

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

MAIN MEETING LOCATION

DEPARTMENT OF HEALTHCARE SERVICES AUDITORIUM

1500 CAPITOL AVE.

SACRAMENTO, CA 95814

SATELLITE MEETING LOCATIONS

CALIFORNIA HIGH-SPEED RAIL AUTHORITY 700 N ALAMEDA ST.

LOS ANGELES, CA 90012

HYATT REGENCY CAMBRIDGE

575 MEMORIAL DR.

CAMBRIDGE, MA 02139

FEBRUARY 14, 2017

2:00 P.M.

Reported by:
Kent Odell

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk (participated via phone)

Michael Rossi

Daniel Curtin

Bonnie Lowenthal

Lorraine Paskett (participated via phone)

STAFF

Jeff Morales, Chief Executive Officer

Krista Jensen, Board Secretary

Thomas Fellenz, Chief Counsel

Scott Jarvis, Chief Engineer

Alan Glen, Director of Real Property

Alice Rodriguez, Small Business Advocate

PRESENTERS:

Scott Jarvis, California High-Speed Rail Authority, Chief Engineer

Alan Glen, California High-Speed Rail Authority, Director of Real Property

APPEARANCES (Cont.)PRESENTERS: (Cont.)

Thomas Fellenz, California High-Speed Rail Authority, Chief Counsel

Jeff Morales, California High-Speed Rail

Alice Rodriguez, California High-Speed Rail Authority, Small Business, Advocate

Jim Butler, California Department of General Services, State's Chief Procurement Officer

PUBLIC COMMENT

James C. Ledford Jr., Mayor, City of Palmdale, CA

Michael Behen, Transportation Manager, City of Palmdale, CA

Steve Roberts, RailPAC, National Association of Railroad Passengers, NARP

Connie Saunders, Self & Safe

Ted T. Hart

Lee Cunningham, Women Construction Owners & Executives, WCOE

Roland Lebrun

Diana LaCome, APAC

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1 calling the roll, so --

2 BOARD MEMBER SCHENK: Thank you, Chair. Here.

3 Here.

4 MS. JENSEN: Vice Chair Richards?

5 VICE CHAIR RICHARDS: Here.

6 MS. JENSEN: Director Rossi?

7 BOARD MEMBER ROSSI: Here.

8 MS. JENSEN: Director Curtin?

9 BOARD MEMBER CURTIN: Here.

10 MS. JENSEN: Director Paskett?

11 VICE CHAIR RICHARDS: Here.

12 CHAIRMAN RICHARD: Lorraine? Lorraine was just
13 there. Lorraine, if you --

14 MS. PASKETT: I'm here, I apologize. I'm here.

15 CHAIRMAN RICHARD: Okay, all right.

16 MS. HARLAN: Director Lowenthal?

17 BOARD MEMBER LOWENTHAL: Here.

18 MS. HARLAN: Chair Richard?

19 CHAIRMAN RICHARD: I'm here.

20 I think we have a representation of the flag
21 behind us. Please join me in the Pledge of Allegiance.

22 (The Pledge of Allegiance is made.)

23 CHAIRMAN RICHARD: Thank you. We'll now move to
24 the public comment period and as always, we take comments
25 in order, except that we do afford our elected officials

1 and representatives of the people to speak first. So, let
2 me turn to our first guest James Ledford, the Mayor of the
3 City of Palmdale.

4 MAYOR LEDFORD: Good afternoon.

5 CHAIRMAN RICHARD: Good afternoon.

6 MAYOR LEDFORD: Honorable Board, Chairman, staff,
7 you guys are doing great work. We're one of your biggest
8 supporters and we're just here to say keep up the good
9 work. Keep peddling.

10 This is an exciting time for California. The
11 issues facing our city right now are pretty exciting, as
12 well. We're dealing with station designs and surrounding
13 land use and it's great to see our community engage in that
14 process, because we're getting to hear what they think
15 about the project. And I've got to tell you it's fairly
16 positive all the way around.

17 We do have one issue, though, that we're here to
18 talk to. And it's really about the concept of going below
19 grade for the alignment for this train, a trenching
20 concept, so to speak. And one of the design
21 characteristics of overpasses, it's really creating some
22 fear that we're dividing our city in a way that is really
23 not a good testament to the project.

24 We feel that we really want to look at this issue
25 in depth. We'd like to see some cost-benefit analysis work

1 done. We think these costs of overpasses at \$100 plus
2 million each, collectively when you add it up, it might
3 make this concept more feasible. And we'd like to look at
4 options and maybe ways to partner. And anyway, that's
5 really what we're here about, is just to promote that kind
6 of dialogue.

7 We know you've got a lot on your plate, you've
8 got the entire state, but again it's exciting. It's
9 exciting to the Antelope Valley, certainly to the City of
10 Palmdale. And we're here to just to give our support and
11 we're glad to be part of the process, so thank you.

12 CHAIRMAN RICHARD: Thank you, Mayor. And every
13 time I give a speech, I talk about how Palmdale is the
14 emerging center of the universe with respect to high-speed
15 rail.

16 Michael Behen from Palmdale, the Transportation
17 Director, and then he'll be followed by Steve Roberts from
18 RailPAC. Good afternoon.

19 MR. BEHEN: Good afternoon, Mr. Chairman and
20 Members of the Board. I want to echo what Mayor Ledford
21 said earlier. We are here to support the project. We're
22 here to support this Board. And we're here to support the
23 staff and we want that message to be known here today.

24 We're making very good progress with our station
25 planning efforts and we should be done with that project in

1 the spring of 2018. We have a very good working
2 relationship with staff and we appreciate that.

3 We have the I Will Ride organization has shown up
4 in the Antelope Valley and we are working with them. And
5 they're working with local schools to start an Antelope
6 Valley chapter. We're very excited about that.

7 And lastly, I'd like to thank CEO Morales for
8 agreeing to come down to the City of Palmdale on March 1st
9 to go out into the field and to look at different design
10 options for the rail alignment through Palmdale.

11 And with that, I thank you very much for the
12 opportunity.

13 CHAIRMAN RICHARD: Thank you. Okay, Steve
14 Roberts and he'll be followed by Connie Saunders.

15 MR. ROBERTS: Good afternoon, my name is Steve
16 Roberts. And I am speaking on behalf of the Rail Passenger
17 Association of California as well as the National
18 Association of Railroad Passengers, both of whom advocate
19 for improvements in rail passenger service.

20 Both of our groups want to reiterate our support
21 for high-speed rail on especially the Caltrain
22 electrification projects. Both organizations have recently
23 sent letters to the Secretary of Transportation in support
24 of high-speed rail in California and advocating the
25 approval of full funding agreement for Caltrain

1 electrification. In addition, many of our members have
2 sent their own correspondence to Secretary Chao as well as
3 their Congressmen and senators in support of this project.

4 Thank you very much for this opportunity to
5 address the Board.

6 CHAIRMAN RICHARD: Thank you, sir.

7 Connie Saunders followed by Ted Hart.

8 MS. SAUNDERS: Good afternoon --

9 CHAIRMAN RICHARD: Good afternoon.

10 MS. SAUNDERS: -- honorable Board. I'm happy to
11 be here. I came from Los Angeles and my name is Connie
12 Saunders. And I've come to go over some urgent matters
13 that I'm sure you've probably heard before; maybe not quite
14 as concisely as I'm going to put them today.

15 Going over the ground, as the Mayor had
16 suggested, can really pull up a lot of logistical problems
17 with going overpasses and underpasses that then prevent
18 egress and ingress from your major transportation routes.
19 It's quite a havoc and it is very costly.

20 We have a situation with our current E2 Route, E1
21 actually and revised SR14 also fall into this particular
22 situation where what we have is two miles of stretch of the
23 High-Speed Rail going through Sun Valley, which, by the way
24 is a very environmentally-sensitive area. It was declared
25 such in 2003. And so, it defies all efforts to keep the

1 toxicity away enough to prevent people from getting cancers
2 and asthma; children with asthma there. With the rail
3 going above ground for those two miles, we're not talking
4 about a huge amount of distance here, we're talking about
5 the whole rail on E1, SR14 and well maybe, yeah, E2 is a
6 little bit different. But the whole rail is fairly
7 underground, except for these couple of miles.

8 And what I have been told is that the ground is
9 loamis (phonetic) and whatnot and you might have to use a
10 different wheel for your boring machine. The problem is
11 that's just something of an excuse by somebody who probably
12 doesn't know what the reason is, because that certainly
13 isn't a problem. This is going to be so close to the soil
14 it's going to be similar to a subway, you know, just right
15 underneath. One, when it's going through Sun Valley there
16 won't be any depth to it under the soil, it'll just be
17 right there. So, you can open it up, put a new blade in if
18 you hit a new kind of soil.

19 But now E2 Route, going over ground in this
20 district isn't viable for many reasons. Key is the
21 equestrian community that will be utterly crushed. And the
22 packets that I gave you today show you pictures of 3,000
23 people in one, hundreds in others, protests. Ongoing
24 protests about it, because it's going to destroy the
25 community. There isn't a question about it. The

1 properties have already devalued.

2 So, we have also many tons of concrete are
3 planned to be poured into the Big Tujunga Wash to make the
4 pillars that are needed. We've got hundreds of endangered
5 species in that Hansen equestrian center that we're talking
6 about doing this in.

7 Many thousands have spoken negatively about it,
8 but right now there's been no promise kept. For instance,
9 Michelle Boehm promised and I was there at the meeting, so
10 was David DePinto, who's the head of the SAFE organization,
11 we were both sitting right there. And she promised that in
12 two months she could get the High-Speed Rail Commission to
13 meet down there, so that you can look and see and
14 appreciate this community.

15 This is one of the last holdouts of an equestrian
16 hillside home-on-the-ranch community that we have in all of
17 L.A. City. There aren't any other real choices in L.A.
18 City. So --

19 CHAIRMAN RICHARD: Ms. Saunders, if I might?

20 MS. SAUNDERS: Yes?

21 CHAIRMAN RICHARD: I know you've come a long way
22 and so I wanted to give you more leeway on the speaking
23 time. We try to be equal for everybody. But let me just
24 say to you that, because we have given you additional time
25 I think the issues that you raise are important ones.

1 We've committed, by the way, to a number of the elected
2 officials to meet in that area. I've personally taken the
3 tour through that area. And I think that we will continue
4 to be very sensitive to the issues that you're raising and
5 we're going through the environmental process.

6 So, I really hate to cut you off, especially
7 since you've come all this way. But I do need to be fair
8 to everybody who's coming to speak.

9 MS. SAUNDERS: Can I have one more minute to --

10 CHAIRMAN RICHARD: If you can quickly finish.

11 MS. SAUNDERS: Okay.

12 CHAIRMAN RICHARD: Thank you.

13 MS. SAUNDERS: Basically, we've got an
14 underground potential route that could go under just the
15 same route as E1, just go underground. Now, I live just
16 two blocks away from where that will be. I've talked to
17 everybody on the hill, I'm in charge of a group, a
18 community group, that's for Hansen Hills. They're all fine
19 on that. You have no bad will from that.

20 The amount of bad will you have from E2 is
21 immeasurable. It'll never happen. So, if you're going to
22 be putting monies, our monies, our tax monies into an
23 environmental process, it would be better to study the
24 underground route for that E1 as opposed to trying to put
25 the people in Lakeview Terrace and Shadow Hills through it.

1 And basically, that's what I came here to say.
2 I appreciate your listening to me and giving me an extra
3 minute there. We're very, very eager to work with you.
4 Personally, I'm very much in favor of the high-speed rail.
5 And personally, I think if you can actually tweak this just
6 as simply as what I'm saying, you're going to get 3,000
7 people going, "Rah, rah, rah." Instead of 3,000 people
8 wanting to sue you, all right, if you move past a certain
9 point. And they will.

10 You know, I'm not trying to argue this point. It
11 wouldn't be me suing you. But this is the sentiment is
12 very, very upset. We're talking about elderly people that
13 their entire life is ruined now. These people are taking
14 it, I think, some of them beyond proportion. But at the
15 same time, it's their entire world. And it's so different
16 than what cities, what L.A. City has to offer anywhere
17 else.

18 CHAIRMAN RICHARD: Ms. Saunders, thank you very
19 much. Thank you for traveling all this way. And I assure
20 you we're looking at this very carefully.

21 MS. SAUNDERS: Very good, and I have the
22 pamphlets for you. Please, read them.

23 CHAIRMAN RICHARD: We'll take a look at them.

24 MS. SAUNDERS: Oh, and please, please come to a
25 high-speed rail meeting. Let's say, promise, in the next

1 month or two. Okay?

2 CHAIRMAN RICHARD: Okay. We're working with your
3 elected officials on that, so --

4 MS. SAUNDERS: Okay.

5 CHAIRMAN RICHARD: -- we'll continue to do that.
6 Thank you, Ms. Saunders.

7 MS. SAUNDERS: Thank you.

8 CHAIRMAN RICHARD: Mr. Hart, good afternoon, sir.

9 MR. HART: Good afternoon. Ted Hart. I have
10 been in front of this Board probably 50 times in the last 7
11 years and it has always been a discussion of what I would
12 call mechanical things. We're either talking about the
13 Business Plan or etcetera, etcetera. I've met with a
14 couple of the Board Members independently, we've discussed
15 these things.

16 I'm here today to talk primarily as a California
17 taxpayer. And my greatest concern is there have been a
18 number of changes, as we all know, since the last time I
19 was here. And what we're concerned about and what I'm
20 concerned about could probably be summed up in a very
21 simple business equation. And that is I do not believe
22 that you're going to stand a good chance of getting any
23 federal funds.

24 And without federal funds, you're not going to
25 get any private funds, because that's already been

1 established by the international rail operators that have
2 answered some letters to you specifically stating that they
3 require government guarantees. And they require government
4 subsidies.

5 So, I want to go back, and very quickly, on Prop
6 1A, it's simple. And that is in the history of all of this
7 is that the voter was told explicitly that the funding
8 would come from the federal government, private, county,
9 etcetera. And that the California taxpayer would be on the
10 hook for \$9.95 billion and the rest of the money was going
11 to come from somewhere else.

12 Well, why are there no federal funds? There's
13 been a little excitement with the fact that President Trump
14 said he likes trains, likes high-speed trains. That's not
15 really the issue: the money in Washington is controlled by,
16 primarily the Congress, and the President only is slipping
17 through things into the federal.

18 And as such, we're looking at a completely
19 different situation in the fact that the balance of the
20 taxpayers in all the other states, they are not about to
21 give California any money to build a high-speed rail. You
22 could go out and question them all day long and you'll get
23 the same answer. There's a number of reasons, one of them
24 is they think we're kind of weird out here in California
25 and they just do not want to part with any money for that.

1 The International Association of the Owners and
2 Operators are really the only qualified experts who have
3 ever really built any high-speed rail. I mean, I
4 appreciate the fact that many of you are experts in what
5 you are doing now. Jeff may have some from Caltrans, but
6 we're talking about specifically that.

7 And so, President Trump is a businessman. First
8 time we've ever had anybody -- you could hate him, whatever
9 else you want to say about him okay, except that he is a
10 businessman. And what's he built? Construction,
11 buildings, he understands all of this. And when he begins
12 to look at the Business Plan that you have now, 2016, it is
13 flawed. There's a lot of holes in it.

14 So, what's the first thing a reasonable
15 businessman would do? Some expert, some of you are
16 experts, you go to somebody else who is an expert. First
17 thing he's going to do is go to the international community
18 and ask them, "Hey, what's really going on here?" And the
19 fact is that there are only three lines operating in the
20 world today that make a profit. I mean, we've seen this
21 before.

22 So, skip over real quick, in nine years, nine
23 years ago, I asked a number of the people, "Where are you
24 going to get the money?" And it's the same question today,
25 "Where is this money going to come from?" And at some

1 point, somebody is going to have to step up to the fact and
2 say, "Here it is. We've got this in writing."

3 And so anyway, the only other comment I would
4 have would be on what's coming up on the agenda, which is
5 number concerning the hiring of the law firm in Washington,
6 D.C. I looked at this; I dug into it to look at who these
7 people are. And I find it quite fascinating that this is
8 probably the largest law firm in Washington, D.C. that is
9 almost pure Democrat.

10 And I find that fascinating in that you're going
11 to be asking a Republican President and it almost looks
12 like you're lining up everything to go to war as opposed to
13 trying to work something out here. They've got 900
14 attorneys on staff. This is a big outfit.

15 In any event, I'd rather see you spend the money
16 on pouring concrete up at the Orville Dam.

17 CHAIRMAN RICHARD: Thank you, Mr. Hart.

18 MR. HART: Thank you for your time.

19 CHAIRMAN RICHARD: Okay. Thank you, sir.

20 Lee Cunningham followed by Roland Lebrun, nice to
21 see you again.

22 MS. CUNNINGHAM: Nice seeing you, my name is Lee
23 Cunningham and I'm on the National Board for Women
24 Construction Owners and Executives. And I am in remiss, I
25 am two years late in coming here. But I drove 356 miles

1 today just to say, "Thank you." So, both of my thank-yous
2 come to this Board.

3 First and foremost two years ago, Chairman
4 Richard came to Washington, D.C., and signed with me an MOU
5 with Women Construction Owners and Executives to
6 memorialize our understanding that we are both committed to
7 enhancing small and minority and women-owned and veteran-
8 owned businesses in the state of California and in the
9 nation. That really was beneficial for us. The press went
10 national. We have an ability to reach out to every single
11 district office in the nation of all congressional members,
12 so our outreach is pretty large.

13 Secondly, when he came back here and you
14 started forming your regulations you adopted, that changed
15 the future of suppliers' lives in the State of California.
16 You said, "If you are a supplier working for this state
17 under the High-Speed Rail Project you are a full, bonafide
18 contractor, which means your supplies counted 100 percent."
19 That had never happened before. It had been 60 in DOT and
20 is now 100 percent here.

21 Your legendary movement in this particular area
22 has sparked other people to follow suit. And I think Mr.
23 Butler today will be talking about the changes with DGS.
24 And we now are looking at suppliers listed in the cuff.

25 So, from all suppliers, women-owned businesses,

1 I'm here to say thank you and we will do anything we can to
2 support you. Thank you.

3 CHAIRMAN RICHARD: Thank you very much.

4 Roland Lebrun and then our last speaker is Diana
5 LaCome.

6 Oh yeah, I'm sorry, and then I understand we have
7 one public commenter --

8 Mr. MORALES: No, does not want to comment.

9 CHAIRMAN RICHARD: Oh, does not want to comment,
10 okay.

11 MR. LEBRUN: Good evening, Chair Richard and
12 Members. Do I get two or three minutes?

13 CHAIRMAN RICHARD: You have three minutes, go
14 ahead.

15 MR. LEBRUN: Okay. So, then I will talk about
16 Palmdale for a minute and then get on to why I drove up
17 here today.

18 CHAIRMAN RICHARD: Okay, do you need to move the
19 microphone?

20 MR. LEBRUN: Yes, I be too tall here, let me try
21 this. You need to rethink Palmdale, because there is this
22 concept that somehow you need to go through Palmdale. And
23 the answer is that you don't. If you look at the Bond Act
24 you need to be able to go from Burbank to Palmdale and you
25 need to be able to go from Palmdale to Bakersfield.

1 If you look at a different alignment, which is
2 roughly along the I5 alignment and you actually connect
3 Palmdale to that alignment, the other junction is 138, you
4 cannot discover elevations that are going to make it
5 possible for that alignment to support freight. That is
6 critical, because if you do that you'll be able to look at
7 funding, not only from Senate Bill 1, but also Assembly
8 Bill 1. So, I want you to think about that.

9 Now, the reason I came here today is to talk to
10 you about the San Jose to Merced EIR. And more
11 specifically the section, which is where I live, which is
12 the section between San Jose and Gilroy. And the issue we
13 have is that we have one alignment that has got a general
14 consensus among Morgan Hill, San Martine and potentially
15 Gilroy and we're working on the San Jose end, which is the
16 east of 101 alignment. The Parsons Brinckerhoff
17 consultants are flat refusing to even consider that
18 alignment.

19 So, in closing what I'll ask you to do is to
20 consider giving us the same kind of respect as you gave to
21 the people of Burbank, is just to consider a separate EIR
22 for San Jose to Gilroy. And preferably, with a different
23 set of consultants, and I think you know who I have in
24 mind. And quite frankly if, unless something happens in
25 the next month also, I can assure you you're setting up

1 yourself for another public run marathon similar to what
2 you went through in Los Angeles on June the 9th, 2015.

3 Thank you very much.

4 CHAIRMAN RICHARD: Thank you Mr. Lebrun.
5 Diana LaCome.

6 MS. LACOME: Good afternoon Chairman Richard, Mr.
7 Morales, Members of the Board. I'm Diana LaCome, President
8 of APAC. That's Associated Professionals and Contractors
9 of California. And today I have two comments.

10 One is on item number two of your agenda
11 regarding PG&E and AT&T and the Relocation Project. We
12 request, APAC requests your assistance in developing an
13 MOU, which would encourage PG&E and AT&T to use DBEs and
14 SBEs on the High-Speed Rail Project. Currently, most SBEs
15 are excluded, because their certifications require previous
16 experience, previous work with the utilities.

17 And I think that there might be other items that
18 are excluding small businesses from working on the
19 Relocation Project, so I would really like for us to really
20 look into that carefully. We're talking about \$260 million
21 at 30 percent. If we could actually arrange that, that
22 would be a sizeable amount for small businesses, so I would
23 like to pursue that with you.

24 Number three is the amendment with Caltrans and
25 Route 99. We've gone through this little rodeo before, but

1 I noticed that you are amending it to increase the amount
2 to Caltrans. And we would like to make sure that the 30
3 percent small business goal also goes along with it, which
4 is something that we're always asking. So, thank you for
5 your attention.

6 CHAIRMAN RICHARD: Thank you, Ms. LaCome.

7 We have no more public speaking requests here in
8 Sacramento. Let me just confirm, I understand that there
9 is a member of the public in Los Angeles, but that we don't
10 have any requests for speakers there. But before I close
11 this part of the meeting I just want to confirm that that's
12 the case?

13 BOARD MEMBER SCHENK: No speakers where I am
14 either, Mr. Chairman.

15 CHAIRMAN RICHARD: Okay, thank you.

16 BOARD MEMBER PASKETT: This is Lorraine Paskett.
17 You were asking if there is anyone from the public and
18 there isn't at this time.

19 CHAIRMAN RICHARD: Okay, thank you.

20 All right. With that, the public comment period
21 is closed. I thank everybody for bringing their comments
22 forward to us.

23 We will now move to the regular agenda. Item one
24 is to consider approving the Board minutes from January
25 18th, 2017 Board meeting. Do I have a motion?

1 VICE CHAIR RICHARDS: So moved.

2 CHAIRMAN RICHARD: Moved by Vice Chair Richards.

3 BOARD MEMBER CURTIN: Second.

4 CHAIRMAN RICHARD: Seconded by Mr. Curtin,
5 Director Curtin.

6 Secretary, please call the roll.

7 MS. JENSEN: Director Schenk?

8 BOARD MEMBER SCHENK: Yes.

9 MS. JENSEN: Vice Chair Richards?

10 VICE CHAIR RICHARDS: Yes.

11 MS. JENSEN: Director Rossi?

12 BOARD MEMBER ROSSI: Yes.

13 MS. JENSEN: Director Curtin?

14 BOARD MEMBER CURTIN: Yes.

15 MS. JENSEN: Director Paskett?

16 BOARD MEMBER PASKETT: Yes.

17 MS. JENSEN: Director Lowenthal?

18 BOARD MEMBER LOWENTHAL: Abstain.

19 MS. JENSEN: Chair Richard?

20 CHAIRMAN RICHARD: Yes.

21 All right, we're moving on to the next two items,
22 which have been previously presented to the Board. With
23 respect to item two that pertains to funding of
24 Construction Package number 1, Contract Provisional Sums
25 for the Relocation of PG&E and AT&T Facilities, I am going

1 to be recusing myself from voting or consideration of this
2 item. I have an economic interest in PG&E. Both my spouse
3 and I receive retirement income from PG&E. I also have
4 shares of AT&T stock.

5 So, for both of those reasons I have an actual or
6 potential conflict of interest that could have a material
7 impact on those companies. So I will not be participating
8 in the deliberation or the decision. And I'll be leaving
9 the room until the Board completes its deliberations of
10 that. And then the staff will let me know when that's done
11 and I'll return.

12 I'm handing the gavel to our Vice Chair, Tom
13 Richards. Thank you.

14 (Chairman Richards exits the room.)

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

16 All right, Mr. Fellenz, let me clarify something.
17 At the last month's meeting, didn't we already vote on the
18 AT&T?

19 MR. FELLEENZ: Yes, we did. And I'm up here.
20 Scott's going to make a presentation up here. I am up here
21 to make a statement about the AT&T stock holdings of Board
22 Members Schenk and Lowenthal. So both Board Members Schenk
23 and Lowenthal own AT&T stock. However, adding provisional
24 sums to the CP1 design-build contract to allow the
25 inclusion of previously excluded AT&T third-party utility

1 work, is not a direct contract between AT&T and the High-
2 Speed Rail Authority.

3 So, as an indirect contract for these utility
4 relocations using the provisional sums, the gross revenues
5 of AT&T will not be affected. They cannot profit from
6 these utility relocations. Therefore, there is nothing
7 prohibits both Board Members Lowenthal and Schenk from
8 deliberating and voting on Board agenda item number two.

9 VICE CHAIR RICHARDS: Okay. Thank you,
10 Mr. Fellenz.

11 BOARD MEMBER SCHENK: So, you're saying that it
12 is appropriate for us to vote; is that right, Tom?

13 VICE CHAIR RICHARDS: That's correct.

14 BOARD MEMBER SCHENK: Okay, thank you.

15 VICE CHAIR RICHARDS: Mr. Jarvis?

16 MR. JARVIS: Good afternoon Vice Chair Richards,
17 Board of Directors and CEO Morales. I'm Scott Jarvis, I'm
18 the Chief Engineer for the Authority. And I'm presenting
19 an action item requesting approval to establish provisional
20 sums for CP1 to fully fund the relocation of PG&E and AT&T
21 utilities in the amount of \$159 million.

22 So this is not a new cost. The requested action
23 will reconcile existing CP1 contract with utilities
24 relocation costs that are included in the 2016 Business
25 Plan and a subsequent third-party cost update presented at

1 a Finance and Audit Committee meeting.

2 So, the relocation or protection of utilities is
3 a component of virtually all infrastructure projects
4 necessary to accommodate construction. And in August 2013,
5 the Authority awarded a contract for the design and
6 construction of CP1 to the joint venture of Tutor
7 Perini/Zachry/Parsons, TPZP.

8 The scope of that contract included the work
9 required to relocate or protect utilities in order to
10 accommodate or permit the construction of the high-speed
11 rail infrastructure. The contract however, excluded
12 certain work related to the relocation of the utilities
13 owned and operated by PG&E and AT&T.

14 In September of 2013, the Board authorized the
15 Authority to enter into agreements with AT&T and PG&E to
16 perform the excluded work in the amounts not-to-exceed
17 \$18.4 million and \$50.4 million, respectively. These were
18 very rough order-of-magnitude estimates.

19 As the CP1 Project progressed it became apparent
20 that AT&T and PG&E were not able to perform their
21 relocation work timely enough to meet the construction
22 deadlines. In February of 2016, the Authority issued a
23 change order to TPZP for the management of all design,
24 procurement and construction of AT&T and PG&E excluded
25 relocation work.

1 With TPZP responsible for the means, methods and
2 schedule of construction, this change also resulted in the
3 benefit of TPZP being able to directly manage this utility
4 relocation work, which is often on the critical or near-
5 critical path of the construction projects. So, the
6 Authority plans to fund the AT&T and PG&E relocation work
7 through provisional sums and those would be part of the CP1
8 budget. This work will be delivered as individual work
9 packages, with all of the work packages competitively bid
10 by PG&E and AT&T approved vendors.

11 So the Authority staff now recommends that the
12 Board approve additional provisional sums in the amount of
13 \$159 million into the CP1 contract to fund the relocation
14 of the PG&E and AT&T utilities.

15 The Authority also entered into a contract with
16 PG&E for schedule coordination with TPZP and review of
17 design and construction of the relocation work. So the
18 Authority staff also recommends a deduction of \$23.4
19 million from the PG&E contract to add in to the CP1
20 contract.

21 I'd be happy to answer any questions that you
22 might have.

23 VICE CHAIR RICHARDS: Thank you, Mr. Jarvis.

24 Any questions for Mr. Jarvis?

25 BOARD MEMBER SCHENK: Mr. Vice Chairman, this is

1 Lynn Schenk. I do have one question, if I may? And that
2 is could you address the speaker's comments about is there
3 any way that we can incorporate some of the DBE, women-
4 owned business or could he comment on that for me?

5 VICE CHAIR RICHARDS: Did you understand the
6 question, Mr. Jarvis?

7 MR. JARVIS: I did, yes.

8 As of this time PG&E and AT&T are requiring their
9 approved vendors for both the design and construction to
10 competitively bid on the project. The Authority is very
11 interested in opening up that competitive pool to the
12 extent that we can. So I mean, that's a policy decision
13 that perhaps we could work with PG&E and AT&T on.

14 VICE CHAIR RICHARDS: So, that would be the --

15 BOARD MEMBER SCHENK: So I think that would be
16 really good if we could, because, you know, it's like
17 chicken and egg if they require that the small businesses
18 have done business with them before, when will they ever
19 start? So, I for one would really appreciate it, and our
20 colleagues would, Mr. Jarvis, if we could explore that.

21 MR. JARVIS: Yes.

22 CHIEF EXECUTIVE OFFICER MORALES: This is Jeff.
23 We will explore it further. We have talked with them about
24 it. They have their own certification process for bringing
25 on vendors, so new vendors can get on their list. What

1 they're telling us is that a part of our contract we have
2 to use whoever is on their approved list. So,

3 MR. JARVIS: That's correct.

4 CHIEF EXECUTIVE OFFICER MORALES: we don't
5 control their list. We have certainly told them what our
6 goals are and what our preferences are. And we've
7 encouraged them to consider adding more, including small
8 businesses.

9 MR. JARVIS: Right. But this would align with
10 recent meetings that we have had with PG&E looking at
11 opportunities to open up that bidding pool.

12 VICE CHAIR RICHARDS: It would be helpful, I
13 would think, if they were able or willing to give us, and I
14 would assume that they would, a list of their approved
15 vendors. And to identify whether or not they qualify as
16 small business --

17 MR. JARVIS: Okay.

18 VICE CHAIR RICHARDS: -- or DBE.

19 MR. JARVIS: Yes.

20 VICE CHAIR RICHARDS: All right, any other
21 questions for Mr. Jarvis?

22 BOARD MEMBER LOWENTHAL: I was going to --

23 VICE CHAIR RICHARDS: Director Lowenthal?

24 BOARD MEMBER LOWENTHAL: Yes. I was going to ask
25 the same question. I'm glad Commissioner Schenk asked it

1 already. But since we can't tell them who to include on
2 their lists, we can develop some sort of policy here that
3 would require a list from all of our contractors of who the
4 small businesses are, so that way we can see. We can't
5 require it, but at least we could find out.

6 VICE CHAIR RICHARDS: All right, thank you.

7 Any other questions?

8 BOARD MEMBER PASKETT: This is Lorraine Paskett
9 in Los Angeles. I will say that I don't particularly
10 accept that they have their lists and that's where we stop.

11 There's a process, a preferred facility list that
12 does develop and qualify their vendors. And they do have
13 parameters that line up with the request from the APAC
14 concerns. So, what I would recommend is the Authority's
15 task force needs to see if PG&E and AT&T can access
16 additional outreaches as a condition of this contract.
17 Their lists are open and can be added to. Outreach can
18 certainly help.

19 VICE CHAIR RICHARDS: All right. Thank you.

20 Any other questions or comments?

21 (No audible response.)

22 All right, we have a motion for approval. Is
23 there a second?

24 BOARD MEMBER LOWENTHAL: Second.

25 VICE CHAIR RICHARDS: Second by Director

1 Lowenthal.

2 Please call the roll.

3 MS. JENSEN: Director Schenk?

4 BOARD MEMBER SCHENK: Yes.

5 MS. JENSEN: Vice Chair Richards?

6 VICE CHAIR RICHARDS: Yes.

7 MS. JENSEN: Director Rossi?

8 BOARD MEMBER ROSSI: Yes.

9 MS. JENSEN: Director Curtin?

10 BOARD MEMBER CURTIN: Yes.

11 MS. JENSEN: Director Paskett?

12 BOARD MEMBER PASKETT: Yes.

13 MS. JENSEN: Director Lowenthal?

14 BOARD MEMBER LOWENTHAL: Yes.

15 MS. JENSEN: Chair Richard?

16 (Recused)

17 VICE CHAIR RICHARDS: All right. Thank you.

18 Thank you, Scott. Could -- thanks, Lisa.

19 CHIEF EXECUTIVE OFFICER MORALES: He's coming.

20 VICE CHAIR RICHARDS: Okay.

21 (Chairman Richards returns to the room.)

22 CHAIRMAN RICHARD: Okay, all done.

23 VICE CHAIR RICHARDS: Mr. Chairman, if I may, on

24 item number three I have a conflict in that I am a member

25 of a partnership, which owns property on which Caltrans is

1 a tenant. And therefore I receive the benefit of their
2 tenancy with rent, so I will recuse myself and also leave
3 the room.

4 CHAIRMAN RICHARD: Okay. I'll give you a moment
5 to do that.

6 (Vice Chair Richards exits the room.)

7 CHAIRMAN RICHARD: Okay. So, I know that this
8 item was before the Board at the last Board meeting. We
9 didn't have a quorum for it. I'll just ask if any of the
10 members have any questions at this point for Mr. Jarvis.

11 BOARD MEMBER PASKETT: I don't have any questions
12 for him and I move the item.

13 CHAIRMAN RICHARD: Okay. It's been moved.

14 BOARD MEMBER ROSSI: Second.

15 BOARD MEMBER SCHENK: I'll second it.

16 CHAIRMAN RICHARD: It's been moved by
17 Director Paskett, seconded by Directors Schenk and Rossi.

18 Will the Secretary please call the roll.

19 MS. JENSEN: Director Schenk?

20 BOARD MEMBER SCHENK: Yes.

21 MS. JENSEN: Vice Chair Richards?

22 (Recused.)

23 MS. JENSEN: Director Rossi?

24 BOARD MEMBER ROSSI: Yes.

25 MS. JENSEN: Director Curtin?

1 BOARD MEMBER CURTIN: Yes.

2 MS. JENSEN: Director Paskett?

3 BOARD MEMBER PASKETT: Yes.

4 MS. JENSEN: Director Lowenthal?

5 BOARD MEMBER LOWENTHAL: Yes.

6 MS. JENSEN: Chair Richard?

7 CHAIRMAN RICHARD: Yes. Thank you.

8 MR. JARVIS: You're welcome.

9 CHAIRMAN RICHARD: We'll move to item four.

10 Somebody grab Vice Chair Richards. He probably didn't have
11 a chance to get too far away.

12 Mr. Glen, good afternoon. Item four.

13 MR. GLEN: Yes, good afternoon. Are we waiting
14 for the Vice Chair to return?

15 CHAIRMAN RICHARD: And you'll probably need to
16 lean down into the microphone.

17 (Vice Chair Richards returns to the room.)

18 CHAIRMAN RICHARD: And I think this was a pretty
19 complete staff report on this, so I appreciate that. Why
20 don't you just hit the highlights, Mr. Glen, and then we'll
21 see if we have questions for you.

22 MR. GLEN: Okay. Thank you. In March, 2016, the
23 Board did authorize a release of Request for Proposals for
24 right-of-way services to complete the Central Valley with a
25 goal of selecting multiple contractors with a total not-to-

1 exceed budget of \$44 million.

2 In March 2016, the Authority did release the
3 initial RFP. We received eleven proposals. The Panel
4 scored them, interviewed seven companies, six companies
5 were selected for award. However, a protest was then
6 issued by Briggs Field Services who was not selected for a
7 contract award. After evaluating the protest, including
8 the amendment grounds allowed by the Department of General
9 Services, the Authority did choose to reissue the modified
10 RFP.

11 The new RFP was advertised and rebid in November
12 of 2016. Eight companies submitted proposals. The
13 proposals were reviewed and evaluated by the selection
14 committee in accordance with the RFP on a consensus basis.
15 There was a maximum of 40 points possible for technical
16 proposal, 30 points for cost. The range of scores for the
17 combined were 41.4 to 66, with the top six firms being
18 invited to interview.

19 The interview scores ranged from 24 to 28 out of
20 a possible 30 points. The final combined scores of
21 companies that we did interview ranged from 78 to 90. All
22 six companies met the criteria to be awarded a contract.

23 After issuance of the Notice of Proposed Award on
24 December 22nd, 2016 GWLand Associates, a proposer that was
25 not selected, issued a protest with the Department of

1 General Services. Ultimately, this protest was withdrawn
2 and the Authority can proceed with Board approval.

3 Staff recommends that the Board approve the
4 awarded contracts for right-of-way services to six
5 companies: California Property Specialists, Continental
6 Field Services, Associated Right of Way Services, Universal
7 Field Services, Bender Rosenthal, Overland, Pacific &
8 Cutler. The six firms would receive four year contracts of
9 equal amounts with a total of not to exceed of \$44 million.

10 With that, I recommend it.

11 CHAIRMAN RICHARD: Thank you very much.

12 Questions for Mr. Glen on these agreements for
13 right-of-way services, Director Lowenthal?

14 BOARD MEMBER LOWENTHAL: I am curious if we find
15 that over these years they're not performing up to our
16 expectations, what's the process for handling that?

17 MR. GLEN: Well, we do go through an evaluation
18 process with them each year. And I personally meet with
19 the principals of the firm to modify any behaviors or lack
20 of performance that --

21 BOARD MEMBER LOWENTHAL: During the course of the
22 contract?

23 MR. GLEN: Right, and ultimately if they are
24 totally failing in their performance then we can cancel the
25 contract and reallocate the funds to other contractors.

1 BOARD MEMBER LOWENTHAL: Thank you.

2 CHAIRMAN RICHARD: Okay, thank you.

3 Other questions?

4 BOARD MEMBER ROSSI: So moved.

5 CHAIRMAN RICHARD: Okay, it's been moved by
6 Director Rossi.

7 BOARD MEMBER LOWENTHAL: Second.

8 CHAIRMAN RICHARD: Second by Director Lowenthal.
9 Will the Secretary please 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: Director Lowenthal?

21 BOARD MEMBER LOWENTHAL: Yes.

22 MS. JENSEN: Chair Richard?

23 CHAIRMAN RICHARD: Yes.

24 Okay. That brings us to our last item on the
25 regular agenda, a contract for legal services.

1 BOARD MEMBER PASKETT: Chairman?

2 CHAIRMAN RICHARD: Ms. Paskett?

3 BOARD MEMBER PASKETT: Lorraine Paskett here in Los
4 Angeles. On this item, *I maintain an economic interest in*
5 *the Akin Gump Law firm by virtue of my husband's position*
6 *as a partner in the Akin Gump law firm. Because of my*
7 *economic interest, I have an actual or potential conflict*
8 *of interest and therefore am recusing myself from the*
9 *deliberations and vote on the Akin Gump legal services*
10 *contract as well as any other matters that are*
11 *substantially likely to have a material financial effect on*
12 *the Akin Gump Law firm.*

13 *I am leaving the room here in Los Angeles until the Board*
14 *completes its deliberation and vote on the Akin Gump Legal*
15 *services contract. California High-Speed Rail Authority*
16 *staff members are present with me here in Los Angeles and*
17 *will let me know when the Akin Gump agenda item is*
18 *completed and I will return when you are done.*

19 .

20 CHAIRMAN RICHARD: Okay. Thank you, Ms. Paskett.

21 We'll make sure that the -- on all of these where
22 people have recused themselves -- we'll make sure that the
23 agenda fully reflects that.

24 Mr. Fellenz?

25 MR. FELLEENZ: Yes, Mr. Chairman and Board

1 Members, this next item is for our consideration of
2 approval of a legal services contract with the Akin Gump
3 Law Firm located in the D.C. area.

4 The scope of work that they would be working on
5 is limited to activities that would occur in D.C. like
6 Congressional hearings. Also, some federal matters that we
7 have such as legislation, new legislation that's being
8 proposed that we need understand and participate in the
9 process, if necessary. And other federal matters including
10 the fact that we have some federal grants and that we have
11 some legal work that's associated with that as well.

12 We do have other outside counsel from the private
13 sector that work for us in matters that we hear at the
14 state, either within the High-Speed Rail Authority or
15 through the Attorney General's Office or Caltrans, where
16 we're using state resources. Or are unable to provide
17 those legal services, because of lack of expertise or a
18 volume of work, for example.

19 So, this proposed contract would be for a
20 duration of three years maximum. And a maximum amount of
21 \$1 million. And I'm happy to answer any questions.

22 CHAIRMAN RICHARD: Great. I just have two quick
23 points I want to make. First of all this contract level is
24 below the threshold that normally comes to the Board. It
25 was brought to the Board, so that Ms. Paskett could recuse

1 herself, so there'd be no question whatsoever.

2 But the fact that this at this level does not
3 indicate any change in the CEO's general authority for
4 contract signing.

5 MR. FELLEENZ: That's correct, Mr. Chairman.

6 CHAIRMAN RICHARD: Okay. And the second point is
7 just responding to a comment that was made during the
8 public comments session, just so we're clear no part of
9 this contract can be used for lobbying, which would be
10 inconsistent with our grant agreements with the federal
11 government that precludes us to use state or federal
12 resources for lobbying. Is that correct?

13 MR. FELLEENZ: That's correct, Mr. Chairman.

14 CHAIRMAN RICHARD: Okay. So this is just for
15 legal advisory services?

16 MR. FELLEENZ: Correct.

17 CHAIRMAN RICHARD: Okay. Other questions for
18 Mr. Fellenz about this contract?

19 BOARD MEMBER SCHENK: Well, not a question but a
20 comment, if I may? And that is also in response to the
21 speaker who noted that this is a firm comprised of mainly
22 Democrats. I have had over the years many occasions to
23 deal with this firm, and going back to the Reagan
24 Administration. And they are consummate professionals and
25 I feel very comfortable with their legal advice

1 (indiscernible) respect.

2 CHAIRMAN RICHARD: Thank you, Ms. Schenk.

3 Other questions for Mr. Fellenz, a motion?

4 BOARD MEMBER ROSSI: No. I have a question.

5 CHAIRMAN RICHARD: Oh, I'm sorry. Could you pull
6 your mic forward, Mike?

7 BOARD MEMBER ROSSI: Yeah. How did we decide on
8 this firm?

9 MR. FELLEENZ: In the past we had used this firm
10 to assist this Authority for U.S. Congressional hearings.
11 And I did a search of firms that could help out with those
12 Congressional hearings and this firm was very qualified.
13 So we had a contract with them in the past for services, so
14 I was familiar with that.

15 BOARD MEMBER ROSSI: Okay. Thank you.

16 BOARD MEMBER CURTIN: So moved.

17 CHAIRMAN RICHARD: Okay, moved by Director
18 Curtin.

19 BOARD MEMBER ROSSI: Second.

20 BOARD MEMBER LOWENTHAL: Second.

21 CHAIRMAN RICHARD: Seconded by Directors Rossi
22 and Lowenthal.

23 Will the Secretary please call the roll?

24 MS. JENSEN: Director Schenk?

25 BOARD MEMBER SCHENK: Yes.

1 MS. JENSEN: Vice Chair Richards?

2 VICE CHAIR RICHARDS: Yes.

3 MS. JENSEN: Director Rossi?

4 BOARD MEMBER ROSSI: Yes.

5 MS. JENSEN: Director Curtin?

6 BOARD MEMBER CURTIN: Yes.

7 MS. JENSEN: Director Paskett?

8 (Recused)

9 MS. JENSEN: Director Lowenthal?

10 BOARD MEMBER LOWENTHAL: Yes.

11 MS. JENSEN: Chair Richard?

12 CHAIRMAN RICHARD: Yes.

13 Okay, that concludes the regular agenda. If the
14 staff in Los Angeles could just ask Director Paskett to
15 come back into the room, we're about to adjourn. Members,
16 I don't think that, even though it's scheduled, I don't
17 think that we need a --

18 CHIEF EXECUTIVE OFFICER MORALES: We have two
19 more items.

20 CHAIRMAN RICHARD: We have two more items?

21 CHIEF EXECUTIVE OFFICER MORALES: We have two
22 more information items.

23 CHAIRMAN RICHARD: Oh, where am I? It's not on
24 my agenda.

25 BOARD MEMBER ROSSI: Yeah, there's a couple of

1 items we need to do.

2 CHAIRMAN RICHARD: Oh, a Program Status Update.

3 CHIEF EXECUTIVE OFFICER MORALES: And the Small
4 Business.

5 CHAIRMAN RICHARD: And a Small Business Update, I
6 apologize. You know, I was doing so well up until then.
7 All right.

8 (Off mic colloquy.)

9 CHIEF EXECUTIVE OFFICER MORALES: It's a good
10 example of streamlining, Mr. Chairman.

11 CHAIRMAN RICHARD: Yeah, that's fine. Okay, so
12 we'll proceed to the Program Status Update. Mr. Morales?

13 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman
14 and Board I just wanted to provide an update on a few items
15 of interest. And in a few minutes we'll hear from Scott
16 Jarvis with a Construction Update. And you'll be pleased
17 to know that in spite of rain, which, of course we're all
18 happy to see, that we continue to --

19 CHAIRMAN RICHARD: Not all.

20 CHIEF EXECUTIVE OFFICER MORALES: -- expand the
21 construction. Yes.

22 CHAIRMAN RICHARD: Yeah, not the people --

23 CHIEF EXECUTIVE OFFICER MORALES: Not everybody,
24 okay. Right.

25 CHAIRMAN RICHARD: -- not all the people on State

1 Route 74, yeah.

2 CHIEF EXECUTIVE OFFICER MORALES: But two items.
3 One on March 1st, consistent with a statutory requirement
4 we will be submitting a Project Update Report to the
5 Legislature that's required in the off years between
6 business plans. We will detail the progress that we're
7 making in the program and in all areas in terms of
8 employment, job creation, small business participation and
9 other matters. We'll reflect any changes in the program.

10 And we will of course, have an extensive
11 discussion and a focus on risk management, which is a major
12 focus of the program -- our key responsibility in
13 delivering it. We have consistently identified major
14 areas: right of way, utilities -- we talked about some of
15 that today -- third-party agreements as risk areas we
16 identified back when we awarded the contracts. We have
17 seen some cost pressures in those areas as we had
18 identified them. We have managed them and we continue to
19 manage those.

20 As you know, the Board, we have dealt with the
21 delay claim from right-of-way delays on Construction
22 Package 1.

23 We've come back to the Board to address
24 contingencies. We report on these each month with the
25 Finance and Audit Committee, and deal with these each and

1 every day. That'll be extensively reported on in the
2 Project Update Report.

3 Another area is the work we are doing to advance
4 the remaining environmental approvals that will get us to
5 construction of the remainder of the Phase I system. The
6 Board took an important step last month with concurrence in
7 the preliminary preferred alternative for the Wye, which
8 obviously gets us -- is a step toward getting us to the
9 Valley to Valley construction.

10 We have been working over the last six months to
11 a year or so with the FRA, who is the Federal lead agency
12 for NEPA in this, and our partner in delivering the
13 environmental approvals to maintain the progress and to get
14 to completion of these. We've been working with the FRA to
15 adjust the schedules, reflecting where we are in them, what
16 issues have come up, and looking at how we can continue to
17 improve the process as we go forward.

18 We are allowing additional time for federal
19 review by federal agencies in the schedules, beyond what we
20 had previously accommodated, as well as some additional
21 time to get from draft to final. That will have the effect
22 of pushing out some of the dates for the ROD, but we will
23 continue to work with the FRA to look for improvements as
24 we go along in streamlining.

25 We will have preliminary preferred alternatives

1 and drafts by the end of 2017 for all segments. Very
2 importantly, we do not see an impact on the overall program
3 schedule. In particular, the Valley to Valley section,
4 because we can offset any potential increases in time for
5 the environmental reviews through other steps in the
6 process. One of which the Board took last month with the
7 approval of the preliminary right-of-way activities for the
8 Valley to Valley section.

9 That's something that in previous cases we've
10 waited until we had the ROD. There are some activities we
11 can do in advance of the environmental approval, so we are
12 doing that. And that's an example of the types of things
13 that we can manage.

14 Obviously, getting the environmental approvals
15 done as quickly as possible is -- there are many reasons --
16 one as noted, to maintain the schedules that we've laid out
17 in the 2016 Business Plan. Secondly, to provide clarity
18 and certainty to the communities along the alignments --
19 the sooner we can get to answers the better for them and
20 for stakeholders. And of course, to try to avoid any
21 unnecessary cost increases in delivering those
22 environmental documents.

23 So we'll continue with all those efforts. And
24 importantly, we also are going to take another step, which
25 is consistent with an Executive Order that was issued on

1 January 24th by the President to expedite environmental
2 reviews and approvals for high-priority infrastructure
3 projects. We will be working with the Governor's Office to
4 get inclusion of the High-Speed Rail Program in that
5 program, so that we can take advantage of federal
6 streamlining. And to build on the progress we've made to
7 date and get these completed.

8 CHAIRMAN RICHARD: Very good. Thank you. Any
9 questions for Mr. Morales on those points?

10 BOARD MEMBER CURTIN: Not exactly on that point,
11 but --

12 BOARD MEMBER SCHENK: No, there's no questions
13 here.

14 CHAIRMAN RICHARD: Okay, Mr. Curtin has a
15 question. Can you pull the mic closer?

16 BOARD MEMBER CURTIN: Yeah, I'm not sure if
17 there's agenda item or not on this, but I am curious. As
18 I've mentioned many times I think we're embarking on a
19 very, very critical stage, which is trying to lasso an
20 early operator for our program.

21 And I've been going through the documents. I
22 think it's great, the developments are great, the RFQs and
23 we're developing the RFP. But I've got a little concern
24 and a couple of issues that I don't quite understand, so I
25 was hoping to get some clarity. And it's fundamentally --

1 I know this is a very complex bid proposal, because it
2 encompasses several stages. And I'm not clear on exactly
3 the stages, so I wanted to ask a couple of questions.

4 I understand it's a pre-operation and then a
5 ramp-up period and then a mature system. And the part that
6 I'm having a little trouble with, I get the pre-operation
7 and the ramp-up and that comes out, even though it's broken
8 into two segments it's for one bid I'm assuming, right?

9 CHIEF EXECUTIVE OFFICER MORALES: Mm-hmm, right.

10 BOARD MEMBER CURTIN: And the question I have is
11 where does the recoup of the -- I don't -- whatever you
12 want to call it, I know I've been given a little -- some
13 questions about whether it's an investment or not. But it
14 seems to me since the ramp-up period cannot be subsidized,
15 because we can't subsidize operation the bidders will have
16 to be prepared to privately subsidize it. So, you could
17 put it as a subsidy or as an investment, but let's say
18 they're going to privately subsidize it.

19 Then there seems to be needed a period where they
20 can recoup that private subsidization. And I'm not sure
21 where that sits between the ramp-up and the mature bid.
22 And I know the negotiation is going to be relatively
23 complex to put all the three pieces together.

24 I actually view it as four pieces: one, is the
25 pre-operation advisory role, two is the ramp-up and then

1 the third part would be the recouping of the subsidization
2 of the ramp-up until it's proven to be a mature system.
3 And then it would go out to perhaps another procurement.

4 Am I reading that right? That whoever bids on
5 the initial stage will actually be bidding on, essentially,
6 up to the mature period, and have to be prepared to
7 basically put money into the project without subsidy from
8 us; is that clear? I mean, that's why I'm a little unclear
9 myself.

10 I read the peer group and they were very highly
11 supportive of the early operator. But even in there it was
12 a little unclear to me how it's going to be laid out. I
13 read through the questions that have been associated with
14 the RFQs. There's a few that get close to the point I'm
15 trying to get. But I just want to make sure that there's
16 first of all, a period that the early operator can expect
17 to get a return on whatever it is they subsidize. And that
18 it would be foolish for anybody who's not prepared to
19 subsidize to actually bid on it.

20 CHIEF EXECUTIVE OFFICER MORALES: So, I mean,
21 I'll talk about where we are in the procurement and answer
22 your questions. We issued the RFQ back in December. We've
23 had two rounds of questions with potential bidders. We've
24 had very good response in terms of the number of potential
25 bidders who are expressing interest in seeking some

1 clarification. These statements of qualification are due
2 March 9th for this. And what we are proceeding with is
3 pursuant to the Business Plan, which called to bring on an
4 early operator. And it's really in two phases, so I'll
5 consolidate your phases a little bit.

6 The first being essentially advisory services
7 coming in to help us develop the procurements for rolling
8 stock, for systems, to assist in station design. All the
9 things it will affect, anything that will have a material
10 impact on the commercial operation, we want the early
11 operator engaged in those decisions and driving those
12 decisions. That's the initial phase of the contract.

13 But as you said, bidders have to sign up for two
14 phases: that advisory and then to get us into service in
15 the ramp-up. And the ramp-up would then include the time
16 where there potentially could be -- we would have a
17 shortfall in revenue between operations and revenues, but
18 then give them the time to recoup that within the ramp-up
19 period. The Business Plan identified --

20 BOARD MEMBER CURTIN: So, that portion would be
21 considered the ramp-up, the unsubsidized portion from us --

22 CHIEF EXECUTIVE OFFICER MORALES: Yes, correct.

23 BOARD MEMBER CURTIN: -- and the time taken to
24 recuperate that or recoup that unsubsidized -- the
25 privately subsidized program.

1 CHIEF EXECUTIVE OFFICER MORALES: Right. So, the
2 goal would be during the advisory stage the early operator
3 would, frankly, advise us on how to reduce the --

4 BOARD MEMBER ROSSI: Can I speak for a minute?

5 CHAIRMAN RICHARD: Microphone.

6 BOARD MEMBER ROSSI: Let's be clear that it is
7 not a subsidy. It's not being subsidized. When they bid,
8 they will bid running their own numbers, assuming whatever
9 the initial ramp-up shortfalls may or may not be. But
10 they'll bid it as an overall profit. Using the word
11 "subsidy" is not descriptive of what that bidding process
12 is. The bidding process is for a revenue stream over a
13 period of time. And how they collect it, whether it's at
14 the back end or the front end, it's the revenues from it.
15 They're not subsidizing the ramp-up. They're bidding to
16 get a --

17 BOARD MEMBER CURTIN: Okay. So, again, the ramp-
18 up definition then is that period of time that they -- the
19 bidders would feel comfortable, not subsidizing, but for a
20 period of time there will be less revenue coming in --

21 BOARD MEMBER ROSSI: Right.

22 BOARD MEMBER CURTIN: -- that so on, so forth.
23 So, this, it's one period.

24 BOARD MEMBER ROSSI: Right.

25 BOARD MEMBER CURTIN: So, can I assume then that

1 different bidders will have different periods of time?

2 BOARD MEMBER ROSSI: Yes.

3 BOARD MEMBER CURTIN: Is that the way we're
4 looking at it?

5 CHAIRMAN RICHARD: Yes.

6 BOARD MEMBER CURTIN: Because in our Business
7 Plan, under the -- I don't want to say worst-case
8 scenarios, but the low-case scenario -- the projection is
9 approximately \$140 million over a three-year period, which
10 then of course would have to be put into a bid and recouped
11 with whatever return, correct?

12 CHAIRMAN RICHARD: So they'd come back and say,
13 "We think that the initial period should be five years," or
14 whatever they need to happen.

15 BOARD MEMBER CURTIN: Whatever they think, okay.
16 That would be negotiated after the --

17 BOARD MEMBER ROSSI: No. What happens is
18 everyone would place in their bids. Some people will say,
19 "We think it's four years." Someone else will say five
20 years, someone else will say, "I don't care, because I
21 think it's going to work out and I'll take three," or
22 whatever it is. No one is going to be held to a timeframe.
23 They will bid what they think the timeframe is.

24 CHIEF EXECUTIVE OFFICER MORALES: The time it
25 will take to recoup.

1 BOARD MEMBER CURTIN: Okay, but again I hate to
2 be dense, but go ahead. Finish it. I'm still not clear on
3 that.

4 CHIEF EXECUTIVE OFFICER MORALES: So, in the
5 Business Plan in our ridership and revenue modeling, and
6 we've been very clear about this, we did not optimize for
7 operations, right? We took a fairly --

8 BOARD MEMBER CURTIN: Conservative.

9 CHIEF EXECUTIVE OFFICER MORALES: -- conservative
10 approach. I know some people don't like that term in this
11 regard. But we didn't --

12 BOARD MEMBER ROSSI: More in the European sense I
13 think it's conservative.

14 CHIEF EXECUTIVE OFFICER MORALES: And so, again,
15 part of the goal of having the -- one of the objectives of
16 having the early operator on board is to, in fact,
17 optimize. So to find areas where, as we move into
18 operations we could -- some combination of increased
19 revenues and decreased costs -- so that that \$140 million
20 ideally gets shrunken down to something else. That'll be
21 up to them to figure out how to do that or over what period
22 they recoup it.

23 BOARD MEMBER CURTIN: So, will that be coming
24 into the original bid that we're going to be looking at or
25 is that going to be part of a re-discussion or

1 renegotiation after the advisory period? Because it gets a
2 little complicated at this point.

3 BOARD MEMBER ROSSI: Sure. Well, the advisory
4 period is not -- and people will bid, as I suppose, on any
5 advisory period, right? And so let's say if it's ZEG
6 Lorenz (phonetic) is three years, X number of dollars, you
7 advise here's what you do, three years, done. Somewhere
8 along the way the Authority will decide to now put out to
9 bid the next segment. Therein lies the place where you bid
10 for -- if I'm the private-sector person who wants to
11 operate this thing at that stage, I will bid at that stage.

12 BOARD MEMBER CURTIN: That's interesting, because
13 that's not clear to me, actually, the way I've read it.
14 So, that's what I'm hoping to clarify. But --

15 BOARD MEMBER ROSSI: Because there would be
16 nothing to bid on. If you come in as an early operator, as
17 a consultant, I mean you could bid but it wouldn't mean
18 much, because until the thing is built where you're within
19 shouting distance of completion, there's nothing to bid on.
20 And so, whatever you would --

21 BOARD MEMBER CURTIN: Well, I think the point
22 though is that you're coming in as an early operator in
23 terms of advisory, until it actually gets started running.
24 And the premise there is your advice will help the thing,
25 the train operate at a profit as soon as possible. And

1 it's not clear.

2 And I mean, I think in one of the questions it
3 wasn't made clear that if you bid on the advice period --
4 let's just call it the advice period, because I get a
5 little confused -- and you may not have the ability to bid
6 on the second period. Because my assumption was you're
7 bidding as an early advisor for the advice period and then
8 you renegotiate. But then you are the approved bidder for
9 the ramp-up period. That's not open to a second bid. And
10 I think that's a critical question for the people who are
11 trying to prepare these bids. At least --

12 CHAIRMAN RICHARD: Actually, that was my
13 understanding.

14 CHIEF EXECUTIVE OFFICER MORALES: Yeah, the
15 distinction is between the ramp-up period and then the
16 long-term operation, which is the concession.

17 BOARD MEMBER CURTIN: Right. That's when you go
18 into an open bid.

19 CHIEF EXECUTIVE OFFICER MORALES: Right, that's
20 an open bid.

21 BOARD MEMBER CURTIN: Right.

22 CHIEF EXECUTIVE OFFICER MORALES: Right. So, the
23 early operator will have a trigger before getting into
24 operations to then have a negotiation with a successful
25 bidder of what their payback period will be --

1 BOARD MEMBER CURTIN: Right.

2 CHIEF EXECUTIVE OFFICER MORALES: -- essentially
3 for the ramp-up. It's separate, completely separate
4 procurement then for the long-term concession, which is
5 what the Business plan is predicated on in terms of then
6 entering into a long-term arrangement, which will then
7 generate capital.

8 BOARD MEMBER CURTIN: And so, on a reasonable
9 approach anybody bidding for this first period should be
10 prepared for a certain period of time, whatever that is
11 depending on how much good advice they provide and how much
12 we can bring down costs, to have money at-risk in the early
13 operating period or the ramp-up period. And a period of
14 time to recoup that not investment, but whatever it is.

15 It's a part of a larger question. If it takes
16 three years to start making money and you get three years
17 after that to make your money, the amount with it, whatever
18 the profit margin is negotiated. And then once that's done
19 it's now a mature system and you go back to either an open
20 bid or a negotiated change. And that's a fairly important
21 distinction.

22 CHAIRMAN RICHARD: Right, but --

23 BOARD MEMBER ROSSI: It is and I don't think it's
24 correct and I'm going to tell you why. I didn't read it
25 that way, but if that's the way it is why would I bid?

1 There's no way I know that I'm going to have any
2 -- I can bid for a consulting contract. I have no idea
3 whether or not it's going to be completed and at what cost,
4 so I don't know what I would be bidding on other than on
5 the existing Business Plan, which I wouldn't bid on. I'd
6 want to run my own set of numbers and bid against that.
7 And I won't know that until much later on in the exercise.

8 CHAIRMAN RICHARD: Well, that actually raises, I
9 think, a corollary question, which is how do we evaluate?
10 It was my understanding -- and let me just say I'm a little
11 concerned, because obviously a lot of people are watching
12 and listening to what we say here, so we're going to need
13 to clarify this pretty quickly.

14 It was my understanding that there are the three
15 phases that Director Curtin talked about. There's
16 basically the consulting phase, leading to the startup
17 operation phase of some period, and then there's the
18 ultimate phase of the operation.

19 It was my understanding that the solicitation --
20 of course, we're just at the RFQ stage here, so we haven't
21 actually gone out with the RFP yet -- so it does give us
22 time to clarify all this. But it was my understanding that
23 what we were contemplating was that whoever was doing the
24 advisory phase would be the entity involved in the startup
25 of the system.

1 CHIEF EXECUTIVE OFFICER MORALES: Correct.

2 CHAIRMAN RICHARD: And I think that that has some
3 advantages, because we're looking for their best consulting
4 advice. But it seems to me we also want them to have skin
5 in the game. So if they say, "You should do X, Y or Z," it
6 ought to be with the contemplation that they're trying to
7 figure out how to make the system as efficient as possible
8 in the startup phase.

9 Otherwise, we can just hire consultants anytime
10 and then the consultants go off. Where here I think what
11 we're really trying to do is to infuse operational
12 considerations that mean something into the design. They
13 only mean something if the people who are propounding them,
14 basically are prepared to live with them. And that to me,
15 was where you get skin in the game, so that's my
16 understanding of what we're doing.

17 I have been asked by some whether or not
18 participation in that first two stages would preclude
19 somebody from being the ultimate operator. And my
20 understanding, after talking to Mr. Fellenz, is that that
21 is not the intention at this point. But I would say that
22 we should encourage everybody to come in with their
23 qualifications.

24 But we need to think about this very carefully
25 when we move to the actual preparation of a request for

1 proposals, because at some point if we're going to have
2 these people to have skin in the game they're going to have
3 to make some guesses about their ability to do the startup.
4 And we need to figure out a way to evaluate that. I don't
5 have the answer to that right now, but I wanted to pose
6 that as the question.

7 BOARD MEMBER CURTIN: Okay. So Dan, if I may?
8 On question 8, I was looking through these questions and
9 most of them were technical. That question, question 8 in
10 the beginning was the one you just asked, would they be
11 allowed to bid on Phase 3 if they were the operator on
12 Phase 1 and 2? And that was answered in the affirmative.

13 But the whole issue of P3 is, as the way I
14 understand it and we've been debating this in the
15 Legislature for quite some time, is the early operator's
16 advice is what they're going to base their -- that's why
17 they're bidding. They're bidding on our ridership numbers
18 and they believe they need to come in early to help guide
19 the system in such a way that they can maximize the
20 performance.

21 If you're asking somebody to do that
22 independently and then you ask for somebody to take the
23 risk of performance that separates the risk from the advice
24 and that undermines the public-private nature of the thing.
25 That's the way I understand it, that you come in, we give

1 advice, then we have to live with that advice to turn
2 around and turn a profit within a certain number of years.

3 CHAIRMAN RICHARD: Yeah. So, one of the things,
4 I understand we have some other people who are going to
5 make a presentation and have to leave. This is a very
6 important topic, but it's clear we have a couple of cross-
7 currents here. So I think what I'd like to do at this
8 point is number one, regardless of whatever different views
9 are being articulated here I don't think it affects the
10 desire that we have to have major entities come in and
11 present their credentials. Nothing limits them at this
12 point from doing that, so I just want that word to go out
13 strongly.

14 And then secondly, I'd like to suggest that
15 obviously, there needs to be more discussion between the
16 staff and Board members about what the contemplation is and
17 that we come back next month prior to moving forward with
18 any kind of RFP and have a clear and common understanding
19 of how we're going to proceed on this.

20 Mr. Morales, did you want to --

21 CHIEF EXECUTIVE OFFICER MORALES: No, I echo
22 that. That right, we'll come back with a specific
23 presentation on this prior to going out with an RFP, so
24 that we can make sure everyone's entirely on the same page.
25 We have a clear understanding of all the issues and that

1 the bidders understand exactly what they're bidding on.

2 BOARD MEMBER CURTIN: Most importantly, from my
3 point of view, that the bidders understand it.

4 CHIEF EXECUTIVE OFFICER MORALES: Sure.

5 BOARD MEMBER CURTIN: If there's no financial
6 risk that changes the nature of the bid teams, from those
7 who have revenue issues, and those who just know how to
8 operate trains.

9 CHAIRMAN RICHARD: Okay. All right, so I started
10 to say, thank you for raising that Director Curtin, but I'm
11 not sure I feel that way. (Laughter.) So, we'll move on.

12 Scott's going give us a Construction Update?

13 CHIEF EXECUTIVE OFFICER MORALES: No. Actually,
14 what I'd ask Mr. Chairman, if we could move to the last
15 item, the Small Business Report? Because we have a guest
16 from DGS who has to get to a meeting on the Oroville
17 situation here. But has had to -- want to do this quickly,
18 if we could.

19 CHAIRMAN RICHARD: Okay.

20 MR. BUTLER: Good afternoon, members of Board.
21 It's a pleasure to be with you today. My name is Jim
22 Butler, I am the State's Chief Procurement Officer at the
23 Department of General Services.

24 One of the programs that we're privileged to
25 oversee for the state is the Small Business and Disabled

1 Veteran Business Contracting Program. And as part of that
2 we're directed, actually in code, to conduct what I would
3 call a celebration of a good government.

4 When departments meet or exceed their small
5 business and DVBE contracting goals we actually have a get-
6 together and we hand out awards. It's a rare thing in
7 government, but it's one of the most rewarding things I get
8 the privilege to do each year.

9 One of the awards we have awarded for the last
10 two years is a new award, the Richard G. Polanco Diversity
11 Outreach Award. Former Senator Polanco is, of course, a
12 great leader of civil rights in our state. He was
13 instrumental in getting Senate Bill 1045 passed years ago.
14 Which authorizes us, even though we don't have any kind of
15 a race or ethnicity or gender-based preference in
16 contracting, it authorizes us to conduct outreach to
17 underserved communities that may be represented in that
18 way.

19 And so as we've encouraged departments to do that
20 we have found that the Authority has been an outstanding
21 leader in that category. I want to talk about some of the
22 ways that the Authority has done such a great job, starting
23 with executive support. And really encouraging the
24 outreach work that your fine advocate, Alice Rodriguez, is
25 doing. As well as increasing awareness throughout the

1 whole community of your efforts.

2 Primarily also, the Authority is really wonderful
3 with local governments. The way that it works with cities
4 and counties, I've been to events with your staff and have
5 been just really impressed at their level of knowledge,
6 both of the program and also of your own contracting data.

7 Often we talk to advocates who have a general
8 sense of what they're doing, but I can tell you your staff
9 know their numbers, because they get asked hard questions.
10 This is a very popular topic. When I am privileged to do
11 an event with Authority staff they are always the most
12 popular people in the room, everyone wants to talk to them.
13 And they're very well prepared and they represent the
14 Authority --

15 CHAIRMAN RICHARD: Has nothing to do with the
16 size of contracts we issue, right? (Laughter.)

17 MR. BUTLER: I'm not sure, but --

18 CHAIRMAN RICHARD: Maybe just some correlation,
19 attenuated as it might be.

20 MR. BUTLER: Yes. And you're always well
21 represented.

22 So with that, let me show you a couple of
23 numbers. Statewide, the state hit about 30.4 percent small
24 business participation, 4.3 percent disabled veteran. The
25 Authority matched us with their small business

1 participation and actually exceeded the state average on
2 DVBE, which is really outstanding. And for years most
3 agencies never even hit the 3 percent number, so this is
4 really terrific performance.

5 And the last slide I'll show you is a great
6 picture of your advocate, Alice here, with former
7 Senator Polanco, receiving her award just a few weeks ago.
8 And again, this is one of the more rewarding things we get
9 to do. And just congratulations to the Authority and thank
10 you for your leadership.

11 CHAIRMAN RICHARD: Well thank you very much. And
12 congratulations to Alice.

13 I actually knew Senator Polanco quite well. He
14 was a terrific legislator. And I know a number of us, I'm
15 sure, from this Board had good relationships with him. So
16 it's quite an honor. I'm very pleased to see our staff
17 receive this.

18 And while you're here sir, I just also want to
19 say that we have very much appreciated the support we've
20 had in the Department of General Services. This is
21 obviously a huge program with major procurement needs and
22 we appreciate the partnership and the support that we've
23 had from DGS.

24 MR. BUTLER: You're most welcome. And I'll pass
25 that on to our Director.

1 CHAIRMAN RICHARD: Thank you.

2 MR. BUTLER: The Authority actually was
3 recognized with two other awards, but I'm going to let
4 Alice tell you about those.

5 CHAIRMAN RICHARD: Okay.

6 MR. BUTLER: So, thank you.

7 CHAIRMAN RICHARD: Good luck on the Oroville
8 situation.

9 MR. BUTLER: Yes.

10 CHAIRMAN RICHARD: Thank you. Thank you very
11 much for coming here today, Mr. Butler.

12 MS. RODRIGUEZ: Hello, Board. Good to see you
13 again.

14 CHAIRMAN RICHARD: Congratulations.

15 MS. RODRIGUEZ: Thank you very much. I really
16 was excited to receive this award, because I really look at
17 it as a team award. Before I do some shout-outs to the
18 staff, I want to thank the Board for setting such an
19 aggressive goal and for really putting small businesses a
20 priority on this project and really seeing how that
21 economic impact will have across the state. And getting to
22 be a part of that is really a privilege for me.

23 I also want to thank or say that effective
24 outreach, or successful outreach really starts at the top.
25 So I want to thank CEO Morales and my boss Lisa Marie Alley

1 for giving us the green light to get out there and to
2 really create a program that is award-winning I guess, if I
3 can say that, pat myself on the shoulder.

4 But we're really very excited. And again like I
5 said it's very much a team effort. There's quite a few
6 people that work on the small business team, it's not just
7 my staff. We have Karen Massie, who's an Information
8 Officer, who does a lot of what you see in the printed
9 materials and our small business newsletter. Alex
10 McCracken, who's a day-to-day manager with the Small
11 Business Program, and also for Title VI. And then Meilani
12 Sabadlab, who's an associate who kind of handles all of the
13 administrative work to really get us at in a logistic set
14 for events and all of that, that we do out in the field.

15 But beyond that there's the regional staff who
16 represent the Small Business Program at trade shows and
17 conferences when we can't make it down there or around the
18 other corners of the state. But there's also the
19 communications team and the multimedia team to make all
20 those materials that look good and get out to the public,
21 so a thank you to all of them as well.

22 The other two awards that he mentioned, that Jim
23 mentioned were the Most Improved for DVBE Contracting for
24 the Extra-Large Agency category. And we received a
25 Certificate of Notable Achievement for Exceeding the State

1 Goals on our 100 percent state-funded contracts. So it was
2 quite an exciting event for us.

3 But I want to talk a little bit about some of the
4 outreach that we're doing just to give you an idea of how
5 we're meeting our outreach goals. We have attended in the
6 fiscal year of say '15-16, over 100 outreach events.

7 That's going to be your certification workshops, meet the
8 primes, pre-bids, conferences and tradeshow. But more
9 importantly it's I think who we're targeting. We're
10 looking, as Senator Polanco in his legislation said, "We
11 can do this outreach." And so we're looking at women,
12 minorities, and veterans and seeing how we can better reach
13 them.

14 And then the connecting to the diverse businesses
15 is really the how. We're making sure that we're hitting
16 disadvantaged communities along the alignment, that our
17 outreach events are close to those communities, if not
18 within them. We're looking at language accessibility. Do
19 we need to provide translators or translated documentation?
20 Do we have easy access to public transportation? And then,
21 also partnering and tapping into those local, other
22 transportation agencies or other agencies within our
23 regions, that have diversity programs. A lot of them
24 already have them, so let's tap into those and work with
25 those partners.

1 Talking more about partnerships I want to talk
2 about obviously DGS is a valuable partner. We could not do
3 what we do in the outreach leg of the small business firm
4 without them.

5 Caltrans is our state partner for our DBE
6 program.

7 GO-Biz is another valuable partner. They've
8 recently launched a business portal. They've asked High-
9 Speed Rail to sit on an advisory committee to help figure
10 out ways to make contracting with the State of California
11 an easier process. How do we get first-timers in the door
12 and understanding a very complex process of contracting
13 with the state?

14 CalVet, last year we sent -- we went to four
15 events just for CalVet. We really want to make sure that
16 we're targeting California veterans, because I think that
17 pool is the smallest of all of the classifications for
18 small businesses. And so we need to bring more onboard.

19 We also have a valuable partner in our Business
20 Advisory Council. We heard from two of them today, Diana
21 LaCome from the National Concilio of America, and Lee
22 Cunningham from the Women Construction Owners and
23 Executives. Also here in the room we have Shari Tavaf
24 Rashti from the Women's Transportation Seminar and Paul
25 Guerrero from the La Raza Roundtable.

1 This Council is made up of diverse business
2 groups, ethnic chambers, ethnic trade organizations,
3 women's groups and disabled veteran groups. They help us
4 figure out how we can reach those diverse communities. And
5 they in fact -- a lot of them invite me to participate in
6 their annual conferences or other sessions that they have
7 that we can partner and bring high-speed rail into their
8 associations.

9 Before I move on to the next slide I do want to
10 kind of step back a few topics and address the PG&E
11 question that came up, because I've recently in the last
12 few months been in contact with their small business folks
13 and understanding a little bit more about how to better
14 connect with those opportunities. I've understood that
15 they have obviously high safety standards. And they have
16 trainings that vendors have to go through. And so first
17 they have to pass those training classes.

18 And then there was a topic -- I know somebody
19 brought up this idea of, "Well, if they've not done work
20 before, how can they get on with one of these contracts?"
21 And I addressed that with them directly.

22 The answer I received was they bring in the
23 potential vendor as a sub under one of their primes, one of
24 their experienced primes. They give them a smaller job,
25 they evaluate their performance. They report back to PG&E.

1 And then if they are able to be successful there then
2 that's when they can complete their certification to be a
3 vendor. So I think there's work there to be done between
4 us and PG&E and I'm happy to be a part of that as the Small
5 Business Advocate.

6 And so -- oh the other part there is we've also
7 talked to them about outreach. I think somebody mentioned
8 that as well. Bringing them into our events, so that they
9 connect directly and small businesses connect directly to
10 them and so that's something that's in the works as well.

11 Okay, so next slide is our vendor registry. We
12 officially launched this just last week, although we did
13 have it out on the Web back in late December. This is what
14 I'm really excited about. This is a way for small
15 businesses to connect with opportunities on the High-Speed
16 Rail Project. Now, this is technically open to both large
17 and small, although we really see it as a way for small
18 businesses and certified small businesses to describe what
19 they do to prime contractors. They tell us what type of
20 business they do, what services they offer, where can they
21 do work, and what certifications do they have.

22 By signing up they will learn about future
23 contracting opportunities. And when we have events,
24 trainings, workshops and we come to their area, they will
25 be invited to those. So any persons here in the room that

1 are interested in signing up or if you want to pass this
2 along to people you know that own small businesses, please
3 do that. Tell them to go to connecthsr.com to do that.

4 And then lastly I just want to talk a little bit,
5 you know our team's kind of been riding on a high since the
6 win last month. And I think that's exciting, because when
7 you do that I think that sets your sights higher. So now
8 it's thinking into the future, where are we going to go
9 from here? We're going to be growing the team. The small
10 business team is growing. We have an AGPA position that's
11 open that will be, probably within the next month, I'll be
12 bringing on an outreach coordinator to help us get out more
13 on High-Speed Rail hosted events.

14 We're going to develop additional workshops,
15 trainings, things like small businesses maybe need to learn
16 how to team together. That's a frightening thing for a
17 small business to share risk on a contract. But there's
18 been small businesses that have been successful there on
19 high-speed rail. So I'm in discussion with small
20 businesses there to maybe offer some training for other
21 small businesses that can learn from them.

22 A more targeted regional outreach to expand local
23 partners. There's more partners out there. I've already
24 developed a pretty solid team of folks when I go into
25 different regions who I can tap into, like our Business

1 Opportunities Council that's all the transportation
2 agencies in the Bay Area. L.A. Metro is a great example of
3 a valuable partner in the Southern California region. But
4 I know there's more out there and so I'm kind of pounding
5 the pavement trying to make sure I can tap into those.

6 Lastly, legislative and local elected
7 coordination. Jim mentioned earlier that that's something
8 that we do and I want to do more of that. In March we'll
9 be doing a small business certification workshop with
10 Senator Beall's Office in San Jose. We're really excited
11 about that. The City of San Jose is also onboard.

12 We expect the biggest turnout yet at that event.
13 We will be going through certification, we will talk
14 through all of the elements of how someone can connect to
15 the High-Speed Rail Project. And I look to those successes
16 there to help us kind of grow that legislative outreach, to
17 kind of show look what we did in Senator Beall's district.
18 Let's see if we can take that on the road.

19 Do you have any questions for me? That concludes
20 my presentation.

21 CHAIRMAN RICHARD: Do you have any questions for
22 Ms. Rodriguez?

23 BOARD MEMBER LOWENTHAL: I would just say, "Wow."
24 I know why you got that award.

25 CHAIRMAN RICHARD: She gets that reaction a lot.

1 Well thank you very much. I think that's great.
2 And Mr. Morales, I was going to ask, I think it would be
3 nice if you or whoever you designate send a short letter to
4 former Board Member Tom Umberg, who was the author of the 3
5 percent goal for the DVBEs. He's been very committed to
6 our veterans. And I think he'd be delighted to know that
7 not only did he establish that goal, but that we're meeting
8 and exceeding it. So I think that would be a nice courtesy
9 for him.

10 CHIEF EXECUTIVE OFFICER MORALES: Great. We will
11 do so, yeah.

12 CHAIRMAN RICHARD: Thank you.

13 CHIEF EXECUTIVE OFFICER MORALES: Alice, you can
14 breathe now. (Laughter.)

15 MS. RODRIGUEZ: Did I talk fast again? I do that
16 all the time. Thank you.

17 CHAIRMAN RICHARD: Thank you very much.

18 Okay. Do we have --

19 CHIEF EXECUTIVE OFFICER MORALES: Now, back to
20 the point of what all this is about, which is actually
21 building the system. We have Scott Jarvis to make a
22 presentation on the construction progress. Scott?

23 CHAIRMAN RICHARD: And just so I can calibrate
24 with myself this will be our last item right now.

25 CHIEF EXECUTIVE OFFICER MORALES: This is it,

1 yeah.

2 CHAIRMAN RICHARD: Just need somebody holding my
3 hand as I do this. Okay.

4 Mr. JARVIS, good afternoon.

5 MR. JARVIS: Good afternoon, Chairman Richard.
6 Yes, Construction Update and indeed it is happening. Now,
7 it has slowed down a little bit. I think we all know
8 there's been a lot of rainfall that has occurred, record
9 level or near-record levels, in the Central Valley. But
10 through a positive thing is our program is big enough now
11 on the CP1 project that even with the rainfall we've been
12 able to move around and keep the work progressing at
13 different locations. Not to the level if it were not
14 raining, but we have been able to continue to progress the
15 project and the program.

16 And this is the Fresno River Viaduct. And note
17 that there is a river. This is a rare sighting to see
18 water in the --

19 UNIDENTIFIED SPEAKER: Under the bridge.

20 MR. JARVIS: Yes, yes. But as you can see, the
21 work continues. And so there's been a lot of work that's
22 continued on the super structure, which is the top part of
23 the bridge, primarily on the construction of the barrier
24 walls.

25 This is another one of our major structures,

1 which is the San Joaquin River Viaduct. And as you can see
2 the water is flowing very high in the San Joaquin River
3 Viaduct. In fact, it rose ten feet. Once they started
4 releasing upstream, the contractor had four hours to clear
5 their equipment out of the greater flood plain area. But
6 again the positive thing is they had opportunities, they
7 had flexibility. And work moved south of there to what we
8 call the Pergola structure, which is where our system
9 crosses over the UP Railroad. And so again work continues.

10 This is one of our new sites. This is Avenue 8
11 where embankment is being placed and compacted, and this is
12 a location that has been affected by the rainfall, the
13 saturated soil. But as you can see work is being done.
14 And when the contractor can get out there and continue the
15 work, they do that. And if you drive by on Highway 99 you
16 see some pretty impressive embankments out there now on
17 these overcrossing structures such as Avenue 8.

18 Road 27 is another one of our new locations on
19 CP1. And this is an overcrossing in Madera County. Again,
20 there has been some slowing of the work due to the rain,
21 but work continues such as preparing the rebar cages for
22 the columns.

23 This is work that is ongoing, demolition at the
24 old Greyhound station. This is just about complete. This
25 will be a future site of where the High-Speed Rail station

1 will be located. The Greyhound was relocated just down the
2 street at the historic Santa Fe Depot, which is also where
3 the Amtrak station is located now. All metal and concrete
4 is being recycled. And that's another major work site that
5 is taking place.

6 Alan was up getting approval for additional
7 right-of-way contracts. And this is ongoing along our
8 alignment on CP1 near Golden State Boulevard. And really
9 hit a major milestone: 1,000 parcels had been delivered to
10 our contractors throughout CP1, CP2-3 and CP4. So I think
11 when you see this vision it gives you a magnitude. This is
12 just a very small section and we're delivering right-of-way
13 in 119 miles in the Central Valley, so quite an operation
14 going. So that was a very nice milestone of 1,000 parcel.

15 We have a nice little story here. On a
16 manufacturer in California, Con-Fab California, based out
17 of Lathrop, they constructed -- or they're constructing
18 girders for CP1. Back in June, as you see in the photo
19 there, there were girders placed for the Tuolumne Street
20 Bridge. And now they are making the largest girder in
21 state history. And so we'll show you a little video on
22 their role in the High-Speed Rail Project.

23 (VIDEO: Narrative begins for Con-Fab Girder Construction.)

24 BRENT R. KOCH, P.E. [Chief Engineer, Con-Fab
25 California, LLC]: "Well, we're very proud to be

1 participants in the California High-Speed Rail Projects.
2 We employ 83 people at this plant and 43 workers down in
3 our Bakersfield plant.

4 "These are the first three girders that we've
5 fabricated for the Avenue 9 overcrossing on just the north
6 side of Fresno. These girders are 7 feet tall, 172 foot 2
7 inches long, and weigh a whopping 210,000 pounds. So the
8 cement being used for the concrete comes from Lehigh
9 Cement's, Cupertino terminal. And the aggregates from
10 Knife River's Vernalis quarry just south of Tracy,
11 California.

12 "So being that this is a federally-funded
13 contract, and to be in compliance with the Buy America Act,
14 all steel used in the manufacture of these girders must be
15 produced in the United States of America.

16 "The California High-Speed Rail Project, it's
17 definitely a one-of-a-kind project and we're very proud to
18 be a part of that project. It's a great opportunity for
19 our employees to contribute to a project that will change
20 the way the Californians live and work."

21 (VIDEO: Ends.)

22 MR. JARVIS: All right, so a very nice story on a
23 contractor contributing to our program.

24 CHAIRMAN RICHARD: Now, Scott, in addition to the
25 girders they are also making the rebar right, or is that

1 coming from someplace else?

2 MR. JARVIS: The steel comes from Arizona for
3 those girders, yeah.

4 CHAIRMAN RICHARD: But, for the rebar?

5 MR. JARVIS: Well, they don't manufacture it.
6 But they do yes, they get the rebar from Arizona and they
7 do place them in the girders as part of the manufacturing
8 process, yes.

9 CHIEF EXECUTIVE OFFICER MORALES: Yeah. We've
10 had other rebar has been supplied out of Martinez Steel in
11 Southern California, so we've got multiple sources.

12 CHAIRMAN RICHARD: Yeah, okay.

13 MR. JARVIS: So yeah, so here's just a couple of
14 the facts. And as discussed there, the largest girders in
15 California history, but that record won't hold for long.
16 They're manufacturing even larger ones for overcrossing in
17 the Fresno Viaduct area in the southern area of the CP1
18 Project.

19 So, with that, that gives you a quick overview of
20 some of the work that's going on, on the CP1 Project. And
21 I'd be happy to answer any questions you might have.

22 CHAIRMAN RICHARD: Yes, I just have a question on
23 behalf of Mr. Curtin. I didn't see any carpenters out
24 there working?

25 BOARD MEMBER CURTIN: They're all carpenters.

1 They're all carpenters.

2 CHAIRMAN RICHARD: They're all carpenters? Yeah,
3 they're all carpenters.

4 BOARD MEMBER CURTIN: Or they should be or they
5 could be.

6 CHAIRMAN RICHARD: The guys operating the
7 equipment?

8 BOARD MEMBER CURTIN: I gave them a pass.

9 CHAIRMAN RICHARD: Yeah, okay. Thank you.

10 MR. JARVIS: You're welcome.

11 CHAIRMAN RICHARD: Any questions for Mr. Jarvis?
12 (No audible response.)

13 CHAIRMAN RICHARD: All right. Well, work
14 continues apace, so that's very good.

15 All right, without any other questions from
16 Members of the Board I thank everybody for being here. And
17 this meeting of the High-Speed Rail Authority Board is
18 adjourned.

19 (Chair Dan Richard adjourned the Public Meeting of The
20 High-Speed Rail Authority
21 at 3:36 p.m.)

22 --oOo--

23

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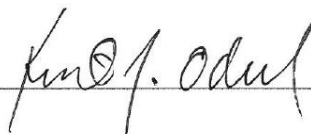
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of March, 2017.



Kent Odell
CER**00548

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Myra Severtson
Certified Transcriber
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