

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

SACRAMENTO BOARD OF SUPERVISORS CHAMBERS

HEARING ROOM 1

700 H STREET

SACRAMENTO, CA 95814

WEDNESDAY, JANUARY 18, 2017

9:30 A.M.

Reported by:
Peter Petty

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk

Michael Rossi

Daniel Curtin

Lorraine Paskett

STAFF

Jeff Morales, Chief Executive Officer

Krista Jensen, Board Secretary

Tom Fellenz, Chief Counsel

Diana Gomez

Mark McLoughlin

Scott Jarvis

Alan Glen

Russell Fong

Paula Rivera

Gary Griggs

Jon Tapping

PUBLIC COMMENT

Brian Haddix, City of Chowchilla

Kole Upton, Preserve Our Heritage

Michael Claiborne, Fairmead Community & Friends

Victor Salas

Ray Hashimoto, representing I. Ping Ho

Edita Moreno

Galen Suppes, Terreplane Technologies, LLC

Victoria Ortiz, Fairmead Community & Friends

Barbara Nelson, Fairmead Community & Friends

Elaine Moore, Fairmead Community & Friends

Kathy Hamilton, Community Coalition - High-Speed Rail

Bill Descary

Ross Browning, California High-Speed Rail Accountability,
CCHSRA

Frank Oliveira, CCHSRA

Alan Scott, CCHSRA

Rita Wespi, Californians Advocating Responsible Rail
Design, CARRD

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P R O C E E D I N G S

9:37 a.m.

PROCEEDINGS BEGIN AT 9:37 A.M.

SACRAMENTO, CALIFORNIA, WEDNESDAY, JANUARY 18, 2017

CHAIRMAN RICHARD: Good morning. This meeting of the California High-Speed Rail Authority Board will be in order. We will immediately adjourn to closed session in the space just outside of this room and report back. We should be here in time to start the 10:00 o'clock meeting as scheduled. Okay. We're adjourned into closed session.

(The Board convened into Closed Session at 9:37 a.m.)

(The Board reconvened out of Closed Session at 10:01 a.m.)

CHAIRMAN RICHARD: Good morning, everybody. We will be back in open session. We had previously opened the Board meeting, adjourned to closed session. We have now completed the closed session. There are no items out of the closed session to report, so we will proceed with the regular order for the High-Speed Rail Authority Board meeting.

So let me start by asking the Secretary to please call the roll. And welcome our new Secretary, Krista, to the High-Speed Rail Authority. Welcome back.

MS. JENSEN: Thank you very much.

CHAIRMAN RICHARD: Thank you.

MS. JENSEN: Director Schenk?

1 BOARD MEMBER SCHENK: Here.

2 MS. JENSEN: Vice Chair Richards?

3 VICE CHAIR RICHARDS: Here.

4 MS. JENSEN: Director Rossi?

5 BOARD MEMBER ROSSI: Here.

6 MS. JENSEN: Director Curtin?

7 BOARD MEMBER CURTIN: Here.

8 MS. JENSEN: Director Paskett?

9 BOARD MEMBER PASKETT: Here.

10 MS. JENSEN: Director Lowenthal?

11 BOARD MEMBER LOWENTHAL: (Absent).

12 MS. JENSEN: Chair Richard?

13 CHAIRMAN RICHARD: I'm here.

14 I'll ask Vice Chair Richards to lead us in the
15 Pledge of Allegiance.

16 (The Pledge of Allegiance is made.)

17 CHAIRMAN RICHARD: Thank you. We have several
18 items this morning, if I can find my -- one second to grab
19 my book. We will start with public comment and I'm going
20 to follow a slightly different procedure this morning.
21 Those of you who attend our meetings know that it's my
22 custom to take speaker requests in the order in which
23 they're submitted while giving our elected representatives
24 an opportunity to speak first. But today I actually am
25 adjusting the order and the reason for that is that we have

1 on the agenda today, a request to adopt a preferred
2 alignment. So we have an alignment decision in front of us
3 and because of that we've had people who've traveled some
4 distance from the communities of Chowchilla, Fairmead and
5 that part of California. And I think in fairness to them,
6 I wanted to group all their comments together, so that they
7 could present in the most effective way to this Board.

8 So what we'll do is we will start, as far as I
9 can tell, with speakers speaking to that agenda item. And
10 then we will proceed with the rest of the speaker cards in
11 the order in which they were received. So those of you who
12 saw me up here shuffling speaking cards know that I don't
13 normally do that, but I wanted to explain that before we
14 get going.

15 So with that we'll open the public comment period
16 and the first speaker is Mr. Brian Haddix, the City
17 Administrator of the City of Chowchilla. He'll be followed
18 by Kole Upton and then we'll proceed after with that.

19 Good morning.

20 MR. HADDIX: Good morning Chair and Members of
21 the California High-Speed Rail Board. Thank you for the
22 opportunity to once again share the views of the residents
23 of Chowchilla as it pertains to the high-speed rail
24 alignment through the Wye. We believe that the Road 11 to
25 Avenue 21 route continues to provide a corridor with the

1 least amount of impacts and lowest costs for acquisition
2 and construction of this route.

3 The City of Chowchilla agrees with the High-Speed
4 Rail staff that Road 11 is the preferred north-south
5 corridor. Where we disagree is over which east-west
6 corridor is least impactful. Chowchilla and Fairmead
7 support an Avenue 21 alignment, because it avoids cutting
8 into the region's shared industrial area while sweeping
9 around Fairmead, versus dividing the severely economically
10 disadvantaged community.

11 First, let me explain the impacts and cost
12 alignment. And as an aside I believe that you may have
13 already received an email or a letter from the Chowchilla
14 City Council and my mayor on this matter, so I'm going to
15 keep it brief.

16 Unfortunately, based on the data provided at the
17 December 8th, 2016 community meeting held by High-Speed
18 Rail, the staff in Chowchilla -- the explanation of the
19 impacts and cost arguments is based on conjecture. What I
20 mean by this is that the only data available at the meeting
21 were for the Road 13 to State Route 152. Road 19 to State
22 Route 152. Road 11 to State Route 152. And Road 13 to
23 Avenue 21. No data was available for Road 11 to Avenue 21.

24 If one were to compare Road 13 to Avenue 21 route
25 against Road 13 to State Route 152 route, you would find

1 that the Road 13 to Avenue 21 route has the least impacts
2 and costs. Likewise, if you were to compare the Road 11 to
3 State Route 152 route against the data for Road 13 to State
4 Route 152 -- so this is 11 to 13 -- the Road 11 has the
5 least impacts and costs. In other words, the alignments
6 down Road 11 has the lowest impacts and costs and the
7 alignment along Avenue 21 has the lowest impacts and costs.

8 Here's where we are left to conjecture. That by
9 combining these two legs, Road 11 to Avenue 21, you get the
10 alignment with the least amount of impacts and costs of all
11 the Wye alignments.

12 The only way to truly verify this conjecture is
13 to study it. The City of Chowchilla submitted a Public
14 Records Act request on December 21, 2016 and just received
15 notice last Friday that a CD would be mailed to us with all
16 the studies pertaining to the Wye. It is our request that
17 the California High-Speed Rail Authority hold off on
18 choosing a preferred preliminary alignment until this route
19 has been evaluated.

20 Let me shift gears now and talk about impacts of
21 a State Route 152 alignment. As we have shared previously,
22 progress is moving forward on this region. The City
23 Council has the money set aside for the cost of a specific
24 plan for the region with the landowners reimbursing the
25 city. I. Ping Ho and city staff have been in discussion

1 regarding roads, intersections, and infrastructure such as
2 sewer, water, stormwater, etcetera for the Chowchilla
3 Industrial Center at Avenue 17 1/2 and State Route 152.
4 This Center will ultimately build out as a two million
5 square foot complex of mixed-use transit-oriented space for
6 approximately 160 businesses and upward projections of
7 4,000-person employment. This is welcome in a region known
8 for its chronically high unemployment.

9 Unfortunately, the alignment along State Route
10 152 would no longer include an interchange at Road 17 1/2.
11 And the eastern portion of I. Ping Ho's property would be
12 lost to the State Route 152 rail alignment.

13 Now, I'm going to include a statement from I.
14 Ping Ho regarding his property there. And he expressed to
15 me.

16 "Mr. Haddix, thank you very much for your help.
17 There are three major concerns that I'd like High-Speed
18 Rail to consider.

19 "Number one, High-Speed Rail figures that the
20 cost of construction is the lowest for Road 11 and Highway
21 152 North Wye. But to move facilities of the almond tree
22 hulling company will cost more than \$20 million. They need
23 160 acres of land to relocate their facilities, but there
24 is no such land nearby for them to move to. The General
25 Manager of Almond Tree Hulling Company, Mr. Fred Cook,

1 would like to join with you" -- and this is a separate
2 meeting we're working on -- "with you, Caltrans, and High-
3 Speed Rail to talk about these impacts.

4 "Number two, the drawing of high-speed rail shows
5 that the car exit of Road 16 from Highway 152 to the north
6 will be almost to Avenue 23 1/2. There are many beautiful
7 residential ranch style houses in that area. The heavy
8 traffic in and out of State Route 152 are not suitable for
9 that location.

10 And then number three, he points out, "I own 243
11 acres of land at the north side of Highway 152. I have a
12 plan to develop it into an industrial park with some
13 commercial usages. When it's fully developed, it will
14 create over 1,000 jobs." Well, the material he provided
15 the city was 4,000, but I'll take 1,000. "My neighboring
16 properties could consist of over 1,000 acres, also zoned
17 for industrial and commercial. If they were developed too,
18 there will be tens of thousands of employees working in
19 that corridor. The closing down of Road 17 1/2 highway
20 entrance and exit will make all these developments
21 impossible, because of traffic and circulation problems.

22 CHAIRMAN RICHARD: Mr. Haddix, we have a speaker
23 from that organization, so if I could just ask you to try
24 to wrap up, I want to make sure that everybody who came
25 here has a opportunity to speak, so.

1 MR. HADDIX: Thank you, four paragraphs I'll be
2 done.

3 CHAIRMAN RICHARD: Four paragraphs?

4 BOARD MEMBER SCHENK: No, no.

5 MR. HADDIX: Short paragraphs.

6 BOARD MEMBER SCHENK: Someone -- Point of Order,
7 Mr. Chairman?

8 CHAIRMAN RICHARD: Can you just -- that's all
9 right -- can you just please summarize? And you can
10 certainly submit that letter to us and it'll be part of the
11 record. And I just --

12 BOARD MEMBER SCHENK: I asked for a Point of
13 Order.

14 CHAIRMAN RICHARD: Again, we have a lot of
15 speakers on this and I want to make sure that everybody has
16 an equal opportunity to speak.

17 MR. HADDIX: I'll just say thank you for looking
18 at Road 11 and Avenue 21.

19 CHAIRMAN RICHARD: Okay. Thanks, Mr. Haddix.
20 Next speaker is Kole Upton. And he'll be followed by
21 Hedrington --

22 BOARD MEMBER SCHENK: Call for a Point of Order,
23 Mr. Chairman?

24 CHAIRMAN RICHARD: Yeah.

25 BOARD MEMBER SCHENK: Yeah, and that is to remind

1 in fairness to all the speakers, there is a limit. And so
2 for us to get to our action items, if the speakers would
3 honor that limit and they can submit everything in writing
4 and we do read it.

5 CHAIRMAN RICHARD: Okay.

6 Mr. Upton will be followed by Hedrington Esmond
7 Benito.

8 So Mr. Upton, welcome.

9 MR. UPTON: Thank you, Mr. Chairman. I won't
10 bore you with any football metaphors and since the Browns
11 and the 49ers, their only saying was who got the best draft
12 choice, because they had the worst records.

13 So we'll go on to why I'm here. I first appeared
14 before this group in 2009, but I don't think any of you
15 were there. I don't know if you were, Mr. Richards or not,
16 but Mr. Pringle was the Chairman. And when we had our
17 problem with Road 13 at the time and we had our speakers
18 Mr. Pringle says, "Why don't you roll up your sleeves and
19 work with us?" And we've done that. We have done that.
20 For the last seven years we've had -- went to, I don't know
21 if it's hundreds of meetings or it's hundreds of hours of
22 meetings, pages of testimony. And so I think you pretty
23 much know where the area stands.

24 Now, I drew the short straw, so the dairy land
25 people, and the Water District, and all the other

1 organizations that are involved with Preserve Our Heritage
2 are not there today. They're all working, so we're just
3 saving you some time here by what we submitted already.

4 What we have decided is the Road 11 and 152 is
5 the option. Is it my first choice? No. It's probably
6 down by fourth or fifth. I don't think it's anybody's
7 first choice. So with all the lexicon you have involved in
8 this organization maybe you should have a new one called
9 LOPO, the Least Objectionable Preferred Option. Because
10 that's where we're at. I don't think it's anybody's
11 preferred option, but it can work.

12 And also I don't want to be accused of being a
13 NIMBY, because I'm not. Because this Road 11 does go
14 through my backyard, so I am an NIMBY, okay? So here you
15 have a person that is telling you, "Okay. I can live with
16 this, because it has the least effect on my neighbors, on
17 the schools and the churches. That Road 13 and Avenue 21
18 will do." That would be devastating to the public
19 agencies, and the people, and the farmers in the area, so I
20 hope you would consider that.

21 For us it's time to move on. The staff you have:
22 Diana Gomez, Gary Kinnerly and the rest of them have done
23 an outstanding job. They've taken a lot of abuse and
24 they've heard hours and hours of testimony and they've done
25 the best they could. They've come up with something that's

1 going to work. So I would hope that this Board is ready to
2 move on now and let's get it over with.

3 We realize that you have to get out and go before
4 the Federal Government and we realize there's going to be
5 whole new players now. And you've got the FRA, the STB,
6 the EPA, the Army Corps and that kind of thing. And
7 previous good selections that you have were vetoed by
8 people in Washington DC, which is very frustrating.
9 Because when I asked, "Well, who was it? Can we talk to
10 them? Can we see why?" "No, can't do that." And this was
11 three or four years ago.

12 So I'm hoping now, once you folks decide on
13 something, that you have the cajones to stand up for it and
14 push it through.

15 CHAIRMAN RICHARD: That's a technical term?

16 MR. UPTON: It's a technical term, yes sir.

17 (Laughter.)

18 Okay. Well, out of respect for your time I'm not
19 going to say anything else, but if you have any questions
20 or something please give us a call. Thank you, Mr.
21 Richard.

22 CHAIRMAN RICHARD: Thank you, Mr. Upton.

23 Mr. Benito followed by Michael Claiborne and then
24 Victor Salas.

25 MR. CLAIBORNE: Thank you. I'm actually Mike

1 Claiborne. Mr. Benito is right up here. He made the trip
2 down to, or up to Sacramento this morning from Fairmead.
3 But he just decided that he'd rather listen to other
4 speakers.

5 CHAIRMAN RICHARD: All right.

6 MR. CLAIBORNE: But he's here in solidarity with
7 those of Fairmead and made the two-hour trip in the rain
8 this morning.

9 So my name is Mike Claiborne. I'm an attorney
10 with Leadership Counsel for Justice and Accountability. I
11 live in Fresno, originally from Chico. And I'm here
12 representing the interests of Fairmead Community and
13 Friends, which is the group over here of, I think we have
14 seven or eight in our group.

15 Fairmead Community and Friends is a nonprofit
16 that works to better the lives of those who live in
17 Fairmead. The three women on the Board here, Barbara,
18 Elaine and Vickie have engaged in this process for more
19 than five years. They've been at meetings. They've been
20 in Chowchilla. They've met with High-Speed Rail and Diana
21 Gomez many times. And they're happy to be here and to be
22 able to share their opinions on the alignment.

23 So Fairmead Community and Friends has engaged in
24 this process. And they've discussed mitigation on
25 occasion, but they've been consistent throughout this

1 process that they prefer Avenue 21 to Road 11 or Road 13.
2 The only option on the table now is 13, is my
3 understanding. And the reason for this is that any of the
4 State Route 152 routes will cut Fairmead directly in half.

5 If it goes through North Fairmead right by the
6 school, requiring that the only school in Fairmead now --
7 Fairmead Elementary -- move to Chowchilla. That's a
8 problem, obviously, for the residents in Fairmead. It's
9 going to make it difficult for people that live there to
10 get from one side of the community to the other as staff
11 has acknowledged. It will cut community cohesion.

12 And I assume none of you have been to Fairmead?
13 I've been working there for now about six months. It's a
14 community of 1,400 people. It has its issues, but it's a
15 tight-knit community. A community of color, a
16 disadvantaged community, and it's an historic community.
17 It's been around for more than 100 years. I've talked to
18 residents whose families have been there for 100 years.
19 This is a big deal to people that live there. And we'd
20 urge the Board to reconsider any requests to select State
21 Route 152 as an alignment given that it will needlessly cut
22 through Fairmead.

23 And there's another option. Avenue 21 is a
24 perfectly good option. It's comparable when it comes to
25 costs, when it comes to environmental impacts. The only

1 difference is that State Route 152 cuts directly through
2 Fairmead. There's got to be another way. And we'd urge
3 the Board to vote down item number three. Thank you.

4 CHAIRMAN RICHARD: Thank you, Mr. Claiborne.
5 Victor Salas from Chowchilla followed by Ray Hashimoto.

6 Good morning, Sir.

7 MR. SALAS: Good morning, so as a recent college
8 graduate I kind of wanted to bring forth a few things. As
9 kind of a business-oriented person I kind of was wondering
10 as to one of the -- some of the few stops in like say
11 Merced and Fresno -- as to what were some of the
12 demographics that were getting pushed? What kind of the
13 shopping centers and what were getting pushed to -- who was
14 the target demographic, really? Because right now Merced
15 is kind of going through a change right now itself due to
16 the large influx of students. With UC Merced still
17 continuing to grow, it's really starting to see a culture
18 change.

19 And I was wondering what would be the target
20 demographic at these stations as well as to some of the
21 businesses. What are the plans for local businesses?
22 Because that's another thing that's kind of a bit of an
23 issue right now, because more stations like this would see
24 a large influx of bigger corporations and bigger
25 restaurants -- culinary graduates. I'm trying to really

1 understand as to what's going to happen with some of the
2 other restaurants and the plants. With a lot of local
3 restaurants might even be needing to more or even be put
4 out of business, because of these stations.

5 I understand you guys may not be able to answer
6 some of these questions, but I'd really like to -- if I
7 could get an answer I'd really appreciate it.

8 CHAIRMAN RICHARD: Mr. Salas, we'll ask our staff
9 people to work with you on this. During the public comment
10 period, we're here to listen to the public and so we
11 generally don't do that. No disrespect to you sir, but
12 that's what we do at this point --

13 MR. SALAS: I completely understand that.

14 CHAIRMAN RICHARD: -- it's the public's time to
15 speak to us.

16 MR. SALAS: Okay.

17 CHAIRMAN RICHARD: But we will ask staff to
18 follow up with you and provide the information that you're
19 seeking.

20 MR. SALAS: Thank you, sir.

21 CHAIRMAN RICHARD: Thank you.

22 Mr. Hashimoto, good morning. And he'll be
23 followed by it looks like Edita Moreno.

24 Good morning, sir.

25 MR. HASHIMOTO: Good morning Chairman, Members of

1 the Board. Thank you very much for listening to us this
2 early morning.

3 I am here to represent I. Ping Ho. I'm from a
4 company who is his engineer, HMM Engineers in San Jose. I
5 have submitted a letter and very much echo the comments
6 made by Mr. Haddix. And he did summarize Mr. Ho's
7 concerns.

8 Specifically, we do have an application we're
9 working on with the City to talk with the subdivision and
10 the industrial zoning and what I. Ping wants to see happen
11 on his property. So of course, the preferred alignment
12 does not mesh with that. Mr. Haddix indicated that we
13 believe that there is additional costs to this that haven't
14 been ferreted out yet with the preferred alignment.

15 Mr. Ho does believe that this alignment will
16 really compromise the accessibility to his property and
17 therefore its real value as an industrial and commercial
18 property in Chowchilla.

19 I think the City of Chowchilla is looking very
20 much forward to this area developing and bringing some good
21 economic development to their City. So again, with the
22 sentiments of the City of Chowchilla, we would want you to
23 explore certainly the Road 11 route south to Avenue 21 as a
24 preferred alternative in our minds.

25 So with that, please read my letter and thank you

1 very much for hearing me today.

2 CHAIRMAN RICHARD: Thank you, sir.

3 Ms. Moreno followed by -- I apologize if I
4 mispronounce this -- it looks like Galeu Suppes, (phonetic)
5 or something like that. I hope that's close.

6 MS. MORENO: Hello, good morning. Basically, I
7 just want to give kind of my situation. I purchased a
8 property about two years ago and it was not disclosed that
9 the train was supposed to go through the property. And so
10 basically two years I've been kind of like juggling of
11 what's going to happen, yes/no. The only alignment that
12 doesn't go through my property is Avenue 21, is the only
13 one. All the others do.

14 I've gone into participate with the community
15 and be involved with them and I see the impact it's going
16 to create in the community. And I'm at the point where if
17 it's going to go through there and I have to move, because
18 it goes through my property I'm okay, but I would like to
19 see some positive -- in the community. You know, there's
20 going to be some kind of impact in the community where it's
21 going to help it grow, provide services. And then I'm like
22 in favor.

23 But if the community's going to be left and
24 abandoned or like not looked after then I'd prefer Avenue
25 21.

1 CHAIRMAN RICHARD: Thank you, ma'am.

2 Sir, did I mispronounce your name?

3 MR. SUPPES: Galen Suppes, I probably didn't
4 spell it very well. Thank you for your time.

5 CHAIRMAN RICHARD: Suppes, no I was close, but
6 that N looked like a U. So yeah, Mr. Suppes, good morning.

7 MR. SUPPES: Thank you for your time, your
8 professionalism, and your courtesy. I have a brochure that
9 I'll put in back for you (indiscernible).

10 CHAIRMAN RICHARD: Or you can provide it to our
11 Board Secretary.

12 MR. SUPPES: I left copies here in the front as
13 well. The brochure is on a technology alternative. And
14 has a huge environmental benefit, unlike anything that most
15 of you have ever heard of.

16 In a way of introduction in 1992 I invented
17 Hyperloop. This is not a talk on Hyperloop, but you can
18 look at the patent, you can look at the Transportation
19 Research Board Paper from them. And Elon Musk basically
20 repacked it and called it Hyperloop, but it's well
21 documented what I did.

22 In 1994, I said this costs too much and it's not
23 worth my time. In 2015, after two decades of contemplating
24 the issues I overcame the number one problem with these
25 type of systems, and that is cost. And what I'd like to

1 mention is that six years ago maybe high-speed rail was a
2 good idea, things have changed. And you have to be aware
3 things can change when a project takes over ten years to
4 occur.

5 I am a Professor of Chemical Engineering and I'm
6 also an entrepreneur. The technology that's described in
7 the brochure is a land-based technology. It runs off grid
8 electricity. No new bridges are needed, no new tunnels are
9 needed. These alignment issues would probably be a non-
10 issue, because it would be much quieter.

11 As far as environmental impact, nothing compares,
12 because this is a new technology. It is not a tweaking of
13 an old technology. Estimates on performance: one-fifth the
14 cost; one-fifth the energy consumption; one-fifth the
15 travel time systematically for most of the applications.
16 The brochure lists heuristics, which are basically rules of
17 thumb.

18 And on these rules of thumb and what you'd like
19 from a technology, especially one that you're investing the
20 type of money you're investing on here, you'd like all ten
21 of them to be hit. The High-Speed Rail Project hits about
22 two out of those ten. This technology I'm putting forward
23 is ten out of ten.

24 I would really like to see this technology happen
25 in the U.S. But if history repeats itself, as of recent,

1 it will probably be China. But I'd like you to at least
2 know that there is a good alternative out there. I can be
3 contacted from my webpage. That's on the back of this
4 brochure. And I am wholly available if you have questions.
5 If you doubt any of these things can be achieved, I am
6 available. I can work with your local universities. With
7 the local industry and iron out the details. Not only is
8 it one-fifth, one-fifth, one-fifth, it could probably be
9 here much quicker than the timeline. And so, my bottom
10 line message is I'm available if you have questions and I'd
11 be glad to answer or present anything in greater detail.
12 Thank you.

13 CHAIRMAN RICHARD: Thank you very much, sir. I
14 actually had not seen there were some late cards from
15 Fairmead, so we still have speakers from Fairmead. And let
16 me package those together right now. I hope I have this,
17 is it Griselda Villard? Did I mispronounce that? Followed
18 by Victoria Ortiz and Barbara Nelson.

19 UNIDENTIFIED SPEAKER: I think we'll just move to
20 Victoria Ortiz if that's okay?

21 CHAIRMAN RICHARD: Okay. Ms. Ortiz and then if
22 Barbara Nelson wants to speak and then the last one I have
23 from Fairmead Friends is Elaine Moore.

24 So, please come forward. Good morning.

25 MS. ORTIZ: Good morning, Board Members. I'd

1 like to share my comments expressed as an active Board
2 Member of Fairmead Community and Friends. This May 2017
3 will be ten years as Fairmead Community and Friends, a
4 501(c)(3) grass-roots nonprofit has been the voice of the
5 Fairmead community.

6 Fairmead's demographic population is
7 approximately 1,500 residents, in more than 80 years has
8 been a community of primarily people of color. In the
9 beginning of this span, residents were predominantly
10 African-Americans and as of today, the residents are
11 primarily Hispanic residents.

12 Fairmead is rich with history of property owner
13 families that have lived in the community for generations:
14 the Mitchells, the Williams, the Ameys, the Moores, the
15 Bustillos, the Venezuelas, and the Davises and many more.
16 Our unincorporated low-income community is designated as a
17 DAC -- a Disadvantaged Community. A label the residents
18 would rather not have if nobody is going to do something
19 about it.

20 Fairmead is a community that was fortunate enough
21 to have one of those orange Mammoth hamburger stands that
22 dotted California Highway 99 in the 1950s. You ask most
23 Californians past the age of 40 today about the orange
24 stand and they will always smile and share one of their
25 fondest memories of stopping there when they were growing

1 up. The Fairmead Mammoth Orange Stand was a historical
2 landmark. They closed in 2008 to allow the widening of
3 Highway 99.

4 The proposed State Route 152 to Road 11 cuts
5 through more than a dozen Fairmead homes. This is not to
6 mention the noise impact and the visual appearance of a
7 21st Century high-speed rail train literally flying 200
8 miles an hour over and through our rural community, all day
9 long. Three out of the four routes left will chop up and
10 divide our community and the train will swish by and not
11 even stop on Fairmead to allow us to get on a board, even
12 if we chose to.

13 Fairmead feels they are probably the most
14 impacted community, sacrificing the most, in all of Central
15 California for the High-Speed Rail Train Project. Fairmead
16 Community and Friends has initially and continue to express
17 the high-speed rail route, Authority route, selection
18 Avenue 21 to Road 13. This is the west side of the Highway
19 99 and the Fairmead community with less residential
20 population.

21 We plead, if any other route is selected, that
22 the High-Speed Rail Authority help to restore and mitigate
23 the impacts our community will be facing. Leave our
24 community 100 times better than what you found it. Leave
25 it something the residents can be proud of.

1 Even Fairmead Community and Friends knows you
2 can't stop the progress of widening Highway 99 and you
3 can't stop the high-speed rail train.

4 In the spoken words of John Lewis, a U.S.
5 Representative of Georgia, the living civil rights icon
6 reminded us this week when you know you're right, never
7 give up. Stand up, speak up and when you see something
8 that's not right, not fair, not just, you have a moral
9 obligation to do something, to say something, and not be
10 quiet. Thank you.

11 CHAIRMAN RICHARD: Thank you, Ms. Ortiz.

12 Barbara Nelson from Fairmead followed by Elaine
13 Moore.

14 MS. NELSON: Good morning, High-Speed Rail and
15 all that's present. My name is Barbara Nelson. I grew up
16 in Fairmead and I'm a property owner there. My family, my
17 husband's family, has lived -- and extended family -- has
18 lived in Fairmead for over 80 years. My mother who's 92
19 has been there for over 30 years.

20 Four years ago when my mom was informed by a
21 letter that the High-Speed Rail train route may be coming
22 into her home property, she asked me "Where would I go?" I
23 told her, "I don't know mother." I told her I thought it
24 didn't matter too much to the High-Speed Rail what happens
25 to the Fairmead community. But I want the High-Speed Rail

1 to know what happens to Fairmead does matter to my mother,
2 to me and the residents of Fairmead.

3 We are a community of families, friends, young
4 and old. My mom will be 93 this April and she's still
5 asking what's going to happen to her? Where will she have
6 to move to? My answer to her is still, "I don't know
7 Mother." Can the High-Speed Rail Board Members give me an
8 answer for her and others who have spent their entire lives
9 in Fairmead?

10 The High-Speed Rail asks property owners to
11 choose a route over their homes, property, community and
12 they would be fairly corresponded. (sic) Not everyone
13 wants to trade their family homes for the good of the High-
14 Speed Rail Train Project. Fairmead residents are proud of
15 their historic community and that's the simple reason why
16 we work hard to make it better. Most residents choose to
17 live in Fairmead. Some chose not to. That part doesn't
18 matter. What does matter is it is their homes, their
19 community they have lived in for generation that brings
20 impact with the High-Speed Rail routes presented. Thank
21 you.

22 CHAIRMAN RICHARD: Thank you very much, ma'am.

23 Elaine Moore. And I believe Ms. Moore is the
24 last speaker card that I have from the Fairmead-Chowchilla
25 area. And then we'll proceed with other speakers this

1 morning.

2 Good morning, ma'am.

3 MS. MOORE: Good morning. My name is Elaine
4 Moore and I live in the Fairmead colony area, part of
5 Fairmead. I just wanted you to know that I am a small
6 farmer. I'm kind of caught in between -- well, I shouldn't
7 say just me -- my husband and I are small farmers. And
8 we're kind of caught in between the water situation and the
9 rail situation. And my husband bought that first ten acres
10 when he was in high school, so because of his far sighted
11 views of what he wanted to do some day, it's all come to
12 hand. We have 80 acres now and we lease property.

13 We're not really sure what's going to happen when
14 the train goes through. I have a humble prayer that
15 whatever happens will benefit the most. We are now raising
16 our third generation of our family in Fairmead and we'd
17 like for it to pretty much to stay intact. We'd like it to
18 be better, have it to return to more of its natural time
19 where we actually had a place to go buy bread and milk. I
20 can remember taking my oldest little boy by the hand and we
21 would get across 99 -- that's when you had to run across
22 the freeway -- and pick up bread and milk if I needed it.
23 I didn't have to drive all the way into town.

24 So we'd like to see whatever happens, it's really
25 going to be the best, and it really will benefit the

1 majority of us all. Thank you.

2 CHAIRMAN RICHARD: Thank you, Ms. Moore.

3 Okay. I want to thank all the citizens from the
4 Fairmead and Chowchilla area for coming here today and we
5 appreciate your comments.

6 We will proceed with the rest of the public
7 speakers. I have next is Kathy Hamilton followed by Bill
8 Descary and then Ross Browning.

9 MS. HAMILTON: Good morning.

10 CHAIRMAN RICHARD: Good morning.

11 MS. HAMILTON: I'm Kathy Hamilton. I'm on the
12 Board of Community Coalition on High-Speed Rail. This is
13 my ninth year following the project. And I just wanted to
14 remind some of the people, some of the Board Members were
15 not here way back when, I think Lynn Schenk is the
16 remaining constant who's been on the Board. I just wanted
17 to talk a little bit about the cost and time of the
18 project.

19 The history, very briefly, 2008 it was passed,
20 the bond measure was passed. The cost was predicted right
21 before the bond measure to be around 33 billion. And that
22 was to be shared in one-thirds with the federal government,
23 with the state and with private investors. It was to be
24 built by 2017. In 2009, the Authority sent the legislative
25 group a report that said that all of the environmental work

1 would be completed by 2012.

2 Newest estimates today show that we should have
3 the environmental work completed by the end of 2017, but
4 there are doubts and there are extensions that may be in
5 the offing. The cost has had an erratic time: 33, 43, 98,
6 117, 67, 66, 65, all over the map -- not confidence
7 instilling to the public. The time causes costs to shoot
8 up. And if this project finishes in 2040, what will the
9 cost really be? I think the Authority should try to get a
10 handle on what the real costs are and not to restrict
11 companies such as URS to a baseline, but honest costs be
12 done. And then you can tell the FRA and the *L.A. Times*
13 that their numbers are wrong.

14 Mr. Van Ark, when he was the head of the program,
15 he was I guess, the CEO. He said that no project could be
16 built without the Federal Government participation. He
17 said that numerous times. And I know that the Authority
18 did go to Washington in the summer and asked for a \$15
19 billion loan. And then it was of course a Democratic group
20 that they were talking to and they expected it would be
21 continued. And they didn't get a yes.

22 Now we have Trump, who says he's interested in
23 infrastructure projects, however Elaine Chao who is his --
24 (timer beeps) -- I'll be finished in about 30 seconds. She
25 wants it to be with private investment and the Authority

1 hasn't had any luck yet with attracting private investment.

2 I just wanted to say that the platform for the
3 Republican Party stated that the High-Speed Rail in
4 California would not get any more funds. So the question
5 is, is that going to happen or is Trump going to build in
6 California, who did not support him?

7 But I do think the bottom line is you should get
8 your costs redone honestly, without restrictions, so that
9 the public knows and possibly to put it back on the ballot.
10 Thank you.

11 CHAIRMAN RICHARD: Thank you, Ms. Hamilton.

12 Bill Descary followed by Russ Browning.

13 MR. DESCARY: Good morning, I'm Bill Descary,
14 Mr. Chairman and Board Members.

15 CHAIRMAN RICHARD: Sorry about the
16 mispronunciation, sir. Excuse me.

17 MR. DESCARY: It happens all the time.

18 I'm going to talk about two items in the Central
19 Valley Segment Funding Plan: the High-speed Test Track and
20 Amtrak's use of the test track.

21 First, the funding plan approved by this Board,
22 at its December 2016 meeting, identifies the Central Valley
23 segment as 119 miles running from the Madera Amtrak station
24 to Poplar Avenue in Shafter. The cost to construct the
25 segment is projected to be 7.8 billion. According to the

1 Plan, the segment will serve as the nation's first test
2 track for high-speed trains over 200 miles per hour. This
3 segment will be used for testing, commissioning,
4 certifying, signaling and electrifications systems.

5 All the focus is on track construction; 7.8
6 billion does not include the purchase of high-speed train
7 sets. To purchase the trains, the Authority will submit an
8 additional funding plan to request 865 million to procure
9 16 train sets. If suitability and readiness for trains
10 running in excess of 200 miles per hour is the objective,
11 train sets are needed to have meaningful tests. To have a
12 complete funding plan identifying the total cost of
13 implementing high-speed rail train sets must be included,
14 which gets the cost to 8.7 billion.

15 Second, the funding plan indicates the Authority
16 isn't planning to run high-speed train service on the
17 Central Valley segment. High-speed rail service will not
18 be available until the Valley to Valley line is completed
19 from Shafter to San Jose. In this regard, the Plan fails
20 to discuss high-speed rail ridership, but instead provides
21 only an overview of ridership and revenue of the existing
22 San Joaquin Amtrak service that could run on the 119 miles
23 of test track if the Valley to Valley line were
24 significantly delayed. And based on what we know about
25 today about costs and available funding, significantly

1 delayed appears to be an understatement. There is no
2 reliable funding for the segment to San Jose.

3 In conclusion, we have a costly project that is
4 destroying Central Valley communities and irreplaceable
5 farmland for what is likely to be an Amtrak update instead
6 of high-speed rail. Thank you.

7 CHAIRMAN RICHARD: Thank you, Mr. Descary.

8 Ross Browning followed by Frank Oliveira and Alan
9 Scott will be after Mr. Oliveira.

10 MR. BROWNING: Good day, Mr. Chairman, Members of
11 the Board, Happy New Year.

12 CHAIRMAN RICHARD: Happy New Year.

13 MR. BROWNING: I want to address several things,
14 but one in particular. And that is with the condemnation
15 process going on in Fresno, Kings and possibly Tulare
16 County, it's just happening with wild abandon. You're
17 taking properties that are not used now and not needed now
18 and won't be used for a year or so, if at all. From what
19 Kathy just said, they may never be used. They're taking
20 properties and these are destroying dairies, farms,
21 businesses, homes and even families.

22 All of the people that I've talked to, we
23 understand and we know that the condemnation process is
24 necessary for the benefit of a community, but when it's
25 done with wild abandoned. And absolutely no oversight and

1 no passion or with no feeling then I think something is
2 wrong.

3 And I particularly think it's wrong. And I want
4 to bring to this Board's attention, because at one time --
5 and I don't know if it was done with the permission of the
6 Board or with the Board's knowledge, she said there's only
7 three people up there that were with the Board at that time
8 -- but what happened, happened at my home. In front of my
9 wife and I, and a large group of people that were assembled
10 there for a meeting, some of them are here right now. And
11 what I was told, what we were told -- not me personally,
12 but we were told -- is that we would be made whole. The
13 statement was, "I will make you whole."

14 When I mentioned that to one of your staff
15 members whose responsibilities are in that area he
16 absolutely turned ashen and said, "He can't say that." I
17 said "Well, he did." "Well, he can't do that." "Well, he
18 did." And that statement came from Mr. Richard. He told
19 us that we would be made whole.

20 I'm not going to go through a litany of names and
21 businesses and so forth that are not being made whole. You
22 have access to that data as well as we do, but the number
23 is growing. And it's appalling what is being done to the
24 community and people and their lives in these counties.
25 Thank you.

1 CHAIRMAN RICHARD: Thank you Mr. Browning.

2 Frank Oliveira followed by Alan Scott.

3 MR. OLIVEIRA: Frank Oliveira, Citizens for
4 California High-Speed Rail Accountability.

5 Recently press, unflattering press was released,
6 and you folks have taken some black eyes. It says that the
7 project is, well not working right. The response back to
8 the Legislature more or less said that this is a
9 deliberative process, that the facts are wrong.

10 What I think we need to do is simplify things, so
11 that we're all operating with the same facts. For seven
12 years, I've asked and others have asked, "How much will
13 this whole 800-mile project actually cost?" For eight
14 years we've asked that. You have never answered that. So
15 I'm going to cut to the chase and establish some facts.

16 Okay. This project will cost \$500 billion.
17 Prove me wrong. That gives you enough contingency, enough
18 margin, to tell me and tell the public how much will this
19 800-mile project actually cost? I believe it could cost
20 less than \$500 billion. But you have never provided
21 evidence of that. That's number one issue.

22 Number two issue, how much will it cost for an
23 electric train -- your plan, the first electric train that
24 goes from point A to point B that people want to get to --
25 how much will that cost? Trains, tracks, viaducts,

1 bridges, personnel, where somebody in this state is buying
2 a ticket and getting on a train to go from point A to point
3 B that they want to get to? Not a test track, not an
4 Amtrak, but a destination to a destination. In other
5 words, what is it going to cost for you to deliver
6 something to the public?

7 The next question, how much will it cost? Where
8 will you get that money? Have you secured that money?
9 That's a mystical number that nobody's ever answered. How
10 much will the train cost? Do you have that money? Where
11 will it come?

12 Apparently, you're not going to get much federal
13 money. You certainly aren't going to get any private
14 money. Cap and Trade isn't working out so well, at least
15 for the last three quarters. Where are you going to pay
16 for this money? Where are you going to pay for the federal
17 offsets for the federal money that you're burning through
18 right now? Thank you.

19 CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

20 Alan Scott followed by Rita Wespi who is our last
21 speaker.

22 MR. SCOTT: Good morning and Happy New Year,
23 Mr. Chairman and Members of the Board, Alan Scott, Kings
24 County, CCHSRA.

25 Mirroring what's been going on and all the

1 information I had printed out in excess of 21 articles of
2 the last week-and-a-half based on the *Los Angeles Times*
3 article -- and there was one thing in common throughout
4 that whole process -- that we shouldn't even be talking
5 here today. We shouldn't be in this room. The project is
6 a failure.

7 So in that mind, I want to just review a couple
8 of highlights over the years. And they begin with, I think
9 it was last week or the week before in Kings County, the
10 Authority went onto some property. And I think I've got
11 this about right, I think I may be off a little bit. But
12 some members of a contractor or whatever was directed by
13 the Authority to go on some land, productive commerce land.
14 And without notifying the property owner, the owner of the
15 trees -- I know there's something about eminent domain
16 going on there -- but the point is they walked on to the
17 property. In fact, it was during inclement weather too.

18 And they knocked down X number of trees. I've
19 heard just, I think it was 1,000 or either 100, one or the
20 other -- I don't know what the number is -- but more than
21 one is a very, very serious travesty, because that person
22 didn't find out until hours after the team was in there. I
23 know that the police were called, the Sheriff was called.

24 Furthermore back in September of 2011, at this
25 Board meeting over at the city hall there was an expert

1 that said, "You cannot traverse the two southern mountain
2 ranges in either direction." You've ignored this. Fast
3 forward to December, 2015 Board Meeting -- I forget where
4 it was at -- initial hearsay reports indicated that the
5 inability to traverse the two mountain ranges were
6 absolutely correct. Clarification was provided at the
7 March 2016 meeting begging the question how many millions,
8 or for that matter how many billions were wasted on this
9 poor decision.

10 Then HSRA introduced a newly adjusted, seriously
11 convoluted circuitous routing for the San Jose to an almond
12 orchard halfway between Wasco and Shafter. I'm still
13 puzzled over that one there, but this did prove one thing.
14 It finally achieved and solidified the well-known
15 statement, "The train to nowhere."

16 In May of 2012 CP1 contract was awarded, but you
17 were not shovel ready. That indicated a payment of 17
18 months of a penalty payment to the contractor.

19 (Timer beeps) And I have just a few more
20 clarifying points.

21 And in closing this is a politically-fractured
22 process. Since the day Prop 1A was passed the machinations
23 of the proposition are somewhere out in never-never land.
24 Whatever you guys are doing I don't think it belongs in --
25 it was ever in Prop 1A.

1 The state government now needs to take, at the
2 highest levels, it needs to start exercising ethical
3 standards and moving to completely disband the Authority,
4 the Board, along with all related associated components of
5 this disaster.

6 And you can't put the burden on the taxpayers.
7 The taxpayers are paying a serious burden for flawed work.
8 And I just can't accept that and I thank you for your time.

9 CHAIRMAN RICHARD: Thank you, Mr. Scott.

10 Rita Wespi, our last speaker this morning.

11 MS. WESPI: Good morning Board Members, I'm Rita
12 Wespi from CARRD and I'm here for two topics. The first is
13 that the schedule is a real problem and one reason you're
14 so far behind is because the project keeps changing. Part
15 of the environmental review process is to do a
16 reexamination. And this is a requirement of the FRA
17 Environmental Review where you need to examine any changes
18 from the original NEPA Review.

19 For example, the Madera station is not in the
20 original environmental review. But there are dozens and
21 dozens of changes and each is requiring this reexamination,
22 yet none of these are done publicly. Just north of Fresno,
23 you're now going through a neighborhood, but that is also
24 not vetted publicly. So we're asking that you, number one,
25 put all the reexamination documents online on your website.

1 And number two is that you ask to have a map be
2 made so that you can see on a whole what's going on for the
3 public, but also for yourselves so that you can
4 conceptualize the magnitude of these changes. Nearly every
5 inch of the project is being changed. What's happening is
6 very much a piecemeal project and it's just it's not
7 normal. And you've got to ask like, "Are you building
8 Frankenstein here?"

9 My second topic is regarding the funding plan
10 that was prepared in order expend the 1A funds. The *L.A.*
11 *Times* article disclosed that the FRA's risk analysis
12 disclosed that document, which discussed project costs,
13 among other things, and what we're wondering is why that
14 analysis was not provided to the funding plan consultants.
15 We at CARRD put in a public records request, it was a
16 rather extensive one, for all documents and communications
17 that were provided to the funding plan consultants.

18 And we went through all of those and there were a
19 lot of documents, the last package I got in the mail
20 yesterday. And the FRA's risk analysis were not among
21 those shared with the consultants. The funding plan was a
22 surprisingly structured review. The Authority dictated
23 which documents that the independent funding plan
24 consultants received. And there was no hint at all that
25 the consultants even knew that there was an FRA analysis.

1 We find that concerning. And it puts into question the
2 integrity of the funding plan.

3 So what we're asking today is that one, you put
4 the reexamination documents online and make a map, ask that
5 a map be made of all the changes. And number two is that
6 you have the independent funding plan consultants review
7 the FRA analysis. And I think that would be helpful to
8 everyone. Thank you very much.

9 CHAIRMAN RICHARD: Thank you. Okay, that
10 concludes our public comment session this morning. I want
11 to thank all the members of the public for coming here.

12 Before we move into the other regular order, I'm
13 going to exercise a point of personal privilege, because a
14 couple of folks have made reference to a recent newspaper
15 article that purported to say a lot of things about the
16 project. And it's interesting I do read quite a bit of the
17 commentary out there and I was struck yesterday -- I was
18 reading *Fox and Hounds*, which is a blog by a conservative
19 writer who is a very intelligent person -- but he said that
20 the High-Speed Rail Authority's response to the *L.A. Times*
21 article was "weak" as he described it.

22 Well, let's not be weak. The article was
23 incorrect. It was inaccurate. It was wholly wrong. It
24 was bunk, so if that's strong enough for you I hope that
25 that's clear. And let me say why it was. And first of all

1 we've seen this before. We went through this last year
2 when there was another sort of breathless allegation that
3 the project was wildly over budget based on a confidential
4 report that turned out to be a PowerPoint document in a
5 deliberative process, that had absolutely no relevance to
6 the ultimate cost assessment that we did, that was
7 concluded in our Business Plan.

8 And at the time when we looked at that what we
9 found that the purported cost increase came about because
10 somebody on their own, decided to compare two segments that
11 turned out to not be the same. It was a classic apples to
12 oranges comparison. And that again occurred in the most
13 recent article comparing essentially trackage with a system
14 that had track, stations, wires, etcetera, etcetera.

15 So we've seen this pattern again and again that
16 someone claims that they've discovered some great new
17 insight. At some point they're going to find the weapons
18 of mass destruction alongside of the secret documents.

19 Once again, the document in question was not a
20 confidential report. It was a PowerPoint, prepared for a
21 discussion that Mr. Morales and I and other members of the
22 High-Speed Rail Authority staff engaged in with our federal
23 funding partners. And that discussion was about status of
24 the project and risk assessment and I'm going to get to
25 that in a second.

1 The fundamental thing that was wrong with the
2 article goes well beyond the particulars that were
3 inaccurate and false. It fundamentally misunderstood the
4 process of project management. A risk assessment is not a
5 forecast of what is going to happen. A risk assessment is
6 an assessment of what might happen. A risk assessment is a
7 tool that we use to look at risks of the project, to scope,
8 to budget, to schedule, to other factors, so that we can
9 then act.

10 And the implication that somehow this is some
11 static thing that there's some secret number out there and
12 that we're cowering in a corner trying to figure out what
13 to do about it couldn't be farther from what actually
14 happens. So let me tell you what actually happens. We
15 happen to have, we're proud to say, a highly sophisticated
16 risk assessment mechanism. Our friends at the FRA happen
17 to have a highly sophisticated risk assessment capability
18 as well.

19 We sit down in a room together and on a regular
20 basis and we say, "Well, how are you looking at this? How
21 are we looking at this?" When risks are identified those
22 are the basis for us to take management actions to try to
23 bring the schedule back into compliance, to try to bring
24 the cost back down. That's what we're doing and we're
25 doing this all the time. There was nothing secret. There

1 was nothing revealing. This is the process that goes on.

2 Our friends at the Federal Railroad
3 Administration issued a statement basically saying that all
4 of this was not reflective of reality.

5 And I want to make this statement very clear. We
6 face risks to project, budget, and schedule and the other
7 elements of this every single day. What this organization
8 is about is managing those risks to build this project. On
9 any given day, we're facing these and we're making
10 decisions to try to do things.

11 I mean a good example is about a year ago if
12 you'd looked at the risk, that we were not going to be able
13 to spend all of the Stimulus Act money by the statutory
14 deadline. I didn't go back and look at the numbers. My
15 guess is FRA was probably saying, "That risk could have
16 been a billion dollars worth of under spend at that point."

17 And what have we done? We've managed that
18 project. We've managed the process. We've moved things
19 forward. And we're now 90 percent though the Stimulus Act
20 expenditures and in order to make the deadline we only have
21 to spend at half the rate in the remaining months that
22 we're currently spending now. So we manage risks. That's
23 what we do.

24 And the last thing I want to say on this is this.
25 If you want to know whether or not this project is

1 exceeding the budgets that we've laid out, if you want to
2 know whether or not there are schedule issues that we have
3 to resolve or that there are going to be slips to the
4 schedule, I guarantee you, you will not learn that from the
5 media first. You will learn it by coming to our Finance
6 and Audit Committee meetings that we have every single
7 month, where we review all of these issues in full public
8 light. That's where you will learn these things.

9 There will not be some discovery that you find in
10 the media that hasn't already been discussed openly,
11 professionally, and with a clear eye in our own processes
12 here. And if you don't want to make it to the Finance and
13 Audit Committee you can go our website and you can see
14 their work.

15 So it's a giant distraction, because what's
16 really going on is a highly-motivated group of
17 professionals, of whom I'm very proud to be associated,
18 working with or partners in the Federal Agency to build
19 America's first high-speed rail system. And frankly, I
20 think the work is going very, very well.

21 So I apologize for going off on this, but
22 periodically I kind of have to do it because these things
23 come out and they're just so far off the mark that they
24 need to be comment on. So with that, thank you for letting
25 me respond.

1 We'll now turn to the public agenda. And the
2 first item is considering approving the Board minutes
3 meeting from the December 13th Board meeting. Can I have a
4 motion on that?

5 BOARD MEMBER ROSSI: Moved.

6 BOARD MEMBER PASKETT: Second.

7 CHAIRMAN RICHARD: It's moved by Director Rossi,
8 seconded by Director Paskett. Will the Secretary please
9 call the roll?

10 MS. JENSEN: Director Schenk?

11 BOARD MEMBER SCHENK: Yes.

12 MS. JENSEN: Vice Chair Richards?

13 VICE CHAIR RICHARDS: Yes.

14 MS. JENSEN: Director Rossi?

15 BOARD MEMBER ROSSI: Yes.

16 MS. JENSEN: Director Curtin?

17 BOARD MEMBER CURTIN: Yes.

18 MS. JENSEN: Director Paskett?

19 BOARD MEMBER PASKETT: Yes.

20 MS. JENSEN: Chair Richard?

21 CHAIRMAN RICHARD: Yes, thank you.

22 I'm going to roll over item two. I'll explain
23 very briefly, item two relates to Assembly Bill 1813 that
24 was authored by Transportation Committee Chair Frazier last
25 year. It was enacted by the Legislature, signed by the

1 Governor.

2 It provides that our Board will be expanded to
3 include two ex-officio members, one from the California
4 State Senate and one from the California State Assembly.
5 Our General Counsel put together a set of new procedures
6 associated with that. We anticipated that the new members
7 might be appointed before this meeting. They were not. I
8 want the opportunity for us to discuss these procedures
9 with them as a courtesy to them, prior to enacting them
10 ourselves. So we'll just roll them over to the next Board
11 meeting and I wanted the public to understand why.

12 So this brings us now to the item that was the
13 subject of much of this morning's discussion, which is
14 consideration of the staff recommendation for preliminary
15 preferred alignment for the Central Valley Wye segment for
16 inclusion in the draft Supplemental Environmental Impact
17 Report and environmental impact statement for the Merced to
18 Fresno Project section.

19 Ms. Gomez, good morning.

20 MS. GOMEZ: Good morning. Good morning,
21 Chairman, Board Members.

22 We are here to talk about the Central Valley Wye.
23 Also with me here is the staff and our Director of
24 Environmental, Mark, who will also help in answering any
25 question that you may have. So I'm going to talk a little

1 bit about the background and then get into the details of
2 what we're asking the Board to approve today.

3 Since the Authority and the FRA approved the
4 Merced to Fresno Section Final EIR/EIS, the Authority
5 continued to identify ways to refine the Wye alternatives
6 and minimize potential impacts. We have been working
7 closely with Merced, Madera County, the City of Chowchilla,
8 the Merced and Madera County Farm Bureaus, the community of
9 Fairmead, the California Department of Transportation
10 Caltrans, several regulatory agencies, quite a bit of local
11 stakeholders, and to further define and refine the Wye
12 alternatives.

13 Staff has briefed the Board. We have come to you
14 multiple times to discuss our progress on this segment. In
15 2012 when the Authority approved the hybrid alternative
16 connecting Merced to Fresno, at the same time a decision on
17 the Central Wye was deferred to a future environmental
18 document.

19 Since 2012, 17 alternative alignments have been
20 evaluated in the Central Valley Wye. And slowly, we have
21 reduced them down to the four that we are going to carry
22 into the environmental document. Its four -- the
23 supplemental document will evaluate the four build
24 alternatives for the Central Valley Wye.

25 The project limits are: on the west side Carlucci

1 Road, the north side Ranch Road, and on the south is 19
2 Avenue. Four alternatives, three of them are along State
3 Route 152 on the north side connecting Merced either along
4 Road 11, Road 13, or Road 19. One of the alignments is
5 along Avenue 21 with connection to Road 13.

6 Seventeen alternatives were studied and carried
7 in the Check Point B. The Central Valley Wye alternatives:
8 It's 51 to 55 track miles, it goes through the two counties
9 of Merced and Madera, the City of Chowchilla, the
10 communities of Fairmead, and it is encompassed by the
11 following regulatory agencies.

12 Today, we're asking the Board to concur with
13 identifying State Route 152 to Road 11 of the Wye
14 alternative as a preferred alternative in the Central
15 Valley Wye Draft Supplemental EIR/EIS. Identifying a
16 preferred alternative in the draft aligns with federal law
17 MAP-21, FAST Act, and with CEQA. This process is
18 consistent with the approach adopted in the Fresno to
19 Bakersfield Project Section the locally generated Draft
20 Supplemental EIR/EIS. So this is the second time that we
21 are using this process.

22 The Board of Directors is neither adopting nor
23 approving the preferred alternative at this time.

24 So what does all this mean? So initial
25 identifying of the alternative that the Agency believes

1 would best meet purpose and need and project objectives.
2 Preferred is a term NEPA uses and requires. Proposed
3 project is the equivalent term under CEQA. A final
4 decision by the Board can occur only after the public and
5 agencies have commented on our draft document. And the
6 staff have prepared the final document responding to the
7 comments. The documents and public comments inform the
8 final decision.

9 The proposed preferred alternative State Route
10 152 to Road 11 strikes the best balance among project
11 objectives including transportation, investments and
12 safety, environmental impacts and natural resources and
13 community and stakeholder input. State Route 152 to Road
14 11 also has the lowest estimated construction costs.

15 We have weighed several environmental factors to
16 determine which alternative has the best balance. On the
17 balance, the State Route 152 would result in fewer and less
18 severe impacts than any of the other three alternatives.
19 State Route 152 to Road 11 alternative has the smallest
20 footprint, at 2,669 acres. This results in fewer impacts
21 on certain natural resources. This would also result in
22 fewer impacts on special status planned communities and
23 wildlife movement corridors.

24 There are other community resource factors that
25 led to this recommendation. The number of residents,

1 businesses, and agricultural facilities displaced; the
2 amount of direct conversion of important farmland, impacts
3 on historic resources such as a Robertson Boulevard Tree
4 Row. All of the Wye alternatives would displace residents
5 and businesses and require residential relocation. The
6 majority of the displaced residential units occur in an
7 unincorporated Madera County while the greatest variation
8 and displacements among alternatives occur in Fairmead.

9 All the Wye alternatives would cross Robertson
10 Boulevard and require permanent alternation of historic
11 Robertson Boulevard Tree Row. The Avenue 21 to Road 13
12 would cross Robertson Boulevard where the tree row is
13 relatively intact and would result in greater impacts. The
14 State Route 152 to Road 11 with the fewest linear feet of
15 disturbance along Robertson Boulevard would remove 160
16 trees.

17 The community engagement, so we have been meeting
18 with the community, the City's staff, elected officials,
19 the tribes, the farm bureaus, irrigation districts, locally
20 community groups, school districts, businesses and
21 commercial interest, general public, open houses in
22 Chowchilla. The last open house was in Chowchilla on
23 December 8th, which introduced the data on all the four
24 alternatives. Fifty-three meetings have been held since
25 January 15th to December 2016. More than 200 meetings have

1 been held since June of 2012.

2 So the Authority has formalized a Title VI policy
3 in 2012. This includes the environmental justice guidance
4 and it strives to inspire environmental justice and equal
5 access. Minority and low-income communities have been
6 identified and engaged within this study.

7 Community engagement during the refinement of
8 alternatives, so we've been spending a lot of time with the
9 community of Fairmead and talking about the impacts and
10 talking about their mitigation needs. We'll document the
11 outreach and the feedback and then we'll determine whether
12 a disproportionate adverse affect on low-income and
13 minority communities would result, and in so would help us
14 develop that mitigation. We are committed to provide
15 environmental justice system statewide -- justice wide --
16 in its programs, policies and activities.

17 So there is a diverse of opinions on the Wye.
18 Agriculture, stakeholders, it's the least impact on
19 agricultural farmland and associated facilities and
20 utilities. Some favor State Route 152 to Road 11. Others
21 prefer State Route 152 to Road 13. The City of Chowchilla,
22 as you heard earlier, it is farthest from the city limits
23 in terms of Road 11. You heard from Fairmead Community and
24 Friends. Their preference be Avenue 21 to Road 13.

25 The school districts, there are three different

1 school districts within the Wye. The Chowchilla High
2 School District and the Alview-Dairyland Union prefers the
3 alignment along State Route 152. For the Chowchilla
4 Elementary School District, their main concern is our
5 mitigation.

6 So we have been coordinating extensively with the
7 community of Fairmead to discuss mitigation measures that
8 could mitigate impacts, not only on the school but also
9 their community. We will continue to work with the
10 community of Fairmead, and the school districts, and the
11 city of Chowchilla to develop mitigations aimed at
12 offsetting the high-speed rail contribution to stresses on
13 the community, which could also provide an opportunity to
14 maintain and even enhance the quality of life in Fairmead.

15 These are the regulatory agencies that we've been
16 meeting in monthly meetings: with the Army Corps of
17 Engineers, the Environmental Protection Agency, the Surface
18 Transportation Board, the Bureau of Reclamation, the U.S.
19 Fish and Wildlife Services, and the Natural Marine
20 Fisheries Services, the California Department of Fish and
21 Wildlife, the State Water Resource Control Board and the
22 State Historic Preservation Office. So these meetings
23 occur monthly, and as we provide updates to them.

24 Now I'm going to talk a little bit about some of
25 the environmental items that we looked at. So in terms of

1 transportation investments and safety, currently State
2 Route 152 has at-grade crossings approximately every mile,
3 safety hazard for motors on State Route 152 and local
4 users, because of the high speeds on State Route 152. The
5 highway median is too narrow to contain large vehicles
6 crossing State Route 152. And therefore, slow-moving
7 trucks and agriculture equipment can block both directions
8 of traffic when crossing the highway. In the winter, the
9 Central Valley is subject to dense fog that reduces
10 visibility and increases accident risk especially along
11 State Route 152.

12 As a result of constructing the grade separations
13 -- a stretch of State Route 152 adjacent to the high-speed
14 rail system, including near the City of Chowchilla -- would
15 become fully access-controlled.

16 Because of its speed, high speed-rail must be
17 grade separated from the road. Accordingly, the Authority
18 would construct grade separations regardless of whether the
19 alignment parallels Avenue 21 or State Route 152. Caltrans
20 plans to build grade separations, but has not yet
21 identified funds to do so, so constructing a high-speed
22 rail alignment abutting State Route 152 would provide those
23 traffic grade separations needed now.

24 Building grade separations for both Avenue 21 and
25 State Route 152 by Caltrans would be redundant, costly and

1 require the conversion of more farmland than building just
2 one set of grade separations to the transportation. Which
3 means if we are on Avenue 21 we would still have to build
4 grade crossings on Avenue 21 and when Caltrans comes
5 through and widens out State Route 152, they would also
6 build grade crossings.

7 State Route 152 Corridor versus Avenue 21
8 Corridor, State Route 152 with associated grade separations
9 results in a fully access-controlled expressway with
10 improved safety. Avenue 21 alternative results in a second
11 access-controlled corridor, as I discussed two miles to the
12 south and parallel State Route 152, which I already talked
13 about. Building grade separations for both would be
14 redundant.

15 Better aligns, the State Route 152 better aligned
16 with the policy to route high-speed rail alignment along
17 existing transportation corridors. State Route 152 is a
18 more developed corridor than Avenue 21.

19 On the balance, State Route 152 to Road 11 would
20 result in fewer and less severe environmental impacts.
21 State Route 152 to Road 11 advantages include the fewest
22 new permanent natural water body crossings, the lowest
23 impact to acreage on wetlands and waters, apparently the
24 least environmentally-damaging practicality alternative,
25 the least impact on wildlife movement corridors, and the

1 lowest impact acreage on special status planned
2 communities.

3 Additionally, State Route 152 to Road 11
4 advantages is the lowest acreage of permanent important
5 farmland conversion to non-agricultural use. The fewest
6 agricultural facilities displaced, the fewest residents
7 displaced and the least disturbance to the historic
8 Robertson Boulevard Tree Row.

9 The disadvantages of State Route 152 to Road 11,
10 it is the second highest number of residents affected by
11 significant operational noise. That is pre-mitigation, so
12 we would have to mitigate those noise impacts. The second
13 highest number of business displacements and impacts to the
14 community of Fairmead, which all alternatives along State
15 Route 152 affect Fairmead.

16 In terms of construction costs State Route 152 to
17 Road 11 has the lowest estimated construction costs.
18 Operational costs are similar for all alternatives.

19 In summary, the factors influencing this
20 recommendation is the local and regional transportational
21 benefits for State Route 152 Corridor. State Route 152 to
22 Road 11 benefits includes fewer impacts on environmental
23 resources, the least impact on aquatic habitats, fewer
24 impacts on some community-based resources. Mitigation
25 would ease impacts to Fairmead. We will continue to work

1 closely with Fairmead to develop those potential impacts.
2 The community feedback, as we talked about, the diverse of
3 opinions, and the lowest construction costs.

4 Our next steps would be for the Board to concur
5 today to identify State Route 152 to Road 11 as a preferred
6 alternative in the Draft Supplemental EIR/EIS. We will
7 continue engagement with Madera, Merced County, key
8 stakeholders, and Fairmead.

9 We will then circulate the Draft Supplemental.
10 We would have agency and public review for 45 days. We
11 would prepare our response to comments and issue the final
12 environmental document. And then return to the Board for
13 certification of a final environmental document and formal
14 approval of the Central Valley Wye alternative. Thank you.

15 CHAIRMAN RICHARD: Thank you Ms. Gomez. I
16 thought that was a very complete report. I thought the
17 staff write up was also clear and complete, so I appreciate
18 that. Let's start taking questions from Board Members for
19 Ms. Gomez. Director Rossi?

20 (Colloquy re: microphones.)

21 BOARD MEMBER ROSSI: I just have one. In reading
22 this, it wasn't clear to me that the recommendation for the
23 preferred alternative and the costs, they're in the Plan?

24 MS. GOMEZ: Yes, they're in the Plan.

25 BOARD MEMBER ROSSI: Okay. Thank you.

1 CHIEF EXECUTIVE OFFICER MORALES: Let me just
2 clarify. In fact the Business Plan assumed a higher cost
3 than this alternative.

4 CHAIRMAN RICHARD: Okay. Looking at other
5 questions, Mr. Morales, you wanted to make a statement?
6 I'm sorry, Director Schenk?

7 BOARD MEMBER SCHENK: Not a question, just a
8 comment we heard. This has been going on for a very long
9 time. Our CEO, Diana Gomez and her staff, our Chair or
10 Vice Chair, put in almost countless hours. And as one of
11 the early speakers said, "It's nobody's first choice."
12 It's probably nobody's second or third choice, but it is
13 the consensus choice and you really did a tremendous job
14 here.

15 MS. GOMEZ: Thank you.

16 CHAIRMAN RICHARD: Thank you.

17 BOARD MEMBER SCHENK: And I would move that if
18 you want a motion or --

19 CHAIRMAN RICHARD: I'll come back to you for the
20 motion. Mr. Morales.

21 CHIEF EXECUTIVE OFFICER MORALES: I just want to
22 quickly comment on the environmental justice issues and
23 thank the residents of Fairmead who came not only today but
24 who have engaged, as they spoke to and as our staff spoke
25 to, over the last few years the Board has made its

1 commitment to environmental justice absolutely clear. I
2 can assure you the staff has that same commitment.

3 And what we heard today from a number of the
4 residents was their desire for a strong commitment to
5 ensure that if we move forward with this alternative that
6 we develop a mitigation plan, so that Fairmead is not only
7 not impacted more than it is, but ideally that we can
8 address some existing issues.

9 And we've done that before. We did it very
10 creatively in the community of Wasco, something I think we
11 are all very proud of, addressing existing environmental
12 justice issues. And I just want to stress to the Board and
13 to those people here from Fairmead that as we move forward
14 with this process we are absolutely committed to developing
15 a very clear, strong, effective, mitigation plan before
16 coming back to the Board with an actual request to approve
17 an alignment.

18 CHAIRMAN RICHARD: I just want to say I very much
19 appreciate those comments. I was going to try to say
20 something along those lines, but it wasn't as comprehensive
21 as what you said. And I particularly appreciate you
22 mentioning the Wasco experience where you and the staff, I
23 think, went to great lengths to be sensitive to
24 environmental justice issues. And we heard people from
25 Fairmead today asking for enhancements to their community.

1 And I think Mr. Morales, you know that we were able to do
2 that in Wasco, so thank you for those comments. I
3 certainly endorse then and I suspect that every member of
4 this Board does. We want to be proud of our environmental
5 justice record at the end.

6 I'll must make one other statement. I've not yet
7 visited the community of Fairmead. I will do so before we
8 make a final judgment. It's been a practice to try to make
9 sure we're on the ground understanding the real impact on
10 real lives of people before we make these decisions. We
11 don't make them lightly.

12 I have spent time with the leadership of the City
13 of Chowchilla and I certainly understand and am sensitive
14 to their desires to try to move towards economic
15 development to the, I think it's the southwest basically,
16 of the city core.

17 And so these are all tough decisions that one has
18 to deal with in looking at these, because there's so far
19 not turned out to be any magical route that we can adopt
20 for high-speed rail that doesn't affect somebody. And so
21 our job is to follow the law, minimize the environmental
22 and social impacts, and follow our hearts in terms of what
23 is the best balance when we know that somebody's going to
24 end up with some things that are uncomfortable to them.

25 Having said that, I do believe that this work to

1 identify the Highway 152 and Avenue 11 is rightly a
2 preferred alternative and let me just say again what's been
3 said before, that our action today does not finalize the
4 alignment. And so in fairness, everybody should understand
5 that we will continue to follow the law and do all the
6 assessments necessary. But it's also important for people
7 to understand that we are saying, "This is our preferred
8 alignment. This is the one that we think is the winner."

9 And so -- I'm sorry, I should have given our Vice
10 Chair, who knows this area very well -- I will give him the
11 last word on this before we move to consideration.

12 VICE CHAIR RICHARDS: I thank you, Mr. Chairman.
13 I can't say it any more eloquently than you have.

14 And I won't echo again what Jeff said, because it
15 was one of the things I was going to mention. But I have
16 taken a good deal of time over the years and met with every
17 stakeholder who had expressed an interest to meet with me,
18 many on more than one occasion. I think the evidence so
19 strongly supports 152 and 11 as a preferred alternative. I
20 don't know how I could support any other than that.

21 I'm very concerned about the implications on
22 Fairmead. And, Jeff, your comments and what you said,
23 Mr. Chairman, are very well taken and really do exemplify
24 what we've been able to in this southern San Joaquin
25 Valley.

1 One thing that struck me in looking at the four
2 that we're going to continue to analyze in the draft report
3 that will come, is since we're already looking at Road 11
4 to 13 -- hold on, let me make sure I said that correctly --
5 that is correct, isn't it? We're looking at 11 to 13; is
6 that right, Diana?

7 MR. GOMEZ: So we're looking at Road 11 is a
8 different route --

9 VICE CHAIR RICHARDS: Road 20? Yeah, I'm sorry,
10 21 to 13.

11 MS. GOMEZ: Oh Road -- yes.

12 VICE CHAIR RICHARDS: Yeah, I'm sorry, I didn't
13 mean 11. And I thought well you know we're already looking
14 at 21 to 13, so what would be the problem with just going
15 ahead and putting in a fifth one and look at 11?

16 But I think the problem here is it is so obvious
17 with the information that's been presented, and assuming
18 that that continues during this process, I'm not sure that
19 there would be any reason to have any plausible
20 justification for thinking that 11 to 21 would be any
21 stronger than 11 to 13? And so while I came in thinking
22 that that would be something that I would recommend to my
23 colleagues, I don't think that that's justifiable,
24 supportable, with regards to both the cost and the time
25 involved.

1 So I would agree with what the Chairman and what
2 Jeff said, and also compliment staff on a very complete
3 report, unbiased, that I think leads to the proper
4 conclusion in this instance that 152 and 11 is the
5 alternative, the preferred alternative.

6 Thank you, Mr. Chairman.

7 CHAIRMAN RICHARD: Okay, thank you Vice Chair
8 Richards.

9 At this point seeing no other comments, we'll
10 entertain a motion. We have a draft resolution in front of
11 us. Ms. Schenk, you started to make it before.

12 BOARD MEMBER SCHENK: So moved.

13 CHAIRMAN RICHARD: Okay, it is moved by
14 Ms. Schenk.

15 BOARD MEMBER PASKETT: Second.

16 CHAIRMAN RICHARD: Seconded by Director Paskett.
17 Will the Secretary please call the roll.

18 MS. JENSEN: Director Schenk?

19 BOARD MEMBER SCHENK: Yes.

20 MS. JENSEN: Vice Chair Richards?

21 VICE CHAIR RICHARDS: Yes.

22 MS. JENSEN: Director Rossi?

23 BOARD MEMBER ROSSI: Yes.

24 MS. JENSEN: Director Curtin?

25 BOARD MEMBER CURTIN: Yes

1 MS. JENSEN: Director Paskett?

2 BOARD MEMBER PASKETT: Yes.

3 MS. JENSEN: Chair Richard?

4 CHAIRMAN RICHARD: Yes.

5 Thank you all for coming. We'll continue to work
6 very closely with your community and we appreciate all the
7 comments that have come forth today.

8 Thank you Ms. Gomez, and the staff.

9 Next item is item four. I have a conflict of
10 interest with respect to agenda item four. The law
11 requires me to disclose what that is. Both my spouse and I
12 receive retirement income from PG&E and I also have in my
13 stock portfolio an interest in AT&T stock.

14 As a consequence I'll be recusing myself on this
15 side. I'm not participating in the discussion,
16 deliberations or decisions. And I'll be leaving the room
17 and handing the gavel to Vice Chair Richards. And I'll be
18 back when it is complete. Thank you.

19 BOARD MEMBER SCHENK: I too have a conflict of
20 interest with regard to agenda item number four, because I
21 have an investment in AT&T.

22 VICE CHAIR RICHARDS: Okay.

23 Mr. Fellenz?

24 BOARD MEMBER SCHENK: Our Counsel has some
25 comments on this?

1 MR. FELLEENZ: Yes, as part of agenda item four,
2 the Board will consider providing funding to Construction
3 Package 1 design-build services contract, to reconcile
4 provisional sums for the AT&T utility relocation.

5 Two Board Members -- Chairman Richard, who just
6 recused himself, and Bonnie Lowenthal both have a financial
7 interest in AT&T due to their stock holdings. Board Member
8 Lowenthal's not attending the meeting today and therefore
9 is not voting on this item. Board Member Schenk has also
10 identified that she has a conflict of interest, because she
11 owns stock in AT&T.

12 According to California Public Utilities Code,
13 185020 a quorum of five voting members is required to
14 approve a resolution. Currently, there are seven Board
15 Members out of the possible nine Board Members on this
16 High-Speed Rail Board. So Ms. Schenk's participation in
17 considering and voting on agenda item number four is
18 necessary because if she does not vote, there are only four
19 Board Members who can vote on the agenda, which is not a
20 quorum, as which is required to pass a resolution.

21 So despite the conflict of interest identified,
22 Board Member Schenk's participation is therefore legally
23 required pursuant to California Code Regulation Title II
24 Section 18705 to meet the necessary quorum to vote on the
25 matter before you on agenda item number four.

1 So you five Board Members can now hear the
2 presentation on agenda item number four, deliberate and
3 vote.

4 BOARD MEMBER PASKETT: Tom, can you come up here?
5 And before we move on this, can you give me a minute?

6 (Colloquy between Board Members and Counsel.)

7 VICE CHAIR RICHARDS: Mr. Jarvis, we're going to
8 separate PG&E from AT&T and we're only going to act on the
9 AT&T portion of agenda item number four. And also I
10 understand that Director Schenk is on a short leash right
11 now, so if you could please make your presentation?

12 BOARD MEMBER ROSSI: Well, if I could Vice Chair?
13 Given that we have gone through this, Scott, a number of
14 times now --

15 MR. JARVIS: Yes.

16 BOARD MEMBER ROSSI: -- and there's nothing new
17 here --

18 MR. JARVIS: No.

19 BOARD MEMBER ROSSI: -- I would like just to move
20 to the vote versus going through all of this?

21 VICE CHAIR RICHARDS: Just the rest of the
22 Members of the --

23 BOARD MEMBER SCHENK: Correct.

24 VICE CHAIR RICHARDS: Okay.

25 BOARD MEMBER PASKETT: And just to clarify the

1 motion is with respect to AT&T only?

2 VICE CHAIR RICHARDS: Correct, yes.

3 BOARD MEMBER PASKETT: I second.

4 VICE CHAIR RICHARDS: Okay. We have a motion by
5 Director Rossi, a second by Director Paskett --

6 BOARD MEMBER ROSSI: (Indiscernible) as stated is
7 in the budget as --

8 MR. JARVIS: Yes, it is. It was in the
9 (indiscernible) --

10 VICE CHAIR RICHARDS: All included in the
11 constraints of the 2016 Business Plan.

12 MR. JARVIS: Correct.

13 VICE CHAIR RICHARDS: All right, we have a motion
14 and second. Please call the roll.

15 MS. JENSEN: Director Schenk?

16 BOARD MEMBER SCHENK: Being thrown under the bus,
17 yes. Fellenz said he would defend me if there's any --

18 VICE CHAIR RICHARDS: And again, that motion is
19 for AT&T only, not PG&E.

20 MS. JENSEN: Vice Chair Richards?

21 VICE CHAIR RICHARDS: Yes.

22 MS. JENSEN: Director Rossi?

23 BOARD MEMBER ROSSI: Yes.

24 MS. JENSEN: Director Curtin?

25 BOARD MEMBER CURTIN: Yes.

1 MS. JENSEN: Director Paskett?

2 BOARD MEMBER PASKETT: Yes.

3 MS. JENSEN: Chair Richard?

4 CHAIRMAN RICHARD: (Recused from vote.)

5 BOARD MEMBER ROSSI: And I would make the same
6 motion for the remainder.

7 VICE CHAIR RICHARDS: Okay. You mean for PG&E?

8 BOARD MEMBER ROSSI: For PG&E, yeah.

9 VICE CHAIR RICHARDS: Yeah, but then we don't
10 have --

11 (Colloquy re: absent Board Members.)

12 VICE CHAIR RICHARDS: Yeah. So we're going to
13 have to hold on PG&E and roll it over.

14 MR. JARVIS: Okay.

15 VICE CHAIR RICHARDS: Thank you, Scott.

16 Could somebody get the Chair please?

17 (Colloquy while Chair Richard returns to the
18 room.)

19 BOARD MEMBER PASKETT: Yeah, you want to go to
20 the next one?

21 VICE CHAIR RICHARDS: Yeah. We can't go to the
22 next one, because I have to recuse myself on the next one.

23 BOARD MEMBER PASKETT: Oh, okay.

24 (Colloquy off mic.)

25 VICE CHAIR RICHARDS: Yeah we can do this. All

1 right, what I'd like to do at this point is on item number,
2 is this five? This is with regards to a contract with
3 Caltrans. On this one I need to recuse myself, the reason
4 being that I am a partner in a building in which Caltrans
5 is a tenant. And therefore I receive income from Caltrans
6 as a result of that lease, so the Chair is back and I will
7 recuse myself on this item.

8 CHAIRMAN RICHARD: Okay. So on this item, Mr.
9 Jarvis, did you have a presentation?

10 MR. JARVIS: I do.

11 CHAIRMAN RICHARD: Okay. Please proceed.

12 MR. JARVIS: Okay. Thank you.

13 I am presenting a reconciliation action item
14 requesting approval of an amendment to an agreement between
15 the Authority and Caltrans for the State Route 99
16 Realignment Project and a revised completion date.

17 The Authority is realigning State Route 99 within
18 the City of Fresno --

19 CHAIRMAN RICHARD: Hold on one second, Mr.
20 Jarvis. One, two, three, four. Are we going to be able to
21 do this today? Okay.

22 MR. JARVIS: Take over.

23 CHAIRMAN RICHARD: How critical is this for
24 today?

25 (Colloquy between the Board on item five.)

1 CHAIRMAN RICHARD: Let's see, Mr. Jarvis, could
2 you just see if we could get Director Schenk for the vote?

3 Let me just say for the record that I, and I
4 believe the other Directors, have read the write-up from
5 the staff, so Scott is here to answer our questions.

6 Okay. And if we've lost Ms. Schenk and we've
7 lost our quorum then we'll move it over for next month, but
8 we're just going to try to see. Anybody have any question
9 for Mr. Jarvis while we're waiting?

10 BOARD MEMBER ROSSI: Yeah, just on page 6 again
11 under budget implications we're --

12 COURT REPORTER: If you can use your microphone,
13 sir? I can't hear you.

14 BOARD MEMBER ROSSI: No, I'm fine.

15 CHAIRMAN RICHARD: It's okay. He only makes the
16 same mistake every single meeting.

17 BOARD MEMBER ROSSI: Under budget implications,
18 page 6 Scott, that's clear if all of this is covered,
19 there's no change?

20 MR. JARVIS: Yes. This amendment is budgeted
21 for, and consistent with the figures in the 2016 Business
22 Plan.

23 BOARD MEMBER ROSSI: Okay.

24 CHAIRMAN RICHARD: Okay. We've lost our quorum
25 on this and so we will move this until next month.

1 Apologies, Mr. Jarvis.

2 MR. JARVIS: Okay. Tom needs to come back in.

3 CHAIRMAN RICHARD: Okay. Somebody bring Director
4 Richards back, okay?

5 And then Scott are you also -- no, Alan's going
6 to do --

7 MR. JARVIS: Yeah.

8 CHAIRMAN RICHARD: -- item six. Okay.

9 Good morning, Mr. Glen.

10 MR. GLEN: Good morning.

11 CHAIRMAN RICHARD: Give us one second while Vice
12 Chair Richards comes back.

13 BOARD MEMBER PASKETT: Can we just start the
14 discussion? He is in the room.

15 BOARD MEMBER ROSSI: Yeah.

16 BOARD MEMBER PASKETT: Staff can go ahead and
17 start, please.

18 MR. GLEN: Okay. Good morning Chairman Richard,
19 Members of the Board, CEO Morales. I'm here, Alan Glenn,
20 Director of Real Property, to present item six on the
21 agenda today. This action item is a request for
22 consideration of right-of-way procurement services to
23 provide surveying and mapping for the Northern California
24 segment from Avenue 19 to San Jose.

25 Just a couple of brief slides on the status of

1 the existing right-of-way delivery. CP1 through 4 requires
2 1,615 parcels to be delivered as shown on the map here.
3 The status through the end of the year, actually through
4 January 6th shows that we've now delivered 967 parcels. I
5 expect to deliver the 1,000th parcel by the end of January.
6 This continues to be a more positive sign of delivery than
7 what we had in past years.

8 CHAIRMAN RICHARD: I think we'll have a lapel pin
9 for you on the 1,000th parcel.

10 MR. GLEN: Yes, I understand that we need to
11 continue to work hard, but that 1,000th is quite a
12 milestone.

13 CHAIRMAN RICHARD: It is.

14 MR. GLEN: I did want to point out the delivery
15 for 2016 does show a slight reduction over 2015, but the
16 457 parcels in 2015 includes 147 public parcels. So if you
17 separate out the public parcels we actually had an increase
18 in delivery of 27 percent of private parcels in 2016. And
19 we expect that the delivery will continue on a good pace in
20 2017.

21 So this brings me to the section of today's
22 agenda item. The 2016 Business Plan laid out an
23 implementation plan to construct and begin operating a
24 Silicon Valley to Central Valley line. This would be
25 achieved in part through a series of construction packages

1 that will connect San Jose and Merced with the ongoing
2 construction in the Central Valley.

3 The Authority is responsible for the acquisition
4 of real property currently estimated to be approximately
5 1,800 parcels for the successful delivery of the Silicon
6 Valley to Central Valley line in the Northern California
7 region. The 1,800 parcel count will be refined as the
8 various alignment alternatives start being studied and the
9 environmental documents are selected with preferred
10 alternatives.

11 CHAIRMAN RICHARD: Now, Mr. Glen let me just say,
12 I read your entire write-up. And if there are any just key
13 points you want to make and then I'll turn to Board Members
14 to ask, but I just wanted to try to --

15 MR. GLEN: So this brings

16 BOARD MEMBER PASKETT: I think we understand it.

17 CHAIRMAN RICHARD: Yeah. I mean, I ultimately
18 had one question, but Vice Chair Richards?

19 VICE CHAIR RICHARDS: I have no questions, Mr.
20 Chair.

21 CHAIRMAN RICHARD: Okay.

22 First of all, I want to commend you and your
23 team, because clearly I think that the right-of-way
24 challenge has been just a huge challenge for this program.
25 And I think everybody feels that we're getting our arms

1 around that. And, you know, you get a lot of credit for
2 that, so I want to --

3 MR. GLEN: Thank you.

4 CHAIRMAN RICHARD: -- thank you for that. I just
5 have one question as we look to the future, as you're doing
6 with this contract -- maybe it's also a question for Mr.
7 Fellenz -- but we're constrained from really engaging with
8 landowners until the completion of the environmental
9 documents.

10 This morning we just took an action to pick a
11 preferred alignment. And I guess, I don't even need an
12 answer now, but I just want to tee up the question as we're
13 going forward. Maybe it's a statutory change that we can
14 explore or something that to see whether or not we can
15 ultimately shorten the process a little bit by at least
16 having some preliminary or contingent conversations with
17 people as we go forward. So that we're not suddenly
18 waiting until there's the go from the starting gun and then
19 having to go out and just jam through this to meet a
20 construction schedule.

21 So we are where we are with the Central Valley,
22 but I was inspired to think this way by the fact that these
23 are now thinking about the next segments. And it just
24 seems to me that at some point these are task order
25 contracts, there are ways to save money if we can limit the

1 number of the tasks. And I think it's probably a good time
2 at this point, I know everybody's busy, to just have a
3 little kind of side exercise of seeing what kinds of
4 changes either we could do or that we could recommend to
5 the Legislature that would accelerate this process.

6 Because in addition to taking time, it's also had
7 a had huge cost impact, particularly when there have been
8 delays and we had to go back and restart and refresh these
9 things. So I won't go any further except to stay I think
10 this is an excellent time to step back and see if there are
11 things that we can do that going forward could help us with
12 the right-of-way process.

13 And by the way, that also includes years ago I
14 know it was recommended by legislative staff that we look
15 at some of the authorities that Caltrans has and other
16 things. So this is a good time, I think, to get ahead of
17 the curve on that. And I would urge the staff to do that.

18 MR. GLEN: Yes.

19 CHAIRMAN RICHARD: And maybe come back to us at a
20 future meeting with some thoughts on that.

21 Okay. Can I have a motion?

22 BOARD MEMBER PASKETT: So moved.

23 BOARD MEMBER ROSSI: Second.

24 CHAIRMAN RICHARD: Moved by Director Paskett,
25 seconded by Director Rossi.

1 Secretary, please call the roll.

2 MS. JENSEN: Director Schenk? (Absent)

3 Vice Chair Richards?

4 VICE CHAIR RICHARDS: Yes.

5 MS. JENSEN: Director Rossi?

6 BOARD MEMBER ROSSI: Yes.

7 MS. JENSEN: Director Curtin?

8 BOARD MEMBER CURTIN: Yes.

9 MS. JENSEN: Director Paskett?

10 BOARD MEMBER PASKETT: Yes.

11 MS. JENSEN: Chair Richard?

12 CHAIRMAN RICHARD: Yes.

13 Thanks, Mr. Glen.

14 MR. GLEN: Thank you.

15 CHAIRMAN RICHARD: Okay. Now we're going to hear
16 from our CFO Russ Fong, who is going to do a presentation
17 of the Quarterly Finance and Audit Committee reports.
18 Undoubtedly we're going to hear about shocking increases in
19 cost and the massive delays in the schedule. And all those
20 other things that I've already read about, so they must be
21 true.

22 MR. FONG: Oh, I didn't bring those notes, so I
23 don't have those.

24 Good morning, Mr. Chair, or good afternoon,
25 Directors and Mr. Morales; Russ Fong, your Chief Financial

1 Officer. Today Paula, Gary, Scott, Jon and I are going to
2 talk about some key areas: financial and performance
3 reporting, project status, audits and risk management.

4 So let's start with our financial reporting. Our
5 Accounts Aged Payable Report, over the past six months I
6 wanted to report that we had four aged invoices that
7 totaled about \$1,000 in late penalty payments. We had
8 three that were just a couple of days old and one that was
9 over thirty days.

10 We have experienced some growing pains with the
11 newly implemented FI\$Cal system that was gone live in
12 September of 2016.

13 To put this in a little bit of a context, since
14 fiscal year 2011 and '12 our annual expenditures have
15 increased by 568 percent, going from \$145 million to \$1
16 billion last year. Over that same period of time our late
17 penalty payments have decreased by 90 percent, going from
18 \$295,000 in fiscal year '11 and '12 to last year's \$28,000.
19 So even though expenditures have drastically increased,
20 we've almost eliminated aged invoices.

21 With that I'd like to turn it over to our Cash
22 Management Report and let's talk a little bit about Prop 1A
23 cash. Bond sales for Prop 1A cash occur in the spring and
24 the fall. We received \$75 million in the last bond sale
25 November of 2016. And \$56 million in April of 2016. Our

1 current balance is \$99 million.

2 As we previously reported our focus has been
3 federal funds first. We have primarily spent Prop 1A on
4 non-construction activities such as administrative budget
5 of \$42 million and project development costs not eligible
6 for federal funds. We do anticipate spending more Prop 1A
7 in fiscal year '16 and '17. And we have spent the majority
8 of federal funds allocated to the project development.

9 Moving on to Cap and Trade, we have \$604 million
10 in Cap and Trade compared to 673 last month. Our Cap and
11 Trade proceeds from the past auctions are as follows: we
12 had \$161 million in August of 2015, we've had 164 million
13 in November of 2015, 129 million, 3 million, 2 million, and
14 91 million in this past November's auctions. That gives us
15 a total of \$550 million. For fiscal year '15 and '16 we
16 totaled 457 million, which is a little bit less than our
17 projection in our 2016 Business Plan of \$500 million.

18 Moving over to our Executive Budget Summary,
19 let's focus on our administrative budget for a few minutes.
20 Our budget is \$42 million and this includes personal
21 services, rent, travel, operating expenditures such as
22 office supplies, training and IT. As of January we spent
23 32 percent of our \$42 million admin budget at the 42
24 percent of the fiscal year completed. Last year at this
25 time we spent 28 percent of our \$41 million admin budget.

1 The lower vacancy rate currently at 16 percent versus 19
2 percent last year is the main reason for the increase in
3 our expenditures.

4 Moving on to our capital outlay budget, for the
5 current year we expended 28 percent or \$482 million of our
6 '15-'15 cap outlay budget of \$1.7 billion. Again, at the
7 42 percent of the year completed.

8 Last year we did experience some delays in right-
9 of-way acquisition and it impacted our construction
10 schedule. Currently, mitigation measures are in place and
11 we are prioritizing critical parcels acquired for major
12 construction. As a result, the spending has accelerated
13 due ongoing right-of-way acquisition as construction
14 continues to increase.

15 Moving over to our total projects expenditure
16 with forecast, the highlight here on this report is our
17 ARRA spend. The ARRA Grant gives us \$2.553 billion and
18 expires September 30th of 2017. As of last week, we have
19 spent \$2.2 billion, which represents 88 percent of the
20 grant funding. This results in \$316 million or 12 percent
21 remaining with five months to go.

22 We'll need a minimum monthly burn rate of \$58
23 million to achieve our goal of full utilization of the
24 grant by June 30th of 2017. Our current burn rate of \$88
25 million, which is the average of the last three months is

1 \$30 million higher than the straight line burn rate needed.

2 Moving over to contracts and expenditures we
3 currently have 349 contracts, active contracts, with a
4 little over \$5 billion with a small business utilization
5 rate of 16.76 percent for the month of January. As
6 construction activities continue we do expect small
7 business utilization rate to increase.

8 Finally, our Projects and Initiative Report, we
9 are currently tracking on a monthly basis performance of 32
10 projects and initiatives. Currently, we have 11 that are
11 in satisfactory status, 10 in caution, 2 on hold, and 4 on
12 escalate, and milestones being developed for 5.

13 This concludes my presentation. I'll be happy to
14 answer any questions and if not, I'd like to turn it over
15 to Paula.

16 CHAIRMAN RICHARD: Any questions for Mr. Fong?

17 (No audible response.)

18 CHAIRMAN RICHARD: Great, Russ. Thank you.

19 MR. FONG: Thank you.

20 CHAIRMAN RICHARD: As a former small business
21 owner I particularly appreciate the fact that staff has
22 cleaned up the early problems from years ago with the late
23 payments. I think that's -- I like the fact that we do
24 business with people in a very straightforward way and pay
25 them on time.

1 Ms. Rivera?

2 MS. RIVERA: Good morning.

3 CHAIRMAN RICHARD: Got a joke for us?

4 MS. RIVERA: I do.

5 CHAIRMAN RICHARD: Excellent. Okay, let her rip.

6 MS. RIVERA: How does an auditor spouse cure
7 insomnia?

8 CHAIRMAN RICHARD: How does an auditor spouse
9 cure insomnia?

10 MS. RIVERA: Yes.

11 CHAIRMAN RICHARD: I don't know.

12 MS. RIVERA: Tell me about your day.

13 (Laughter.)

14 I didn't say it was a good joke, I just said it
15 was a joke.

16 BOARD MEMBER CURTIN: It was good, it was good.
17 You should work for the New Yorker.

18 MS. RIVERA: I'm not that clever.

19 Good morning, I'd like to present to you today a
20 summary of the results of the reports that we've issued and
21 identify the status of the audits that we have in progress.

22 We issued an audit on the year-end close process.
23 The objective of which was to determine if the year-end
24 close process is adequate to ensure there are no material
25 misstatements and we found three specific findings. We had

1 a total of 13 findings, but they all came from the same 3
2 kind of causes.

3 The Financial Office doesn't create a budgetary
4 plan for encumbrances. They have some year-end adjustment
5 -- I don't want to say issues -- they have some year-end
6 adjustments that need to be cleaned up. We didn't find any
7 errors, but we found a few clerical errors that could lead
8 to a misunderstanding if somebody else would come in.

9 Then we also found that the Financial Office
10 relies on the error correction of the CALSTARS system as
11 opposed to a system of reconciliations in addition to the
12 CALSTARS system. However, Russ Fong's mentioned previously
13 FI\$CAL is now the accounting system of record and once FINO
14 (phonetic) has implemented that system we'll go in and take
15 a look at the revised year-end process system in a year or
16 two.

17 I wanted to identify that we've issued two pre-
18 award reviews, the purpose of which is to determine if
19 proposed costs are reasonable and in accordance with the
20 federal regs. And we issued two reports for right-of-way
21 serving and engineering contract and a geotechnical site
22 engineering contract. Both of which we had some findings
23 that included misstatements in labor, overhead, and other
24 direct costs. But all those findings are corrected before
25 the contract is issued or executed, sorry.

1 We performed an audit of the Authority's Valley
2 Valley Fever Mitigation and Oversight. And we found that the
3 process in place is functioning as intended and we didn't
4 identify any weaknesses related to how the Authority
5 mitigates and how they oversee their contractors in the
6 Valley Fever Mitigation process.

7 We also issued a report on a procurement audit
8 that we issued a year or so ago. And the goal was to
9 determine if prior findings were addressed and if the
10 corrective actions were implemented. We found that the
11 corrective actions have been implemented, however the
12 timeliness of the procurements continues to be an issue.
13 And well, I should mention procurements in this sense is
14 specifically purchase orders, we did not look at contract
15 execution.

16 For audits in progress, we're getting ready to
17 issue a draft report on the design-build oversight. We are
18 finalizing continuous auditing of the right-of-way
19 acquisition reporting process. We're also finalizing a
20 report of third-party contract management and we're in the
21 closing stages of an incurred cost contract audit.

22 A small business audit was issued a couple of
23 years ago and we're following up to determine if the
24 findings were addressed and the corrective actions have
25 been implemented.

1 Some of the current audits that we're working on
2 are the oversight of construction materials. Are the
3 processes and procedures adequate to ensure construction
4 materials meet standards and specifications? We're working
5 on an audit of the design change process to assess the
6 economy and efficiency of design changes. We're working on
7 an audit of third-party estimating processes to evaluate
8 the estimating practices for third-party relocation costs.

9 And finally, an audit of the right-of-way
10 critical parcel acquisitions. So we're evaluating the
11 existing practices for prioritizing the acquisition of
12 right-of-way parcels.

13 Do you have any questions?

14 CHAIRMAN RICHARD: Questions for Ms. Rivera?
15 Mr. Curtin?

16 BOARD MEMBER CURTIN: Two audits on right-of-way,
17 one being reporting procedures and the other being?

18 MS. RIVERA: Critical parcel acquisition.

19 BOARD MEMBER CURTIN: Critical?

20 MS. RIVERA: Uh-huh.

21 BOARD MEMBER CURTIN: So are these separate or
22 the same kind of analyses?

23 MS. RIVERA: The first one was to assess the
24 validity of the data, and the weekly right-of-way reporting
25 process. We looked at are the numbers accurate and then

1 can they be supported by documentation? So we're only
2 looking at the reporting process.

3 The critical parcel one that we're just starting
4 is what's the process for prioritizing the parcels, the
5 right parcels at the right time, and is it being followed?

6 BOARD MEMBER CURTIN: And that's just starting?

7 MS. RIVERA: Yes.

8 BOARD MEMBER CURTIN: And what's the timeline on
9 that?

10 MS. RIVERA: I hesitate because the auditor who
11 was going to start the audit today has accepted a position
12 with another Department. So I have to say I imagine July
13 we would be done.

14 BOARD MEMBER CURTIN: Okay. Thanks.

15 CHAIRMAN RICHARD: That person have an issue with
16 their boss, was it? No.

17 (Laughter.)

18 MS. RIVERA: Oh, yes.

19 CHAIRMAN RICHARD: Other questions for Ms.
20 Rivera.?

21 (No audible response.)

22 Thank you very much and all of these are
23 important, but I have to say I particularly appreciate the
24 audit of the Valley Fever Mitigation Measures. So that's
25 really important for protecting worker health and safety

1 and I appreciate the fact that you did it. And I'm also
2 happy to see that it looks like our measures are in place
3 effectively so far. So thanks Ms. Rivera.

4 MS. RIVERA: Thank you.

5 CHAIRMAN RICHARD: Okay. Next up, Program
6 Delivery Status. Mr. Griggs, good afternoon. It's 12:00
7 noon, good afternoon.

8 MR. GRIGGS: Good afternoon Chairman Richard,
9 Vice Chair Richards, Directors, CEO Morales. I'm Gary
10 Griggs, Program Director, High-Speed Rail. I'd like to
11 report to you on our program delivery. I'll be addressing
12 project development and right-of-way and followed by Scott
13 Jarvis to address third-party agreements in construction.

14 Project development of which is the environmental
15 work that we're doing to clear each of the project sections
16 arriving at Records of Decision is proceeding very well. I
17 want to acknowledge Mark McLoughlin and his team, the
18 Environmental team, and of course supported by many other
19 elements of the program including engineering, including
20 right-of-way, including outreach, legal and all aspects of
21 the program operations. I want to really recognize the
22 great work that they're doing.

23 We have very strong teams in place for each one
24 of the environmental sections that we're trying to clear
25 driven by the right-of-way consultants that we have

1 assigned to each of them. Also our project development
2 teams supporting that and then the central services teams
3 here in Sacramento that are supporting environmental and
4 the other areas that support that work.

5 We've had some good accomplishments, as you know,
6 in clearing two of the major sections: Merced to Fresno and
7 Fresno to Bakersfield back in 2012 and 2014. We just
8 cleared the environmental interconnections for a portion of
9 the Central Valley, which was I think, a great
10 accomplishment of the environmental team that we didn't
11 have to go through a full environmental process. And we
12 were able to do that by a simplified and shortened
13 reexamination process.

14 And we're working very closely with the
15 stakeholders and the FRA and other cooperating agencies in
16 all of this work. And currently working closely with the
17 FRA in evaluation of the work accomplished, what's left to
18 be done, and the support that we'll need from them and the
19 other cooperating agencies as we go through the process of
20 arriving at completion of environmental clearance for all
21 of those sections.

22 We've given you here -- sorry, I guess I'm
23 supposed to be doing this --we've given you basically a
24 section by section report as we do every month at Finance
25 and Audit, giving you an idea of how we're doing in

1 Northern California. We're working on San Francisco to San
2 Jose. San Jose to Merced is very critical, because that's
3 essential to the Valley to Valley Program. So we're
4 working on that currently in developing the various work
5 undertaken, including geotechnical investigations.

6 In the Central Valley we have two supplementals
7 underway. We have issued the Administrative Draft for the
8 Central Valley-wide, so that is with the FRA currently
9 under review. We're looking at the heavy maintenance
10 facilities and how that plays into the environmental work.
11 And then we've also just received comments back from the
12 FRA on the Administrative Draft for the Fresno to
13 Bakersfield locally-generated alternative. So that work is
14 proceeding well.

15 In Southern California again we have teams
16 assigned to each one of these sections with regional
17 consultants, our own supporting staff, and progressing that
18 work as well. So we have all sections well underway and
19 striving towards completion of that work as quickly as
20 possible, so that we can have all of the entire Phase 1
21 Program cleared environmentally, ready to go as funding
22 becomes available.

23 The next portion of the presentation of right-of-
24 way. I'd also like to acknowledge Alan Glen and his teams,
25 and appreciate the comments that you made earlier about the

1 work they're doing. He's also supported by a number of
2 right-of-way consultants and as on the agenda today, we're
3 bringing more in. The big challenges there, over 1,600
4 parcels to be cleared in the Central Valley alone. And
5 looking at another 1,800 parcels to clear as we work
6 through the remainder of the Valley to Valley Program.

7 We are in particular, working very closely with
8 the contractors and looking at establishing priority
9 construction locations and working on release of those
10 critical parcels that relate to those priority construction
11 locations. We've seen great benefit in this, in the
12 progress of work on Construction Package 1 and I want to
13 acknowledge the contractor there, Tutor
14 Perini/Zachary/Parsons, for the way they worked on this and
15 the flexibility that they've shown under design-build
16 procurement to allow us to move forward on that work in an
17 aggressive way.

18 We're working also with the contractors on
19 Construction Package 2-3 and Construction Package 4 to
20 effect similar successes as we move construction forward in
21 both of those areas.

22 Every month as part of Finance and Audit we give
23 you a very detailed reporting, its' a noisy graph but it
24 does show you how we're doing basically month by month. As
25 was mentioned earlier, we also provide weekly reports as to

1 how we're doing on the right-of-way delivery. We've been
2 delivering on the order of 40 parcels per month, a very
3 impressive delivery rate. But we're continuing to look for
4 process improvements, so that we can even kick that up
5 higher and release more construction as we go forward.

6 So we provide these reports for you on CP1 of A,
7 B, C and D portions of CP1; also CP2-3 and CP4.

8 With that I'll open in up to any questions that
9 you may have of me before I turn it over to Scott.

10 CHAIRMAN RICHARD: Very straightforward,
11 questions for Mr. Griggs?

12 (No audible response.)

13 CHAIRMAN RICHARD: I know that this was gone
14 through extensively in Finance and Audit Committee, so
15 appreciate it.

16 MR. GRIGGS: Thank you.

17 CHAIRMAN RICHARD: Okay.

18 MR. JARVIS: Good afternoon. As Gary mentioned
19 I'll be reporting on the status of third-party agreements
20 in construction.

21 Third-party agreements, I'm going to report on
22 throughout the entire state of the Construction Packages.
23 We have really made some very good progress that you're
24 going to see on the next slide related to third-party
25 agreements.

1 So this is just a summary of where we're at,
2 we've broken it up into different geographical areas for
3 the non-construction package agreements. These are
4 agreements that the Authority is responsible for. And
5 really the punch line is if you look at the summary, the
6 second one from the right, the bar graph of the non-
7 construction package total in a two-month period of time
8 we've gone from unexecuted amount of agreements of 269,
9 which is the gray bar, to 123 unexecuted agreements
10 currently. So that's a tremendous amount of progress that
11 was made between September and November for development and
12 execution of our third-party agreements. So Paul Engstrom
13 and Gus Chung have really done a good job in leading that.

14 Now I'm going to talk about construction. I've
15 reported on construction progress several time and the
16 construction continues to progress well. There are several
17 locations in particular, in CP1, where we're seeing some
18 significant construction progress including Fresno River
19 Viaduct, Avenue 8 Overcrossing, Fresno Trench and Tuolumne
20 Street Bridge. So construction continues to progress well
21 and if you look at the current worksites that we have
22 underway on CP1 you can see it's a pretty impressive list
23 of work that is ongoing.

24 CP2-3, the contractor continues to perform
25 preconstruction activities including developing and

1 submitting various design and construction plans. They
2 continue to meet with third parties to understand and then
3 incorporate the third parties' design requirements into
4 their design.

5 Some field work has begun: clearing, grubbing,
6 demolition, geotechnical exploration, utility location
7 activities as well as some resurfacing of local roads. We
8 expect 2017 to be a big year, so there's a lot of planning
9 going on. We're in a good position with the progress of
10 the design and the right-of-way for the spring and summer
11 of 2017 to be a good construction period on CP2-3.

12 On CP4, this is very early on, we're performing
13 preliminary design activities, a lot of the preconstruction
14 activities. Some field work has begun including
15 demolition, geotechnical exploration and utility location
16 activities. So as you can see there, there's a list of
17 some of the major construction and preconstruction work on
18 CP4.

19
20 Now I'm going to talk on the three construction
21 packages ongoing related to a financial review based upon
22 the contingency value and the schedule of the projects
23 themselves. On CP1 there's \$875 million in remaining
24 contract value, that's on the top line on the far right.
25 And 75 million in contingencies, so we have 8.6 percent of

1 the value of the remaining contract balance. General
2 industry rule of thumb is you want to stay at 10 percent or
3 more, so we are looking ahead to risks and what we can do
4 to successfully manage the delivery of CP1.

5 Now, this shows the comparison of the planned
6 work with where we are currently at in the current plan
7 moving forward. Now, of note the dark blue plan at the top
8 is the contractor's original baseline schedule. And as
9 discussed there was a delay on getting really rolling on
10 construction activities on CP1. But I think really the
11 important point here is if you look at the gold line moving
12 up, the slope of that continues to increase showing that
13 construction progress continues to accelerate on CP1. And
14 that gap continues to close between what was originally
15 planned and where we're currently at.

16 CP2-3 is in a very strong position financially
17 right now, we still have \$254 million remaining in the
18 contingency or 23 percent of the contract value.

19 As far as the progress of the work, we have
20 started falling a little bit behind the original baseline
21 plan for CP2-3. But as I mentioned we do expect 2017 to be
22 a big year for construction and so we anticipate that that
23 gap between the earned value of the gold line versus the
24 baseline plan in the dark blue, to decrease in 2017.

25 And as I mentioned CP4 is very early on, in fact

1 so early on, that we haven't even expended out of the
2 contingency yet, so we're in a good solid position with 15
3 percent of the remaining contract value available in
4 contingency. And again we're very early in the schedule
5 with CP4 we do anticipate starting construction in 2017 on
6 CP4, so we do expect that gap to narrow between the planned
7 and the actual schedules.

8 So the overall summary, we continue to make good
9 progress on CP1 with field activities ongoing with both CP1
10 and CP2-3. And we're really focusing delivering that
11 entire Central Valley Program as a building block for the
12 Silicon Valley to the Central Valley line. And as I
13 mentioned we continue to look forward to risks, early
14 identification of the risks, and we work towards mitigate
15 and resolving those risks.

16 So with that if you have any questions I'd be
17 happy to answer that. And then I'll turn it over to our
18 Risk Manager, Jon Tapping.

19 CHAIRMAN RICHARD: Questions for Scott?

20 (No audible response.)

21 CHAIRMAN RICHARD: Good, keep on keeping on.

22 MR. JARVIS: Great, thank you.

23 MR. TAPPING: Good afternoon, Jon Tapping,
24 Director of Risk Management.

25 I wanted to start off with really how risk

1 management fits into the whole process in reporting to the
2 F & A Committee. We have a Risk Management Plan, which
3 really encompasses the elements: the financial performance,
4 the audits and reviews, and the contractor performance, all
5 of which has been reported here today and is regularly
6 reported to the Finance and Audit Committee.

7 The financial performance and the contract
8 performance is kind of a ongoing current assessment and
9 reporting. Audits and reviews is kind of an in arrears and
10 looking forward for lessons learned and best practices.
11 Where risk management is really beneficial here is in
12 looking forward and forward planning, and early
13 identification of issues. All of which we report to the
14 Finance and Audit Committee.

15 We are bound by specific statutes and regulations
16 and reporting. Those are listed on the right side of the
17 slide. Basically it requires a systematic approach in
18 identifying risk in financial terms, which we use several
19 modeling techniques to do that as well as mitigation
20 strategies. And assessing contingencies on a regular
21 basis, which is a big part of what we do.

22 So our overall program objectives are listed
23 here. We want to systemize the process, we want a
24 disciplined rigid or cyclic process, which is continuous.
25 So we go through a standard five steps of risk management,

1 which is on the next slide I'll get to fairly quickly.

2 Openness, again it's reporting issues as quickly
3 as we can to the Finance and Audit Committee and to the
4 public and all the stakeholders. So that when we set
5 contingencies and we set budgets the public is aware of how
6 we do it and move forward from there.

7 Capture of project opportunities, we're not only
8 looking at downside risks, but we're also looking -- we
9 have several teams looking at overall opportunities to the
10 program, cost-saving measures and so forth.

11 We must comply with legal and statutory
12 requirements, so we ensure that we have the proper
13 documentation to do that as we forward our program.

14 Risk management helps us prioritize our
15 resources. For example, early identification of right-of-
16 way third-party utilities has resulted in a lot of
17 mitigations and staffing to work on those mitigation
18 strategies. So the early planning there helps us gear up
19 to the resource.

20 And we openly seek external validation from third
21 parties, experts in the field and so forth.

22 I'll go through this quickly, it's a pretty busy
23 chart, which I've presented before. The five steps of risk
24 management. You identify, assess, analyze, manage, monitor
25 and control and you start the process again. Those little

1 pictorials on the bottom I don't expect you to read, but
2 they are tools of risk management. For example, the
3 probability distribution is an output of a simulation or
4 Monte Carlo Analysis, which gives us a range of outputs for
5 cost and/or schedule. And it is a way we establish
6 contingency.

7 The far right one, you can see a cluttered bar
8 chart there. We do risk management also with schedule. So
9 there's uncertainties in the durations of the schedule and
10 we go through that process as well. All of which feeds
11 back again, to Gary and Scott's shop in how we may mitigate
12 any pressures to either cost or schedule.

13 So I won't dwell on our completed activities, but
14 we did a lot of work last year that fed into the Business
15 Plan. We did a cost risk update on CP1. We established a
16 CP4 Contingency Analysis, which Scott reported on. We did
17 a Risk Informed Contingency Analysis. We were involved in
18 the ridership and revenue forecasting with some simulations
19 there that were reported in the 2016 Business Plan.

20 We worked with Alan Glen's team on a Schedule
21 Risk Analysis of Right-Of-Way. And worked on improvements
22 and streamlining efforts, which are still underway. And we
23 are aggressively still looking at some of those mitigation
24 strategies.

25 We're looking at also procurement options and

1 looking at the risk of the procurements and how to allocate
2 those risks in the procurements by identifying the risk and
3 then basically allocating the risk to the party or entity
4 that can best manage that risk. So we continue to look for
5 opportunities, for example, in the right-of-way process,
6 can scan the contract to do some of that. And those are
7 the kind of things we look at when we do a procurement
8 analysis.

9 We've established a CP4 contingency, it was
10 approved. And on the funding plans we were involved in
11 that effort and the narration of the risks and so forth.

12 So here's our focus ongoing, we've been involved
13 in the update of the Senate Bill 1029, the Project Update
14 Report, which is a legislative requirement, which has a
15 risk section. So we've updated that. That is actually,
16 the draft is complete.

17 The updated CP1 Risk Informed Contingency
18 Analysis, Scott mentioned that contingency dropping below
19 10 percent. That's an early indicator that we should do an
20 updated analysis. We are in the process of that update and
21 analysis. We expect that to be complete in February.

22 We're getting involved in the Early Operator
23 Procurement and looking at the risks there, who owns the
24 risk, who should own the risk? We've just started that
25 process. We'll be identifying risks as part of that

1 procurement document and moving from there.

2 We've embarked on a Valley to Valley Programmatic
3 Risk Analysis. We want to get a jumpstart on that whole
4 segment and so we've already identified some risks there.
5 We're moving through the quantification and the
6 prioritization of those and my expectations are those risks
7 are identified and how we want to allocate them. We'll
8 make a lot of risk-informed decisions on how those
9 procurement documents are actually structured. You know,
10 looking at things like early design-build involvement,
11 potential right-of-way, work done by the design-builder.
12 All these things are identified through lessons learned,
13 but also the risk identification process.

14 And lastly, we're updating the CP2-3 Risk
15 Informed Contingency Analysis. We're still fairly early in
16 that project, but we expect to be complete on that analysis
17 in April. And we'll report that -- all of these will be
18 reported to the Finance and Audit Committee on a regular
19 basis.

20 And so just a summary slide, I wanted to
21 summarize that the team that you've seen present here is a
22 robust team. We're looking at not only lessons learned and
23 historic in auditing, but ongoing metrics and also future
24 risks, and mitigation of those risks. And the whole
25 summary is we want to identify these risks early and

1 mitigate them and continue that process. It's a continuous
2 process, so that concludes my presentation. I'll take any
3 questions.

4 CHAIRMAN RICHARD: Thank you. Questions for Jon
5 Tapping?

6 Yeah, Director Curtin?

7 BOARD MEMBER CURTIN: Could you explain a little
8 bit to me, because the Risk Informed Contingency Analysis
9 CP1, CP2-3, is there an original risk analysis? This is a
10 updated sort of informed by what happens on the ground or
11 what does that mean?

12 MR. TAPPING: Yeah, correct Chairman Curtin.
13 (sic) We initially did a risk informed analysis using --
14 you know, you identify the risks and you run the simulation
15 and you get a range of outcomes. Therefore, several years
16 ago, we did the initial analysis on CP1 before the project
17 was awarded. And I came before the Board with a
18 contingency recommendation based on that analysis.

19 So we update that analysis, we have a contingency
20 management draw down philosophy, at certain stages of the
21 project.

22 BOARD MEMBER CURTIN: Okay.

23 MR. TAPPING: For example, you're out of the
24 ground, you can relook at the project, you're past the
25 different site condition-type risks.

1 But we're also in concert with Gary and Scott's
2 team on the field. They are continuously updating the Risk
3 Register as well, so that is feeding up. And so the
4 trigger to do it, one of the triggers was less than 10
5 percent contingency. But the other trigger is moving
6 beyond a certain advancement of the project.

7 And so it is a regular process, a cyclical
8 process. And so we're currently going through that
9 process. It starts off with the Risk Register, the
10 identification of risks at the project level. It goes
11 through a review process and then we validate those
12 numbers. And then I typically come in independently with
13 my team, and look at the risk quantification and do an
14 independent validation of that quantification.

15 BOARD MEMBER CURTIN: Well, you do that -- this
16 sounds like a relatively regular process throughout each
17 portion of this project. I don't mean like monthly, but
18 there's a system of doing this?

19 MR. TAPPING: Yes, yes. And it should be a
20 cyclic regular part of project controls and that's what
21 we're implementing.

22 BOARD MEMBER CURTIN: Right, so as conditions
23 either are met or not met, because of problems that arise,
24 then you reevaluate the risk going forward?

25 MR. TAPPING: Yeah, and for example if a certain

1 large risk you hadn't identified before suddenly pops up I
2 would say it's time to rerun it, right? But there's also
3 systematic points in the project where you would do it.

4 BOARD MEMBER CURTIN: Okay.

5 MR. TAPPING: When you're out of the ground, when
6 you're done with utilities, because then you have either
7 realized the risk or you've retired it.

8 BOARD MEMBER CURTIN: Thank you.

9 MR. TAPPING: Thank you.

10 CHAIRMAN RICHARD: Yeah, I don't think people
11 quite appreciate that the risk stuff is dynamic. You know,
12 you start off you have a contingency, for example, for like
13 a contract like CP1. And as time goes on you're looking at
14 are we eating into that contingency or not? But as more
15 and more of the project gets done the range narrows down.
16 I mean, big things can jump up, but --

17 BOARD MEMBER CURTIN: I think it's a big
18 difficulty in the public perception of how projects are
19 done. And it leads to articles that may be more or less
20 accurate and --

21 CHAIRMAN RICHARD: Yeah, well that's why I was
22 trying to say before that a risk assessment is not the same
23 as an exact forecast of what's going to happen.

24 BOARD MEMBER CURTIN: Exactly.

25 CHAIRMAN RICHARD: But I hope I didn't screw that

1 up when I said that, Jon. I presume you would have jumped
2 up and waved me off.

3 Any other questions, anything else for the Good
4 of the Order? Okay. Thank you, everybody. This meeting
5 of the High-Speed Rail Authority is --

6 BOARD MEMBER CURTIN: Wait, if I can do this,
7 because I just wanted to ask one more question.

8 CHAIRMAN RICHARD: -- because it's not yet
9 adjourned, Mr. Curtin?

10 BOARD MEMBER CURTIN: Not quite, I'd just like to
11 know where we are on the Early Operator RFQ. Because to me
12 this is sort of a milestone issue, and I'd just like to
13 know what's going on with that if you don't mind?

14 CHIEF EXECUTIVE OFFICER MORALES: Sure, I can
15 update. So the Board approved the issuance of the RFQ at
16 the December meeting. We issued that RFQ on December 16th,
17 I'm very pleased to say.

18 And then we solicited questions from potential
19 bidders and those questions came in on January 10th. We've
20 received interest in the form of questions from a
21 significant number of potential bidders, over half a dozen
22 of them. And some of the questions were -- or included in
23 that was a request from a number to extend the time for
24 them to respond to the RFQ in order to --

25 BOARD MEMBER CURTIN: Including the questions?

1 CHIEF EXECUTIVE OFFICER MORALES: The second
2 round of questions, but more in terms of formulating teams
3 and making sure that they could be responsive to the RFQ.
4 So given the volume of the questions, given the volume of
5 parties expressing interest, we are extending that by a
6 month in order to allow more time for potential teams to
7 coalesce to put their proposals together.

8 BOARD MEMBER CURTIN: So I didn't hear you, did
9 you say over half a dozen or half a --

10 CHIEF EXECUTIVE OFFICER MORALES: Over a half
11 dozen.

12 BOARD MEMBER CURTIN: Over half a dozen?

13 CHIEF EXECUTIVE OFFICER MORALES: Over half a
14 dozen, we'll be posting those answers later this month on
15 the 27th, I believe it is.

16 So now the Statements of Qualification are now
17 due March 9 from proposers and then we'll go through the
18 view of that and move on to the RFP stage.

19 BOARD MEMBER CURTIN: So in early March, then the
20 RFP stages, how long does that sort of process take?

21 CHIEF EXECUTIVE OFFICER MORALES: We had laid out
22 for -- I believe about a month then to short lists and
23 start the RFP process and then about a 60 to 90-day period
24 for that. So we're still looking at the summer for
25 proposals.

1 BOARD MEMBER CURTIN: So to mid-late, okay.

2 Thank you.

3 CHAIRMAN RICHARD: All right, and just as we
4 adjourn let me apologize if anybody is here for the Transit
5 Land Use Committee, I had a conflict, a time conflict that
6 came up. And so we're going to have to roll that to a
7 later date, which we will Notice. Anyways so apologies if
8 that created any inconvenience for the public or the staff.

9 And with that, this meeting of the High-Speed
10 Rail Authority Board is adjourned. Thank you very much.

11 (Chair Dan Richard adjourned the Public Meeting of The

12 High-Speed Rail Authority

13 at 12:28 p.m.)

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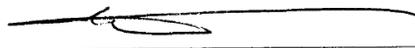
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PETER PETTY
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