

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

CALIFORNIA SECRETARY OF STATE BUILDING AUDITORIUM

1500 11TH STREET

SACRAMENTO, CA 95814

TUESDAY, JUNE 14, 2016

10:00 A.M.

Reported by:
Kent Odell

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Michael Rossi

Lou Correa

Daniel Curtin

Lorraine Paskett

Bonnie Lowenthal

STAFF

Jeff Morales, Chief Executive Officer

Janice Harlan, Board Secretary

Tom Fellenz, Chief Counsel

Scott Jarvis,

Mark McLoughlin

Russ Fong

PUBLIC COMMENT

John Chavez, Chowchilla City Council, City of Chowchilla

Max Rodriguez, Madera County Board of Supervisors

Norman Allinder, County Of Madera

Eric Fleming, County of Madera

APPEARANCES (Cont.)PUBLIC COMMENT (Cont.)

Bobby Kahn, Madera County Economic Development Commission

Robert Allen

Paul Guerrero, La Raza Roundtable de California

Diana LaCome, APAC

Lee Ann Eager, Fresno Economic Development Corporation

Bill Descary

Lauren Skidmore, Kern4HMF

Ross Browning, Citizens for High-Speed Rail Accountability
(CCHSRA)

Alan Scott, CCHSRA

Ivor E. Samson, Esq.

INDEX

	<u>PAGE</u>
Roll Call	5
Public Comment	6
1. Consider Approving the Board Meeting Minutes from the May 10, 2016 Meeting	34
2. Election of Board Officers	35
3. Consider Releasing a Request for Qualifications for Geotechnical Site Investigation Services on the Silicon Valley to Central Valley Line	38
4. Consider Amending the Merced to Fresno Central Valley Wye Regional Consultant Contract with Parsons Transportation Group, Inc.	55
5. Consider Amending the Reimbursement Agreement with the U.S. Army Corps of Engineers for Permitting Services	71
6. Consider Awarding Contracts for Financial Advisor Services	74
7. Closed Session Pertaining to Litigation	83
Adjourned	83

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

10:07 a.m.

PROCEEDINGS BEGIN AT 10:07 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, JUNE 14, 2016

CHAIRMAN RICHARD: Good morning, everyone. Can you hear back there? Good morning, this meeting of the California High-Speed Rail Authority will come to order.

Would the Secretary please call the roll?

MS. HARLAN: Director Schenk -- is absent.

Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. HARLAN: Director Rossi?

BOARD MEMBER ROSSI: Here.

MS. HARLAN: Director Correa?

BOARD MEMBER CORREA: Here.

MS. HARLAN: Director Curtin?

BOARD MEMBER CURTIN: Here.

MS. HARLAN: Director Paskett?

BOARD MEMBER PASKETT: Here.

MS. HARLAN: Director Lowenthal?

BOARD MEMBER LOWENTHAL: Here

MS. HARLAN: Chair Richard?

CHAIRMAN RICHARD: Here.

Before we stand for the Pledge obviously we're all still in the -- under the pall of the recent events in

1 Orlando that took the lives of 49 innocent Americans. And
2 in reflecting on this it occurred to me that as a public
3 agency we begin every meeting, as we should, with a Pledge
4 of Allegiance to our country.

5 And like most people I tend to just recite the
6 words, because we all know the words, instead of reflecting
7 on the words. And if you reflect on the words we pledge
8 our allegiance to a country that is supposed to be
9 indivisible and under God, which means that we remember
10 that the founders came here to found a republic based on
11 religious freedom and trying to escape intolerance.

12 And so this morning I'll ask that as we take the
13 Pledge of Allegiance we think about those words and then
14 remain standing for a moment of silence in solidarity with
15 the brothers and sisters that we lost last Saturday night.

16 (The Pledge of Allegiance is made.)

17 (Moment of Silence Observed for Orlando.)

18 CHAIRMAN RICHARD: Thank you.

19 We'll begin the agenda with public comments and
20 we have a number this morning. We'll take them in the
21 order they were received, but with public officials heading
22 the list. So let me start with John Chavez, from the City
23 of Chowchilla. And he'll be followed by Supervisor Max
24 Rodriguez from Madera County.

25 COUNCILMEMBER CHAVES: John Chavez, City of

1 Chowchilla, Council Member.

2 CHAIRMAN RICHARD: Good morning.

3 COUNCILMEMBMER CHAVES: Good morning.

4 (Brief colloquy regarding microphone placement.)

5 COUNCILMEMBMER CHAVES: Once again, I'm here with
6 a message of Chowchilla, when it comes to the Wye it's
7 simple, please go around.

8 Instead of Route 152 and Road 19, go on Avenue 21
9 and Road 13. At Highway 152 the East-West Alignment cuts
10 through Fairmead, Avenue 21 does not. Highway 152
11 Alignment cuts through Chowchilla's Industrial Park, Avenue
12 21 does not. Road 19 North and South Alignment goes close
13 to homes and pushes future development to the west into
14 prime ag land. And Road 13 North and South Alignment will
15 correctly drive development to the east and to non-prime ag
16 land.

17 The best route for everybody: High-Speed Rail,
18 Chowchilla, Fairmead and Madera County is to go around the
19 communities staying on Avenue 21 and Road 13 Alignment.

20 I know you've heard this from us quite a bit, but
21 this is what the citizens and the Council of Chowchilla
22 have come to represent and to bring our voice forward to.

23 CHAIRMAN RICHARD: Thank you, Councilmember.

24 COUNCILMEMBMER CHAVES: Thank you.

25 CHAIRMAN RICHARD: We appreciate you coming here

1 this morning.

2 Next, we'll have several speakers from Madera
3 County, starting with Supervisor Max Rodriguez and followed
4 by Supervisor Brett Frazier.

5 Good morning.

6 SUPERVISOR RODRIGUEZ: Good morning. My name is
7 Max Rodriguez, Madera County Board of Supervisors. We're
8 glad to be here with you.

9 I'm here today with numerous community leaders,
10 elected officials, and residents representing Madera
11 County. Madera County is committed to working with the
12 Authority to make sure the heavy maintenance facility --
13 make sure it's located in the most cost effective and
14 operational efficiency location in Central Valley, which is
15 Madera County.

16 We are a cheaper, faster and smarter location for
17 the heavy maintenance yard facility as you will hear today.

18 One reason for this has been something that
19 makes Madera County unique, is our site will provide
20 economic benefits for an entire region. We are centrally
21 located. That enables us to have access to a regional
22 labor pool and the other counties sites do not. This means
23 a Madera-based heavy maintenance facility will have
24 economic benefits to Fresno, Madera, Merced, Mariposa and
25 Stanislaus Counties.

1 The benefits of other county sites are largely
2 limited to one or maybe two counties at the most. In
3 addition, we have established job training programs
4 orientated towards the skills required for heavy
5 maintenance facility operations in our local schools. This
6 includes building trades and construction, agriculture,
7 mechanics, fabrication and power systems, manufacturing,
8 engineering, information technology and transportation.

9 Madera County was ranked number one in the nation
10 last year for manufacturing job growth. We have access to
11 the workforce needed to successfully operate the heavy
12 maintenance facility.

13 And folks, in addition to this -- what I've
14 written down -- Madera County needs you. We need that
15 facility, because we are one of the poorest counties in the
16 country. So by locating this plant there, it will change
17 Madera County and make us more efficient and a more
18 attractive county there. And we hope you consider all
19 these factors when you make your decision.

20 Thank you very much.

21 CHAIRMAN RICHARD: Thank you, Supervisor

22 Supervisor Frazier followed by Eric Fleming.

23 MR. ALLINDER: Chairman, Members of the Board,
24 thank you. Supervisor Frazier was just called away at the
25 last minute with a family matter, but I just did have his

1 notes here. I apologize for that.

2 CHAIRMAN RICHARD: Okay. Could you just
3 introduce yourself for the record?

4 MR. ALLENDER: Yes, sir. Norman Allinder, Chief
5 of Development Services for Madera County.

6 As you know our sites are ready. We've been
7 working with a lot of our property owners. We have single
8 owner sites that are willing sellers, so this is important
9 criteria that you have there.

10 And being close to the Wye is very important. As
11 you've heard many times the Wye is located there. You
12 began your construction there for good reason. And so we
13 think our shovel-ready sites, our close infrastructure --
14 we have sites adjacent to heavy-rail facilities, which
15 you'll need to bring your equipment in.

16 So this notion of cheaper, faster, smarter, we've
17 been looking at it and it isn't just a catchy slogan.
18 We've looked at the locations, where you can be, and you
19 can get started quicker. And you can save considerable
20 money by locating it closer to the Wye.

21 And with that, I'll defer to my colleagues.
22 Thank you.

23 CHAIRMAN RICHARD: Thank you, Mr. Allinder. And
24 I don't know if the Supervisor had any written comments,
25 but if he did you can certainly give those to the District

1 Secretary.

2 Then Mr. Eric Fleming, the CAO of Madera County
3 followed by Bobby Kahn.

4 Good morning, sir.

5 MR. FLEMING: Good morning Board Members. Eric
6 Fleming, Madera County Administrative Officer.

7 I just wanted to quickly let your Board know that
8 we have a very unique unified group in Madera County.
9 We've got the cities. We've got the county. We've got the
10 schools, the Economic Development Commission, the
11 workforce, the community college. And we are all working
12 so well together. We get together on a regular basis and
13 all the pieces are there for this to be a successful group
14 to support this heavy maintenance facility.

15 When we look at the sites that we've got, in
16 every category, we stand out. We're cheaper, faster,
17 smarter. And so that's the main thing I wanted to say
18 today is we've got a very unified group that supports
19 bringing the heavy maintenance facility to Madera County,
20 it also supports the high-speed rail. We want the high-
21 speed rail to be successful. It's starting in our county.
22 We're very excited about that. We're proud of that.

23 And so we're just here as a unified voice and we
24 think that Madera County would be the ideal location for
25 the heavy maintenance facility. So thank you for your

1 time.

2 CHAIRMAN RICHARD: Thank you, sir.

3 Bobby Kahn from Madera?

4 MR. KAHN: Mr. Chair and Members of the Board,
5 Bobby Kahn, the Executive Director of the Madera County
6 Economic Development Commission. And I also serve as a
7 Trustee on the State Center Community College District
8 Board of Trustees.

9 And I'd like to thank you for having me and
10 allowing me to speak this morning. I am an active member
11 of the Why Madera Team. And as the other speaker said it's
12 a very unique group, very unified group, supporting the
13 heavy maintenance facility for Madera County.

14 The high-speed rail started in Madera County and
15 is the backbone of the high-speed rail system and will
16 remain the backbone of the high-speed rail system
17 throughout the duration of the entire construction and the
18 operation of the system. Also, Madera County is the home
19 to the Wye, which provides operational efficiencies for the
20 heavy maintenance facility that cannot be found anywhere
21 else along the Alignment.

22 Economic Development 101 will tell you that the
23 best location is one that you can get into quickly and
24 easily, but also one that you have ongoing efficiencies and
25 operational costs are kept to a minimum. This will be

1 provided by a heavy maintenance facility close to the Wye
2 in Madera County.

3 Changing hats to State Center Community College
4 District I'm very happy to announce that we just recently
5 were successful in the last election in passing a \$485
6 million facilities bond. Part of that bond will be
7 directed to the Madera Community College Center. And on
8 that site is the home to the Center for Advanced
9 Manufacturing. Millions of dollars from that bond will be
10 put forth to develop that center further and to create
11 skilled workers, even more skilled workers than we're
12 producing now, but it will become the state-of-the-art
13 manufacturing training center for the Central Valley.
14 We're also conveniently located right between the UC Merced
15 and the Fresno State campuses.

16 In closing, what I'd like to do is invite you,
17 Mr. Chairman and Members of the Board, to Madera for a
18 visit. We'd be happy to tour you around, show you our
19 sites, show you the school facilities and let you see
20 Madera County firsthand with some boots on the ground.

21 Thank you for your time.

22 CHAIRMAN RICHARD: Thank you very much, sir.

23 I'm going to move to our next speakers. Our
24 people who are transcribing the meeting are having a little
25 trouble hearing the speakers, so what I'm going to ask is

1 just pretend that the podium is not there. Just assume
2 that there's just a single microphone. Please stand in
3 front of the microphone and speak directly into it, so that
4 everybody in the auditorium can hear you and then we can
5 record your remarks clearly for the record.

6 Next is Robert Allen. Bob, I hope that
7 microphone will fit there and just stand directly in front
8 of the mic and speak into that and then Paul Guerrero will
9 be next.

10 MR. ALLEN: Being 90 years old, my hearing is
11 somewhat impaired. I can't hear what you're saying.

12 CHAIRMAN RICHARD: Well, just you're doing great.
13 Just go ahead.

14 MR. ALLEN: I admire the choice of running
15 (indiscernible) dedicated street-separated rail from the
16 Central Valley into San Jose.

17 At Bourbonnais -- I gave you a handout, which
18 I've given you before -- Bourbonnais shows what happened on
19 a 70-mile-an-hour track at a grade crossing. The train
20 derailed on hitting a heavy truck. Tracks for trains on
21 that speed or higher certainly need to be grade separated
22 and they need to be securely fenced. Even quad gates are
23 not sufficient.

24 I would urge that until such time as Caltrain can
25 be completely grade separated, and the platform screened so

1 people won't get on to the tracks, that the operation
2 between San Jose and San Francisco be a Caltrain operation.
3 That you can have run-through equipment, a one-seat ride,
4 but you have the operation between San Jose and San
5 Francisco be strictly a Caltrain operation. Thank you.

6 CHAIRMAN RICHARD: Thank you, Mr. Allen.

7 Paul Guerrero followed by Diana LaCome.

8 MR. GUERRERO: Good morning.

9 I hesitate to bring this up, but I'm going to
10 bring it up, because it's been out in the air for the past
11 two years almost. It's been brought up in most of the
12 Business Council meetings and I've heard it brought up
13 before the Board, so I didn't want to bring it up before
14 the Board, because of the opponents to the high-speed rail.
15 But one of the conditions that recipients of Federal Funds
16 make is that they will look at the impact of their projects
17 on minority and low-income people. And that is called an
18 environmental justice study.

19 This has been brought up by the members of your
20 Business Advisory Council for over two years ongoing, every
21 other meeting. I've heard it brought up here at the last
22 meeting in San Jose. So I wanted to let you know that that
23 study apparently has not been done. If it has been done
24 you'll find it's around 200 pages long, the equivalent to
25 an environmental impact study.

1 I know that back when we first came on board with
2 the high-speed rail, during the period of Roelof van Ark,
3 there was a 209 study and a 2010 study done for Fresno.
4 And those studies were in the area of 200 pages long. So
5 if you have a study for San Jose, that area, that has got
6 to be between 300 and 400 pages. I doubt if it's there.

7 And we've asked for it continually on the
8 Advisory Council and have not gotten it. I would suggest
9 that you assure yourself that it exists and make sure that
10 you as board members get a copy of that study to be sure
11 that it exists in your own mind. So that when you get
12 attacked, if you get attacked, you're prepared to defend
13 yourself. Thank you.

14 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.
15 Diana LaCome.

16 MS. LACOME: Good morning Chairman Richard,
17 Members of the Board, Mr. Morales. I'm Diana LaCome,
18 President of Associated Professionals and Contractors of
19 California.

20 I've been asked by several of the Business
21 Council members to bring to your attention again, this has
22 been brought up several times, that the Business Council
23 members would like to be reimbursed for their expenses in
24 attending the Board meetings, the Advisory Council
25 meetings. It seems that this is the only project of its

1 size that does not have a reimbursable program for its
2 Advisory Council members. And I know Caltrans has it and
3 many other transportation agencies, so this is just
4 something that I wanted to bring to your attention again.
5 Thank you.

6 CHAIRMAN RICHARD: Thank you, Ms. LaCome. I'll
7 ask our CEO to advise us on this at his earliest
8 convenience.

9 Lee Ann Eager. And Ms. Eager will be followed by
10 Bill Descary.

11 MS. EAGER: Good morning.

12 CHAIRMAN RICHARD: Good morning.

13 MS. EAGER: I am here this morning, actually not
14 to ask you for anything, how about that? I'm here to give
15 you some good news.

16 This year, the Fresno EDC was given an award by
17 CALED, which is the California Organization for Economic
18 Developers. And the award that we received this year was
19 for our high-speed rail business support group.

20 One of the things -- and I think all of you
21 probably know about the EDC, we started in 1978. In 2013,
22 we went into an agreement with the City and the County of
23 Fresno to work on the high-speed rail advocacy team. And
24 this year, as I said, we were given an award from the State
25 of California, the CALED group and this is the reason why.

1 So I wanted to give you a couple of examples of what we
2 have done and this is just a few of many.

3 This is my friend, John Lawson. Some of you may
4 know him. Mr. Lawson -- originally the high-speed rail
5 alignment was going to go right through his building, so we
6 were able to assist him so it doesn't go through his
7 building anymore. But one of the things that we talked
8 about when we talked with him was he was really short on
9 truck drivers. And so when we said when high-speed rail
10 really gets up and running are you going to be able to bid
11 on some of the projects? And he said "No. I don't have
12 enough truck drivers."

13 So what we did was we went to the County of
14 Fresno and asked if we could start a truck driver training
15 school, so we're doing that on his property. He donated a
16 truck. We're in our ninth cohort and of those folks who
17 have been trained, 83 percent of them have gone to work
18 already and we're going to just keep continuing.

19 One of the things that he said, he would actually
20 hire more, but he doesn't have enough trucks. And the
21 company that does the welding for him doesn't have enough
22 welders. So we are now starting a welding school at the
23 folks who are building his trucks and so we'll be starting
24 that next month. And all of this started because he said
25 he wanted to bid on some of those projects.

1 Some of you may know the Cosmopolitan. That was
2 a difficult relocation. It was a family-owned business
3 that had been there for over 100 years. They now are
4 breaking ground, probably next month, in their new
5 location. And this is the sign going up. And I have to say
6 it's right down the street from my office, so now I can eat
7 there every lunch hour. And if you haven't gone there, I
8 would certainly recommend them, any time you're coming to
9 Fresno.

10 This is one of our really great ones. This is
11 Main Event Graphics and Boxing. They have expanded to a
12 new facility. We were able to work with the City of Fresno
13 to ensure that their graphics and their boxing ring fit
14 within the city rules. They have doubled their employment
15 from five to twelve and they are looking at actually hiring
16 more. They just purchased another business in Downtown
17 Fresno, Tower Prints. And that was all because they were
18 able to move into this larger facility.

19 Their grand opening is this weekend. And one of
20 the things that's really interesting about this particular
21 one is he started with the graphics, but he also wanted to
22 put at-risk kids into boxing. And so he opened up a boxing
23 ring. The boxing ring now is larger than it was before and
24 he's added 30 new kids to that.

25 This was one that we did earlier. It's the Stars

1 Dance Studio. One of the great things about this one, they
2 moved into a larger location and they have actually added
3 80 students since they were able to move into this
4 location.

5 Fresno Tank and Trailer, they were renting their
6 space. We found them another space. They are now an
7 owner-user. We had one of our partners that we refer our
8 high-speed rail folks to, a community lender, and they were
9 able to purchase this particular site. And they remained
10 in Downtown Fresno.

11 We talked about this I think before. This was
12 one that Diana and I worked on together, the Fowler
13 Overpass. And this is out in the County -- that we worked
14 with the County. So you can see that the overpasses were
15 going to go diagonally through these properties out here.
16 And the property owners asked us if we were able to assist
17 them with this. So we were. We went to the county. They
18 were able to vote on changing that. You can see how many
19 acres that this going to affect. And now, it's changing
20 and the overpass is going straight down the property, so
21 it's going to affect very few acres. And the other
22 overpass was diminished.

23 One of the things that Fresno EDC has done is we
24 were able to assist an expansion of 30 percent of the
25 businesses. We have retained 90 percent in Fresno, which

1 was certainly our goal. The 10 percent that we haven't
2 they either were hoping to retire and they closed down, or
3 they were ones that were never going to continue anyway.
4 Because of what we've been doing, we have retained over
5 1,100 jobs. And that was one of the things that we started
6 with this whole project of we want to make sure that these
7 businesses got retained in Fresno.

8 I want to give a special thank you to Diana
9 Gomez. Certainly on the Fowler Overpass issue, out in the
10 County and helping our farmers. Our new theme song --
11 right Diana -- is, "We Can Work it Out." And Diana and I
12 go out at the last minute, sometimes, and make those deals.
13 And so I want to certainly pass on that good news to all of
14 you. And these were only a very few of all of the great
15 opportunities in Fresno.

16 CHAIRMAN RICHARD: Well, I -- I mean on the one
17 hand I guess we should congratulate you for the award. But
18 on the other hand if it weren't for us, you wouldn't have
19 it, so... (Laughter.) Thank you, Ms. Eager.

20 Bill Descary followed by Lauren Skidmore.

21 MR. DESCARY: I'm Bill Descary, Mr. Chairman,
22 Board Members.

23 CHAIRMAN RICHARD: I apologize for mispronouncing
24 your name, sir.

25 MR. DESCARY: That's all right. It happens every

1 time, I understand.

2 Many aspects of the High-Speed Rail Project
3 trouble me. Two stand out in the newly approved 2016
4 Business Plan. They are ridership and train operator.

5 First, ridership and fare box revenue are crucial
6 to the success of this project. Without them, the project
7 is doomed. The Authority is relying solely on Monte Carlo
8 modeling for estimating ridership and revenue. It is only
9 prudent, especially with this mega project, to corroborate
10 modeling with surveys or polling of Central Valley
11 residents asking such questions as frequency of trips to
12 San Jose in the last one, two or three years and their
13 interest in the trip.

14 Similar questions must be asked of those in San
15 Jose. Demographic data will indicate affordability of the
16 high-speed rail ride. It's hard to believe droves of
17 people are chomping at the bit to travel between the
18 Central Valley and San Jose, much less to San Francisco,
19 the most expensive city in the United States.

20 Relying on modeling is reminiscent of former
21 Federal Reserve Chairman, Alan Greenspan who relied on this
22 modeling to guide him in setting interest rates during the
23 housing boom, the resulting low rates were like pouring
24 gasoline on a fire. Later he testified his model was
25 flawed. Sustained low rates contributed to the housing

1 bubble that brought our economy to its knees.

2 In the case of high-speed rail if Monte Carlo
3 modeling is wrong the ridership isn't projected correctly.
4 Given the subsidy prohibition of Prop 1A, billions of tax
5 dollars will be stranded, in effect wasted in a lot of ag
6 land and a lot of other property destroyed.

7 The second troubling point is the absence for a
8 train operator. Both the 2014 and '16 Business Plans
9 emphasized bringing a train operator on board early. I
10 repeat early, to benefit from industry experience in
11 ridership and revenue, and on operations and maintenance.
12 According to both business plans the operator will develop
13 mitigation strategies based on real operations experience
14 and help make future decisions on how to maximize ridership
15 and revenue, as well as estimating planning and allocation
16 of efforts. I've attended a lot of Authority board
17 meetings up and down the state over the years, but I don't
18 recall anything about a train operator ever being on the
19 agenda.

20 In conclusion, I see both ridership and the
21 absence of a train operator as glaring problems, because we
22 are long past the early phase of the project. Thank you.

23 CHAIRMAN RICHARD: Thank you, Mr. Descary.

24 Lauren Skidmore followed by Ross Browning.

25 MS. SKIDMORE: Chairman Richard, Members of the

1 Board, my name is Lauren Skidmore and I am with an
2 organization, Kern4HMF.

3 I just wanted to quickly thank you for coming to
4 Bakersfield last month, getting a chance to see a different
5 part of the Valley and of California. And a lot of the
6 actions that you are taking are going to potentially
7 transform a lot of the underserved areas in Kern County.
8 And so we are excited about that.

9 I had the opportunity to spend some time with
10 Chairman Richard, so thank you. And I also wanted to say
11 that I think a positive from the meeting outcome was that
12 we are establishing a closer relationship, at least, as a
13 coalition with Diana Gomez. And she has been able to meet
14 with us and provide us some better understanding of the
15 other facilities that are associated with High-Speed Rail.
16 And so we are excited for those opportunities as well. And
17 I know Diana is extremely busy and so sometimes the
18 communication takes a little time, so you guys should get
19 her some help. But thank you.

20 CHAIRMAN RICHARD: Thank you, Ms. Skidmore.

21 And thank you also and to the others in
22 Bakersfield and Shafter who hosted me around that
23 afternoon. It's always educational to be on the ground and
24 see the sites and alignments, so thank you.

25 Mr. Browning, good morning, followed by Allan

1 Scott.

2 MR. BROWNING: Mr. Chairman and Members of the
3 Board, good morning. Thank you, Ross Browning, from Laton
4 California.

5 You know, it's very difficult these days to
6 either pick up a newspaper or listen to a television news
7 broadcast, where you don't hear all the information that
8 the State is hemorrhaging monies at a prodigious rate. Our
9 debt is increased at a velocity that's second only to the
10 Great Depression of the '20s.

11 Using High-Speed Rail's own numbers it doesn't
12 have the money to complete the project much below Corcoran,
13 because you're just going to run out of money, by these
14 numbers. Couple that with the recently announced change of
15 direction to build in the northern direction rather than
16 the southern direction, up into the Bay Area and the
17 Peninsula, so my question is why is it that you feel the
18 need to continually condemn properties and destroy farms,
19 businesses, dairies, homes, buildings and families, with
20 your policies and actions that you subject entire
21 communities on this condemnation project when you don't
22 need to and you possibly can't use these properties for
23 years, if at all?

24 If your goal is to continue leapfrogging through
25 the counties, so that when the monies are dried up -- and

1 they will -- and you're able to stand up and say, "Look at
2 all the work that we've accomplished. You just can't
3 cancel this project now." If that's your goal you're
4 taking properties with abandon. And that is not only
5 irresponsible, but its lacking in transparency and
6 character very much. Thank you.

7 CHAIRMAN RICHARD: Thank you Mr. Browning.

8 Alan Scott followed by Ivor Samson.

9 (Colloquy regarding mic & podium placement.)

10 MR. SCOTT: Hi. Good morning Mr. Chairman and
11 Directors. Alan Scott, Citizens for California High-Speed
12 Rail Accountability Kings County.

13 I stand before you today confused, frustrated and
14 most importantly ashamed of the management of this HSR
15 Project. Time does not permit a more detailed presentation
16 with massive amounts of supportive evidence that many
17 others and I have and can provide to you.

18 But since November, 2008 the simple requirement
19 to construct an HR system making passenger service from San
20 Francisco to L.A. in 2 hours and 40 minutes at 220 miles an
21 hour, as stated in Proposition 1A, to build a -- and I
22 quote, "Safe, reliable, high-speed passenger train for the
23 21st century carrying 120,000 riders per day," is -- you're
24 deficient there. And the other thing is -- and you can't
25 do it on a convoluted, circuitous route.

1 For the last five years, I've been going to many
2 meetings and there's nothing on the drawing board
3 resembling even that requirement that I just stated. The
4 obvious fact of this project right now is it's doomed,
5 because of these factors. There is no established funding
6 stream today or tomorrow to be found anywhere. Moreover
7 creative financial shenanigans achieve nothing except more
8 confusion and unnecessary expense.

9 Dan Walters wrote an article in the "Bee," which
10 I think it was published this morning. I read part of it.
11 It supports some of the things I'm saying.

12 The private sector is not even on the same plan
13 as the governing authority regarding this project.
14 Empirical evidence presented over the years by qualified
15 experts have shown repeatedly that this project has some
16 questionable management issues.

17 More importantly, the issuance of dramatically
18 questionable promises to counties, cities and most
19 important, tax payers, has been proven to be dubious at
20 best. I don't know how many counties right now have been
21 promised the heavy maintenance facility, but it's up and
22 down the Valley. They're being promised left and right. I
23 don't know who's on first, but that's not the way you do
24 business.

25 There are a couple of other serious issues. You

1 can't get from San Jose to San Francisco successfully. Nor
2 can you transit the Tehachapis or the San Gabriel Mountains
3 successfully. Thus now, you have a stranded project that
4 does not even comport to the law. You cannot prove
5 successfully the proposed blended system will work. You
6 are not allowed to build additional tracks on the above
7 alignment, which is the Peninsula, since 2012. And as
8 you've heard already it's not going to work up there.

9 Cap and Trade -- California is following the path
10 of the EU. Having gone to Europe almost once a year, at
11 least twice a year, I've followed the Cap and Trade,
12 because I have relatives who live in Germany where it
13 started. They killed the project back in I think the early
14 2000s. Bottom line is someone here says it's a good thing.
15 And it was done by fiat rather than by taxpayer approval.

16 Also, the disastrous land acquisition process in
17 the Central Valley is a nightmare created by a lack of
18 seriousness due to due diligence and oversight.

19 In closing, it is now time to recognize that
20 competent management skills must come to the forefront
21 immediately, for the express purpose of making the hard
22 decisions. Cancel this physical disaster now, saving the
23 State of California and the citizens from bearing the
24 expense of a seriously flawed broken legacy project.

25 The pending financial stress to California here

1 is unacceptable. And as I stated in Bakersfield last
2 month, on budget figures the State is not whole on
3 finances. And the continuation of this project is just
4 bringing false promises to too many people.

5 I thank you very much for your time.

6 CHAIRMAN RICHARD: Thank you, Mr. Scott.

7 Our last speaker this morning is Ivor Samson.

8 Good morning, Counsel.

9 MR. SAMSON: Mr. Chairman, Members of the Board.
10 I'm here to address you on matters of importance to two of
11 my clients. I will be brief, but I'd like to address them
12 if I may.

13 CHAIRMAN RICHARD: Okay. And yeah -- the
14 microphone.

15 MR. SAMSON: First I represent the Fresno Rescue
16 Mission, which is a social services agency in Fresno. It
17 serves about a hundred residents at any given time, serves
18 meals every day to several hundred more. It has a health
19 clinic, a drug addiction, alcohol rehab, education
20 facilities -- the full range of social services.

21 It's located on both sides of G Street in
22 Sacramento. The proposed taking is going to take all the
23 property on the east side of the street: the chapel, the
24 kitchen, administrative offices and dormitories. It's
25 affectively a total take of the Fresno Rescue Mission.

1 We have plans to move into temporary facilities,
2 while permanent facilities are being built. The goal is to
3 literally close at midnight on one day and open at 12:01
4 the next morning, so there will be uninterrupted services
5 to those that need it.

6 We have been negotiating with High-Speed Rail and
7 the City of Fresno for over a year to develop a Possession
8 and Use Agreement and a Relocation Agreement. And I must
9 say I've probably been to two dozen meetings in over a
10 year. Those meetings have been productive. Those meetings
11 have been constructive. And from my impression the
12 Mission, the City, High-Speed Rail, everybody has been
13 working together to reach a common goal.

14 We've just run out of time. It's complicated.
15 There's a lot of moving parts. We have to have a
16 Possession and Use Agreement in place before we can agree
17 to move. Otherwise, you're going to have to kick us out
18 and I don't think you want to do that.

19 In discussions with Ms. Gomez she told us months
20 ago that in order to meet your schedule, you needed to be
21 on the property by the end of the year and would have to
22 start the resolution of necessity process this month. I
23 understand it. We get that. And we had hoped months ago
24 that we wouldn't even need to go through that process, that
25 it would have come together. Unfortunately, as I say,

1 there's a lot of moving parts and it hasn't come together.
2 We're close, but we ain't there yet.

3 Yesterday, the Board of Public Works approved a
4 Resolution of Necessity I must say, over my objection. But
5 and Mr. Chairman you got a copy of the letter that I sent
6 outlining our legal objections. We have to file our
7 objections to preserve our legal options. The Mission has
8 no intention, does not want to delay High-Speed Rail's
9 schedule. That's not our concern at all. That's not our
10 agenda. What we want to do is make sure we can move into
11 temporary facilities with no gap.

12 Quite frankly, I'm here to thank Ms. Gomez and
13 Alan Glen, your Real Estate Director for their flexibility.
14 They have both indicated, and the Board of Public Works
15 said yesterday, that even though the Resolution of
16 Necessity was passed that High-Speed Rail would not
17 initiate condemnation proceedings for 60 days to try and
18 give us more time to work out the details. And believe me
19 the devil really is in the details on this.

20 So I'm hoping that we'll be able to come to a
21 satisfactory agreement on this. Everyone has been working
22 cooperatively. And again I want to stress I really want to
23 thank Ms. Gomez for her efforts on this. And I hope I
24 don't have to come before you again on the Fresno Rescue
25 Mission, because the next time we will have to go court.

1 And I really, really don't want to do that.

2 Let me turn now to SunnyGem, if I may.

3 CHAIRMAN RICHARD: Can I ask you do to it very
4 quickly so --

5 MR. SAMSON: Pardon?

6 CHAIRMAN RICHARD: Can I just ask you to be as
7 brief as you can be, Mr. Samson?

8 MR. SAMSON: I will. You've heard the story
9 before. I've sent you innumerable correspondence. It
10 seems like we're in a bit of a pickle. And there may be
11 two solutions to it.

12 One is a design solution on the present right-of-
13 way. We had a meeting on May 11th. We're hopefully going
14 to have another meeting tomorrow, depending on High-Speed
15 Rail's engineering schedules, to look at ways to build it
16 on the SunnyGem location. I'm not optimistic based on the
17 information SunnyGem provided and the design we saw a month
18 ago. I'm not optimistic.

19 The second option is to look at an adjustment to
20 the alignment. And we said that both of these things need
21 to be looked at in parallel. There may or may not be a
22 solution onsite. There may or may not be an alternate
23 route solution, but we need to look at it.

24 On April 6th I sent a letter that among other
25 things asked to meet with the appropriate people at High-

1 Speed Rail to look at alternative routes. I got no
2 response. On May 20th, I sent another letter asking the
3 same thing. I finally got a response Friday, June 10th and
4 that letter never addressed any of the points we made about
5 looking at other alignments. In fact, it never said
6 anything at all of why we couldn't look -- me, you,
7 collectively -- look at an alignment on the far side, on
8 the east side of the BNSF right-of-way a routing that was
9 supported by the City of Wasco in their resolution.

10 So I am here to make a third request and
11 essentially repeat the last sentence of my letter to you of
12 May 20th. We respectfully renew our April 6th request to
13 meet with appropriate High-Speed Rail staff for an open
14 minded, good faith evaluation of route alternatives capable
15 of avoiding the conflict between the High-Speed Rail's
16 current alignment and continued operation of SunnyGem's
17 Wasco almond processing facility. So I'm making a third
18 request to meet with the appropriate people.

19 Quite frankly, I don't know if it will be
20 successful or not. But I think High-Speed Rail owes it to
21 itself to show that you have looked at all reasonable
22 alternatives. Thank you, Mr. Chairman.

23 CHAIRMAN RICHARD: Thank you, Mr. Samson. We
24 will continue to work with you on this.

25 Okay. I thank the members of the public for

1 coming here today, especially those of you who have
2 traveled long distances. That concludes the public comment
3 section of the agenda.

4 We'll now move to the regular agenda order. The
5 first item will be item one on the agenda, consider
6 approving the Board Minutes from the May 10th meeting that
7 was held in Bakersfield. Do I have a motion on that?

8 BOARD MEMBER LOWENTHAL: Moved.

9 CHAIRMAN RICHARD: Okay, it's been moved. Was it
10 seconded? I didn't hear.

11 BOARD MEMBER CURTIN: Second.

12 CHAIRMAN RICHARD: Okay. It's been moved by
13 Ms. Lowenthal, seconded by Mr. Curtin.

14 Could the Secretary please call the roll.

15 MS. HARLAN: Vice Chair Richards?

16 VICE CHAIR RICHARDS: Yes, I guess --

17 MS. HARLAN: Director Rossi?

18 BOARD MEMBER ROSSI: Abstain.

19 MS. HARLAN: Director Correa?

20 BOARD MEMBER CORREA: Not voting.

21 MS. HARLAN: Director Curtin?

22 BOARD MEMBER CURTIN: Yes.

23 MS. HARLAN: Director Paskett?

24 BOARD MEMBER PASKETT: Abstain.

25 MS. HARLAN: Director Lowenthal?

1 BOARD MEMBER LOWENTHAL: Yes.

2 MS. HARLAN: Chair Richard?

3 CHAIRMAN RICHARD: Yes.

4 Okay. Thank you.

5 We'll now move to the next item, item two, the
6 election of Board Officers. Board Officers serve for a
7 term of one year. Term, in this sense, is like the verb of
8 prison term

9 (Laughter and off mic colloquy.)

10 CHAIRMAN RICHARD: In any case why don't we start
11 with the Vice Chair position? I'll open up nominations for
12 the Vice Chair position. And then I'll ask whoever is
13 elected as Vice Chair to preside over the Chairman
14 electoral position, so nominations for Vice Chair?

15 Is this going to be like one of those Three
16 Stooges movies where they ask for volunteers and everybody
17 else steps back? Is that --

18 BOARD MEMBER CURTIN: Is there an incumbent?

19 CHAIRMAN RICHARD: There is an incumbent.

20 BOARD MEMBER ROSSI: I'll nominate Tom Richards.

21 CHAIRMAN RICHARD: It's Tom Richards, but --

22 BOARD MEMBER LOWENTHAL: Second.

23 BOARD MEMBER CURTIN: Second.

24 (Laughter and off mic colloquy.)

25 CHAIRMAN RICHARD: Okay. It's been nominated by

1 Mr. Rossi, seconded by Ms. Lowenthal and Mr. Curtin, that
2 Tom Richards serve in the position of Vice Chair for the
3 coming year; any other nominations?

4 (No audible response.)

5 With that the nominations will close and we'll
6 ask for a vote. Could the Secretary please call the role?

7 MS. HARLAN: Vice Chair Richards?

8 VICE CHAIR RICHARDS: I'll abstain.

9 MS. HARLAN: Director Rossi?

10 BOARD MEMBER ROSSI: Yes.

11 MS. HARLAN: Director Correa?

12 BOARD MEMBER CORREA: Yes.

13 MS. HARLAN: Director Curtin?

14 BOARD MEMBER CURTIN: Yes.

15 MS. HARLAN: Director Paskett?

16 BOARD MEMBER PASKETT: Aye.

17 MS. HARLAN: Director Lowenthal?

18 BOARD MEMBER LOWENTHAL: Yes.

19 MS. HARLAN: Chair Richard?

20 CHAIRMAN RICHARD: Yes.

21 Mr. Richards, congratulations.

22 VICE CHAIR RICHARDS: Okay. Thank you. Thank
23 you, Mr. Chair.

24 We will now open the nominations for Chair of the
25 California High-Speed Rail Authority Board for the next 12

1 months. Is there a nomination for Chair?

2 BOARD MEMBER LOWENTHAL: I nominate Dan Richard.

3 BOARD MEMBER CORREA: Second.

4 VICE CHAIR RICHARDS: Second by Director Correa.

5 We have a nomination and a second. Are there any other
6 nominations?

7 (No audible response.)

8 So hearing none then please call the roll.

9 MS. HARLAN: Vice Chair Richards?

10 VICE CHAIR RICHARDS: Yes.

11 MS. HARLAN: Director Rossi?

12 BOARD MEMBER ROSSI: Yes.

13 MS. HARLAN: Director Correa?

14 BOARD MEMBER CORREA: Yes.

15 MS. HARLAN: Director Curtin?

16 BOARD MEMBER CURTIN: Yes.

17 MS. HARLAN: Director Paskett?

18 BOARD MEMBER PASKETT: Aye.

19 MS. HARLAN: Director Lowenthal?

20 BOARD MEMBER LOWENTHAL: Yes.

21 MS. HARLAN: Chair Richard?

22 CHAIRMAN RICHARD: Abstain.

23 VICE CHAIR RICHARDS: Congratulations, Mr. Chair.

24 CHAIRMAN RICHARD: Thank you. Yeah, I won't give
25 a speech. I just want to thank my colleagues. This has

1 actually -- despite all the levity it actually has been an
2 incredible honor that has been conferred on me by the
3 Governor to appoint me by my colleagues. And so I want to
4 thank them and the staff. I've been doing this almost five
5 years and we've made just tremendous progress from high-
6 speed rail existing only on paper to steel and concrete
7 going in the ground. And that's a testament to a lot of
8 people's work. So thank you.

9 VICE CHAIR RICHARDS: Mr. Chairman, that is as
10 close to a speech as it gets. (Laughter.)

11 CHAIRMAN RICHARD: Yes.

12 BOARD MEMBER ROSSI: Let us move on.

13 CHAIRMAN RICHARD: We're done with item two.

14 (Laughter.)

15 Okay. I don't have to thank you, Rossi. I don't
16 have to thank you.

17 Item three on the agenda, consider releasing a
18 request for qualifications for geotechnical site
19 investigation services on the Silicon Valley to Central
20 Valley line. Scott Jarvis, do you want to --

21 BOARD MEMBER ROSSI: Before you do that,
22 Mr. Chairman?

23 CHAIRMAN RICHARD: Yeah, just pull the microphone
24 close Mr. Rossi.

25 BOARD MEMBER ROSSI: Hold on one second, would

1 you, Scott?

2 At the F&A Committee meeting we had an update on
3 CP1 and 2, so a resolution of issues with the contractor.
4 And I think that Mr. Morales ought to bring the whole Board
5 -- so I think it would be good if Mr. Morales gave the full
6 Board an update on those issues or that specific issue?

7 CHAIRMAN RICHARD: Okay.

8 CHIEF EXECUTIVE OFFICER MORALES: Sure, I'm happy
9 to. This is I think a real instance of the importance of
10 risk management overall to a major project like this. And
11 to frankly the success of our extensive risk management
12 efforts on this project to deal with impacts without them
13 resulting in budget and schedule impacts to the overall
14 program.

15 And by way of background people may remember that
16 in March, Judge Kenny issued his final ruling in the Tos
17 Case and in May, Kings County announced that it would not
18 appeal it. And that brought to an end for now what was a
19 four-and-a-half year process of that lawsuit.

20 The impact of that litigation was a factor
21 identified by us at the time of the execution of the CP1
22 contract. And the Board provided direction and staff
23 implemented taking a number of steps to deal with the risks
24 associated with impacts of that litigation and other
25 factors through a series of limited notices to proceed.

1 Among other things, we also worked with the federal
2 government to ensure that the funds could continue to flow.

3 The bottom line is we identified, we quantified,
4 and we managed the risks associated with delays to the
5 project, to the first contract. And in fact the -- and
6 that really manifested itself in the form of right-of-way
7 acquisition, which of course was the precursor to being
8 able to move into construction.

9 Delays associated with right-of-way was the
10 single largest component of the contingency that was
11 established and approved by the Board at the time of the
12 contract award. The impact of the litigation and
13 particularly the adverse ruling that was ultimately
14 overturned, but it prevented access to bonds. It delayed
15 our receipt of federal funds and without cash available we
16 cannot proceed with the right-of-way process. So it had a
17 very real impact.

18 One manifestation of that was about 500
19 appraisals went stale in the process and we had to start
20 that process over.

21 I do want to say we've been very open about our
22 challenges and digging out of the hole created there. Our
23 challenges in getting the organization stood up, getting
24 our processes lined up, and getting back on schedule with
25 right-of-way acquisition. And we've made great progress,

1 but we've have challenges as well.

2 But the end result of all of that was that it was
3 determined in conjunction with our contractor that there
4 was an overall impact to the contract, not to the program,
5 but to the contract of 24 months. And so we have worked
6 with contractor and are issuing a change order to address
7 that. The 24 months are being dealt with by extending the
8 contract term by 17 months, meaning that they will be
9 onsite for 17 months longer than originally anticipated.
10 That extends from March of 2018 to August of 2019, so again
11 no impact on the overall program schedule there. But just
12 on the contract terms.

13 The cost of doing that -- and it's just the cost
14 of having people and materials out on the sites for that
15 length of time -- is \$49.9 million. The remaining seven
16 months of the impact will be made up by accelerated work by
17 the contractor. And double shifting, overtime, weekend
18 work, things like that, at a cost of 13 million.

19 I want to point out these amounts and this is
20 where again our process worked. These amounts are well
21 within the contingency that was established at the outset
22 of the contract. And so again there is no impact on the
23 project budget and no impact on the overall schedule, but
24 it is a significant step forward to clear up.

25 This actually gets us through all delays through

1 the end of 2015, so it largely brings us current. And now
2 we can manage the program going forward. But we had this
3 discussion at the F&A Committee meeting and I'm happy to
4 provide this update here.

5 BOARD MEMBER ROSSI: I think -- I hope I think --
6 there are a couple of things that ought to be indicated
7 here as well. One is that there has been a whole lot of
8 speculation in the press about how much this number was
9 going to be. And it was off by about a factor of 10 times.
10 So I think that the Authority, the staff has done a great
11 job in staying on top of this issue and moving forward. I
12 think they're to be congratulated.

13 CHAIRMAN RICHARD: Thank you, Mr. Rossi, and just
14 a question and a point.

15 First of all, as Mr. Morales indicated we have
16 been talking about this issue for some time. We've been
17 very open about the right-of-way situation. And my
18 recollection is that in the, I believe it was the February
19 Board meeting, we had a presentation from our Risk
20 Management Leader as well as the head of the Rail Delivery
21 Partner team that anticipated this kind of a change. And
22 was making accommodation within our contingency budget and
23 addressing how it fit within the contingency.

24 So I want to just emphasize the point that this
25 is part of an ongoing effort to both identify, talk about,

1 and manage and mitigate risks for the program.

2 And then Mr. Morales, just a question for
3 clarification, you emphasized that including this change
4 order -- which I believe is within the authority previously
5 given you by the Board for contract management, so there's
6 not a board vote on this -- that this has no impact on
7 overall budget and schedule.

8 Is it also the case, and I think it's my
9 understanding it's the case, can you confirm that it has no
10 impact on our ability to access and utilize the federal
11 funds that are provided to us under the ARRA Stimulus
12 Grant, which have -- I just don't want people to be
13 confused, because we're saying that the contractor will be
14 onsite for another 17 months. And it's well known that we
15 have to expend the federal dollars by September 2017.

16 So can you just talk about what relationship
17 those two dates have, if any?

18 CHIEF EXECUTIVE OFFICER MORALES: Sure.

19 The ARRA deadline, and it's in statute, it
20 applies to all of the stimulus funding not just ours. But
21 it has to be expended by September 30th of 2017. So the
22 work on Construction Package 1 -- and again what we're
23 talking about here is specifically Construction Package 1
24 in that contract -- all the work done there, through that
25 time period, is eligible for ARRA funding. Our total ARRA

1 spending will also consist of the work on CP2-3, CP4, which
2 is going on concurrently as well as statewide environmental
3 approvals and some of the planning work.

4 So there are a number of different things that go
5 into that expenditure. The update, the forecast of where
6 we are on the ARRA spend rate, and do that in conjunction
7 with the federal government, with USDOT. And we are
8 projecting that we will meet the deadline and be in advance
9 of it. And for the first four months of this calendar
10 year, in fact, we're trending slightly above what our
11 projected expenditures were.

12 We have a long road ahead of us still, but we are
13 on track with that and obviously committed to making sure
14 that we expend of that ARRA funding.

15 CHAIRMAN RICHARD: So this report this morning
16 has no impact on that expenditure program?

17 MR. JARVIS: Correct.

18 CHAIRMAN RICHARD: Okay. Any other questions on
19 this before we turn back to Mr. Jarvis's presentation?

20 (Off mic colloquy.)

21 CHAIRMAN RICHARD: Right, okay.

22 Thank you very much, Mr. Rossi for raising that
23 and Mr. Morales for explaining where we are in that.

24 Scott?

25 MR. JARVIS: Yes. Good morning, Chairman

1 Richard, Board of Directors, CEO Morales. I'm Scott
2 Jarvis, the Chief Engineer of the Authority. And I will be
3 presenting an action item to consider releasing an RFQ for
4 geotechnical investigation services on the Silicon Valley
5 to Central Valley line. Before summarizing the details of
6 this Board item, I will spend a few moments talking
7 generally about the importance of understanding underground
8 conditions.

9 Now most of us don't spend a lot of time thinking
10 about soil or underground conditions. However, engineers
11 are deeply concerned with dirt and rocks. So almost all
12 structures rest directly upon the ground, or in the case of
13 tunnels, are surrounded by soil and rocks. Proper analysis
14 of the soil conditions help to inform the design of the
15 foundations and tunnels, which ensures that the structures
16 will not encounter undue settling or even collapse.

17 Every structure has various forces that act upon
18 it. In the case of high-speed rail bridges, those forces
19 could be generated from trains traveling in excess of 200
20 miles per hour, seismic activity, high winds and even the
21 weight of the structure itself, which is considered the
22 dead load. The structure must be designed to withstand
23 those forces and remain static by transmitting the forces
24 to the elements of the structure, to the foundations, and
25 then ultimately into the ground.

1 Due to the irregular terrain of the Silicon
2 Valley to Central Valley line, particularly through the
3 Pacheco Pass area, various complex structures will be
4 required including bridges, high viaducts and deep tunnels.
5 Designing and constructing these structures will require
6 much greater understanding of subsurface conditions than
7 necessary for construction in level geographies, such as
8 the Central Valley.

9 For the bridges and viaducts it is likely that
10 pile foundations will be necessary to support the
11 structures. The piles will be necessary to transmit the
12 forces acting within the structure to firmer soil or rock
13 at a depth below the foundation. Geotechnical
14 investigations must be performed to ensure that a stable
15 and solid layer can be reached with the piles and that the
16 layer is adequate to support the forces or the load.

17 Similar to bridges, a tunnel must be able to
18 withstand all the forces acting upon it. In order to
19 successfully design and construct tunnels the projects must
20 start with a comprehensive investigation of ground
21 conditions by collecting samples from bore holes and other
22 tests. This information is used to help plan the
23 horizontal and vertical alignments by selecting the route
24 that makes the best use of ground and water conditions.

25 With this subsurface information ultimately an

1 informed choice can be made of the machinery and methods
2 for excavation and ground support during construction,
3 while also reducing the risks of encountering unforeseen
4 ground conditions.

5 Another benefit of having a greater understanding
6 of the ground conditions for tunnel construction is being
7 able to estimate what's called stand up time, which is the
8 amount of time the newly excavated tunnel can proceed
9 before support is needed. Also having information on
10 groundwater is very important in tunnel construction.
11 Water leaking into a tunnel during construction can cause
12 the excavation to become unstable and greatly decrease
13 stand up time. With an understanding of the underground
14 water conditions, water control methods during construction
15 can be developed.

16 Now I want to emphasize that these and other
17 conditions, they can all be successfully managed during
18 construction. The key is to have the information early, so
19 that proper planning can be performed.

20 Conducting these investigations soon, prior to
21 initiating the procurement process for these significant
22 construction packages, will position the Authority to be
23 more completely prepared for those procurements. And to
24 advance more quickly into final design and construction.

25 So in addition the information derived from the

1 investigations will yield valuable information to the
2 Authority regarding potential risks and provide a tool for
3 mitigating and managing those risks. The detailed
4 geotechnical information will also help to further refine
5 capital cost estimates. And will be provided to future
6 design-build proposers, allowing them to prepare more
7 informed and accurate price proposals.

8 Undertaking these geotechnical site
9 investigations at this stage of the project development,
10 prior to procurement of the design-build contracts, will
11 culminate in the preparation of what's called a
12 geotechnical baseline report.

13 And that report will result in several benefits,
14 including it'll define the ground conditions. And that'll
15 establish a consistent basis for bidding among the
16 proposers. It'll reduce contingencies by the proposers in
17 their price proposals and the Authority in its cost
18 estimates, because we know the information now. It doesn't
19 need to be put in the contingencies. It enables contracts
20 to start final design and begin ordering materials and
21 equipment sooner, which will be key to achieving the
22 schedule. And it enables more effective contract
23 administration, especially associated with differing site
24 conditions.

25 So the scope of work of the geotechnical site

1 investigation services, in the Silicon Valley to Central
2 Valley line, it'll be extensive. The general scope
3 includes the necessary planning, acquiring permits,
4 performing site investigations, analyzing information and
5 preparing various reports.

6 For perspective, the Board memo describes the
7 extensive process to conduct a deep bore in a remote area.
8 The entire scope of work is provided in more detail in the
9 Draft RFQ, which is provided to the Board, along with the
10 memorandum.

11 The RFQ will be issued and a three-year contract
12 will ultimately be awarded to the most qualified offerer
13 with a not-to-exceed amount of \$28 million. The cost
14 estimate covers work along approximately 113 miles from San
15 Jose to Gilroy, through the Pacheco Pass, and into the San
16 Joaquin Valley to Madera.

17 The Authority will likely receive a strong rate
18 of return on this investment of early geotechnical
19 investigations. Proposers will not be required to conduct
20 these investigations and therefore the cost will not be
21 included in their proposals. The price proposals will be
22 more informed and accurate and the savings will be realized
23 across several mega projects for the V to V Alignment.

24 (phonetic)

25 So regarding the schedule, if issuance of the RFQ

1 is approved by the Board the RFQ will be issued tomorrow to
2 begin the procurement process, with a notice to proceed to
3 be issued in the early fall. We're ready to go.

4 So for the procurement process this is a
5 qualification-based contract. And the procurement will be
6 governed by A&E procurement requirements. Statement of
7 Qualifications submitted by the offerer teams will be
8 reviewed by the Authority to ensure that all requisite
9 qualifications and requirements are met.

10 The SOQ will then be technically evaluated by the
11 Authority based upon established criteria. This technical
12 evaluation will be weighted at 60 percent of the final
13 score. The evaluation will be followed by oral
14 discussions, which will be 40 percent of the final score.
15 So the resulting contract issued for this geotechnical site
16 investigation services will include the Board's adopted 30
17 percent Small Business Goal.

18 So it is recommended that the Board adopt the
19 resolution approving issuance of a Request For
20 Qualification to obtain statement of qualifications from
21 qualified offerers to provide geotechnical site
22 investigation services in order to select one consultant to
23 enter into a contract for the work for a term of three
24 years, and a not-to-exceed contract amount of \$28 million.

25 So I would now be happy to take any questions

1 that you may have.

2 CHAIRMAN RICHARD: Questions for Mr. Jarvis?

3 Mr. Curtin.

4 BOARD MEMBER CURTIN: I read through this and I
5 really appreciate the effort here. I think it's a really
6 important development, because it seems to me that this
7 cost would be born either way, either prior to letting any
8 contracts -- or as a part of any contracts -- that we would
9 go to.

10 And I think you pointed out well in your
11 presentation here, and in the written document, that it
12 will reduce the potential risk contingency that people
13 would bid for these contractors for.

14 MR. JARVIS: Correct.

15 BOARD MEMBER CURTIN: So we will pay the price of
16 doing these geotechnical borings and information gathering
17 either way. But we will potentially, and I believe
18 absolutely, will reduce the ultimate contracts for the
19 contractors. So that's a great thing and I appreciate
20 that.

21 Just a couple of observations -- you talked about
22 water table.

23 MR. JARVIS: Yes.

24 BOARD MEMBER CURTIN: And I know there's a lot of
25 water data -- and I always have great trouble saying those

1 two words together, water data -- and I can't figure out
2 why. Maybe it's my New York upbringing in the Department
3 of Water Resources.

4 So I would like if you would, and I've encouraged
5 this in another case, to touch bases and find out number
6 one if they have it. And certainly number two that you
7 would share whatever data -- there's the answer, water data
8 -- no, that's not any better. Share whatever data you
9 might come up with, with the Department of Water Resources,
10 because that's what they do. So that would be helpful.

11 And we also at the Water Commission, we were
12 involved with some geotechnical studies. And I noticed
13 that you're looking at public and private land here?

14 MR. JARVIS: Yes.

15 BOARD MEMBER CURTIN: So it's not really a right-
16 of-way issue, but if there's objections there becomes
17 eminent domain issues. And I also noted that the Authority
18 will take the responsibility of working with the
19 geotechnical firm on getting the permits necessary.

20 So you might want to think through a little bit
21 the potential eminent domain issues that you might run
22 into. And again, the Department of Water Resources has
23 some data on how that kind of transpires. If you have
24 willing private sector people -- because you're drilling
25 down and you're going to improve the situation or you'll

1 restore the situation ultimately, but it's probably on the
2 right-of-way, so you'll have a lot of work there. So just
3 keep that in mind as you're moving forward.

4 And lastly, the issue that always gets my
5 attention, in your presentation you didn't make it on the
6 verbal side, but in the background you said we're looking
7 at three-to-five potential design-build projects.

8 MR. JARVIS: Correct.

9 BOARD MEMBER CURTIN: From Silicon Valley to the
10 Central Valley?

11 MR. JARVIS: Correct.

12 BOARD MEMBER CURTIN: And I've become obsessed
13 with integration issues. So when I see three-to-five
14 potential contracts -- and I've raised this numerous times
15 and I'll continue to raise it -- we're really going to need
16 to learn from some of our issues on integration in CP1, 2-
17 3, 4. That hopefully we've learned that we've really got
18 to get those up front, so that we don't catch those
19 integration problems later on down the line. So I just
20 wanted to put that on the record.

21 And I will be encouraging -- I don't know the
22 organizational procedure for this exactly -- but the
23 integration of these projects is going to be really, really
24 important in making obviously the train work, but also that
25 the contractors don't point fingers at each other between

1 one contract and another. "Well that wasn't my job. That
2 was their job." Or actually nobody knew whose job it was
3 to make these things integrate properly.

4 So I just wanted to put those comments on the
5 record and I do appreciate it. I think it's a great plan
6 and I'm glad we're out in front of it. It really will
7 expedite the process dramatically. Thank you.

8 MR. JARVIS: Thank you.

9 CHAIRMAN RICHARD: Thank you, Mr. Curtin.

10 Other questions?

11 (No audible response.)

12 CHAIRMAN RICHARD: Okay. Moved by Mr. Rossi; is
13 there a second?

14 VICE CHAIR RICHARDS: Second.

15 CHAIRMAN RICHARD: Seconded by Vice Chair
16 Richards.

17 Could the Secretary please call the roll?

18 MS. HARLAN: Vice Chair Richards?

19 VICE CHAIR RICHARDS: Yes.

20 MS. HARLAN: Director Rossi?

21 BOARD MEMBER ROSSI: Yes.

22 MS. HARLAN: Director Correa?

23 BOARD MEMBER CORREA: Yes.

24 MS. HARLAN: Director Curtin?

25 BOARD MEMBER CURTIN: Yes.

1 MS. HARLAN: Director Paskett?

2 BOARD MEMBER PASKETT: Aye.

3 MS. HARLAN: Director Lowenthal?

4 BOARD MEMBER LOWENTHAL: Yes.

5 MS. HARLAN: Chair Richard?

6 CHAIRMAN RICHARD: Yes.

7 Thank you.

8 MR. JARVIS: You're welcome.

9 CHAIRMAN RICHARD: Item four, consider amending
10 the Merced to Fresno Central Valley Wye Regional Consultant
11 contract with Parsons Transportation Group.

12 Mr. McLoughlin, good morning.

13 MR. MCLOUGHLIN: Good morning.

14 Good morning, Mark McLoughlin, I'm the Director
15 of Environmental Services for the Authority.

16 CHAIRMAN RICHARD: And why don't you just ignore
17 the podium and just stand like there was only a microphone,
18 so -- oh he's got his papers as well?

19 MR. MCLOUGHLIN: How's that?

20 CHAIRMAN RICHARD: That's good.

21 MR. MCLOUGHLIN: Thank you. Mark McLoughlin,
22 Director of Environmental Services for the Authority. Goof
23 morning Chair, Board and CEO Morales.

24 I'd like to present on agenda item four a
25 proposed amendment for the regional consultant contract

1 with the Parsons Transportation Group and I'll go through a
2 little bit of history here.

3 The initial contracting was awarded in 2008 for
4 the regional consultant and for San Jose to Merced at that
5 period of time. The initial budget was 55 million and the
6 budget spent to date is 44.5 and half million spent on the
7 San Jose-Merced section. And that was up until 2012.

8 So the work for San Jose-Merced was suspended around 2012,
9 and design and technical studies now being used by the HNTB
10 team to accelerate the project for the San Jose and Merced
11 section, continues to contribute to this work.

12 This is a recently awarded contract for HNTB,
13 which included San Francisco to San Jose and San Jose to
14 Merced. So they're utilizing that existing information
15 that was done on that previous work of this section.

16 So since 2012 Parsons PTG, Parsons Transportation
17 Group has advanced work for environmental clearance of the
18 Wye -- we call the Wye the Central Valley Wye --
19 alternatives. And the current contract expires at the end
20 of this month June 30th, 2016.

21 And so historically also there were two prior
22 amendments in 2013, which is a study of additional Central
23 Valley Wye alternatives for Checkpoint B, the range of
24 alternatives to get to -- draft an environmental document.
25 Also the last one was in 2014, an amendment which included

1 additional public outreach and response to comments on
2 preliminary alternatives in the Central Valley Wye of that
3 Checkpoint B. So currently this section has an approved
4 Checkpoint B, which is the range of alternatives for the
5 draft document approved by the Corps and the EPA, and San
6 Jose-Merced also is in that context.

7 So right now the requested amendment is for \$4
8 million and the new contract value total will be 77.24
9 million and is extended for two years through June 30th of
10 2018.

11 A couple of reasons for the amendment, we want to
12 retain the existing RC for the Wye, complete public
13 outreach, and then continue to refine alternatives to
14 address local, state and federal agencies and also
15 stakeholders.

16 So in some history we had a lot of open house
17 meetings and a lot of stakeholder groups led by Diana
18 Gomez, our Regional Director in the Central Valley,
19 Chowchilla and Fairmead community input on these
20 alternatives in addition to the existing agricultural land
21 owners. And also we took that time to take those
22 stakeholder meetings and refine alternatives to what we
23 have to date.

24 We've also authorized some work since mid-2015,
25 variations to previously approved subsections, which we

1 call Ranch Road to Merced Station. Also there's been
2 revisions to preliminary engineering plans, technical
3 reports, environmental analysis, to accommodate the
4 extension of CP1, Construction Package 1, from Avenue 17 to
5 19 in the construction section. And also there's physical
6 separation to be addressed between BNSF and Madera Acres.

7 We've also looked at other additional work that
8 they've been doing refining our farmland mitigation
9 methodology and also updating air quality. And if you
10 recall in November of 2015 we proposed the Wye alternatives
11 presented to the Board, which are currently four
12 alternatives: 152 to 13, 152 to 19, 21 to 13 and -- let's
13 see, three, yes I'm sorry, those three are currently
14 standing now.

15 So we've also done additional public outreach led
16 by Diana, City of Chowchilla, the Community of Fairmead,
17 Madera and Merced Counties, local residents and regulatory
18 agencies. So we may expand the range of these Central
19 Valley alternatives in response to community feedback and
20 permitting requirements. This will increase again the PTG
21 contract by 4 million and extend the contract for two years
22 through June 20th.

23 So staff are recommending to approve this
24 amendment, so if there are any questions?

25 CHAIRMAN RICHARD: Questions for Mr. McLoughlin?

1 Mr. Curtin?

2 BOARD MEMBER CURTIN: Looking through this, and
3 we had this conversation previously so I don't want to go
4 over old ground, but I just wanted to again point out that
5 the original contract in 2008 was for \$55 million. And
6 we're now looking at a third extension of the contract for
7 not an insignificant amount of money. And I know there was
8 a lot of issues associated with this, but my point here is
9 more to say that when we're putting these qualification-
10 based contracts out we probably should do a little more. I
11 mean, I'm not saying anybody here was involved, because it
12 went out in 2008, but we probably have to knuckle down a
13 little bit harder. Because it's just bad form to come back
14 for repeated extensions and more money and I'm sure there's
15 many mitigating factors and we talked about them. And they
16 were extraordinarily complex.

17 But this gets us to the Record of Decision --

18 MR. MCLOUGHLIN: That's correct.

19 BOARD MEMBER CURTIN: -- and I forgot to ask
20 Scott if the other -- the geotechnical is beyond the Record
21 of Decision, that's not really an issue for Record of
22 Decision. Is that correct, Jeff, perhaps?

23 CHIEF EXECUTIVE OFFICER MORALES: Yes, right.
24 The geotechnical information needed for the Record of
25 Decision is within this scope of work here.

1 BOARD MEMBER CURTIN: For this, for the one we're
2 talking about now?

3 CHIEF EXECUTIVE OFFICER MORALES: For the what?

4 CHAIRMAN RICHARD: Correct.

5 BOARD MEMBER CURTIN: What about the original, is
6 it is in there as well even though it's far more extensive?

7 CHIEF EXECUTIVE OFFICER MORALES: It goes far
8 beyond that to deal with --

9 BOARD MEMBER CURTIN: But does it include that?

10 CHIEF EXECUTIVE OFFICER MORALES: No, it's
11 actually complimentary to it, so it's not redundant.

12 BOARD MEMBER CURTIN: Okay. So we still have
13 plenty of work to do here after we get to the Record of
14 Decision and it's been a long circuitous process and a lot
15 more expensive than we kind of initially anticipated as an
16 agency. So I just want to -- you know, we're learning as
17 we go along on every portion of this project similar to the
18 Central Valley contracts and the issues surfacing. So
19 hopefully this will be a lesson for us to either think
20 through or somehow deal with it slightly differently, so
21 that we don't find ourselves constantly coming back.

22 I know it's absolutely necessary, so I'm not
23 opposing it in any way, shape or form. But just maybe our
24 qualification-based contracts have to be addressed? I know
25 we can't talk about it's not a hard bid contract, but maybe

1 if we reduced the original contract a little bit we might
2 feel a little bit more comfortable about coming back.

3 And I'm just being a little facetious here. I
4 know it's a very complicated issue when you're dealing with
5 qualification-based contracts. So I just wanted to again
6 point out that this is the third time coming back and
7 hopefully it's the last time.

8 CHAIRMAN RICHARD: Mr. Rossi?

9 BOARD MEMBER ROSSI: Director Curtin raises a
10 good issue, but I think that it really isn't about the
11 contract so much as it is about the fact that we clearly
12 have changed thought processes midstream as we were going
13 through this. And as a result of trying to address issues
14 of the public incurred more costs. And I don't think you
15 can plan for that other than to make your first contract
16 very large in anticipation of maybe having to do that.

17 But when you look at the data in this particular
18 case -- as I absolutely agree with Danny in general, but
19 specifically in this one the changes -- the things that
20 occurred that resulted I believe, Jeff you would agree with
21 this, these extensions were the result of the Authority
22 trying to respond to needs of the public to address other
23 issues or potential other alternatives. And that I don't
24 think is something that we can necessarily plan for as you
25 go forward.

1 And so I just want to be sure we're clear on that
2 particular issue.

3 CHAIRMAN RICHARD: Dan?

4 BOARD MEMBER CURTIN: No, I do appreciate that.
5 And I think it sort of leads me to a slightly different
6 conclusion and I think we're actually doing this in other
7 areas as we've learned from this. But had we done a more
8 extensive outreach at the community level, we might have
9 had a better sense of the large-scale complex issues that
10 the communities were going to raise.

11 And I'm not casting aspersions, but I think going
12 forward we're going to be addressing a lot of complex
13 issues on our routes and the more early data we can get
14 from community-based responses and perhaps narrow down our
15 choices earlier on will save us a little money and
16 hopefully improve the response from communities that are
17 affected.

18 CHAIRMAN RICHARD: Okay. Jeff, did you want to
19 respond to that and then Vice Chair Richards?

20 CHIEF EXECUTIVE OFFICER MORALES: Please. For
21 the reasons that Director Curtin noted I can assure you we
22 thought and worked long and hard to determine if in fact we
23 had to come back to the Board to seek additional authority.
24 And to see what we could do without having to do that and
25 try to stay within the previous contracts.

1 I think Mr. Rossi's summarized it very nicely in
2 terms of what the basic reasons were, but I'll just expand
3 a little bit.

4 One, the Wye is the only place in the system
5 where we have essentially east, west and north, south
6 impacts at the same time. And that just compounds the
7 number of potential impacts, the number of alternatives
8 that have to be looked at. So it makes it more
9 complicated, it basically doubles all of the issues that we
10 have with other alignments. And that has resulted in a
11 much more extensive public engagement process, but also
12 with the resource agencies directing us to look at other
13 alternatives. And those again kind of get multiplied by
14 two, because of the two different axis that we have in the
15 Wye.

16 I do want to say, and in the sense of trying to
17 give you every assurance that our commitment is to make
18 sure we don't come back a fourth time on this, there are a
19 few --

20 BOARD MEMBER CURTIN: Maybe at a meeting that I
21 won't be at.

22 CHIEF EXECUTIVE OFFICER MORALES: Right, yeah.

23 A few things that are different and obviously
24 we're further down the path with information, with
25 outreach, with all those other factors. But we also have a

1 commitment that we didn't have previously with the resource
2 agencies and others about meeting a schedule now and what
3 it's going to take to meet that schedule.

4 We also have the imperative created by the
5 Business Plan and a decision to go from Central Valley to
6 Silicon Valley and also to connect to Merced. And you
7 can't get to either Merced or to San Jose from the Central
8 Valley without going through the Wye. So we have to get
9 this segment cleared and internally we've got a much more
10 disciplined process to make sure that we stay on track to
11 get this done. And that's going to be part of the
12 management process of this going forward, so our goal is to
13 make sure this is the piece that gets us to the ROD. And
14 that we're done with it at that point.

15 BOARD MEMBER CURTIN: And what's the timeline for
16 the --

17 MR. MCLOUGHLIN: The ROD?

18 BOARD MEMBER CURTIN: Yeah.

19 MR. MCLOUGHLIN: As of right now it's December
20 17th, 2017. And the other thing to note as a very positive
21 that as Jeff described the complicated process -- the
22 alternatives have been simplified greatly, which is very
23 important to everyone. And then we're poised to go to the
24 preferred alternative in the next step and busy writing the
25 IER/EIS with the Checkpoint B, so it's a pivotal place of

1 where we are right now to get to that preferred.

2 CHAIRMAN RICHARD: Okay. Vice Chair Richards has
3 been patient on us.

4 VICE CHAIR RICHARDS: Thank you, Mr. Chairman.

5 I think everybody has said pretty much what I was
6 going to say, but I think that first of all it's one of the
7 more complex areas of the alignment that we've been
8 involved with to date. It certainly is. And Director
9 Curtin and Rossi are both correct I believe, and Jeff
10 you're explanation is correct also. It's something that we
11 encourage everywhere we go and that is to encourage the
12 input from local interests and stakeholders early.

13 Certainly that does impact schedule, because I think
14 rightfully what we've tried to do everywhere we go is to
15 listen as carefully as we can to those people who are being
16 affected one way or another by the alignment.

17 And I think that's the right thing to do. I
18 don't know that we can do it any differently. I would like
19 and hope to be of the same that you are Danny, that we're
20 not going to see this again. But I don't know that you can
21 ever say for sure you're not going to see something again.
22 Certainly as people change, local interests change their
23 perspectives, assuming that there is something that really
24 is worthy of addressing I think that that's what we have to
25 do.

1 What I do want to ask and I believe I know the
2 answer, but I just want to make it clear, because of calls
3 that I've received in the last couple of weeks. What we're
4 dealing with here, Marc, is simply an amendment to a
5 contract at this point. Is that correct?

6 MR. MCLOUGHLIN: Correct.

7 VICE CHAIR RICHARDS: And so it shouldn't be
8 construed in any way that this has any implications on any
9 selection of any of the alternatives. Is that also
10 correct?

11 MR. MCLOUGHLIN: That's correct.

12 VICE CHAIR RICHARDS: Okay. All right, I just
13 want to make that clear for others that are probably out
14 listening and/or watching this hearing today. Because I
15 think that from some perspectives even though I think the
16 agenda item is quite clear, there is some expectation that
17 this has something to do with the selection process for the
18 alignment around the Wye and that's clearly not the case.

19 That's all I had. Thank you, Mr. Chairman.

20 CHAIRMAN RICHARD: Thank you, Mr. Richards.

21 Ms. Paskett?

22 BOARD MEMBER PASKETT: So I won't repeat what's
23 been said and I don't have as much context as my fellow
24 directors who have been on the Commission for quite some
25 time. And I won't not be supportive today, but it would be

1 helpful when you have Board items and you have contracts
2 this large to show a distribution of the funds and the
3 allocation of use of funds.

4 The contract's been in place since 2012, so about
5 four years, maybe it's about 20 million a year, just under
6 \$20 million a year, am I doing my math right?

7 MR. MCLOUGHLIN: If you go backwards into that
8 conversation a lot of that work was done by San Jose and
9 Merced, so really if you look at the Wye the total dollars
10 including this amendment is about 31 million for the Wye.

11 CHAIRMAN RICHARD: Say that again, because people
12 couldn't hear it.

13 MR. MCLOUGHLIN: The total contract amount for
14 the Wye, if you look at the actual dollars is about
15 31,740,000 if we talk about the Wye absent the total
16 contract amount, which was really San Jose and Merced. And
17 so that's why if you look at the Wye that's focused on that
18 specific section itself, if that makes sense to you?

19 BOARD MEMBER PASKETT: I think I follow you.
20 What's the total amount expended to date?

21 MR. MCLOUGHLIN: Total amount expended to date is
22 44.5 million.

23 BOARD MEMBER PASKETT: And what is your
24 expectation of the total amount to be expended with this
25 extension to 2018?

1 MR. MCLOUGHLIN: This remainder is really --
2 we're up against the wall, this remainder will be what will
3 be expended to get to that ROD Decision.

4 BOARD MEMBER PASKETT: Which will be?

5 MR. MCLOUGHLIN: It's 4 million.

6 BOARD MEMBER ROSSI: An additional 4 million?

7 MR. MCLOUGHLIN: Yes, that's correct.

8 BOARD MEMBER PASKETT: Okay. And then the
9 additional 4 million is just for outreach?

10 MR. MCLOUGHLIN: It includes finishing all the
11 documents to get to the Record of Decision by the FRA
12 including the STB, the Service Transportation Board, and
13 including the NOD by the Board will be -- by the NOD on the
14 EIR, excuse me, and the EIS by the FRA, and then STB ROD.

15 BOARD MEMBER PASKETT: So most of it is for
16 document preparations?

17 MR. MCLOUGHLIN: That's correct and some outreach
18 there that Diana continues to do in her group. Stakeholder
19 input as we get to preparing the preferred alternative or
20 Checkpoint C to give to the Corps and the EPA and get
21 conclusion on that. And that preferred alternative will
22 rest in the final EIR/EIS.

23 BOARD MEMBER PASKETT: Okay. So maybe in the
24 future it would be helpful, at least for me, as one of the
25 Board members to get a little more of a breakdown.

1 MR. MCLOUGHLIN: All right.

2 BOARD MEMBER PASKETT: Having had some experience
3 with these types of permits and services this seems a
4 little high to me, but it's hard because there isn't a
5 breakdown. So maybe it is in line.

6 MR. MCLOUGHLIN: Okay.

7 CHAIRMAN RICHARD: I just want to make that the
8 public can follow along with the acronyms. Ms. Paskett's
9 an expert in this area, so she knows them. But I believe
10 what Mr. McLoughlin was saying is that this extra amount of
11 money is to get us through the process of the preparation
12 of a Record of Decision, which is the ROD. And under the
13 California Environmental Quality Act and the corresponding
14 Notice of Decision under the federal National Environmental
15 Policy Act, NEPA to get to those points, which allows for
16 consideration and approval by the Surface Transportation
17 Board, which is the STB.

18 So since we were drowning in alphabet soup here,
19 yeah Mr. Morales said FYI, I thought I'd clarify that.

20 BOARD MEMBER ROSSI: OMG. (Laughter.)

21 CHAIRMAN RICHARD: OMG, okay other questions for
22 Mr. McLoughlin on this?

23 BOARD MEMBER ROSSI: So moved.

24 CHAIRMAN RICHARD: Moved by Mr. Rossi.

25 BOARD MEMBER CURTIN: Second.

1 CHAIRMAN RICHARD: Seconded by Mr. Curtin.

2 Will the Secretary please call the roll?

3 MS. HARLAN: Vice Chair Richards?

4 VICE CHAIR RICHARDS: Yes.

5 MS. HARLAN: Director Rossi?

6 BOARD MEMBER ROSSI: Yes.

7 MS. HARLAN: Director Correa?

8 BOARD MEMBER CORREA: Abstain.

9 MS. HARLAN: Director Curtin?

10 BOARD MEMBER CURTIN: Yes.

11 MS. HARLAN: Director Paskett?

12 BOARD MEMBER PASKETT: Aye.

13 MS. HARLAN: Director Lowenthal?

14 BOARD MEMBER LOWENTHAL: Yes.

15 MS. HARLAN: Chair Richard?

16 CHAIRMAN RICHARD: Yes.

17 Okay. Thank you.

18 BOARD MEMBER ROSSI: Can I just ask, I have one

19 nit here and it's on all of these reports. You know in

20 this little box in the back that says "Reviewer

21 Information"? Could we just add "Approved by"?

22 CHAIRMAN RICHARD: Yeah, that's what we were

23 supposed to have.

24 BOARD MEMBER ROSSI: Yes, I mean the fact that

25 you reviewed it doesn't tell me whether or not you liked

1 the review.

2 CHIEF EXECUTIVE OFFICER MORALES: We will correct
3 that. The intent is that review is concurrent, but right
4 we'll make that clear.

5 BOARD MEMBER ROSSI: Yeah, no I understand. Just
6 that's why I said if we could do that.

7 CHAIRMAN RICHARD: Going forward, okay.

8 Item 5 consider amending a reimbursement
9 agreement with the U.S. Army Corps of Engineers for
10 permitting services.

11 MR. MCLOUGHLIN: Thank you.

12 CHAIRMAN RICHARD: I suspect this has some
13 relation to the prior item, Mr. McLoughlin?

14 MR. MCLOUGHLIN: Yes, sir. Thank you.

15 Again this is an amendment to an existing
16 contract by the U.S. Army Corps of Engineers that we've had
17 in place. And I'm currently coming to you, because it's
18 exceeding the \$5 million limit.

19 So what we do -- previously we had funded the
20 Sacramento District of the U.S. Corps of Engineers. They
21 have L.A. Districts in Los Angeles and they have a San
22 Francisco District in the Bay Area.

23 And currently from the previous meetings we've
24 had in the fall related to engaging and mobilizing agencies
25 to support the issuance of those Record of Decisions and

1 other permitting decisions we are increasing staff at those
2 other new districts. We previously had them, but we're
3 doing that in force to support all of the sections across
4 the program. So this funding agreement or this approval
5 and amendment allows that to happen.

6 We also have entered into an MOA, Memorandum of
7 Agreement, on this for this and we also have an agreement
8 and an MOU with them as an integration MOU with the Corps
9 and the EPA in our checkpoint process that we move through.
10 Checkpoint A's purpose and need, Checkpoint B a range of
11 alternatives, which will eventually get to a document, and
12 Checkpoint C which is the preferred alternative as we go
13 through that conversation.

14 So right now on the 404 Clean Water Act we fund
15 this issuance of this compliance for that to make sure that
16 we are in compliance with that agreement. We have assurity
17 of permits and the issuance of those and final mitigation
18 plans, which is important and key to enabling construction.

19 Our current contract will expire in September of
20 '17, 2017, but we also at this time -- and the contract
21 amount is needed for all the sections to increase again the
22 resources and staffing needed to process. This budget
23 increased by \$3,436,777 as the amount of the contract in
24 total will be \$5,314,181. And again the contract will be
25 extended through two years.

1 CHAIRMAN RICHARD: Okay. Questions?

2 MR. MCLOUGHLIN: And one thing to note also we
3 are funding a lot of other different agencies: CBFW, U.S.
4 Fish and Wildlife Services, in the same manner.

5 CHAIRMAN RICHARD: Pleasure of the Board?

6 VICE CHAIR RICHARDS: I move for approval.

7 BOARD MEMBER ROSSI: Second.

8 CHAIRMAN RICHARD: It's been moved by Vice Chair
9 Richards, seconded by Mr. Rossi.

10 Please call the roll?

11 MS. HARLAN: Vice Chair Richards?

12 VICE CHAIR RICHARDS: Yes.

13 MS. HARLAN: Director Rossi?

14 BOARD MEMBER ROSSI: Aye.

15 MS. HARLAN: Director Correa?

16 BOARD MEMBER CORREA: Aye.

17 MS. HARLAN: Director Curtin?

18 BOARD MEMBER CURTIN: Aye.

19 MS. HARLAN: Director Paskett?

20 BOARD MEMBER PASKETT: Yes.

21 MS. HARLAN: Director Lowenthal?

22 BOARD MEMBER LOWENTHAL: Yes.

23 MS. HARLAN: Chair Richard?

24 CHAIRMAN RICHARD: Yes.

25 Okay. Thank you, Mr. McLoughlin. That passes.

1 MR. MCLOUGHLIN: Thank you.

2 CHAIRMAN RICHARD: The next item is to consider
3 awarding contracts for financial advisor services.

4 Colleagues, I'm going to recuse myself on this.
5 I don't have a direct financial interest or even an
6 indirect interest, but I've had past and potential future
7 business dealings in my private sector life with at least
8 one of the people involved on one of the contractor teams.
9 So even though there is no direct connection at this point,
10 I just think because of that it will be better for me to
11 step aside. So I'm going to hand the microphone to Vice
12 Chair Richards.

13 I'll step out of the meeting room. At the
14 conclusion of this I'll ask him to just announce the closed
15 session that will be occurring somewhere, so --

16 BOARD MEMBER CORREA: Mr. Chair?

17 CHAIRMAN RICHARD: Yes?

18 BOARD MEMBER CORREA: Can I do the same?

19 CHAIRMAN RICHARD: All right, that's fine. We
20 can have a little caucus outside of the room.

21 BOARD MEMBER ROSSI: Don't talk to each other
22 while you're out there.

23 BOARD MEMBER CORREA: We get to talk to each
24 other, we just can't talk to you.

25 (Laughter.)

1 VICE CHAIR RICHARDS: All right, thank you. Item
2 six is consider awarding the contracts for financial
3 advisor services. Mr. Fong?

4 MR. FONG: Good morning, Mr. Vice Chair,
5 remaining Board Members and Mr. Morales.

6 (Chairman Richard and Board Member Correa exit.)

7 MR. FONG: Good morning, Russ Fong, your Chief
8 Financial Officer. Today I'll be presenting agenda item
9 six for the Board to approve the financial advisor services
10 contracts for the highest and second highest scoring
11 proposers.

12 Our Primary will be KPMG. Our Secondary will be
13 Ernst and Young and team.

14 As our organization transitions from planning to
15 project development and construction, the new financial
16 advisors will better position the Authority in these four
17 critical areas.

18 Number one: back office operations, which
19 includes enhancing our internal controls, validating and
20 maintaining the integrity of our financial data. Number
21 two: financial and performance reporting to allow Board,
22 stakeholders and management to make strategic decisions
23 based on quality financial data and actively manage
24 operational performance using timely and accurate
25 information. Development of the financial system that will

1 meet the needs of our mega project and number four:
2 developing funding plans, procurement strategies, and a
3 commercial framework that will continue to move this
4 project forward in an efficient and cost-effective manner.

5 This was a competitive RFP and here are some of
6 the highlights. It's a four-year term. The budget will
7 not exceed \$40 million total. Work authorizations will be
8 issued to enhance contract management and oversight. We
9 awarded a primary and secondary contractor to maximize
10 industry expertise and we will now have world class
11 financial firms under contract such as KPMG, Ernst and
12 Young, Barclays Capital and Crowe Horwarth.

13 The scoring was as follows: 70 percent technical
14 evaluation, which included 50 percent for the written and
15 20 percent for the interview plus a 30 percent cost. Both
16 KPMG and Ernst and Young met the Authority's SB DVBE 30
17 percent goal with a mandatory 3 percent DVBE participation.

18 I would like to point out, in front of you, you
19 have a revised resolution for better clarity. I'll be
20 happy to answer any questions and this concludes my
21 presentation.

22 VICE CHAIR RICHARDS: Thank you, Mr. Fong. With
23 regards to the revised language, this has been made
24 available to all the members?

25 MR. FONG: Yes, it has.

1 VICE CHAIR RICHARDS: Okay. And is it available
2 to the public? Yes?

3 (Off mic colloquy regarding resolution)

4 MR. FONG: Yes, I put it under agreements.

5 CHAIRMAN RICHARD: Okay. All right, thank you.

6 BOARD MEMBER PASKETT: Got it.

7 VICE CHAIR RICHARDS: All right, any questions
8 from my colleagues or comments?

9 BOARD MEMBER PASKETT: There's a small business
10 requirement and you show there will be an attempt to comply
11 with it. Do you monitor that?

12 MR. FONG: Yes. We actually report that in the
13 F&A Committee on a monthly basis, what the monthly rate and
14 what we actually calculate is the actual dollars on a
15 monthly basis that went to small businesses. So that is
16 part of our F&A reports.

17 BOARD MEMBER PASKETT: Do you anticipate 3
18 percent as a total for this project?

19 MR. FONG: Well, it'll actually be 30 percent.
20 The 3 percent is really for just the DVBE portion, but the
21 Small Business will actually be on the 30 percent SB and
22 DVBE goals.

23 CHIEF EXECUTIVE OFFICER MORALES: I should just
24 clarify too that that commitment to Small Business
25 participation is part of the scoring process as well. And

1 then we monitor it in terms of actual performance.

2 VICE CHAIR RICHARDS: Director Curtin?

3 BOARD MEMBER CURTIN: Yeah, I just want to ask
4 Mr. Fong, I see there's a \$10 million contingency included
5 within the 40 million. Are you a part of that decision-
6 making process for secondary support or is (indiscernible)
7 primary?

8 MR. FONG: Yes, and I'd like to clarify what --
9 so the budget is \$40 million and that will be actively
10 managed by myself. We report this to the Finance and Audit
11 Committee, the actual progress. Again the budget is \$40
12 million total for all the contracts.

13 BOARD MEMBER CURTIN: Right.

14 MR. FONG: Now with the Primary and Secondary,
15 the way the process works is the Primary has first rights
16 of acceptance or refusal. And so their contract can be "up
17 to" \$40 million.

18 The Secondary also has rights in case the Primary
19 cannot either meet its obligations or the skill set
20 necessary for the particular task. That contract is for 10
21 million, but again it will be the total budget is 40
22 million. It will not exceed 40 million.

23 BOARD MEMBER CURTIN: So my question is not the
24 total budget, I've got that part. Will you be part of the
25 decision-making process --

1 MR. FONG: Yes.

2 BOARD MEMBER CURTIN: -- in terms of the
3 qualifications or specifics or will it be able to meet or
4 is just some --

5 MR. FONG: Actually I will be signing off on all
6 the task orders of the final decision.

7 BOARD MEMBER CURTIN: Okay. And you may be
8 saying, "Well, I'm not sure you guys have the expertise on
9 this one, I want to bump it over."

10 MR. FONG: That's correct.

11 BOARD MEMBER CURTIN: Or is that up to them?

12 MR. FONG: It's a negotiation between both
13 parties.

14 BOARD MEMBER CURTIN: That was my question.

15 MR. FONG: At the end of the day I will be
16 signing off on each task.

17 BOARD MEMBER CURTIN: All right, and so I'm
18 interested particularly in part of the discussion you've
19 had in here of identifying innovative financial
20 opportunities. So that's a big item, I think hopefully
21 these contracts will help us with. Thank you.

22 VICE CHAIR RICHARDS: Any other questions?

23 BOARD MEMBER ROSSI: So moved.

24 BOARD MEMBER PASKETT: Second.

25 VICE CHAIR RICHARDS: All right, we have a motion

1 from Director Rossi, a second by Lorraine. Is there --

2 MR. FELLEENZ: Mr. Vice Chair?

3 VICE CHAIR RICHARDS: Yes?

4 MR. FELLEENZ: I would like to suggest that you
5 announce what the clarification is?

6 VICE CHAIR RICHARDS: Yeah.

7 MR. FONG: Yes, if you like I can just go ahead
8 and read the clarification. Okay, so the --

9 VICE CHAIR RICHARDS: Were you trying to suggest
10 that what we want to do is read this into the record?

11 MR. FELLEENZ: Correct.

12 VICE CHAIR RICHARDS: Okay. Well, I would agree
13 with that, that's --

14 BOARD MEMBER ROSSI: Well, since in part it's my
15 motion do you want me to read it in and move this?

16 VICE CHAIR RICHARDS: Yeah, and which was the
17 reason I wanted to make sure that the public had seen --
18 this has been made available to the public also.

19 BOARD MEMBER ROSSI: Okay. So I move that,
20 "The Chief Executive Officer, or designee of the
21 Chief Executive Officer, is hereby authorized to execute a
22 four-year contract with KPMG LLP up to \$40 million to
23 provide Financial Advisor services as the Primary Financial
24 Advisor. And to execute a four-year contract with Ernst
25 and Young Infrastructure Advisors, LLC up to \$10 million to

1 provide Financial Advisor services as the Secondary
2 Financial Advisor and is directed to manage both contracts
3 to the combined expenditure under both contracts such that
4 they will not exceed -- because that English isn't correct,
5 it says it -- "...will not exceed \$40 million."

6 "The Chief Executive Officer, or designee of the
7 Chief Executive Officer, is directed to report the
8 expenditures under both contracts on a monthly basis to the
9 Board's Finance and Audit Committee."

10 VICE CHAIR RICHARDS: All right, having read that
11 into the record, Director Rossi does your motion still
12 stand?

13 BOARD MEMBER ROSSI: Yes.

14 VICE CHAIR RICHARDS: Okay. We have a motion and
15 a second, please call the roll.

16 MS. HARLAN: Vice Chair Richards?

17 VICE CHAIR RICHARDS: Yes.

18 MS. HARLAN: Director Rossi?

19 BOARD MEMBER ROSSI: Yes.

20 MS. HARLAN: Director Curtin?

21 BOARD MEMBER CURTIN: Yes.

22 MS. HARLAN: Director Paskett?

23 BOARD MEMBER PASKETT: Yes.

24 MS. HARLAN: Director Lowenthal?

25 BOARD MEMBER LOWENTHAL: Yes.

1 VICE CHAIR RICHARDS: All right, thank you.

2 Ladies and gentlemen, that concludes the public
3 portion of today's meeting. We will now go into closed
4 session and after the closed session we will report out any
5 actions --

6 BOARD MEMBER PASKETT: Tom, may I --

7 VICE CHAIR RICHARDS: Sure.

8 BOARD MEMBER PASKETT: Before we close, I meant
9 to do this (indiscernible) --

10 VICE CHAIR RICHARDS: One moment, please.

11 BOARD MEMBER PASKETT: May I ask our Executive
12 Director if he can pick an appropriate time this year at
13 one of the Board meetings to report in on the Small
14 Business and DVBE performance and goals? And also to make
15 a recommendation on whether or not it's appropriate for the
16 Board to consider a higher level of DVBE, because it seems
17 on the low side and out of line with other state agencies.

18 CHIEF EXECUTIVE OFFICER MORALES: On your second
19 point, the 3 percent DVBE is actually in state statute for
20 applying to contracts. On the broader question, yes we
21 will -- in fact we've been planning on making a
22 presentation to the Board on where we are in the program
23 overall and what changes we might see.

24 BOARD MEMBER PASKETT: Is there an opportunity to
25 go beyond this statutory baseline?

1 CHIEF EXECUTIVE OFFICER MORALES: I will --

2 BOARD MEMBER PASKETT: The reason I ask is we
3 have so many contracts and we spend so much money. And if
4 there is an opportunity to change that, I would like to
5 know what that is and ask the Board to consider it.

6 CHIEF EXECUTIVE OFFICER MORALES: Okay. We will
7 look at that as part of that presentation and discussion
8 and make a recommendation as appropriate, if there's
9 capacity to change it.

10 VICE CHAIR RICHARDS: Okay. Thank you, Jeff.

11 So with that, as I was mentioning we have now
12 completed the public session of today's meeting. We'll go
13 into closed session and we will report out afterwards if
14 there were any actions that were reportable to the public.

15 Thank you very much for coming.

16 (High-Speed Rail Authority Chair Dan Richard
17 reported, having no further business after the Board's
18 Closed Session, the meeting adjourned at 12:45pm.)

19 -oOo--

20

21

22

23

24

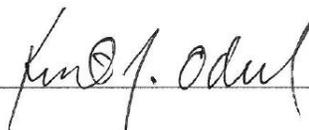
25

REPORTER'S CERTIFICATE

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of June, 2016.



Kent Odell
CER**00548

TRANSCRIBER'S CERTIFICATE

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of June, 2016.



Myra Severtson
Certified Transcriber
AAERT No. CET**D-852