 with the county and have a more open dialog of  
24 discussion on the deciding of that facility and the  
25 impacts that the location of these routes may occur on

1 that site. With that, I'd like to thank you again.

2 CHAIRMAN RICHARD: Okay. Thank you. I will  
3 ask Mr. Morales on that presentation, if we are prepared  
4 to talk about that, that's fine. If not, then we'll be  
5 clear about a time and place when we are. So thank you.

6 Next up, LeeAnn Eager followed by Diana LaCome.

7 MS. EAGER: Good morning, Mr. Chairman,  
8 board, Mr. Morales. I'm LeeAnn Eager, president and CEO  
9 of the Economic Development Preparation servicing Fresno  
10 County and a member of Fresno Works. I'm so glad to see  
11 all of you here today, especially Mr. Richard, up and  
12 about. Appreciate it.

13 I just wanted to let you know that in Fresno, we  
14 are -- excuse me -- continuing our work in working with  
15 our businesses to get them certified, making sure that  
16 if we want to work on this project that we have enough  
17 folks in the Central Valley that can do that. We're  
18 also working with our businesses that are along the  
19 alignment, keeping them informed with meeting with your  
20 staff and those businesses, making sure that they have a  
21 place available to go to when it's time for them to  
22 move.

23 But I also wanted to make you -- that we have  
24 been working really closely with the staff in the  
25 Central Valley, and Diana Gomez is a wonderful addition.

1 We have been meeting on a regular basis, making sure  
2 that what they're doing and we're doing is in sync. And  
3 I know that the last couple of meetings that we have  
4 gone to that we -- business owners have been very  
5 appreciative of those meetings and the high-speed rail  
6 addressing our concerns. So we appreciate that.

7 And also Mike going to his team, when there's an  
8 issue that happens, then we need to get the word out,  
9 sending that out to him and getting the word out to his  
10 team and Mr. Wilcox, that has been essential for us in  
11 order to make sure that those in the Central Valley  
12 understand what's going on and are able to do the work  
13 going forward.

14 I also met with the folks in Kern County a couple  
15 of weeks ago. They would like to get a Kern County  
16 Works going in order to, you know, get their businesses  
17 prepared, making sure that they are prepared for when it  
18 goes down that way. So Fresno Works is going to assist  
19 them. We're going to be meeting with the folks in  
20 Merced also. So the Central Valley, in its entirety,  
21 will be ready for this project. Thank you.

22 CHAIRMAN RICHARD: Thank you, Ms. Eager. We  
23 appreciate those comments.

24 Good morning, Ms. LaCome followed by Anja  
25 Raudabaugh.

1 MS. LACOME: Good morning, Chairman Richard,  
2 Mr. Morales, and Authority board members. Today, I'd  
3 like to discuss three items with you. The first is  
4 conflict of interest policy and implementation, the  
5 second is Caltrans Interagency Agreement with the thirty  
6 percent goal, and lastly, is the Amtrak to California  
7 partners in pursuit of the trains.

8 First of all, the conflict of interest, APAC  
9 request that the proposed award not be finalized until  
10 there is clarification of this specific conflict of  
11 interest in question. Rosenthal Inc was the primary  
12 right-of-way consultant for the Authority and has  
13 already prepared work on 500 parcels in central  
14 California. To our best knowledge, the 500 parcels were  
15 solely sourced to Rosenthal Inc. A Request For Proposal  
16 was never publicized by the Authority.

17 In 2012, the right-of-way contract was bundled  
18 into four contracts. The highest combined numbers  
19 scored was Golden State Right-of-Way Team, and as you  
20 can see, the notice of proposed award, that I have given  
21 you, they are the ones that scored to be the highest. I  
22 have also added there for your information, the County  
23 of Sacramento and the fictitious name statement for  
24 Rosenthal, actually, DBA as a Golden State Right-of-Way  
25 Team. So I would like for you to look at the

1 right-of-way. I have given you all the information on  
2 that.

3 Approval of the Caltrans Interagency Agreement  
4 for the relocation of Highway 99, we have requested  
5 several times in front of this board if the thirty  
6 percent goal was going to be applied, and we were told,  
7 "yes," that it was. However, in going back and looking  
8 at the agreement, it does not state it anywhere. So we  
9 would like a response from the Authority on that.

10 And then lastly, on the trains, the train sets  
11 that you're -- that are being -- were on the press  
12 release recently, I think this is a great idea. I would  
13 recommend that these trains be actually built in  
14 California and primarily, if at all possible, in central  
15 California, since it has the highest unemployment rate.  
16 Thank you

17 CHAIRMAN RICHARD: Thank you, Ms. LaCome.  
18 Ms. Raudabaugh, If I could ask you to just bear with us  
19 for a second.

20 All right. Thank you Ms. LaCome. I was just  
21 conferring with Mr. Morales, because obviously, any  
22 question of conflict of interest is something that we  
23 take seriously, and I know that he has been in touch  
24 with our general counsel. So we will follow up with him  
25 on that.

1           Thank you, Ms. Raudabaugh. I apologize for that,  
2 and good morning, and you will be followed by Eric  
3 Christen.

4           MS. RAUDABAUGH: Good morning, Mr. Chairman.  
5 My name is Anja Raudabaugh. I'm the executive director  
6 of the American Farm Bureau. I have come here to  
7 address Agenda Item 2, Supplemental Analysis of the  
8 Central Valley Wye.

9           I represent approximately 40 percent of the  
10 affected stakeholders in the Chowchilla region. None of  
11 them have been informed of this new analysis strategy.  
12 None of them have received any stakeholder outreach  
13 regarding supplemental or subsequent EIR, and we find  
14 that really appalling.

15           The staff report for Agenda Item 2 indicates that  
16 staff is seeking the board's blessing for a new strategy  
17 regarding the wye analysis in efforts to comply with  
18 CEQA, either a supplemental or a subsequent EIR. They  
19 are two very different things, and I'd like to know  
20 which one is it. Staff appears to have lumped them  
21 together as one in the same. They are certainly not the  
22 same.

23           Additionally, as a new major problem to this plan  
24 is that a supplement or a subsequent EIR to what? The  
25 Merced to Fresno EIR? This can't possibly be legal.

1 Since there's a pending legal challenge to that EIR,  
2 that EIR cannot be deemed adequate, and supplementing  
3 the Merced to Fresno EIR also can't possibly be the  
4 case, because it implies the CEQA analysis has already  
5 occurred on the Chowchilla wye box.

6 This board directed staff in 2011 not to analyze  
7 the Chowchilla wye box, remember? And now the staff  
8 report is suggesting that you're going to analyze it  
9 through the supplemental, that it never was -- there was  
10 never an analysis in the first place. It also can't  
11 possibly be legal because CEQA requires that that prior  
12 CEQA analysis be performed first and only then can you  
13 have a subsequent. If you don't believe me, I know you  
14 guys have some very expensive hired guns that you  
15 consult with.

16 Another thing that the staff report seeks to  
17 do -- I'm sorry. I've traveled a really long way. If  
18 you could --

19 CHAIRMAN RICHARD: Go ahead.

20 MS. RAUDABAUGH: Another thing the staff is  
21 working to do is expand the Chowchilla wye box into a  
22 further, more distant western boundary. This report  
23 refers to the area as the Carlucci Road to the west, and  
24 I'm operating under the assumption that the board  
25 doesn't know where Carlucci Road is. Madera and

1 Mercedians collectively refer to this area as the "red  
2 top area," and that area has the highest rate of  
3 subsidence in the world, three times that which toppled  
4 New Orleans after Katrina. So I have provided the board  
5 with the Department of Water Resources map, which shows  
6 the average rate of subsidence in that area of 18 inches  
7 a year. The Merced Fresno EIR said the subsidence was  
8 an insignificant issue. This is a serious issue and one  
9 that you should be very concerned about.

10 Finally, I'm asking the board to really take a  
11 look at this statute, because it doesn't make sense to  
12 us, again, representing many, many stakeholders involved  
13 in this process. First, you have been asked -- you've  
14 asked staff not to analyze an area that's as large as  
15 one of the Hawaiian islands, and now you have promised  
16 that that area would get the level of analysis that it  
17 desperately needs in a subsequent -- or excuse me -- a  
18 brand new EIR, Merced to San Jose. And you're asking us  
19 to just brush our concerns aside while you roll it up  
20 into a subsequent -- supplemental EIR. This strategy is  
21 not acceptable to us.

22 Additionally, these decisions impact a lot of  
23 folks in the Central Valley, and we, respectfully, ask  
24 that you have many more meetings concerning the initial  
25 construction segment, the initial operating segment, and

1 all things related to Construction Package 1 in the  
2 Valley. We can't get up here. So we would really  
3 appreciate your consideration on that. Thank you.

4 CHAIRMAN RICHARD: Thank you, Ms.  
5 Raudabaugh. Let me just say that as I understand it,  
6 today's briefing on this will be an informational  
7 briefing, so no action will be taken today. We will  
8 have closed session, as you can see from the agenda.  
9 One of the items is directly pertinent, in terms of  
10 litigation, and so we'll have an opportunity to ask our  
11 staff to consider and comment on this. So I wanted you  
12 to know that your comments are timely and appreciate.

13 MS. RAUDABAUGH: I appreciate that. Your  
14 staff, they're very nice people, and you guys know that  
15 the Chowchilla region is full of different opinion, and  
16 they have a tough job ahead of them, and I was there at  
17 the meeting in 2012 when we tried to resolve these  
18 issues. They are far from resolved

19 CHAIRMAN RICHARD: I understand that, but  
20 we're going to keep working toward it. Thank you for  
21 your comments.

22 Mr. Christen, good morning. We're sorry you  
23 didn't bring your kids.

24 MR. CHRISTEN: They're having a much more  
25 fun day. They're able to join their mom, who's an Air

1 Force pilot, out at the field, and they get to spend the  
2 day with her for mom at work day -- or kids at work day  
3 with mom -- is much more exciting. So I'm sorry.

4 Mr. Chairman, board members, happy New Year.  
5 Thank you for giving us an opportunity to speak to you  
6 today. Unfortunately, it is about the issue that we  
7 have been talking about for sometime, which is the  
8 Project Labor Agreement, which has now kind of come out  
9 of the box, if you will, and been unveiled, at least in  
10 its draft form, as we have feared, and it's the typical  
11 appeal we expected. We'll be unveiling this part of the  
12 website that we're doing tomorrow to talk about this  
13 issue.

14 The Project Labor Agreement, for those in the  
15 audience that aren't aware of it, impacts -- we just had  
16 the Bureau of Labor Statistics indicate that the union  
17 representation for the work force in California fell to  
18 the smallest percentage it's ever been -- I'm sorry --  
19 in the country that's it's ever been, 13.2 percent,  
20 almost a full percentage point drop. That's the market  
21 work of people choosing where they want to work. Most  
22 people work in a union-free environment. Project Labor  
23 Agreement makes it almost impossible for those nonunion  
24 workers to work on this project unless they become a  
25 member of the union. So we have opposed PLAs and

1 unfortunately, have to oppose the project so long as one  
2 is on it, and we'll be, again, unveiling the website  
3 tomorrow that deals with that very issue. We will be  
4 showing the dissection of the PLA on the website. We  
5 will also be showing the head of the Fresno, Madera,  
6 Kings County trade unions who's there with myself and  
7 others and a group of minority contractors in Fresno a  
8 few weeks ago and did a great job and proceeded to swear  
9 at me in front of my children and storm out of the room.  
10 And it was an ugly scene, but these are the type of  
11 people who are negotiating agreements with all of our  
12 people to work under. It's unfortunate. But I did want  
13 to say that yet -- the fact that we're going to be  
14 supporting the litigation against this right now because  
15 of this Project Labor Agreement. This is the result of  
16 the PLA being a part of this process. It's unfortunate  
17 and it's unneeded, and it's now brought us into this  
18 fight.

19           So I wanted to make you aware of that. Thank you  
20 for your time. I know you have a lot of tough issues  
21 that you're dealing with, people that are happy with it,  
22 unhappy, a lot of money at stake, but I do want to  
23 continue to give you our respect as well. Thank you.

24           CHAIRMAN RICHARD: Thank you, Mr. Christen.  
25 We appreciate it. I don't know if this is one that we

1 can bridge, but, you know, we try to listen to all of  
2 these things carefully.

3 I apologize. I'm having -- so Nicole -- is it  
4 Geokine? If I mispronounced your name, I apologize.  
5 You appeared before us once before, and I think I  
6 apologized for mispronouncing your name at that time if  
7 I recall.

8 MS. GOEKINE: Chairman Richard, I apologize  
9 for my horrible handwriting.

10 CHAIRMAN RICHARD: I just went to my eye  
11 doctor yesterday, so I think I am good.

12 MS. GOEKINE: Good morning, Chairman Richard  
13 and members of the High-Speed Rail Board, Mr. Morales.  
14 Again, Nicole Goekine, with Associated Builders and  
15 Contractors of California. We are -- our members are  
16 general contractors, subcontractor members who perform  
17 commercial industrial public works construction. We  
18 also operate State-approved apprenticeship programs in  
19 several trades, electrical, plumbing, sheet metal, HVAC,  
20 painters, laborers, carpenters, heavy equipment  
21 operators, et cetera, et cetera.

22 We are here today to express our concern about  
23 Project Labor Agreement. There's language in the  
24 current draft that states that theses apprentices that  
25 we have trained will not be able to be used, and they

1 won't be able to receive any of their own on-the-job  
2 hours because of the PLA.

3           Just real quick, I was invited to speak on a PLA  
4 panel that Mr. Christen also mentioned a few weeks back  
5 in Fresno, and I was thinking that I was going to see a  
6 lot of you there at the meeting, and excuse me if I  
7 didn't see you there, but I don't believe I did. So I'm  
8 wondering what staff did attend that session that I  
9 believe discussed important elements of language that  
10 were of concern in that PLA. But the day before, I was  
11 at the Small Business Advisory Council meeting, and I  
12 was surprised to learn that the PLA or the policy had  
13 finally morphed into a Project Labor Agreement that was  
14 at the high-speed rail waiting for approval, and so I  
15 was surprised to see that was the plot that was all  
16 along to do this behind the scenes to benefit special  
17 interest. I thought this project was to benefit all of  
18 California.

19           The second thing I learned, there, is that the  
20 contract will be awarded to only those primes who  
21 demonstrate that they will sign on to this letter of  
22 consent, Project Labor Agreement, otherwise. They won't  
23 be considered, not based on their merit or if they can  
24 qualify other than they need to sign this letter of  
25 consent.

1           And finally, the third thing is all of the  
2 primes -- I also learned all of the primes who have  
3 submitted bids, those who are not chosen are going to be  
4 reimbursed for their work. So this is the first time I  
5 have seen a situation like this where people submitting  
6 bids are going to get reimbursed for their time and  
7 consideration.

8           ABC California remains opposed to this policy and  
9 PLA policy in its current format, and we look forward to  
10 our meeting with you, Mr. Richard, next week to discuss  
11 the change that we are asking for in that document --  
12 I'm sorry. The meeting with Mr. Morales not  
13 Mr. Richard. So we have emailed our letters to you this  
14 morning to all of the board members, and we would  
15 respectfully request that you include that letter in  
16 your minutes of today's meeting. We have spoken before  
17 you several times before, asking for a fair and open  
18 competition policy, and each time, it has not been  
19 reflected in the minutes, and I would respectfully  
20 request that our letter be submitted and included in  
21 those minutes. Thank you very much for your time.

22           CHAIRMAN RICHARD: Thank you. Ms. Geokine,  
23 let me just say two things quickly, and I'm always  
24 reluctant to comment on speakers because I never want to  
25 shun anybody's ability to come and speak to us, but you

1 represent a sophisticated organization, so I know you  
2 are not going to be dissuaded by that. But just for  
3 clarification, one, on the reimbursement of the  
4 contractors, I think that's fairly standard policy.  
5 It's a way to encourage competition among contractors,  
6 because it's a very big and expensive process to put an  
7 RFP together. And so it doesn't -- the reimbursement  
8 that we offer does not even come close to the cost that  
9 these companies incur, and I think this is pretty  
10 standard practice throughout the industry with, with  
11 very large construction projects like this. So we made  
12 the decision that the public would benefit more by  
13 having more competitors, because it would drive the cost  
14 down if we encouraged competitors to come in by taking  
15 some of the sting out. So I want it to be clear because  
16 it might seem curious to people at first as to why we're  
17 paying losing bidders, but it's very much a mathematical  
18 proposition. We think we'll get better bids and lower  
19 bids as a result.

20           And the other thing, too, I just wanted to say so  
21 that when you do have your meeting with Mr. Morales, you  
22 and Mr. Christen can understand that, at least my  
23 view -- I have personal views about Project Labor  
24 Agreements, because I have worked in situations where  
25 they have been used, but there has been no policy from

1 this board, that I'm aware of, that has required people  
2 to hire under Project Labor Agreements. The companies  
3 that have come in and have chosen to bid have been  
4 signatories to these agreements. Now, whether the board  
5 would adopt such a policy or not adopt such policy --  
6 but I do think right now on the ground what we're  
7 dealing with is that these are companies that have a lot  
8 of experience in this marketplace and have chosen to do  
9 this. So again, I want to distinguish between what the  
10 companies choose to do and what the board might adopt as  
11 a policy, and I just don't believe that we have adopted  
12 a policy on that at this point. I just say to you,  
13 because you're going to have continuing interactions  
14 with us, and I want to make sure that we can find common  
15 ground where we can, and so that's thoughts for you for  
16 your upcoming meetings.

17 MS. GEOKINE: Okay. Thank you very much.

18 CHAIRMAN RICHARD: Thank you, Ms. Geokine.

19 Frank Oliveira, and he'll be followed by David  
20 Schwegel.

21 Mr. Oliveira, happy New Year.

22 MR. OLIVEIRA: Same to you. I hope your  
23 holidays were good

24 CHAIRMAN RICHARD: They were.

25 MR. OLIVEIRA: Part of the topics that I

1 have been listening to today in people coming up and  
2 talking to you has been about transparency, due process,  
3 doing the right thing, all of those issues.

4 By the way, you don't have a quorum right now.  
5 Should I stop?

6 CHAIRMAN RICHARD: We have five.

7 MR. OLIVEIRA: Do you?

8 CHAIRMAN: Two, four, five. Mr. Morales  
9 doesn't count for quorum purposes, but he counts for  
10 other purposes.

11 MR. OLIVERIA: Mr. Umberg is missing.

12 CHAIRMAN RICHARD: Yeah, but they're five  
13 out of nine, so there's a quorum.

14 MR. OLIVIERA: Okay. At any rate, all of  
15 this said, there's a preponderance of things that are  
16 being -- or a perception that things are being done  
17 behind closed doors for reasons less than honest and  
18 respectable questions about how things are done in the  
19 Chowchilla wye. People are noticing that, apparently,  
20 something is happening in the background, and people  
21 aren't getting the words and makes people uneasy. This  
22 decision about PLAs and nothing officials has been done,  
23 but the PLA information that's out there makes people  
24 nervous. It makes people feel that things are being  
25 done in the background in a shady way.

1           On your agenda, there's an agenda item to  
2 recommend, I believe, awarding management --  
3 Construction Management to Harris, Wong Harris. Okay.  
4 Isn't their executive staff made up of PB people that  
5 came from PB? So aren't they going to be, for \$34  
6 million, watching the people that they work with and  
7 came from? Is that -- doesn't that kind of sound like  
8 what happened with the PR firm a few years ago, which  
9 gave genesis to -- they weren't vetted on conflict of  
10 interest, which then gave birth to that problem. So  
11 there's a concern that things are not happening in an  
12 honest, transparent, clear way that people understand.  
13 This is something that's troubling. Your staff, your  
14 administrative staff, your CEO came from PB, used to be  
15 a PB guy. Okay. Aren't you hiring people within your  
16 hierarchy who work for the people you're supposed to be  
17 watching?

18           There was an article about an engineering  
19 association and I'm not -- I don't remember who it was,  
20 that recently had an article expressing concern about  
21 the plan to have contractors, these contracts that are  
22 building this design build thing, hire their own  
23 inspectors. So the people that would be inspecting  
24 their work would actually be reporting to them. Doesn't  
25 all of this conflict of interest and not getting the

1 best bang for the buck for the public and things that  
2 are going to set your project back, at the end, if  
3 they're not clearly vetted out to public and done in a  
4 logical manner that makes sense, if there are reasons  
5 why you are all doing this stuff this way, perhaps you  
6 need to explain it to the tax payers of the State of  
7 California. I want to thank you for the extra time that  
8 you gave me, and again, I wish you all a happy New Year.

9 CHAIRMAN RICHARD: Thank you. We'll be  
10 having that presentation on the Construction Management  
11 contract, and I think we'll be able to address some of  
12 those questions that Mr. Oliveira raised.

13 David Schwegel followed by Ted Heart.

14 MR. SCHWEGEL: Good morning fellow leaders.  
15 My name is David Schwegel, and I wanted to start out  
16 first by expressing my appreciation to the board for a  
17 very valuable insight that I personally saw at the  
18 Transform meeting, the US HSR Los Angeles conference as  
19 well as the Merced open house. I especially appreciate  
20 the comments about the Pacheco through the Altamont and  
21 the Central Valley university's potential for primary  
22 high-speed rail curriculum.

23 We recently learned that China launched its  
24 14-hundred-plus mile high-speed rail line, the world's  
25 longest, and when we hear news items like that, that

1 give dreamers like me the potential for dreaming about a  
2 transcontinental high-speed rail system here at home.  
3 Now, while it's unlikely that we're going to see such a  
4 transcontinental high-speed rail system materialize  
5 between now and February, I encourage you to make the  
6 trip to DC next month anyway for the February 11th  
7 through 13th High-Speed Rail Conference, which will  
8 feature the Joe Boardman of Amtrak as well as Pat Natale  
9 of ASCE on the subject of ASCE, American Society of  
10 Civil Engineers. As a friendly reminder, the California  
11 region is hosting an infrastructure symposium on March  
12 6th at LA MTA.

13 Finally, with regard to the millennium  
14 generation, we heard from them fairly extensively at the  
15 San Francisco board meeting last April. They are key to  
16 making this project a success, and I encourage us to do  
17 everything we can to reach out to the millennium  
18 generation, because as they explained, this system  
19 represents how they access their employment, education  
20 destinations. Thank you so much for all that you do,  
21 and keep up the great work.

22 CHAIRMAN RICHARD: Thank you, Mr. Schwegel.

23 Ted Heart followed by George Flemming.

24 MR. HART: Good morning. My name is Ted  
25 Hart. I am the state coordinator for Tea Party Patriots

1 regarding high-speed rail. I'm not opposed to the  
2 high-speed rail, but after over two years of attending  
3 your board meetings and all of the hearings at the  
4 capitol, I'm opposed to your business plan. It's a  
5 fiscal disaster and needless expenditures. I can give  
6 you an example, it would be the Authority's optimistic  
7 cost numbers, which depend on riderships values that are  
8 unproven, and in the case of the IOS operating between  
9 Merced and Los Angeles are unstudied as they are  
10 unbelievable.

11           The Authority projects 5.8 million passengers on  
12 this 300-mile length of track connecting Los Angeles and  
13 Merced via Palm Dale, Bakersfield, Hanford, and Fresno.  
14 So let's contrast that with the IOS with Amtrak  
15 connecting the truly major populations centers of Boston  
16 and Washington DC via New York City, Philadelphia and  
17 Baltimore, roughly four hundred and fifty miles in  
18 length. It carries only three and a half million riders  
19 per year. Not surprisingly, a projected revenue of five  
20 hundred and forty three million is less than what the  
21 Authority projects for its Merced to LA run in 2025,  
22 five hundred and ninety two million or a medium scenario  
23 2012 dollars.

24           The reason that I dig into all of this is because  
25 it has to do with the question of subsidies that is very

1 clearly laid out in Prop 1-A as you all know. The  
2 concern is that millions of dollars of debt that will be  
3 left to the children, grandchildren, and great  
4 grandchildren. This may be okay in the world of  
5 Governor Brown's choo-choo to nowhere, but it's  
6 absolutely immoral, and we, the people, are going to do  
7 everything possible to protect our children,  
8 grandchildren, and great grandchildren, which I have  
9 five of. Waste of their money.

10 So back to the initial point is, these are facts  
11 and figures that -- and I have been studying this thing  
12 without question for over two years and would like very  
13 much at some point to have come clarification as to how  
14 you arrive at some of this. Thank you for your time.

15 CHAIRMAN RICHARD: Thank you, sir.

16 George Flemming followed by Don Zweifel.

17 MR. FLEMMING: Good morning, ladies and  
18 gentlemen. I'd like to know what it is about  
19 bankruptcy, unvetted obligations, and walls of debt that  
20 you folks apparently don't completely understand. Our  
21 greatest governments have already mortgaged our children  
22 and our grandchildren's financial futures far beyond any  
23 acceptable level of fiscal responsibility. Considering  
24 that fact, for you at this point in time in this chamber  
25 to be here considering even spending anymore billions of

1 the tax payers' money on this bullet train to nowhere is  
2 irresponsible, is a betrayal of public trust, and it's  
3 reckless.

4 I'm suggesting, folks, that you do yourselves a  
5 favor and do the people of California an even bigger  
6 favor and pull the plug on this moonbeam madness, and do  
7 it today. Thank you.

8 CHAIRMAN RICHARD: Thank you, sir.

9 Don Zweifel followed by Robert Allen.

10 Good morning, sir.

11 MR. ZWEIFEL: Since I only have two minutes,  
12 let me do this fairly quickly. In regards to the plan  
13 for meeting the SBE goals, the estimated participation  
14 based upon the current staffing plan, may I address an  
15 issue having to do with the chambers group. Evidently,  
16 I need a clarification, we need a clarification,  
17 regarding awarding the entire goal to chambers group.  
18 At least, that's the impression that we're getting here.  
19 So the question would be, is whether the chamber group  
20 is the prime, and then, of course, we also would like to  
21 ask a question about the SBEs as to whether -- as you  
22 know, it was a 17 percent goal for SBEs, and it looks  
23 like there are -- one, two, three, four, five, six,  
24 seven, eight -- eight contractors and the question is  
25 whether they are primes. There's no clarification on

1 that. So what we're seeking here is the chambers group  
2 going to received the entire -- it looks on the face  
3 that the entire goal 3-point -- three percent goal is  
4 being awarded to the chambers group, and, of course, may

5 I will also mention, by the way, as a sidebar  
6 that I'm on the Governor's Interagency Council for  
7 Veteran's Affairs working group and the employee group  
8 working, so this is why -- I'm not representing them,  
9 however, but I did want you to know that we -- I will  
10 talk to the secretary about this matter. And I guess  
11 that's basically all that I wanted to mention. Thank  
12 you very much, board members.

13 CHAIRMAN RICHARD: Thank you. We will look  
14 into that.

15 Mr. Allen, Robert Allen, followed by Kevin  
16 Dayton.

17 Good morning, Bob.

18 MR. ALLEN: Good morning. My concern is, as  
19 usual, about the blended rail. It's decidedly unfair.  
20 It will be -- cause a lot of delays in the train  
21 service. The main thing I want to talk about today is  
22 about running high-speed rail up the Mulford line that  
23 Amtrak has been using for a long time, from Santa Clara,  
24 instead of going up the peninsula to San Francisco on  
25 commute line, which is dangerous, if you run up the

1 Mulford line by Amtrak, and then you work with BART to  
2 move the station -- you'll see it on the map, there --  
3 move the west, beneath the west Oakland station, build a  
4 new station, which we will call San Francisco Bay Rail  
5 Station. That will be about three thousand feet to the  
6 west along BART, and it would provide for good  
7 intermodal station and provide ultimately for high-speed  
8 rail to go on up to Sacramento without the cost of any  
9 tunneling, without the cost of any future Trans-Bay  
10 tube, without the cost of underground rail terminal  
11 facilities in San Francisco. It will serve the public  
12 well, and it would be much safer than the method you  
13 proposed with blended rail. Thank you.

14 CHAIRMAN RICHARD: Thank you, Mr. Allen.

15 Next is Kevin Dayton.

16 Good morning, Mr. Baker.

17 Followed by Mr. Dan Dolan.

18 MR. Dayton: Good morning, Chairman Richard.  
19 My name is Kevin Dayton. I'm with Labor Solutions, LLC.  
20 I am the person who wrote the analysis of the Project  
21 Labor Agreement that is Addendum 8 in the Request For  
22 Proposal to the design build entity. That's the  
23 analysis that the building and construction trace part  
24 AFL and CIL is upset about. I will note that their  
25 criticism of it does not criticize the accuracy of it.

1 I'll point out a couple things here. In your Request  
2 For Proposal, you have a section, and this is where bids  
3 were reviewed last Friday for the five design build.  
4 Section 7.11.3 says, "contractor will be required to  
5 comply with community benefits agreement," and then in  
6 section 10.1, it says that the Authority won't recommend  
7 an award of contract unless the entity has signed  
8 whatever percent agreed to be bond by community benefits  
9 agreement," and then the Addendum 8 is the sample draft  
10 community benefits agreement, which is actually a  
11 Project Labor Agreement worded with some language from  
12 the community benefits policy -- that you passed in  
13 December -- was stuck into it as a content. So you come  
14 very close to a Project Labor Agreements here, and you  
15 had mentioned that, Chairman Richard, you wanted to find  
16 a way to possibly bridge the gap. I know it's  
17 difficult, but I will bring up a couple things.

18 First, I think it would be worth while if the  
19 board had a discussion about this project's labor  
20 agreement and how it would affect the bidding and cost  
21 and I'm not afraid to have a -- I think it would be  
22 good. This happens all the time all over the state with  
23 government agencies that consider Project Labor  
24 Agreements. You discuss it and decide it.

25 I also think there should be an effort to exempt

1 building structures from any Project Labor Agreements.  
2 The rails aren't going to be built by union workers  
3 anyway, but when we're getting to the stations and  
4 things like that, that's where you're going to be  
5 cutting out a lot of bidders who are nonunion. So I  
6 would like you to keep those in mind as you move forward  
7 with this. Thank you.

8 CHAIRMAN RICHARD: Thank you, sir.

9 Dan Dolan followed by Ross Browning.

10 MR. DOLAN: Thank you, Mr. Chairman. I'm  
11 pleased to notice that Lynn Schenk and Jim Hartnett were  
12 reappointed as directors of the board. Also, I wanted  
13 to applaud CEO Jeff Morales on the work that he and Dan  
14 Richard did last week, Thursday and Friday, in  
15 Washington, DC. I was very impressed by the decision  
16 Mr. Morales made to have a -- make a cost savings and  
17 increase the purchasing power of the Authority by  
18 forming an alliance with the US Department of  
19 Transportation and also Amtrak as far as the train  
20 settles. And you'll notice, Mr. Morales, that you did  
21 that without using the RFP device.

22 Over and over again, the engineers and other  
23 people have complained about the complexity and the  
24 wordiness and the difficulty in many people  
25 understanding the terms of the RFPs and how they're

1 construed in favor of the Authority in almost every way,  
2 and also, there's a feeling, which is true, that the  
3 state legislature has allowed Mr. Morales to use  
4 Caltrans on any contracts and cancel contracts that  
5 don't fit for their purposes, and that's fine, but I  
6 just want the board to know that you have the  
7 responsibility to oversee decisions made by staff and  
8 Mr. Morales, and their decisions shouldn't be made in a  
9 vacuum. In fact, learning from this experience with the  
10 train sets, maybe Mr. Morales should broaden his  
11 thinking and consider having the US Geological Survey  
12 work with the Authority on the Antelope Valley tunnels.

13 Similarly, he said that there's three inspection  
14 oversight players, and I suggest, why don't we introduce  
15 a fourth one, and that's having experts of the railroad  
16 community, particularly, Union Pacific and Burlington  
17 Northern, partner with the Authority and give their  
18 expertise and guidance and request that -- two things  
19 that Caltrans, as brilliant as their engineers and  
20 management is, they don't build railroads for a living.  
21 They build highways, so there's things that they can  
22 help you with by just asking, and the same thing with  
23 European high-speed partners from different countries,  
24 they have the experience that will help you, but you  
25 have to ask for it.

1           Similarly, Stewart Title explained in a  
2 conversation last week while you were in Washington to  
3 John Tapping and Tomas Fellenz that the business plan  
4 was inadequate as to addressing the multi-billion-dollar  
5 expenses of constructing an 11-mile tunnel through  
6 Antelope Valley, the cost of the heavy maintenance  
7 facility, the cost of world-class passenger stations.  
8 These are outside the scope of present RFPs and Stewart  
9 Title wants to let the board and Mr. Morales know, since  
10 you weren't there for the phone call, and Chairman  
11 Richard, know that they're willing to do your RFP  
12 process or some other. They authorized \$2 billion worth  
13 of title insurance for these expensive, major  
14 improvements.

15                   CHAIRMAN RICHARD: Thank you, Mr. Dolan.

16           Ross Browning followed by Dave Cross.

17                   MR. Browning: Good morning, Chairman  
18 Richard and board members. Ross Browning from Layton  
19 California. I'd be remiss if I didn't mention an  
20 occurrence that happened last evening in Hanford and  
21 it -- two things that happened. One was -- I don't know  
22 who wrote the letter, but it sounded official, and I  
23 will find out when I get back. But a letter was read by  
24 the -- to the City Council stating that the western  
25 alignment in Hanford had been chosen as the desired

1 alignment. That's one thing that kind of surprised us.  
2 But I must say that the leadership and the citizens of  
3 Hanford and Kings County stayed the course, and a vote  
4 was taken and the vote was four to one for the City of  
5 Hanford to not select -- or not give a type of approval  
6 to a given alignment. These need to -- to say that I  
7 think that we need to see more transparency. We have  
8 seen some, but, certainly, not anything that was  
9 expected. We need more transparency in the operation.  
10 There are too many things happening behind the scenes,  
11 and so far, we have been able to stay ahead of most of  
12 them, but once in a while, you guys win one. So I just  
13 want to tell you, it looks like everything is not  
14 preaches and cream in Camelot.

15 CHAIRMAN RICHARD: Mr. Browning, let me  
16 just -- and thank you, sir. And let me just say, while  
17 it's possible that at some point in the future, the  
18 board would express what's called a preferred alignment  
19 under CEQA, no such decision has been made, nothing like  
20 that has come to this body, and so I just want to assure  
21 you and your neighbors that we are proceeding under the  
22 guidance of the CEQA process.

23 MR. BROWNING: As I said, it was read. It  
24 was read by the City Manager. So it's not a -- it's not  
25 something that -- something from the --

1                   CHAIRMAN RICHARD: I was just looking at  
2 Jeff Morales like, "Did you send a letter?" He's going,  
3 "I didn't send a letter."

4                   MR. BROWNING: Talk about more transparency.  
5 I don't know. I intend to find out and look at it.

6                   CHAIRMAN RICHARD: That's fine, and I just  
7 wanted to comment on that because I know that these  
8 issues in Kings County are important, but we're going to  
9 proceed in accordance with the law and in accordance  
10 with the public participation process. Thank you,  
11 Mr. Browning.

12                   MR. BROWNING: Thank you, very much

13                   CHAIRMAN RICHARD: Okay. Dave Cross  
14 followed by our last speaker, Marvin Dean.

15                   MR. CROSS: Good morning, gentlemen. My  
16 name is Dave Cross. I'm an architect from Bakersfield,  
17 California, a member of the downtown -- Bakersfield  
18 Downtown Business Association, a member of the  
19 Bakersfield American Institute of Architecture, a member  
20 of the Kern County Minority Contractors Association, and  
21 I want to -- and also, I represent many stakeholders in  
22 Bakersfield and Kern County and have for many years.

23                   I have been working on this for 12 years, more or  
24 less, and we own the largest piece of property and right  
25 adjacent to where the project is going. The station is

1 going in Bakersfield. The City took it under imminent  
2 domain the day after you announced where the station was  
3 going. They filed imminent domain papers. It took them  
4 four years to get it, but I want to take this  
5 opportunity to hand it to the board, the most becoming  
6 efforts that I could announce to you on your work and  
7 very adverse circumstances to bring the project to this  
8 point, and it looks as though you're going to have a  
9 successful conclusion all the way through the whole  
10 State of California.

11 But I'm here mainly to discuss the so-called, as  
12 has been described here, as the Project Labor Agreement,  
13 which is flying under the disguise of a community  
14 benefits agreement according to the title in which you  
15 call chapter -- or call Addendum No. 8, and it took me a  
16 long time to find that. It didn't come out until  
17 December 26th. I had been searching for such an  
18 agreement going back quite a few months, and as Mr. Jeff  
19 Morales will recall, that came up in Bakersfield a few  
20 months ago at the Bakersfield luncheon by Kern Minority  
21 Contractors Association.

22 I would like to ask that that agreement to be  
23 amended to be fair, just and equitable to one hundred  
24 percent of all of the available workforces and also  
25 those under -- underemployed individuals that could be

1 brought up to the stage of providing labor for this  
2 project. I understand one of the biggest concerns is,  
3 is there enough labor to perform the work involved in  
4 the 4 years that this work has to be done on the first  
5 \$6 billion worth of work. And I understand also that  
6 the board has set aside thirty percent of that for some  
7 so-called special arrangement amongst labor, but I don't  
8 see how that is tied into the labor agreement. I wrote  
9 architectural specifications for many years around such  
10 agreements and so on and I think if the board's policy  
11 is to provide for this thirty percent, it definitely has  
12 not been done in this draft agreement called a community  
13 benefits agreement.

14 Another quick thing is in Bakersfield, as you  
15 know, the City and the County have both in, let's say  
16 recent time periods, turned against what they were  
17 before. Before they were against it -- the high-speed  
18 rail coming through Bakersfield and there are meetings  
19 going on, and Diana Gomez, I know, has been attending  
20 those meetings, but also from the Bakersfield side, I  
21 understand that the City has invited those against the  
22 high-speed rail to come and be a part of those meetings,  
23 and I can't understand why those who were for the  
24 high-speed rail aren't invited as well. I think a fair  
25 and just and equitable, level playing field would be in

1 order, and I assume that the high-speed rail authority  
2 would have the power to invite the -- those who were  
3 for, if the City is inviting those who are against.

4 Also, in the olden days, this board used to meet  
5 in Bakersfield on occasion. I can't understand why they  
6 haven't met there for quite some time. I hope they will  
7 consider that maybe at their next meeting, maybe at  
8 their April meeting in that there's going to be a group  
9 called the Advisory Board to the High-Speed Rail  
10 Authority is going to meet there, and I'm just hopeful  
11 that you folks will perhaps consider that, and I thank  
12 you very much for letting me go over in such an arduous  
13 way.

14 CHAIRMAN RICHARD: Thank you, sir, and let  
15 me assure you that Mr. Morales and I were discussing  
16 where the board is going to meet this upcoming year,  
17 and, certainly, that's on the agenda. We might try to  
18 spread the meetings around, and we appreciate the fact  
19 that a lot of people who came here today traveled long  
20 distances.

21 MR. CROSS: And I'm sorry I was late,  
22 because the train from Bakersfield didn't arrive until  
23 ten after.

24 CHAIRMAN RICHARD: You know, sir, we're  
25 actually trying to address that very issue.

1 MR. CROSS: Thank you.

2 CHAIRMAN RICHARD: Thank you.

3 Last one is Marvin Dean.

4 MR. DEAN: Thank you. I want to, first of  
5 all, before I start my remarks, I wanted to do a short,  
6 quick token of appreciation to this board, the staff of  
7 the High-Speed Rail Authority, and also to your small  
8 business advisory group because some of us believe that  
9 we have come a long way in getting this project moving  
10 forward. And one of things we did at our conference in  
11 February -- January 10th and 11th in Bakersfield, and I  
12 want to say before we move forward, we just took a pause  
13 in the conference, and we're going to have part two in  
14 Bakersfield April 18th and 19th, and I'm going to be  
15 asking our key note speaker for our lunch that had to  
16 bow out because we were at Sacramento, Washington making  
17 sure this project was effected, that we're going be  
18 asking the Chairman and the CEO to attend that meeting.  
19 I'll talk about that later.

20 But what we did was -- at our dinner, we gave  
21 little tokens of appreciate for everybody that did  
22 something on behalf of the DBE community in terms of  
23 showing that the people are doing the things, and need  
24 to be recognized. And so we made these mugs up, which  
25 basically is our Sixth Annual High-Speed Rail

1 Conference, Thank You For Supporting Small Business DBE,  
2 Disadvantaged Veterans Micro Business Contracting  
3 Opportunity. So I left a number of these here just for  
4 the members of your team, because I wanted to show our  
5 appreciation.

6 CHAIRMAN RICHARD: Yeah, thank you. We're  
7 going to have to get a legal opinion as to whether we  
8 can accept these.

9 MR. DEAN: The other thing I wanted to say,  
10 and that is, I want to hand these out real fast.

11 CHAIRMAN RICHARD: While you're doing that,  
12 Vice-Chair Schenk pointed out that if we're not allowed  
13 to accept them, we'll make sure that they just go to the  
14 generalized office, so everybody can use them.

15 MR. DEAN: Thank you. And that is, what I  
16 have given you real quickly -- and this is addressing  
17 this draft community benefit agreement, Addendum 8. We  
18 have no major problems with it, but we do have some  
19 suggestions, things that we'd like to have included in  
20 this and there's two pages, two letters. One is from  
21 our association and the other one is from the Oakland  
22 Black Board of Trade and Commerce. They're going to  
23 talk specifically about language that we'd like to see  
24 in the agreement, but I want to just talk about trade  
25 association, and you'll see the several associations

1 that support this, and it basically comes down to three  
2 items. One is effective targeting outreach to those ten  
3 categories of disadvantaged people. We believe that  
4 more needs to be given emphasis on small trade  
5 associations and folks that have a history of working  
6 with that targeting group because we don't think -- and  
7 that's nothing against the unions, nothing against the  
8 merit shops, nothing against the workforce investment  
9 groups but if we look at a lot of these projects, you  
10 don't see a large increase of those particular  
11 categories, people we're talking about that we want  
12 included on these projects. So we're saying that you  
13 need to play a role in this process for outreaching  
14 those targeting areas for people that do this every day  
15 and have a history of working with those effected  
16 groups. We're targeting outreach, so we can get those.

17           The second piece of it is, a lot those folks, if  
18 you, walked up to them and gave them an opportunity to  
19 go to a job, they're not job ready. So we think there  
20 has to be also emphasis on job readiness for those  
21 targeted groups. And we -- again, who is going to do  
22 job readiness? They need to be people that have a  
23 demonstrated history of effecting, targeting those  
24 groups and going out there, find where they are, and get  
25 them ready.

1           And then the third one is pre-apprenticeship,  
2 effective pre-apprenticeship with the folks that can  
3 address that targeted group and get them ready, and then  
4 that group, that group that's selected to do that, would  
5 then be used to do a referral into the  
6 pre-apprenticeship program. You are getting them ready  
7 and working in partnership with the High-Speed Rail  
8 Authority, the prime contractors, and the unions or  
9 whoever are going to be actually doing the training.  
10 But I think that's an oversight that you're not using --  
11 giving enough emphasis for those of us that's on the  
12 ground, in the trenches, that support this project and  
13 support diversity on this project. And if we don't  
14 address it, it's not going to just happen on its own.  
15 It's going to take heavy work and lifting from all of us  
16 to make this thing work, to reach these goals. It's  
17 going to be very challenging for all of us.

18           And then the last thing, I'll say briefly, some  
19 of you heard about the Fresno conference we had, and I  
20 wanted to say what that was and was not. It wasn't  
21 about taking any sides, whether they should be union or  
22 nonunion. None of that. It was about having a  
23 conversation and making sure that the labor piece in the  
24 Valley in this project goes forward. And, like, we  
25 didn't all agree, but I think we can come to this thing

1 in good faith and have a conversation now before the  
2 project start in good faith and we can bridge  
3 differences, because nobody's going to get one hundred  
4 percent. But there's ways for all of us to work on this  
5 project, and that's what it was about. And we're going  
6 to be having more of these as we go forward. We wanted  
7 to be helpful with this, not be a problem to this thing.  
8 So we support what you do. So thank you for your time.

9 CHAIRMAN RICHARD: Thank you very much,  
10 Mr. Dean, appreciate those comments very much.

11 Thank you all for public comments today.

12 I want to thank Mr. Doland for doing something  
13 that I was thinking about while the speakers were  
14 talking, and I realized that I had been remiss, because  
15 I appropriately congratulated Mr. Hartnett on his  
16 reappointment to the board, but actually, since we last  
17 met between our last meeting and this meeting, Governor  
18 Brown reappointed our vice-chair, Lynn Schenk, and we  
19 were very, very pleased about that. Ms. Schenk, as you  
20 all know, really was the architect of most of this going  
21 back several decades and also during her time in  
22 Congress. So we're very pleased that the Governor asked  
23 her to continue her service with us. Thank you.

24 Okay. With that, we'll move now to Item 1 of the  
25 agenda, the approval of the meeting.

1 Mr. Fellenz.

2 MR. FELLEENZ: Yes.

3 CHAIRMAN RICHARD: It is your name here next  
4 to it. Don't look so shocked when I look at you. I  
5 guess what I'll do is just ask for a motion to approve.

6 MS. SCHENK: So moved.

7 CHAIRMAN RICHARD: Moved by Vice-Chair  
8 Schenk.

9 MR. HARTNETT: Second.

10 CHAIRMAN RICHARD: Seconded by Mr. Hartnett.  
11 And please call the roll.

12 MS. REED: Vice-Chair Schenk.

13 MS. SCHENK: Yes.

14 MS. REED: Vice-Chair Richards.

15 MR. RICHARDS: Yes.

16 MS. REED: Mr. Umberg.

17 MR. UMBERG: Yes.

18 MS. REED: Mr. Hartnett.

19 MR. HARTNETT: Yes.

20 MS. REED: Mr. Rossi.

21 MR. ROSSI: Yes.

22 MS. REED: Chairman Richard.

23 CHAIRMAN RICHARD: Yes.

24 Okay. And just to clarify, that was for both the  
25 minutes of November 14th, 2012 and December 3rd, 2010.

1           Okay. Next, is the informational update on the  
2 supplemental alternatives analysis for the central  
3 valley wye.

4           Mr. Morales, do you want to introduce this, or  
5 should I just --

6           MR. MORALES: We can just proceed. The  
7 board asked for an update on the wye. We're coming back  
8 and letting you know where we are with this and with  
9 regard to further analysis of alternatives, where we are  
10 with our partner agencies in terms of their review, and  
11 what the stakeholder outreach has been and will be as we  
12 move forward throughout this.

13           CHAIRMAN RICHARD: And good morning, Mark,  
14 I'm sure you heard Ms. Radaba's comments. If there are  
15 any that you're prepared to address today, that will be  
16 good. If you're are not, then you can, perhaps, follow  
17 up with us on those items.

18           MR. MCLOUGHLIN: Yes, I heard her comments.  
19 Thank you.

20           MS. SCHENK: I, especially, would like to  
21 hear, which I'm assuming you would be prepared today to  
22 say, when she said that her membership was not  
23 contacted. No one knew about this. So that's --  
24 obviously, if that's true, that's troubling. So I would  
25 like to hear something about that, too. Thank you.

1 MR. MCLOUGHLIN: All right. Again, good  
2 morning, Mr. Chair and the board. Mark McLoughlin, the  
3 deputy director of the environmental planning for the  
4 High-Speed Rail Authority of California. I do have with  
5 me Gary Kinnerly of the PMT if you have some technical  
6 questions that may come up from the board today. He's  
7 shown strong leadership on this section for us, and  
8 especially with public outreach.

9 Again, this agenda item provides an informational  
10 update, again, on the status of the planning for the San  
11 Jose to Merced section. Back in May of 2012, the board  
12 directed staff to come back and keep the board apprised  
13 of progress on the Central Valley wye area. This  
14 presentation will give you an overview of our staff  
15 approach to the San Jose to Merced section as a whole,  
16 and particularly, the Central Valley wye area.

17 The San Jose, Merced section is 125 miles long,  
18 starting where the San Jose Diridon Station to the  
19 downtown station in Merced to the station in Gilroy.  
20 The project section alignments were studied in the  
21 supplemental AA in July of 2011. This section has five  
22 subsections of various sizes. They are the San Jose  
23 station approach, the Monterey Highway area, the Morgan  
24 Hill to Gilroy, and within this, there's two alignments  
25 under consideration, US 101 and UPRR and -- excuse me.

1 Two alignments under consideration, the US 101 and UPRR,  
2 two station locations in Gilroy that are under  
3 consideration and -- which include downtown Gilroy and  
4 east of Gilroy. We're evaluating design options of  
5 facilities to address feedback received and the need to  
6 operate the San Jose station as a temporary service and  
7 under the phasing approach in 2012 business plan.

8 Pacheco Pass is another. We are working with the  
9 resource agencies regarding impacts in and around the  
10 San Louis Reservoir and San Joaquin Valley crossing in  
11 the central wyes. This area will be the focus of today'  
12 presentation.

13 In the area from San Jose over the Pacheco Pass,  
14 staff and the consulting teams have been involved in  
15 numerous efforts to update the assumptions for the  
16 section and incorporate, again, the phasing concepts in  
17 the 2012 business plan. For example, the Authority has  
18 supported and participated in the City of San Jose's  
19 development of visual design guidelines and worked with  
20 the City and local stakeholders on the San Jose station  
21 approach. Also, the Authority has also developed an  
22 alignment alternative to minimize impacts on Coyote  
23 Creek Parkway and -- including the creek itself.

24 The high-speed rail -- on this slide -- the  
25 high-speed rail project phasing raises the need for

1 maintenance of equipment and infrastructure of  
2 facilities south of San Jose. We are looking at sites  
3 of roughly 65 acres for light-weight engine storage.  
4 There are promising site options in the City of Morgan  
5 Hill and also south of Gilroy. The Authority has  
6 supported the City of Gilroy's planning process for  
7 developing its own views on what an appropriate way of  
8 implementing high-speed rail in Gilroy would be. The  
9 City concluded that that process in February of 2012  
10 with a recommendation for downtown Gilroy station.  
11 Staff has also been coordinating with the Department of  
12 Water Resources and the US Bureau of Reclamation to  
13 minimize impacts and develop mitigation strategies for  
14 crossing the San Luis Reservoir. In accordance with  
15 the Authority's Memorandum Of Understanding with the US  
16 Army Corps of Engineers and the US Environmental  
17 Protection Agency, staff will submit for both a proposed  
18 range of alternatives to these agencies for their  
19 concurrence recommending carrying forward the options  
20 that you see here.

21 For the Central Valley wye area, you directed  
22 staff to do further environmental analysis. The staff  
23 approach to handling the Central Valley wye area, where  
24 the high-speed rail systems north and south and east and  
25 west portions converge was presented back to the board

1 back in July of 2011 prior to the release of the Merced,  
2 Fresno draft EIR/EIS. The described approach was to  
3 expand upon a range of alternatives and add study of an  
4 SR 152 route be in consideration along with Avenue 21  
5 and Avenue 24. This approach was specifically described  
6 in the Merced to Fresno draft EIS and again in the final  
7 EIR/EIS.

8           Again, the board made no decision on a preferred  
9 alignment for the Central Valley wye area back in May of  
10 2012 and you certified the Merced to Fresno EIR/EIS.  
11 Instead, the board opted to carry forward the Central  
12 Valley wye, as shown within the rectangular box, as part  
13 of the San Jose to Merced section. The board also asked  
14 staff to look at ways to expedite the wye area as a way  
15 to find an alignment for this area sooner than later.  
16 Specifically, the board recommended to staff to carry  
17 forward for the first study an analysis of all  
18 high-speed rail elements in the wye area, the box, so to  
19 speak. Such analysis shall determine whether any of the  
20 current wye alternatives should be changed, and it did  
21 eliminate it for additional wye alternatives considered.

22           The Authority staff and our consultant team  
23 looked carefully at multiple potential options for the  
24 Central Valley wye, also known as "in the box." These  
25 potential options follow the three east/west

1 connections, Avenue 21, Avenue 24 and SR 152 in  
2 combination with the three north/south corridors, which  
3 are west of Chowchilla, SR 99 UPRR, and east of  
4 Chowchilla. These potential additional options or  
5 adjustments to existing options encompass a spaghetti  
6 bowl, so to speak, of possibilities. These include two  
7 options that would go east of Chowchilla and including  
8 options that would move along Route 11 and Route 13.  
9 The various alignments were developed to minimize  
10 impacts, to protect resources, and address concerns  
11 raised by the local community. Community input favored  
12 east and west alignments immediately adjacent to the  
13 existing transportation facilities, especially SR 152 as  
14 the dominant east/west facility, north/south connections  
15 along property boundaries to minimize the splitting of  
16 existing farm operations and minimize impacts to  
17 sensitivities -- or excuse to sensitive community  
18 resources.

19           Based on staff's analysis and stakeholder  
20 feedback, we're recommending to the US Army Corps of  
21 Engineers and the US Environmental Protection Agency  
22 that six alignments be carried forward into a  
23 supplemental EIR/EIS that is focused only on the wye  
24 area. There are six alignments to be carried forward,  
25 three east/west options and three north/south options as

1 shown here on the map. They are consistent with the  
2 board's prior direction to includes adding SR 152 in  
3 conjunction with Avenue 21 and Avenue 24 wyes. The  
4 Authority will issue -- will be issuing a Merced to  
5 Fresno supplemental draft EIR/EIS on the Central Valley  
6 wye area only and that this will proceed in advance of  
7 the draft EIR/EIS that will evaluate the San Jose area  
8 across the Pacheco Pass. As directed in May by the  
9 board, this approach is intended to bring resolutions  
10 more quickly to this area of the system.

11 To recap, the next steps in the process are as  
12 follows: In accordance with the Authority's Memorandum  
13 Of Understanding, again, with the Army Corps of  
14 Engineers and the US Environmental Protection Agency,  
15 staff will submit six proposed ranges of alternatives to  
16 these agencies for their concurrence for the Central  
17 Valley wye area only and for the San Jose to across the  
18 Pacheco Pass. Staff will be conducting stakeholder and  
19 public outreach over the next several weeks and months  
20 to be followed up with supplemental alternatives  
21 analysis report from the Central Valley wye area in  
22 March. Our plan is to ensure that the supplemental  
23 alternatives analysis report clearly describes the input  
24 received from the regulatory agencies, affected local  
25 governments, and the public. We also plan to take all

1 that input into account along with technical  
2 information, the staff recommendation, and in what we're  
3 calling "proposed action" to identify in the  
4 supplemental draft EIR/EIS for the wye area, which we  
5 anticipate we'll be releasing later this year. The  
6 draft EIR/EIS from the San Jose wye area would then  
7 follow latter in 2015.

8           Following public comment, we anticipate a NOD/ROD  
9 for the San Jose to Central Valley wye in the fall of  
10 2016. Thank you.

11           I know that was a lot of information.

12           CHAIRMAN RICHARD: No, it was good. Just a  
13 quick question before I turn to my colleagues. I'm  
14 sorry. I missed something because I was looking ahead  
15 on the chart. So the piece on the -- you would expect  
16 an EIR/EIS determination on the portion outside of the  
17 wye proceeding towards San Jose in 2015, is that -- did  
18 I understand that correctly? Or we could go back to the  
19 last two slides.

20           MR. MCLOUGHLIN: It should be 2016 San Jose  
21 to Central Valley wye, from the San Jose though to the  
22 Central Valley wye.

23           CHAIRMAN RICHARD: Okay. So that's, when?

24           MR. MCLOUGHLIN: 2016.

25           CHAIRMAN RICHARD: Okay. All right.

1 Questions from members? Vice-Chair Richards, are you  
2 trying to --

3 MR. RICHARDS: I'm trying. Thank you. I  
4 wanted to just also clarify for a moment with what the  
5 Chairman was just requesting, Mark. So what's happening  
6 with the wye specifically is it's still a part -- are  
7 you still proposing it's a part of the San Jose/Merced  
8 EIR or is it being -- is that being restudied now as a  
9 supplemental EIR/EIS?

10 MR. MCLOUGHLIN: Yes, for the Merced to  
11 Fresno section.

12 MR. RICHARDS: The second thing I said is  
13 what's correct, so that will be a part of the second  
14 study. Okay. So the implications of that, I would  
15 assume, would be to help expedite the process of making  
16 a decision in the wye.

17 MR. MCLOUGHLIN: Correct.

18 MR. RICHARDS: Which I, frankly, applaud you  
19 on that, Jeff. It -- in the many meetings that we have  
20 had with stakeholders and people who have contacted us,  
21 clearly, would identify one of the major concerns is the  
22 lack of specificity as to what's going to happen in the  
23 area. So I think you're addressing that, and I think  
24 that's exactly the appropriate approach.

25 Secondly, it certainly has been my experience in

1 this area, and I have met with a number of the  
2 stakeholders as has the Chairman, and now Ms. Gomez, who  
3 has joined us, and I would say so far as Diana Gomez's  
4 participation, I have had numbers of unsolicited  
5 comments extolling the benefit and the appreciation for  
6 Diana and the team in moving this process forward,  
7 specifically, in the wye area. And, Jim, you should be  
8 congratulated on the staff you're putting together.

9 Diana Gomez, you're doing a magnificent job. I  
10 have yet to receive a negative comment, and that, in  
11 combination with moving this forward, I think is going  
12 to benefit the stakeholders in the area.

13 I am also troubled about what Ms. Radbaa stated  
14 earlier, and that is there should be every effort made  
15 to meet with her members. And as far as I know, if we  
16 have not done that in the past, that's inappropriate.  
17 Any meetings that have or will be done, set up in the  
18 future, I would encourage us to ensure that we  
19 participate. I think our experience, thus far, has been  
20 in talking with and meeting with the stakeholders and  
21 interested parties. We have gone a long way to  
22 improving the relationship that we have had with those  
23 communities, and I think this effort you're now making  
24 will be applauded in moving this wye forward so long as  
25 it's in strict compliance with the requirements of CEQA

1 and NEPA. Thank you.

2 CHAIRMAN RICHARD: I just want to associate  
3 myself with Tom's comments. They're well said all  
4 around. Thank you very much.

5 Yes, Director Umberg.

6 MR. UMBERG: Just a quick question. So the  
7 first time we'll have an action to take on this  
8 particular issue in the future is in April; is that what  
9 you anticipate?

10 MR. MCLOUGHLIN: Yes.

11 CHAIRMAN RICHARD: All right. Mr. Morales,  
12 did you want to comment?

13 MR. MORALES: Just a few comments, just  
14 following up on Mr. Richards' comments and some of the  
15 others, I want to extend on that a little bit. Moving  
16 forward with this piece is very much intended do several  
17 things. One is to try to remove the cloud of indecision  
18 over the wye section and get to a decision sooner,  
19 resolution sooner. It's also a prudent step to take as  
20 a contingency should conditions allow that we have the  
21 money to move forward and build more and close that gap  
22 as part of the early construction. We would be able to  
23 do that as a result of these decisions. I do want to  
24 say that the work done to-date has been influenced and  
25 been formed by meetings with the stakeholders in the

1 region. What I would like to do for the board and  
2 share, certainly, with the public is we can go back,  
3 compile a list of the meetings that have taken place  
4 to-date, and certainly, the meetings that will be going  
5 forward.

6 Part of the purpose of today's presentation is to  
7 really kick off the next ground of public outreach and  
8 provide the information, including information on how  
9 decisions get made as we go forward. One of the  
10 important things that I think has not been made clear  
11 enough to people is that we do not control the decision  
12 making on this in many respects. The Army Corps, the  
13 EPA, other stakeholders have key roles in this process,  
14 and one of the points of our outreach is to make sure  
15 that people understand why certain routes are under  
16 consideration, why some may not be, and how decisions  
17 will be made moving forward. But there's -- there will  
18 be an intensive public outreach launched now with this  
19 presentation having been made to the board and in future  
20 decision making as we go forward.

21 CHAIRMAN RICHARD: That's good.

22 MR. RICHARDS: Mr. Chairman, if I could just  
23 make one final comment that I missed, and I think Jeff  
24 was alluding to it. We also have an opportunity right  
25 now because of the economic environment, any possibility

1 with the funds that we have available to leverage those  
2 funds to get us all the way to Merced is something that  
3 we clearly can't ignore.

4 CHAIRMAN RICHARD: That's good. Vice-Chair  
5 Schenk.

6 MS. SCHENK: Thank you, Mr. Chairman.  
7 During public comment, there was sort of a theme about  
8 transparency and outreach and conflict of interest and  
9 all those kinds of things. I have been in this whole  
10 business for a long time, and I know that rumors are  
11 very quick to be born, and in this internet age, boy,  
12 you get multiple births of rumors very quickly. And  
13 while it's probably more fun to believe them, I would  
14 just like to say to everyone here and to the, the public  
15 at-large that I, personally, and I know that I speak for  
16 my colleagues, because I know them, and the staff are  
17 committed to transparency, to openness, to public  
18 participation and involvement.

19 Yes, there are going to be mistakes. You know,  
20 this is fast-paced. It's under a laser, and things are  
21 going to go awry once in a while. Hopefully, not too  
22 often, but they will be just that, mistakes. There are  
23 no back-room deals. There are no back-room meetings. I  
24 have served on many boards and commissions over the past  
25 40 years, and I have never seen one that is so committed

1 to following -- not just the letter of the law but the  
2 spirit of the law. And some of you may choose to  
3 believe the worst. That's fine. That's certainly your  
4 privilege. But from the perspective of this board,  
5 myself, our chairman, our CEO, we -- we, personally,  
6 want nothing but to build this and to build it as best  
7 we can with the cooperation of the public. There will  
8 be disagreement, but it doesn't stem from nefarious  
9 doings behind -- I guess we don't have smoke-filled  
10 rooms anymore, but whatever is in the room, the public  
11 will always be there.

12           And as to Mr. Morales, himself, yes, he did have  
13 a brief stint in the private sector, but his heart and  
14 soul has been devoted to public service, and I emphasize  
15 the public service in Chicago with the transit there and  
16 then heading up Caltrans for five years here in  
17 California where I had the opportunity to closely  
18 observe him. So we are fortunate to have him in this  
19 position, and someday, children, grandchildren, and  
20 great grandchildren, which I have several, myself, will  
21 thank us for what we did here over this -- past years  
22 and into the future.

23           CHAIRMAN RICHARD: Thank you, Ms. Schenk.  
24 Thank you.

25           I think this was a timely briefing to bring to us

1 as an informational item. I think that hearing the  
2 public input just causes us to redouble our efforts to  
3 reach out, but I don't want to imply that there haven't  
4 been meetings, but we will, as our two vice-chairs have  
5 suggested, you know, do everything we can do to make  
6 sure that this is proceeding apace and public  
7 involvement.

8 So any other questions for Mr. McLoughlin?

9 Ms. Redaba, I'm sorry, but if we start opening up  
10 for public comment again, we just never close but I'll  
11 be happy to talk to you --

12 MS. RADABA: Is the Chowchilla box part of  
13 the San Jose or not?

14 CHAIRMAN RICHARD: Let me offer this to you,  
15 Mr. McLoughlin, Mr. Morales will be here after we  
16 adjourn and have that discussion with you so that you  
17 can convey that back to your members, see if there's any  
18 lack of clarity --

19 MS. SCHENK: Anybody else can listen in.

20 CHAIRMAN RICHARD: And anybody else can  
21 listen in. If there's still a lack of clarity, then  
22 reach out to those of us on the board. We want to make  
23 sure that this is done in a way that everybody  
24 understands.

25 Mr. McLoughlin, thank you very much.

1 MR. MCLOUGHLIN: Thank you. I just wanted  
2 to make one clarification. In March, we will come back  
3 with a supplemental AA.

4 CHAIRMAN RICHARD: In March. Right. Thank  
5 you.

6 Next item is Item 3, which is the proposal to  
7 award the project and Construction Management contract.  
8 Diana Gomez is going to present this item, and if it's  
9 possible either Ms. Gomez or Mr. Morales, one of the  
10 questions that was raised this morning by Mr. Oliveira  
11 was the relationship between the CM function and the  
12 prime contract and the prime contractor and the PMC. So  
13 I know we did discuss this when you came before the  
14 Authority to a disagreement, but it probably would be  
15 good to just remind you.

16 Ms. Gomez, you really have a problem, because so  
17 far, everybody is just saying good things about you. So  
18 if you stub your toe, we'll have to put a note on the  
19 website.

20 MS. GOMEZ: Well, first of all, thank you  
21 for the vote of confidence. I'm really glad to be here,  
22 and when I was introduced, I really didn't have an  
23 opportunity to meet every single board member, but I do  
24 appreciate the opportunity to work on this project, and  
25 I'm really happy to be, you know, part of the team. So

1 thank you, again, for that, Chairman.

2           So what I'd like to do is talk about the contract  
3 for project and Construction Management services for CP  
4 1. So we are requesting authorization to execute a  
5 contract for the Project Construction Management, the  
6 PCM, services for CP 1 of our design build contract. So  
7 the PCM will provide additional resources and support to  
8 the authority for CP 1 as we go through the evaluation  
9 process and also the design and construction process.  
10 The PCM will provide the Authority onsite management,  
11 staff, providing oversight for -- of the design build  
12 contract and of the contract management services. So  
13 the PCM will serve as a consultant. And what we're  
14 trying to do is get the PCM consultant on board before  
15 we start the final evaluation process for the design  
16 build contract, and when I do mean taking action at this  
17 January board meeting, this will allow us to use the PCM  
18 during the evaluation process and there will -- it will  
19 provide additional services to us. What -- if we  
20 take -- if we approve this today, this will allow us to  
21 issue a notice to proceed, again, prior to CP 1 contract  
22 being awarded, and this will allow for this PCM to be on  
23 board with the evaluation process, and also, you know,  
24 in terms of allowing an early learning curve, and this  
25 will allow for the PCM to be more effective once we

1 start with a PCM contract.

2 We did go through a very -- the evaluation  
3 process was a very standard evaluation process. There  
4 was four teams that provided bids. We first had an  
5 evaluation process of the bids outlined in the memo to  
6 you in terms of the criteria that we used. After that,  
7 we then interviewed -- had oral interviews of three of  
8 the contractors and then based on that, we selected Wong  
9 Harris, and so we are asking and recommending that we  
10 approve -- that the board approve the execution of the  
11 contract with Wong Harris for the Project Construction  
12 Management services for the CP 1.

13 CHAIRMAN RICHARD: Okay. Thank you. Ms.  
14 Gomez.

15 Mr. Morales.

16 MR. MORALES: Thank you, Mr. Chairman. Just  
17 a few things, and certainly, I would be happy to take  
18 any questions or comments. One, I just want to be  
19 clear, this is -- the way we're proceeding is very much  
20 in line with the authority that the board provided in  
21 allowing us to move forward through the procurement  
22 process, and we're bringing on, if approved, this first  
23 Program Construction Manager consistent within that  
24 direction. I want to note also, I think something of  
25 significance that if the teams that are the primes who

1 have joined together to form this team of  
2 California-based firms, we're pleased about that. They  
3 have extensive experience in transit rail programs, not  
4 just here in California but around the country --

5 CHAIRMAN RICHARD: You're talking about the  
6 teams for PCM?

7 MR. MORALES: The PCM, yes. Right. The  
8 firm being brought before you for approval.

9 Extensive experience in transit and rail delivery  
10 as well as in design build programs. Both, in transit  
11 rail and design build experience with the state  
12 previously. The small -- we have achieved something  
13 very important to the board, which is the thirty percent  
14 small business participation and the sub-goals that --  
15 I'm also pleased to say that of the small business that  
16 are part of those teams, over half of them are located  
17 in the Central Valley had their basic phases there. All  
18 of them will be doing work in the Central Valley. So we  
19 think it's a very good beginning for our contracting,  
20 and we're very pleased to bring it before you and  
21 certainly be happy to respond to any questions.

22 CHAIRMAN RICHARD: Mr. Morales, can you just  
23 take a moment to remind the public, what is the role of  
24 the Project Construction Manager vis-a-vis the prime  
25 contractors for the actual construction that we will be

1 selecting later this year.

2 MR. MORALES: The construction manager hears  
3 the firm, this being the first one being presented,  
4 serves as our agent in implementing the construction of  
5 the contracts. So among other things, on a task order  
6 basis, will ensure that the design builder is adhering  
7 to all of the conditions of the contract, is performing  
8 his work in accordance with the specifications. They'll  
9 be reviewing their work product and reporting back to  
10 us, ensuring consistency with all aspects of -- from,  
11 again, the technical and engineering aspects to small  
12 business participation, reporting of payment.

13 Diana, you can expand maybe a little bit more  
14 better.

15 MS. GOMEZ: Yes.

16 MR. MORALES: Again, they are acting as our  
17 agent directly contracting with us to oversee the  
18 activities of those design builders.

19 CHAIRMAN RICHARD: All right.

20 MS. GOMEZ: And they'll be doing some survey  
21 work, some environmental work, some oversight of the  
22 actual construction, and ensuring that the contractor  
23 is, hopefully, meeting the requirements when it comes to  
24 the quality of what they're building.

25 CHAIRMAN RICHARD: Okay. Questions from

1 members.

2 Director Hartnett.

3 MR. HARTNETT: Yes. Comment and question.  
4 First, it's clear that the role of Project Management  
5 Construction firm is really important for the success of  
6 everything we do, and implementing a project like  
7 this -- and this is certainly standard even on much  
8 smaller projects -- to have teams like this to draw on  
9 their expertise and have them do those kinds of things  
10 that are absolutely essential, but under our staff's  
11 direction and control. I think we have talked in the  
12 past about making sure that those kinds of decisions  
13 that should be made by folks in a governmental position  
14 make those decisions and that, though, we rely on as our  
15 agents, that play their appropriate role as well but  
16 subject to accountability to our staff. And so I  
17 emphasize once again the critical importance of our  
18 staff in connection with this as well.

19 Secondly, I think when, when we get reports like  
20 this in recommendations, while we have the ability as  
21 board members to inquire before the meetings to get  
22 additional information as we might like, if we have  
23 questions that will help form the public presentation  
24 and help inform us, I think it's helpful to have more  
25 information than less in our public reports as to the

1 board. I think that it would have been better to have  
2 more information on the team that was recommended in the  
3 report about their background, about their expertise,  
4 about their history of performance so that while we can  
5 ask as the board to have that information ahead of time.  
6 So I would like to know a little bit more about the  
7 specific projects and the history of the firm today to  
8 have that discussed. I think that's important.

9           Additionally, there's -- I understand how these  
10 teams are selected. I have been through this process  
11 before, and I appreciate the selection process, the  
12 rigger that was applied to this. And so I, I don't have  
13 any issue with the process whatsoever. I think it's to  
14 be expected, but I do like to know in the evaluation  
15 team not necessarily the names of the people who are  
16 part of the five-member team, what positions they held.  
17 So as this recommendation comes forward, I know who is  
18 vetted them through this process, at least by position.  
19 So those are the two areas that I would like more  
20 information on before we actually act on this.

21           CHAIRMAN RICHARD: Should we let Mr. Morales  
22 comment on that or Director Umberg do you want to --

23           MR. UMBERG: Well, actually this is a follow  
24 up on to Mr. Hartnett's comment.

25           CHAIRMAN RICHARD: Okay.

1 MR. UMBERG: He was just much more  
2 articulate than I will be. It would be useful, I think,  
3 to know both the evaluation team and also a bit about  
4 the subcontractors. In fact, if we could, I'm  
5 interested in finding out at least a paragraph about two  
6 things, one, the role that they would play, who made  
7 that decision, whether it was the prime that made that  
8 decision as to the various roles or whether we, in our  
9 RFQ or wherever made that decision, and then something  
10 about each of these subcontracts, who they are, what  
11 they do, that kind of thing.

12 CHAIRMAN RICHARD: Okay. Mr. Morales.

13 MR. MORALES: I'll ask Diana to fill in.  
14 I'll just give you a sense of some the projects the  
15 firms, the prime firms, that have been involved in  
16 performing the same sort of role as a prime, the BART  
17 extension, the Berryessa Extension. They're there.

18 CHAIRMAN RICHARD: That's to San Jose.

19 MR. MORALES: San Jose. Phoenix light-rail  
20 line project. These are all multi-billion-dollar  
21 projects. The Smart Project in Marin. There's a  
22 similar role there. Something the Chairman will be  
23 familiar with, the SFO air train system and the BART  
24 extension are some of the project. Again, the  
25 significance of those being all of them projects and

1 design build elements and their efforts involved in  
2 overseeing, in fact, some -- potentially, some, of the  
3 firms that might be involved in the design build. On  
4 the other side of the state, they have also worked on  
5 the 545 SR 22 project, design build project out of  
6 state. That's a sample of the projects that they have  
7 been involved with.

8 In terms of our evaluation team, Diana led that  
9 team. I had Diana lead it, because this first contract  
10 was happening in the Central valley. I wanted to make  
11 sure she was directly involved in that. She can tell  
12 you about the others on the team from an oversight and  
13 implementation perspective. Diana will work with Frank  
14 Vodka and the project delivery team to oversee the  
15 contract -- construction manager and carrying out their  
16 responsibilities as they go forward.

17 Mr. Umberg, on your questions on the small  
18 business --

19 MR. UMBERG: Let me just amend it. I don't  
20 expect that we're going to go through each of those  
21 subcontractors today. My suggestion is that, with  
22 respect to them, if I could get that information, which  
23 is sometimes subsequently, that fine.

24 MR. MORALES: Absolutely, just in general  
25 terms, the thirty percent goal is attached to

1 procurement. Each of the bidding teams knew that that  
2 is the goal in place. One of the criterion -- a  
3 criterion used in evaluating them is their compliance  
4 with the thirty percent goal. The composition of that  
5 thirty percent is up to each of the bidders to  
6 determine. We do not dictate who is on their team, who  
7 is not. We do ensure that the teams they identified  
8 are, in fact, certified small businesses with the state,  
9 in good standing with the state. As the project goes  
10 forward, because this is task order based contract, if  
11 some of those small businesses are there to perform a  
12 very specific task and we modify that task, that could  
13 affect the overall small business participation. That's  
14 from our end. The obligation on the part of the  
15 contractor is anything they have identified to be  
16 performed by a small business, needs to be performed by  
17 a small business. So if, for instance, a firm for some  
18 reason were not able to perform it, they would have to  
19 substitute another small business to perform that same  
20 work.

21 CHAIRMAN RICHARD: Okay. Vice-Chair  
22 Richards.

23 MR. RICHARDS: I thought that there was one  
24 other question specifying by name, but can you tell us a  
25 little bit about the -- who the evaluation panel or --

1 MS. GOMEZ: So we have our risk manager as  
2 one member of our small business manager. We had two of  
3 our contract managers, who are currently helping with  
4 the AA contracts, and then myself, who was leading the  
5 team.

6 MR. MORALES: All state employees.

7 MS. GOMEZ: All Authority employees. And in  
8 terms of some of the -- you -- just a quick -- what some  
9 of what the small business will be doing, some of them  
10 will be doing document control; some of them will be  
11 doing construction oversight; some of them will be doing  
12 surveying; one of them will be doing some outreach; one  
13 of them will be doing environmental testing; and one of  
14 them will be helping with utility relocation, but I  
15 don't know exactly which are the ones, but those are the  
16 types of work that the small businesses will be doing.  
17 And they were brought forward by the prime contractor,  
18 which is the joint venture.

19 CHAIRMAN RICHARD: Okay. Vice -- I'm sorry.  
20 Mr. Richards are you finished?

21 MR. RICHARDS: I just had one other  
22 question. So with regards to the contract itself, I'm  
23 sure it's form and content of the contract as is  
24 required by the State of California. Do we prepare that  
25 internally or is that -- the document itself.

1 MR. MORALES: All of our contracts are  
2 developed consistent and based on a preparing manual  
3 that's developed by the State by the Department of  
4 General Services. Mr. Fellenz reviews the contacts to  
5 ensure consistency and compliance with those standards  
6 but this is -- it's -- I wouldn't say boilerplate, but  
7 it is standard language developed and used by other  
8 State agencies, all state agencies.

9 CHAIRMAN RICHARD: Thank you. Vice-Chair  
10 Schenk.

11 MS. SCHENK: Yeah. Thank you. Boy, we all  
12 want to think the best of everyone, but a project of  
13 this size and projects much smaller, there is a lot of  
14 opportunity for fraud, theft, et cetera. It is the role  
15 of these PCMs to oversee and ensure that there is no  
16 fraud, that the quality of material is as it should be  
17 so that we don't run into the big, big kinds of problems  
18 where there was quality control issues, there was a lot  
19 of theft, and I harken back to President Reagan when he  
20 said, "Trust but verify." So who's going to be doing  
21 the verifying?

22 MS. GOMEZ: So they will be doing the  
23 verifying. So they will be assisting and ensuring that  
24 there is no fraud nor theft. And they will be doing,  
25 you know, some of the checks and ensuring that the

1 contractor that is hired before the construction  
2 oversight is doing what they need to be doing. They're  
3 doing what they need to be doing. They'll be doing some  
4 of their own inspection and some of their own tests to  
5 ensure that what the contractor is doing is to  
6 specification.

7 MS. SCHENK: I, for one, would like to have  
8 a deeper dive on that and what are they -- how are they  
9 going to do that. How -- what are their standards; what  
10 are there -- is their processes for oversight in that  
11 area.

12 MS. GOMEZ: Okay

13 MS. SCHENK: Okay. Thank you.

14 CHAIRMAN RICHARD: Oh, yeah, mister fraud  
15 and abuse protection over here, Director Rossi, who  
16 chairs our Finance and Audit Committee.

17 MR. ROSSI: Yes. Along the lines that Lynn  
18 just brought up, very -- or more important to me,  
19 however, is I want to know what the reporting mechanism  
20 is back to the board that, in fact, these reviews are  
21 being done, and if there are any exceptions or  
22 violations, what the solutions and mitigations are to  
23 those individuals and the timeframes in which those are  
24 take effect.

25 MS. GOMEZ: One of the things that we are

1 doing is developing a manual that will contain what kind  
2 of reports we will be developing, the Authority and the  
3 contractor and the PCM and the PMT. So we are in the  
4 process of developing that manual. So then there will  
5 be standard reports as we move down to the south. I  
6 don't have the details right now.

7 MR. ROSSI: That's fine. Absolutely fine.

8 MS. GOMEZ: We are in the process of getting  
9 them.

10 MR. ROSSI: I would suggest that in the  
11 process of creating those manuals, that you run them by  
12 me and the Audit Committee before they become -- simply  
13 because I want -- the audit committee is going to  
14 understand the risk management and want to be able to  
15 report to the board that we are, in fact, doing what  
16 they said.

17 CHAIRMAN RICHARD: Yeah.

18 MR. ROSSI: Yeah.

19 CHAIRMAN RICHARD: You know, if there are no  
20 other comments from members, I would just make two  
21 observations and then ask a question.

22 First, I want to thank Bob, Director Hartnett,  
23 for the way he articulated the issues there. I have to  
24 say, I got home late last night from the east coast, and  
25 thank you, United Airlines. I was four hours late, and

1 opened up the book and read through this item, and I  
2 couldn't really express it, but I did feel as though I  
3 just didn't have enough of a handle on things. There  
4 was a lot of information about the process and that was  
5 good, in terms of laying out what the various selection  
6 criteria were, but then there was just the one line,  
7 "and then we recommend this."

8           So to use our President's words, I think it's a  
9 really good teachable moment that -- because of the  
10 comments that Mr. Hartnett made, supplemented by those  
11 of his colleagues, I think using this as a template for  
12 going forward for presentations so that we take the  
13 information that you did provide us but also something  
14 about the evaluation, the evaluators, and making sure  
15 that there's descriptive material about the company and  
16 what their particular expertise is and how they'll do  
17 it. So I think that was teachable moment number one.

18           The second thing comes from the comments of  
19 Vice-Chair Schenk followed by Mr. Rossi, the head of the  
20 Finance and Audit Committee, which is that as I was  
21 listening to Mr. Rossi's comments, I thought, it really  
22 boils down to one very, very simple thing, how do we  
23 make sure if something does go wrong, that that  
24 information comes to this board? I mean, obviously, Mr.  
25 Morales and his staff have to deal with it, and that's

1 fine, but they should be bringing it to the board.  
2 There's an exception, there's something outside of the  
3 normative process, it needs to come in through the  
4 Finance and Audit Committee. Certainly, I would except,  
5 knowing Mr. Morales, and it will be, "and here's how  
6 we're dealing with it." But we just need to make sure  
7 that our protocols are in place so that those things do  
8 trigger information flowing to the board, because we're  
9 the representative of the public as appointed by the  
10 Governor and the Speaker of the Assembly, and the  
11 president of the Senate.

12           So if we can reflect on that a little bit, think  
13 about how we drive that into the process, I think that  
14 will be very good. And so this gives us an opportunity  
15 to improve the process over, what I'm sure, was a very  
16 diligent -- and you did give us in the package the  
17 evidence that this team had met the DBE goals. I want  
18 to commend you for that, because I also think it's  
19 important for the public to know that we are keeping our  
20 eye on that, and that we want to make sure that these  
21 goals are adhered to, and then just supplementing that  
22 in the future with sort of an annotation of the kinds of  
23 works that each of these DBEs is doing. So I think  
24 that's -- I think that's all very good, and I think it's  
25 been a useful conversation.

1 I had one question, which I wanted to raise, and  
2 that was, we are going to have five construction  
3 packages. We have a construction manager, and, as has  
4 been said, this is the owner's representative. When I  
5 served on the BART Board for 12 years, on our major  
6 construction projects, we always had a Construction  
7 Management firm that reported, basically, to the  
8 management. They oversaw the projects, and there, it  
9 was relevant because we were using design build to build  
10 BART to the San Francisco Airport. In my private sector  
11 experience in the energy industry, for all the  
12 independent power projects, there was always an owner's  
13 rep, which is some type of engineering firm that  
14 represents the owners. And Mr. Rossi will know, often,  
15 it's something that the bankers are very concerned  
16 about -- how that function is being performed.

17 So my only question was that this, this is for  
18 Construction Package 1. Presumably, we could and would  
19 have a separate determination as to whether there would  
20 be a competition for the other construction packages,  
21 which means that one of two things could happen; if I'm a  
22 losing bidder of somebody else, I'm going to want to  
23 know, does this person now have the inside track whether  
24 they're doing this for the other contracts, or is that  
25 going to be something that is going to be thrown to open

1 competition? On the other hand, if it is going to be  
2 open competition, we could conceivably have five  
3 different PCMs for the five different construction  
4 packages. That strikes as something that is less than  
5 efficient. So could you just enlighten us, Mr. Morales,  
6 on the thinking on that.

7 Mr. Rossi, do you have a question first?

8 MR. ROSSI: I think it's an issue of the  
9 efficiency, Mr. Chairman, and is less an issue of the  
10 consistency and quality.

11 CHAIRMAN RICHARD: Thank you. What  
12 Mr. Rossi just said was that the issue of efficiency is  
13 less important than the issue of consistency and  
14 quality, and I sort of used the term broadly, but that  
15 was really where I was thinking.

16 So, Mr. Morales, if you have any thoughts on  
17 that, that you can share at this time, that would be  
18 useful.

19 MR. MORALES: Mr. Chairman, if I might  
20 suggest that we come back, perhaps, at the next board  
21 meeting, the presentations touch on a number of these  
22 topics and kind of tie them all together on the  
23 reporting, and I'll be presenting things like that, but  
24 in general, the plan is, in fact, to have separate  
25 construction managers for each of the contracts. In

1 part, as we go forward with the program, the different  
2 contracts have different elements to them, which may  
3 suggest different specialties being used to look at  
4 them.

5 CHAIRMAN RICHARD: Okay.

6 MR. MORALES: So there is a need to tailor  
7 somewhat the skills and the expertise that -- we expect  
8 we'll have a different mix of firms for some of the  
9 contracts going forward.

10 CHAIRMAN RICHARD: Great.

11 MR. MORALES: We're putting in place the  
12 pieces, and as part of building the overall management  
13 team, to ensure that we can oversee and have the  
14 reporting relationships to be able to understand what's  
15 coming in from our representatives as they go forward,  
16 and that's part of what Frank Vodka's team, the  
17 structure he's putting forth, will do, but it's  
18 something he's done and Amtrak. It's something Diane  
19 has done at Caltrans. Others of us, but it's -- again,  
20 it's not an unusual process, but I would like to come  
21 back and explain to you how we do it, so you and the  
22 public will be comfortable.

23 CHAIRMAN RICHARD: Good.

24 MR. MORALES: That we can do it.

25 CHAIRMAN RICHARD: I think that's good, and

1 I think that's appropriate.

2 Mr. Rossi.

3 MR. ROSSI: One of the questions that was  
4 raised here in public comment was the issue of the  
5 potentially -- and I think on some sort of connection  
6 between PB and --

7 CHAIRMAN RICHARD: Right. I was going to  
8 cross that next, but go ahead.

9 MR. ROSSI: And I would like to get a  
10 comment on that. Is there a membership? Is, is there  
11 any kind of ownership? Do we --

12 CHAIRMAN RICHARD: Relationship.

13 MR. ROSSI: Do we know if management is run  
14 by, you know, PB guys, who have expectation plans or any  
15 of those kinds of things? I want to elaborate to that.

16 MR. MORALES: I guess it's always somewhat  
17 hard to respond to a hypothetical or an unknown, but  
18 what I can tell you is that these are entirely separate,  
19 but we'll certainly look into it, but what I can say is  
20 they are entirely separate companies. There's no  
21 connection among them, and the reporting relationship of  
22 this program, Construction Manager will be directly to  
23 the Authority and to Diana and to Frank coming in. And  
24 it was an objective review formed by the team as  
25 indicated. But again, I'm certainly -- I'm not aware of

1 any connection among the companies as was suggested.

2 CHAIRMAN RICHARD: I think the more  
3 important question was, just thirty seconds to one  
4 minute to just clarify, because the issue was raised  
5 about criticisms that this board has received, certainly  
6 from the State Auditor's report and from others, that  
7 the organization has been too contract driven. And let  
8 me just offer my perspective on that, because it's very  
9 important. As we're moving into the construction phase,  
10 Mr. Morales has said, I think very appropriately, that  
11 we are going to be a lean organization, which means that  
12 the organization itself and its management is going to  
13 be of limited size as we move forward.

14 My perception and perspective, not having been  
15 here through all of this, is that in the early years,  
16 the Project Management Team, Program Management Team,  
17 which is technical assistance to the Authority, was  
18 viewed by some as making too many decisions that, to use  
19 Mr. Hartnett's words, should have been made by the  
20 public sector, and I have heard Mr. Morales say, too,  
21 "public sector employees should be making public sector  
22 decisions, and private sector employees should be making  
23 private sector decisions." I think part and parcel of  
24 that is simply about how thin the organization was, and  
25 that is not the case now.

1           We have much different management structure. We  
2 have much different governance structure. We have,  
3 starting at the board level, I think a very active  
4 board. We have a Finance and Audit Committee that's  
5 specifically charged with overseeing the -- certainly,  
6 the fiscal aspects of this and the risk management  
7 aspects of this. And we now have, thanks to  
8 Mr. Morales, not only an effective CEO but somebody who  
9 has populated the ranks that have been unfilled for  
10 years. We have a chief engineer. We have a chief risk  
11 management officer. We have people like Ms. Gomez and  
12 her colleagues in each of the regions representing the  
13 organization, where, in the past, sometimes, that has  
14 been done primarily through contractors. And so what we  
15 now have is an organization that, I think, is what would  
16 have been nice to have had in place in years past with a  
17 CEO who is accountable to the board and a board that  
18 pays attention.

19           And so a lot of those decisions that people feel  
20 might have needed to come to this board, I think now are  
21 coming to this board. As we move into the construction  
22 process, it strikes me that, at least my experience in  
23 the public sector, Mr. Hartnett alluded to this and  
24 others, that we don't want to have -- I worked for many  
25 years at PG&E. They had their own construction

1 department of three thousand people in the construction  
2 department. I think the evidence has shown that that  
3 doesn't always, necessarily, lead to the best results.  
4 And so what is better is to have a lean organization  
5 with strong governance at the top. In this case, a  
6 Project Construction Manager who is accountable to the  
7 management of the organization. They are accountable to  
8 the board. The board is accountable to the public, and  
9 then that organization will oversee the prime  
10 contractors.

11 So I hope that was useful, but I wanted to try to  
12 draw a distinction between some of the concerns in the  
13 past how do they relate to how we're moving forward in  
14 the future not only with decisions on design but also  
15 with the oversight of construction.

16 So with that, we have an action item in front of  
17 us to select this team that has been recommended to us  
18 by Ms. Gomez and her colleagues.

19 MR. HARTNETT: Move approval of the award as  
20 recommended.

21 MR. RICHARDS: Second that.

22 CHAIRMAN RICHARD: Okay. It was moved by  
23 Mr. Hartnett, seconded by Director Rossi and Vice-Chair  
24 Schenk.

25 Will the secretary please call the roll.

1 MS. REED: Vice-Chair Schenk.

2 MS. SCHENK: Yes.

3 MS. REED: Vice-Chair Richards.

4 MR. RICHARDS: Yes.

5 MS. REED: Mr. Umberg.

6 MR. UMBERG: Yes.

7 MS. REED: Mr. Hartnett

8 MR. HARTNETT: Yes.

9 MS. REED: Mr. Rossi.

10 MR. ROSSI: Yes.

11 MS. REED: Chairman Richard.

12 CHAIRMAN RICHARD: Yes.

13 Okay. Thank you, Ms. Gomez, and we'll look  
14 forward to the follow-up discussion at the next meeting.

15 Thank you very much, Mr. Morales.

16 Okay. Our last item on the public agenda does  
17 relate to what comes next, and that is the informational  
18 update on the RFQ for Construction Packages 2, 3, and 4.

19 Mr. Vodka, you have changed your appearance since  
20 the last time you appeared before the board.

21 MR. FELLEENZ: Mr. Chairman, board members,  
22 thank you for giving me the opportunity to present to  
23 you the Request For Qualifications for the next  
24 Construction Packages 2, 3, and 4. I just wanted to  
25 take a moment just to remind the board and maybe for the

1 public's benefit some of the differences between the  
2 contract processes that we're going through that we just  
3 approved what is technically called an Engineering and  
4 Architectural contract, because that's what the PCM is,  
5 and in that process, the board has a policy that  
6 requires the staff to come and seek approval for the  
7 RFQ, Request For Qualification in the A and E contract,  
8 and the reason for that is because the RFQ is the step  
9 that we use to evaluate, because the proposers come in,  
10 the teams come in, and we evaluate them, as you have  
11 seen in the presentation of the last item.

12           Following the RFQ process, in A and E,  
13 Architectural and Engineering, contract there's a  
14 recommendation to the board, like you just said in the  
15 last item, when we move to a different type of a  
16 contract, which is a design build contract, which is now  
17 before you as Item Number 4. There's an RFQ process,  
18 but there's also an RFP process. There is no RFP  
19 process for an A and E contract. I just wanted to make  
20 that extension. I know you're familiar with that, but I  
21 think sometimes, it's good to go over that.

22           So what we have here in Item Number 4 is an  
23 informational item to show you that we're going to go  
24 through an RFQ process for Construction Packages 2, 3,  
25 and 4. This does not require board approval. The

1 policy of the board doesn't state that this requires  
2 approval, but we want to be open and transparent to tell  
3 you some of the next steps in the RFQ process. For the  
4 design build contract, it's a two-step process. The RFQ  
5 is really a screening of those teams that have responded  
6 to the RFQ and want to participate, want to receive the  
7 Request For Proposal, followed by, then, a proposal  
8 submitted by that, and so what we have is the RFQ will  
9 be sent out by staff, and we're just trying to highlight  
10 for you what this whole process is for Construction  
11 Packages 2 through 4.

12 We would expect that the Construction Packages 2  
13 through 4 would be awarded and notice to proceed would  
14 occur no sooner than April of 2014 for your information,  
15 and if the board has any particular questions, what I've  
16 done is, I've highlighted the different sections that  
17 Construction Packages 2, 3, and 4 on the second page of  
18 your memo, where, in the vicinity of these construction  
19 activities, will take place, that is design  
20 construction, taking up either thirty -- fifteen to  
21 thirty to one hundred percent and then constructing the  
22 civil infrastructures up to tracks. We do have a fifth  
23 construction package that is only for the track work  
24 that is for the whole length of the Central Valley  
25 through Construction Packages 1 through 4.

1           I tried to include here, too, a scope of work and  
2 description of the scope of work that Construction  
3 Packages 2 through 4 will have. It's quite a long list  
4 of items, and I just want to remind the board that this  
5 really is very similar, in many ways exactly like, the  
6 process that we went through for Construction Package 1.  
7 That is, we went with the RFQ; we have some qualified  
8 teams; we do a real screening to make sure they are  
9 financially qualified, experienced qualified; and then  
10 they're shortlisted. The last RFQ that you went through  
11 for design build, we shortlisted all five because they  
12 were all qualified. We would expect for Construction  
13 Package 2 through 4 that we would qualify at least three  
14 in a circumstances.

15           We will be coming back to you at a later time, as  
16 we did with Construction Package 1, to seek your  
17 approval to release the RFP that is required of staff.  
18 We have to go to the board to ask your permission and  
19 approval for releasing the RFP for all of these  
20 construction packages, and we will be doing so. And  
21 following, following the evaluation process and the RFP  
22 for these design build contracts, there will be an award  
23 process. That, again, comes back to the board for your  
24 consideration and approval, and I'm happy to answer any  
25 questions. I think I have kind of laid out the process

1 here. I'm happy to entertain any questions you might  
2 have

3 CHAIRMAN RICHARD: I will have a question,  
4 but I'll turn to my colleagues first if anyone else has  
5 any questions.

6 I think when you come back to us, the one thing I  
7 would be interested in is to make sure that, as we look  
8 at the qualification criteria, that we're learning from  
9 whatever we need to learn from Construction Package 1.  
10 For example, and, again, I don't necessarily need this  
11 to be commentary right now, because I want people to  
12 think about it and not say things that can be  
13 misinterpreted, but, you know, are we happy with the  
14 competitive environment? Do we feel that we need to  
15 make changes to relative rankings of technical versus  
16 cost or things like that? I would call for some  
17 considerable discussion around those issues prior to  
18 issuing the first RFP.

19 So I guess what I'm saying is rather than just  
20 blindly, cookie cutter replicate what we did before, I'd  
21 like to make sure that there's a feedback process where  
22 we're thinking about how satisfied we are with the  
23 process and what changes we need to make in terms of  
24 trying to get to the desired result. So I'm not even  
25 sure how that effectuates itself but I'd like to have

1 that conversation when this comes -- this comes back.  
2 So that was my only thought on this.

3 MR. FELLEENZ: We have had some of those  
4 discussions internally, and if you recall, in  
5 Construction Package 1, what we came to, as staff, was a  
6 term sheet that showed the various highlights of the  
7 Request For Proposals. The board had access to the  
8 entire Request For Proposal and we plan to issue -- it's  
9 very voluminous. It seemed appropriate for us to  
10 summarize it in a term-sheet form.

11 CHAIRMAN RICHARD: Right.

12 MR. FELLEENZ: What we plan to do, and we had  
13 some discussions, is to take the term sheet that we had  
14 for Construction Package 1 and improve on that.

15 CHAIRMAN RICHARD: Right.

16 MR. FELLEENZ: From the lessons learned.

17 CHAIRMAN RICHARD: Excellent and I think all  
18 I'm asking is rather than having to find the other one  
19 and do a document compare --

20 MR. FELLEENZ: Yes.

21 CHAIRMAN RICHARD: -- you know, to walk us  
22 through where you have made those recommendations for  
23 changes.

24 MR. FELLEENZ: Sure

25 CHAIRMAN RICHARD: That's great.

1 All right. No action taken on this item.

2 Anything for the good of the board before we  
3 proceed to the closed session items?

4 All right. Well, I want to thank all of you for  
5 coming today. I want to thank staff for its work, and  
6 the board will now enter into a closed session to  
7 discuss items pertaining to litigation pursuant to the  
8 agenda, and we will return after that with any report.

9

10 (Closed session.)

11

12 CHAIRMAN RICHARD: Okay. We'll be back in  
13 order.

14 At the completion of the closed session, we have  
15 no information to report.

16 The meeting of the High-Speed Rail Authority  
17 Board is now concluded. Thank you.

18

19 (Whereupon the proceeding concluded at 2:00 p.m.)

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1 I, Brittany Flores, a Certified Shorthand Reporter of  
2 the State of California, duly authorized to administer  
3 oaths, do hereby certify:

4 That the foregoing proceedings were  
5 taken before me at the time and place herein set forth;  
6 that any witnesses in the foregoing proceedings, prior  
7 to testifying, were duly sworn; that a record of the  
8 proceedings was made by me using machine shorthand which  
9 was thereafter transcribed under my direction; that the  
10 foregoing transcript is a true record of the testimony  
11 given.

12 Further, that if the foregoing pertains  
13 to the original transcript of a deposition in a Federal  
14 Case, before completion of the proceedings, review of  
15 the transcript ( ) was ( ) was not requested.

16 I further certify I am neither  
17 financially interested in the action nor a relative or  
18 employee of any attorney of party to this action.

19 IN WITNESS WHEREOF, I have this date  
20 subscribed my name.

21

22 Dated:

23

24

25

\_\_\_\_\_  
Brittany Flores CSR 13460