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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

Thursday, May 2 , 2013
10:09 a.m.

BRITTANY FLORES
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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. Thomas Umberg

STAFF

- Ms. Janet Lane, Board Secretary

ALSO PRESENT

- Mr. Jeff Morales, CEO
- Mr. Thomas Fellenz, Esq., Legal Counsel

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SACRAMENTO, CALIFORNIA, May 2 , 2013

10:09 a.m.

--oOo--

CHAIRMAN RICHARD: Good morning, ladies and gentlemen. We're about to commence a meeting. We are one person short of a quorum at this moment, because Mr. Umberg's flight was delayed due to the fires in southern California. He's landing right now, so, um, what we're going to do is, I'll have the secretary call the roll, so that we can begin to proceed. We can take public comment period short of a quorum, but some of you may choose -- may want to make sure that a full quorum of the Board is here when you address your comments to the Board. So what I'm going to do is, I'll ask the secretary to call the roll in a moment. We'll start the meeting with the Pledge of Allegiance, and then I'll walk through the speakers' comment cards as we always do, but at that point, I will give any member of the public the opportunity to ask if they could speak later when there's a full quorum of the board. So if people feel comfortable speaking now, that's fine. Their comments will be recorded, and certainly, those of us will be here to hear them, but you have the right to

1 wait to make sure that an entire Board is here and if
2 you choose to do that, then we'll have the rest of the
3 public comment period when Mr. Umberg arrives.

4 So with that, I would ask the secretary to call
5 the roll.

6 Good morning.

7 MS. LANE: Vice-Chair Schenk.

8 MS. SCHENK: Here.

9 MS. LANE: Vice-Chair Richards.

10 MR. RICHARDS: Here.

11 MS. LANE: Mr. Umberg.

12 Mr. Hartnett.

13 MR. HARTNETT: Here.

14 MS. LANE: Mr. Rossi.

15 MR. ROSSI: Here.

16 MS. LANE: Chairman Richard.

17 CHAIRMAN RICHARD: Here.

18 Would you please join me in honoring our nation
19 with the Pledge of Allegiance.

20

21 (Pledge of Allegiance recited.)

22

23 CHAIRMAN RICHARD: Thank you. And we will,
24 as we always do, take the public comments in order
25 except that we will afford our publically elected

1 officials the opportunity to speak first.

2 And so first up, I have Council Member Steve
3 Cohen from the Sacramento City Council. And I don't
4 see --

5 MAN IN AUDIENCE: He's on his way. He'll be
6 here shortly.

7 CHAIRMAN RICHARD: He'll be here shortly.
8 Okay.

9 Next is Mike Wyley from are the Sacramento
10 Regional Transit District.

11 MR. WYLEY: Thank you, Chair Richards.
12 There's actually a couple of us that all want to speak
13 together following Council Member Cohen.

14 CHAIRMAN RICHARD: Can you tell me who they
15 are, so we can make sure that we make that happen. I
16 have Mr. Wyley.

17 MR. WYLEY: So there's just two of us.

18 CHAIRMAN RICHARD: Right. Mr. Wyley.

19 MR. WYLEY: That would be wonderful. Thank
20 you very much.

21 CHAIRMAN RICHARD: Okay. I'm sorry. I
22 missed something. So you want to wait, okay, until
23 everybody's here. Okay. Great.

24 I'm looking through the cards here. Next is
25 Michael Behen from the City of Palmdale.

1 MR. BEHEN: Good morning, Mr. Chairman,
2 members of the board. It's been a while since we have
3 been to one of these meetings, so I want to check in and
4 say, "Hello."

5 CHAIRMAN RICHARD: That's because we haven't
6 messed with your route.

7 MR. BEHEN: And also to report a couple of
8 things. The working relationship with the staff has
9 been great, the management level and the engineering
10 level, and we really appreciate that. We are awaiting a
11 decision regarding the alignment for the Antelope
12 Valley. We're hoping that the decision is made to focus
13 on the Palmdale Communications Center in the easterly
14 alignment. This will help us to start station planning.
15 We're ready to start doing that ASAP.

16 So a couple of other important items that we're
17 working with the staff on connecting the high-speed rail
18 to the express west system, which is the high-speed rail
19 system Las Vegas to Bakersfield, so we're coordinating
20 with Metro and Caltrans, and then also working with
21 staff on the potential location of the maintenance
22 facility in the Palmdale area. We're very interested in
23 that.

24 So, again, just wanted to say, "Hello. Thank you
25 very much." We're eager to support high-speed rail and

1 Palmdale Transportation Center. Thank you.

2 CHAIRMAN RICHARD: Thank you. How's Mayor
3 Ledford doing?

4 MR. BEHEN: He's doing great. He had some
5 issues awhile back, but he's full steam ahead in
6 transportation. High-speed rail, in particular, is
7 primarily our focus.

8 CHAIRMAN RICHARD: Please give him our best.

9 MR. BEHEN: Will do.

10 CHAIRMAN RICHARD: Thank you very much.
11 Mr. Cohen.

12 MR. COHEN: Takes me a while to get to City
13 Hall.

14 CHAIRMAN RICHARD: As you're coming up, I
15 just want you to know that there's persistent commentary
16 by Mr. Rossi that I seem to have a lot of old and dear
17 friends, but I'm glad that I can actually welcome you as
18 an old and dear friend since we go through back to about
19 1978.

20 MR. COHEN: Yes, back in the Energy
21 Commission and, not to mention, Capitol Corridor.

22 CHAIRMAN RICHARDS: Absolutely.

23 MR. COHEN: So it's a pleasure being here,
24 and actually, I'm here on behalf not just of the City of
25 Sacramento and our region but also on behalf of the

1 Central Valley rail working group and want to make sure
2 we -- you got it. Okay. So we submitted a letter and
3 then that's a working group with jurisdictions between
4 Merced and Sacramento.

5 In addition to Capitol Corridor Board, I'm
6 currently vice-chair of the brand new San Joaquin J-VAN.
7 We look forward to partnering with the High-Speed Rail
8 Authority on the blended service, and that's really why
9 I'm here today and also, of course, to always welcome
10 you back to Sacramento. You're welcome in our chambers
11 whenever you want to hold meetings here. But we --
12 obviously, we support the item before -- the item to be
13 called later. But also, we want to go beyond that to
14 offer our willingness to partner with you in a couple
15 different ways, and, one, that we'd like to see as you
16 move forward, is to go ahead and complete the
17 alternatives analysis for the Merced to Sacramento
18 segment. A lot of work has been done. We have got some
19 funding for that a couple of years ago. So we'd like to
20 see that go ahead and completed, but beyond that, we'd
21 like to really work with you to figure out how we can
22 use this notion of a blended service to connect early on
23 in Sacramento. Right now, we only have two trains a
24 day, each direction on the San Joaquin. So we'd really
25 like to figure out ways that we can beef up that service

1 to provide better connections when high-speed rail
2 begins to roll. So that's why I'm here, and we have a
3 couple more people that would like to speak. So thank
4 you.

5 CHAIRMAN RICHARD: Okay. Well, thank you,
6 Council Member, and thank you for the use of the
7 chambers. We always do appreciate that, and, you know,
8 you and I have talked about this in the past, certainly
9 appreciate your leadership in this community and trying
10 to tie Sacramento in, in an early way for the high-speed
11 rail system through, not only strengthen the Capitol
12 Corridor, which I know you have been very much a part
13 of, but also now through this new opportunity with the
14 San Joaquin Valley regional body. So I know I speak for
15 everybody here and say we look forward to working
16 closely with you and getting something done.

17 MR. COHEN: All right. And hopefully, we'll
18 have an agreement there in a few years just footsteps
19 from the stations. Thank you.

20 CHAIRMAN RICHARD: Thank you very much.

21 Okay. So then following Council Member Cohen is
22 Mike Wyley from the Sacramento Regional Transit
23 District. Mr. Wyley.

24 MR. WYLEY: Thank you, Chair Richard,
25 members of the Board. Yes, I'm Mike Wyley. I'm the

1 general manager, CEO of the Sacramento Regional Transit
2 District, and first, let me thank your staff, Jeff and
3 Ben. They have been working closely with us in looking
4 at how we provide blended service plan and how we
5 expedite the delivery of high-speed rail to Sacramento.
6 And following up Council Member Cohen, who also serves
7 on our key board of directors -- is one of the many hats
8 he wears, we do have a very active organization that
9 we're representing today. And I want to encourage you
10 to adopt the resolution. We certainly support the
11 resolution before you on Item 2. And a couple of
12 specifics, we really feel strongly that we should
13 complete the alternatives analysis. You are -- if you
14 approve this, you'll be adding an additional ninety days
15 to the work of AB Wong. That's sufficient time we
16 believe for them to complete that work.

17 And then Item 2, or the second bullet point on
18 the resolution, in terms of bidding for the continued
19 work, we would like to work very closely with you in
20 making sure that that additional work accommodates the
21 work of the true blended service plan and how the San
22 Joaquin services can be enhanced significantly to
23 achieve the goals, our local goals, our regional goals,
24 as well as the statewide goals. So we're here to help
25 and support that effort and to see if we can't expedite

1 that process. So that completes my comments. Thank
2 you.

3 CHAIRMAN RICHARD: Thank you, Mr. Wyley, and
4 as I said, Council Member Cohen, we are very
5 appreciative of the working relationships that we have
6 with the regional transit operators and thank you for
7 being here.

8 And next is Asee Doherty

9 MS. Doherty: Good morning. Yeah, my name
10 is Asee Doherty. I represent ACOG governments, and I'm
11 also here to add our voice and support -- first of all,
12 congratulate the High-Speed Rail Authority on your work
13 and provide support to the working group and all the
14 rail improvements that are planned for Merced to
15 Sacramento phasing and rail service. And I also want to
16 thank Mr. Camposis for his personal business with ACOG
17 and providing direct information to you. Thank you.

18 CHAIRMAN RICHARD: Thank you very much.
19 Appreciate those comments

20 Okay. I believe that completes the public
21 official list. Let me know. What I'm going to do is go
22 through the names as I have got in the cards, and feel
23 free to either speak to us now or, recognizing that
24 we're one short of a quorum, or it's your right to ask
25 to wait until Mr. Umberg is able to get here.

1 So first up, I have Keith Dunn.

2 MR. Dunn: Thank you, Chair Richard and
3 members of the Board. I appreciate the opportunity to
4 be here. My name is Keith Dunn. I'm with the
5 Association of California High-Speed trains and I --
6 first off, I'd just like to say, "thank you," for the
7 opportunity to comment to you here today. I have spent
8 many hours discussing this project, invested a lot of
9 personal time and emotion into the success of this
10 project just like many of you. I would like to respond
11 to some of the recent editorials that have been flying
12 around the State from opponents of the project from,
13 those of us that have been involved and attended many,
14 if not all, of the meetings that have taken place
15 throughout the State just to set the record straight,
16 from my point of view at least, and do that in a public
17 fashion.

18 We're very appreciative, the association that I
19 represent, the contractors and design teams that have
20 been involved in this project from the beginning. We
21 appreciate the openness and outreach that the Authority
22 has initiated in the revised business plan throughout
23 the State and received great responses and has really
24 served as a focus point to leverage support for the
25 project in the communities and really talk about job

1 creation and program that's going to come to renovate
2 transportation solutions throughout the Central Valley
3 and the rest of our State. The people that continue to
4 throw stones at this project seem focused on backdoor
5 meetings. As someone who has attended countless hours
6 of open meetings both here and at the Capitol, I don't
7 know how they can attest that -- at having closed door
8 meetings. These meetings take place regularly,
9 routinely for hours and hours at a time.

10 So we would just like to continue to tell you
11 that we appreciate the openness, the outreach. The
12 doors are always open when we have questions. We're
13 continuing to work with you and the stakeholders
14 throughout the communities that are going to be in CP 1.
15 Let's make sure that the needs of those communities are
16 addressed, and I know that you're going to do the same,
17 and I just appreciate the community outreach efforts
18 from you and your staff. Thank you.

19 CHAIRMAN RICHARD: Thank you, Mr. Dunn. I
20 appreciate that.

21 Next is Peggy Hunt. Ms. Hunt, do you wish to
22 speak now, or would you like to wait?

23 MS. HUNT: Yeah, I'll do it now. Hi, good
24 morning. Thank you for allowing me to speak today. I
25 am Peggy Hunt. I'm publisher -- I'm sorry -- president

1 of the West Coast Black Publishers Association. Last
2 time, we did quite a few ad placements for the
3 High-Speed Rail. I hope that you will use the West
4 Coast Black Publishers again. Also, we have the support
5 of Senator Price and also our national president, Clovis
6 Campbell. Our members are made up from the State of
7 California, Nevada, and also Arizona. So I hope that
8 you would use us again.

9 My other question is, I can't find where to
10 submit the proposal on the website, so could someone
11 give me guidance, or is that up yet?

12 CHAIRMAN RICHARD: We'll, ask a staff member
13 to reach out to you. And seeing staff members in the
14 back nodding their heads --

15 MS. HUNT: Oh, okay. Thank you very much.

16 CHAIRMAN RICHARD: We'll be happy to do
17 that.

18 MS. HUNT: Okay. Thank you very much.

19 CHAIRMAN RICHARD: Okay. Next up is LeeAnn
20 Eager followed by Allen Demuse.

21 Ms. Eager, good morning.

22 MS. EAGER: Good morning. LeeAnn Eager,
23 president and CEO of the Economic Development
24 Corporation serving Fresno county, and I just wanted to
25 give you a quick update on what's going on in Fresno, in

1 the Central Valley. We, obviously, have been very busy
2 in the last few months. Some of the offer letters from
3 some of our businesses, we have been meeting -- trying
4 to meet with all of those businesses that are along the
5 alignment, whether it's to tell me that there's nothing
6 new or to let them know what the process is going
7 forward. I have to say probably in the last sixty days,
8 we have met with about fifty or sixty of the those
9 businesses, and all of them are appreciative, at least,
10 of those meetings, and Diana Gomez has been trying to
11 meet with me with all of those and spoken with, too.

12 As far as the Central Valley in general, I'm also
13 the president of the California Central Valley EDD, so
14 that's eight Central Valley Communities. We have been
15 meeting regularly, and in one of those meetings, we
16 talked about what we can do as a Central Valley together
17 in getting our businesses prepared for them but also
18 looking at those businesses going to work on the project
19 and how we get those certified. I do have a meeting
20 this afternoon in the County of San Joaquin, so we're
21 moving up the ladder here talking to them about how they
22 get their businesses excited about working on this
23 project. So we have an introductory meeting today and
24 then on the 21st, a general meeting of the businesses in
25 the City of Stockton.

1 I've also been meeting with the folks at Kern
2 County. We're trying to do the same thing down there in
3 getting certification trainings but also look at, you
4 know, in Fresno, we started this process three years
5 ago. So it's time for Kern, obviously, to start that
6 process there, too, in getting their businesses up and
7 ready to accept this project when it gets there, and all
8 of those counties along the way, obviously, we have been
9 meeting with the EDD on those, too.

10 So I just wanted to give you a quick update on
11 what we're doing. We're extremely busy, and we know
12 it's going to get even busier in the next year. Thank
13 you.

14 CHAIRMAN RICHARD: Where's your sidekick
15 this morning?

16 MS. EAGER: He's not here.

17 CHAIRMAN RICHARD: Thank you, Ms. Eager.

18 Mr. Demuse.

19 MR. DEMUSE: Good morning, Chairman Richard
20 and members of the Board. My name is Allen Demuse. I
21 am a marketing consultant here in Downtown Sacramento.
22 I welcome you to our city. I'm speaking as a private
23 citizen, a strong supporter of public transportation,
24 and I just wanted to step forward and congratulate the
25 Board and staff at the Authority as well as all those

1 others who are working on this on some of your recent
2 successes and also to praise your forward thinking and
3 your adaptability throughout the initial phases of this
4 project. Your commitment to a net zero approach of one
5 hundred percent renewable energy to power this project
6 is not only commendable, but it's what will distinguish
7 California as a world leader in best practices. With
8 strategic alliance with the SBA to strengthen small
9 business involvement is an applaudable achievement.
10 Your recent settlement with agricultural in the Central
11 Valley shows that you're able to tackle some really big
12 issues and collaborative solutions. Overall, I would
13 say your implementation of a blended approach shows
14 you're willingness to listen closely and to adapt to the
15 political, economic, and budgetary realties and develop
16 a plan that could realistically deliver high-speed rail
17 cleaner, faster, and cheeper than what's initially in
18 place. I realize that you're up against a very strong
19 opposition, and the process can become rather bothersome
20 at times, but I commend you on your discipline to put
21 forth a viable plan to advance the future of California,
22 and coming from a family with deep roots in railroading,
23 I look forward to the day when I can ride in the comfort
24 of a high-speed rail car, and I thank you for your
25 service.

1 CHAIRMAN RICHARD: Thank you very much, sir.
2 Next up is Kevin Dayton followed by David
3 Schwagel.

4 MR. DAYTON: Good morning. Kevin Dayton,
5 president of University Solutions in Roseville. I am a
6 declinist breaking the braver people here who are
7 seeking business from the high-speed rail. Some of the
8 things I would suggest to you is that the California
9 High-Speed Rail Authority had a very difficult April,
10 and you just need to acknowledge that there's a
11 perception out there in the public that there is a lot
12 of activities and sit-ins that are going on that aren't
13 being revealed to the public. And when that continues,
14 all you're doing is encouraging the majority of the
15 people in the state, who are declinists, to say, "This
16 thing is completely off-track."

17 Let me give you an example. I just received on
18 Tuesday, a bunch of document, public records act request
19 from Fresno Regional Work Force Investment Board
20 about -- now I'm beginning to find out how the Project
21 Labor Agreement was developed for the construction
22 contracts on this project. And I don't understand why
23 all of this decision-making about giving unions a
24 monopoly on the contracts occurring through these
25 quasi-government organizations and awards in Fresno.

1 Why was this not being done openly with discussions at a
2 California High-Speed Rail Authority Board of Directors?
3 You never had a vote on it. You never actually
4 discussed the issue. I see that in Fresno, we are
5 actually -- this person sent a letter to the Obama
6 Administration asking for permission do it. And you
7 know what, I had finally time to figure out looking back
8 at the transcripts that I was in the Fresno Regional
9 Work Force Investment Board that had many of these
10 documents. So I encourage you, at some point, to have a
11 public discussion about the Project Labor Agreements.

12 Also, I'm looking forward to seeing the
13 conditions that are given to the contractors who lose to
14 bids to get their stipends or reimbursements. I'd like
15 to see what things are involved with that and I think
16 the public needs to see that, too.

17 Finally, it would be good to give the public an
18 update on how the bonds sales are going. Thank you.

19 CHAIRMAN RICHARD: Thank you, sir.

20 David Schwagel followed by -- it looks likes
21 Ernest Roberts.

22 Good morning, Mr. Schwagel.

23 MR. SCHWAGEL: Good morning, fellow leaders.
24 David Schwagel, appreciating how our mass transit system
25 got me to work during a two-month driving haze and to

1 informative meetings like this one for a fraction of the
2 cost. And I'm looking forward to that two-and-a-half
3 hour LA train ride, where I can crank out those boost
4 public involvement articles while eating lemon meringue
5 pie in en route.

6 Speaking of pies, we're not stealing slices from
7 cars and planes, but we're making bakeries for all.
8 We're improving the economy, generating purchasing
9 power. We're reducing roadway congestion, boosting the
10 quality of the car-driving experience. We're boosting
11 airport accessibility, and reallocating airlines the
12 cost of a low-cost flight while reducing airway
13 congestion, thereby expediting arrival to important
14 functions like this. We're reducing freight congestion
15 for our friends at BNSF. If we include right-of-way
16 solarization and storm water harvesting, as mentioned
17 during public comment at the April 2012 San Francisco
18 board meeting, that will even benefit the route
19 communities as well.

20 I commend Tutor Perini Zachary Parsons, their low
21 bid and the same on their great low-bid high-technical
22 score balance. Transportation for America CEO James
23 Corless notes the strong correlation between technical
24 excellence and future Federal funding continue over last
25 year. Therefore, let's partner with the selected

1 proposer on technical excellence while holding them
2 accountable. Thank you.

3 CHAIRMAN RICHARD: Thank you, Mr. Schwagel.
4 I admit that I missed the part of our business plan
5 where we were mandating lemon meringue pie. That's
6 going to be an important addition to the next one.

7 Mr. Roberts, good morning, sir.

8 MR. ROBERTS: Good morning. Thank you for
9 having this meeting. My name is Ernest Roberts. I'm
10 the executive director of ED jobs. Where are a
11 construction work force development nonprofit in Los
12 Angeles providing construction work for services in Los
13 Angeles community college district for the \$6 million
14 bond project. So I just wanted to point out, CRA,
15 several port of LA projects to CRA. Much of the CBA
16 distributes appointment that you have adopted, by --
17 that you adopted and congratulations on that, but it's
18 modeled after what we did in LA, what we are doing in
19 LA. And I'm a little concerned about some of the
20 program design aspects of this thing are not implemented
21 to the fullest extent. For instance, I think
22 contractors deserve a clearly articulated plan of how
23 we're going to bring the construction work force
24 development component, how you're going to supply these
25 work force contracts if you need a third-party

1 compliance oversight to ensure that there's no apparent
2 conflict of interest with the people looking over the
3 goals that you want to achieve in the CBA. I think it's
4 applaudable, but I think that you need to move the
5 entire program. I submitted a letter for, for your
6 consideration, and I'm available if you want to ask more
7 questions about the program design and how it can be
8 more effective. Thank you.

9 CHAIRMAN RICHARD: Thank you, sir. I know
10 that the CBA discussions have been modeled on what has
11 gone on in Los Angeles, so we'll take a close look at
12 your letter. We appreciate your coming here today.
13 Thank you.

14 Jim Hunter followed by Diana LaCome.

15 MR. Hunter: Good morning, Chairman Richard
16 and members of the board. My name is Jim Hunter. My
17 company is Knowledge Solutions Group, a professional
18 service and small business. I launched this company in
19 Tokyo 15 years ago. My project management program
20 provides IP services to the transportation industries
21 manufacturing and financial services. I launched our
22 first North American operation in Bakersfield two years
23 ago for the purpose of supporting the buoy logistics
24 industry as well as supporting high-speed rail. We
25 worked with -- throughout Asia in transportation

1 industries. The Pan Rail system, Bangkok Metro System
2 and done some work with BART.

3 We are -- our primaries here are to applaud the
4 board for your strategic small business participation
5 program and your commitment to the disabled veterans
6 program and the disadvantaged business enterprises. So
7 that's -- I thank you very much for that commitment. I
8 look forward to seeing you during the project.

9 CHAIRMAN RICHARD: Thank you very much, sir.
10 Appreciate that.

11 Good morning, Ms. LaCome, and she'll be followed
12 by Eddie Lao.

13 MS. LACOME: Good morning, Chairman Richard,
14 members of the board. I'm Diana LaCome, president of
15 APAC, Associated Professionals and Contractors, and I'm
16 going to be very brief. We see that you're undergoing a
17 lot of amending extensions on the current contracts.
18 We'd like to strongly recommend that on those contracts,
19 I understand that you're including the 30 percent small
20 business goal, but we're hoping that these extensions
21 also include specific outreach to additional small
22 business organizations and small businesses. For
23 example, one of the contracts you're extending today is
24 AB Wong, to date, they have had 4.27 percent of SB
25 participation. We'd like to see more activity there.

1 We'd be willing to work with them on that to make sure
2 that they make that thirty percent goal.

3 We'd also like to encourage all the teams and all
4 of the regional consultants to utilize the small
5 business set aside program now allowed under 49 CFR part
6 46, and I know that the Authority is now conducting
7 certification workshops, which I think is excellent --
8 very good -- but I would like to also recommend that the
9 Authority conduct some additional industry forums, meet
10 and greets and so on. Especially, since you now have a
11 lowest responsible bidder and so on, and that there is
12 some contract there. Thank you very much.

13 CHAIRMAN RICHARD: Thank you, Ms. LaCome.
14 When we get to those items on the agenda, I'll make sure
15 to ask the staff about the points that you're raising.

16 Eddie Lao followed by Allen Scott.

17 One moment. Can we reopen or just note for the
18 record that Mr. Umberg has arrived.

19 MS. LANE: Vice-chair Schenk.

20 CHAIRMAN RICHARD: Just call Mr. Umberg.

21 MS. LANE: Mr. Umberg.

22 MR. UMBERG: I'm here.

23 MS. LANE: All right. Thank you.

24 CHAIRMAN RICHARD: Okay. Mr. Lao.

25 MR. LAO: Good morning, Chairman Richard and

1 the board members and Mr. Morales. My name is Eddie
2 Lao, and here to represent on speaking on behalf of
3 Council Asian American Business Association from San
4 Francisco. Specifically, I'm talking about the regional
5 consultants contract amendment that was on the agenda at
6 the last board meeting on the April 4 meeting and
7 specific on Resolution HSR 1305 dealing with
8 transportation group and board resolution number HSR
9 1306 USHSR measure. I'm here to ask you to rescind
10 those two resolutions.

11 You know, the participation of the small
12 business, DBE, DVBE, is really lacking that's a matter
13 of documented issue, and it started in around 2006 to
14 2008, the Authority awarded eight regional consulting
15 contracts and one program management contract for
16 totalling on 800 million, and we have only one percent
17 to three percent SBE participation. Now, the
18 participation of SBE, DBE have improved moderately
19 ranging in from 4.3 to 23.4 percent as indicated on the
20 summary report prepared by staff for the period July
21 1st, 2006 through September 30, 2012. I think if you
22 look at this, the attachment, you'll see that. More
23 recently, the Authority should be commended for awarding
24 a project and construction management contract seeking,
25 number one, to Wong Harris team, so I think, with 30

1 percent SBE, DBE goals.

2 Now, the two regional contract that you have
3 amended the contract, they only -- they only contributed
4 as utilized only nine percent of SBE and DBE, DVBE
5 goals. Now, even though the resolution called for 30
6 percent participation, but I think we request you to
7 require the prime to demonstrate the willingness to meet
8 the goal by submitting the project goal by outreach, by
9 public size, and advertise to the small business DBE,
10 DVBE business so that they can have an opportunity to
11 re-participate, and thank you for your time.

12 CHAIRMAN RICHARD: Thank you, Mr. Lao. I'll
13 ask our staff to take a look at this issue. I think
14 that it's a matter of record, I did recuse myself on
15 that particular item involving Parsons Transportation
16 Corporation, but we'll have the staff consider your
17 comments Mr. Lao. Thank you.

18 Mr. Scott, I'd just like to announce publically
19 that at our last meeting, I told you that I actually
20 would like a shirt from the Californians -- Citizens for
21 California High-Speed Rail Accountability. You
22 delivered that to me. I owe you \$40, which I'll pay you
23 today. I just want to say, I, too, believe in
24 high-speed rail accountability. We may have different
25 definitions of it, but I thank you for this and --

1 MS. SCHENK: And the rest of us are jealous.

2 MR. SCOTT: Hey, for forty bucks, I can help
3 you out. Mr. Richards will be the first.

4 MS. SCHENK: You're on.

5 CHAIRMAN RICHARD: And someone went through
6 the trouble of stitching my name on that. So I
7 appreciate that very much. We'll model it for you at
8 the appropriate time, which is probably far away from
9 any public cameras. Mr. Scott, thank you.

10 MR. SCOTT: It's a pleasure to serve.
11 Anyway, good morning, Chairman Richard, vice-chair and
12 board members. I'm also one of those that -- well, I'm
13 a founding member of the Citizens for High-Speed Rail
14 Accountability back in July of 2011, when there's a
15 conversation with two board members regarding high-speed
16 rail. Yesterday, I was reading in the newspapers --
17 well, let me -- before I get there, April 1st of 1974, I
18 arrived in this state. I entered my future home state
19 and discovered my new state had the highest public rated
20 schools, the best universities and colleges, and no
21 debt. I stand before you today to relay once more, the
22 leading state that I thought I was in -- I left
23 Massachusetts, which was called "tax-achusetts" -- and
24 is now last in almost every benchmark, schools,
25 regulation, debt, and high forty percent of all 50

1 states. And, just announced, yesterday in the
2 Sacramento Bee that the debt is now between -- somewhere
3 around \$600 and something to \$1.1 trillion, and
4 moreover, the United States is fast-approaching \$17
5 trillion and their credit rating is also -- their credit
6 rating is a problem. Prop 1-A was passed with simple
7 rules and regulations. It's a law. It doesn't seem to
8 be doing that.

9 Today, there's a number of agencies, a number of
10 people -- and there was one up here a minute ago -- who
11 are upset. And I'm being polite about his, but now you
12 have BNSF upset, you have the STV upset, and then you
13 have, also, Kings County, the lawsuit that's coming down
14 at the end of the month, and then the various problems
15 in Fresno, which are in the paper, which you haven't
16 even mentioned yet. And my problem is, I told you less
17 than a month ago, that I'm not coming off the money
18 issue. I'm not talking the train today. I'm talking
19 about the debtness of our grandchildren. Mr. Umberg was
20 one of the ones discussing that. The debt of this state
21 and the additional debt that this project is going to
22 add to this state is going to affect my children, my
23 grandchildren, their children. I'm a firm believable --
24 I've been saying it since September of 2011, and I
25 actually came up with a figure of six hundred and some

1 odd billion dollars between unemployment debt for this
2 state in 2011 with an economist working with me. So I
3 ask that due diligence prevail, and I ask that you
4 understand, can we afford to give our future generations
5 this debt service? Thank you very much.

6 CHAIRMAN RICHARD: Thank you, Mr. Scott.
7 When we have a moment, I would be happy to sit down and
8 chat with you about my thoughts on that. So let's look
9 for that opportunity. Shelley Andromeda.

10 MS. ANDROMEDA: Good morning. how is
11 everyone today?

12 CHAIRMAN RICHARD: Well, we'll know in a
13 moment after you tell us how we're doing.

14 MS. ANDROMEDA: All right. It's nice to see
15 you, board members, Vice-Chair Schenk. Thank you.

16 I have the wrong document here. Excuse me one
17 second. My name is Shelley Andromeda. And before --
18 I'm a -- in Fresno County and Kings County and I'm also
19 a board member of the Citizens for California High-Speed
20 Rail Accountability.

21 It's a clear, warm spring evening on the farm.
22 The crickets are chirping, birds still tweeting, and the
23 night owl is out and about. Every time I am able to
24 truly appreciate the beauty of nature that surrounds me,
25 my thoughts always return to, "Well, enjoy the

1 peacefulness while you can until they -- dot, dot, dot."

2 One doesn't have to live on a farm to enjoy the
3 surroundings. Those who have worked hard to provide a
4 life for their family through their small business,
5 larger business, dairy, and those whose livelihoods
6 depend on them usually feel the same. I'm sure you
7 enjoy what you do for a living aside from your role as a
8 board member. I'm also certain one wouldn't want to
9 live their life wondering when the next twist in the
10 tale of the Golden State high-speed rail project takes
11 off on another wild ride, or maybe the California
12 High-Speed Rail Authority does, which is why the same
13 things continue to go on.

14 Those in the proposed path of the California
15 high-speed train have become family, and I came here
16 today to make sure that their voices are still heard. I
17 have been a board member of the Citizens for High-Speed
18 Rail Accountability since July 2011, joining with them
19 since I couldn't get a straight answer from anyone
20 employed from the High-Speed Rail Authority. Some
21 things never change. This past Monday at our board
22 meeting, we were to see the map of the affected route.
23 I want everyone here to realize that whether it is your
24 actual property that you are viewing, there's a sick
25 feeling aside when someone is adversely affected. The

1 family whose maps we viewed are small farmers. They
2 just want to be left alone so they can farm and do what
3 makes them happy. They want to be able to provide for
4 their family and others to be at peace.

5 Farming is a very noble profession and most of
6 those in it are as well. The people in our group, those
7 who we have met along the way of the proposed paths is
8 concerned about the path is now family. We sincerely
9 care about one another and what happens to each other.
10 We are going through the same emotions and wonder why
11 anyone in this state is going to have to sacrifice their
12 noble livelihoods for an infrastructure project built on
13 a house of cards. I make sure to read the latest
14 headlines and keep up with how the data and
15 infrastructure of a project of this kind in this great
16 state of California is being watered down with bookends,
17 and it just doesn't make any sense.

18 When I first officially wrote the impasse to our
19 family farm back in October 2011, one question was our
20 concern of a possible derailment, which would be
21 catastrophic considering our close proximity. By
22 considering selection of the least technically sound
23 construction firm, the California High-Speed Rail
24 Authority Board is making this possibility an
25 all-certain reality.

1 I have one last paragraph.

2 One is all they have in this world. I ask each
3 of you today, as individuals, to take a good look at how
4 this project is being handled and ask yourselves, would
5 being affiliated with this particular high-speed rail
6 project and its current state of disarray and putting
7 hard-working Californians through the unpredictable
8 twists and turns would make one's loved ones proud,
9 would I want this to be my legacy. I know I wouldn't
10 want it to be mine. Thank you

11 CHAIRMAN RICHARD: Thank you, Ms. Andromeda.
12 Thank you.

13 Robert Allen followed by Ross Browning.

14 MR. ALLEN: High-speed rail stems from the
15 2008 vote for the State Reliable High-Speed Passenger
16 Train Bond Act for the 21st century. Blended rail,
17 having high-speed rail trains to the Caltrain tracks is
18 neither safe nor reliable. Low, unprotected track side
19 Caltrain platforms, forty feet grade crossings for motor
20 vehicles, and pedestrians line that route. A much
21 safer, better, and less costly alternative would be to
22 grade separate and multitrack the UP rail line by
23 Mulford. It's been long used by Amtrak's post Daylight
24 trains north from Santa Clara to the BART overhead in
25 Oakland near the Bay Bridge. BART runs every few

1 minutes through there into all of the San Francisco or
2 trans-Bay stations as well as the East Bay. There would
3 be no tunneling. There'd be no costly new train day
4 tool. It'd be serving, I think, the entire Bay area
5 with the State Capitol much sooner, and I'd certainly
6 like to see high-speed rail come from the Bay area to
7 Sacramento, and thank you very much.

8 CHAIRMAN RICHARD: Thank you.

9 Ross Browning followed by William Grinley.

10 MR. BROWNING: Thank you. Ross Browning
11 from the County of Kings, town of Layton, if you know
12 where it is. I was very disappointed when I saw that
13 you changed the agenda today, and we're not going to be
14 talking about the alignment coming through the Hanford
15 area. And then I realized maybe the reason that you
16 pulled it was not because of any technical difficulty
17 because I understand you already -- the staff has
18 already made a recommendation of where to go -- and that
19 the -- there's a technical difficulty further south of
20 Corcoran. So I figured the only reason maybe that you
21 hadn't -- you wanted to pull that item is that you
22 wanted to give the County of Kings time to formally
23 invite you folks to come down and hold your board
24 meeting in Hanford where you are going to be discussing
25 something that affects all of the people down there. So

1 on behalf of the stakeholders, the other citizens in the
2 County of Kings that couldn't be able to make it, and
3 point south, I would like to take this time to invite
4 you to bring the board meeting, your next board meeting
5 where you are addressing the alignment through Hanford,
6 if you please. And possibly, at that time, by then,
7 maybe, we could hear from Diane Gomez. We could all of
8 a sudden see some of the maps that we have requested
9 over and over and over again and other information that
10 we have not -- has not been forthcoming from the staff.
11 So can kill two birds with one stone at that time.
12 Thank you very much.

13 CHAIRMAN RICHARD: Thank you, Mr. Browning.

14 William Grinley followed by Kathy Hamilton.

15 Good morning, Mr. Grinley.

16 MR. GRINLEY: Good morning, Mr. Chairman,
17 board. My name is william Grinley. I am coauthor of 37
18 reports on the financial aspects of the high-speed rail,
19 which constitutes over 700 pages of material with 17
20 hundred footnotes. I'm here today to simply tell you
21 about what you do as a board as opposed to what you do
22 as an authority. As a board, your mission is not to
23 rubber stamp what the members of the management or the
24 personnel of the Authority that you oversee. Your job
25 is to govern. Governance is very serious business.

1 Having served on several of corporate and private entity
2 boards, I can share that with you. My second comment is
3 that what you do today and what you do in the future is
4 more and more under, not just local or statewide, but
5 national scrutiny. So it's not just the reputation of
6 the board and its actions, it's a personal
7 representation for integrity or lack of. Thank you.

8 CHAIRMAN RICHARD: Thank you, Mr. Grinley.

9 Ms. Hamilton, I think you have filled out two
10 cards.

11 MS. HAMILTON: Is that okay?

12 CHAIRMAN RICHARD: We're going to give you
13 one opportunity to speak.

14 MS. HAMILTON: Oh, well, will you give me a
15 little extra time?

16 CHAIRMAN RICHARD: Well, I'm pretty soft on
17 the clock anyway. So if you don't abuse it, then
18 please, go ahead.

19 MS. HAMILTON: You are. Okay. My name is
20 Kathy Hamilton, and I'm here today as a representative
21 of Community Coalition on High-Speed Rail. I also write
22 articles about the rail project. Wanted to remind the
23 Board, much like Mr. Grinley did, that this is a public
24 project, voted for by the people of California and using
25 California's tax money. We may -- we even pay for the

1 staff's salary, like Mr. Morales, and I believe that the
2 people need to be kept in the loop through the public
3 process. There have been lots of public meetings, but
4 it's the meetings that are out of the public eye that
5 I'm worried about. I also wanted to say that the public
6 was shortchanged by having a public notice regarding the
7 bidding process in August of 2012 deep in a technical
8 site that not even a news agency picked up on and
9 neither did CARRD, Californians Advocating Responsible
10 Rail Design, and they are about transparency.

11 I wanted to also say that, speaking of
12 transparency -- which Mr. Morales has been quoted
13 numerous times; I feel like he professed too much --
14 there has been no return communication on any of my
15 press questions and zero response, not even "We'll get
16 back to you." And in the public records area, it seems
17 that while people may be personally good intention, they
18 do everything they can to delay public records requests
19 especially when it might not put the agency in a good
20 eye. So despite pleas of transparency, as US Senator
21 Mobihand once stated, everybody is entitled to his own
22 opinion but not his own facts, and I wanted to say that
23 the facts are against you as a transparent agency no
24 matter what it is that you say publicly.

25 The part that I wanted to add was, Mr. Morales,

1 you have said in a Fresno Bee article released last
2 night, that "Imagine the criticism that we would be
3 under if we left 300 million to 500 million sitting on
4 the table from technically sound bids." Well, I wanted
5 to tell you that if you followed the process, the two
6 lowest would have been knocked out and those cost
7 numbers would have been returned unopened. So that is
8 not a true statement. If you used a simple math formula
9 and applied a grade -- and I will give CARRD the -- CARD
10 is the one that came up with it, Rita Wesbey, co-founder
11 -- an Algebra formula, the Tutor company got a D and
12 Dragon -- I'm not saying it correctly -- came up with a
13 B-plus. So for less than one percent total difference,
14 you could have given the people in the State of
15 California a much better company, and I'm not even
16 talking about Tutor's reputation but that three or five
17 hundred that you think was left on the table may be well
18 made up for in change orders.

19 You need to redo this process in the public eye,
20 not hidden. Your responsibility is to the public and to
21 the State, the people in California, who pay taxes. You
22 need to follow the laws of Prop 1-A, and you need to do
23 this right even though, technically, you may have buried
24 the change in formula. If the Board was responsible to
25 make the original recommendation, it should have come

1 back to this board, and frankly, Mr. Richard, I'm
2 disappointed when I heard that you did not give the nod
3 to Mr. Morales, and I understand why, because you have
4 had relationships with Parsons in the past, but you
5 should not have given that responsibility to Mr. Rossi.
6 You should have given that responsibility to the
7 vice-chair. That should have been part of the public
8 meeting. In January 2013, you said in a public meeting
9 that if there's any changes to technical or to finances
10 in the next round of bids that you think that there
11 should be a thorough discussion about that with the
12 Board. Well, we are talking about this right now. That
13 was done behind closed doors. Do it over. You need to
14 have an audit, and you need to do it over. Thank you.

15 CHAIRMAN RICHARD: Okay. Thank you,
16 Ms. Hamilton, and I assure you, we're going to be
17 commenting on this at the appropriate moment here.

18 Next, I apologize for the -- it's C.J. -- is it
19 Jalahar?

20 MR. JALAHAR: Yes, that's me.

21 CHAIRMAN RICHARD: How did I do with --

22 MR JALAHAR: Oh, you did good. Good
23 morning, Chairman Richard. My name is C.J. from the
24 City of Roseville. As I entered this hall this morning,
25 I was really excited. My first time going to this

1 meeting, but I was sitting over there, my son kept
2 interrupting me showing me a certificate that he had won
3 this morning. I know I'm speechless -- he won from
4 President Obama. So I just wanted to share that.

5 As an activist, I sit on the Transportation
6 Commission of the City of Roseville. Transportation is
7 my passion, too. Not often, we talk about railroads but
8 the high-speed rail road fascinates me. Whenever I get
9 a chance to do to the community, I go out to the county
10 people who know about high-speed railroad, but they
11 don't really know much about where it starts, where it
12 ends. Okay. I do know this plan. The project stops in
13 Sacramento, and all the importance is given down south
14 of Sacramento. I value the north especially Shasta and
15 other counties where it's a treasure of California, a
16 lot of potential for tourism, hospitality, industry,
17 what have you. So I do see a huge value in the ways of
18 high-speed rail to be extended beyond Sacramento. The
19 question to you Chairman Richard and the board members,
20 what is the plan going forward taking high-speed rail
21 beyond Sacramento? When I said "industries and tourism
22 and a lot of job creation," and I would imagine
23 probably, the Bay Area happening might also get shifted
24 over that area. Thank you, sir.

25 CHAIRMAN RICHARD: Thank you very much, sir.

1 Our final speaker is Frank Oliveira.

2 Mr. Oliveira, I also have two cards from you, but
3 I'm just going to combine them.

4 MR. OLIVEIRA: Thank you. My name is Frank
5 Oliveira. I'm with the Citizens for California
6 High-Speed Rail Accountability. I wanted to talk to you
7 about a common thing, six speeds. We talked about that
8 before. This board is planning poor performance. I
9 first experienced it in this project May 5th, 2011. You
10 don't realize when you get into this project, because
11 it's so large, not everybody are train experts or
12 transportation experts. You can't get your head wrapped
13 around the complexity of the mission, but all of a
14 sudden, if you pay attention and if you're there enough,
15 you see problems.

16 On May 5th, 2011, which was awhile ago, I was
17 treated in this board room in this chamber here to hear
18 the California High-Speed Rail Authority give a report
19 saying "everything's worked out in Kings County.
20 Everybody's happy. Industries happy. Cities are
21 happy." I know you don't believe that now, but that was
22 the report that day. That was the reality that was
23 reported. January of 2012, in this chamber -- or it
24 wasn't in this chamber. It was in Los Angeles at the
25 board meeting there. I was treated to a report from PB

1 that said that the station planning was going well in
2 Kings County that your staff was working closely with
3 people in our community to make this a reality. But I
4 knew that was wrong, too, and I started brining that up
5 and asking for corrections in the record based on what
6 we all know is true, and it never happened. So those
7 things became part of the foundation of this project.

8 Honesty of information is very important to build
9 a foundation to succeed on. For three years, I have
10 been watching this project. Recently, I became aware
11 that that BNSF is not happy, but I have been sitting
12 here for three years listening to reports about how this
13 rail is going to link to the BNSF here, there, follow
14 this alignment. But yet, I have a letter with me right
15 now to the service transportation board from the BNSF
16 saying that you have provided them confusing,
17 conflicting, misleading information. It's a real
18 damning letter. I am sure most of you have read it, and
19 that probably should be part of your discussion here
20 today is why the railroad right-of-way that you're going
21 to follow for most of the ICS is contacting the Federal
22 Transportation Board or Service Transportation Board and
23 telling them they're confused.

24 Now, what little I know about this project or the
25 Authority is it's been in business since 1996, and it

1 was perceived by the industry for about three years. So
2 after about 15 years -- so plus 15 years, the local
3 freight right-of-way that you're running on is confused.
4 This is not transparency. What this is, is pretending
5 about information, and if you pretend long enough,
6 people may think it's true, but the problem is, if you
7 believe it's true and you're pretending, we got a bad
8 project going. This bidding process thing that
9 everybody has been talking about, the bidding process
10 was changed. It was a very public process before it was
11 changed in the summertime. Some people have a hard time
12 following these changes because of the way that they
13 were done, buried in the document. But I mean, one
14 document had sixteen changes, that I look at, to change
15 this process, which never came back to the board. As a
16 result, what I understand is that of the five
17 consortiums, the Authority picked this consortium that
18 had the lowest bid, which would bring the best value to
19 the public and the State. However, that second
20 consortium had the lowest technical rating. Now, I ask
21 you -- and I'll sum up real quick because of over
22 time -- what can go wrong for the State of California,
23 the public of California, when you take a project that
24 has foundation problems, pretend information, fake
25 information, bad information, and you give the project

1 CP-1 to the consortium with the lowest technical score
2 by your standards? There is a problem here, and this
3 Board needs to attend to it, because there is not a
4 public trust. I'll leave the document for you with the
5 BNSF, and thank you for your time

6 CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

7 Okay. That completes the public comment this
8 morning, and we will move on to our agenda.

9 Mr. Morales just reminded me of something that I
10 was going to address later in the day, but just in case
11 people leave, today is the last board meeting for one of
12 our key staff people, Mr. Rob Wilcox, who is going to be
13 sitting in the back row there.

14 Mr. Wilcox, could you just stand up for a moment.

15 Rob has been in charge of all of our
16 communications. He's done an excellent job. He has
17 been a great friend. One of the things his departure
18 will mean is that some of the more incendiary responses
19 that I have drafted for members of the press might
20 actually go out as opposed to his tackling me on the way
21 to the fax machine, so that can spice things up a little
22 bit, but Rob has done a great job over the last year
23 over the High Speed-Rail Authority, and he's returning
24 to Los Angeles for reasons that are incomprehensible but
25 we appreciate -- Rob, we just appreciate everything you

1 have done, and we wish you the best.

2 The -- so we'll move to the first item, which is
3 the Proposal to Release an RFQ to rebid the regional
4 consulting contracts for Los Angeles to San Diego
5 project section. We have a number of these that we're
6 going to go through, and yes, before we recommend, Mr.
7 Fellenz, Mr. Morales.

8 MR. MORALES: Thank you, Mr. Chairman.
9 Before we get into these topics, all are linked
10 together, and I want to provide an overview as to how
11 we're approaching these contracts, and Tom Fellenz and
12 Frank Vacca will go through all the details, but I want
13 to provide an overview. There's a common approach as to
14 how we are working through these contracts, and then
15 there's several things that we're doing in looking at
16 all of the contracts as they come up upon their
17 expiration. One of the key factors being ensuring that
18 as we move forward with any of these contracts that they
19 are in alliance with SB 1029, the appropriation that was
20 approved by the legislature and laid out the course,
21 that they are in alignment with the board-adopted
22 business plan. And just to give you a sense of what
23 some of that means, of course, is the decision by the
24 board last year to select a southern group for the IOS,
25 has implications in terms of the pace of study and the

1 pace of documents being completed. That needs to be
2 reflected in documents.

3 Another point that was made by Mr. Cohen and Mike
4 Wyley from the RT, the whole adoption of the budget
5 approach as well as on the peninsula, that a significant
6 impact on the scope of work for the contracts in those
7 areas and so all of those contracts are being -- all of
8 the changes and recommendations are being made with
9 those taken into account.

10 Secondly, it's important to note, the starting
11 premise on any contract is that the, the premise would be
12 to re-compete any and all contracts for all the reasons
13 that that process is in place, to get better
14 competition, to bring new ideas to the table. What we
15 do then is look at that and determine on a case-by-case
16 basis if there are compelling reasons not to re-compete.
17 Those reasons, which again we'll go through in detail,
18 would be things such as impact on schedule, cost, and
19 risk. This is a risk-based analysis that we do really
20 do look at cost implications, schedule implications, as
21 well as any performance issues.

22 Thirdly, all of these contracts now are being
23 tied to deliverables or milestones. So they are not
24 just a term of -- term of -- length of time and a
25 guaranteed amount. They're up-to amounts based on

1 delivery and certain activities, and, of course, always
2 with the ability of the Authority to terminate if that
3 should be necessary or appropriate to do.

4 Fourth, again, following on some of the public
5 comments, all of these contracts now, as we go forward,
6 will include the small business goals, the veterans
7 goals, all -- and other policies. And I think to some
8 of the earlier comments, it's important to note that the
9 previous contracts contain no goals. We have been
10 working with the contractors over the last year,
11 certainly since the Board adopted the 30 percent goal,
12 to try to get improved performance with the existing
13 contracts. We made some very good progress, but the
14 fact is that there were no goals attached to the earlier
15 contracts. Every one of these contracts as we go
16 forward will have those goals attached to them, and we
17 will enforce that.

18 And then, finally, as an overall approach to
19 these, these contracts also reflect our staffing
20 management plan and the growth of the Authority staff,
21 and so that we are reconciling responsibilities that we
22 are able now to bring in house with those that we need
23 to obtain through consultant contracts and also with a
24 strong management and oversight program over them.

25 So I just wanted to provide some context for each

1 of these contacts and the kind of process we're going
2 through on each and every one of these, and then Tom and
3 Frank will walk through the particulars on all.

4 CHAIRMAN RICHARD: Great. I appreciate that
5 context.

6 Do any board members have questions for
7 Mr. Morales about his overview and point?

8 Good morning, Mr. Fellenz. Why don't you walk us
9 through these.

10 MR. FELLEENZ: Good morning, Chairman Richard
11 and board members. I just also would like to start with
12 just a little background. These are all architectural
13 and engineering contracts, and so under the California
14 law, the way they're procured is that there's a
15 statement of -- the Request for Qualification is sent by
16 the High-Speed Rail Authority. Statements of interest
17 are sent back, and the qualifications from the design --
18 from these design firms. And then we go through an
19 evaluation process and we rank the top -- we rank them.
20 And then we have the top three architectural engineering
21 firms that will be considered for contract. We go to
22 the top ranked one first and then try to negotiate. The
23 negotiations would include ways for particular
24 individuals within the company special rates, overhead
25 rates, and those sort of things. Then if we can come to

1 an agreement with the negotiation, we process with the
2 top firm, the most qualified based on our evaluation.
3 Then we will turn to a contract. These contracts are up
4 to certain amounts. The way we manage these contracts
5 is through what are called "annual work plans." So
6 every year, around the fiscal change, July of every
7 year, we go and we approve an annual work plan by all
8 these firms, and the annual work plan lays out
9 specifically what tasks will be accomplished over the
10 next year, and we, at that time, consider their overhead
11 rates, escalation rates, which will be possibly
12 sub-negotiation. So every year, all of these contracts
13 are managed in that way. We -- they are only to do what
14 is outlined in the annual work plan. That is their
15 scope of work for the additional year unless we modify
16 that for the year. So it's basically a definition of
17 work. We manage the work closely also. The invoices
18 come in for all the work. We make sure that the work
19 end is accomplished and that the hours charged to
20 accomplish that work are reasonable, fair and, and if
21 they are not, we discuss it with those firms and modify
22 those charges as appropriate.

23 So with that background, we do have a number of
24 contracts that we have looked at internally, and we are
25 making a decision as to whether, as Jeff said, whether

1 we move to the re-procurist as the decision which is one
2 where we will first go to, or whether it makes sense to
3 continue in our contacts for some reason. So I'm going
4 to Agenda Item Number 1, which is a request to award, to
5 rebid the regional contract for Los Angeles to San Diego
6 section by first amending the existing contract with
7 HNTB. The original contract amount, as you can see in
8 your memo, was 94.8 million, and it was issued in 2007,
9 and today, it's -- 10.9 billion has been spent. We
10 believe that it's in the best interest of the state to
11 re-procure this, but we're asking the board to allow us
12 to extend the time of the existing contract by ninety
13 days to give us enough time to come back to you with a
14 Request for Qualification. The scope of work will be
15 approved and Request for Qualification for the rebid.
16 We believe the ninety days is reasonable because it would
17 allow the transition period between one company and the
18 next, assuming a different company is a successful
19 proposer.

20 We, as Jeff mentioned, have a 30 percent goal
21 that we will have in this amendment, the ninety-day memo
22 that would include the 30 percent goal, and, all these
23 contracts have a thirty-day termination clause, so if
24 their performance is not up to standards, we can
25 terminate them in a thirty-day period. There's been

1 some public comments made by some of my friends on the
2 Small Business Council regarding the public outreach so
3 that the small businesses might have an opportunity to
4 participate in these contacts and I'm -- one of the hats
5 I wear is a Small Business Council chair, and so -- I'll
6 look for a head nod from Jeff -- I'll commit that we
7 will have some outreach for all these contracts so that
8 the small businesses can come and meet those proposal
9 teams, and it will be beneficial on both sides, and it's
10 very beneficial to small businesses to have that
11 encountered as early as possible.

12 If there's any questions on Agenda Item 1, I'm
13 happy to answer them. Also, Frank Vacca is here, our
14 chief program manager.

15 CHAIRMAN RICHARD: Let me just ask -- I'll
16 ask the Board, certainly, at this point, that if they
17 have any questions, but it seems we can proceed two ways
18 on this. We can go through each individual contract, or
19 our CEO has told us that if there's an overarching
20 philosophy here of going out to rebid where we can with
21 extensions where we need to in order to have a smooth
22 transition. So we can either do these one at a time and
23 take a vote or them or not. So I don't know if there's
24 a preference.

25 Mr. Morales, do you have a preference?

1 MR. MORALES: No. We're happy to go either
2 way, but there are separate resolutions for each of
3 them. There will need to be separate vote, but
4 certainly, discussion can be taken on them.

5 CHAIRMAN RICHARD: Okay. Vice-chair Schenk
6 I think asked to go first.

7 MS. SCHENK: Thank you, Mr. Chairman.

8 Mr. Fellenz, just a couple of my -- will the
9 current RC HNTB be permitted to participate in the
10 rebidding? I wasn't clear on that.

11 MR. FELLEENZ: Yes, yes.

12 MS. SCHENK: They are. So they can go back
13 to square one. So they aren't precluded somehow?

14 MR. FELLEENZ: Correct. There are conflict
15 of -- organizational conflict of interest rights that we
16 provide. So, for example, if there's a designer on a
17 particular section, it would be prohibited from running
18 a design build team, different type of contracts, while
19 they're working on the environmental document. So we do
20 have some rules like that. Another prohibition to
21 participate would be if they weren't on the procurement
22 contract advertisement themselves. So, for instance,
23 Parsons, this is a design build contract, in the
24 procurement of that, so they could not participate on
25 the design build team, so we do have that organizational

1 conflict of interest guidelines that are quite
2 extensive. They're on our website. Any firm that has a
3 question about conflicts, they're to contact me
4 directly, and we can go through the process where we
5 discuss that and determine to make sure there is no
6 conflict.

7 MS. SCHENK: And second, under the
8 recommendation for this particular agenda item, it says
9 staff recommends the board approve the amendment to
10 extend the contract with AB Wong.

11 MR. FELLEENZ: Oh, yeah. I apologize that
12 should be --

13 MS. SCHENK: Should be HNTB.

14 MR. FELLEENZ: Yes, and I apologize. We did
15 catch that error, and so the public does have the
16 correction. I apologize that just -- you didn't receive
17 that.

18 MS. SCHENK: Thank you.

19 CHAIRMAN RICHARD: Mr. Hartnett.

20 MR. HARTNETT: Yes. Mr. Chair, thank you.

21 The first, the first two items are similar in
22 nature in terms of the ninety-day extension and for time
23 to re-solicit and have them work during the mean time.
24 So I think we can -- I'd like to dispose of both those
25 at the same time. My comments are directed to both, and

1 they follow up a bit of Vice-Chair Schenk's comments.

2 In terms of the re-solicitation, can you describe
3 a little bit more what that process is and how the -- in
4 re-soliciting, how do you determine the new scope of
5 work that is going to be re-solicited regarding the
6 process for the re-solicitation?

7 MR. FELLEENZ: Well, we have to get your
8 permission. That's kind of the short answer. What we
9 do is we develop the scope of work for the rebid, and we
10 actually develop the RC itself, and then, because
11 there's a board resolution for sometime ago requiring us
12 to come back to the board and the board must approve the
13 scope of work as an RFQ itself, RFQ to us setting it out
14 to hopefully for their interest in the RFQ. So you'll
15 be able to see what that scope is. You will see it in
16 the next -- probably at the next board meeting because
17 it needs to go back out with the RFQ so that we can get
18 someone else on board and then maybe the name firm.

19 MR. HARTNETT: And I understand it's -- the
20 request is up to ninety days. So presumably, already
21 done from our work and getting ready because for this
22 process, it seems to me that ninety days is not a long
23 time to accomplish a re-solicitation and evaluation. So
24 are -- have -- has there already been substantial work
25 done in terms of the scope of work and the process?

1 MR. VACCA: Hi, I'm Frank Vacca, the chief
2 program manager. Along that line, the scope of work for
3 both these items is what the original consultants have
4 all been working towards and that is including the
5 engineering, the 15 percent, the environmental process,
6 documentation of that, and so the overall scope is here.
7 It's the same. Similar scope as to what the contracts
8 have listed. What we would do in the re-solicitation is
9 focus on the status of the document that was developed
10 for this date and what we need to do to move forward so
11 that we can further refine it, but the overall scope for
12 all of these regional consultants is to meet the same
13 goals and targets of completing the environmental
14 process and all the associated work with that. So yes,
15 most of the work has been accomplished and is ready to
16 go.

17 MR. MORALES: Just one other clarification
18 on the timing question. The -- this -- these two
19 contracts expire actually June 30th, and so the
20 extension is past June 30th. So there's actually two
21 more months and then the ninety days just to add to
22 that.

23 CHAIRMAN RICHARD: Okay.

24 MR. FELLEENZ: And we're confident we can go
25 through a re-solicitation selection within that final

1 period.

2 CHAIRMAN RICHARD: Vice-Chair Richards.

3 MR. RICHARDS: Just a comment, Mr. Chairman.

4 I mean, the other thing of note here is that all
5 these contracts that we're looking at were executed or
6 negotiated and executed back in 2007, late 2006. The
7 economic environment has changed. I would hope it would
8 be an opportunity that we might see some additional
9 savings for the Authority.

10 Secondly, as you pointed out Jeff, it gives us
11 also, I think, the opportunity of inserting our small
12 business program, which is absolutely important, and to
13 the extent that, as Director Hartnett has pointed out,
14 these can be extended for the ninety days and any harm
15 to the momentum or the quality of the process in moving
16 this process forward. Frankly, it seems to me to be
17 good business.

18 CHAIRMAN RICHARD: Thank you. And I
19 especially like to comment on the economic environment
20 having changed message to all the perspective
21 businesses. So thank you for that.

22 Okay. No other questions. Why don't we -- oh,
23 I'm sorry. Excuse me. Mr. Umberg.

24 MR. UMBERG: One question about Parsons. Is
25 this the appropriate time to ask questions? Are we

1 going to --

2 CHAIRMAN RICHARD: Actually, I thought that
3 since we have resolutions, we just go ahead.

4 MR. UMBERG: All right. That's fine. I'll
5 wait.

6 CHAIRMAN RICHARD: Okay. So can I get a
7 motion on the first resolution?

8 MS. SCHENK: Move.

9 MR. RICHARDS: Second.

10 CHAIRMAN RICHARD: All right. Moved by
11 Vice-Chair Schenk. Seconded by Vice-Chair Richards.

12 Would you please call the roll.

13 MS. LANE: Vice-Chair Schenk.

14 MS. SCHENK: Yes.

15 MS. LANE: Vice-Chair Richards.

16 MR. RICHARDS: Yes.

17 MS. LANE: Mr. Umberg.

18 MR. UMBERG: Yes.

19 MS. LANE: Mr. Hartnett.

20 MR. HARTNETT: Yes.

21 MS. LANE: Chairman Richard.

22 CHAIRMAN RICHARD: Yes.

23 Do we -- okay. So on Agenda Item 2, I don't know
24 how much additional commentary we need on this. Oh,
25 were they both the same resolution?

1 MR. FELLEENZ: Well, different resolutions
2 but I think --

3 MR. RICHARDS: I would make a motion for
4 Item Number 2.

5 MR. HARTNETT: Second.

6 CHAIRMAN RICHARD: Okay. It's been moved by
7 Vice-Chair Richards. Seconded by Board Member Hartnett.

8 Please call the roll.

9 MS. LANE: Vice-Chair Schenk.

10 MS. SCHENK: Yes.

11 MS. LANE: Vice-Chair Richards.

12 MR. RICHARDS: Yes.

13 MS. LANE: Mr. Umberg.

14 MR. UMBERG: Yes.

15 MS. LANE: Mr. Hartnett.

16 MR. HARTNETT: Yes.

17 MS. LANE: Chairman Richard.

18 CHAIRMAN RICHARD: Yes.

19 Okay. Next item.

20 MR. FELLEENZ: Yes. Next one is Item Number
21 3. This one is a little different than the first two.
22 It's to extend the contract from Merced to Fresno with
23 the AB Wong firm, and it's different because the record
24 of decision, which is the final document that's
25 completed for this section. So essentially, most of the

1 work is finished in this section from the preliminary
2 engineering and environmental standpoint, but it makes
3 sense for staff to extend this for another 24 months,
4 because this is the firm that knows the most about this
5 document and can be most helpful with some additional
6 tasks that will occur during the design build contract,
7 and it will need some input from this design firm.
8 Those include interactions the design build firm
9 regarding engineering that was completed. There's some
10 permitting requirements that this firm would be the most
11 helpful with, and also the environment indication
12 measures, because they have developed those as part of
13 the environmental process. So as you can see, the
14 current budget for that is sixty-five million one
15 hundred, and as of a member forty-seven million seven
16 hundred has been spent through a record of the saving,
17 past the record of the decision in February, and so
18 there's no need to add any more money to this contract,
19 but it, would be in the best interest of the state to
20 allow this firm to continue to provide the service while
21 the design build contract is in place.

22 CHAIRMAN RICHARD: Okay. That was important
23 for us to know before we act at this time. Any
24 questions from board members?

25 Vice-Chair Richards.

1 MR. RICHARDS: Oh, I'm sorry. No,
2 Mr. Chairman. I mean, other than I would concur that
3 with the amount of work that has gone on in this
4 section, it would be then to put the breaks on the
5 project to attempt to go out and rebid on this, a loss
6 of momentum and the other important aspect of moving the
7 project forward would be adversely hampered and severely
8 impact our ability to finish the project.

9 CHAIRMAN RICHARD: Okay. Mr. Hartnett.

10 MR. HARTNETT: Actually, I'd say I agree
11 with those comments, and I move that we adopt the
12 recommendation and resolution.

13 MS. SCHENK: Second.

14 CHAIRMAN RICHARD: All right. It's been
15 moved by Mr. Hartnett, seconded by Vice-Chair Schenk.

16 Please call the roll.

17 MS. LANE: Vice-Chair Schenk.

18 MS. SCHENK: Yes.

19 MS. LANE: Vice-Chair Richards.

20 MR. RICHARDS: Yes.

21 MS. LANE: Mr. Umberg.

22 MR. UMBERG: Yes.

23 MS. LANE: Mr. Hartnett.

24 MR. HARTNETT: Yes.

25 MS. LANE: Chairman Richard.

1 CHAIRMAN RICHARD: Yes. Item 4.

2 MR. FELLEENZ: Item 4, is a request to extend
3 the time for the regional consultant that's working on
4 the Palmdale to Los Angeles section, and a similar
5 evaluation was done as was with the last, which is there
6 are certain caps that we believe that is most beneficial
7 to be completed by this firm because they have started
8 that work already, but would be, we think, less costly
9 and more efficient to include those, and those are
10 listed on page 24 of the memo. So that would complete
11 the environmental technical reports and supplemental the
12 alternatives analysis to complete the 15 percent
13 preliminary engineering to get to what's called the
14 Technical Point B concurrence, which is one of the
15 milestones we have set forth in our relationship and
16 agreements with the Federal government environment
17 regulatory bodies.

18 And so you can see that the budget under this
19 contract is 74 million. Expenditures go through 52
20 million. So there's no need to amend the contract for
21 money. We think that the amount of money that's left in
22 the project is more than enough to complete the task of
23 that. So we're asking this contract be extended 15
24 months to July 1st -- pardon me -- to September 2014.
25 At that time, we will go out with a new procurement, and

1 we'll come back to the board with a RFQ and scope of
2 work approval request. It could be the same firm or
3 different firm to get the remainder of the work after
4 these to be adopted.

5 CHAIRMAN RICHARD: Okay. Let me just
6 comment, we heard from Mr. Behen from Palmdale, there's
7 a lot of work going on in that Palmdale area, and
8 Palmdale to Los Angeles corridor is important for us.
9 We intend to get Palmdale forthwith, and so I, again,
10 think this is an area where we are keeping momentum
11 going. People are going to be surprised when they see
12 us jump over the Tehachapi to Palmdale, but it's coming.
13 So -- we'll jump. The trains will do something else.

14 Comments or questions from members of the Board?

15 Okay. Motion?

16 Mr. Hartnett.

17 MR. HARTNETT: I move we adopt the
18 recommendation or resolution as stated in the report.

19 CHAIRMAN RICHARD: Okay. Second?

20 MS. SCHENK: Second.

21 CHAIRMAN RICHARD: Moved by Mr. Hartnett,
22 seconded by Vice-Chair Schenk.

23 Please call the roll.

24 MS. LANE: Vice-Chair Schenk.

25 MS. SCHENK: Yes.

1 MS. LANE: Mr. Richards.

2 MR. RICHARDS: Yes.

3 MS. LANE: Mr. Umberg.

4 MR. UMBERG: Yes.

5 MS. LANE: Mr. Hartnett.

6 MR. HARTNETT: Yes.

7 MS. LANE: Chairman Richard.

8 CHAIRMAN RICHARD: Yes.

9 Okay. Next item.

10 MR. FELLEENZ: Agenda Item Number 5 is an
11 extension for time and money to Parsons firm --

12 CHAIRMAN RICHARD: If I could, Mr. Fellenz,
13 let me just interject something right here. Most
14 members of the public know that our very capable CEO,
15 Mr. Morales, used to work for this firm as part of the
16 PMT team. So I wanted to make sure that it's understood
17 that -- you could probably look in the public record for
18 it. I'd like the minutes to reflect that the staff work
19 on this did not include Mr. Morales in any way, even
20 though, technically, I'm informed by general counsel
21 that he probably could have participated, but he did
22 not. Mr. Trujillo, who was -- in fact, I wanted to
23 recognize for his work on reviewing all of these
24 contracts and in helping to structure the analysis that
25 we heard about before, which ones to complete when and

1 which ones to hold onto working with Mr. Fellenz on
2 that. So Mr. Trujillo has been working on this
3 contract. Mr. Morales did not take part in any of this
4 staff work leading to the presentation. So with that,
5 Mr. Fellenz, could you proceed.

6 MR. FELLEENZ: Thank you. This architectural
7 and engineering contract is quite different than the
8 others in that this is for the program manager. So
9 they, as an extension of staff and in working closely
10 with staff, managed the entire program and laid out in
11 the board memo the types of activities that are
12 involved, including grants, the business plan itself,
13 engineering, and design management, the environmental
14 process, all procurements, program operations planning,
15 project control, and administration. So their goal
16 really extends throughout our entire program, and
17 somewhere as the regional consultants that we just had
18 before you earlier are just limited to preparing and
19 ensuring the environmental work on a particular section.
20 So we took a real hard look at this agreement and
21 decided that it's in the best interest of the state to
22 continue with Parsons offer of a 24-month period because
23 of the critical nature of some of the items that must
24 continue in high-speed rail. It would be very
25 disruptive and more costly and we think impact the

1 schedule of the project if, if Parsons is not allowed.
2 We decided not to go ahead with this extension. We also
3 asked that that additional money be put in the budget,
4 which would be \$24 million additional dollars to --
5 about 24 million is an -- is moneys that hasn't been
6 spent in the regional contract, we spent as of March
7 2013. We have 24 left. We wanted to add another 96
8 million in the budget for a total of a hundred and
9 twenty million dollars of, dollar amount to this
10 contact. Again, this is not a guaranteed sum we will
11 receive. It's an amount spent up to and be managed on
12 all the money that's been spent and tied into these
13 deliverable -- these schedules that are performed by
14 this project manager.

15 If you can see, I -- we have put together the
16 estimated expenditure by task in a tabular form. There
17 are two fiscal years that we're asking the contact,
18 which is 13/14 and 14/15. First in the year is about 65
19 million on a budget of about 55 million. The critical
20 work that needs to continue is also on page three and
21 that would be incorporation of the 2014 business plan
22 and reports and preparation of and support for
23 procurements for construction packages that remain the
24 PCM contract oversight management. The -- the PCM is --
25 they will also help with the Wong Harris contract that

1 oversees the construction, the development, and work
2 closer to tracking contracts, continue grant
3 administration including tracking the deliverables, risk
4 management program support and quality management
5 support. So those are the tasks that we think are
6 critical to continuing without interruption in the next
7 four months as we accomplish some of the milestones of
8 this project.

9 CHAIRMAN RICHARD: Questions. I have a
10 comment, but first other board members.

11 Mr. Umberg.

12 MR. UMBERG: Mr. Fellenz, this is actually
13 directed towards the staff. I don't know if we have
14 anybody here from -- but here's the issue and concern
15 and I hope potential resolution, is that I think as the
16 board, as you're aware, that there was a cofluffle with
17 respect to PB last year concerning critical comments
18 that Mr. Downing made in Business Week as identified as
19 a senior executive from Parsons. And at the time,
20 Mr. Downing can say whatever he likes to say, as I think
21 we're aware now, about their criticisms of the Authority
22 and the project. But when he made those critical
23 comments, perhaps, he should have said that PB was
24 responsible for project management and paid a hundred
25 and ten million dollars at that point and that wasn't

1 included, and, again, that's not the quarrel, because
2 Mr. Downing and Parsons can say whatever they wish, and,
3 indeed, we want them to be both forthright and brutally,
4 brutally frank with us. We prefer to have that told to
5 us outside national publication, at least initially, but
6 that's not the issue.

7 The issue is that PB did immediately acknowledge
8 that that was not an authorized comment, which they did
9 not agree, and I -- in fact, I should commend
10 Mr. Morales because he immediately took action, but
11 those above him made the decision not to correct the
12 comment -- I believe, for fear of embarrassing senior
13 executives -- and let that comment, which was inaccurate
14 according to PB. They had to republish another
15 publication.

16 So the question, I suppose, and the request is
17 that staff inquire PB to make sure that that
18 decision-making process, when they have to decide
19 between embarrassment and actually telling us what they
20 believe or we need to hear, that they choose the path of
21 frankness with us, and if they have to embarrass a
22 senior official to do that, that the higher good is that
23 they need to perform in a way that is with integrity.
24 So if the staff -- assuming this passes, if the staff
25 would make sure that that decision-making process, as

1 long as it's different than the process than the
2 decision-making process that we employed before, that
3 would be, from my perspective, great.

4 MR. FELLEENZ: Okay. We'll make sure that
5 happens.

6 CHAIRMAN RICHARD: Mr. Hartnett.

7 MR. HARTNETT: Thank you, Mr. Chair. I
8 think that, you know, it is important for the momentum
9 and the efficiency to move forward with the same team,
10 but I think it's important for us to note that changing
11 context in which we find ourselves, 2006, when the
12 services started, contract, the, the nature of the
13 services and the nature of the Authority as an
14 organization were substantially different than they are
15 now both in terms of what was possible to do for the
16 contracting party, what the Authority could do in terms
17 of moving anything forward due to not having the money,
18 not having the staff, not having the capability to build
19 a railroad, so to speak. And the difference between
20 then and now is just stunning. And it's important that
21 we and they understand that difference. I know they do,
22 and I know we do, but the fact is that we have an
23 organization now that is not dependent upon a
24 contracting party as we once were as indicated by the
25 circumstances at the time. And as Mr. Morales has said

1 over and over since he's been our CEO, it is really
2 important that government people make decisions that
3 government people should be making and not private
4 contracting parties, and our organization has been
5 staffed up and set up in such a way for that to happen.
6 And I think that's the context within which we would do
7 this extension and that is that we, as a board, fully
8 expect staff to ensure, that government people are
9 making the government decisions and that the contracting
10 party is being held accountability through staff,
11 reporting to staff, and the appropriate supervision so
12 that the work is moving forward in a manner in which we
13 expect and with the kind of accountability that we
14 expect, and the nature of the services are as important
15 as ever given where we are. And so I don't minimize the
16 need for the services that are appropriate contract
17 services that we expect private businesses to undertake.
18 So I point that out because it is easy to get the
19 context lost.

20 CHAIRMAN RICHARD: Mr. Vacca.

21 MR. VACCA: If I might support your
22 statement, Mr. Hartnett. In fact, the request today for
23 the extension was clearly looked at by staff in terms of
24 not only the critical elements and milestones that we
25 have to reach in your term to make sure there's not

1 struggle, but we also have to coordinate that with our
2 new staffing levels and the transition that the
3 Authority's going through, and there's a clear
4 transition not only that's taking place in the last six
5 months but will continue to take place in the next
6 twelve that is leading exactly to where you just
7 enunciated. So I just want to support and reemphasize
8 that it comes out and that is surely very true, and
9 that's where we're headed. Thank you.

10 CHAIRMAN RICHARD: Vice-Chair Schenk.

11 MS. SCHENK: Thank you, Mr. Chairman. At
12 the risk of being repetitive here, I think it is
13 important for PB to know, as my colleague so eloquently
14 pointed out, that the times have changed. I was here in
15 '06 when we did the contract and through the ensuing
16 years, and very often, I had the feeling that PB -- not
17 Mr. Morales; he was a shining exception to this -- but
18 to some of his superiors felt that they were the
19 Authority, and we were routinely ignored and dismissed.
20 The times have changed. We have extraordinarily
21 competent staff who speaks for the Authority as
22 delegated to them the opportunity to do so. We speak
23 for the people of the State, and they are the
24 consultants, and while I understand and acknowledge and
25 accept the need for continuity and not to unnecessarily

1 upset what's going on, I would not hesitate to vote to
2 go out to rebid, should the relationship not continue as
3 we all here hope that it will now on this new basis. So
4 it's really a message for PB that it is a new day here.

5 CHAIRMAN RICHARD: Mr. Umberg.

6 MR. UMBERG: What's the termination clause
7 in terms of the notification?

8 MR. FELLEENZ: A thirty-day notification for
9 termination, yes.

10 CHAIRMAN RICHARD: Vice-Chair Richards.

11 MR. RICHARDS: Thank you, Mr. Chairman.
12 Just a couple of quick questions. I'm just interested
13 in how -- and maybe I missed it, and if I did, I
14 apologize -- how was it determined that we would extend
15 this roughly for two years through June 30th, 2015 as
16 opposed to some later date? And secondly, it may have
17 to do with -- I'm going to suspect, with the tasks of
18 the amendment, that you all -- that staff will be
19 negotiating, and I'm wondering how those change, because
20 it's in the original contract that it has been
21 anticipated four pages which has changed dramatically
22 since 2006. And so how -- what is it exactly we're
23 expecting from PB over these next few years, and why it
24 is it two years?

25 MR. VACCA: First, as Mr. Morales indicated

1 at the opening of these elements, it is the default
2 position that we will procure contracts in advance. So,
3 therefore, that will be the initial starting portion.
4 That evaluated what the impact would have been to the
5 operations to program to the State, and we looked at the
6 critical milestones that are due out in the near term,
7 and I was talking in terms of 12, 18 months. And, you
8 know, particularly, in terms of some of the critical
9 milestones that the program of this time. So we took
10 those milestones transitioning the Authority in terms of
11 staffing level and then added a few months for the
12 re-procurement of the new contract and came up with a
13 period. So we limited it only based on the need for the
14 program and not the impact and that's why we did not go
15 beyond that.

16 MR. RICHARDS: So at that point, it may be
17 more reasonable to consider going out on a
18 re-solicitation for a different PMT because we're in a
19 place that we can continue to move the project forward
20 without any potential for delay?

21 MR. VACCA: That's the plan.

22 MR. RICHARDS: And, again, the additional
23 budget number of 96 million that is in the budget, it's
24 not a committed amount of money that's going to be
25 spent; it's just a budget.

1 MR. VACCA: All of the elements, the numbers
2 that we're running around so far today, and this
3 particular one, the budget is up to, we manage the
4 contract with the Authority and the project program
5 goals. My groups manages all of these contacts on a
6 case test order basis. We negotiate every work program
7 annually. So we are very closely --

8 MR. RICHARDS: And we're happy you're
9 managing these contacts.

10 MR. VACCA: Thank you.

11 CHAIRMAN RICHARD: Yeah. I'll second that
12 we're very happy Mr. Vacca is here. And, first of all,
13 I want to -- I want to commend Mr. Hartnett for his
14 comments. I thought that they were very important, and
15 they, more than anything else, reflect the kind of
16 change that is taking place at the High-Speed Rail
17 Authority program. So I was going to say something like
18 that, but I wasn't going to say it as well. So I thank
19 you, and I think that that's a very important message to
20 go out here.

21 Second, with respect to the comments that my
22 colleague, Mr. Umberg, made, I also, at the time,
23 reached out to senior management at PB. It was an
24 extremely unfortunate incident, and it should not have
25 happened, and I understand that Mr. Downing, the day of

1 the comments, was a consultant at PB, but I think that
2 there probably was an opportunity for them to clarify
3 both that relationship and to disassociate himself at
4 the highest level. So it was a disappointing situation,
5 and Mr. Umberg was correct to point that out.

6 I guess I would say that I also -- and I think
7 this is a good time to point out that there have been
8 some changes and transitions in PB leadership. Brett
9 Falker is here, who is running the PMT operations for
10 PB. I found him to be a consummate professional and
11 very, very welcomed additional to that team. So there
12 are -- there's a lot of confidence there that we need to
13 rely upon.

14 I would add only one other thing to the comments
15 that were made, and that is, I think that the basic
16 predicate here, as expressed by Mr. Fellenz and
17 Mr. Vacca, that when possible, we do want to recontract
18 and rebid. We want to refresh these relationships. We
19 want to keep people in a competitive environment, not to
20 create uncertainty but to keep people performing at
21 their best. And certainly, we want to take advantage,
22 as was pointed out by Vice-Chair Richards, the changing
23 economic environments and harvest those possibility as
24 well as to update these contracts to reflect new board
25 policies such as the thirty percent small business set

1 aside. So I'm a big fan for recontracting. I think the
2 only comment that I would add here is to ask staff, I'm
3 looking at Mr. Trujillo in this case, let's make sure
4 that as we move forward -- and Mr. Vacca -- as we move
5 forward with the management of this contact, I don't
6 want to be in a position where the board is sitting here
7 two years hence, feeling as though it is hemmed in,
8 because we're in the midst of something and we can't
9 change horses in the middle of the stream. This is no
10 knock on the company at all, but I do think if we're
11 going to do this extension for two years, a task order
12 extension, everybody should have in mind that at the end
13 of the two years, there's very likely to be a
14 recontracting at that point. So I just want to make
15 sure that staff -- if the board does go forward with
16 this -- manages this contact in a way so that it doesn't
17 preclude the board from action in the future with
18 respect to what might happen at the end of the two-year
19 period. So that's my only other comment on this, and
20 with that, pleasure of the board.

21 MR. RICHARDS: I would move for approval,
22 Mr. Chairman.

23 CHAIRMAN RICHARD: All right. Second.

24 MR. HARTNETT: Second.

25 CHAIRMAN RICHARD: It was moved by

1 Vice-Chair Richards and seconded by Mr. Hartnett.

2 Secretary, please call the roll.

3 MS. LANE: Vice-Chair Schenk.

4 MS. SCHENK: Yes.

5 MS. LANE: Vice-Chair Richards.

6 MR. RICHARDS: Yes.

7 MS. LANE: Mr. Umberg.

8 MR. UMBERG: Yes.

9 MS. LANE: Mr. Hartnett.

10 MR. HARTNETT: Yes.

11 MS. LANE: Chairman Richard

12 CHAIRMAN RICHARD: Yes.

13 MR. FELLEENZ: Thank you.

14 CHAIRMAN RICHARD: Thank you. Let me just,
15 again, commend Mr. Trujillo and Mr. Fellenz, Mr. Vacca,
16 and staff for the way that you have reviewed these
17 contracts. I know a lot of time went into that over the
18 past several months. I think that the way that you
19 structured the decision analysis on this was sound as
20 reflected by the board action today, so thank you.

21 Next item is Item 6, staff's report on
22 Construction Package 1. We can probably skip this since
23 there's been no commentary on this. Actually, I have a
24 feeling that a number of people would like to comment on
25 this, so Mr. Tapping welcome.

1 MR. TAPPING: Good morning, Chairman
2 Richard, board. Pleasure to be in front of you again.
3 My name is John Tapping. I'm the risk manager for the
4 Authority, and I'm here today, it's my pleasure, to
5 deliver staff's report on Construction Package 1
6 procurement design build results and where we are and
7 the process ahead. This is an informational item at
8 this point. No board action is being requested at this
9 time because the procurement process is still in
10 process. It is subject to some finalization of
11 documents and so forth. We are limited somewhat in what
12 we can disclose publically at this point, but basic
13 information is what we're going to provide at this stage
14 to the board and the public on the process and the next
15 steps.

16 We will be working through procurement process,
17 and our intent is to present the contact for Authority's
18 award at the June 6th meeting, so we have been doing a
19 number of things since we opened the prize in order to
20 verify the apparent best value proposer proposal and to
21 move forward into a recommendation of award, which we
22 hope to do next month. On April 22nd, the Authority
23 identified Zachary Parsons, a joint venture as the best
24 scoring team for the design build contact to begin
25 construction on the Madera to Fresno segment. The

1 Authority had estimated the cost of the design build
2 contact to be between 1.2 billion and 1.8 billion, and
3 the Authority determined that Tutor Zachary Parsons, a
4 California based joint venture, who bid \$985,142,530,
5 was the apparent best value proposer. The ranking and
6 the score of all five proposals is attached in your
7 informational package.

8 A little background on design build of
9 procurement. As you know, design build combines both
10 project design and construction phases of the contract
11 into a single contract. It's a very common procurement
12 mechanism in the industry and in the highways and in the
13 railroad building industry. Also, there's -- the best
14 value selection process is part of the design build
15 process. That is, basically, a process that considers
16 things other than price when you're determining the
17 apparent best value proposer. So in our particular, we
18 had set that as the 30 percent weighting for the
19 technical review and a 70 percent weighting for the cost
20 via price.

21 In November 2001, the Authority issued a request
22 for Qualification for potential design build teams.
23 Five teams then submitted their qualifications and these
24 were reviewed by Authority personnel and found to meet
25 the threshold and were accepted and then began competing

1 for the contract. In January 2013, the five teams
2 submitted their proposals and were objectively reviewed
3 by an evaluation of panels comprised of public
4 employees, High-Speed Rail Authority management, and
5 also other governmental engineers. I think it's
6 important to note, the technical proposals were
7 evaluated twice before the prices were actually
8 considered and even opened. The prices were secured
9 into a locked safe, and for the sanctity of the process,
10 demanded that the technical review be performed totally
11 independent of any price considerations. So the team
12 went through an extensive review of qualifications. The
13 first was potentially a pass/fail review, which had very
14 specific criteria that was set forth in the information
15 to the proposers, and all of the five proposers past
16 that, that review. And that entails such things as
17 financial guarantee, financial statements, notes,
18 letters of support, credit ratings, et cetera. It was a
19 substantial review. So having passed the initial
20 review, each proposer was then subjected to a detailed
21 technical review, and there were such factors as project
22 schedule, engineering concepts, problems and solutions,
23 quality and safety, who were all -- were all reviewed
24 and given a scoring for all five proposers.

25 So at that point, after that review was

1 concluded, we opened the bids and the bid prices and
2 compiled results, and results are indicated on the
3 attached sheet, and through the balance of the 73
4 percent weighting Tutor Zachary Parsons was the apparent
5 best value. So the next steps in going forward is -- in
6 fact, yesterday, we reviewed Tutor's bid documents and
7 that process we well. There are a number of other
8 procedural issues that we need to do. At which point,
9 the Authority would issue an intent to award the
10 contract, and that will come, probably, in the next week
11 or two, and then from there, we would go to -- we could
12 recommend at the next board meeting -- Authority to
13 award that contact.

14 So that's the general process of how we got to
15 where we are today, and where we intend to be going in
16 the future.

17 CHAIRMAN RICHARD: Thank you. Mr. Morales,
18 there's been some commentary on this contract. As
19 people know, I have recused myself even though, legally,
20 I'm not required to do so, but since I think we're going
21 to be talking about the process for a moment here, I
22 just wanted to sit in and listen to this. There's been
23 some commentary both in the press, and, of course, some
24 of our public speakers today. Anything you'd like to
25 add to what Mr. Tapping had to say about the project?

1 MR. MORALES: Thank you, Mr. Chairman, yes.
2 And this is -- this entire discussion is about the
3 process of the procurement and of any potential award,
4 which will come at the next board meeting, assuming we
5 work through all the processes as John indicated.

6 I know this comes as a surprise to you,
7 Mr. Chairman, and others, but we do have some critics,
8 and we hear a lot of words, "accountability,"
9 "responsibility." I, as everyone at the Authority, I
10 take my responsibilities very seriously, and I'm
11 certainly accountable for the actions. Part of my
12 responsibility is to correct the record when there's
13 incorrect information, certainly, when there are
14 misleading or even incorrect press reports, which then
15 become the basis for further discussion, further press
16 reports, and it's our responsibility to ensure that the
17 public knows what the facts are.

18 I am somewhat befuddled, I will admit, that we
19 seem to have a concern about an outcome that introduces
20 greater transparency, more competition, and better
21 prices, which is what we did achieve, but I want to
22 speak to some of the facts. Contrary to what has been
23 suggested in various reports, there is, in fact, no
24 requirement for the Board to approve specific revisions
25 of this RFP or of any construction RFP. And I'm --

1 since many of you sit on other boards, many people in
2 the audience sit on boards -- I'm not aware of any board
3 anywhere that gets into the details of a procurement
4 document. This board is no different than any others.
5 Staff has given discretion to develop the procurement
6 documents under broad guidelines, and that's what
7 happened here. In March of 2012, there was a resolution
8 adopted and that authorized staff to proceed with the
9 RFP and gave specific approvals to include the stipends,
10 and that was because that exceeded the -- what, at the
11 time, the acting CEO's authority, delegating authority.
12 So the board needed to act on those items. As has been
13 noted, the Chair has recused himself from particulars
14 and the Chair of the Finance and Audit Committee was
15 then designated to work with staff as appropriate and
16 necessary, not because approval was required but to
17 address those issues which staff believes should come to
18 the attention of the board, should be aware of certainly
19 as we go forward. Staff did, in fact, consult with
20 Mr. Rossi acting in that capacity on issues including
21 extension of the bidding deadlines. You may recall we
22 extended the deadline for submission twice as well as
23 the changes in the evaluation, the improvements in the
24 evaluation process, which have been the subject of a lot
25 of discussion. The improvements in that process were

1 made over five months before the proposals were
2 submitted. They were made in August. The proposals
3 were submitted in January, on January 18th, of this
4 year. All five proposers had the same information at
5 the same time, knew how the proposals would be evaluated
6 five months before they submitted them at the time to
7 reflect those improvements in submitting their proposal.

8 One thing I think is important because people in
9 California often may be more familiar with a design
10 build process under which the agency develops full
11 designs, hands them over to a contractor, and says, "pay
12 a price to build this." The design build process, as
13 Mr. Tapping noted, is different. And it's an iterative
14 procurement process meaning that there is back and forth
15 with the potential bidders under very controlled
16 circumstances. As we go through, we're -- all bidders
17 are provided the same information. There's no
18 discussion that happens with one without all of them
19 knowing, and the intent of that process is to improve
20 the procurement, and we move issues and make it a better
21 document. Over the course of this procurement, we
22 issued nine addenda to the procurements, and those
23 covered a very broad range of issues, some being as
24 simple as correcting a grammatical error, a coma, a
25 punctuation, most of them being highly technical data

1 with the bidders wanting additional information to help
2 them prepare their bids, and then ranging out to issues
3 like the evaluation of their proposals. All told, those
4 nine addenda had over a thousand changes in them. Just
5 for comparison, another recent state design build
6 project at Presidio Parkway in San Francisco went
7 through a similar process and had over 11 hundred
8 changes made through the procurement process. Again,
9 this is common practice. Every single one of those
10 changes was posted on our website, along with, when the
11 addenda were issued, a summary, which is in plain
12 English summary version so that someone doesn't have to,
13 if they don't want to, bore through a hundred pages.
14 They can look at a few cover pages that describe in
15 plain English what the changes are that are being made.
16 Every one of the changes was included in that.

17 We have a lot of people, reporters, interested
18 members of the public, who take full advantage of the
19 fact that we post all of our documents on the website.
20 They scour the documents, which is certainly their
21 right, and we make that possible by providing those
22 documents. I can attest to how much detailed review
23 there is by the public, because we have frequent
24 discussion with people about very detailed provisions of
25 all sorts of documents including the procurement

1 documents that we talked about. We made people aware of
2 the availability of the information, and, in fact,
3 received numerous inquiries about detailed provisions of
4 the addenda. So we know people were accessing them.

5 There have been some suggestions in the media and
6 elsewhere that it's our responsibility not only to make
7 the information available but perhaps to identify to any
8 given party what they may find of interest in those
9 documents.

10 I would suggest, Mr. Chairman, I'm not sure that
11 we can be in that position of determining of what any
12 one person would find important or relevant.

13 We have had discussions, I can tell you, long
14 discussions, about things, which, frankly, I would not
15 see as overly significant, but are certainly important
16 to someone else. There are other issues that I would
17 expect to have discussion over and we don't. So, again,
18 we can't be in the position of determining what someone
19 will find as important.

20 From a process perspective, our responsibility is
21 to follow all the laws, all the rules, make information
22 available, and to improve the process as we go along to
23 get the best outcome, and that's exactly what we have
24 done. Which really, again, means that we seem to be
25 left with as a concern over the outcome. I want to be

1 clear about the result. What we got is a result of the
2 improvements we made through the procurement process,
3 were five very strong, technically sound bids. As
4 Mr. Tapping said, even under this improved process, had
5 any one of those technical proposals not been fully
6 compliant with all of the requirements, had there been
7 any reason to believe that any one of the bidders did
8 not meet all of the requirements, deliver the program
9 exactly as needed, they would not have been past the
10 first screenings of the evaluation; would not have had
11 their prices opened even under this process. And,
12 again, as Mr. Tapping indicated, it's very important to
13 note the technical reviews. Two levels of technical
14 review took place with the prices remaining in a sealed
15 vault. So there was no way that the reviewing committee
16 had any idea of what the prices were when they were
17 reviewing the technical -- and, again, had any party --
18 any one of the five not been fully technically compliant
19 and sound, their price would not have been affected.

20 Because of the stipend process, we get the
21 advantage of all of the intellectual property in all
22 five proposals and are now able to use those to the
23 benefit of the program. Through competition and
24 improvements, we secured very good bid prices, which
25 will mean saving hundred of millions of dollars as we go

1 forward. Again, all of this in full public view with no
2 advantage given to anyone.

3 It was noted before some comments I made, and
4 I'll repeat them. I, frankly, imagine that had we not
5 improved the process and done things the way we did,
6 we'd be hearing from any number of people maybe even the
7 same ones about how we had not done the benefit of
8 competition, and would have left money sitting on the
9 table. And that is not a situation we wanted to be in.
10 We had five technically sound bids. We wanted the
11 opportunity to be able to get the best value for the
12 State.

13 Mr. Chairman, just in closing, I'd say the bottom
14 line is that we improved the process in full consistency
15 with the board direction, with all laws, regulations,
16 process. This is what we're supposed to do, and we got
17 a very favorable outcome for the State. I'm pleased
18 with that, and look forward to moving forward when the
19 time comes.

20 CHAIRMAN RICHARD: Thank you. I'd just like
21 to add a couple of comments to Mr. Morales' summary,
22 which I appreciate very much, and I also appreciate the
23 way this process played out. I was a bystander because,
24 as I have said before publically, prior to coming onto
25 this board, I had done some consulting work for one

1 company that is part of the bid team process, and once I
2 understood that they were going be a part of one of the
3 five bidders, I stepped away from any discussions or
4 deliberations or certainly decisions having to do with
5 this contract. So I watched it as, I think, an
6 interested private citizen would. And I read -- when I
7 read the first press account, which, to my amazement,
8 managed to turn what was a very favorable outcome to the
9 tax-paying public, bids that were coming in somewhere
10 between 18 and 40 percent below the engineer's estimate,
11 I couldn't believe that anybody would try to turn that
12 into a negative. In fact, it was interesting, because,
13 you know, there was a lot of press commentary about a
14 poll that was done a few months ago -- I think it was a
15 public policy institute -- and there were big banner
16 headlines that there was a slight minority of people
17 supporting high-speed rail, and they were saying this
18 was an erosion of the high-speed rail program support,
19 and yet, if you read into it, it indicated that 68
20 percent of Californians still wanted to see high-speed
21 rail go forward, and that, in fact, if they thought that
22 the program could be accomplished at a cheaper cost,
23 then that minority of support, very quickly, went to a
24 very robust majority of support.

25 So here we were coming in with the very first

1 construction contracts substantially below any of the
2 engineer's estimates, which meant great things for the
3 high-speed rail program if we could continue to move
4 forward in this bidding environment. I'll also point
5 out that a couple of years ago, I was talking to one of
6 the consultants who told me that if it were he, he would
7 be advising people not to bid on our first construction
8 package. That there was too much uncertainty around the
9 program. The legislature had not acted, and that he
10 thought that the rational thing for most of the big
11 contractors was to sit out the first construction
12 package, see how things went, and then jump in
13 afterwards. I remember being very concerned that that
14 might be, in fact, the case, which, you know, heaven
15 forbid, we would have had only one bidder. In fact,
16 because of the way this board, my colleagues without my
17 involvement, went forward with a stipends package that
18 was also the subject of commentary, the fact that
19 because of the way that we persevered and got out into
20 the bidding environment at a time when the economy is
21 slow, all five of the pre-qualified bid teams competed.
22 That, in itself, said two very important things. One,
23 those major international consortiums believed that this
24 program was important. They wanted to be part of it.
25 And two, they were willing to compete, and it was that

1 level of competition that brought the prices down.

2 So, you know, again, looking back at how the
3 High-Speed Rail Authority board and organization
4 approached this, I think it's a very good result for the
5 public. And I guess, I would just end my comments with
6 this. I'm sure Mr. Wilcox will not be happy with this.
7 This is the kind of thing he would try to get me to not
8 say. But, you know, I remember just the other day,
9 seeing yet another press story about this, and what it
10 brought to mind was a scene from a movie, *Absence of*
11 *Malice*, which is, in fact, about the newspaper business.
12 And at the end of that movie, there's a very interesting
13 interchange between two reporters and one says to the
14 other, "Well, what you said is true; isn't it," and the
15 first reporter says, "No, but it's accurate." So some
16 of the press reports on this may have been accurate with
17 respect to a careful delineation of certain discrete
18 elements, but they have not been true, because they have
19 implied that somehow there was intent here to jigger the
20 rules to get a certain outcome, and that is completely
21 false and completely bogus. What was done here, I
22 think, was highly professional and completely consistent
23 with the public interest. And, frankly, I resent any
24 implications to the contrary, which was the innuendo
25 that was in some of those reports. So let's just put

1 that to rest.

2 What we have got here, thanks to Mr. Morales and
3 thanks to my colleagues on the board, is the result
4 that's going to allow us to move into the construction
5 of high-speed rail at costs substantially below what
6 people thought it was going to turn out to be. That's a
7 very good result. We want to celebrate that.

8 So those were my comments on that. Thank you for
9 indulging me, and, Mr. Wilcox, now you can feel free to
10 leave.

11 Mr. Hartnett

12 MR. HARTNETT: Thank you, Mr. Chair.
13 Appreciate the prefatory comments about the CEO and
14 yourself.

15 You know, I think it's important, as we look at
16 this, to step back. The policies that the board enacted
17 that enabled this to go forward, I think, produce in a
18 very transparent way, qualified folks who could design
19 build what we're tasked with having to design and build
20 and did so in a transparent, competitive environment.
21 And I think that the point really is that, that those
22 folks who were involved in putting together their
23 packages and proposals all had the same rules that they
24 were complying with. They had the same information as
25 each other, and they had the same ability to react to

1 changes that were discussed with all of them along the
2 way in a manner in which it was intended to make it a
3 better process even for those who were bidding. And I
4 think that that gets lost in the discussion, that this
5 was an iterative process in the sense that it was
6 intended to make it the best possible, both for those
7 who would be able to bid on a level playing field and
8 for the Authority and the public to get the best deal
9 possible in from a team that could actually design and
10 build what we're tasked with getting done.

11 The grander issues as to whether or not we should
12 have high-speed rail in California and how that balances
13 with other social needs are not those that are in front
14 of us as an Authority. We have certain legal
15 responsibilities, and that's what we're attempting to
16 meet, and so I know the board members don't get
17 distracted by the grander rhetorical questions. We all
18 have our opinions on those, but they're not what's
19 important for us as we are faced with these decisions,
20 and so what I look at, however, in terms of this process
21 is that I want to make sure that -- number one, that I
22 understand that -- in the design build process that the
23 very essence of that is to have a party who is building
24 this will have less likelihood of submitting change
25 orders because of the whole nature of this process.

1 Secondly, will have been selected in a way that is
2 absolutely clear, price aside, that they have technical,
3 financial, and personal confidence to deliver on what is
4 promised, and I think the process has been set up to
5 ensure that, but I think that it's important for people
6 to understand that the design build, as we have
7 described it, is substantially different than when
8 somebody hires a contractor to remodel their kitchen or
9 their bathroom, and it gets totally out of control from
10 the very beginning, and it seems like it never ends and
11 costs tremendously more than you had ever planned.

12 You know, this design build process is totally a
13 different process, and I think, you know, people need to
14 understand that and -- but we need to be given the
15 assurances as a board that what we have set out is
16 really -- and what we're getting is what we're promised,
17 and I think that that's part of our responsibility. So
18 that gets me also in a longwinded way, which you've
19 grown accustomed to me being, is the technical side of
20 it and the technical ranking. We have a balancing of
21 the financial and the technical as we have our rankings.
22 We see the first two folks are very close in ultimate
23 ranking, but there's a significant difference in terms
24 of pricing. And what I want to hear more about is the
25 technical qualification side and knowing that despite

1 the -- what would appear on the surface to be, on a
2 point-basis, as a significant difference between what I
3 call the first and second place bidders, is that
4 reflective of a true significant difference in the
5 ability of the lowest dollar bidder to deliver what's
6 promised, and, you know, are we going to get delivered
7 what's promised. And that's what I want to hear more
8 about, You know, when we're getting the information in
9 advance of the next meeting, and I guess really
10 important that we get that.

11 Secondly, I think it's important, as the staff
12 review the technical qualifications and separate out the
13 pricing, to have those separate, but I also think it's
14 important for us to know something more about people who
15 would be doing this project, and I know it wasn't the
16 intent to give us all the lowdown on that for today's
17 meeting, but I think it's important for us to know more
18 about those folks that are being recommended as a result
19 of this competitive process. And so I want to know more
20 about each of the partners as well as their partnership
21 in terms of who's -- who does what within their joint
22 ventures as they would proceed. I want to know more
23 about the evaluation of their prior design build
24 projects, their experience in that so that we can be
25 assured that, you know, they have been through this,

1 that -- how they have faired in other -- in other
2 projects, because I want to be data-driven here. I
3 don't want to be press-driven, and I don't want to be
4 driven by summaries. I want to be driven by data. So
5 those things are important to me to evaluate whether or
6 not to approve what would be the recommendation at the
7 next meeting.

8 CHAIRMAN RICHARD: Thank you. Other
9 comments at this point?

10 With that, thank you, Mr. Tapping.

11 We'll move on to the next item, and at this
12 point, I am going to step away. I'm going to ask
13 Vice-Chair Schenk to reside.

14

15 (Chairman Richards exits.)

16

17 MS. SCHENK: Okay. Mr. Fellenz.

18 MR. FELLEENZ: Yes. Thank you, Vice-Chair
19 Schenk, the next agenda item is the report on the
20 additional construction package that is south for the
21 construction infrastructure. Let me just remind the
22 board and the public that with the civil infrastructure
23 contracts --

24 MS. SCHENK: I'm sorry, Mr. Fellenz, there
25 is no material; is that correct?

1 MR. FELLEENZ: That's right. Just a report.

2 MS. SCHENK: Thank you.

3 MR. FELLEENZ: The civil infrastructure
4 contracts we have packaged as contracts one through four
5 that include all the bridgework and bridges, the
6 tunnels, utility, relocation and construction up to the
7 materials and performed by rail that will be placed on
8 them. In addition, there's going to be a construction
9 package five that places the tracks over the whole
10 length of the Central Valley by a hundred and thirty
11 miles, and so the staff at the High-Speed Rail Authority
12 has looked at the procurement decisions and decided to
13 go out to industry to get some input from the industry
14 as to whether we should rethink the way that we package
15 the civil infrastructure projects. And so we invited --
16 and this is a common practice -- we would like the
17 industry representatives in the infrastructure industry
18 to ask their opinions about how they design a package.
19 The other agencies do this type of analysis input from
20 the industry such as Caltrans is very good for our
21 Authority because it gives an insight on their
22 perspective on how we might improve our system, how we
23 might package these. So we have got input not only how
24 we might package the future contracts but what we can do
25 better for the next procurements, and we have some

1 questions about the CP 1 process and we have got some
2 very good information.

3 We also are going to issue a Request for
4 Qualification for the next construction package. We
5 wanted to see how much interest there was out there for
6 competing for that. So having sent the invitation out
7 in March, we had a series of -- and, in fact, we had 14
8 participants in the industry, and I think that's very
9 favorable because it shows not only five who also
10 competed for the first construction package, who all
11 showed for this, but there were an additional nine
12 companies that showed up, indicating that they would be
13 very interested in another construction package. One
14 question that we focused on is whether they feel there
15 would be economies of scale if we combined some of these
16 packages, that is, packages two through four, which
17 extended from the southern of Fresno City to just south
18 of Shafter. And we didn't get a unanimous opinion on
19 that, but for the most part, the opinions of these large
20 companies that they would see economies of scale,
21 economies of scale that would preclude savings that we
22 realized might not be duplicative, administrative cost
23 that you might see if you broke it up into smaller
24 packages and with the economies of scale that you might
25 see from larger orders of materials and that would be

1 necessary like concrete and steel, enforcement steel.
2 And so because we saw that, we believed it would be the
3 best interest of the State, of the taxpayers, to have a
4 larger second construction package that we have planned
5 previously. So we're moving ahead with that now as a
6 large construction package. It will start from south of
7 Fresno and it will extend a distance longer than we had
8 previously planned.

9 We will have a construction package three. We
10 haven't determined the exact perimeter of the southern
11 end of construction package two at this point, but
12 construction package three will extend from where we end
13 construction package two and move south, and the length
14 of that would be determined partly by the environmental
15 document and also how much money that we have to extend
16 the project south, in the south direction. So
17 construction package three will be a smaller
18 construction package than construction package two. So
19 that is really the -- what I'm reporting to you.

20 I'll just remind you that the 30 percent small
21 business goal will be of all of these design build
22 construction packages, and we are very serious about
23 that goal. We don't think that developing an E-2
24 construction package, one of smaller size and one larger
25 size, will impact the small business goal achievement,

1 because the firms that are bidding for these are not
2 small businesses nor would they be because of the size
3 and scope and complexity of this project. We all have
4 the same goals, and we believe that they will make best
5 efforts to achieve that, and we hold them to that.

6 MS. SCHENK: Thank you, Mr. Fellenz.

7 Mr. Morales, do you have anything that you would
8 like to add?

9 MR. MORALES: No. I think Tom summed up --
10 again, you know, we're developing a package based on the
11 feedback from the potential bidders for them and that
12 appears for us and for the State as we go forward, and I
13 want to reflect that as we develop the qualifications,
14 the first step would be the issuance of the RFQ, and
15 based on the results of that, it would be issued to
16 those parties that are being qualified, based on the
17 first step. And so we'll look to have the RFQ out
18 sometime in June and followed later in the summer by the
19 majority of the people.

20 MS. SCHENK: Any of the Authority members
21 have any questions or amendments? No. No. I do.

22 Mr. Fellenz, so just from my education in this,
23 will the group that is selected for section one be
24 eligible for section two and three, to compete for
25 sections two and three as well?

1 MR. FELLEENZ: Yes.

2 MS. SCHENK: And they will. How do we make
3 sure that there is no discourage factor from other
4 groups saying, "Well, this group got section one, and so
5 clearly, they have some kind of a lead for section two
6 and three"?

7 MR. FELLEENZ: I think the law would prohibit
8 us from disallowing them to compete for a public project
9 like this that is construction package two. So we
10 couldn't put that restriction in there and that we
11 wouldn't want to. We want to welcome that competition
12 because the more that compete, I think, we get a better
13 value for the taxpayer.

14 MS. SCHENK: Well, you and I know what the
15 law requires, but there's also sort of the, the
16 emotional or the, the subjective feelings out there.
17 Well, if it might just not be -- because it is time
18 consuming. It is expensive, et cetera, to put these
19 packages together. So, you know, I just want to make
20 sure that every group out there understands that section
21 two won't be a de novo proposition.

22 MR. FELLEENZ: Yes, and as we did in the
23 first construction package, we'll be coming back to the
24 board for some requests, which I would expect to be a
25 stipend provision like we asked for construction package

1 one. The stipend, although it doesn't pay for the
2 entire cost of putting the procurements together,
3 certainly does assist not only those who are, are
4 interested in competing.

5 MS. SCHENK: Okay. Mr. Wilcox, don't run
6 away. Would you do me a favor and let our chairman know
7 that we are about ready to have him return. If you
8 would do that. Let Dan know.

9 Yes, Mr. Umberg.

10 MR. UMBERG: Just a follow up on the
11 vice-chair's question. This issue is that there'll be a
12 perception that the winner, the awardee of the first
13 construction contract has a leg up because of a number
14 of things. So how do we deal with that perception so
15 that we get a full vibrant competition, and maybe there
16 is not a way.

17 MS. SCHENK: That's my point. Thank you.

18 MR. FELLEENZ: I think a couple ways. Once
19 the procurement is complete, construction package one,
20 documents will be public, so maybe any companies that
21 want to see those can. I think that we have set a level
22 playing field for construction package 2 that is going
23 to have the Request for Qualification. It will be the
24 same screening criteria to allow those that are -- have
25 the experience, qualification to move ahead and receive

1 the RFP, and then the RFP will also be an even playing
2 field. They will receive the same information, the same
3 packages, and they can put together their proposal as
4 Mr. Morales described earlier.

5 MS. SCHENK: I think you're getting the
6 message that we want to make sure that everybody feels
7 that they are welcome and that there is --

8 MR. FELLEENZ: Absolutely. We want as much
9 competition and participation as possible.

10 MS. SCHENK: All right. Thank you.

11 Any other comments. All right. Well, our
12 chairman is returning, but why don't we, while he's
13 finding his way up here, move on. I guess mister -- no.
14 I'm sorry. Ms. Gomez, Item Number 8.

15 MS. GOMEZ: Good afternoon.

16 CHAIRMAN RICHARD: Good afternoon.

17 MS. GOMEZ: Okay. So my presentation will
18 be quick. So I'm here to talk a little bit about the
19 activities that we have been doing around the wye and
20 kind of give you an update on some of the feedback that
21 we have been receiving since we started going out and
22 talking to the -- to the public.

23 So since most of the feedback that we have been
24 receiving has been -- as you know, we have three
25 alternatives along 152. Two of them that -- one goes to

1 Road 18 -- two that go to Road 18 and then one that goes
2 to Road 13. Most of the feedback that we have been
3 receiving is that everybody is pleased to see that we
4 are along Road 152. So a lot of positive feedback about
5 152. We have also been meeting with Caltrans, and so
6 they seem to support an alignment along 152. A lot of
7 consensus has been around Road 18, whether we are north
8 or south of 152. We have had over 30 stakeholder
9 meetings. Just in this past week alone, we have met
10 with about six different groups, whether they are with
11 the City or with the County and some of the other
12 stakeholders along there, especially some of the
13 farmers. And we did have two meetings that we mentioned
14 at the last board meeting in Chowchilla. So far, we
15 have had over five hundred people participate. We
16 received over 150 comments, and most of the majority of
17 community have expressed a, you know, "go forward" now
18 that they have seen the alignment along 152.

19 Key comments from the public in support of 152
20 south and 152 north to Road 18, it does avoid direct
21 impact to the City of Chowchilla. It maximized the use
22 of an existing transportation corridor. It could
23 potentially result in safety along the 152 corridor, and
24 it does preserve the agricultural operations that we see
25 along the 152 corridor and not right down the center of

1 some of those, those farms.

2 So that's all that I wanted to do is just provide
3 an update on what we will be doing. We will continue to
4 meet with many of the stakeholders from now until our
5 next presentation and continue to receive the comment
6 cards. So with that, if you have any questions.

7 CHAIRMAN RICHARD: Any questions for
8 Ms. Gomez?

9 I just wanted to thank you for this work, also to
10 commend Mr. Morales, Mr. Fellenz, and others who worked
11 on the resolution and these issues with the City of
12 Chowchilla with major landowners there, two farm bureaus
13 in Madera and Merced.

14 One of our speakers this morning said that we had
15 a really bad month in April. I, actually, think we have
16 had a spectacular month in April for high-speed rail.
17 We opened up bids that were substantially below. We
18 resolved a couple of these matters of litigation and not
19 just resolved them but I think created a template for
20 how we're going to be working with the agricultural
21 sector to preserve agricultural land. There's just a
22 lot of good stuff that has happened in the last thirty
23 days.

24 So Ms. Gomez, you have been on the ground there
25 in the Central Valley. I thought it was excellent work

1 with leadership in the northern part of the San Joaquin
2 Valley around Chowchilla, and I just wanted to thank you
3 for your work and Mr. Morales, Mr. Fellenz, and others
4 for their direct involvement in resolving the
5 litigation. So this is a good outcome.

6 MS. GOMEZ: Thank you.

7 CHAIRMAN RICHARD: Thank you. Okay. I'm
8 going to indulge -- Mr. Dean, you have asked to speak,
9 and I think what we're going to do -- was the train
10 really late this morning?

11 MR. DEAN: Yes, it was. I can't wait until
12 we get high-speed rail.

13 MR. MORALES: Mr. Chairman, I believe I can
14 vouch for him. I have been taking the train back and
15 forth, and there's a lot of track work. We were two and
16 a half hours late last week, so I think I can probably
17 vouch for Mr. Dean.

18 CHAIRMAN RICHARD: Late trains will
19 generally be an excuse.

20 MR. DEAN: But I want to build on what you
21 said about a great month, and I want to talk about your
22 CEO and staff. We had a meeting in Bakersfield a couple
23 weeks ago. I believe it was really a turning point and
24 I spoke to the City Council before I came here, so I can
25 say the same thing for the council members, I believe

1 it's an turning point, because everybody in that room
2 realized that your staff just has been working with the
3 City of Bakersfield to resolve so much those identify
4 differences as you know. So I'm going to be on the
5 agenda for moving ahead for preferred route and the time
6 of that, and I just sense that, I have the feeling, in
7 Bakersfield that wall of the opposition is coming down.
8 I think people know this project is coming now, that we
9 have to be at the table. They know now that Jeff has
10 been down there meeting with the city manager and the
11 county leadership causes others to know that there's
12 real sincerity now, and I think it was the sense in that
13 room that there's new leadership as people believe that
14 they are being heard, but I believe that we know it's
15 coming and that the folks there are going to get
16 involved, and I really believe that strongly. So I just
17 wanted to say you did a heck of a job with staff in
18 resolving that.

19 The next thing that I wanted to say, I wanted to
20 talk about those comments of all those contracts, RFPs,
21 that are getting approved by the support that the board
22 has done. I really, too, believe that if you expand it,
23 that in some kind of way of taking these drafts, to put
24 30 percent as part of that ought to be included in the
25 new contracts that they're going to award.

1 Then the last thing I'll say, all of us have been
2 watching and seeing who the President is going to
3 appoint. Ray Mahmood. So I think Ray Mahmood has done
4 a heck of a job. And so he's going to appoint -- he's
5 going to --

6 CHAIRMAN RICHARD: Anthony Fox.

7 MR. DEAN: Anthony Fox. And he's an
8 African-American, and the reason I say that, and I have
9 to say this to the board, I have to say this to the
10 staff, I have to say this to the prime contractors, that
11 you -- as we go forward, let's put out there to these
12 prime contractors, these folks who are going to be
13 bidding on this project that we want to see some more
14 diversity on this project. And I say that because my
15 membership come to me and say, "we continue to support
16 the high-speed project, and to-date, we don't see any
17 African-Americans nowhere in the process," and now, I'm
18 not saying that as criticism, but I'm just saying
19 there's a conscious that we're watching, and we want to
20 be included. So you have a bully point. You can
21 persuade people that you, as a board, would like to do
22 that. So I'm asking this, that this board and the staff
23 follow the league of our President, that we all want to
24 be included on this project, and I really appreciate you
25 giving me a couple of minutes to make those remarks.

1 CHAIRMAN RICHARD: Thank you, Mr. Dean, and
2 we appreciate you coming up from Bakersfield just as we
3 appreciate all members of the public trekking to this
4 proceeding.

5 Before the board enters into closed session, I'd,
6 like to take note, this is not a person I have had the
7 privilege of knowing, but a former member of this board,
8 Donna Lee Andrews, past away a few days ago. I'm told
9 by the vice-chair that Ms. Andrews was only 52 years
10 old, and so I think that we'd like to take a moment to
11 reflect on her services to the State, and I would ask
12 that today when we do adjourn that the minutes reflect
13 that the board would have adjourned in the name of Donna
14 Lee Andrews and send our condolences to her family and
15 loved ones.

16 With that, the board will now enter into closed
17 session pursuant to the items listed on the agenda.
18 We'll report back on any actions.

19 I suspect this to be relatively short for those
20 who'd like to stay.

21

22 (Whereupon the board entered into closed session.)

23

24 CHAIRMAN RICHARD: We'll be back in session.
25 There are no items to report from the closed session, so

1 with that, this meeting of the California High-Speed
2 Rail Authority board is adjourned.

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4 (Whereupon the meeting adjourned at 1:19 p.m.)

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1 I, Brittany Flores, a Certified Shorthand
2 Reporter of the State of California, duly authorized to
3 administer 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