



**DRAFT**

## **FINANCE AND AUDIT COMMITTEE MEETING MINUTES**

**August 18, 2021**

**Webcast at:**

[www.hsr.ca.gov](http://www.hsr.ca.gov)

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on August 18<sup>th</sup> at 8:30 A.M. via webinar due to Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak and in accordance with Executive Order N-25-20 and the Guidance for Gatherings issued by the California Department of Public Health. The Meeting Minutes were prepared in the order items were presented during the meeting.

### **Committee Members Present:**

Mr. Tom Richards, Committee Chair  
Mr. Ernest Camacho, Committee Member  
Mr. Jim Ghielmetti, Committee Member  
Ms. Nancy Miller, Committee Member

### **Staff Present:**

Mr. Brian Kelly, Chief Executive Officer  
Mr. Brian Annis, Chief Financial Officer  
Mr. Daniel Horgan, Deputy Chief Operating Officer  
Mr. Moamen Ramadan, Board Secretary

### **Public Comment**

An opportunity for public comment was made at the outset of the meeting.

### **Item #1 – July Meeting Minutes**

The July 15, 2021 Meeting Minutes were moved for approval by F&A Committee Member Camacho and seconded by Committee Member Ghielmetti and approved unanimously by all members.

### **Item #2 – F&A Committee Chairman's Remarks, Initiatives, and Updates**

Committee Chair Richards commented that the Chief Financial Officer will be leaving after his presentation due to another meeting he has to attend. He advised the other Members to keep that in mind, so they have an opportunity to ask questions before he steps away.

### **Item #3 – Financial Reports Executive Summary**

Chief Financial Officer Brian Annis presented the Financial Report Executive Summary to the F&A Committee Members.

Question:

Chair Richards asked what is the expectation at the outset of the fiscal year with regards to the total amount of budget that is approved and what has consistently been over the years, the expenditures substantially less than the budget?

Response:

Mr. Annis responded that we budget based on the dialogue with contract managers and construction managers on what they may spend in the fiscal year. We want to make sure we have enough resources, so we don't discount the plan. We realize there are a number of things that could occur that may result in a different expenditure than anticipated, but the approved budget allows the project manager to spend at full capacity in areas where there aren't any delays. So, you may see some areas come in a bit below budget, but we believe that is a prudent way to budget, because we don't want to artificially constrain activity in the field if there are no impediments.

Question:

Member Camacho asked how we are compensating the Project Construction Management (PCM) contracts when the schedules are extended?

Response:

Mr. Annis replied that the PCM contracts are compensated based on the work performed. It might vary based on the number of design packages they review and other factors, such as that. Those contracts have been augmented over time through change orders. They continue to be looked at on a budget basis to see if those contracts will need further extensions going forward.

Question:

Member Camacho asked if contract managers have the ability to ramp up more or less people with fluctuations in workload?

Response:

Mr. Annis responded that is correct. Design has been one of the major workload drivers in the past year or two, as well as other activities of verification of the construction. These are variable workload items.

Question:

Member Camacho asked if that is where the ICE, ISE, and those other design validations take place, and do they come out of that budget?

Response:

Mr. Horgan stated that is correct. The independent certification engineer is in the PCM's budget.

Question:

Chair Richards asked if the FY10 funds require State Match?

Response:

Mr. Annis advised that is correct.

Question:

Member Camacho asked if the utility work on Golden State Boulevard for Construction Package 1 (CP 1) was a High-Speed Rail driven change order?

Response:

Mr. Annis replied that is correct. Working with the third-party of City of Fresno, they wanted a different alignment of Golden State Boulevard, so that did result in some higher costs. It is no longer directly beside the High-Speed Rail alignment and has been moved further to the west.

Question:

Member Ghielmetti asked for the date when we are going to receive complete designs for CP 1, CP 2-3, and CP 4?

Response:

Mr. Horgan replied that CP 1 and CP 4 are already completed, and CP 2-3 will be completed by the end of August or early September.

Mr. Kelly added that as we finish getting all the scope in, and getting the designs to a hundred percent, we also need to finalize the third-party designs (designs with utilities). Those are a little separate from the structures that we do with our contractors, but we're getting to a hundred percent design on the contractor issues. As that scope gets clear, we can then land on a schedule and, ultimately, the budget.

Question:

Chair Richards asked if there is a way we can accelerate third-party design completion with additional personnel or consultants working with third-parties to put numbers to those items that have not been defined yet?

Response:

Mr. Kelly stated he will come back to the Committee on that. He does not think it is a personnel resource issue, as we are advancing at a pretty good clip.

Mr. Horgan agreed. He added that some of the utility companies like PG&E and AT&T require you to use their nominated designers and nominated subcontractors. Sometimes there is a resource constraint because there are not enough nominated subcontractors, but we are working closely with PG&E and AT&T to resolve those issues.

**Item #4 – Central Valley Update**

Deputy Chief Operating Officer Daniel Horgan presented the Central Valley Status Report to the F&A Committee Members.

Question:

Member Ghielmetti asked if there is a point person to address utility relocations for each CP and move them forward?

Response:

Mr. Horgan responded yes. We have a lead utility coordinator and that person has two or three staff as well. We are putting a huge focus on this and the contractors also have a team driving the utilities.

Question:

Member Ghielmetti asked if the utility lead works with the design-build team to coordinate everything?

Response:

Mr. Horgan replied that is correct, and there are weekly meetings.

Question:

Member Miller asked if a notice of intent has been given to the utility relocations that have been categorized in the report as “not started”?

Response:

Mr. Horgan replied, the category “not started” means we have not received approval from the utility company to start the work. The design may be significantly advanced or completed but if we don’t have approval from the utility company, we cannot start work. He advised we would look into adding more information to clarify the term “not started” in the report.

Question:

Member Camacho asked if purchase price is what takes the longest period of time to negotiate with the owners of remaining right-of-way properties?

Response:

Mr. Kelly responded typically yes.

Question:

Member Camacho asked if we have ever approached any of the land owners about renting their property while we negotiate the purchase price?

Response:

Mr. Kelly stated he would check with the Director of Real Property (Dennis Kim). While we are working on the valuation of a property there are options for possession and use before you have the full deal settled. That’s part of the process. I will say we are always trying to be in a place for settlement. This element is the quickest path. So, after we go through the formal appraisals we really want to try to settle and move them as quickly as we can, and that has been our objective.

Question:

Member Ghielmetti asked about the timing on the grant for City of Wasco?

Response:

Mr. Kelly replied they will announce the awards later this fall. It looks like early November is when they will announce that, but we continue to work with Wasco on other issues. That is the big one for us, and we want to see how that resolves before we go further on the former farmworker housing site.

Having no further business, the meeting was adjourned at 9:27 AM.

The Authority additionally posts on its website transcripts from F&A meetings, which detail the discussion, questions, and answers from the meeting.