

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD OF DIRECTORS MEETING

REMOTE WEBINAR

THURSDAY, NOVEMBER 17, 2022
11:00 AM

REMOTE WEBINAR

Pursuant to Government Code section 11133, the California High-Speed Rail Authority's November 17, 2022 board meeting will be conducted via webinar. Board Members will participate in the meeting from individual remote locations. Members of the public can view the board meeting online at www.hsr.ca.gov.

PUBLIC COMMENT

An opportunity for public comment on all November 17, 2022 agenda and non-agenda items be provided at the outset of the meeting. Public comment will be offered by Zoom: <https://hsr-ca-gov.zoom.us/j/89305048777> or telephone by dialing: 888-273-3658, conference code: 685296. Pre-registration is no longer required for public comment. Typically, public comment will be limited to two minutes per person, however, the Chair may decide to shorten or lengthen the public comment periods, at his or her discretion. Agenda Items may be taken out of order.

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Reported by:
M. Nelson

APPEARANCESCOMMITTEE MEMBERS

Tom Richards, Committee Chair

Lynn Schenk, Committee Member

Martha Escutia, Committee Member

Anthony Williams, Committee Member

Ernest Camacho, Committee Member

James C. Ghielmetti, Committee Member

Henry Perea, Committee Member

Margaret Pena, Director

STAFF

Brian Kelly, Chief Executive Officer

Britton Snipes, Board Secretary

Garth Fernandez, Central Valley Regional Director

Alicia Fowler, Legal Counsel

PUBLIC COMMENT:

Roland Lebrun

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P R O C E E D I N G S

11:00 a.m.

PROCEEDINGS BEGIN AT 11:00 A.M.

CALIFORNIA, THURSDAY, NOVEMBER 17, 2022

CHAIR RICHARDS: Good morning, ladies and gentlemen, and welcome to the High Speed Rail Authority's Board of Directors Meetings, November 17, 2022. Let me start before turning a couple of things over to our secretary. We are welcoming Britton Snipes, who has taken over as Secretary for the Board, and for Secretary for the Finance and Audit Committee. And so, Britton, welcome aboard. Let's start this morning by calling the meeting to order and if we can take the roll, please, Mr. Secretary?

MR. SNIPES: Thank to you, Mr. Chair. Director Sherk?

BOARD MEMBER SCHENK: Here.

MR. SNIPES: Chair Richards?

CHAIR RICHARDS: Here.

MR. SNIPES: Director Camacho?

BOARD MEMBER CAMACHO: Here.

MR. SNIPES: Vice Chair Miller? Vice Chair Miller?

CHAIR RICHARDS: She'll not be here today.

MR. SNIPES: Okay. Assembly member Arambula? Director Perea?

1 BOARD MEMBER PEREA: Here.

2 MR. SNIPES: Director Ghielmetti?

3 BOARD MEMBER GHIELMETTI: Here.

4 MR. SNIPES: Director Escutia?

5 BOARD MEMBER ESCUTIA: It's Escutia.

6 MR. SNIPES: Escutia.

7 BOARD MEMBER ESCUTIA: Thank you, here.

8 MR. SNIPES: My apologies.

9 Director Williams?

10 CHAIR RICHARDS: He'll not be here today.

11 MR. SNIPES: Director Pena?

12 BOARD MEMBER PENA: Here.

13 MR. SNIPES: Senator Gonzales?

14 CHAIR RICHARDS: Okay. I think that give us a
15 quorum. All right. Well with that, if I could ask
16 Director Camacho to lead us in the Pledge of Allegiance.

17 ALL: I pledge allegiance to the flag of the
18 United States of America. And to the Republic for which it
19 stands, one nation, under God, indivisible with liberty and
20 justice for all.

21 CHAIR RICHARDS: Thank you, Ernie. And welcome,
22 ladies and gentlemen. We will now go to public comments.
23 And if our secretary would please advise those listening or
24 watching how they can address the Board this morning.

25 MR. SNIPES: Thank you, Chair Richards. Good

1 morning, all. Welcome to the California High Speed Rail
2 Board of directors public meeting. Today we are hosting
3 the meeting via Zoom. In a moment, we will be taking
4 public comment. First, we want to run through some
5 important technical aspects of the public comments during
6 this meeting. If you're logged on to the meeting via Zoom
7 application, please use the raise your hand feature
8 typically located at the bottom of your screen so that I
9 can call on you to provide your comment. If you're dialing
10 in by phone, pressing pound-two will raise your hand and
11 put you in the queue. Speakers will be called upon to the
12 order that their hands is raised.

13 Once you're in the queue, when your name is
14 called, please click the prompt on your screen to allow
15 your microphone to be unmuted. On the phone, you will call
16 on your way. We will call on you by the last four digits
17 of your phone number. At that point you will hear a
18 message that you are being unmuted. Once unmuted, it will
19 be your turn to speak. Please slowly and clearly say and
20 spell your first and last name. If applicable, state the
21 organization you represent.

22 After your introduction, each speaker is allowed
23 two minutes to provide their comment. I will interject at
24 one minute 45 seconds to provide a 15 second warning. A
25 court reporter is on the line to record these comments. If

1 they need you to spell or repeat something they may
2 interject.

3 At the end of the of your comment we will disable
4 your microphone. However, you are welcome to stay online
5 and continue watching or listening to the meeting. If you
6 do not wish to provide public comment and simply want to
7 watch the meeting, you can do so by logging on
8 to hsr.ca.gov and looking for the link of our live stream.

9 Mr. Chair, it appears we have one public comment
10 public comment. One public comment, Roland?

11 CHAIR RICHARDS: Good morning, Roland.

12 Good morning, Roland.

13 MR. LEBRUN: Hello again, Chair Richards and
14 Directors. A quick comment on environment appearance. If
15 you use Google Maps, we have discovered that the driving
16 distance between San Francisco and Anaheim is 404 miles.
17 So, it's unclear why you are environmentally clearing 500
18 miles, so I'll just put that out to you.

19 But what I'd like to do is to continue with the
20 conversation about the status of the contingency for the
21 Central Valley Cs's, especially the following sections of
22 the CP report agendized as item number four, the Finance
23 and Audit Committee earlier this morning. Page six shows a
24 drop in contingency of \$1.4 billion across all CP's in a 12
25 month period, including a drop of \$650 million for CP1

1 which will be down to \$280 million on page 60. And, a drop
2 of \$700 million for CP2-3, which will be down to zero next
3 month on page 25.

4 In closing, I hope that we can have a frank and
5 honest discussion about the situation later on in the
6 agenda, including how growth and contingency could possibly
7 have been allowed to balloon to 40 percent of the \$10
8 billion expended on this project so far, instead of 20
9 percent as originally planned. And finally, I would like
10 to remind members of the board that these Finance and Audit
11 reports were put in place by former director Michael Rossi
12 10 years ago, specifically to alert anyone who read them of
13 impending issues with a project.

14 MR. SNIPES: Fifteen seconds.

15 MR. LEBRUN: Thank you.

16 CHAIR RICHARDS: Thank you, Mr. Lebrun.

17 MR. SNIPES: Mr. Chair, at this time, we do not
18 have any other comments.

19 CHAIR RICHARDS: Okay, thank you very much.
20 We'll close the public comment portion of our meeting this
21 morning and move to our Agenda Item number one. It is the
22 action on our October 28th Board Meeting, its minutes. Do
23 we have a motion for approval?

24 BOARD MEMBER CAMACHO: Mr. Chairman, I have a --

25 CHAIR RICHARDS: Yes, sure. Go ahead, Ernie.

1 BOARD MEMBER CAMACHO: Agenda item number two on
2 the last board meeting.

3 CHAIR RICHARDS: Uh huh.

4 BOARD MEMBER CAMACHO: The third paragraph where
5 it states, I think it was our information it's marked in
6 yellow, where it talks about the Chief Executive Officer
7 will also report to the board on execution of additional
8 contract management options --

9 CHAIR RICHARDS: Right.

10 BOARD MEMBER CAMACHO: -- in the contract before
11 undertaking the work. If we look at page 28 of our
12 transcript, line 17, it actually states that the authority
13 will ask for it to come back to the board before we
14 implement any of those contracts so we can discuss whether
15 or not we should include them into the PDS.

16 CHAIR RICHARDS: Okay. Thank you, Ernie. With
17 that comment --

18 BOARD MEMBER ESCUTIA: Wait, wait -- wait, hold
19 on, Mr. Chairman. Mr. Camacho are you asking for the
20 minutes to be amended?

21 BOARD MEMBER CAMACHO: Yes, I am.

22 CHAIR RICHARDS: Right. I understand that.

23 BOARD MEMBER ESCUTIA: Okay.

24 CHAIR RICHARDS: Okay. So, with -- let me make
25 it clear then. With Ernie's amendment, do we have a motion

1 for approval?

2 BOARD MEMBER SCHENK: So, moved.

3 CHAIR RICHARDS: Director Schenk, a second
4 please?

5 BOARD MEMBER PENA: I second.

6 CHAIR RICHARDS: Was that Director Ghielmetti?

7 BOARD MEMBER SCHENK: Margaret, that was
8 Margaret.

9 CHAIR RICHARDS: Oh, Margaret. I'm sorry.
10 Okay. Secretary, please call the roll.

11 MR. SNIPES: Director Shenk?

12 BOARD MEMBER SHENK: Yes.

13 MR. SNIPES: Chair Richards?

14 CHAIR RICHARDS: Yes.

15 MR. SNIPES: Director Camacho?

16 BOARD MEMBER CAMACHO: Yes.

17 MR. SNIPES: Vice Chair Miller?

18 Assembly member Arambula?

19 Director Perea?

20 BOARD MEMBER PEREA: Here.

21 CHAIR RICHARDS: And that's Perea, and okay.

22 MR. SNIPES: Director Ghielmetti?

23 BOARD MEMBER GHIELMETTI: Yes.

24 MR. SNIPES: Director Escutia?

25 BOARD MEMBER ESCUTIA: Yes.

1 MR. SNIPES: Escutia.

2 BOARD MEMBER ESCUTIA: No, Escutia, Escutia.

3 MR. SNIPES: Escutia.

4 BOARD MEMBER ESCUTIA: Thank you for pronouncing
5 it correctly. Yes.

6 MR. SNIPES: Director Williams?

7 Director Pena?

8 BOARD MEMBER PENA: Yes.

9 MR. SNIPES: Senator Gonzales?

10 CHAIR RICHARDS: And I'll just say, so Britton,
11 the ad hoc members don't vote. So that would be
12 Assemblymember Arambula, and Senator Gonzales.

13 MR. SNIPES: Thank you, Chair.

14 CHAIR RICHARDS: Alright, with that, then,
15 colleagues, we'll move on to item number two, which is -

16 BOARD MEMBER ESCUTIA: Mr. Chairman, if I may?
17 Just a point of clarification --

18 CHAIR RICHARDS: Sure.

19 BOARD MEMBER ESCUTIA: -- if I may.

20 CHAIR RICHARDS: Mmm hmm.

21 BOARD MEMBER ESCUTIA: I just want to make sure
22 in terms of, you know, how this board -- how we govern
23 ourselves, you know, and we do a good job at that. But in
24 terms of these minutes and how they've been clarified, is
25 it your intent that if there's any kind of question, or

1 lack of clarity, that we will always go back to the
2 transcripts? Is that, in your opinion, the end all be all
3 of all sources of our -- because the minutes to me
4 basically reflect the summary.

5 CHAIR RICHARDS: Yes.

6 BOARD MEMBER ESCUTIA: And many times it does not
7 do -- because obviously we cannot do word for word.

8 CHAIR RICHARDS: Yeah.

9 BOARD MEMBER ESCUTIA: But is it your intent that
10 if there's any uncertainty --

11 CHAIR RICHARDS: Yeah.

12 BOARD MEMBER ESCUTIA: -- that we go back to the
13 transcripts as our guidance?

14 CHAIR RICHARDS: Yes, absolutely.

15 BOARD MEMBER ESCUTIA: Alright, thank you.

16 CHAIR RICHARDS: Thank you. Then on to item two,
17 colleagues. It's the construction update. This will be
18 presented by our CEO, as well as our Garth Fernandez, and
19 Daniel Horgan. So, Brian, I'll turn this over to you.

20 MR. KELLY: Thank you, Mr. Chairman, and members.
21 You may recall that every May and November, I come before
22 the board and do an update on our consumption status in the
23 Central Valley. So, we have prepared that presentation for
24 you today. I'll be joined during this PowerPoint
25 presentation by our regional director Garth Fernandez, as

1 well as our Deputy Chief Operating Officer, Daniel Horgan
2 as we go through this. And again, happy to answer
3 questions along the way or at the end, whatever the board
4 members prefer.

5 Okay, let's move through the PowerPoint. First
6 slide, please.

7 Just by way of reminder, some things that we
8 progressed during 2022. One, the board well knows all of
9 the environmental documents that we have brought to the
10 board have been cleared. In the last two and a half years
11 we've added about 330 miles of cleared environmental
12 documents extending into the Bay Area and into Southern
13 California. We expect in 2023, we'll be coming back to the
14 Board with the certification question for Palmdale to
15 Burbank toward the end of 2023. That draft is now out for
16 public comment.

17 So as of today, we have cleared 422 of the 500
18 miles. Just a note, I think the actual mile count between
19 San Francisco and Anaheim, based on our route, is 494
20 miles. But we round to 500 for purposes of simplicity. We
21 have under 119 miles under construction in the Central
22 Valley. Merced to Madera, and Poplar avenue to Bakersfield
23 are now in the advanced design. So, we can advance the
24 work to extend into downtown Merced and downtown
25 Bakersfield, consistent with legislative direction in the

1 Budget Act.

2 Caltrain electrification construction is underway
3 in the Bay Area. And by way of reminder, we are big time
4 contributors to that project. That project has a cost
5 estimate of about \$3.3 billion, sorry, \$2.3 billion. I
6 take that back \$3.3 billion. And the High-Speed Rail
7 Authority is contributing about 733 million to that effort.
8 That construction is underway. And of course, we have the
9 funding committed for the LA Union Station improvements in
10 Los Angeles to the tune of about \$423 million.

11 Next slide.

12 Just talking about the Central Valley. In
13 general, this is where we're now working for the initial
14 operating segment with the goal to achieve initial
15 operations by 2030. It's a 171-mile stretch, it is 100
16 percent environmentally clear. Right now, 119 of those 171
17 are under construction. 52 miles are started the advanced
18 design work, 34 miles roughly into downtown Merced and
19 about 18 miles south into downtown Bakersfield.

20 We also have the design for the Central Valley
21 stations underway right now. As the Board members know,
22 the tracking system procurment, we paused on in 20 of the -
23 - during 2022, and we'll look to come back for that
24 procurement during 2023. Along with perhaps the train
25 procurement as early as the end of 2023. We'll have

1 obviously coming back to the board about those. And in my
2 CEO report, I'll talk a little bit more about upcoming
3 procurements.

4 Next slide.

5 BOARD MEMBER PEREA: Brian, I have a question.

6 MR. KELLY: Yes?

7 BOARD MEMBER PEREA: Brian, now --

8 MR. KELLY: These go back -- yeah.

9 BOARD MEMBER PEREA: Yeah, going back to the
10 tracking systems procurement in 2023.

11 MR. KELLY: Yeah.

12 BOARD MEMBER PEREA: I'm just trying to wrap my
13 mind around if we spent three years on a process that fell
14 apart in the last month or so, what makes us think that
15 we're going to have a procurement in 2023?

16 MR. KELLY: Well, I think -- well first of all, I
17 think it was very educational, that procurement process.
18 And I also think things like COVID, things like disruption
19 in the market supply due to COVID, supply chain issues and
20 record inflation, all led to difficult procurement
21 strategies during 2022. I think the inflation number is
22 starting to come down, and I think it will come down
23 further. I think the supply chain issues will abate as we
24 get further into this.

25 And I think we have to look at how we restructure

1 that procurement. We did tracking systems along with the
2 track, the systems, and the signaling all together. And we
3 may want to consider, based on what we learned during that
4 process, a restructuring of how we will move forward on
5 that. And so we may -- we may regroup those issues
6 differently as we go forward.

7 For example, I believe we'll get more competition
8 and more contractors interested in just the track work.
9 And there will be fewer that are capable of doing the
10 signaling and systems, and perhaps the rolling stocks.
11 We'll look at how we group those things separately to get
12 the most competition out of the process.

13 But I think once we move forward on our strategy,
14 we'll come back to the board with how we would lay that
15 out. And there will be a discussion of how and when to go
16 forward. I think we do need to go forward with it though,
17 before the new year gets out so we can stay on track for a
18 2030 operating date.

19 BOARD MEMBER PEREA: So, you expect this breaking
20 it up into pieces and going out to bid again before the end
21 of this year?

22 MR. KELLY: And at '23.

23 BOARD MEMBER PEREA: Going out to bid by the end
24 of '23?

25 MR. KELLY: I do.

1 BOARD MEMBER PEREA: Okay. So, we won't be --
2 under that scenario, we'd be hopefully awarding contracts
3 through 2024-25?

4 MR. KELLY: Correct. Yeah, depending on our
5 timing. Depending on what month we go out. But look,
6 when we when decided to stop the last procurement process
7 based on a lot of input we got from industry and others, we
8 are now entering a period where we're looking at the best
9 strategy going forward.

10 And I do think some of the global issues are
11 abating a bit. I think the market will get better. And I
12 think there'll be a recent go back out with a restructured
13 procurement. And so, I still think it's the right thing to
14 do. I think we should do it relatively soon. But I want
15 to make sure the strategy is right. And again, we'll all
16 bring that to the board before we're out.

17 BOARD MEMBER PEREA: Alright, thank you.

18 MR. KELLY: Okay.

19 BOARD MEMBER SCHENK: Brian?

20 MR. KELLY: Yes?

21 BOARD MEMBER SCHENK: It's Lynn.

22 MR. KELLY: Hi, Lynn.

23 BOARD MEMBER SCHENK: Hi. So, the goal, initial
24 operation by 2030 --

25 MR. KELLY: Yes.

1 BOARD MEMBER SCHENK: -- just for clarification,
2 which segment?

3 MR. KELLY: All of it. The 171-mile segment.

4 BOARD MEMBER SCHENK: The 171 miles.

5 MR. KELLY: Yeah, Merced to Bakersfield, that
6 remains our goal. I mean, if you think about it as I said
7 at the outset of this, all of this segment is currently
8 environmentally cleared.

9 BOARD MEMBER SCHENK: Yeah.

10 MR. KELLY: We are now eyeing expansion for
11 Merced and Bakersfield. It is an aggressive target. But I
12 do think, for example, I believe we'll be at 30 percent
13 design for both the both the Bakersfield extension and the
14 Merced extension by the end of '23. Which means we could
15 start a full and active right away procurement process and
16 we can move forward on this. So, I think seven years for
17 something that's environment cleared now will have design
18 advanced by the end of the year is very doable.

19 BOARD MEMBER SCHENK: Alright. I like ambitious
20 goals.

21 MR. KELLY: Okay. Next slide.

22 BOARD MEMBER CAMACHO: Brian?

23 MR. KELLY: Yes?

24 BOARD MEMBER CAMACHO: So, we're going out
25 talking to industry about their tracking systems,

1 procurement, and find out which will yield us the most
2 economic competition.

3 MR. KELLY: Yeah, you know, I think we learned a
4 lot in this process, Ernie. And again, I think, look --
5 between a global pandemic, 40-year inflation high, supply
6 chain issues, the market was tough. And so, we had request
7 to extend it even further. And you know, I made a decision
8 to not. I think it was better to pause it right now.

9 Let's let this market calm down. And, we got really good
10 feedback from industry during that process on how we might
11 restructure this going forward. And I think there are ways
12 to do that to maximize competition. And we want to explore
13 that, put that strategy together, and bring it to you guys
14 for approval.

15 BOARD MEMBER CAMACHO: I happen to agree with
16 your earlier comment. By adding a rolling stock to entice
17 more competition. And by segregating perhaps the track and
18 the systems and signaling with the rolling stock might be a
19 good idea.

20 MR. KELLY: I appreciate that. We heard a lot in
21 that vein over the last couple of months I'd say.

22 BOARD MEMBER CAMACHO: Thank you.

23 MR. KELLY: Thank you. Next slide, please.

24 Okay, again, one of the objectives that we've had
25 is to achieve full construction management in 2022, and

1 there are various elements of this. One is instituting
2 complete project definition. This is a conversation that
3 we've had with the board before, we've talked about it a
4 little bit with F&A Committee this morning. But, you know,
5 post contract on all the construction packages, but
6 particularly CP1, and a little bit in 4, but also in 2-3,
7 we saw scope changes to the structures that are to be
8 built, mostly driven by third party requests, cities,
9 utilities, freight railroads.

10 And so, once those -- and a lot of those scope
11 changes were, you know, agreed to in the years between 2015
12 and 2018, and we've been endeavoring to now define all of
13 that scope, get it into the contracts and move the
14 contracts forward and then get into more traditional
15 contract management. But you've got to get scope done
16 before you can develop pure scheduling cost. And that's
17 what we've been driving to do, and we're coming to the end
18 of that. So, I feel good about where we are on that.

19 The other thing that was important for us to do
20 is put out very realistic and achievable right of way
21 acquisition numbers, because you can't predict when you're
22 gonna get work done if you don't have the right of way in
23 hand. And so, the first thing to do was to get very
24 realistic and lay out a right away schedule that was
25 achievable. And in a minute, I'm going to show you how

1 we're doing on that front.

2 And then we wanted to -- now we are focusing our
3 efforts on finalizing third party design issues. And what
4 this means, so that members understand, is there are
5 several places where we are relocating utilities. Maybe
6 it's an electric line or it's, you know, a telephone,
7 telephonic or utility line, gas line, and so we have to
8 move these things. Sometimes that involves other people's
9 property, we have to buy that property, and we have to
10 design what those locations -- what those redesigned --
11 what those relocations look like.

12 And so, we now have a very focused process here
13 on what we call the third-party process. We identified 66
14 third party issues that we've had. And to date -- 67 third
15 party that we've had. And to date, we have solved 58 of
16 those. So, we have nine left and we continue to work
17 through those to get that stuff done so we can move very
18 efficiently going forward. And then finally, you know,
19 working with our design-build contractors to re-sequence
20 the work and make sure that we're mitigating schedule
21 impacts as best we can. And that's -- these are the four
22 key things that we are working on as we go forward on this
23 process.

24 Next slide.

25 Now let's talk about right of way status. I

1 always like to report to the board on where we are. I know
2 longtime members like Tom and Lynn know this has been a
3 tough slog for the authority, but we really are in much
4 better shape today. We laid out a very realistic right of
5 way schedule at the beginning of 2022.

6 The downside of laying out the new schedule was
7 it did set back our original estimates for construction
8 completion. But those estimates, they needed a better
9 right away a program in place and now we have that, and
10 this chart reflects where we are. We have about 2,301
11 parcels to get. We're 93 percent through that. We've
12 achieved -- we've delivered 2,141 of those parcels. And
13 actually through October we are up a little bit more, we're
14 at about 93.6 percent.

15 When I came here at the authority we -- in 2018,
16 the estimate of parcels we needed was below 2,000, but that
17 was because a lot of the scope was not in yet. Now that
18 scope is all in, we added additional parcels. And so, we
19 stand -- where we stand today we need roughly 2,301 to get
20 all the 119 work done. We've delivered 2,141. And
21 actually through October, we're up to 2,157. So, we're
22 about 23 - sorry, 93 and a half percent done with right
23 away.

24 Next slide.

25 BOARD MEMBER SCHENK: Wait, Brian?

1 MR. KELLY: Mmm hmm?

2 BOARD MEMBER SCHENK: Slow down a little bit.
3 During the pre-meeting briefing with Brian Annis, I had
4 asked about some of the challenges in the remaining
5 parcels.

6 MR. KELLY: Mmm hmm.

7 BOARD MEMBER SCHENK: Happy to hear the answer.
8 But I think now that we're in Public Session, I'll ask it
9 again. And that is, are there any parcels that you
10 see/foresee having some challenges in the community, the
11 schools, churches, community centers, anything that would
12 impact the community in a negative way?

13 MR. KELLY: I mean, most of those kinds of fights
14 are behind us. I don't see-- I'm not identifying a single
15 one that I see as a big political fight or battle in front
16 of us. What we have in front of us mostly are issues that
17 we have to move to complete relocation of utilities and
18 things like that.

19 There are some landowners who want to take us all
20 the way through the condemnation process. And so, we're
21 recognizing that. But I -- you know, things like for
22 example, the Fresno Rescue Mission --

23 BOARD MEMBER SCHENK: Right.

24 MR. KELLY: -- that was a big tough thing that we
25 had to work through. And I just don't see things like that

1 in front of us on this 119 miles. Now I will say, when we
2 extend further, we get to Merced and Bakersfield, and those
3 extensions -- there, you know, we'll have right of way
4 challenges that we'll have to confront and work through as
5 we go. But on this 119 miles, and getting this segment
6 done, most of those big battles are behind us. We just
7 don't have --

8 BOARD MEMBER SCHENK: Well, we learned a lot of
9 lessons and how to deal with these things in a more
10 sensitive way. So, I know going forward those lessons with
11 us. Okay, thank you.

12 MR. KELLY: Sure.

13 BOARD MEMBER PEREA: Brian?

14 MR. KELLY: Next -- yeah?

15 BOARD MEMBER PEREA: I have one question around
16 that too.

17 MR. KELLY: Yes.

18 BOARD MEMBER PEREA: Do you have, for the 119
19 miles, do you have the supporting or back data/information
20 that will tell us specifically which -- what the third
21 party issues are? What the right of way issues are?

22 MR. KELLY: Yeah, I'm gonna cover that, some of
23 that a little bit in the in the remaining presentation
24 here. But we do have -- I mean, I can tell you CP by CP
25 what the key third party issues are.

1 BOARD MEMBER PEREA: Well maybe if you could just
2 send us that documentation, probably be better. That we
3 don't miss anything.

4 MR. KELLY: Sure. Happy --

5 BOARD MEMBER PEREA: I would like to know, for
6 example, if we have a PG&E issue --

7 MR. KELLY: Yes.

8 BOARD MEMBER PEREA: -- somewhere in Fresno and
9 Madera. What is it? How long's that been out there?
10 Where are we at right now? And when it's going to be
11 resolved?

12 MR. KELLY: Sure.

13 BOARD MEMBER PEREA: Thank you.

14 MR. KELLY: Next slide, please.

15 This is just showing since we adopted the updated
16 right of way schedule in early 2022 when we refocused the
17 management of the right of way real property division. We
18 estimated that we had reached 90 percent of the right of
19 way complete on July 31st of 2022. As you can you see on
20 this chart, we hit that mark in March of '22.

21 Our further estimation is to be 95 percent
22 complete by the end of this year, December 31st of 2022.
23 And as of right now we're at 93.6 percent. And we think
24 we're on track to hit the 95 percent number by the end of
25 2022. So, I'm pleased with the schedule we laid out in the

1 beginning of '22. And we've gained a lot of credibility
2 with the contractors by making sure that we're hitting the
3 delivery dates on these on these parcels, and it's an
4 important credibility thing for us going forward and we're
5 in a good process right now where it's pretty predictable.

6 Next slide.

7 This just shows our right of way production
8 graph. The different colors are stages of the right of way
9 process, but I think I would direct your attention to the
10 middle of the circle where you see in September of 2022, we
11 have 2,301 total parcel to get, 2,141 have been delivered.
12 So, 160 remaining. And we delivered 16 in the month of
13 September. I think I can tell the Board -- I don't want to
14 get too far in front of next month's report, but it looks
15 like we're going to deliver about 16 in October as well.
16 We're on track to meet the 95 percent by the end of 2022.

17 Next slide.

18 Design and construction update on the various CPs
19 that we have underway in the Central Valley.

20 Next slide.

21 Again, just by way of quick reminder,
22 Construction Package 1, 32 Miles, northern part of Fresno
23 County and southern part of Madera County. Avenue 19 in
24 Madera to just south of American Avenue in Fresno County.
25 Two-three is the 65 miles in the middle, south of Fresno,

1 just to one mile north of the Tulare County Line/Kern
2 County line. And then Construction Package 4, 22 miles
3 that goes Tulane-Tulare. That's the reach to Kern County
4 line to Poplar Avenue in Kern County, about 18 miles north
5 of Bakersfield.

6 Next slide.

7 This is a slide you're familiar with. You've
8 seen this before, but, you know, one of the things we had
9 to get done certainly since I got here in 2018 -- all the
10 design packages ready, getting structures ready for
11 construction, getting those designs completed. When I
12 arrived here, we had about 50 of them done of the 163 we
13 needed. And today all 163 are complete. So, these are
14 design packages for the structures that we are building and
15 the structures that are part of our process. We are still
16 working through design issues on some of the utility
17 relocations, but this is a chart that shows the completion
18 of the design for the structures that we need as part of
19 our system, and we've now completed that design work.

20 Next slide.

21 Utility relocation and design package approval.
22 This is again, we have 18 roughly 1,860 utility relocation
23 designs that are needed. As I'm talking to you now, we
24 have about 1,493 of those complete. And we are scheduled
25 to get it to about 98 percent of these complete by June of

1 2023.

2 And that's important because once the design
3 packages are clear, you work with the third parties, the
4 utilities, the railroads, and others to execute crossing
5 agreements and work plans and get everything else done so
6 you can get to construction. So, getting these design
7 packages complete are important. And this is a key focus
8 of what we're working on now. This is sort of getting to
9 the end of that pre-construction work so we can get into
10 full construction in the valley.

11 Next slide.

12 I'm going to start with Construction Package 4,
13 which is our southern-most Construction Package. I know
14 you see a little bit of movement in the screen here. This
15 is the Wasco viaduct in the southern part of this CP4
16 package. Again, it's a 22-mile stretch bound by a point
17 approximately one mile north of Tulare and Kern County
18 line. The Terminus is Poplar Avenue to the south, about 18
19 miles north of downtown Bakersfield. It includes a lot of
20 at grade retained fill and aerial section to the high-speed
21 rail alignment.

22 We expect substantial completion of this in
23 spring of 2023. So, CP4 is really coming to the end of the
24 civil works, and this 22-mile stretch will be the first
25 available stretch for doing the prep work and the things

1 necessary for the track element of this. But this will be
2 the first construction package that we get to significant
3 completion, or substantial completion, in spring of '23.

4 Next slide.

5 This is a picture, we use this metric show where
6 we on this. We -- that SPI number you want to see at one,
7 which means we'll be right on track, perfection on track to
8 meet our estimated March 1st, 2023 date. We're slightly
9 below that, but we're below the -- we're above the bottom
10 line on this. And so, we're tracking for spring 2023
11 substantial completion date here. And we use this at the
12 F&A committee to show where we are on this project in terms
13 of delivery.

14 Next slide.

15 The scorecard we use to just show where we are in
16 the various elements of pre-construction and construction
17 work. All the design elements are completed for CP4. 90
18 percent of the right of way parcels have been delivered to
19 the design builder. Utility relocations complete or in
20 progress, 70 percent. Structures, not all of them are
21 complete, which I'll show you in a minute. But they're all
22 either complete or in progress here, and all the guideway
23 is complete or in progress as well. Overall contracts,
24 we're through at about 86 percent of through the current
25 contract.

1 Next slide.

2 This is a picture of the structures on CP4. In
3 terms of where we are, there are 11 key structures that we
4 have to build. And by the end of '22 we're expecting that
5 all the structures will be in the complete category. As of
6 today, eight are underway, three are totally complete. And
7 again, we're expecting by the end of '22 that all of the
8 structures for our system would be complete on CP4.

9 Next slide.

10 This is the guideway issues. Remember guideway
11 is the way is the riding surface that will support and
12 physically guide the high-speed train. There's 22 miles
13 here on this segment, 13.6 are complete, 8.4 are underway
14 and being complete as we finish structures and move
15 forward. So again, this whole package will reach
16 substantial completion in the early part of '23.

17 Next slide.

18 Primary risk areas on CP4, and this gets to a
19 question that Director Perea asked just a few moments ago
20 about where are the issues of risk. We have a very
21 delicate, fragile, and important agreement with Semitropic
22 Utility District, Water District. Down there, some of the-
23 - not the work that we so much need for our guideway, but
24 we have utility relocation work down there. We have a
25 copper dam that we need to build and some other things on

1 their property.

2 And so, we work very carefully with them. They
3 approve designs, they approve work plans. They ultimately
4 hand over the right of way once those things are approved.
5 And so, we go step by step on a process with them that was
6 part of a larger mutual agreement that we executed with
7 them some time ago. And so, we are working through these
8 issues with Semitropic. And so one risk areas how quickly
9 we work through those. Finalizing permits with the city of
10 Wasco for some of the work that's going on in downtown
11 Wasco. And then PG&E and BNSF, processing for reviews and
12 approvals for designs and maintenance agreements that are
13 necessary to work in and around their equipment.

14 So how do we mitigate these risks? That's the
15 second, the bottom part of this. We've assigned staff lead
16 to work closely with Semitropic on the design review
17 approvals. And what we do is we do over the shoulder
18 reviews now with the contractor on what the designs will
19 look like for the utility relocations that are important to
20 the Semitropic folks. And we approve those internally
21 first, then we submit them, get their comments, respond to
22 those comments.

23 And what was happening years ago is things were -
24 - there was a lot of sort of do-loop back and forth on
25 comments. We're trying to now limit the number of go backs

1 or talks in between on the comments. And so, we do more
2 over the shoulder review now. And we are having pretty
3 good success.

4 You see the status update for Semitropic, we've -
5 - five of the eight utility designs have been approved for
6 construction by Semitropic. And we are just working
7 through these one at a time as we go forward. And we're
8 actually starting to do begin work on their on their land.
9 And so, it's going pretty well but it's delicate and
10 careful and we got a lot of staff attending to that working
11 relationship.

12 In the city of Wasco, we have a much-improved
13 partnership with the city and we have to work through
14 issues. We've just received the permit for work on Poso
15 Avenue. Construction is underway and scheduled to be open
16 by the end of the year. We'll be doing some work on North
17 Sixth Street in Wasco as well. And we've really worked
18 closely with the city to gain those permits when we need
19 them, and continue that work. And again on Poso, we've got
20 the contract to work in a 24/7 period now to advance that
21 work. And so again, things are going pretty well there.

22 PG&E and BNSF, we've established a third-party
23 task force that I mentioned earlier to focus on expediting
24 design approvals. We're down to the last two issues in
25 terms of the relationship between these two. There will be

1 some PG&E and utility relocation stuff limited to PG&E on 4
2 that we are examining whether to de-scope and do those
3 later because they won't affect the guideway or the
4 structures we're building, and so we might be able to do
5 some of those later through a contract directly with the
6 PG&E contractor and so we're gonna look at that. But we
7 are again, working towards reaching substantial completion
8 of CP4 in spring of '23.

9 Next slide.

10 Construction Package 1, this is the 32 miles that
11 goes right through downtown Fresno.

12 Next slide.

13 That of course is a familiar sight for folks who
14 live in Fresno. That's the Cedar Viaduct which goes over
15 the highway 99. You can see it's advanced quite a way, a
16 lot of the scaffolding and other things are down now. That
17 structure will be brought to you by McDonald's. And so,
18 we'll paint it red and yellow. We will put a sign up that
19 say 43 billion served -- no, just kidding.

20 But anyway, we've had good progress on this
21 structure. And again, the 32 miles between Avenue 19 in
22 Madera County and East Avenue in Fresno -- or East American
23 Avenue in Fresno, is this stretch. 19 grade separations in
24 this area, three viaducts, a major river crossing, and two
25 trenches are part of this system.

1 The contract as submitted has substantial
2 completion date by the fourth quarter of 2025, which we
3 indicated in our funding plan for the \$4.2 billion Sub-D
4 plan gave to legislature. We've conditionally accepted
5 that schedule, and we start to negotiate with the
6 contractor on risk and mitigation tied to that schedule to
7 see where it finally lands. But we will -- we're going to
8 be right around that date and we will work with them on
9 that as we go forward on a time impact analysis and things
10 like that.

11 I'm going to walk through each of the elements of
12 CPI now, so next slide.

13 Again, the scorecard design is 100% complete.
14 Right of way parcels here we're up to 94 percent. We're
15 almost done. Of 1,088 parcels needed for this, we've
16 handed the design-build entity about 1,013. So, we're
17 really getting to the end of that. Utility relocations in
18 progress, 73 percent. Structures in progress or complete
19 79 percent. Miles of guideway, about half are available
20 now. And more coming as we move these relocations.
21 Utility relocations, contract has worked through 64 percent
22 today.

23 Next slide.

24 BOARD MEMBER PEREA: Brian, if I could ask you on
25 going back to that slide.

1 MR. KELLY: Yeah?

2 BOARD MEMBER PEREA: On the utility relocations,
3 if you were to separate those two out, complete versus in
4 progress, would that percentages be?

5 MR. KELLY: I'm gonna go off top my head here and
6 I can get you formal numbers, but I think the ballpark
7 figure in Fresno that we need is on the order of 900
8 utility relocations. I know that 350 on the order are
9 complete, 350 are under way, and the remainder is yet to be
10 started.

11 BOARD MEMBER PEREA: Okay. Now, and I know
12 you're still going to be delivering a construction schedule
13 that this board can rely on. But how is that meshing with
14 that Q4 2025 substantial completion?

15 MR. KELLY: All of the needs for the utility
16 relocations are incorporated in that Q4 '25 scenario.

17 BOARD MEMBER PEREA: Right. So, are we going to
18 see, for example with utility relocation, a call and saying
19 how many are complete? How many are in progress, and how
20 many have to be finished?

21 MR. KELLY: Well yes. When we report --

22 BOARD MEMBER PEREA: Let me finish. And then
23 also would also show them what the plan is to achieve each
24 one?

25 MR. KELLY: Yes. So, we report to the Finance

1 and Audit Committee each month the status of utility
2 relocations at -- by CP. So, we report now -- if you-- the
3 FNA committee work that we put forward breaks it out that
4 way. It breaks out how many are complete, how many are in
5 progress, how many have yet to be started.

6 And so we -- that is in the FNA committee
7 information that we provide each month to the F&A
8 committee. I'm happy to send it to you directly too,
9 Henry. And so, we do that. But that is incorporated in
10 the Q4 '25 schedule for CP1 right now.

11 BOARD MEMBER PEREA: Alright. Thank you.

12 BOARD MEMBER CAMACHO: Brian?

13 MR. KELLY: Yes?

14 BOARD MEMBER CAMACHO: On that same issue, the 53
15 percent of miles of guideway. So, we're only talking about
16 guide way for CP1.

17 MR. KELLY: Yes.

18 BOARD MEMBER CAMACHO: That represents 53
19 percent. And then the overall contract. Is that overall
20 contract for the entire -- I mean, it seems like you're
21 mixing the guideway with the overall contract value.

22 MR. KELLY: I'm not trying to mix it. I think
23 I'm doing an estimate of 53 percent.

24 BOARD MEMBER CAMACHO: I don't mean you're mixing
25 it.

1 MR. KELLY: Yeah.

2 BOARD MEMBER CAMACHO: It just -- I'm just trying
3 to understand. So, have we expended 64 percent of the
4 contract value?

5 MR. KELLY: Yeah. As that value was expressed
6 today, that's correct.

7 BOARD MEMBER CAMACHO: Okay.

8 MR. KELLY: And so -- yeah. And the 53 percent
9 is just a percentage of the total guideway for this section
10 and what's open, what's ready to go.

11 BOARD MEMBER CAMACHO: Okay. The way I was
12 reading, was sixty -- 53 percent of the guideway being
13 completed with 64 percent of the guideway, just the budget
14 for the guideway. If that's --

15 MR. KELLY: No.

16 BOARD MEMBER CAMACHO: -- the 64 percent -

17 MR. KELLY: That's the overall contract.

18 BOARD MEMBER CAMACHO: Okay, thank you.

19 MR. KELLY: And it all -- I'm going to clarify in
20 just a second here the status of the guideway.

21 BOARD MEMBER CAMACHO: Sorry.

22 MR. KELLY: That's all right. Next slide.

23 So, this is the structures in progress. There
24 are 33 structures that we are constructing on CP1. Sixteen
25 of those are now complete. Ten of those are underway or in

1 progress right now. We have seven remaining to get started
2 on. And so of the 33, that's where we stand on the
3 structures for these. And just a comment up there that two
4 additional structures have commenced construction and three
5 will be completed soon for a total of sixteen complete by
6 the end of this year.

7 Next slide.

8 On the guideway, I think getting to your
9 question, Ernie, on the guideway issue -- again, we have 32
10 miles of guideway on this section. Fifteen -- two is fully
11 complete, 15 is underway or in progress and we have 15
12 miles remaining. And again, the biggest impediment to the
13 guideway opening up here is the work we're doing to
14 methodically move these with utility relocations. And
15 again, we're working through those as fast as we can.

16 Next slide.

17 Finalizing scope. There are significant change
18 orders. The Board may recall, I updated the Board I think
19 when we met in Fresno last. Identified 12 different change
20 orders that are part of CP1 that we are executing so we can
21 advance work and get the scope defined and finalized as
22 part of this project. The two that are referenced here are
23 Caltrans state route 99, two and a half miles of at-grade
24 guideway that, you know, when the authority relocated
25 highway 99 originally, this rail element was going to be a

1 part of that contract. It was not. But that work still
2 had to be done, so this was for some time known as the
3 missing two and a half miles. But we have now executed
4 that contract, that scope is finalized, and that work will
5 commence soon.

6 The second part is what we call the sweeper
7 package, which is something I talked to the Board about
8 before. But these are adding stairs and maintenance access
9 points and escape points and things like that to the
10 structures that were, again, initially not in the design-
11 build contract. But because they are mobilized on the
12 site, they have built the other structures being
13 incorporated this work into the current contract. And that
14 was executed, that scope was finalized as well. So, these
15 are completed and now moving forward.

16 Of the 12 issues, scope issues that we identified
17 to get the scope finalized on CP1, we have completed 10 of
18 those. There are two remaining.

19 Next slide.

20 Other big ones that are pending -- Church Avenue,
21 this is the part I know that Tom and Henry will be most
22 familiar with this. But the section of town between
23 downtown and where the Cedar Viaduct crosses the Highway
24 99, is the Church Avenue grade separation there. City of
25 Fresno changed the configuration of that grade separation

1 where they moved from one to two and added some additional
2 requirements. So, we have -- are now negotiating a change
3 order to complete that scope work. And then that's got to
4 go through the (AUDIO CUT OUT) departments for approval.
5 But that's work that's underway right now.

6 And then in the downtown area, Tulare, Ventura,
7 Fresno Streets, the freight railroads asked for wider
8 bridges. That was agreed to some time ago. Again, we've
9 now worked through getting that design complete. And now
10 we're working through, again, getting this change order
11 negotiated and finalized and put through our authority
12 governance process so we can get this locked in, scope in
13 the schedule, and move forward. And so, these are some of
14 the final remaining parts of the scope for CP1.

15 Next slide.

16 Primary risk areas here, I don't think many of
17 these will be surprising to you. One, is there are
18 requirements for road closures in the City of Fresno for
19 some of the big work we have in front of us at Herndon and
20 Shaw and Church. And so, Garth Fernandez will lead our
21 effort working with the city on how we'll do the traffic
22 management plans, and how and when road closures will come
23 into place to make sure we're working through these issues.
24 Garth, I don't know if you want to comment on that work at
25 all, but that's an important part of what we have left to

1 do for some of these big construction parts that are left.

2 MR. FERNANDEZ: So, we are continuing to work
3 with the City of Fresno. They have been an excellent
4 partner with us. We -- I have executive meetings with the
5 city to ensure we can accomplish the schedule. These four
6 locations, Herndon, Shaw, Church, and then we also have
7 Olive and McKinley, are all major closures for the City of
8 Fresno, and they have expressed concern, so we are going to
9 be setting up a workshop with the city to walk through our
10 schedule and all the detours that we'll have in place to
11 accomplish the scope of work.

12 They have also begun to work with us on traffic
13 control, the plan approvals that we need for all the
14 utilities that are going in at the same time. So, they
15 have been an excellent partner and we continue to work with
16 them.

17 MR. KELLY: The second risk area here is the
18 enforcement of environmental specifications. And all of
19 that means really, is there are times during the
20 construction process where the CDFWS and permitting
21 requirements that we need to make sure that the contractors
22 are sticking to, and that we work closely with CDFW on how
23 those are applied to this contract. And so, again, it's a
24 sort of a partnership we have with them. But we are
25 executing that pretty well and we'll continue to do that to

1 try to minimize needs for any amendments or any
2 requirements and make sure we're following through on all
3 the things that we need to do to move the construction
4 forward. So that's really a key partnership with us and
5 the CDFW on permitting permits and making sure construction
6 sticks with the permit requirements.

7 The third one, is railroad approvals. A lot of
8 the CP1 stuff is dealing with UP's right of way and UP's
9 equipment. We have put together a taskforce including our
10 railroad lead, who is James Lebonowski (PHONETIC) working
11 with Dennis Kim, Garth, Daniel Horgan and others, to really
12 make sure that we're coordinating well with UP on the
13 things that are in front of us, all the work that's left in
14 front of us.

15 Just to give you a sense of the scope of the work
16 we have with UP. Over the course of this project, we have
17 something like 1,300 agreements that we need UP to approve
18 for us. And to date, we've sought and received approval
19 for about 900 of those, about 800 of tho-- 881, I think is
20 the number. So, we have 473 agreements that we still
21 haven't yet approved through them. And these are just
22 different small parts of the work that we have to do that
23 affects their right of way or their process. And so we
24 have a team focused working directly with UP on these
25 issues and making sure we can get through these approvals

1 as quickly as possible. But again, 900 down, about 470-so
2 left to go.

3 And then the last big risk issue is just the
4 density of the utility of conflicts in the City of Fresno.
5 As you see there, there are six times more utility
6 conflicts on average in downtown Fresno than other parts of
7 our right of way here. So, there's a lot to do. Dennis
8 Kim, as I mentioned earlier, I delegated authority not just
9 to be the director of real property, but to take on an
10 executive and challenge role of third-party relationships.
11 And we're working well with these third parties now on
12 moving these -- getting agreements in place to move the
13 utilities, get designs done, and move forward. As I said
14 earlier, 67 different issues that we have to hit up with
15 the third parties to move the program forward. We've
16 completed 58 agreements, we have nine left to go. And so
17 that's where we are on that issue.

18 Next slide.

19 CP2-3, this is the longest construction segment
20 in the southern part of the -- or the middle part of the
21 119 mile segment. What you're looking at there is the
22 Hanford Viaduct superstructure that's in Hanford. It's the
23 second -- this is the second significant construction
24 contract that was executed. Part of the initial operating
25 segment. Again, 65 miles left between Fresno and just one

1 mile north of the Tulare-Kern county line. 26 different
2 grade separations in the counties of Fresno, Tulare, and
3 Kings, including viaducts, underpasses, and overpasses.

4 Contractor submitted an estimated substantial
5 completion of the first quarter of 2026, which we have
6 conditionally accepted. And again, we get it into
7 negotiations now with the contractor on additional risks
8 and mitigations on this. I expect this might pull forward
9 a little bit more on this one. So, we'll have to see how
10 that goes, but that's roughly where this one stands on
11 schedule right now. And again, we'll work through the
12 negotiation process with the contractors. And again, I
13 think this one has a good chance of pulling forward, but
14 that's where we are putting it right now.

15 Next slide.

16 Again, the score card which is similar for the
17 other. All design complete, right of way parcels over 93
18 percent. Here on this part, utility relocations complete
19 and in progress, 64 percent. Structures complete and in
20 progress, 63 percent. Miles of guideway in progress or
21 complete, 74 percent. And again, that overall contract
22 value has been about 70 percent recurring contract value.

23 Next slide.

24 There's a lot of structures here, a total of 49
25 different structures on CP2-3. Fourteen of those are

1 complete, 17 are underway or in progress, and 18 are left
2 to commence on this segment.

3 Next slide.

4 In terms of guideway, 65 miles of guideway; 33
5 miles of that are complete, 15 -- an additional 15 are
6 underway, and 17 are yet to go. They have yet begin in
7 terms of the clearing of that guideway. But again, you see
8 that about 74 percent of the guideway is either complete or
9 underway here.

10 Next slide.

11 Again, this -- as the Board well knows, we had
12 four big commercial issues on CP2-3 that we negotiated and
13 worked through, executed important change orders to get the
14 scope finalized and get the work going. The BNSF intrusion
15 protection barrier, 15 miles of that barrier has been
16 executed, the scope is finalized, construction is underway.

17 Hanford viaduct, again, a change in the overall
18 length of the viaduct and we've finished the negotiation
19 with that. That change order was also executed, that
20 construction is also underway. Deer Creek viaduct is the
21 last one that we most recently negotiated. That change
22 order is negotiated, going through our governance process,
23 and the contractor has mobilized to start work on the Deer
24 Creek one. The last one which the Board will be familiar
25 with is the Cross Creek viaduct, which was an alternative

1 technical concept that came to us and we don't think we
2 have any real liability for the cost issues tied to a
3 failed ATC, so this one is in arbitration right now.

4 Next slide.

5 Primary risk areas here are tied to right of way
6 acquisition for some very critical utility relocations,
7 both electric transmission line and some irrigation lines
8 that have to be moved. Third party coordination for
9 design-review approval, negotiation on work windows with
10 the irrigation seasons, the railroad moratoriums, and
11 negotiation on maintenance agreements, as well as some
12 commercial settlements of key dispute, which goes for the
13 primary ones that we've settled.

14 I'll just say this about each of these issues in
15 terms of mitigations -- we are working to finalize the
16 right of way for the utility relocations. There were four
17 key parcels that we needed to move. A major -- an electric
18 transmission line and an irrigation line. Of those four
19 parcels, three are now in hand, completed, and the last one
20 will be done by December 6th of 2022. So those issues,
21 those parcels will be completed.

22 In terms of the third-party task force issues, 71
23 percent of the issues on the third-party structure down
24 here in 2-3 have been resolved. We continue to work on the
25 remaining ones. We're active in negotiating those

1 commercial disputes that I just spoke about.

2 Next slide.

3 Program risks and opportunities, next slide.

4 I think the biggest risk that we've talked about
5 before and just that we've seen in terms of where on some
6 of the change orders and the things that we have to resolve
7 going forward is, in part, is the impact of inflation on
8 some of what we're doing. Since the beginning of this
9 year, we saw -- or actually starting in 2020 -- we saw
10 inflation climb and reach the 40-year high in the middle of
11 2022, peaked out at about 9 percent in June of 2022.

12 Obviously the contractors included some of those
13 escalation points in some of the change orders that we've
14 executed. And they are claiming additional escalation
15 costs. We are working through a strategy to deal with
16 those and determine which ones are reasonable, what's the
17 right benchmark, and how do we true up claims versus real
18 costs. And so those are things we're working through to
19 manage this issue. And so we're developing that strategy
20 and addressing those concerns with the contractors.

21 Again, contract CP4 is coming to the end of its
22 work here, and so maybe less of an ongoing issue there than
23 you'd find on 1 or 2-3. But again, we'll just see with
24 inflation. Signs, to me, show that inflation in 2023
25 should start to dip down and we should be less impacted by

1 this going forward.

2 Next slide.

3 Really good program opportunities for us as we go
4 forward. Again, we've talked to the board before about our
5 strategy for federal grants. This is a chart that you've
6 all seen before, but these are grants that we have now
7 pending with the federal government. Under the Biden
8 administration, we were awarded three grants over the
9 course of the last 12 months totaling about \$49 million.
10 There was a Mega program grant that is pending now that we
11 have bout just under a billion three that we are waiting
12 for an award on. We expect that those grants will be
13 awarded by the end of the year. And again, our numbers,
14 1.268 billion on that grant.

15 We have a railroad crossing elimination program
16 grant that -- waiting as well, pending for 67 million.
17 That would allow us to advance some grade separations in
18 Shafter. And then there are a couple more applications
19 coming up. One is what's called the CRISI grant, or the
20 Consolidated Rail Infrastructure and Safety Improvement
21 grant. And again that's -- we're looking at completing all
22 grade separations through Shafter with that grant request,
23 and that's coming up next for us by the end of November
24 here.

25 And then the big one later next year in 2023 is

1 what's called the federal-state partnership for intercity
2 rail. This is roughly a \$12-15 billion dollar program that
3 is really dedicated strictly to inner-city rail. And for
4 the components like cleaner, faster, in disadvantaged
5 communities, those are some of the things that the USDOT
6 will be looking at to award that grant. We will be going
7 in with a rather large grant request for that later in
8 2023. And so that's where we are.

9 We've identified over the course of the
10 infrastructure bill that passed -- over the next five
11 years, if congress and everybody holds to the numbers that
12 were part of that original act, we'd like to see about 8
13 billion come to this program out of that federal funding
14 that's where we -- that's been our goal since the program
15 started, and we remain active and aggressive in pursuing
16 federal grants. So that's where we are on this.

17 Next slide

18 That's about all I've got. So, with that, I'm
19 happy to answer any questions from the Members.

20 CHAIR RICHARDS: Thank you, Brian. (Clears
21 throat) Excuse me, colleagues. I don't -- I think you've
22 done a great job on this presentation and we appreciate it.
23 Alright, if there are no further questions or comments on
24 this, we'll move on to the next agenda item, which is --

25 BOARD MEMBER PEREA: Mr. Chairman?

1 CHAIR RICHARDS: Yes, go ahead.

2 BOARD MEMBER PEREA: Yeah, I just have one
3 question for you. The schedule that staff has been working
4 on, when can we expect that presented to the board?

5 CHAIR RICHARDS: The new construction and
6 completion schedule?

7 BOARD MEMBER PEREA: Yes.

8 CHAIR RICHARDS: Yeah.

9 MR. KELLY: Well, all of this will be, you know,
10 will be part of the Project Update Report that we submit to
11 the legislature in March. But let me say that what I just
12 gave you, and the construction dates that we just put in,
13 are the -- those reflect the construction schedules as we
14 see them right now. So, 2023 in Spring for CP4, end of '25
15 for 1, first quarter '26 for 2-3.

16 Now, there will be -- on 2-3 and 1, there will be
17 some movement but this is minor movement as we negotiate
18 time impact analysis and we work through the schedules that
19 they've submitted to use we've conditionally approved. But
20 as we go through those and lock em down further, you know
21 there will be -- I think 2-3 might come forward. I think 1
22 might slip a little bit, but it's going to be in the matter
23 of months or weeks and not years. And so, I think what
24 I've laid out here is exactly where we stand right now on
25 schedules.

1 CHAIR RICHARDS: Brian, I think that what we're
2 concerned about also or would be interested in seeing is a
3 more detailed schedule for beyond the 119 miles. But to
4 the --

5 MR. KELLY: Yes.

6 CHAIR RICHARDS: -- the 2030 date keeping in mind
7 Lynn's comment and Henry's also. But that's what will be
8 very important for us to see. Is that going to be
9 addressed in the PUR also?

10 MR. KELLY: Yes it will.

11 CHAIR RICHARDS: Okay, perfect.

12 MR. KELLY: We're required by statute to --

13 BOARD MEMBER PEREA: Mr. Chairman?

14 CHAIR RICHARDS: Yes, Henry?

15 BOARD MEMBER PEREA: Let me ask my question a
16 different way. And first let me say, I think since Brian's
17 been here there's been a tremendous amount of progress made
18 throughout the system with all the environmental clearances
19 et cetera. But the nagging problem that we've had is CP1
20 and elements of 2.

21 And the end of last year, we were committed a
22 schedule that we could hold ourselves accountable to. That
23 slipped to the first quarter of this year, to the second,
24 to the third. And what I thought that was coming soon.
25 But now what I'm hearing, is well what we just told you

1 today is pretty much what it is. Which really doesn't have
2 a lot of detail behind it. So, if I'm understanding
3 correctly that we're going to be substantially completed by
4 Q4 in 2023, I want to see the data that supports that. I
5 mean, how can this Board hold itself accountable to getting
6 this thing done if historically we keep giving deadlines we
7 can't meet.

8 MR. KELLY: Yeah, so I'm happy you asked the
9 question because that's exactly the task that we've
10 undertaken. You know, prior work done did not include full
11 scope of this program. What we've been doing since I've
12 been here is getting all of the scope into the program. I
13 can't give you the schedule or budget without the scope
14 complete. So, we are now working to get this scope done.

15 The schedules that I laid out to you, what I have
16 directed the team to do, since the scope is now getting
17 finalized, is to work with the contractors on what the
18 achievable schedules look like. That's what we have
19 received and conditionally approved and that's what I've
20 reported to you here.

21 I will say this too. The project update report
22 that we submit to the legislature in March, and that this
23 board will get a look at before it is submitted to the
24 legislature in March, will have as detailed an expression
25 of schedule for both the 119 miles and an estimate of

1 schedule for the Bakersfield to Merced stretch or how we're
2 proposing to achieve the 2030 date in it.

3 But in terms of your question on the 119, I think
4 what you're seeing here on what I'm just given you is the
5 result of months and months of work with the contractor to
6 identify when we think we can get these things done. And
7 so, and now that we have the scope mostly in on these, I
8 think these schedules become much more credible and much
9 more achievable. And I've directed the team to not give me
10 optimistic schedules, give me schedules we think we can
11 achieve.

12 And so, the end of '25 on 1 right now, the first
13 Q of 26 on 2-3 is where it stands as a conditional approval
14 by us. We have to negotiate some risk and mitigation
15 issues with the contractor on those. Those will settle,
16 but they will all be done certainly in time for the project
17 update report, and I'll provide all the data that you may
18 want on what that schedule looks like. But these are the
19 schedules, roughly, that they're going to be in the Project
20 Update Report. And again, they will move a little after
21 negotiation, but all of that will be laid out in the
22 Project Update Report, and to this Board before that report
23 is final.

24 BOARD MEMBER PEREA: And that's going to be now
25 first quarter of next year?

1 MR. KELLY: The Project Update Report on the
2 statute is due on March 1st. These -- the schedules I'm
3 providing you now are the construction schedules as we see
4 them. They, again, 1 and 2-3 will move slightly through
5 negotiations. But roughly what you're seeing is where we
6 think it's going to end. We think those are achievable
7 dates, and we will finalize those as best we can for the
8 Project Update Report. That will be, you know, either by
9 the end of this year, or in January. Because again, this
10 Board's going to see it before it's submitted to the
11 legislature.

12 BOARD MEMBER PEREA: Okay, but when we say,
13 Brian, that you know, here's the report that we think we're
14 going to achieve it. I mean, that's great. But like Lynn
15 was saying earlier, I mean, it's great to be optimistic,
16 but we have to have details behind it. You know?

17 And we all want to achieve the same goal,
18 obviously. We want to get this thing done. So if I'm
19 being told a Q-'23 now is going to be substantial
20 completion for CP1, I mean I'm not going to spend the time
21 on this Board Meeting to go into that kind of detail.
22 That's not -- I mean, I want to work with your staff, and I
23 actually as you were speaking, I sent Brian Annis and Garth
24 an email. I mean, I'd like to sit down with them and maybe
25 go back to the Finance and Audit Committee Report and just

1 taking that one bullet out, just see the utility relocation
2 like I asked you.

3 You know, tell me how many, how many there are,
4 how many are actually done, how many are in progress, how
5 many have yet to be started. And what's the plan to get
6 them done and where are they going to get done? I mean, I
7 think those are legitimate questions. I don't want to take
8 the time of this Board to ask each one of those now. But I
9 mean, I do want to sit down with staff because if we are
10 going to make Q4 2023, then there has to be substantial
11 movement on utility relocation. I mean that's pretty
12 simple.

13 MR. KELLY: There's no question about it. But
14 again --

15 BOARD MEMBER PEREA: I want to see your plan. I
16 just want to see the plan.

17 MR. KELLY: I will put it together and give it to
18 you. And again, I commend you to look at the F&A Committee
19 materials, because CP1 is very clear -- 384 have been
20 relocated, 343 are underway and approved, 265 are remaining
21 to start.

22 BOARD MEMBER PEREA: Yeah.

23 MR. KELLY: And that's CP1. And we have it in
24 there for each of these. And again, I'm happy to give you
25 guys whatever you need. But what I'm reporting to you

1 today is the result of months of months of work to get the
2 scope finalized so we can get schedules that make sense and
3 are achievable.

4 BOARD MEMBER PEREA: Understood.

5 MR. KELLY: And that's what I'm reporting to you
6 today. And I will provide all the detail that you want,
7 but I'd also commend you to take a look at what is at the
8 F&A Committee Reports, because they do, line by line, CP by
9 CP, go through the utility relocation numbers.

10 BOARD MEMBER PEREA: Understood.

11 BOARD MEMBER CAMACHO: Henry, one of the things
12 Jim Ghielmetti and I have been saying over and over again -
13 - it's a result of some of this is a result of our design-
14 build contract. Where, without the final design, we can't
15 put together a real schedule because it's never -- it has
16 not been designed. So, we have a cost issue, as well as a
17 time frame issue. And Jim has been on top of that as well
18 asking for when we go forward to look at a different
19 delivery method other than design and build.

20 You might want to comment now on that, Jim.

21 BOARD MEMBER GHIELMETTI: Yeah, thank you, Ernie.
22 Henry, I appreciate what you're saying. But Ernie's right
23 on. We don't have all the final plans completed yet. And
24 I'm, you know, I'm concerned about the schedule as you are,
25 but I'm more concerned about the final cost estimate.

1 Because we've thrown numbers around the state till the cows
2 come home, and we're not close to presenting to the public
3 what we think the real final numbers are to complete this
4 project. And I know Brian's staff has been working hard to
5 get there. But first, we've got to finish the design. The
6 design's almost finished. It's not finished on 4, it's
7 about to be finished on 1 and 2-3. So, as soon as we have
8 that completed, we can bear down on the cost and bear down
9 on the complete schedule, as Brian indicated.

10 UNIDENTIFIED SPEAKR: Well let me just say that--

11 BOARD MEMBER PEREA: Henry, maybe Mr. Ghielmetti,
12 if I can just ask you one question. And obviously you have
13 the expertise in construction much more so than most of us.
14 So just taking for example, utility relocation. And maybe
15 I'm putting the cart before the horse. Is what you're
16 talking about, does that have to be resolved before these
17 known utility relocations can be settled?

18 BOARD MEMBER GHIELMETTI: Well, we need to know
19 what they are so we can put a cost behind it.

20 BOARD MEMBER PEREA: Alright.

21 BOARD MEMBER GHIELMETTI: Yeah. And so they're
22 working -- you know there's a lot of loose ends that are
23 coming to the end of the trail. But we're not quite to the
24 end of the trail yet so that we can say with a great degree
25 of certainty that here are the final number estimates to

1 finish the project, and here is the precise schedule.

2 As Ernie said, you know, these designs have to be
3 finished. Not just to construction designs, but utility
4 relocations. You know, as far as right of way goes, we've
5 added some parcels, we've taken some parcels away, and
6 that's all a result of finalizing the design. So, it's a -
7 - this thing as you know, was a complete mess before. And
8 we're just trying to put Humpty Dumpty back together again.

9 BOARD MEMBER PEREA: Understood.

10 BOARD MEMBER GHIELMETTI: And get to the bottom
11 of schedule and costs.

12 BOARD MEMBER PEREA: But let me ask you this.
13 Let me ask you and Ernie this. I mean, again, going back
14 to this report where now with the expertise and the deep
15 dive you all, you both have been doing. Is Q4 2023 a
16 realistic date for substantial completion for CP1? If it
17 is, then I'll rely -- if you say yes, then okay, then it's
18 yes. If you say no, then I just -- I don't want to tell
19 the public any more that are not true. There've been too
20 much of that. And if that's not a realistic date based on
21 what you know and what you're seeing and what you know
22 needs to be done, then why are we saying that?

23 MR. KELLY: Before you answer that, I want to
24 just be clear. The CP1 date is Q4 of 2025, not '23. CP4
25 is Q1 of 2023.

1 BOARD MEMBER PEREA: Okay.

2 MR. KELLY: So, I just want to be really clear on
3 that. And again, you know, the schedule comes out of when
4 we think we'll complete these utility relocations. Jim
5 Ghielmetti is absolutely right. Design is the precursor to
6 all of this. You have to get the designs done so you can
7 move the utility relocations. I -- one of the earlier
8 slides, if you look at slide 11 Henry, the -- in 2018, we
9 had 52 of the structure-design elements complete here. We
10 needed 163. So 100-- as of today, 163 are done. And that
11 was just for the structures we're building. So now we know
12 what those are, we know what that scope is. That's
13 advancing.

14 What's left in the other slide is the slide on
15 the design, which is the next slide, slide 12. We have to
16 finish designs for the utility relocations. There's 1,860
17 utility relocations. The designs done as of today are
18 1,423. And we are working to complete all the rest of
19 them. We think we'll be at 98 percent done by June of '23.
20 And then it's about finalizing the agreements to move the
21 relocations and get em done. And so, we are -- we're goo--
22 these are the things that were untied before that are now
23 being tied up so that we can do the construction work. But
24 the estimate of schedule, all work of right of way and
25 relocation dates. That's what we've brought --

1 BOARD MEMBER CAMACHO: Henry, one of the --

2 BOARD MEMBER PEREA: Jim, Jim, could -- yeah.
3 Ernie, could you answer my question though? And it's
4 correct, it's 2025.

5 BOARD MEMBER CAMACHO: Yeah. One of the things
6 that we have to appreciate in your case is that this is
7 your back yard. And you have to answer questions to your
8 constituency out there on a daily basis. And I can sense
9 the frustration, and I agree with you. And I would be more
10 than happy to join you if in fact you would like to get a
11 deeper dive into that, again, for a validation

12 So, you know, I can sense that frustration. I
13 get asked questions as well. But you live there. So, you
14 know you get it every day first-hand. So, I'd be more than
15 happy to help you and join with you if in fact you want to
16 take a deeper dive.

17 BOARD MEMBER PEREA: Alright, thanks, Ernie.

18 CHAIR RICHARDS: Alright, everybody. What we're
19 really looking at, again, I apologize for my voice. What
20 we all -- what certainly those of us that are in the
21 construction business realize -- usually, the first thing
22 you would have been doing was utility relocations before
23 you even started construction. So, what we're doing is
24 we're trying to right the process that wasn't able to be
25 done that way at the outset because of commitments that

1 were made to the federal government in terms of how soon
2 the money had to be spent.

3 If it was done the way that we do in our
4 businesses, and there's three of us on this board that do
5 this, this was -- this process would have been very, very
6 different. So, I think that what we've done over the last
7 four years since Brian has taken over, is to try to get us
8 back into a focus of what should have been done first by
9 trying to get them done after the fact, which has made it
10 even more difficult.

11 But I think that in terms of what members of this
12 Board should feel some confidence in, is that I cannot
13 imagine any one of nine votes would ever be cast by this
14 Board or probably succeeding boards, to continue doing what
15 we ended up doing back in 2013 and '15. So that's the
16 change. It wasn't that people didn't understand it, it was
17 a commitment for the funding in order to move this project
18 forward. As frustrating as that may be, but that's where
19 we were.

20 And so, you all have made a number of very
21 pertinent comments all leading in the same direction. But
22 the fact of the matter is, I cannot imagine that this board
23 would support -- nor do I believe management would bring an
24 alternative which would include design-build again.
25 Anyway, thank you all very much. And Henry, thank you very

1 much for bringing it to focus.

2 Is that -- Brian, where do you want to go next?

3 We're done on it.

4 MR. KELLY: Unless there's more questions, Mr.
5 Chairman, on that presentation I'm --

6 CHAIR RICHARDS: Yeah, let's just go to the next.

7 MR. KELLY: I'm happy to move to the next --

8 CHAIR RICHARDS: Okay. Thank you. Thank you all
9 very much.

10 MR. KELLY: Mr. Chairman, you want to move to the
11 next agenda item?

12 CHAIR RICHARDS: Yes, yes that's where we are.

13 BOARD MEMBER ESCUTIA: Mr. Chairman, before we--

14 CHAIR RICHARDS: Yes?

15 BOARD MEMBER ESCUTIA: Yes. I'm almost kind of
16 like afraid of asking this question because I don't--

17 CHAIR RICHARDS: No, please don't.

18 BOARD MEMBER ESCUTIA: -- mean to, you know. But
19 I remember last time - and by the way, all this stuff from
20 me as one of the new members really helps me you know
21 understand the constraints that you have been put under as
22 a result of whatever happened in the past. And obviously
23 we have to just have to now muddle our way forward as
24 efficiently as possible.

25 But in terms of efficiency, and also in terms of

1 transparency, I believe that Mr. Camacho last meeting had
2 asked for a schedule, a written schedule of procurement
3 opportunities. And for me, that's really interesting
4 because obviously we all believe in a competitive
5 environment. And at the same time we need to figure out
6 that our conflict of interest rules are really buttoned up.

7 Are we as a Board going to get -- I mean I know
8 that Henry asked for a schedule. So, his schedule for his
9 issues, I'm going to ask for this schedule and Mr. -- maybe
10 Mr. Camacho might decide to help me out here. But are we
11 going to get a copy of that schedule pursuant to Mr.
12 Camacho's request as to what are the --

13 MR. KELLY: Just as --

14 CHAIR RICHARDS: Excuse me a second. What's
15 happening next, I'm sorry Martha. But what's happening
16 next on the CEO of report, is Brian is going to make a
17 presentation with regards to upcoming procurements.

18 BOARD MEMBER ESCUTIA: Okay.

19 CHAIR RICHARDS: That's coming next. And in
20 meeting next in a moment. I believe that will be a verbal
21 presentation. We -- I'm sure that Brian will forward, and
22 I'm going to ask him to forward those procurements that are
23 provided for -- not the procurements, but that list of what
24 we should expect. I think the question that Ernie had
25 asked was what have we got coming forward in the net six

1 months?

2 BOARD MEMBER ESCUTIA: Right.

3 CHAIR RICHARDS: So --

4 BOARD MEMBER ESCUTIA: Okay, alright. I'm sorry
5 for having --

6 CHAIR RICHARDS: No, not at all.

7 BOARD MEMBER ESCUTIA: -- you know, jumped the
8 gun here.

9 CHAIR RICHARDS: No, not at all. Don't be sorry
10 about anything. Alright Brian, on your CEO report. We'll
11 go ahead and move to that now.

12 MR. KELLY: Thank you, Mr. Chairman. If you can
13 pull up the power point. Next slide.

14 Alright members. Director Camacho did ask what
15 the future procurements that we're governing before this
16 Board over the course of the next six months to year are.
17 And this is a brief list of what those will be. The first
18 is the rail systems engineering systems services contract.
19 And I'm going to jump from this to the bottom bullet point,
20 the construction management services for rail design-build-
21 maintain contracts as well. So just talk about these two
22 first.

23 You may recall, when we did what's called the PDS
24 contract, the AECOM-Fluor contract. That contract did not
25 include some elements that we have here at the authority by

1 contract with WSP. And that includes the rail systems
2 engineering services, as well as potential construction
3 management services for rail contracts.

4 When we say rail contracts, these are contracts
5 like track, systems, signaling, rolling stock. And so,
6 there is a construction management contract that will come
7 forward for that. And the rail systems engineering
8 services contract is expertise that we will go out for to
9 help us make sure that we are meeting all testing and
10 commissioning requirements for high-speed rail services,
11 that we are integrating the contracts well from a
12 management perspective between systems, signaling, rolling
13 stock and track.

14 And so the rail and engineering -- rail systems
15 engineering services contract is the first one that will be
16 an RFQ. We want to bring that one to the board relatively
17 soon, whenever the board is ready for us to bring that. I
18 know there's work we're doing on the conflict of interest
19 policy. But that's the first one that would come out.
20 Likely, the second one would be the construction management
21 service is one that would be in place to help us get ready
22 for track and systems and rolling stock.

23 Track and systems restructured contracts, and
24 this is -- we may not go out with the same structure that
25 we did with the last one. But, restructured a bit to make

1 sure that we're maximizing competition going forward.
2 We're looking at seeing this later in 2023. And rolling
3 stock will likely be at the very end of 2023.

4 And then how we pair and match which parts will
5 be track, which ones will be systems, signaling, and how
6 and whether it relates to rolling stock, that's a strategic
7 decision that we still have to work through and make. But
8 these are the four upcoming procurements that will come
9 before the board during 2023. Again, rail systems,
10 engineering services, track and systems, restructured
11 contracts, rolling stock, and the construction management
12 services.

13 Just a note on the differences. The rail systems
14 engineering services and the construction management are
15 straight what we call A&E contracts for services. And so
16 those will be done through an RFQ process. The other two
17 which involve --

18 BOARD MEMBER ESCUTIA: Brian, what's A&E?

19 MR. KELLY: Architectural engineering services.

20 BOARD MEMBER ESCUTIA: Alright.

21 MR. KELLY: A&E. We use an RFQ process for
22 those. The tracking systems and the rolling stock, which
23 involve the manufacturing of a train against a schedule or
24 the completion of construction work against a schedule,
25 those will involve both an RFQ to qualified firms, but then

1 an RFP process as well. So those will be a two-step in
2 those.

3 And again, these will come out over the course of
4 the next 12 months. We have not laid out the specific
5 schedule on these procurements yet because we're working
6 through the strategy on the tracking systems now which we
7 have just concluded the last one. And so these are the
8 four issues that will come before the board over the course
9 of the next year in terms of our end.

10 BOARD MEMBER ESCUTIA: Alright. I have a
11 question on construction management services, if I may?

12 MR. KELLY: Yeah.

13 BOARD MEMBER ESCUTIA: I just wanted to again
14 clarify, Brian, that when we discuss construction
15 management services as part of the overall contract that
16 was granted last Board Meeting to AECOM. I think, if I
17 remember correctly, I think you stated that the
18 construction management services could go to AECOM as part
19 of your effort to perhaps do almost like a one-stop, you
20 know -- I know you did not use those words, a one-stop.
21 But you seem to want to put everything together with AECOM.
22 But however, if I remember correctly, you said there's also
23 an option to contract out that construction management
24 services aspect of it to the broader world, so in order to
25 increase competition. Have I - what I said, is that

1 accurate?

2 MR. KELLY: Well let me clarify just one point.
3 The construction that we're looking at whether AECOM can
4 provide is what's now been the construction management over
5 the 119 miles in construction in the valley. This
6 construction management that's listed here is construction
7 management over the next rail issues, tracking systems,
8 signaling, those things. Those will not be done through
9 AECOM and Fluor. These will be done through a separate
10 contract with CM for the rail related stuff.

11 The issue about whether we would use AECOM-Fluor
12 for current construction management issues are -- that's an
13 evaluation that we want to conduct to make sure before we
14 just keep extending these current contract managers should
15 we use AECOM to do it as a more consolidated and
16 streamlined way of advancing that. And we -- that's a
17 decision that we're looking at and making. We'll talk to
18 the board about. But that is outside of the CM services
19 for the rail services.

20 BOARD MEMBER ESCUTIA: Alright, thank you for the
21 clarification. And I'll just stop right there because I,
22 you know, I don't want to, you know, get in too deep into
23 this on stuff that I don't know. But thank you for that.

24 BOARD MEMBER CAMACHO: Martha, the CM that you're
25 referring to, or that Brian just referred to, is the CM for

1 CP1, 2, 3, and 4. That was what he was talking about
2 incorporating into the PDS contract. These are independent
3 from that.

4 BOARD MEMBER ESCUTIA: Okay.

5 MR. KELLY: Alright.

6 BOARD MEMBER ESCUTIA: Got it. But I mean, but,
7 however, yes. It could be incorporated into the AECOM PDS
8 contract. But if this board decided to perhaps, you know,
9 contract it out to the outside world, that can be done too.
10 Correct?

11 MR. KELLY: Yeah, it can be. But I want to be --
12 we -- look. We can talk about this a thousand different
13 ways, but I would just say that remember that like for
14 example, CP4 is going to come to conclusion in the very
15 beginning of 2023. So, we're not going to contract out
16 that work. Right? That's coming to an end.

17 In terms of 1 and 2-3 that will have a little
18 more time left, the issues is whether or not we want to use
19 -- streamline the number of different contractors we have
20 to manage existing work. And that's an option that we
21 have. I'm happy to talk to the board about it before any
22 final decision is made, and I think I've committed to do
23 that. And so -- but that is just on the 2-3 and 4 work.
24 Sorry, 1 and 2-3 work that is let.

25 But even on those, I would probably not recommend

1 that you do a new procurement on that in the middle of that
2 work coming to the end. In other words, I would either
3 keep the PCM's we have in place now on that work, or I
4 would consider asking the PDS to take that work over. But
5 not start a whole new procurement process that might take
6 six or eight months when the work is going to conclude
7 shortly thereafter.

8 So I -- that's why there's a separation of
9 looking at it there. But on this CM work for the rail
10 stuff, that's a different -- that's not going to involve
11 AECOM-Fluor.

12 BOARD MEMBER ESCUTIA: Alright. Thank you for
13 the clarification.

14 BOARD MEMBER CAMACHO: Brian, one question. When
15 does the CPM for the CM contracts expire under CP1 and 2-3?

16 MR. KELLY: Well, you know,

17 BOARD MEMBER CAMACHO: In terms of funding

18 MR. KELLY: Well Fluor will extend into the
19 conclusion of that work --

20 BOARD MEMBER CAMACHO: Yeah.

21 MR. KELLY: -- because Fluor is going to conclude
22 in the first quarter '23. The other ones have an interim
23 date of concluding by December of this year. But remember,
24 they have been extending about a year at a time right now.
25 And so, I will likely extend them a little further as we

1 evaluate the ability --

2 BOARD MEMBER CAMACHO: Okay.

3 MR. KELLY: -- of others to do. And so that's
4 where those stand right now.

5 BOARD MEMBER CAMACHO: So we are without CM
6 services?

7 MR. KELLY: We will not be without CM services.

8 BOARD MEMBER CAMACHO: Okay. Thank you.

9 MR. KELLY: Right.

10 CHAIR RICHARDS: And then management will be back
11 before the Board with its recommendation on how we move
12 forward later.

13 MR. KELLY: That's correct.

14 CHAIR RICHARDS: Okay.

15 BOARD MEMBER ESCUTIA: Thank you.

16 CHAIR RICHARDS: Go ahead, Brian, if you've got
17 anything else.

18 MR. KELLY: No, nothing more on this. Just the
19 last slide I have is a quick program update and then I'm
20 done.

21 CHAIR RICHARDS: Okay.

22 MR. KELLY: The program update here is just last
23 night in Los Angeles the Authority received another award
24 from the Women in Transportation Seminar, this time, the
25 Los Angeles Chapter, for recognizing our work as employer

1 of the year, mostly because of the diversity in our
2 workforce, particularly with women executives who are
3 helping us advance this program. When you look at our
4 executive team, we've got great, great professionals on
5 this.

6 And look, when I came into transportation 28
7 years ago, it was a male dominated field. That's no longer
8 the case here, it's really not the case at the Authority,
9 and it's just nice to receive the recognition for the
10 diversity that we bring to the table here. And so, I'm
11 appreciative of the recognition from the Los Angeles Women
12 in Transportation seminar. Got pictures of our regional
13 director, LaDonna DiCamillo, receiving that award. And
14 that's the second chapter award we received this year on
15 this. So again, just wanted to tout the executive team on
16 this stuff. And again, appreciative of that recognition
17 from the Women in Transportation.

18 BOARD MEMBER ESCUTIA: Well congratulations,
19 Brian, and congratulations to Staff. You know, next time
20 for future reference, if there's such an opportunity, if
21 you can let some of us know who live in Los Angeles. I
22 would have loved to have attended that award ceremony and
23 give support to our staff.

24 MR. KELLY: Happy to do that.

25 UNIDENTIFIED SPEAKER: I would have as well.

1 BOARD MEMBER ESCUTIA: Yeah.

2 MR. KELLY: We'll do that.

3 CHAIR RICHARDS: Thank you, Brian.
4 Congratulations.

5 MR. KELLY: That's all I have Mr. Chairman,
6 thanks.

7 CHAIR RICHARDS: Okay, thank you. The final item,
8 colleagues, is Finance and Audit. And I'll make this
9 really short so you're not having to bear with my scratchy
10 voice here. I will not talk here at all about the Central
11 Valley Update, you've heard on that already in the earlier
12 presentation and it's certainly than we got in Finance and
13 Audit today. Just a couple quick things with regards to
14 where we are in other areas on cash management, for
15 instance.

16 We've got -- this is at the end of September, we
17 have \$1.9 billion which in the bank 100 -- or 1.8 of that
18 is from cap and trade. Expenditures in that month were 117
19 million. The admin budget which has got a limitation on
20 how much we can spend on admin which is two percent. We
21 had spent 15 million through the first three months of this
22 current fiscal year. That happens to be about 16 percent
23 of what's budgeted in this fiscal year for admin.

24 Our capital outlay budget this year, as mentioned
25 last month, is 2.3 billion. We spent, in the month of

1 September, 211 million or about nine percent of that
2 budgeted amount for the fiscal year. Monthly expenditures
3 were at 74 million in the month of September. Looking
4 ahead to October, which is just a look ahead, there's a
5 substantial increase going into October where the estimate
6 is that it will be about 123 million, or about 65 percent
7 greater than it was in September. 30 million of that is
8 invoicing for the Hanford viaduct project, which is under
9 construction as you know.

10 Construction contingency stood at 977 million.
11 And looking ahead into October, the estimate was a draw
12 down on that by another 291 million. And just looking
13 forward from a Board Member's perspective, we would
14 anticipate, through comments made at F&A and with questions
15 asked by the Committee members, that the Board will be
16 looking at a request from management some time in the
17 coming months with regards to additional funding for the
18 contingencies.

19 With that, I don't have anything that I am going
20 to add for the Finance and Audit committee, the meeting
21 today. Are there any questions on anything that I had
22 stated?

23 Alright, well thank you very much and thank you
24 for your participation and attention. I think some very
25 important things were raised today. And Brian, I think

1 that your Central Valley Update was extremely helpful. And
2 I guess you could clearly say there's never enough
3 information, but it certainly was very helpful. And I am
4 confident that we're moving in the right direction. When
5 you come from so far back it makes it sometimes more
6 difficult to think you've gone far enough to -- and none of
7 us would like to say that it's far enough yet, but we're
8 getting there. And we'll certainly be looking at a
9 different approach to future construction for this project.

10 With that --

11 BOARD MEMBER PENA: (AUDIO CUT OUT)-- Board too.

12 CHAIR RICHARDS: Yes, hi Margaret.

13 BOARD MEMBER PENA: Hi, I just want to
14 congratulate Brian and the staff on the award.

15 MR. KELLY: Oh, thank you.

16 BOARD MEMBER PENA: That they received. I think
17 that is extremely important.

18 CHAIR RICHARDS: Thank you, Margaret, very much.

19 If there are no other comments from any members
20 of the Board, thank you for being here. We'll see
21 everybody on December the 15th. I believe that we can plan
22 on that being an in-person meeting in Sacramento. With
23 that, Happy Thanksgiving to you all and have a great day.

24 (The California High-Speed Rail Authority
25 adjourned at 12:00 p.m.)

CERTIFICATE OF REPORTER

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 12th day of December, 2022.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

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

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

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

December 12, 2022