



April 22, 2013

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

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

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

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

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

On April 12, 2013, the California High-Speed Rail Authority (Authority) identified Tutor/Perini/Zachry/Parsons, a Joint Venture, as the best scoring team for the design-build contract for Construction Package 1 (CP1) from Madera County to Fresno, the first construction segment of the high-speed rail system. In the Request for Proposals (RFP), released in March 2012, the Authority estimated the cost of the CP 1 contract to be between \$1.2 billion and \$1.8 billion. The bid from Tutor/Perini/Zachry/Parsons was \$985,142,530.

Due to the Legislature's important role as an oversight body of the high-speed rail program, I want to correct recent misleading and incorrect press reports regarding the CP 1 bid process and the Authority's evaluation of the each of the five bid teams' proposals. The procurement process for CP 1 was developed and reviewed by multiple federal and state agencies and has been conducted in full compliance of all laws and regulations. In addition, as part of the Authority's mission to increase transparency, notification was sent to Legislative staff and members of the media informing them when change (addendum) to the RFP was approved, including the addendum, Addendum 4, referred to in recent press reports. Addendum 4 was circulated and posted on the Authority's website in August 2012, five months before proposals were submitted. Specifically, Addendum 4 required the Authority to open the bids from all five teams as long as each bid was technically sound. The bids were then weighted between technical score and price and the best combined score was determined to be the best apparent value bid.

Any suggestion or implication that decisions were made with particular bidders in mind is completely without merit and has no basis in fact. As stated above, the Authority made the decision to review all qualifying bid proposals five months before receiving the proposals in January 2013, and at a point when it could not be known if all five potential bidders would submit proposals. Additionally, the price component of the bid proposals was sealed until April 12, 2013, when the bids were opened and the apparent best value bid was revealed. The goal was simple: to secure the best value for California taxpayers.

EDMUND G. BROWN JR.  
GOVERNOR



The press reports wrongly claim that two particular firms would have been eliminated from consideration had the initial evaluation process remained in place. One cannot fairly or logically draw such a conclusion because the actual bid proposals were submitted in light of the improved evaluation process, not the preceding one. As with any procurement, bidding teams modify their proposals to reflect all terms of the RFP, including the scoring and evaluation criteria. Therefore, there is no basis for assuming or concluding that the proposals submitted would have been the same under different criteria and conditions.

Specifically, the formal process began in November 2011, with the issuance of the Request for Qualifications (RFQ) from potential bidders. Based on those submissions, five teams were reviewed and determined to be fully capable of meeting all legal and technical requirements to perform the work on the project. The RFP was subsequently released in March 2012, inviting the five teams to prepare and submit formal proposals for CP 1.

As is typical in design-build procurements, the Authority and the five potential bidders went through an iterative process, in which the bidders raised questions and concerns about particular provisions of the RFP, and the RFP was then modified through addenda. For the RFP for CP 1, the Authority issued nine addenda over an eight-month period. The changes included in these addenda ranged from highly detailed technical clarifications to broader issues relating to liability and the manner in which the Authority would evaluate and score the proposals. Each addendum was reviewed by the Authority's legal counsel and the Office of the Attorney General, approved by the Federal Railroad Administration (FRA), and published on the Authority's website available to public review and inspection.

After the five proposals were submitted to the Authority on January 18, 2013, there were two separate reviews of the technical portions, to ensure that all criteria and requirements were met and that the proposers had demonstrated full capability to deliver the project. Only after those reviews were completed did the Authority open the price component of the bids, in accordance with the procedures established through the RFP process.

The Authority's responsibility is to deliver the high-speed rail program in an open, competitive manner, and to do so at best value for the state. We are committed to a transparent process as we work to plan, design, build, and operate the high-speed rail system.

If you have any questions or comments, please do not hesitate to contact me at (916) 324-1541.

Sincerely,



Jeff Morales  
Chief Executive Officer

cc: The Honorable Darrell Steinberg, President pro Tem, California Senate  
The Honorable John Pérez, Speaker, California Assembly  
The Honorable Ted Gaines, Vice Chair, Senate Transportation and Housing Committee  
The Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee  
The Honorable Eric Linder, Vice Chair, Assembly Transportation Committee  
The Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee