

**BRIEFING: APRIL 16, 2019, BOARD MEETING AGENDA ITEM #2**

**TO: Brian Kelly, CEO**

**FROM: Margaret Cederoth, Sustainability Director**

**DATE: April 16, 2019**

**RE: Consider Approving Revisions to the Sustainability Policy/Update on Policy Implementation and Progress**

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**Summary of Recommended Action**

As part of its commitment to sustainability and achieving maximum environmental benefits throughout the construction and operation of the high-speed rail system, the California High-Speed Rail Authority (Authority) Board has adopted a Sustainability Policy that has been periodically updated to conform with best practices.

Today, staff is requesting the Board approve revisions to the Sustainability Policy resulting from extensive consultation with external and internal stakeholders as well as recommendations from the California State Auditor.

**Background**

The Authority Board has committed to delivering the high-speed rail program in a way that provides near-term mobility, employment and air quality benefits to Californians while reducing greenhouse gas emissions. Sustainability, or the consideration of environmental, social and financial impacts for both current and future generations, is a guiding principle for the Authority. Sustainability is considered and applied to every element of the high-speed rail program across the project delivery timeline.

To consolidate its range of commitments to environmental, economic and social goals, the Authority issued a Sustainability Policy in 2013. The Board then passed Resolution #HSRA 16-05 in March 2016, approving an updated Sustainability Policy. The initial policy identified five priority areas:

- Sustainable Infrastructure
- Energy
- Station Communities and Ridership
- Natural Resources
- Business and Management

The five priorities organize dozens of sustainability actions and commitments across the program, including planning, siting, designing, construction, operation, and maintenance of the high-speed rail system.

To develop its policy, the Authority relied on state regulations, global sustainability best practices, and international high-speed rail best practices. The policy, and its practical implementation to date, has included several leading-edge public policy and construction practices such as:

- Inclusion of sustainability requirements in all design-build contracts that require contractors to conserve water, recycle all concrete and steel, divert 75% of other waste from landfills, consider recycled materials, use the cleanest available off- and on-road equipment and vehicles, and comprehensively report to the Authority;
- Planning for procurement of renewable energy;
- Development of a greenhouse gas emissions sequestration and reduction program;
- Development of design criteria for net-zero energy, LEED Platinum stations and facilities;
- Exploration of opportunities to advance sustainability at the district scale within station areas;
- Analyzing major materials and identifying means to improve the environmental quality of those used on high-speed rail infrastructure; and
- Assessment of climate risks and identification of adaptation measures

Since 2016, the Authority has received feedback from stakeholders on its sustainability policy and implementation through regular consultation and discussion. In the fall of 2018, the Authority engaged with key internal and external stakeholders, including the Board and executive staff, environmental, energy, and economic development non-governmental organizations, and state agency leaders to assess the relevance and criticality of the topics the Authority manages and reports on related to sustainability. In October 2018, the Authority also received recommendations from the California State Auditor to differentiate between construction and operations phases in its sustainability policy.

Staff is now returning to the Board with revisions to the sustainability policy that respond to the evolution of the Authority as an agency, as well as updated regulation and stakeholder feedback.

### **Prior Board Action**

In January 2012, the Board received the strategic energy plan and sustainability framework.

In March, 2012 the Board approved the release of the Construction Package 1 (CP 1) Request for Proposals (RFP). This RFP included general provisions that constituted the requirements, as well as recommended practice, to implement elements of the sustainability framework (Attachment General Provisions CP4). These requirements have been included in all subsequent construction procurements.

In September 2013, the Chief Executive Officer signed a sustainability policy documenting the range of implementation actions taken to meet the Authority's sustainability aspirations as well as satisfy State policy and industry commitments.

In March, 2016, the Board passed Resolution #HSRA 16-05, approving an updated sustainability policy.

The Board also received progress updates related to sustainability in January and August 2018.

## **Discussion**

The Authority first completed a materiality assessment in 2015. A materiality assessment is a stakeholder engagement exercise designed to define areas of relevance and importance on sustainability topics and indicators. This assessment revealed that the most important sustainability topics for the Authority to manage and report on as: greenhouse gas emissions; community benefits; energy; water; health and safety; institutional and employee issues; and land use.

In 2018, the Authority repeated its materiality assessment, in accordance with its commitment to continuous improvement. The materiality assessment was conducted to comply with the current set of Global Reporting Initiatives (GRI) standards. GRI is a reporting protocol used by several peer rail organizations and private companies. Results of the materiality assessment validated existing and emerging sustainability issues to manage and report on.

This assessment affirmed that the Authority is managing and reporting on critical topics, and revealed that transparency and accountability, greenhouse gas emissions and socio-economic equity to be of the highest significance. This assessment also confirmed the importance of the five sustainability priority areas in the Authority's Sustainability Policy, and led to minor refinements in their wording to better reflect underlying activities:

- Energy and Emissions
- Sustainable Infrastructure
- Natural Resources
- Station Communities and Ridership
- Economic Development and Governance

In 2014 the California Legislature passed SB 862, which continuously appropriated 25% of future greenhouse gas reduction funds to the project. In April 2015, then Governor Brown issued Executive Orders (EO) B-30-15, which complements the earlier EO B-18-12. These directives require state agencies to consider climate change in planning and investment decisions and to purchase environmentally preferable products, among other actions. In September 2018, then Governor Brown issued EO B-55-18, directing the state to achieve carbon neutrality in ways that seek to improve air quality and support the health and economic resiliency of communities. In January 2019, Governor Newsom issued EO N-6-19 which directs state agencies to develop affordable housing on excess state land.

Given the evolution of the Authority as a delivery organization, and the significance of certain topics for the Authority's stakeholders, the Authority has revised its policy through refinements to priorities and commitments. Proposed refinements include:

- Categorizing commitments by construction and operation phase;
- Refining the wording of priorities to better reflect underlying activities;
- Expanding actions and commitments related to near-term greenhouse gas emissions and achieving a net-zero construction phase,

- Proactively approaching climate change adaptation measures in design;
- Committing to water conservation and efficient water use in operation in addition to construction;
- Reinforcing infill development and affordable housing through partnerships and committing to playing a part to positively influence housing in station areas;
- Cross-referencing small and disadvantaged business goals;
- Considering equity while designing system access and investments; and,
- Enriching reporting on how the program delivery maximizes near- and long-term benefits to disadvantaged communities.

The Policy statement maintains the comprehensive nature of the Authority’s approach: “The Authority will deliver a sustainable high-speed rail system for California that serves as a model for sustainable rail infrastructure. The Authority has developed, and will continue to implement, sustainability practices that inform and affect the planning, siting, designing, construction, mitigation, operation, and maintenance of the high-speed rail system.” Every member of the Authority and its delivery partners implements some aspect of the Authority’s sustainability program.

The Authority will also continue to provide an annual Sustainability Report, highlighting achievements and progress toward targets. The 2019 report, covering data through calendar year 2018 starting with its 2015 baseline year, will be published in Summer 2019.

Annual reporting offers a periodic snapshot of the effectiveness of the Authority’s implementation actions across the program. The last annual report, published in June 2018, illustrated the Authority’s sustainability successes, including:

- Being named, for the third year in a row, as the top rail sustainable infrastructure project in North America by the GRESB Infrastructure Assessment, which benchmarks environmental, social and governance policies, practices and performance;
- Preserving more than 2,000 acres of natural habitat;
- Securing 273 acres of agriculture preservation easements;
- Partnering with Tree Fresno to plant 2,400 trees in schools and parks in the Fresno area, and the California Urban Forest Coalition to plant thousands more trees in priority communities along the alignment;
- Avoiding more than 50,000 pounds of criteria air pollutants;
- Putting 2,600 people to work across 17 construction sites, 45% of whom live in disadvantaged communities, and generating economic opportunity for hundreds of businesses including small and disadvantaged businesses;
- Launching a process to update our Sustainability Implementation Plan; and,
- Deploying EMMA 2.0, an update to program data collection, incorporating feedback from field use and facilitating cyclical reporting that further improves the timeliness, accuracy, validity and efficiency of our reporting

As identified at the Board presentation in August 2018, the sustainability program will continue to move forward with several key work items. We will continue implementation work throughout 2019 with a focus on contractor reporting and compliance and refining sustainability requirements for upcoming procurements. Other areas of focus include:



- **Greenhouse Gas Emissions:** Continuing offset activities and using the completed update of the whole life carbon database for the project to set reduction targets for construction packages.
- **Station Communities:** Working with station city partners to take the next steps to realizing the ideas laid out in station area plan documents that illustrate bold, new visions for station communities that focus development in downtown areas and reinforce place-specific development tools; also finalizing an update to the Authority's station area policy through a cross-agency committee.
- **Renewable Energy:** Using the model of system electricity to identify optimal locations for energy storage options and means to reduce operational energy costs.
- **Climate Change:** Finalizing the Climate Adaptation Plan aligned with state resilience and adaptation guidance and continuing cross-agency work to incorporate climate considerations in to program delivery, including risk management.
- **Organization:** Revising a public-facing Sustainability Implementation Plan with quantitative metrics and finalizing a strategy that further clarifies our definitions of program sustainability elements and details milestones and measures for success.
- **Reporting:** Continuing transparency through quarterly reporting on construction sustainability metrics and annual reporting; assembling program and construction data and submitting for third-party assessment. The background platform for EMMA (reporting tool) was converted to enable a faster application with a cleaner, more streamlined user interface.
- **Procurement:** Moving forward on action items to improve on the Authority's demonstrated leadership in sustainable procurement. An internal, multidisciplinary working team has laid out and put in action an implementation plan.
- **Engagement:** Identifying further effective engagement activities as well as reaching out and listening to external stakeholders to identify social, environmental and economic shocks and stressors that could diminish the resiliency of the system; collaborating with peers on best sustainability practice for transit and rail systems; and leveraging our partners (Rail Delivery and Early Train Operator) to pursue worldwide best practices in sustainability, climate adaptation and resiliency.

### **Legal Approval**

The Legal Office has confirmed the Authority's legal ability to adopt the Sustainability Policy as proposed in this item.

### **Budget and Fiscal Impact**

The adoption of revisions to the Sustainability Policy, by itself, does not have a budget or fiscal impact.

<b>REVIEWER INFORMATION</b>	
Reviewer Name and Title: <b>Russell Fong, CFO</b>	Signature verifying budget analysis: 
Reviewer Name and Title: <b>Tom Fellenz, Chief Counsel</b>	Signature verifying legal analysis: 

**Recommendations**

It is recommended that the Board adopt a revised sustainability policy, updated in conformance with global best practice and the principle of continuous improvement and to specifically continue to optimize materials sustainability and other actions in support of recent stakeholder and board member feedback, executive orders, and regulation.

It is also recommended that the Board direct the CEO, or designee, to do the following:

1. Revise specifications and contract provisions to continue to advance the achievement of carbon neutral construction and other sustainability goals and stated board objectives;
2. Use materials data and construction data to inform the scoring of construction bids to demonstrate compliance with the Authority’s sustainability policy;
3. Carry out information sessions with industry providers and contractors;
4. Carry out partnering sessions with station communities in the Central Valley;
5. Continue identification of climate vulnerability and asset risk, and implement climate adaptation measures; and,
6. Report to the Board and public on the overall impacts of implementing sustainable infrastructure principles in the high-speed rail program, and how such a program furthers the state's low carbon goals.

**Attachments**

- Draft Resolution #HSRA 19-02
- Proposed Revisions to Sustainability Policy (redline)
- Final Resolution #HSRA 16-05