

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD OF DIRECTORS MEETING

July 27, 2023
10:00 a.m.

LOCATION

California High-Speed Rail Authority
Department of Food and Agriculture Auditorium
1220 N Street
Sacramento, CA. 95814

Public Comment by Zoom:
<https://hsr-ca-gov.zoom.us/j/82726172478>

Webcast available at www.hsr.ca.gov.

Pursuant to Government Code section 11133, the California High-Speed Rail Authority's June 29, 2023, board meeting will be conducted in-person and via webinar. Board Members will participate in the meeting from The Department of Food and Agriculture, 1220 N Street, Sacramento, CA, and individual remote locations. Members of the public can view the board meeting either in-person or online at <https://hsr.ca.gov/>.

Reported by:
M. Nelson

APPEARANCESBOARD MEMBERS

Tom Richards, Chair

Nancy Miller, Vice Chair

James Ghielmetti

Martha Escutia

Lynn Schenk

Ernest Camacho

Henry Perea

STAFF

Brian P. Kelly, Chief Executive Officer

Brian C. Annis, Chief Financial Officer

Bill Casey, Chief Operating Officer

Bruce Armistead, Chief of Rail Operations & Maintenance

Dennis Kim, Director of Real Property

Britton Snipes, Board Secretary

PRESENTERS:

Tom Richards, Chair, Board and Finance & Audit Committee

Brian P. Kelly, Chief Executive Officer

Bruce Armistead, Chief of Rail Operations & Maintenance

Bill Casey, Chief Operating Officer

PUBLIC COMMENT: (*for Zoom / Online Participants)

Rolan Lebrun*

Jonathan Powell*

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P R O C E E D I N G S

10:00 a.m.

PROCEEDINGS BEGIN AT 10:00 A.M.

CALIFORNIA, THURSDAY, July 27, 2023

CHAIR PRO TEM RICHARDS: Good morning ladies and gentlemen, if you'll please take your seats. We'll get underway here, with you listening in the audience, welcome and for you here with us. Welcome to you.

Also. This is the July 27th meeting of the California High Speed Rail Authority Board of Directors. We will start by calling the meeting to order. If the secretary will please call the role.

BOARD SECRETARY SNIPES: Thank you. Mr. Chairman.
Director Schenk.

BOARD MEMBER SCHENK: Here.

BOARD SECRETARY SNIPES: Chair Richards.

CHAIR PRO TEM RICHARDS: Here.

BOARD SECRETARY SNIPES: Director Camacho.

MEMBER CAMACHO: Present

BOARD SECRETARY SNIPES: Vice Chair Miller.

VICE CHAIR MILLER: Here.

BOARD SECRETARY SNIPES: Assemblymember Arumbula.

(No reply)

BOARD SECRETARY SNIPES: Director Perea.

BOARD SECRETARY SNIPES: Director Ghielmetti.

BOARD MEMBER GHIELMETTI: Present.

1 BOARD SECRETARY SNIPES: Director Escutia.

2 (No reply)

3 Director Williams.

4 (No reply)

5 Senator Gonzalez.

6 (No reply)

7 Director Cohen.

8 (No reply)

9 BOARD SECRETARY SNIPES: Mr. Chairman, we have a
10 quorum.

11 CHAIR PRO TEM RICHARDS: Thank you. And we expect
12 Directors Cohen and Perrea shortly. And did you say
13 Assemblymember Arumbula? Did you say he will be joining later or
14 not or did you know?

15 BOARD SECRETARY SNIPES: I don't know, sir.

16 CHAIR PRO TEM RICHARDS: Okay. Alright. Thank you.
17 Alright. With that, if I could ask Director Camacho to lead us
18 in the Pledge of Allegiance.

19 (Whereupon the Pledge of Allegiance is recited.)

20 CHAIR PRO TEM RICHARDS: I'm also going to just ask
21 all of us to have your microphones close to your mouth when
22 you're using it. And please remember that when you're not
23 speaking, if you'd please turn your microphones off.

24 Next, if we could ask the Secretary to give the
25 instructions to those who wish to speak to the board today.

1 BOARD SECRETARY SNIPES: Thank you, Mr. Chair.

2 Good morning, everybody. Before we begin public
3 comment for the High Speed Rail Board Directors Meeting, I would
4 like to go over some important information for members of the
5 public who have joined us in person and wish to provide public
6 comment. You'll be called upon in the order that we've received
7 your card. If you're joining the meeting via Zoom and wish to
8 provide public comment, please use the raise your hand feature
9 at the bottom of your screen or if you're dialing in by phone
10 pressing the number two will raise your hand and put you into
11 our queue. Speakers will be called upon in the order that their
12 hands are raised. Once you are in the queue and your name is
13 called, please click the prompt on the screen to allow your
14 microphone to be unmuted. If you're joining by phone, we will be
15 calling you by the last four digits of your phone number. At
16 that point, you'll hear a message that your phone is being
17 unmuted. Each speaker will be given two minutes to speak. I'll
18 remind you when you have 15 seconds remaining. When it is your
19 turn to speak, please speak slowly and clearly. Say your first
20 and last name and if applicable, state the organization you are
21 representing.

22 Mr. Chairman, we do not have any in-person speakers
23 today, so we'll start with the Zoom participants.

24 CHAIR PRO TEM RICHARDS: Please.

25 BOARD SECRETARY SNIPES: Our first speaker will be

1 Roland.

2 CHAIR PRO TEM RICHARDS: Good morning, Roland.

3 MR. LEBRUN: Good morning. Can you hear me?

4 CHAIR PRO TEM RICHARDS: We hear you fine.

5 MR. LEBRUN: Good morning, Chair Richard, Board
6 Members. Roland Lebrun, San Jose, thank you for the opportunity.
7 I would like to attract your attention to slide four of the
8 budget presentation, which shows that CP1 and CP2-3 have
9 accumulated a total of \$9 billion in change orders. The CP1 now
10 at 500% over budget and CP2-3 at 400% over budget. This is very
11 similar to what happened to high speed two in the UK with the
12 following differences.

13 First, the project was fully funded before the start
14 of construction.

15 Second, cost over loans are currently at hundred
16 percent currently over budget with some estimates as high as
17 200%.

18 Third, the government initiated Project Blue Diamond
19 to reduce the scope of the project, including (inadubile)
20 Houston Station Terminus in London. And last but not least, the
21 terminated Mark Thurston HS two Chief Executive a couple of
22 weeks ago without any succession plan. In closing, my question
23 to the Chair is whether we have a subsection plan in place
24 should Mr. Kelly elect to announce his retirement? Thank you.

25 BOARD SECRETARY SNIPES: Our next speaker will be

1 Jonathan Powell.

2 MR. POWELL: Hi, I am Jonathan Powell. I want to voice
3 my support for the project, especially the completion of the
4 Guideway in CP4. During your last Board meeting, I was coming
5 back from the US from Europe after taking trains from Paris to
6 Copenhagen. The highlight of the trip to me was taking the
7 French TGV, going 200 miles per hour between Paris and
8 Frankfurt. I'd like to remind the Board that this is a foreign
9 to most Americans and continue on with this work, especially
10 getting a section operational so that the public themselves can
11 experience this. I would also like to recommend that the Board,
12 if not cost prohibitive, look into seating that can always face
13 the direction of travel since typical Americans are not
14 accustomed to facing backwards in train travel. Thank you.

15 BOARD SECRETARY SNIPES:

16 We have no additional speakers.

17 CHAIR PRO TEM RICHARDS: Alright, thank you.

18 We'll now move on to the published agenda for today's
19 meeting. Item number one is the approval of the June 29th
20 minutes if there are no changes or approval.

21 BOARD MEMBER COMACHO: Move approval.

22 VICE CHAIR MILLER: Second.

23 CHAIR PRO TEM RICHARDS: Okay. Motion and a second.

24 All in favor? Oh, excuse me. Call the role please.

25 BOARD SECRETARY SNIPES: Director Schenk.

1 MEMBER SCHENK: Yes.

2 BOARD SECRETARY SNIPES: Chair Richards?

3 CHAIR PRO TEM RICHARDS: Yes.

4 BOARD SECRETARY SNIPES: Director Camacho?

5 MEMBER CAMACHO: Yes.

6 BOARD SECRETARY SNIPES: Vice Chair Miller?

7 VICE CHAIR MILLER: Yes.

8 BOARD SECRETARY SNIPES:

9 Director Perea.

10 Director Ghielmetti.

11 MEMBER GHIELMETTI: I need to abstain.

12 BOARD SECRETARY SNIPES: Director Escutia.

13 Director Williams.

14 Director Cohen.

15 BOARD MEMBER COHEN: Aye.

16 BOARD SECRETARY SNIPES: Mr. Chairman, we have four.

17 We would need five for a quorum.

18 CHAIR PRO TEM RICHARDS: All right. Why don't we do
19 this, we'll pick this up later in the meeting today when we've
20 got the Director Perea and or Director Cohen on board?

21 BOARD SECRETARY SNIPES: Yes, sir. Okay.

22 CHAIR PRO TEM RICHARDS: Alright. We'll come back to
23 item number one.

24 Item number two. I'll tell you what Brian, what I'd
25 like to do is probably also go out of order on this one and also

1 since this is an action item.

2 So what we're going to do is start then with item
3 number three.

4 Ladies and gentlemen, the reason we're doing this is
5 we don't have a quorum. We know that two of our Do we?

6 (Off mic conversation)

7 All right. It was corrected. Anyway. I've been, as
8 it's been pointed out to me by the CEO, because we don't have
9 anybody who would have to recuse themselves on the budget,
10 Brian, but we'll go back to item number one, the minutes for
11 June 29th. So is Director Cohen on board?

12 BOARD MEMBER COHEN: Yes.

13 CHAIR PRO TEM RICHARDS: Okay, great. Let's just call
14 for the vote for approval of the minutes again, Mr. Secretary,
15 please call the roll

16 (OFF MIC COLLOAQUY)

17 CHAIR PRO TEM RICHARDS: Alright. The CEO's taken
18 responsibility for that one. We're going to do that shortly.

19 MEMBER ESCUTIA: Mr. Chairman -

20 CHAIR PRO TEM RICHARDS: If we can bring -

21 MEMBER ESCUTIA: Mr. Chairman, in order to move the
22 minutes along and just move the proceedings along would it be
23 proper for me to perhaps provide a courtesy yes vote?

24 CHAIR PRO TEM RICHARDS: No. I think it's fine. We
25 will be just fine. Okay. We'll just go because you can vote on

1 the next item, which is the 23/24 budget. So please come back up
2 and don't talk about our incompetence please.

3 (LAUGHTER)

4 MR. ANNIS: Good morning, Board Members. So I'm coming
5 to you with an annual action item for board policy 11-001
6 directs staff to come to the Board for budget approval. So each
7 year about this time, we come and ask for approval of the fiscal
8 year budgets. We're proposing a 23/24 capital budget of about
9 \$1.8 billion and a 23/24 fiscal year administrative budget of
10 \$95 million. So in this presentation, we'll just go through the
11 budget package the legislature recently enacted and the governor
12 signed, review the revenues available to fund fiscal year
13 expenditures and go through some of the proposed expenditures
14 for the budget year.

15 On the next slide, let's see one more slide forward.
16 So, recently the governor did sign the 2023 Budget Act. The main
17 bill was Senate Bill 101, and in that bill there was inclusion
18 of state operations funding for the High Speed Rail Authority.

19 Prop 1A, an appropriation for administration and we
20 also have a cap and trade authority for administration. So that
21 legislative approved budget package for our operations is \$95.2
22 million. We also have continuing funding for our capital budget.
23 It was not in SB 101 because we're appropriated for capital on a
24 multi-year continuous basis with the Proposition one, a bill
25 that the legislature passed last year that released the final

1 \$4.2 million of Prop one a bond funds. And then the cap and
2 trade authorization goes back to 2014 and that's a continuous
3 appropriation. There were some budget trailer bills that impact
4 the authority as well. I mentioned here SB 146 that has to do
5 with a NEPA assignment in the CEO report. There's a little more
6 detail on this bill and a second bill. So I'm going to defer
7 that discussion to the CEO report. But to mention here, the
8 budget package did include both the appropriations needed for
9 our fiscal year budget and some trailer bill legislation that's
10 helpful to moving our project along. Next slide.

11 So we did come to the board in March after the project
12 update report was released and proposed a change to our multi-
13 year program budget, which the board approved. So this is a
14 summary of the board approved program budget or expenditure
15 authorization, which is \$20 billion Today. I'm not requesting
16 any change to this program budget. It's rather the fiscal year
17 slice of activities that's consistent with this budget the board
18 approved in March. Next slide.

19 We do have sufficient revenues to support the fiscal
20 year budget. We reported to the F&A Committee this morning that
21 our cash balances are currently almost \$3.2 billion. We also are
22 supported in our fiscal year budget by some of the recent
23 federal grants. We have about \$13 million of budgeted
24 expenditures from the first two of the RAISE grants. We've been
25 awarded \$7 million for the Merced extension design contract and

1 \$6 million for the Highway 46 project that we're doing in
2 coordination with Caltrans. Lastly, we also have incoming cap-
3 and-trade auction proceeds. Those auctions are quarterly, so
4 next one will be in August. So we do expect to have inflow of
5 additional cap and trade revenue between \$750 million to a
6 billion dollars. And lastly, we have about \$3.4 billion of Prop
7 1A bond authority that represents unsold bonds, but bonds that
8 have been authorized by the legislature to support our Central
9 Valley construction and also our bookend projects. Next slide.

10 So our proposed budget for capital is listed here by
11 major categories and also fund type. So project development, we
12 have a budget of \$167 million. That does include the development
13 or design advancement for the Merced extension, the Bakersfield
14 extension, finishing the remaining environmental segments,
15 Palmdale to Burbank and LA to Anaheim. And then our construction
16 budget here is about \$1.5 billion. With the fund sources listed
17 primarily Prop1A, we'd be utilized. And finally we have the
18 bookend projects at budget of around \$200 million. And the two
19 projects that are drawing money primarily right now are the
20 Caltrain electrification and the Rose Krantz Marquardt project.
21 Next slide.

22 So as I mentioned, the legislative approved budget
23 governor's proposed budget for our admin \$95.2 million and here
24 we list how that's allocated among the various offices at High
25 Speed rail program delivery or construction. And project

1 development branches make up almost half of our expenditures or
2 budgeted plan at about \$41 million followed by information
3 technology, administration and finance.

4 I will mention as the budget does include some
5 mechanisms for the Department of Finance to adjust the budget
6 slightly after enactment for things such as healthcare related
7 benefits or negotiated agreements with unions, et cetera. So
8 this \$95.2 million well likely get adjusted in a small amount
9 come January by the Department of Finance. Next slide.

10 So that concludes the presentation. Again, this is an
11 action item. So there's a resolution in the materials and the
12 request is that the board approve 23/24 a capital budget of
13 \$1,825 million and approve the administration or administrative
14 budget of \$95.2 million.

15 CHAIR PRO TEM RICHARDS: Thank you, Mr. Annis.
16 Director Schenk.

17 MEMBER SCHENK: Thank you. Brian, just on the cap and
18 trade, I'm just curious, this anticipated revenue, is that based
19 on historical data and is this a conservative approach or are we
20 thinking that it's going to be even more than it's been in the
21 past?

22 MR. ANNIS: Yeah, I believe the last four auctions
23 have exceeded \$900 million of revenue for the authority. So it's
24 definitely been on the upswing. The settlement prices in the
25 auctions since the recovery from COVID have been higher than

1 they were before. So they're fairly, I think the floor price for
2 cap and trade or the minimum price is something around \$22-23
3 and we've been settlement prices of about \$28 a credit. So yeah,
4 it continues to be robust. All the credits offered for a sale
5 had been selling in recent times, so our project update report
6 did use the same range of \$750 million a year to a billion a
7 year. And again, recent experience over the past year or two has
8 been closer to the billion dollar a year mark.

9 CHAIR PRO TEM RICHARDS:

10 Any other questions for our CFO? We have a motion for
11 approval. Is there a second? Secretary, please call the role

12 BOARD SECRETARY SNIPES: Director Schenk.

13 MEMBER SCHENK: Yes.

14 BOARD SECRETARY SNIPES: Chair Richards?

15 CHAIR PRO TEM RICHARDS: Yes.

16 BOARD SECRETARY SNIPES: Director Camacho?

17 MEMBER CAMACHO: Yes.

18 BOARD SECRETARY SNIPES: Vice Chair Miller?

19 VICE CHAIR MILLER: Yes.

20 BOARD SECRETARY SNIPES: Director Perea. Director
21 Ghielmetti.

22 BOARD MEMBER GHIELMETTI: Aye.

23 BOARD SECRETARY SNIPES: Director Escutia. Director
24 Williams. Director Cohen.

25 BOARD MEMBER COHEN: Aye.

1 BOARD SECRETARY SNIPES: Mr. Chairman, we have a
2 quorum.

3 CHAIR PRO TEM RICHARDS: Thank you. Alright, before we
4 move on to the next item, we'll go back to the minutes and - so
5 if we can just start this all over. So do we have a motion for
6 approval of the June minutes? Okay. Yeah. Okay. And we have a
7 second, so please call the roll.

8 BOARD SECRETARY SNIPES: Director Schenk.
9 Chair Richards?

10 CHAIR PRO TEM RICHARDS: Yes.

11 BOARD SECRETARY SNIPES: Director Camacho?

12 CHAIR PRO TEM RICHARDS: Yes.

13 BOARD SECRETARY SNIPES: Vice Chair Miller?

14 VICE CHAIR MILLER: Yes.

15 BOARD SECRETARY SNIPES: Director Pere. Director
16 Ghielmetti.

17 BOARD MEMBER GHIELMETTI: Abstain.

18 BOARD SECRETARY SNIPES: Director Escutia. Director
19 Williams. Director Cohen.

20 BOARD MEMBER COHEN: Aye.

21 BOARD SECRETARY SNIPES: Thank you. The motion
22 carries.

23 CHAIR PRO TEM RICHARDS: Okay, thank you. Moving on to
24 item number three is the procurement strategy and Mr. Armistead
25 and Mr. Casey. Good morning.

1 MR. ARMISTEAD: Good morning. We are pleased to update
2 the board on the progress of several key procurements in the
3 second half of 2020. Oh, next slide.

4 In the second half of 2023 and early half of 2024, we
5 will advance key procurements to ensure that our program is
6 delivered and the timelines outlined in the project update
7 report as well as our agreements with the Federal Railroad
8 Administration. The procurements will include design and
9 installation of track and systems where civil works are
10 completed. The trainsets rolling stock for testing and
11 commissioning and revenue service operations, as well as
12 additional related procurements. These additional procurements
13 include but are not limited to construction management,
14 independent cost estimators, integrators, independent safety
15 assessor, and the designing and construction of depots and
16 maintenance facilities.

17 This procurement strategy reflects lessons learned
18 from prior procurements and updated industry input we have
19 received throughout this process. We'll speak more on these
20 lessons learned in the next slide, but examples include
21 implementing strategy for smaller contracts, increased
22 flexibility as well as emphasis on maximizing the qualified
23 bidder pools. Lessons learned, a priority for our procurements
24 is to ensure that we will apply all the knowledge that we gained
25 from previous procurements and not repeat the mistakes of the

1 past. There are several core principles for the upcoming
2 tracking systems procurement. Overall, we are pursuing more
3 contracts with smaller sizes and our initial efforts will focus
4 on advancing the work in construction Package 4 area, avoiding
5 larger contracts in favor of smaller packages, which I will
6 discuss later in detail later in this presentation. It is
7 important for increasing the pool of competitive bids,
8 especially in an economic environments where bidding on a fixed
9 price contract for 10 years may be difficult.

10 The Authority will only authorize further work
11 packages as we're ready for them. In order to foster better
12 communication and interactions between the Authority and its
13 contractors. Our aim is to procure scope under multiple
14 packages. The prior tracking systems procurement sought a single
15 large contract. However, by dividing the scope into multiple
16 packages, we're hoping to avoid some of the risks assumed by
17 undertaking one contract. Mainly from cost and expertise
18 perspective. We're also going to be utilizing more innovative
19 flexible delivery methods for each scope element. This will help
20 to minimize the risk of change orders that can result from lump
21 sum fixed price approach. This also is moving the authority in
22 the direction of industry trends and industry - as industry is,
23 is also shifting away from traditional fixed price bid design,
24 build delivery methods. It will also allow the Authority to be
25 more flexible and have more control over the design, when

1 appropriate.

2 And lastly, it will move - it will provide a better
3 opportunity to reliably manage implementation schedules and to
4 meet our federal deadlines. The last core principle is the
5 recognition of risks that should be retained by the Authority to
6 ensure delivery of a certified safe high speed railroad. Our
7 process, we have carefully developed a procurement strategy
8 approach in order to ensure a successful delivery of the future
9 rail infrastructure and trainsets. This strategy has been
10 developed over a course of nine months with intense work
11 conducted by our team and collaboration with international high
12 speed rail experts. And we have also conducted outreach and
13 received significant input from industry and peer agencies and
14 I'd like to acknowledge Rachel Wong, who's the lead of our
15 procurement group for all their hard work on this.

16 The strategy also make sure to take into account the
17 post-COVID market conditions as well as feedback from prior
18 tracking systems, debrief meetings and market sounding feedback
19 and a variety of industry participants. The approach also
20 ensures that the interests of the authority will continue to be
21 of the utmost importance while minimizing the possible risks.
22 Lastly, the strategy takes into account lessons learned from
23 previous procurements. This includes lessons from current civil
24 construction packages, the prior tracking systems, procurement
25 and projects and owners from the US and international high speed

1 rail community and HS2 and cross rail - HS2 was mentioned in one
2 of the public comments. So we have been communicating with them
3 and having lessons learned from their experience. And at this
4 time I pass the mic to Mr. Casey to talk about alternate
5 delivery methods.

6 MR. CASEY: Good morning.

7 So can you go to the next slide, please?

8 So we're talking about our proposed delivery methods.
9 We're looking at three different types of delivery, traditional
10 design, bid build, construction manager, general contractor and
11 progressive design build. With Design Bid Build it, two
12 procurements, one for designer, one for contractor, and it's
13 done through a competitive process with a contractor and that's
14 the areas we'll be looking to do that is things that are
15 straightforward like the depots, the facilities and so forth.
16 The two alternate delivery methods we're looking at construction
17 manager and general progressive design build for the
18 construction manager, general contractor, we procured the
19 design, excuse me.

20 (Off mic colloquy)

21 Oh sure. Sorry about that. Okay, thank you. For
22 construction manager, general contractor, we'll have three
23 procurements, one for a design consultant through an RFQ
24 process, a contractor also through an RFQ process and an
25 independent cost estimator as part of the process.

1 And the examples of where we would use a construction
2 manager, general contractor, things like the track and civil
3 works, track, bed track, OCS systems, overhead canary system,
4 those are the areas we're considering. That method for
5 progressive design build, that's really where that really has
6 value. It's more of a contractor design or supplier driven
7 design. So we're looking at it's two procurements, one for
8 design services through an RFQ and a contractor also through an
9 RFQ process and we'd be looking at that for more of the supplier
10 driven design parts of the system, signaling training control,
11 core communications and traction power so forth. Please go to
12 the next slide.

13 So design build - design, bid build. It's of course
14 the traditional delivery process and involves two procurements,
15 an RFQ for the designer and a competitive bid for the
16 contractor. And you can see the flow, how the work would go,
17 where we would produce a plan specification, estimate package.

18 Then we move to what we call ready to list and what
19 ready to list does is we would've a checkbox at that point to
20 make sure we have all our environmental permitting in place, our
21 right of way in place, our construction easements, utilities
22 relocated and all third party clearances at that point. So we
23 would go out with a package that's complete and ready to go and
24 then we would move to advertise and typically it's award to
25 lowest bidder and then that bidder becomes the general

1 contractor that constructs the work. The next slide.

2 The benefits is one that Authority takes control
3 design. The first step to getting the quality you want is
4 controlling the design. That's very important.

5 The contract is lower - to the award to lowest
6 responsible bidders. So it's very competitive. It allows more
7 (inaudible) to bidders, more people can compete. Also it
8 establishes market prices for the work. It tells you what the
9 market's thinking, the cost of the work really is. Some of the
10 challenges, it's a unilateral contract so it can rise to more
11 disagreements with the contract and what the contract says and
12 what's contained in the contract. The Authority also becomes a
13 mediator between the contract from the designer selling disputes
14 because for those who've done design build projects, there's
15 always disputes and there's always finger pointing. We would
16 have to then resolve those conflicts and resolve those issues.
17 Also the one drawback, the contract really has no input at this
18 point to the design process. So it does limit contractor
19 renovation. However, it does not preclude a value engineering
20 change proposal as a contractor can suggest during the life of
21 the contract. So that is still an option but it's done at a
22 later stage. Move to the next slide please.

23 MEMBER ESCUTIA: Sure. Before you go to the next
24 slide, still on page eight, what do you mean by a hard bid and
25 what role do change orders have in basically making those bids

1 not that hard?

2 MR. CASEY: So basically the contract business series
3 of bid items for the work you're designing a building or a
4 roadway or a bridge or a guideway, whatever it may be, and
5 you'll have a series of items of work they have to do. They give
6 a hard price for each of those items. They could be lump sums,
7 they could be one each or things like that. So that's your hard
8 bid. Now change orders come to play when you have disagreements.
9 When you find a defect in the plans or specifications or we have
10 an unknown utility that pops up they didn't expect and now you
11 have to pay the contractor to work around to deal with it. So
12 change orders aren't necessarily going to happen, but there's a
13 higher probability they do happen with hard bids because it's a
14 non-collaborative, it's us putting out the design plans and
15 specifications and then the contract to bidding on this is it
16 take it or leave it. So not having their input can actually rise
17 to more change orders and schedule growth.

18 MEMBER ESCUTIA: So if this process sounds like it
19 leads to disagreements?

20 MR. CASEY: It can. Yes.

21 MEMBER ESCUTIA: Would you suggest that we need to
22 change our approach and do something different than this
23 process?

24 MR. CASEY: No, no. This is traditionally how most
25 contracts are done and not every contract sees cost and schedule

1 growth, but difficult contracts use something unique and
2 different you haven't done before. You go up to a little bit of
3 the unknown and you can have problems pop. But for most
4 projects, my background with Caltrans most design bid build
5 projects work very well, but there are those that do see cost
6 and schedule growth.

7 MR. KELLY: Director Escutia, just to be clear, you
8 may already know this, but I just want to be clear too that the
9 design bid build process is not one that we're using today. The
10 one we're using today is just design bill on the contract. So
11 this one has not been in use.

12 BOARD MEMBER COMACHO: One of the things that you're
13 doing is you're defining methods of delivery. You're giving us a
14 definition of each, but what I was looking for is to find out
15 what we're going to be using specifically on the upcoming
16 procurements so that we can better understand the process that
17 we're going to be using.

18 MR. KELLY: That's coming, that's coming.

19 BOARD MEMBER COMACHO: Each one of these is different
20 and we don't have a cookie cutter approach to saying we will use
21 this for all of 'em. So it would be helpful for us to understand
22 of our upcoming procurements, how are we going to use it? If
23 we're looking at the design, which procurement process would we
24 be using and will they vary depending on the scope of work?

25 MR. CASEY: They will absolutely vary. We're going to

1 look at the complexity, the type of the work. For instance,
2 design bid build. We're considering for things like the
3 facilities and depots that are relatively easy to design and
4 build the track and the track work, the ballast, the OCS system,
5 we're looking at using CMGC because we want that collaboration
6 with the contractor and we want to control the design, with when
7 it comes to the signaling system, the traction power, we're
8 looking at using progressive design bill because that's more of
9 a contractor driven or really a supplier driven design. So
10 that's where we're looking to leverage these methods to the best
11 interest of the Authority.

12 BOARD MEMBER CAMACHO: That's kind of what I was
13 looking for. Just tell us what type are you going to be using
14 for the upcoming procurements and that's going to be helpful.

15 MR. KELLY:

16 Director Camacho? Yes, just as we go through this, I
17 think when Bruce comes back up you'll see the application of
18 each for the upcoming procurements.

19 BOARD MEMBER CAMACHO: Okay, thank you. Well I think
20 that Member Escutia's comment was as you were defining a method
21 of delivery, she was thinking that you've defined that as
22 because it was problematic. I think we've had experiences with
23 design bid and we've been paying a price for it maybe. And if
24 we're going to continue to use that, I think you may have some
25 pushback from Board Members.

1 MR. CASEY: So we're not using design build. This is
2 not design, it's design bid build, you have a complete design
3 When we get a price from the contractor, the difference is the
4 design builds. You didn't have a complete design. So how do you
5 put a cost and schedule to something that's incomplete?

6 BOARD MEMBER CAMACHO: That's true.

7 MR. CASEY: We will have a complete design for design
8 bid build.

9 BOARD MEMBER CAMACHO: Thank you.

10 MEMBER ESCUTIA: If I may follow up and it was
11 something that was in the back of my mind as Mr. Armistead was
12 testifying and that is that obviously this is a major public
13 works project, with a lot of money that gives us opportunity to
14 leverage. So my question to you is or to Mr. Armistead, is as
15 you're designing the process for the tracking systems, at which
16 point in your mind does the issue of diversity of procurement
17 come in?

18 MR. CASEY: Early in the process? Let me let him
19 answer it because he has some slides.

20 MR. ARMISTEAD: I'll - I'll go through that in my
21 slides.

22 BOARD MEMBER ESCUTIA: Sorry for jumping ahead. Thank
23 you so much. Thank you.

24 MR. CASEY: But it is a thought out process and a
25 collaborative environment that we come up with it. So moving

1 forward to slide nine. So the construction manager general
2 contractor process, it's an alternate delivery process involves
3 three procurements. We procure designer through a request for
4 qualifications process. We procure the CMGC entity, the
5 contractor through an RFQ process as well and an independent
6 cost estimator as part of an RFQ process. And you can see in the
7 flow chart down below how it'll work with you put an RFQ for the
8 CMDC entity, then we would go through a RFQ process and award it
9 to the highest qualified person or highest qualified entity and
10 then we would move into the design phase working with our
11 designer and the contractor then becomes the construction
12 manager and work through the design phase together, work towards
13 price agreement, we have price agreement, then we can move to
14 award a contractor a Notice to Proceed and then the contractor
15 then becomes the general contractor. Next slide.

16 So as far as, so when you award it to a construction
17 manager General Contract entity, the initial notice proceed,
18 it's called the pre-construction services and here they're the
19 construction manager and there's a series of things they would
20 provide from cost estimating to sub-contracting plan,
21 scheduling, support, material procurement, how we would procure
22 the materials, utility coordination, construction phasing,
23 constructability reviews. Risk analysis is incredibly important
24 to get that out early and address risk quantity verification
25 also work with us on third party approvals to be able to move

1 the contract forward. Once that's complete and we have a full
2 design package, then we can negotiate price with a contractor
3 and if we agree to the price, they would then become the general
4 contractor and construct the work. We also have the option to
5 off ramp at any point. If we feel we can negotiate a price with
6 the contractor, we can put it out to bid competitively so
7 choose.

8 Next slide, please.

9 This is also a very open and transparent process where
10 the Authority shares our plans and specifications. The
11 contractors involved in development of both and the estimating
12 the contractor provides open milk estimating, they're sharing
13 their assumptions, their risks, so we know very well what their
14 price is based on. Whereas design bid build, you have a series
15 of specifications and plans they bid on. Well anywhere there
16 might be gray areas or areas of disagreement or not fully
17 understanding. This avoids all that. It's a wide open
18 conversation, open book you know very well what their price is
19 based on. It's more collaborative with the contractor exists
20 assist in developing solutions. And it's approach to risk is
21 very much very proactive. Early identification of risks. We
22 identify the impacts, the cost, the schedule, and we work
23 together how we manage those risks and minimize those costs and
24 schedule impacts to the contract. Next slide, please.

25 One of the benefits of CMGC and Progressive Design

1 Build also the same benefit is you can do early work packages
2 while we're designing it. We can go order long lead plan
3 materials to get ahead of the schedule. We can do early utility
4 work. We can also construct an independent portion of the work.
5 Meaning if you have a job that's 65 miles long, you can go build
6 a few bridges and get it out of the way early. You want to do
7 something that is not tied to the rest so you can still off-ramp
8 to design, bid build or some other competitive process if you so
9 choose. In doing so, we want to clearly find the scope and
10 schedule established. As I said, the independent utility among
11 the other work where we can maintain the severability option if
12 we so choose to move forward with the competitive process after
13 the design is complete and we want to make sure we define the
14 size of that early work, something that's manageable and keeps
15 full engagement through the whole process.

16 Next slide, please.

17 Now when you get to price agreement, so as I said,
18 this is open book, they share all their information, the
19 Authority produces its own cost estimate. The contractor in this
20 case, there'll be the construction manager, they'll produce
21 their cost estimate and then we'll have an independent cost
22 estimate done as well through a third party and we work to
23 reconcile those estimates. If we can come to a fair price
24 agreement, then we have the opportunity to move forward to the
25 next stage would be a construction contract. If we feel it's not

1 a fair price and we can't come to agreement, we maintain the
2 ability to and go move to a competitive process at that point
3 and put it out to the industry. The next slide please.

4 Some of the benefits here, this helps with faster
5 delivery. It really eliminates the advertisement period
6 associated with design bid build. You can easily save three to
7 six months of time to get it out to the workout to the world. It
8 also allows for the early work packages, which also help out and
9 improves design quality through the collaboration with the
10 contractor creates more opportunity for innovation and value
11 engineering during design, but also lets us suggest specialized
12 qualifications pre-qualify subcontracts for specialized work. It
13 is a huge benefit in risk mitigation. Again, if we don't agree
14 on a price, we can off ramp, but the biggest point I want to
15 make is it gives a higher degree of cost and schedule leading to
16 less cost and schedule growth because it is collaborative in
17 nature. Some of the challenges reconciling price low bid versus
18 a negotiated price. There'll be highest support costs, upfront
19 costs from the pre-construction phase because you're going to
20 pay the contracted time material to provide their services as
21 well as independent cost estimators.

22 So you're moving price cost elements from the
23 construction portion further up into the pre-construction phase.
24 And of course it's always a challenge when you're dealing with a
25 single bidder coming to price agreement. Next slide.

1 BOARD MEMBER GHIELMETTI: You've used this system
2 before somewhere in your career, correct?

3 MR. CASEY: I have. For those who drove up on I
4 80/680, 80/24 680/80/12 interchange was a CMGC contract. We did
5 with Kiewit. The Bay Bridge Foundations, the implosion. We have
6 Brian Ronney who did that. He's in the back of the room. Those
7 implosions with then CMGC and I've been a few other panels. In
8 my previous life as the Director of Construction, the Bay Area.
9 I also had several CMGCs underneath me. On Highway 101 in San
10 Mateo and Santa Clara was also CGContacts contract --

11 BOARD MEMBER GHIELMETTI: The Google Lanes?

12 MR. CASEY: Google Lanes, well I use an acronym, it's
13 the Express lanes. I apologize. It's a simple acronym.

14 BOARD MEMBER GHIELMETTI: And how did that 680/80 come
15 out estimate wise and schedule wise?

16 MR. CASEY: It turned out very well. We had very
17 minimal cost and schedule growth and it was incredibly
18 collaborative where we maintained the cost. We had a very fixed
19 budget. It was supported by STA, they had the funding for it and
20 they had a limited budget. We were able to bring it in under
21 budget. So it was very collaborative. It worked very well.

22 BOARD MEMBER GHIELMETTI: Thank you.

23 MR. CASEY: So Progressive Design Build, we can go
24 back to slide 15 please. This is also an alternate delivery
25 process. It's very similar to CMGC. The only real difference

1 here is that the contractor designer is one entity. We put a
2 procurement out for designer slash contractor through an RFQ
3 process and we'll also have an independent cost estimator. So
4 there's two procurements here with the way we're moving forward
5 with the series of different work, we'll probably have one
6 procurement for single ice for all of our CMGC and progressive
7 design build work for the tracking systems. And you can see the
8 flow of how the work will go. The progressive design bill of
9 procurement, we'll have the request for qualifications, then
10 we'll award a contract based on the highest qualifications we
11 move into the design phase. They'll design it and then we'll
12 work on the price agreement. We get price agreement, then we can
13 move into the award phase and construct the work. Go to the next
14 slide.

15 Next slide, please.

16 Yeah, so this is basically the same pre-construction
17 services and construction services CMGC with the one difference
18 - the contractor entity will develop the complete design and one
19 thing, it's very collaborative. We're paying for that design and
20 time material. It's not a low bid design. We pay time material.
21 We have the ability to tell them what we want and get what we
22 want. And really the benefit here is when you have something
23 that's specially designed like the traction power system, the
24 signaling system, it actually brings in those suppliers to help
25 design it together. So it's a huge benefit. Move to the next

1 slide please. I

2 VICE CHAIR MILLER: Can I just ask a question? This
3 looks a lot like design build

4 MR. CASEY: With one exception. It's not a low bid, it
5 is very similar design build, you're correct, but we are paying
6 for design work at time material. It's not low bid and it's a
7 negotiated price.

8 VICE CHAIR MILLER: And is it possible to have the
9 designer and the contractor be a single entity?

10 MR. CASEY: Yes. This is used throughout the US
11 progressive design-build. I believe San Francisco airport just
12 did a contract that was progressive design build. I know -- I
13 believe Utah and Colorado used it quite a bit and I believe
14 Caltran just got legislation to use Progressive design-build as
15 well.

16 VICE CHAIR MILLER: They did. Our experience has been
17 that wasn't a great way to proceed. So I'm assuming that you've
18 improved this package on our lessons learned that Mr. Armistead
19 was talking about.

20 MR. CASEY: So the big difference is the design bill
21 contracts are based, I believe on 15% plans. We're going to
22 negotiate a price based on a hundred percent plans.

23 VICE CHAIR MILLER: Oh, okay. Alright.

24 MR. CASEY: Okay. And we're also not going to go out
25 without right away procure utilities and third party agreements.

1 VICE CHAIR MILLER: Right. Thank you.

2 BOARD MEMBER CAMACHO: I think you were thinking about
3 even CP2-3, right? We have a designer mixed with the contract.

4 Right.

5 VICE CHAIR MILLER: Okay. Thank you.

6 MR. CASEY: Okay. Go to the next slide, please. Price
7 agreement is very similar to CMGC where you have the authority
8 produce the cost estimate. The contract designer will produce a
9 cost estimate and we'll have an independent cost estimator. And
10 if we come to agreement again, we can move forward the contract.
11 If we don't, we still have the ability to off ramp to another
12 method. Next slide please.

13 The benefits and challenges are very similar to CMGC.
14 The one big benefit is a single point of responsibility for
15 design and construction. Ideally when a contract designer are on
16 the same team, they'll work better together. So our job is to
17 make sure they do that and paying for design and time material
18 gives 'em incentive to do that where they will work together.
19 And then also it leads to a higher degree of cost and schedule
20 certainty with less costs and schedule growth, which is a huge
21 value and otherwise the remaining benefits of challenges are
22 very similar. And with that I'm going to pivot back to Bruce,
23 but I want to see if he had any questions on the three methods
24 before I hand it back to Bruce to take you a little further in
25 how we're moving forward.

1 BOARD MEMBER SCHENK: Yeah, thank you. Thanks. This is
2 very good and you answered so many of the questions that popped
3 up in my mind as I reviewed this. One question in terms of your
4 resources, the staff resources, I mean this seems that it will
5 take more staff time than the old way. Do you have that? What do
6 you need? How can we be helpful?

7 MR. CASEY: We are adding resources. We're coming out
8 with additional consultant contracts to support, but it does add
9 a little more upfront resources. The benefit is that you should
10 have lost less cost and schedule growth in construction, which
11 is a huge value.

12 BOARD MEMBER SCHENK: Brian, in terms of staffing and

13 MR. KELLY: So this is -

14 BOARD MEMBER SCHENK: Kind of people to oversee this
15 and do this.

16 MR. KELLY: This is sophisticated, yeah, you'll see
17 we've got a lot of procurements that are up and coming. One of
18 the reasons to bring somebody like Bill Casey in is because he's
19 used some of these methods before, and so we are both expanding
20 the capacity of the authority itself through a VCP process,
21 which you're well familiar with and that you'll hear Bruce talk
22 about a couple of contracts that we have one out on the streets
23 now, which is the rail engineering services contract that will
24 help with some of the oversight management of these contracts as
25 well as what's called the integrator, which will help integrate

1 the separate contracts as we move forward in the process. Bruce
2 will go into some of these now, but yes, the early capacity
3 improvements that we make to manage and oversee this we think
4 will result in less of what we've seen in terms of cost and
5 delay issues before. And so we're putting that together and
6 moving forward on that. Okay.

7 MR. ARMISTEAD: And now that we've heard a number of
8 things about the delivery methods and how some of the tools,
9 progressive delivery tools that are available to us, I'm going
10 to talk through how we'll use those tools to assure that we
11 deliver a safe, reliable railroad. I'm going to provide an
12 overview of the packaging that you see on the screen there, our
13 tracking systems, trainsets and related scopes. We'll review
14 packages one through three in further detail on the next slides,
15 but I'll give you a brief overview of packages four and five.

16 Now, as Bill mentioned, Package 4 will cover all
17 depots and facilities. This will include a training center and a
18 driving simulator and the operations control center with the
19 scope training center driving simulator and operations control
20 center. The scope details of this package are still being
21 evaluated and discussed by the team and this package is not
22 projected until 2025. At the bottom of the slide you'll see
23 additional related contracts that will address the program-wide
24 support for tracking systems and trainsetting. And this gets to
25 the earlier question about staffing and support.

1 First, the independent cost estimator, or the ICE,
2 which is required by the State of California when negotiating a
3 price with contractors under the progressive delivery methods.

4 Second, will be the construction manager who will be
5 responsible for overseeing the construction, including managing
6 documentation, being on site and reporting updates and more.

7 It's important to note here that the construction manager will
8 not have responsibility in managing the contract. This will be
9 performed by Authority State staff.

10 Third, is integration support, which will help to
11 manage and support the integration efforts among the various
12 work streams and contracts.

13 Fourth, is an independent safety assessor, which plays
14 a key role in certification to achieve revenue service. The ISA
15 will report directly to the FRA. This role is identified in the
16 code of federal regulations as a third party assessor. Next
17 slide please.

18 Yes, yes.

19 MEMBER ESCUTIA: I'm sorry. Mr. Armistead, before you
20 go to the next slide. Can you just please again repeat what you
21 said about the construction manager? That the manager, the
22 construction manager will not manage the project but rather it
23 would be our High Speed rail staff. Did I hear right?

24 MR. ARMISTEAD: Yes. We will have state staff as
25 contract managers. The construction manager will be responsible

1 for assuring that the work that's being performed, installation
2 of the signaling installation of the OCS, installation of the
3 track is being done in a way that it meets our requirements.
4 And then we'll have state staff that will be the state contract
5 managers.

6 MEMBER ESCUTIA: Do you feel confident that you have
7 the resources you need in terms of state staff, state staff to
8 make that happen?

9 MR. ARMISTEAD: We are hiring right now.

10 BOARD MEMBER ESCUTIA: Okay.

11 CHAIR PRO TEM RICHARDS: So does that mean you're
12 hiring from whatever the sources are, not necessarily existing
13 state employees, but rather you're going to whatever the private
14 sector anywhere else to find the people with the experience to
15 accomplish?

16 MR. ARMISTEAD: That is correct. Right now I have
17 vacancies in my organization that I'm trying to fill. One
18 gentleman I introduced last week, we got from Caltrans Division
19 of Rail who has extensive experience in buying trainsets for the
20 state. So we're continuing our recruitment efforts to hire state
21 staff to be in those responsible positions that have the
22 requisite experience to build and install well to manage the
23 building and installation of high speed rail systems.

24 MR. KELLY: I just think there's a point of
25 clarification that's needed here for the Board Members too is

1 that just to be clear, all contracts with contractors are
2 managed by state staff -

3 MR. ARMISTEAD: Right.

4 MR. KELLY: -- today at the Authority and we will
5 continue that. So I just want to be clear on that.

6 MEMBER CAMACHO: Mr. Armistead, we're past the civil
7 work and I understand that we could hire state staff on the
8 civil side because Caltrans has a lot of experience in building
9 highways and bridges, things like that. But we've now graduated
10 into a different area which is very, very specialized.

11 MR. ARMISTEAD: Yes.

12 BOARD MEMBER CAMACHO: And that specialty is probably
13 comes more from Europe since they have high speed rail there. We
14 have none.

15 MR. ARMISTEAD: Yes.

16 BOARD MEMBER CAMACHO: So how do you plan to recruit
17 state staff that have never had the experience in dealing with
18 High Speed Rail and especially when we're talking about the
19 tracking systems and the integration of such. So it seems to me
20 that we would be better off in some senses to hire private
21 contractors that have the experience in this area to be able to
22 supplement what we are lacking.

23 MR. ARMISTEAD: We're doing both. We're doing both.
24 Our rail systems engineering contract, which was advertised on
25 Tuesday, will help us to have the staff to manage the

1 requirements. And I'm working with administration and the
2 personnel group to have the proper classifications of positions
3 so that I can attract world-class talent to build the High Speed
4 system. So there's a lot of work to do on our side to get the
5 classifications right because within the state system I've been
6 limited for - I've been limited by the classifications and we're
7 working to remedy that so that we can get the right staffers in
8 place to do the work.

9 MR. KELLY: Bruce, if I can add one other thing to
10 this though, is that -

11 BOARD MEMBER CAMACHO: I don't want to belabor the
12 question, but if in fact if the recruitment of staff doesn't
13 meet those qualifications, I hope then we have a plan B to look
14 at outside of -

15 MR. ARMISTEAD: Yes we do, sir. And as I go through
16 the slides, you'll see the support that we're hoping to have.

17 BOARD MEMBER CAMACHO: Thank you.

18 MR. KELLY: Yeah, I think the other thing just worth
19 commenting on here is that the authority and recognition that
20 we're building something that has not been built really anywhere
21 in America before, in terms of electrified High Speed rail, is
22 we are moving forward and we will continue to move forward with
23 a combination of state and contract services because there is
24 some specialization that's required and the recess (phonetic)
25 contract is the best example that Bruce just laid out of where

1 we need that direct High Speed rail oversight and expertise on
2 what we're building and how we're meeting the standards for
3 electrified High Speed rail. And that's largely coming from
4 firms with international experience.

5 CHAIR PRO TEM RICHARDS: So I mean I think everybody
6 is supportive of utilizing state staff in these roles that there
7 are the qualifications and experience, but I do think that what
8 Director Camacho is saying, this is a different animal with High
9 Speed rail. So we're looking for experience. I would think
10 you're looking for experience in these areas with people who
11 have High Speed rail experience, not just experience on say
12 Caltrain at 69 miles an hour, the people who have experience on
13 High Speed rail at 220 miles an hour.

14 MR. ARMISTEAD: Yes, sir. We are absolutely doing
15 that.

16 CHAIR PRO TEM RICHARDS: Okay. And in those roles as
17 the managers, as Brian pointed out, the managers are state
18 employees I think is what the intent is.

19 MR. ARMISTEAD: Right.

20 CHAIR PRO TEM RICHARDS: And that's all well and good,
21 but we've got to have the experience for those people to be in
22 those roles.

23 MR. ARMISTEAD: Yes. That is our intention. And as was
24 asked earlier by (inaudible) construction management folks will
25 have the requisite experience and then the people who are

1 overseeing their work will have the enough experience to know
2 that what they're being told is correct.

3 CHAIR PRO TEM RICHARDS: Okay, carry on please.

4 MR. ARMISTEAD: All right. I'm going to give a little
5 detail for the Package. So moving forward into the detailed view
6 of Packages 1, 2 and 3, Package 1 relates to the track and
7 overhead contact system. This includes civil works track bed as
8 well as OCS. It consists of Package 1A, which is the design of
9 the 171-miles where the designer will provide and manage input
10 Package 1B, which is the construction management general
11 contractor contract for 119 miles, which provides the framework
12 to add future extensions, Merced to Bakersfield to complete the
13 171. The separation of contracts for design and construction
14 management and general contract and - general contractor
15 provides critical benefits.

16 First, it allows the authority to retain ownership and
17 control of the design. It also enables the authority to start
18 small focusing on efforts for the construction package CP4 area,
19 as well as controlling the timing of long lead items.
20 Importantly, it creates more control on the Authority side over
21 processes including authorization of future sections, which the
22 Authority will have the power to green light whenever ready. And
23 if the contractor is performing to the standards set forth by
24 the contract and as was mentioned by Bill, we will have to
25 assure that we're getting the best value by ICE, our estimate

1 and the designer's estimate.

2 MR. KELLY: Hey Bruce, can I just jump in on one thing
3 here?

4 MR. ARMISTEAD: Yeah.

5 MR. KELLY: Just structurally for the board, I think
6 what's important, one thing that you see here is Bruce mentioned
7 the separation before. We were out on a rather large tracking
8 systems contract starting in 2019 that went through 2022 and was
9 highly disrupted by the COVID experience in terms of what went
10 on in the marketplace, what the market can and cannot respond
11 to. But what you're seeing here, what I wanted to just highlight
12 for a minute for the board members is one of the things we
13 learned through that process, in addition to if you're going out
14 so far on some stuff, it's very difficult to get certainty of
15 price on supply. Certainly in a market where you're talking
16 about building stuff that might be 6, 7, 8 years out. So that
17 was one issue.

18 The second issue was when we held it all together, we
19 were losing the benefit of having a number of bidders on some of
20 the simpler work versus the more sophisticated work. And so one
21 of the things you're seeing here in the key lesson learned
22 that's in this proposal here is my favorite example is the
23 separation of track and overhead systems from the systems and
24 signaling systems. And I say that because many, many firms can
25 build track and they can build the overhead wires. Very few

1 firms can do the sophistication of the signaling, the
2 communications and that kind of system that comes on the train.
3 When we had 'em together, the result of that was less on the
4 simple work, separating them out. We're looking to maximize
5 bidder on the simple work, then deal with the sophisticated
6 parties on the more sophisticated work. And so that's just one -
7 I think it's the clearest example of how we're trying to
8 separate this out to gain some benefits in the procurement
9 process that we didn't see last year and also be responsive to
10 what those bidders and the market told us since COVID struck.
11 And so I just wanted to flag that that's why you're seeing this
12 structure this way.

13 CHAIR PRO TEM RICHARDS: I think also the other thing
14 that, or something else that comes to mind, is in the past we
15 heard a lot about and how we ended up moving in the direction of
16 trying to find a single bidder or single contractor that was
17 going to be, for instance, doing all the track. The concern was,
18 back then, and it may not have been a valid concern, but we were
19 certainly hearing about it needed to be, and that was how do you
20 integrate what one contractor's done with the next contractor in
21 line?

22 MR. ARMISTEAD: Right. Right. And I'll be talking
23 about the integration contract.

24 CHAIR PRO TEM RICHARDS: And the warranties that go
25 along with all of that.

1 MR. ARMISTEAD: Absolutely, yes sir.

2 So lastly, this separation enables manageable
3 interfaces and integration between the various contracts. Let's
4 go on to 22 please.

5 Let's move on to discuss Package 2, which focuses on
6 systems such as signaling, train control, core communications,
7 traction power systems, supervisory to create control and data
8 acquisition or SCADA, as we call it, all the technical systems
9 will fall under Package 2. So all the things that Bill mentioned
10 as proprietary design, those will all fall - and the very
11 sophisticated packages will fall in Package 2. The sophisticated
12 work of signaling communications, SCADA traction power systems
13 will all be in Package 2. This single contract with progressive
14 delivery for 119 miles, similar to Package 1, there's
15 progressive authorization for the work packages and notices. The
16 progressive design construction management approach was chosen
17 in order to promote good interaction between the authority and
18 the systems designer, mainly on costs phasing and construction.

19 This too provides a framework to add further
20 extensions to Merced to Bakersfield expanding on the benefits of
21 a single track system, a single contract for systems. This
22 approach keeps the management of the progress of work within the
23 authority's program capacity and based on the availability of
24 construction packages. This means that we can negotiate work
25 packages progressively instead of upfront lump sum price. We'll

1 also be able to manage interfaces and integration between the
2 contracts and be involved in design decisions while also
3 maintaining the flexibility to make changes as needed. Lastly,
4 it allows us to combine design with the supply installation and
5 construction to better mitigate integration, commissioning and
6 certification risks. This is necessary due to technically
7 complex nature and the proprietary nature of the system scope.

8 Package 3.

9 This is a single supply and maintain contract for six
10 trainsets. Furthermore, it includes relevant designs for Package
11 3, the authority plans to procure high speed trainsets that are
12 capable of operating at 220 miles an hour. The order will
13 include two prototype trainsets that are scheduled to be
14 delivered in 2028 to support static and dynamic testing as well
15 as initial trial running. This will be focused on the delivery
16 of four trainsets by the end of 2030 to support revenue service.
17 Lastly, we'll need the trainset designs and prototypes to
18 progress together with the design and installation of tracking
19 systems. This will help mitigate issues with critical
20 interfaces. Vehicle train interaction is a very big deal when
21 you start running at 220 miles an hour. So you want to design
22 the systems and the rolling stock concurrently so that you can
23 manage the vehicle track interaction.

24 There's a lot of detail around the profile of the
25 wheel along with the shape of the railhead. So those two things

1 have to be designed together so that we can assure that we have
2 a safe, reliable railroad. And there are details for all that in
3 the requirements that we'll be following in order to reach a
4 certified railroad. You may have heard me speak last time and
5 when I talked about the Reese's (phonetic) contract about the
6 European normatives and how those standards and specifications
7 are, what we're going to follow those standards and
8 specifications are in the CFRs. There's 49 CFR 200 to 299
9 includes all the requirements for us to meet the European
10 normatives and FRA is on board with us moving in this direction
11 because it is in the code of federal regulations.

12 MEMBER GHIELMETTI: Bruce, just a curiosity question.
13 We're the first one that's under construction for High Speed
14 rail in the US but others are considering Brightline and others.
15 Are we all designing to the same gauge and the same type of
16 trains?

17 MR. ARMISTEAD: Yes, we are. And it excites me to say
18 that we have interoperability agreement with Brightline. We've
19 reached agreement on platform height and offset for the rolling
20 stock. We're also reached agreement on what our rolling stock,
21 the preliminaries of our rolling stock propulsion systems. So
22 yes, we have interoperability with Brightline and we'll be
23 talking with them more as the weeks come. And I understand
24 there's a workshop being scheduled for September.

25 MEMBER GHIELMETTI: So I know we are sharing that. I

1 know Texas was interested in doing something. Florida, was
2 interested in doing something. Are we sharing that information
3 with others?

4 MR. ARMISTEAD: We're sharing it with the FRA. Okay.
5 So the FRA gave us the nod on our interoperability and what
6 we're looking for is a standard and we are starting with
7 platform height and offset, but there will be other federal
8 standards that we are out in front of along with Brightline and
9 others. But we're kind of paving the way with all this as you
10 mentioned.

11 MEMBER GHIELMETTI: Thank you.

12 MR. ARMISTEAD: Last slide. So I know we've been
13 through a lot, I've gone over a lot of information, Mr. Kelly
14 and I, but it boils down to those steps you see in front of you
15 for the way we're going forward. First and foremost, first and
16 foremost, you can expect regular board updates with additional
17 information and details regarding the progress of these work
18 packages and procurements. We anticipate bringing the eight
19 procurements with four approval in 2023 and early 2024. The
20 schedule in front of you is a very aggressive one, and the staff
21 is ready and up to meet this challenge. Package three. The RFQ
22 for trainsets is coming quarter three of this year and Package
23 1A for the design and procurement of the overhead systems is
24 also courtman quarter three of this year. We plan to bring the
25 procurement for the independent safety assessor during the same

1 timeframe.

2 In quarter four, we're expecting to bring back to the
3 board for approval for approval Package 1B, which is the CMGC
4 package for tracking OCS and Package2 for the systems
5 procurement as well as procurements for the ICE independent cost
6 estimator and the integration support. You all mentioned that
7 our challenges with personnel and expertise as we look at
8 bringing on an integrator, as we look at bringing on rail
9 systems engineering support, they will support us in those areas
10 and they will give us the relevant technical expertise to assure
11 that what we're doing with the integration of these designs
12 assuring that they're meeting our requirements for a 220 mile an
13 hour railroad. These packages that you see before you, the
14 integration support services, the independent cost estimator,
15 the independent safety assessor, we'll all work together. And
16 when I come back with the RES (phonetic) contract for your
17 approval, you'll see how all of those work together.

18 And if you may recall, I went through a slide where I
19 worked from the bottom up to show how all of our supports
20 contracts roll up to us being the ultimate responsibility for
21 getting a safe, reliable, High Speed railroad. And early next
22 year, we're expecting to come back to you with Package 3, which
23 is the RFP for trainsets. So directly before you, the RFQ for
24 trainsets, will we qualify the bidders, and then in the first of
25 next year, we hope to come back with the RFP for trainsets. And

1 at this time, bill and I would like to answer any questions that
2 you might have.

3 MEMBER CAMACHO: Yes, I have a question. Mr. Chairman,
4 earlier on in the Finance and Audit Committee, we talked about
5 diversity, the inclusion of small minority women-owned firms and
6 realizing we have an aspirational goal, but what are we doing?
7 And I think Martha Escutia asked a question about diversity and
8 you mentioned that it would be included in your presentation
9 that you just made, but there was no mention of diversity and
10 how we're going to look at trying to do outreach to those, to
11 firms outside of the traditional larger firms that we're using.

12 MR. ARMISTEAD: Yeah, I didn't talk about the details
13 of the procurement process, but we will have pre-bids and if you
14 directly before us is the pre-bid and small business workshop
15 that is included in the Reese's (phonetic) contract. So each one
16 of these will have a pre-bid and a small business workshop, and
17 we are bound by our own goals for small business participation
18 along with our funding partner goals, both state and federal for
19 small business participation.

20 MEMBER CAMACHO: I just wanted to hear that I - Martha
21 asked the question and it was not responded yet.

22 MR. ARMISTEAD: Oh, my apologies.

23 MEMBER ESCUTIA: No, I mean I just would hope that as
24 you engage in this discussion and actually actions on your part
25 as well as Bill's part in terms of Package, whatever, 3, 4,

1 Package 1, whatever, that the issue of diversity is one that's
2 critical and we really have to take a hard look as to whether we
3 have even come close to our aspirational goals and if we
4 haven't, why not? So I don't need an answer right now, but I
5 would just hope that as you engage in this process that you keep
6 that top of mind.

7 MR. ARMISTEAD: Yes, ma'am.

8 CHAIR PRO TEM RICHARDS: Any other questions or
9 comments for either Bill or Mr. Armistead? Yes, Director Schenk.

10 BOARD MEMBER SCHENK: Just a comment, it's both
11 exciting and bittersweet, but it's taken 47 years from the time
12 I first brought the concept of High Speed Rail to Governor Brown
13 in his first and second terms, to this point. It's mind
14 boggling. It's taken this long, but at least we're here, so
15 thank you.

16 CHAIR PRO TEM RICHARDS: Thank you, Director Schenk.

17 Gentlemen, thank you very much. Great presentation. We
18 appreciate it.

19 BOARD MEMBER COMACHO: I'd like to thank both
20 presenters. You did a wonderful job. Thank you.

21 MEMBER SCHENK: Yes, excellent. Thank you.

22 CHAIR PRO TEM RICHARDS: Alright, we'll now move on to
23 our CEO report. Item four on the agenda, Mr. (inaudible).

24 Sure. Sure. Go ahead, Director Ghielmetti.

25 MEMBER GHIELMETTI: I really think with the addition

1 of what Bruce and Bill are doing are putting high speed rail
2 back on the right track in terms of controlling costs and
3 design, et cetera. I think we've turned the page especially
4 going forward and I do want to congratulate them because I think
5 this is a very positive sign for High Speed Rail in California.
6 So thank you

7 CHAIR PRO TEM RICHARDS: Mr. Kelly.

8 MR. KELLY: Thank you, Mr. Chairman and members, I
9 will quickly go through some updates that are in the CEO report.
10 I think you've each have the benefit of having seen the
11 PowerPoint presentation, but a couple of developments since our
12 last meeting together that I wanted to just cover with the
13 Board.

14 The first is as Brian Annis mentioned in his budget
15 report, there were two trailer bills, we call them here in
16 Sacramento parlance, which is policy bills related to the fiscal
17 stuff that's included in the budget. There were two relative to
18 this project. They were actually designed more broadly than just
19 this project, but they are things that we benefit from. The
20 first was the extension of NEPA assignment. Remember that NEPA
21 is the federal process to go through the environmental process.
22 We've had the great benefit of being the entity to do both NEPA
23 and CEQA combined on this project and it's enabled us to get six
24 different done in terms of certified environmentally over the
25 course of the last three or four years.

1 So that was sunseting. Our MOU was sunseting later
2 this year with the federal government and the statutory law was
3 sunseting I think in 2024. So the legislative agreement
4 extended that all the way out to 2033, which is really important
5 for us. We still have to get through Burbank to Palmdale to
6 Burbank and LA to Anaheim in terms of finishing environmental
7 documents. And then there are several issues on other
8 environmental documents, re-exams or other things that you go
9 through, permitting issues you go through. And so maintaining
10 this assignment was very important for the project and this
11 extension really sets up well for us. The biggest single benefit
12 of NEPA assignment just for the board's edification is it's the
13 ability to have decisions made locally and not have to wait for
14 a distant federal government to respond to analysis and reports,
15 but to get 'em done more quickly, more responsive.

16 We've really saved a ton of time on that.

17 Second issue, was relative to legislation on the
18 California Endangered Species Act. A process that again, is much
19 more broad than just this project, but it expanded the ability
20 of CDFW and other permitting agencies to work on certain take
21 policies for specific species. In our case, including the blunt
22 nose leopard lizard, which has been a species in and around our
23 project. The bill allows for the safe relocation of those
24 species while we advanced the project. And so again, this
25 element being something that was part of the budget process,

1 again, much more broad than just our project, but a benefit for
2 our project. So I wanted to mention it to this board. Next
3 slide, please.

4 Many of you have asked me independently about the
5 Inspector General process. Remember, the budget of 2022 included
6 an Inspector General for this project. That process required the
7 legislature to provide three nominees to the Governor's office,
8 and then the Governor's office goes through the vetting of those
9 three and the governor chooses the ultimate Inspector General
10 after about one year's time. The legislature did nominate the
11 three nominees to the Governor's office in June, so the
12 Governor's office is now going through the three doing their own
13 due diligence and vetting of the three. I can tell you that each
14 of the three had extensive history and experience in auditing.
15 Two were local government auditors. One was a state level
16 auditor, and so the Governor's office and the appointments
17 office in the Governor's unit is now working through that
18 process. I expect that this will likely be resolved before
19 summer ends, so I think we will see an appointment relatively
20 soon just based on where this is in the process. Again, the
21 Governor himself makes the final appointment. Next slide please.

22 I want to talk a little bit CP4. This is the
23 construction package reminding everybody the southernmost 22
24 miles of the 119 mile stretch we have. This is the one that is
25 the furthest along and we are getting to what we call guideway

1 and structure completion in August, substantial completion for
2 contractual purposes in October and full and final completion by
3 the end of 2023. So I just wanted to spend a moment updating the
4 Board on where we are on this. Again, we're still on schedule
5 for these points. You will see as we come back in the next Board
6 meeting in the next F & A Committee, a big bump up in
7 expenditures on CP4 because the contractor is now pretty much
8 working, I almost want to say around the clock, 12 seven days,
9 12 hours a day shifts in moving that construction. Again, you'll
10 see the expenditure number virtually double from where it's been
11 to where it is now.

12 As we come to the end of that work, there are two
13 specific issues that are affecting the schedule there that we
14 are working through. And I just want to be clear with the board,
15 one of them is the Semitropic Water Storage District. They have
16 a canal there now that they move water to their clients and that
17 canal is seeing some cracks. This is not our facilities but
18 their facilities. And so that canal is seeing some cracking in
19 it, and we ultimately have to move that canal and pivot to a new
20 structure for them. But in order for us to move the work, we
21 were hoping to work through a bypass of that existing canal
22 while we design the new structure. And there's some issue that
23 Semitropic has raised with our ability to do the bypass because
24 they're worried it'll put some additional pressure on the
25 existing canal.

1 It's truly an engineering question. So the risk to us
2 is, and the option is we do it as we want to do it, which is do
3 this bypass pipe and continue to work through our new
4 infrastructure there, or we wait for the harvest season to end,
5 shut it down completely and rebuild the new pipe or the new
6 canal in essence. And so we're working with Semitropic on that
7 issue now. I just wanted to raise it because it could have a
8 three or four week impact on schedule. If we do it our way, we
9 will likely move more quickly if we wait a little bit, there'll
10 be a three or four week impact on that, but we will resolve the
11 matter. We're working with Semitropic now on it. We'll go
12 forward. The second one is what we call the North Kern Water
13 District, which has a pipe or canal that goes underneath both
14 the BNSF system and our proposed alignment.

15 And this is one of those things where you're dealing
16 with utilities in the field, you find things that were not
17 identified before. In this case, they found a fiber optic cable
18 that was owned by the telecommunications company down there.
19 It's in direct conflict with where the new canal would be. But
20 good news is we're worked out a solution that looks like with
21 the water district where we will likely just lower the depth of
22 the new pipe that we put in and avoid the conflict with the
23 canal. That resolution is something that's been in development.
24 I wasn't sure it was going to be done by the time I'm standing
25 here, but it looks like we're heading toward a resolution on

1 that. So those are the pressures on four, but again, we are
2 coming to the end of that work on CP4. Just wanted to update the
3 board on those issues. Next slide.

4 BOARD MEMBER PEREA: Brian, I have a quick question
5 for you.

6 MR. KELLY: Yes.

7 BOARD MEMBER PEREA: Yeah. Going back to the critical
8 path that we have for the third party issues on CP1, I have sent
9 Mr. Kim an email this week just asking for an update in terms of
10 our progress in terms of hitting those milestones that we need
11 to hit this year. And just the question was how are we doing?
12 Are we achieving those milestones?

13 MR. KELLY: Yeah, we updated, it's in the F&A package.
14 We updated the status of all the utility work for all of the CP
15 packages, and I know on the critical path list that we shared
16 with the Board last week that came up through our construction
17 side. I asked the construction side to share that with Dennis
18 Kim's team, and I know that they are scrubbing that list further
19 to make sure all the dates for those potential moves of the
20 utilities for purposes of getting the four key critical path
21 things done on CP1 are on track, and I know they're going
22 through that analysis now and that evaluation. I'll just look to
23 Dennis real quick. Is there anything come on up if you want to
24 add anything else? I'm happy to have Dennis Kim just add
25 anything else to that, Henry, but I did ask him to take a look

1 at that and they're scrubbing that list further. We'll come back
2 with more on that soon. But Dennis, if you have anything to add.

3 MR. KIM: Yeah, thank you. Board member Perea for that
4 yesterday. Our team is diligently working to make sure that the
5 information that we're gathering is accurate and up to date. So
6 we'll be providing that shortly after we go through that.

7 BOARD MEMBER PEREA: Okay. Now Brian, the previous
8 presentation from staff, which was excellent. I was going to ask
9 a question there, but I couldn't unmute my mic. I mean, it is
10 exciting to hear all of that information. My question would've
11 been connecting these two dots. If we move forward with those
12 and we award them, if there's slippage on our village to deliver
13 the 119, if we award contracts on these other items, will it
14 increase the cost of those contracts if we can't deliver by a
15 certain date?

16 MR. KELLY: Yeah, that's a very good question and I'm
17 happy that you asked that because that's another lessons learned
18 here. One of the other problems we had with the prior
19 procurement on tracking systems is there was increasingly a
20 delink between the - what we were trying to do in the
21 procurement and where we were in the field. I think today, one,
22 we know CP4 is coming to the end, and so the first work that
23 will be done on the track is in the CP4 area. Then we will lay
24 out with, and so the first one is to get just the 22 miles done
25 and then we will, as we're advancing the work on the other ones,

1 we'll work with the contractor on how we would advance each of
2 the subsequent 119 miles in line with that work. And we know
3 there's a big difference. Right now CP4 is going to conclude in
4 2023, the other two won't conclude until 2026.

5 However, there will be increasingly areas to work on
6 track on each of those other ones. And the way we're proposing
7 this and the phasing we're doing on these contracts will allow
8 us to work with what's going on in the field and the design
9 build, or not the design build, but the CMGC provider here on
10 making sure that we're doing this in a way that is informed by
11 the real world experience in the field so that we're not taking
12 on undue risk for delay that would leave us with cost to do a
13 contractor. We're doing it based on how we're advancing that
14 work in the field and then allowing the contract for the track
15 delay chronologically with that work. And so that's how we've
16 structured this and that's - that's how we're pursuing this.

17 BOARD MEMBER PEREA: Alright, thank you. Sure.

18 MR. KELLY: The last slide is just to update Board
19 Members on the September workshop in San Diego.

20 Again, we're looking at the Wednesday and Thursday of
21 that week in San Diego where we know we're going to be at a
22 Double Tree. It's one of two Double Trees. It's either what's
23 called Hotel Circle down there or Mission Valley down there. And
24 we're just finalizing that work now. But the idea is to have it
25 be very convenient for all of you rooms and a location all in

1 one place. And we're trying to get one that also is nearby other
2 restaurants and other things for the board. We are, as a
3 management matter, we are working to meet with Brightline to
4 management team next month and start talking about the various
5 things that we will be teeing up for the discussion in the
6 workshop on Thursday the 21st. So that's where this stands out.
7 I'm happy to answer any questions if there are any. Thank you.

8 CHAIR PRO TEM RICHARDS: You. Brian. Any questions for
9 -- Yes, Director Escutia?

10 MEMBER ESCUTIA: Can I ask a question that was not
11 addressed in your presentation?

12 MR. KELLY: Sure.

13 MEMBER ESCUTIA: Alright. It's with regard to
14 hopefully the expectation that we'll get some money from the
15 federal government sometime in October. I just wanted to find
16 out what's the status of that.

17 MR. KELLY: Yes. So good news on a smaller grant, we
18 were recently awarded a \$20 million RAISE grant from the federal
19 government to pursue the redesign of the federal, sorry, the
20 Fresno Depot. That's in place now. The next two grants are the
21 most important that I think we're all keeping a close eye on is
22 in September the federal government will award what's called a
23 CRISI Grant. We have about a 233 million application for that
24 CRISI Grant that will enable us to advance design and
25 construction on some grade separations in Shafter, which is part

1 of that extension toward Bakersfield. And then the big one that
2 everybody's focused on is the federal state program and the
3 federal state program. They are proposing to award that grant
4 where we've got a \$3 billion this year ask and a sort of a five
5 year agreement for about 8 billion over the next five years. And
6 that we will know more about on a November December timetable.

7 And so those things will be expecting the awards on
8 that in that timetable. So by the end of 2023, we'll be quite
9 clear on where we are. And I will say one thing in that
10 procurement schedule that we align to that federal schedule is
11 in trains. All we want to ask the board to do in quarter three
12 of 2023 on trainsets is to allow us to qualify manufacturers who
13 can meet our bids, but we won't come back to the RFP until 2024
14 because we want to know did the federal government, are they for
15 helping us buy trainsets, which is one of the asks of money. So
16 that's how that coordinates. Yes.

17 CHAIR PRO TEM RICHARDS: Thank you. Any other
18 questions?

19 MEMBER GHIELMETTI: Just yes, I know we talked about
20 the September meeting, but we're scheduled to have an August
21 meeting.

22 MR. KELLY: We are scheduled to have an August meeting
23 and I think it's on August 24th. Well, I think.

24 CHAIR PRO TEM RICHARDS: Yes. Yes.

25 MEMBER SCHENK: Well, we usually cancel either July or

1 August. Is there some reason that we have to have the August
2 meeting?

3 MR. KELLY: Well, just as we got in the last
4 presentation, we're keen to stick on schedule for the ultimate
5 delivery of the operating segment. So we have some procurements
6 that we are planning to bring each of the next several months.

7 MEMBER SCHENK: So there are action items.

8 MR. KELLY: That would be an action item.

9 MEMBER SCHENK: I see.

10 CHAIR PRO TEM RICHARDS: Thank you, Brian.

11 MR. KELLY: Okay, thank you.

12 CHAIR PRO TEM RICHARDS: Final item, ladies and
13 gentlemen, on today's agenda is just a quick overview of the
14 Finance and Audit Committee meeting. Earlier you've heard some
15 of this information from Mr. Annis with regards to our 23/24
16 budget. The information that we reviewed today was for May of
17 2023. With regards to our cash position, you heard this from Mr.
18 Annis about 3.2 billion. About three quarters of that is cap and
19 trade and the other, excuse me. Yeah, cap and trade and balances
20 Proposition 1A, there was an auction in May of cap and trade. We
21 expect about \$240 million. That's not included in the balance
22 that I mentioned a moment ago, and the number isn't firm yet,
23 but we would expect a round \$240 if you look at that on an
24 annualized basis. Following on one of the comments, I think
25 Director Schenk asked, so that's about \$760 million if that was

1 annualized.

2 Not to suggest it will be, but that's somewhat
3 consistent with what has been used in the budget. For 23/24. The
4 admin budget, we spent \$7.2 million. That's about \$1.8 million
5 over the year, a year over year. That was primarily due to the
6 filling of 63 vacant positions. Capital outlay budget in the
7 month of May, \$146 million was spent. Of that, about \$97 million
8 was design build expenditures. Looking forward into June, which
9 is just very preliminary, about \$254 million. Again, that's up
10 from \$146 in May. The major or the majority of that is the
11 funding of accruals on the bookends, which were the Caltrain
12 electrification in the north and the Rosecrans Marquardt grade
13 separation in the South.

14 We're expecting June expenditures of design build for
15 about the same as they were in May, about \$97 million. The
16 contingency summary, \$2.1 billion was remaining at the end of
17 month or in the end of May is spread primarily over the three
18 construction packages on the Central Valley construction update,
19 the Central Valley labor or the construction package labor,
20 excuse me, for the month of May average 1,280 workers per day.

21 That was an increase of 34 per day over the previous
22 month, and I might add on July 21st of this year, there were
23 1400 workers out on high speed rail projects in the Central
24 Valley. The right of way. There are 200, excuse me, 2,225. If
25 you think about that 2,225 parcels which have been delivered out

1 of a required number of, based upon the 119 miles of 2,293,
2 that's 97% of all of the parcels necessary to build the 119
3 miles have been delivered. And there are no parcels that, as you
4 heard earlier, that have not been delivered that are holding up
5 construction. There were 11 utility relocations during the month
6 of May that brought the number of completed relocations at that
7 point at 1,045 under in progress, another 376 approved to start
8 12 and not started were 403. There's a total of 1,836 utility
9 relocations necessary to complete the 119 miles on the
10 construction progress report.

11 Also, in terms of structures and guideway, the same as
12 we'd reported last month, which is 70 out of 93 miles of
13 structures, excuse me, not miles, but 70 of 93 structures in
14 Guideway, 90 miles out of 119 or either underway or in
15 construction. So that's a quick update of that. Any questions
16 from my colleagues?

17 Seeing none, ladies and gentlemen, that completes the
18 business for the Authority Board today. We will see you on
19 August the 24th and wish you not a hot summer, but that's what
20 we've got. Anyway, thank you very much for joining us.

21 The meeting is adjourned.

22 (Whereupon the meeting was adjourned at 11:34 a.m.)

23

24

25

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 16th day of August, 2023.



MARTHA L. NELSON, CERT**367

TRANSCRIBER'S CERTIFICATE

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.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of August, 2023.



Myra Severtson
Certified Transcriber
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