

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD OF DIRECTORS MEETING

December 6, 2023
9:30 a.m.

Main Location
Department of Food and Agriculture
Auditorium
1220 N. Street,
Sacramento, CA 95814

Public Comment by Zoom:
<https://hsr-ca-gov.zoom.us/j/82556394605>

Webcast available at www.hsr.ca.gov.

The California High-Speed Rail Authority's December 6, 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

Ernest Camacho

Henry Perea

James Ghielmetti

Anthony Williams

Emily Cohen

EX OFFICIO BOARD MEMBERS

Assembly Member, Dr. Joaquin Arambula (Absent.)

Senator Lena A. Gonzalez (Absent.)

STAFF

Brian Kelly, Chief Executive Officer

Alicia Fowler, Chief Counsel

Tawnya Southern, Attorney IV

Bruce Armistead, Chief of Rail Operations & Maintenance

Catrina Blair, Chief of Process and Program Development

Britton Snipes, Board Secretary

William Casey, Chief Operating Officer

Daniel Horgan, Deputy COO

Garth Fernandez, Central Valley Regional Director

APPEARANCES (Cont.)PRESENTERS:

Bruce Armistead, Chief of Rail Operations & Maintenance

Brian Kelly, Chief Executive Officer

Alicia Fowler, Chief Counsel

Catrina Blair, Chief of Process and Program Development

Tawnya Southern, Attorney IV

Tom Richards, F&A Committee Chair

PUBLIC COMMENT: (*for Zoom / Online Participants)

Keith Dunn, Self

*Frank Quintero, City of Merced

*Roland Lebrun, Self

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P R O C E E D I N G S

9:31a.m.

PROCEEDINGS BEGIN AT 9:0300 A.M.

CALIFORNIA, WEDNESDAY, DECEMBER 6, 2023

CHAIR RICHARDS: It is 9:30 and we're going to start the California High-Speed Rail Authorities Board of Directors meeting for the month of December. Welcome, everybody.

And we'll start today with the roll call, Mr. Secretary.

MR. SNIPES: Thank you, Mr. Chairman.

Director Schenk. (No audible response.)

Chair Richards.

CHAIR RICHARDS: Here.

MR. SNIPES: Director Camacho.

BOARD MEMBER CAMACHO: Here.

MR. SNIPES: Vice Chair Miller. (No audible response.)

Assemblymember Arambula. (No audible response.)

Director Perea.

BOARD MEMBER PEREA: Here.

MR. SNIPES: Director Ghielmetti.

BOARD MEMBER GHIELMETTI: Present.

MR. SNIPES: Director Escutia. (No audible response.)

1 Director Williams. (No audible response.)

2 Senator Gonzalez. (No audible response.)

3 Director Cohen.

4 BOARD MEMBER COHEN: Here.

5 MR. SNIPES: Mr. Chairman, we have a quorum.

6 CHAIR RICHARDS: Thank you. And we at the dais
7 and those who are listening, we want to welcome back
8 Director Cohen who's been away for a few months expanding
9 the size of her family. So welcome.

10 BOARD MEMBER COHEN: Not really (indiscernible).

11 CHAIR RICHARDS: Just by one, okay. (Off-mic
12 colloquy)

13 Anyway, we will begin with the Pledge of
14 Allegiance if I can ask Director Ghielmetti to lead.

15 (Whereupon the Pledge of Allegiance was recited.)

16 CHAIR RICHARDS: Thank you.

17 We will now move on to public comment. Mr.
18 Secretary, if you would please advise the people here and
19 those who are listening or watching, how to address the
20 Board this morning.

21 MR. SNIPES: Thank you, Mr. Chairman. Good
22 morning, everybody. Before we begin public comment for the
23 High-Speed Rail Board of Directors meeting, I would like to
24 go over some important information.

25 For members of the public who have joined us in

1 person and wish to provide public comment, you will be
2 called upon in the order that you -- that we have reserved
3 your card. If you're joining the meeting via zoom and wish
4 to provide public comment, please raise your hand using the
5 feature in the bottom left of your screen. Or if you're
6 dialing in by phone pressing the number 2 will raise your
7 hand and put you into the queue. Speakers will be called
8 upon in the order their hands are raised.

9 Once you are in the queue, and your name is
10 called, please click the prompt on your screen to allow the
11 microphone to be unmuted. If you're joining by phone, we
12 will call upon you by the last four digits of your number.
13 At that point, you will hear a message that your phone is
14 being unmuted.

15 Each speaker will be given two minutes to speak.
16 I will remind you when you have 15 seconds remaining. When
17 it is your turn to speak, please slowly and clearly say
18 your first and last name, and if applicable state the
19 organization you are representing.

20 Mr. Chair, we will begin with the in-person
21 speakers. And our first speaker is Keith Dunn.

22 CHAIR RICHARDS: Good morning, sir, and welcome.

23 MR. DUNN: Thank you, Mr. Chair and Board
24 Members. It's a pleasure to be here.

25 I have to say I'm a bit conflicted today as an

1 Irish optimist in the belief that everything can always be
2 worse. I'm here to say wow, it's great to be wrong. What
3 a day. Six months ago if you'd have told me that one of
4 our chief opponents and a powerful member of Congress would
5 be announcing his retirement, and California would be on
6 the verge of receiving the \$6 billion, I would have said
7 you're crazy. But wow, I love being wrong. But this is
8 the effort that has been long coming. And I need to
9 commend your staff, your CEO, and also thank the Governor
10 who's been tirelessly out there whipping this up and
11 pushing this project.

12 Having just recently returned from a trip abroad,
13 I can tell you the demand for High-Speed Rail across the
14 world where it's been operating is growing. There is a
15 waiting list for the tunnel from London to Paris. They're
16 talking about expanding opportunities for others to come in
17 and build. It's clear that the world wants High-Speed Rail
18 and California is going to be the first to deliver here in
19 the United States. It's a great day.

20 I can't underscore enough the importance of the
21 hard work that your staff puts in at every level. But I
22 also just want to call out my fellow Irishman and say what
23 a great job he's done at the helm. There's been a lot of
24 naysayers. All of you have been aware of this and seen
25 this, but you put your head down, you do the work, and the

1 project will rise up. And nothing says that more than an
2 award of \$3 billion. So I just am here really today to say
3 congratulations.

4 I've been involved in this project for a very
5 long time. And today is one of those days that you can
6 look back on with a lot of pride. And I just want to make
7 sure that we all take a moment to celebrate that, because
8 it's a great day. So thank you very much.

9 CHAIR RICHARDS: Thank you

10 MR. SNIPES: Mr. Chair, we will now move to the
11 Zoom participants.

12 Once again, if you are joining the meeting via
13 Zoom and wish to provide public comment, please use the
14 raise your hand feature located at the bottom of your
15 screen. Or if you are dialing in by phone pressing the
16 number two will raise your hand and put you into the queue.

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18 their hands are raised. Once you're in the queue, and your
19 name is called, please click the prompt on your screen to
20 allow your microphone to be unmuted. If you are joining by
21 phone, we will call upon you by the last four digits of
22 your number. At that point, you will hear a message that
23 your phone is being unmuted.

24 Each speaker will be given two minutes, and I
25 will remind you when you have 15 seconds remaining. When

1 it is your turn to speak, please slowly and clearly say
2 your first and last name and if applicable state the
3 organization you're representing.

4 Mr. Speaker, our first speaker is Frank Quintero.

5 CHAIR RICHARDS: Welcome Mr. Quintero.

6 MR. QUINTERO: Thank you, Mr. Chairman and
7 Authority members. I just want to say thank you for the
8 past two meetings that we've had at the City of Merced.
9 One was a town hall meeting in which we had close to a
10 hundred participants. It was nice to say that there was
11 standing room only. People left feeling good about the
12 High-Speed Rail Project. Their questions were getting
13 answered. And even those that had maybe some questions
14 that the answers weren't favorable, they still appreciate
15 having the opportunity to speak.

16 Last week, we had another meeting with High-Speed
17 Rail staff, the consultants. They introduced us to two
18 options of our future platform, and we were excited to see
19 the concepts. A lot of ideas were shared by our
20 stakeholders. And we just look forward to working with you
21 as the Authority and the staff and moving forward with the
22 platform and our station in downtown Merced.

23 Thank you, sir.

24 CHAIR RICHARDS: Thank you.

25 MR. SNIPES: Our next speaker is Roland.

1 CHAIR RICHARDS: Welcome, Mr. Lebrun.

2 MR. LEBRUN: Hello again, Directors. So what
3 I'd like to do is to very briefly clarify a comment made by
4 Mr. Keith Dunn as to what's actually going on in Europe
5 right now. As you know, there is a link between London and
6 Paris. But currently, there's only one operator, which is
7 Eurostar, which operates I think right now about 29 trains
8 a day. And there is massive competition about multiple
9 operators who want to operate over the same infrastructure.

10 So, what's actually being built right now has got
11 nothing to do with building the High-Speed Line which has
12 been a -- let's say -- let's say 15 years. What they're
13 building is additional capacity in the bookends. Because
14 the stations are currently designed cannot possibly
15 accommodate all these operators. So thank you for the
16 opportunity to clarify that. And I hope that's something
17 that you will bear in mind in the future.

18 I think moving forward the only way for this, the
19 numbers to add up here, is that you got to (indiscernible)
20 looking at a competition over the line (indiscernible)
21 bringing more appraisers. And if so if anything needs to
22 be done on the bookends to accommodate the capacity. Thank
23 you.

24 CHAIR RICHARDS: Thank you.

25 MR. SNIPES: Mr. Chairman, we have no other

1 attendees that would like to provide public comment.

2 CHAIR RICHARDS: All right, thank you, Mr.
3 Secretary.

4 Ladies and gentlemen, today we are going to
5 shuffle up the agenda a little bit because of schedules.
6 Before we do, just a brief comment on what one of our
7 speakers mentioned in what we've all read about, with
8 regards to the grant that's been received by the California
9 High-Speed Rail Authority.

10 I -- as you would well guess this is the result
11 of a lot of hard work from a lot of people and a lot of
12 thanks are due. Certainly, the Administration in
13 Washington, President Biden, his Head of Infrastructure,
14 Mitch Landrieu, for making the decisions or directing or
15 having something to do with what occurred yesterday, as
16 well as the leadership in California and from California.
17 Governor Newsom has been incredibly helpful, engaged, and
18 put it all on the line for the importance of this award for
19 this project.

20 Beyond Governor Newsom, the leadership in
21 Sacramento -- or in Washington representing us, Senator
22 Padilla, the late Senator Feinstein, who hopefully this
23 will become one of her legacies also. Nancy Pelosi, the
24 Speaker Emerita, who has been unbelievable for most of the
25 entire year in trying to ensure that the message was out

1 that this project was important not just to California, but
2 important to the whole idea of High-Speed Rail in the
3 United States.

4 Beyond that a Congressman that may not be well
5 known in lots of places, but is known well in California,
6 and that's Congressman Jim Costa, who was responsible for
7 some of the -- or actually the early legislation in
8 California that established High-Speed Rail, who's been an
9 amazing guide and director in Washington for this project.

10 Beyond that Secretary Buttigieg, our Secretary of
11 DOT, we can't say much more than thank you. And we
12 recognize he understands the importance of this project.

13 And the FRA Administrator, Amit Bose, who has
14 been engaged on a daily basis with Brian Kelly and the
15 staff here at High-Speed Rail, on helping to ensure that
16 this project meets the goals that were contemplated 15
17 years ago.

18 And then you can't say enough about what's
19 happened here locally. And that's under the -- that means
20 within the authority itself, the leadership of Brian Kelly
21 who has given it all in causing this day to occur. As
22 often as we had discussed, the potential issues and
23 problems, a very reasonably small pot of money and which we
24 generated I think about 25 percent of that in the \$3.1
25 billion for this project. And I can tell you that he's

1 lived with it day and night and on the phone there quite
2 often.

3 In addition to that, and to hopefully having not
4 forgotten anybody, to my colleagues on the Board who have
5 stepped beyond the dais here and made the calls that are
6 important and necessary to get things done for these months
7 that this has been in process, I thank you all. And it's
8 as a step way above what's required, but massively
9 appreciated. And every one of these people who have been
10 involved in this are responsible for what was announced, at
11 least prematurely, yesterday and today in the media.
12 Because it is -- what is called -- it is embargoed.

13 So at any rate, and finally I want to mention one
14 other person that is really an incredible leader here in
15 California and oversees this project, and that's our CALSTA
16 Secretary and that is Toks Omishakin -- sorry. He's been
17 amazing. And I think he's worn the telephone out between
18 here and Washington, but for he and for the Governor to
19 have done what they've done to make this day possible,
20 they've put I don't want to say new life, because life was
21 here, but they've certainly put some vitamins in the mix.

22 And this is a great day for this project, and for
23 all involved. And for all of you who have expressed your
24 interest in this project, or any -- and your criticism.
25 It's confirmation of the importance of the project and

1 where we're going to go with it in California.

2 With that, I hope I haven't stepped on the things
3 that Brian will talk about in his update. But I just
4 wanted to make sure all these people were acknowledged.
5 And everybody in the Authority, the 300 and some odd people
6 who staff the Authority and all the consultants. It's an
7 amazing job and not one that we were really concerned
8 about, through the entire process, whether or not we would
9 see a day like this. But to actually have received
10 exactly, in fact slightly more than what our CEO of Brian
11 Kelly put together in the application, is pretty amazing.
12 Great job, Brian.

13 Okay, with that, we will -- yes? (Off-mic
14 colloquy.) Yes, that's well deserved. Anyways, we will
15 now move on to this agenda of the first we will take very
16 quickly is the Agenda Minutes from November 2nd. Is there
17 a motion for approval?

18 BOARD MEMBER CAMACHO: So move.

19 CHAIR RICHARDS: Second?

20 UNKNOWN BOARD MEMBER: (No audible response.)

21 CHAIR RICHARDS: Okay, we have a motion, a
22 second. Could I have the roll, please?

23 MR. SNIPES: Director Schenk? (No audible
24 response.) Chair Richards.

25 CHAIR RICHARDS: Here, or yes.

1 MR. SNIPES: Director Camacho.

2 BOARD MEMBER CAMACHO: Yes.

3 MR. SNIPES: Vice Chair Miller. (No audible
4 response.) Director Perea.

5 BOARD MEMBER PEREA: Yes.

6 MR. SNIPES: Director Ghielmetti. (No audible
7 response.) Director Escutia. (No audible response.)
8 Director Williams. (No audible response.) Director Cohen.

9 BOARD MEMBER COHEN: Yes.

10 MR. SNIPES: The motion carries.

11 CHAIR RICHARDS: Okay. Ladies, gentlemen, the
12 first item that we're going to deal with today -- or the
13 second item rather, is the -- on your agenda it's Number
14 Three. It's the consideration of providing approval to
15 execute and award the Rail Systems Engineering Services
16 Support Contract.

17 Good morning, Mr. Armistead, and welcome.

18 MR. ARMISTEAD: Good morning. As you mentioned,
19 it is a very exciting time. We're so happy.

20 This item is to consider approval to execute the
21 award of the Rail Systems Engineering Contract. And as was
22 mentioned, I'm Bruce Armistead, Chief of Rail and
23 Operations Delivery. Next slide, please.

24 CHAIR RICHARDS: Can you speak a little bit
25 closer to your mic?

1 MR. ARMISTEAD: Yeah.

2 CHAIR RICHARDS: Thank you.

3 MR. ARMISTEAD: Okay. As I mentioned, we're
4 asking for your consideration to approve the ability to
5 execute the Rail Systems Engineering Services Support
6 Contract. Next slide, please.

7 A summary of the contract is to provide a core
8 group of rail engineers to support the Authority in a
9 partnering role with expertise in the items that you see
10 there: traction power/catenary, signaling and train
11 control, network integration along with high voltage track
12 stations, station integration, etc.

13 They will also review the DOT design -- civil
14 designs to ensure compliance with our design criteria
15 manual and our requirements. The track and systems, they
16 are going to ensure that there are -- all of our credit
17 requirements are met, and that no elements would interfere
18 with rail construction, maintenance, and/or our operations.

19 They're going to respond to special requests.
20 They're going to support us in the integration elements of
21 the rail system from a requirements management perspective.
22 They will also help us to manage the interfaces again from
23 a requirements management perspective. They were going to
24 provide oversight for the civil track and systems elements
25 along with the train sets and stations. And they're going

1 to assist us with risk register and system safety for all
2 the safety cases related to track, systems, trainsets,
3 stations, etc. Next slide, please.

4 And this is a summary of the items I just
5 mentioned, primarily: track, systems, trainsets, stations.
6 And they are going to assist us with oversight from a
7 requirements management perspective of the construction
8 management of the rail contracts. Next slide, please.

9 A little bit about the RFQ and the procurement
10 overview, was that was managed directly by Authority staff.
11 And it was a qualification-based procurement. It was
12 governed by the government codes that you see there along
13 with our policies for RFQs and the applicable state and
14 federal requirements.

15 The small business and disadvantaged business
16 goals were, as you see them there, 30 percent. SB small
17 business utilization, 10 percent. And this RFQ went out
18 prior to the Board taking action to provide us new small
19 business goals. So these contracts will be overseen under
20 the old goal program. And all of those going forward will
21 be overseen under the new program. Next slide, please.

22 Implementation of that process. We released the
23 RFQ in July. We received Statements of Qualifications in
24 response to the RFQ from the firms you see there: Atkins
25 North America, and Network Rail Consulting. The offers

1 were scored pursuant to the criteria in the RFQ. Both
2 offers were invited to a discussion with the Authority, and
3 the discussions were scored as well. The final score was
4 computed in accordance with what was in the RFQ. Next
5 slide, please.

6 And those final scores were computed and
7 weighted. As you see there, 60 percent for the SOQ itself;
8 40 percent for the discussion. And the results were
9 Network Rail Consulting being ranked number one, Atkins
10 North America being ranked number two by a very small
11 margin, about 1.46 points.

12 Pre-award audit reviews were conducted as was
13 mentioned earlier while in the FNA meeting. And upon Board
14 action, we will finalize and execute an agreement. And
15 we're hoping to do that this month. We will then
16 collaboratively develop task orders for the initial
17 activities in the scope. Next slide, please.

18 This is an action item and we're recommending
19 approval of this item in the associated resolution, which
20 would authorize the CEO to execute a five-year, four-month
21 contract with Network Rail Consulting for an amount up to
22 suddenly \$73.2 million.

23 At this time, I'd like to try and answer any
24 questions you might have.

25 CHAIR RICHARDS: Any questions for Mr. Armistead?

1 BOARD MEMBER PEREA: Mr. Chairman, I have a
2 question and a comment.

3 CHAIR RICHARDS: Yes. Director Perea, please.

4 BOARD MEMBER PEREA: Yeah, thank you. And Bruce,
5 thank you for taking the time yesterday to answer my
6 questions. I just wanted to have a brief discussion with
7 the Board to clarify our discussion, so them and the public
8 knows. Because I know you were busy yesterday showing the
9 train sets, and I do want to make an appointment with you
10 to come up and see those, it's pretty exciting.

11 MR. ARMISTEAD: Please do.

12 BOARD MEMBER PEREA: Mr. Chairman and Board, the
13 question that I asked around this, and Bruce clarified, it
14 had to do with the power of our system. And even though
15 it's not directly a part of this, it is certainly related.
16 And our discussion has been about being the first solar
17 powered high-speed rail system in the world, which I think
18 is exciting.

19 But I just wanted to make sure that the goal is
20 achievable and that it is going to be planned in such a way
21 that when we become operational that it's all systems go,
22 of course with the redundancy of the electric grid. So
23 Bruce, can you tell us just briefly how that process will
24 flow, the decision making, etc. and how it ties into this?

25 MR. ARMISTEAD: Okay. The Requirements

1 Management Contract, they perform tracks and power
2 simulations that look at the current draw from both PG&E
3 and from the solar power in the battery electric storage
4 systems. Those two systems will work together to provide
5 us power for the running of the trains and all the
6 auxiliary power that's needed. So this contract oversees
7 the requirements.

8 The delivery of those, we're looking at package -
9 - to be in Package 2 of the procurement strategy I
10 delivered in July. We're still refining that and making
11 sure that that's the smartest thing for the Authority to
12 have it in Package 2. But right now, it's in Package 2 and
13 we will -- the design of that will be overseen by the
14 requirements manager to make sure that what they're
15 designing meets our requirements.

16 When we go to deliver that we will -- we'd like
17 to deliver them simultaneously so that we get the testing
18 for both the battery electric system and the solar, along
19 with the PG&E connections to the substation, so that all
20 that happens behind the meter. So we are in control of how
21 those interfaces work and we don't have contractual issues
22 between those contractors.

23 So in delivery we'd like to test and commission
24 them together, so that we turn one off, we turn the other
25 one on. Any challenges with moving from the connection to

1 the grid to the connection within our battery electric
2 storage system, we have one designer that's commercially
3 responsible to make sure that that interface happens
4 properly.

5 And my requirements manager at NRC, and I saw
6 representative here earlier, they will assist us with that.

7 BOARD MEMBER PEREA: Okay. And we have all the
8 right-of-way in place to execute the actual delivery?

9 MR. ARMISTEAD: We have the right-of-way for the
10 solar farms and for the for the tracks' power substation.

11 BOARD MEMBER PEREA: Great. Thank you.

12 Mr. Chairman, I'd like to make a motion to
13 approve whenever it's appropriate.

14 BOARD MEMBER CAMACHO: Second.

15 CHAIR RICHARDS: Okay, we have a motion and
16 second.

17 Mr. Secretary, please call the roll.

18 MR. SNIPES: Director Schenk. (No audible
19 response.) Chair Richards.

20 CHAIR RICHARDS: Yes.

21 MR. SNIPES: Director Camacho.

22 BOARD MEMBER CAMACHO: Yes.

23 MR. SNIPES: Vice Chair Miller. (No audible
24 response.) Director Perea.

25 BOARD MEMBER PEREA: Yes.

1 MR. SNIPES: Director Ghielmetti.

2 BOARD MEMBER GHIELMETTI: Yes.

3 MR. SNIPES: Director Escutia. (No audible
4 response.) Director Williams.

5 BOARD MEMBER WILLIAMS: Aye.

6 MR. SNIPES: Director Cohen.

7 BOARD MEMBER COHEN: Aye.

8 MR. SNIPES: Mr. Chairman, the motion carries.

9 CHAIR RICHARDS: Thank you. And please note that
10 Director Williams has joined the meeting.

11 Henry, thanks for the additional work on that,
12 it's been helpful for the rest of us also.

13 So we'll now move on, ladies and gentlemen, to
14 what was referred to as Item Number Four. This is the
15 Construction Update and Mr. Kelly.

16 MR. KELLY: Okay. Thank you, Mr. Chairman and
17 Members. I'm sorry that mic is too far away from my mouth.
18 I'm abnormally tall.

19 CHAIR RICHARDS: You are.

20 MR. KELLY: There you go.

21 CHAIR RICHARDS: Maybe we could get an abnormally
22 tall microphone.

23 MR. KELLY: Yeah, raise this.

24 CHAIR RICHARDS: If they could work on that for
25 the next meeting, that would be really helpful. Because

1 everybody has the same problem.

2 BOARD MEMBER CAMACHO: We'll get our construction
3 folks on that.

4 MR. KELLY: I could kneel I suppose, but anyway.

5 I'm here to do what I do twice a year with the
6 Board, typically in May and November, obviously we're doing
7 it a little bit later this year. But it's to provide that
8 Construction Update on where we are on the project in the
9 Central Valley. I'll be joined as we go through this for
10 certain questions, I suppose by Daniel Horgan our Deputy
11 COO, Bill Casey who is our Chief Operating Officer, and
12 Garth Fernandez, our Regional Director from the Valley, who
13 are all here to field any particular questions.

14 But with that, I'm going to jump right in and
15 just go through the current construction status for the
16 project. I should also say that much of this, much of what
17 you see here today, will be incorporated in the chapters in
18 our upcoming business plan that's due in February of 2024,
19 the draft. That just reflects where we are in the Valley
20 on the construction there. Okay, next slide, please.

21 So first reminding everybody where we're heading
22 and what we're trying to do, and that is get an operating
23 segment -- the initial operating segment in the Central
24 Valley. It's 171 mile segment connecting Merced, Fresno
25 and Bakersfield. It's 171 miles long. As of today it's

1 100 percent environmentally cleared, 119 miles are
2 currently under construction. And we are advancing design
3 for the 52 miles that are added to that 119, both the north
4 extension to Merced and south to Bakersfield.

5 We are also, as you heard earlier from the
6 caller, the public comment from Merced, we're actively
7 engaged in designing the Central Valley stations. And
8 we're having community conversations in town halls to go
9 over that with each city in which a station will be
10 located.

11 We have -- we're off and running on the tracking
12 system's procurements now with the Board's approval to move
13 forward on that design contract at our last hearing.

14 We've also moved forward with the original
15 qualifications for a train procurement, which is a very
16 exciting element for us, is to buy the first electrified
17 high-speed trains for use in America and possibly being
18 manufactured in the Western United States, that would be
19 exciting for all of us. And remember, our goal is initial
20 operations between 2030 and 2033. Next slide.

21 So what have we been really actively trying to do
22 over the last few years? And it's really making sure we
23 have complete project definition, because it's next to
24 impossible to advance if you haven't defined what you're
25 trying to do. And so really over the course of the last

1 several years it's been a push to get all the necessary
2 designs complete, so we can identify the right-of-way you
3 need, identify utilities you've got to move, and advanced
4 construction. And that's really what we've been grinding
5 through in 119 miles. We execute change orders necessary
6 to capture that full scope. And that's what we have been
7 doing.

8 I'm happy to report today that really all major
9 commercial issues have been resolved. I mean, to be clear
10 with the Board, and I know the Board knows this, we are in
11 arbitration on one large item on CP2-3. We expect a
12 preliminary decision from that arbitrator in February of
13 2024. And we'll continue to move through that.

14 But largely all other major commercial issues
15 through the 119 had been resolved. And that's a credit to
16 the team has worked so hard on that.

17 Because those designs weren't well defined early
18 on, the Board knows we had some right-of-way acquisition
19 issues. But again, this is another place with just keen
20 focus from the team, really getting achievable goals in
21 place. We've been able to manage the right-of-way process
22 much better. As I stand before you today, about 98.5
23 percent of the right-of-way for the 119 miles is complete.
24 You'll see in a later slide of 2,300 parcels we need, we
25 have about 37 left to go. So we're really moved through

1 that, and right-of-way is in many ways no longer the
2 challenge it once was for the Authority.

3 The other issue, of course, is key third-party
4 issues we have relative to utility relocations, irrigation
5 district, things that we have to work through particularly
6 in the Valley. We identified originally 68 third-party
7 issues that we started tracking in '22 and '23; 66 out of
8 those 68 have been resolved. There are two that we
9 continue to work through, one relative to AT&T, another
10 relative to an irrigation district in Kern County. And we
11 continue to work through those issues.

12 But again it's the fact that we are now
13 identifying what we need to get done. We manage it. We
14 monitor it. And we can report where we are on it, which
15 has really been helpful in advancing all of the work.

16 Just updating some of the design and construction
17 activities. We have worked with the design-build
18 contractors to re sequenced work and mitigate schedule
19 impacts. We have a finalized revised baseline schedule for
20 CP1 and CP4, those are done. And we are continuing to work
21 to finalize that on 2-3 as we go forward. Next slide,
22 please.

23 Again, just a picture of the right-of-way status
24 update. I mentioned where we are, but that's kind of what
25 it looks like today. That is what it looks like today. In

1 the last five years we've acquired nearly 900 parcels, we
2 have 37 left to go. In totality we need 2,295, almost
3 2,300 parcels.

4 And just to give you all some perspective of
5 that. If you think about Caltrans, which is an institution
6 that covers transportation for the entire state of
7 California. In a typical year Caltrans might need to
8 acquire between 400 and 500 parcels, statewide, all
9 projects in the state of California. In our segment at
10 119, we are 2,300, which is worth five years of right-of-
11 way at Caltrans. And so we're coming to the end of it.
12 It's been a heck of a process but we're almost there.

13 And again, great credit to the management team,
14 particularly Dennis Kim, who has headed up our right-of-way
15 efforts. So this is a good result. We want to bring this
16 to conclusion in 2024. Next slide.

17 This is just more detail, but it's pictures of
18 where we are, see where we were. In March, I think just
19 before my last update to the Board, we had 78 parcels
20 remaining through October, we're down to 37 left. And
21 again this doesn't incorporate what we'll achieve in
22 December. And we'll add that to the next both for November
23 and December. So we're really getting to the end and
24 that's encouraging. Next slide, please.

25 I want to talk about Construction Package 4, this

1 is the one that we identified in 2023 for completion during
2 this calendar year. And then as happens all the time, I
3 guess it's Murphy's Law, after several years of drought in
4 spring we were hammered with serious rainfall that affected
5 some of the work on the ground for both CP4 and CP2-3. It
6 caused us some additional time and delay. It made it a
7 little bit more difficult to shut down irrigation
8 districts, because they finally had water to move. And so
9 it really constrained some of our work windows.

10 We've worked through that very well though on
11 CP4. And of the 22 1/2 mile segment that we need to get
12 structures and guideways done for, we're really down to a
13 400-foot section left. And this is 400 feet out of a 22
14 1/2 mile segment is really tied to final land rights issues
15 that we're working through with the North Kern Water
16 Storage District. We're hoping to continue to work with
17 them on those issues. It's really a timing of when the
18 land rights can be solved and where we can finish the work,
19 and we're trying to work with them on that sequencing to
20 get this done. But I expect we'll get this all relatively
21 soon. Next slide, please.

22 Again, that's just sort of our scorecard you're
23 all familiar with for CP4. You see virtually everything is
24 100 percent complete. We're down to the very end of this
25 project, and there's about 98 percent left overall contract

1 on expenditure. We will have some issues at the end of
2 this, including some small cleanup issues we will have to
3 complete on the project as well as, I'm forgetting the
4 term, but the final sort of close out. Things that we
5 need, small construction issues, cleanup issues on site
6 that we'll have to complete.

7 And then we also go through a quality document
8 control process called the QMDP to make sure that we have
9 all the certification documents that each of the structures
10 are up to our standards. Next slide.

11 Again, the remaining risk on 4, I mentioned the
12 400 foot section and that's what we're working through.
13 And the Authority, including participation from the Board
14 Chair and myself, are engaged with North Kern Water Storage
15 District. And we're working hard to again resolve the
16 outstanding land right issue for this final 400 foot
17 section. And again, I expect that we will conclude this
18 soon. That will then conclude Construction Package 4. We
19 will be sequencing at the right time for the track
20 installation starting with CP4. Next slide, please.

21 Construction Package 1, which is the 32 mile --
22 next slide -- is the 32 mile stretch in the northern part
23 of the 119 miles. This goes right through downtown Fresno.
24 Of the 1,836 utilities we have to move, about 1,000 of them
25 are here on CP1 and mostly through downtown. It's 32

1 miles, 19 grade separations, 3 viaducts, 2 trenches.

2 A substantial completion is consistent with what
3 we reported in the PUR, Project Update Report, in 2023,
4 November of 2026. We are working with the contractor today
5 on moving that date as much as we can, as soon as we can,
6 to bring that forward. And we'll continue to do that
7 through monthly partnering meetings. Next slide.

8 Again, the scorecard for CP4, all the designs are
9 100 percent complete, the right-of-way parcels are at 98
10 percent. Utility relocations complete are in progress,
11 about 82 percent as of today, 85 percent of structures, 63
12 percent of the guideway, overall contract is about 70
13 percent through in terms of expenditures. Next slide.

14 This is just a pie chart to show you again we
15 often report structures and guideway. There were a total
16 of 33 structures in this segment that we must get complete.
17 17 of those are done, 11 are underway, and 5 are remaining.
18 Next slide.

19 On the guideway side, this is again I mentioned a
20 32 mile segment. About 2 miles are fully complete, 18 are
21 well in advance, and about 12 are remaining to be
22 completed. Next slide.

23 Primary risks, here again it's all tied to some
24 of the third-party stuff that I know Board Member Perea and
25 others have been helping us oversee, manage and track. And

1 that is tied to things like AT&T relocations that we have
2 in front of us. Union Pacific approvals, crossing
3 applications, work plans, design packages that we have to
4 get through their review process in a timely way to stay on
5 track. Again, these are the risks that we're identifying,
6 making sure these are done in a timely way. And delays to
7 the start of Herning (phonetic) construction, if we can't
8 get those approvals done.

9 However, the mitigation strategy that we have in
10 place is designed to ensure we can get those done. And
11 that's where we're working with AT&T and UP on a mutually
12 acceptable telecom relocation plan first to make sure we
13 can move forward with the Stanislaus Bridge demolition. If
14 that ends up taking too long we can pull that demolition
15 out of this contract and do it later without affecting the
16 available guideway to move forward on the project. But
17 that's not a decision we're making, it's just a mitigation
18 measure that we'll consider.

19 Continuous improvement. We're working closely
20 with UPRR at a higher executive level to make sure that we
21 get an improved process for timeliness of review, and
22 making sure what they get from the contractors and in terms
23 of the designs are better. And so we can shorten the
24 review period, outlining project priorities, and really
25 focusing on the completion schedule with UP to make sure

1 that we can move forward in a timely way. We continue to
2 contract and work with them and communicate with them all
3 the time. We have focused meetings with the Authority, the
4 contractor, UP, City of Fresno to facilitate, comment
5 resolution, and secure the design approval.

6 And then one thing that's added more recently, is
7 we now conducted the very highest level of the management
8 teams above the contractor. This is Ron Tudor, himself,
9 and me at the Authority and my senior team, monthly
10 partnering meetings to identify issues. Who's got the ball
11 in court on those issues, and then advancing those issues
12 to resolution. And so those are the things that we have in
13 place to ensure that we can meet this schedule on CP1.

14 Next slide, please.

15 The utility summary here. Again, there's a lot
16 of them here, 992 utilities to move. As of this date 564
17 have been moved, 50 are in progress, and we're down to
18 about 178 that we got to get started. And those are
19 scheduled and we're on top of the timing of those to make
20 sure that they're consistent with our construction
21 completion schedule. Next slide.

22 This is just a scorecard. You've seen this
23 before, but it's by type of utility on CP1 in terms of
24 which ones it started, what are in progress, and with
25 relocated sort of a different way to show you the pie chart

1 I just showed you. But this is just by utility type. But
2 you can see here there's a lot to do. The telecom area
3 we've done, but we've advanced many of those. And I've got
4 to say on CP1 AT&T has been a very good partner, working
5 with them on cooperating and moving forward on these
6 utility relocations. Next slide.

7 Construction Package 2-3. This is in many ways
8 the most complex just because of its size and breadth of
9 this contract. It's a 65 mile stretch in the middle part
10 of the 119 miles. It starts at East American Avenue in
11 Fresno and then just one mile north of the Tulare/ Kern
12 County line. There are 26 grade separations in the
13 counties of Fresno, Tulare and Kings, including viaducts,
14 underpasses and overpasses. We are on track for
15 substantial completion in 2026.

16 And again, part of our RBS negotiation with them
17 now as we resolve some of the very final commercial issues
18 including those in arbitration, is to see if we can pull
19 that schedule forward earlier in 2026. And that's what
20 we're working toward. But again, we reported the '26
21 schedules in the '23 PUR. We're still on that and we're
22 trying to pull it as far forward as we can. Next slide.

23 The scorecard here you've seen is similar to
24 others, 100 percent design complete, right-of-way is almost
25 entirely done. Utility relocations, about 80 percent are

1 finished, approaching 80 percent of the structures complete
2 or in progress. And then miles of guideway, now three
3 quarters complete or in progress. Overall contract, the
4 expenditure to value is about 72 percent. Next slide.

5 Just a picture of the structures on this, 49
6 total structures for CP2-3. Two additional structures will
7 begin construction by the end of 2023. Of the 49
8 structures, 16 are complete, 21 are in progress, and we
9 have 12 remaining. Next slide.

10 Just a guideway snapshot again, 65 miles here.
11 This is a long stretch, 33 of those 65 miles are complete,
12 16 are underway, and we've got about 16 more to commence.
13 Next slide.

14 Primary risks here are really tied to, not the
15 right-of-way for our structures and guideway, but some of
16 the right-of-way we got to complete for some of the utility
17 issues. So there's some potential delays that we are
18 tracking and monitoring and managing relative to right-of-
19 way and land conveyance for utility relocations. These are
20 largely electric transmission grids and irrigation
21 districts.

22 A risk is a delay in the third-party design
23 reviews and approvals just like we talked about on CP1.
24 Some of the construction, particularly in Nebraska and
25 Monmouth, can be delayed if we don't complete some of the

1 third-party reviews and resolutions, that could affect the
2 critical path. And there's a risk of delaying and
3 obtaining an agreement on the revised baseline schedule.

4 Again this is just laying out what risks are in
5 front of us. We have mitigation plans that we are managing
6 and putting in place on this. The first on working to
7 finalize the right-of-way for the utility relocations. We
8 are actively pursuing the remaining acquisitions impacting
9 all utility relocations. Ninety-eight percent of the
10 parcels have been delivered to the design-builder. And
11 we're working through including use of our legal team now
12 on some of the big remaining ones that that affect the
13 critical path, including the referenced Vie-del property
14 impact.

15 But again, these are things that we have a keen
16 focus on and are working through between right-of-way,
17 third-party, and legal.

18 We have established a third-party task force for
19 a more focused effort to negotiate these resolutions. As I
20 said, we're working closely with the Vie-del Winery, BNSF,
21 County of Fresno, to identify and resolve any long lead
22 items that could impact construction.

23 And we proactively are collaborating with the
24 DFJV, our contractor, to come to first come to an agreement
25 on the revised baseline schedule. But also conducting

1 monthly partnering meetings just as we do with CP1,
2 including their president of their company and myself and
3 our executive team to identify issues that need to be
4 resolved to hold schedule. And we started that process a
5 few months ago, and we're on it every month. And so I
6 think that level of communication is extraordinarily
7 helpful in moving things forward. Next slide.

8 Again, you see this in your packets, 701
9 utilities here to be done: 493 are finished, 66 are in
10 progress, 142 left to go. Next slide.

11 Again, another scorecard on sort of the types of
12 utilities that we are dealing with on 2-3 versus 1. And
13 again, you could just see the magnitude of them, a lot of
14 electric left to do, PG&E primarily in this area. And then
15 telecom comes in second, then water and gas are the final
16 ones that we deal with here. But again, roughly on all of
17 CP1, about 80 to 82 percent had been relocated, or in the
18 process of being relocated, about 18 percent are left to
19 go. Next slide.

20 There's some strategic initiatives that I
21 mentioned in this that we're doing. Partnering meetings at
22 the highest level of the organizations have been helpful to
23 again to describe what's important, the things that we need
24 the teams to address, identifying issues early. And then
25 getting the teams on top of beginning to develop strategies

1 and processes to resolve those issues. And so the
2 partnering meetings with a facilitator to help with that
3 communication has been very, very helpful.

4 We also reorganized the third parties under the
5 leadership of the director of real property. And we've
6 increased resources to advance that third-party utility
7 relocation effort.

8 Also, relative to 2-3, but across the board we've
9 implemented an important paradigm shift in construction
10 quality control, and inspection. And this was a byproduct
11 I'll talk about in a minute, but it really came out of the
12 stuff we saw in Road 27 some time ago, where we had an
13 issue two or three years ago with the prestressed tension
14 rods that snapped.

15 And as we looked into that, it had us at the
16 executive level look broadly at construction oversight.
17 How we do it, how we ensure quality. We brought in new
18 resources to make sure that we're all over that stuff. And
19 I'm very pleased with how we're working with the
20 contractors now to identify issues earlier, and then put in
21 place strategies to improve. Those are things I'll talk
22 about a little bit of those in just a minute. Next slide.

23 MR. KELLY: So on the quality side, we call it a
24 paradigm shift, but really it was the Authority coming off
25 that Road 27 example, reviewing more broadly how we conduct

1 quality oversight. Making sure that as the owner that we
2 have a more direct role in the inspection and supervision
3 of the quality oversight issues.

4 We approved and implemented a quality rollout
5 program that involves us using more of our construction
6 management teams and the Authority staff. We brought in
7 new resources from the Department on this to help identify
8 issues early, train our staff in exactly what we're looking
9 for in the field. And really make sure that there's
10 objective and independent evidence that is documented and
11 organized to define or describe any issue in the field.
12 And we are also documenting how those issues are solved and
13 resolved as we go forward.

14 We've had extensive trainings of staff at the
15 local level, and construction management team to expand our
16 quality control oversight (indiscernible) contractor work.
17 And in essence, we're taking -- in a short description
18 we're taking the effort on quality oversight out of the
19 contractors' hands and putting it in ours. We're the
20 owners of the of the things that we build. And between our
21 Authority staff, and the construction management team,
22 we're using those resources to again identify any issues
23 they see in the field. And work closely with the
24 contractor to resolve in a timely way, to make sure we have
25 quality products at the end. So that's essentially what

1 we've been doing in the quality area. Next slide.

2 Again, as it's part of a new organizational
3 structure we brought in Brian Maroney who did some of this
4 work for Caltrans in years past. Of course, our COO Bill
5 Casey has an extensive history at Caltrans with
6 construction issues. So we really asked them to head up
7 this issue to make sure that roles and responsibilities for
8 Authority and contractor staff are very clear in this area.

9 We've put in place a construction quality model
10 that, again relies more on our team to do inspection and
11 supervision on the site. We're making sure that we are
12 approving and identifying all the necessary documentation
13 of as-built work by the engineer record. That our
14 inspectors prepare daily inspection report with a coding
15 structure that is linked to the technical criteria
16 requirements.

17 Again, all of this are things that we just sort
18 of took over and said, you know we want to make sure that
19 all the quality that we get out of the products that are
20 being built, are highest in the nation is the goal. And so
21 this is what we've what we've been doing, and I think has
22 been very helpful. And again, preventing any issues they
23 see in the field from either compounding or even worse
24 being delayed. But one of the things that we do by getting
25 our hands in this early is we make decisions quicker, and

1 that enables the work to progress quicker. So this effort
2 has been very, very good. Next slide.

3 This is one of the success stories. Again, I
4 said sometimes in the field as you go through things and
5 you bring the oversight team and to look at stuff. You can
6 see if there's any problems with any of the stuff that's
7 being manufactured in the field. And if there is you get
8 together, you work with the contractor to resolve those
9 issues.

10 So one example of a field success story here is
11 that we rescinded the approval of a certain concrete mix,
12 because as they were pouring the concrete it wasn't flowing
13 through the rebar correctly. But instead of waiting for
14 that to be installed and be a problem later, we worked with
15 the construction management team to hire a dedicated source
16 inspector. Worked collaboratively with the contractor to
17 update the mix design, and the placement plan, made quick
18 and timely decisions on how to do this, and got to the
19 proper quality before this stuff gets installed. And
20 that's how this is supposed to work. And so it's been very
21 effective for us. Next slide.

22 Milestone achievements. This is most of the
23 things I think you know, but just it was a good, very good
24 year for us in 2023. I want to say that the dedication of
25 the team and everybody pulling and rowing in the same

1 direction we set a record for the number of structures
2 completed in the calendar year in 2023, 10 in the Central
3 Valley. We relocated to date, 202 utilities for
4 Construction Packages 1 through 4. But I'm going to steal
5 some thunder later I think and just say our goal this year
6 for 2023 was to relocate 239. And that would have been an
7 all-time high for the Authority in a single year. I think
8 through October, we're at 250. We still have December to
9 add, and we had a very robust November.

10 So we were really -- again credit to Dennis Kim,
11 his team and all the folks he's works with in the field to
12 identify the priority utilities, monitor, monitor and track
13 what we're doing on him and see us move those. And again
14 we wanted to have the best year this year on this. And we
15 blew through that that goal number pretty substantially, so
16 kudos to the team.

17 And then advanced construction, we did advance
18 our construction activity by 100 percent more in 2023 then
19 compared to 2021 in terms of dollars and structures that
20 we're moving through. So a good year for us and just
21 advancing the project and kudos to the team for that. Next
22 slide.

23 We achieved a new weekly record. Every week we
24 look at the daily number of workers that are out on the
25 construction site. I think it was October we had 1612,

1 which was a single day high for the Authority. Our average
2 is about 1,450 a day right now. Our safety record is
3 something to be extremely proud of, we've maintained an
4 excellent safety record of an accident severity rate of 1.3
5 versus a construction average in the state of 2.8. So about
6 half the average. Next slide.

7 Just a quick update on our station design work,
8 which I know you guys been involved with. We executed that
9 contract with the Board's approval in March of 23, awarded
10 to Foster and Parents and Arup Joint Venture. Preliminary
11 design has commenced for the four Central Valley Stations:
12 Merced, Fresno, Kings, Tulare and Bakersfield. The concept
13 designs were submitted in November, and the Board of
14 Directors will be briefed fully on these in February.
15 We've started some dialogue with each of the cities on a
16 couple of options designs. And then we'll come back to the
17 Board to talk about where we are in February 2020.

18 For schematic design submission expected in the
19 late summer of 2024. Coordination outreach with local
20 stakeholders is ongoing. And the Fresno Historic Depot
21 Seismic Retrofit for which we received a federal grant
22 earlier is expected a completion date of December 2024. So
23 things are advancing the station design level as well.
24 Next slide.

25 Environmental updates, I'm almost done,

1 environmental updates. You know when I started here we had
2 about 119 miles environmentally cleared. And we really put
3 an emphasis with the Board's direction and approval of
4 first adopting preferred alternatives for all of San
5 Francisco to Los Angeles and Anaheim. And then working
6 through those things in a very focused way.

7 We were granted a big help from the federal
8 government in what was called NEPA Assignment, that allowed
9 us to move the NEPA and CEQA processes concurrently. And
10 through that we've now cleared 422 miles of that Phase I
11 system between San Francisco and LA. And I'm very pleased
12 that in the first quarter I hope, I think March-April,
13 we'll come back to the Board to approve and certify the
14 environmental documents for a Palmdale to Burbank. And
15 that will mean that all of downtown San Francisco to all of
16 downtown LA is environmentally cleared.

17 And that's an important milestone, because as we
18 advance the construction work and get ready for operations
19 in the Valley, the hope is that we can continue to do pre
20 construction stuff on the extensions. We're still building
21 a project that ultimately we want to be San Francisco to
22 LA. Getting that environmental work done enables us to
23 have more conversations with the communities about how the
24 system will work, what it will look like, what the design
25 will be. It helps us refine costs as we work through

1 there. And really is important to help us advance the
2 program. So very pleased with that.

3 And then, of course, this year south of LA to
4 Anaheim we heard from stakeholders, was some concerns about
5 our initial proposal there. And what it would require us
6 to do in the Inland Empire on some freight offsets. So we
7 listened to that community input. And we shifted, we did a
8 Supplemental Alternatives Analysis dropping the need to do
9 some of the things that the community did not want in the
10 Inland Empire. But we'll be back to the Board, I think
11 with the preferred alternatives in January or February of
12 '24, to move forward on that.

13 So again, the environmental stuff has really been
14 one of the great things that we've advanced in a very
15 timely way. We've gotten a lot done in a relatively short
16 amount of time the last couple of years. Next slide.

17 That's it. So with that I'm happy to answer any
18 questions or move on.

19 CHAIR RICHARDS: Do you have any questions?

20 BOARD MEMBER PEREA: I have a question, Mr.
21 Chairman.

22 CHAIR RICHARDS: Yes, go ahead.

23 BOARD MEMBER PEREA: First, Brian, thank you this
24 year end report. I mean, it's great. It's phenomenal to
25 see all the great work that staff has done this year to

1 move this project forward. And again, congratulations to
2 you and our Chairman Richards and all the folks involved in
3 getting that \$3 million out. That's pretty amazing.

4 The question I have, usually I ask Mr. Kim to
5 speak, but I'm sure you can maybe even cover the question
6 that I have going back to page 16 and 17 of your report.
7 As you all know, several months ago, we started focusing on
8 the third-party issues, and I think the team that Mr. Kim
9 has put together is pretty phenomenal. And I think one of
10 my questions a few months back was taking a look at those
11 utilities that were either in progress or not yet started.
12 Those still today a total of 428.

13 So I think the important question for Mr. Kim A
14 few months back was of those 428 what is it that we need
15 completed in a timely manner to achieve our substantial
16 completion date of what 12/25 for CP1?

17 So he's put together a chart and something that
18 they're monitoring. And I don't know if you have that
19 before you. But I just want to from your perspective,
20 Brian, tie in Mr. Kim's more abbreviated report of what he
21 needs to have done to your primary risk, and risk
22 mitigations underway section on 16. Is there anything at
23 this point that that you're seeing on the horizon that
24 would prevent us from achieving that December 25
25 substantial completion date?

1 MR. KELLY: Well, I want to -- again, I want to
2 be clear on a couple of things. One, the substantial
3 completion date for a CP1 is November 26, just as we said
4 in the Business Plan -- sorry -- in the PUR and as we've
5 negotiated in the contract.

6 BOARD MEMBER PEREA: November 26? Okay, I
7 apologize.

8 MR. KELLY: Just we're crystal clear on that.

9 BOARD MEMBER PEREA: Okay.

10 MR. KELLY: And then secondly, I am familiar with
11 the document that Dennis Kim provided to you at your
12 request. And really what that is Board Members, is
13 Director Perea was interested in really the issues that are
14 part of the critical path. And so we have four or five
15 construction elements that are a critical path on CP1.
16 And that ties to a number of utility relocations that have
17 to get done by certain days to make sure we hit those. And
18 we've shared that with Director Perea. We can share that
19 with all the Board Members.

20 But that is an example of what I'm talking about
21 broadly, when I say what's improved so much is the
22 identification of the risks. The monitoring of how we're
23 doing on it. And then the reporting about where we are on
24 it. And I think what that indicates in what that chart
25 just showed you, Henry, is that -- sorry, Director Perea --

1 is that the third-party management team is tracking this
2 stuff closely. We're working closely with the folks in the
3 field, our construction leads on CP1. And that we are
4 managing those key issues that need to be resolved.

5 I think, as I said in the construction management
6 -- or the Construction Update I do think the things around
7 UP approvals at Herndon Avenue are going to be key. We've
8 got to move those through in as timely a way as possible.
9 And again we have expanded communications with UP on making
10 sure we can do that. We want to do it with less rounds of
11 review from UP. And so that's something we're working with
12 him on.

13 But I think that is one of the key areas that we
14 have got to make sure we stay on to make sure that all of
15 this stuff continues to move forward in a timely way.

16 And then just there are several, it's been
17 described to me as almost spaghetti, but there are several
18 utility lines at Church Avenue that we have to sequence
19 properly to do them in the right order and work through
20 those. And we've started early on those in some ways.

21 And those are the things that we're going to have
22 to continue to stay on top of, manage and monitor, and
23 work. But again, what I'm satisfied with right now is that
24 we are -- the management team and Dennis's team working
25 with the construction field team -- is on top of the

1 issues. And now it's about us convincing and working with
2 third parties to move these through in a timely way.

3 BOARD MEMBER PEREA: Okay, yeah. No, I think I
4 said earlier I think Mr. Kim and his team did a fantastic
5 job. And I thank him for all that work. Just, and I don't
6 know if this document was sent to all the Board Members,
7 but it should. I may have a special interest in it, but
8 it's something we all should be concerned about, because we
9 don't want to miss any more deadlines. But thank you. I
10 appreciate the report.

11 MR. KELLY: No, and I appreciate it. And
12 Director Perea, I'll just say I do appreciate your focus on
13 this, because it's helping us make sure we're focused on it
14 as well. And so I appreciate that leadership. And again,
15 I think what you're seeing in that document is that the
16 team is on top of the issues and managing those through.

17 BOARD MEMBER PEREA: Absolutely, thank you.

18 MR. KELLY: And we'll continue to update you on
19 that. Thanks.

20 CHAIR RICHARDS: Okay.

21 BOARD MEMBER WILLIAMS: Mr. Chairman, I had a
22 question.

23 CHAIR RICHARDS: Say again?

24 BOARD MEMBER WILLIAMS: I had a question. It's
25 Anthony. I don't know if you can hear me.

1 CHAIR RICHARDS: Yes. Go ahead, please.

2 BOARD MEMBER WILLIAMS: Yeah. So very similar to
3 what Director Perea laid out. So first of all, I want to
4 plus one to his acknowledgement and congratulations and
5 thanks to Mr. Kelly and his whole team. And you, Mr.
6 Chairman, for all the extraordinary work. I know seen and
7 unseen that that got us to this significant statement of
8 the federal partnership that we have. So again, kudos for
9 that.

10 And then also similar to -- I just -- because as
11 I was listening to your presentation it was very helpful to
12 see. I think what I'd take away from that is the increased
13 pace of progress that we've seen this year compared to
14 prior years.

15 And Henry, Director Perea, drilled down on one
16 aspect of this. But from a big picture standpoint, Brian,
17 what you've laid out today, where does that position us
18 going forward for meeting the overall project schedules
19 that we've laid out in the Business Plan and in the Project
20 Update Report? Are we on track? Are we doing better? Are
21 we -- what's the -- given where we are. And I understand
22 the risks --

23 MR. KELLY: Yeah.

24 BOARD MEMBER WILLIAMS: -- and the mitigations
25 that you have in place. But point in time where we are

1 now, how are we doing?

2 MR. KELLY: When we put out the 2023 Project
3 Update Report, we reset the construction completion dates
4 for the construction of the Central Valley. We identified
5 an initial operating date for all of the 171 miles.

6 And that target and that redefinition in the
7 Project Update Report is what drives what then we do every
8 day. And so we're focused on that objective at the end of
9 the day, in getting to that operational segment. And so
10 we're bringing procurements before you and the Board in a
11 way that makes sure we can advance the different project
12 elements to stay on track with that.

13 We're constrained by budget, as everybody knows.
14 This federal grant that is rumored is extremely helpful in
15 making sure that we can move forward on parts of that goal
16 to continue to advance the work. And so versus the Project
17 Update Report I think what I will report today, and what I
18 expect to be saying in the 2024 Business Plan, is that in
19 terms of the construction of the 119 in the Valley we are
20 still on the project update report schedule.

21 We did get hit by as I said, some rains in '23
22 that affected us a little bit, but we're still on the
23 schedule that we identified there. And we are still taking
24 actions to stay within our initial operating segment window
25 for the full operation of 171.

1 Now I want to be clear, and I think it's
2 important that everybody understands this, the grant is
3 very helpful in helping us move forward. It does not solve
4 all problems, right? We still need to go back and
5 stabilize all funding to make sure that we complete all the
6 things we need to complete to get this done.

7 And the biggest task that I -- it's no secret.
8 But our only source of ongoing revenue from the state does
9 expire in 2030. And we're going to have to work closely
10 with the Administration and the Legislature on making sure
11 that that is extended, because you're going to need this
12 funding over a long period of time to build the project
13 beyond the Valley. And so those are things that we're
14 going to have to come back to.

15 But the grant -- what the grant is in my view --
16 and I think I'll get into this in the next report, but it
17 is an expression of the federal partnership that just says
18 we're with you. We understand what you're trying to
19 achieve. We're your partner in this. We're willing to
20 reinvest in it. And I think there's an expression of
21 confidence in in how we're doing our business. And so
22 that's what it means to me.

23 And that's a long-winded answer, Anthony. But
24 really we're online with the PUR schedule.

25 CHAIR RICHARDS: Any other questions for CEO

1 Kelly? (No audible response.)

2 Brian, thank you. I think what we are going to
3 do now if you are done with this?

4 MR. KELLY: Yes.

5 CHAIR RICHARDS: Okay. Mr. Kelly's going to have
6 to leave us shortly. We will go now to the CEO Report,
7 which is Item Number Five on the agenda that you have.

8 MR. KELLY: I am just waiting for that to be
9 pulled up, Mr. Chair.

10 CHAIR RICHARDS: Sorry?

11 MR. KELLY: I'm just waiting for them to pull it
12 up. This is the CEO Report, Item Number Five.

13 Okay, again this is an opportunity just to
14 provide some other updates more broadly to the program
15 about some things we've done from the last Board meeting to
16 this one.

17 The biggest thing was, as you know we've been
18 bringing or well, bombarding the Board with various
19 procurements. And that's all a part of us moving forward
20 on the program and getting the right procurements in place
21 that we can deliver that goal and that objective by 2030
22 and 2033.

23 So part of this is communicating more frequently
24 and more deeply with industry. We had an Industry
25 Awareness Day on November 15th. We held it at the other

1 auditorium that we often use it the Department of Public
2 Health. And the purpose was to provide information on the
3 current and upcoming rail procurements aimed at delivering
4 all of the operational segment. It was the first in-person
5 industry event since the COVID-19. We had 343 people
6 attend, both in person and virtually.

7 And I think one of the things you will see us do
8 as we go forward on some of the more complex procurements,
9 for example getting into the construction of the track and
10 systems, is you'll likely see us put out draft RFQs or RFPs
11 and have industry give us feedback before those go final.
12 So this is part of a deeper dive and lengthier
13 communication and more intense communication with industry
14 to put together the documents in a way that gets the
15 responses we're looking for. Next slide.

16 Just on that same thing, there was a question and
17 answer session that was held at the event addressing both
18 in-person and virtual questions, a series of online
19 resources that was provided in those written questions, and
20 the answers were made available publicly on our website.
21 Next slide.

22 I did want to update the Board, and maybe this
23 should have been in the Construction Update. But as you
24 know, as we're working through the construction of the 119,
25 we've also advanced the design work for the extensions both

1 to Merced and Bakersfield. I just wanted to report to the
2 Board that design work is going very well. We're on
3 schedule for the draft configuration footprint to be done
4 by the end of this year, on both extensions with both
5 contractors, both to Bakersfield and Merced. The team is
6 reviewing those recommendations now.

7 We've hosted events with the design teams,
8 community open houses and workshops in Chowchilla and
9 Merced on November 8th and 15th, to provide project updates
10 to the community. And take input from the community.

11 As you know, we received a CRISI grant of \$202
12 million to expand some construction work heading south
13 toward Bakersfield and the City of Shafter for six grade
14 separations. And so that's an area we want to see that
15 design work pick up some pace. We started monthly
16 coordination meetings with the FRA on November 14th about
17 how we'll put those grant dollars to use and get that work
18 done. Next slide.

19 In terms of what's coming up in '24 on these
20 extensions, the Authority, you may have heard we applied
21 for a \$3 billion Federal State Partnership Grant. It is
22 rumored to go very well. I will say that one of the
23 specific expenditure items in that grant was to bring the
24 30 percent design to 100 percent. And to allow us to start
25 right-of-way acquisitions and some utility relocation work.

1 And the grant specifically allows us to do that.

2 And so again this is important. We will come
3 back to the Board in early '24 to move that design from 30
4 percent to 100 percent on each of those segments. So on
5 task, on schedule on that, and looking forward to advance
6 human design work further. Next slide.

7 The Business Plan. I just want to touch on it
8 today, there'll be a much more thorough briefing to the
9 Board on it in January. But remember every even-numbered
10 year we have a Business Plan due. We put a draft out in
11 February. It gets public comment. It gets comment from
12 the Legislature. You guys get to hear from the public on
13 it. And then the final goes out a couple months later in
14 May after we've taken all that public comment and there's
15 direction on change.

16 We'll come back to the Board with a much more
17 detailed kind of review in January of what we're talking
18 about in this report. Take Board input and again move from
19 draft to final between February and the May 1st due dates
20 in the Legislature.

21 I've got just a couple of quick headline issues.
22 Again, I expect it to say a lot like what it said in the
23 Project Update Report about schedules in the Valley and
24 where we are. I'm not expecting to make any major
25 budgetary or schedule changes for the 119 miles in the

1 Valley. We will identify risks that we are dealing with.
2 We have to manage to make sure we stay on schedule. So I
3 think you'll see that in there.

4 And obviously the award of the grant enables us
5 to advance the work on the Merced and Bakersfield sections
6 in a way that we just couldn't without it. And so both
7 completing the 119, advancing that work, and specifically
8 starting to buy electrified high-speed trains is all the
9 things that this grant allows us to do.

10 And again, from my perspective just two comments
11 on it. One, I think it's an extraordinary expression from
12 the federal government on understanding that first the 119
13 miles that we first got money for, wasn't a good enough
14 operation run. That we need a better one. And that they
15 understood that. They see what we're trying to achieve.
16 And they've committed to be our partners. And I think that
17 is a huge, huge thing for the project.

18 And again just I think that federal partnership
19 means we can go back and continue to work with them. And
20 gain additional help and resources along the way to achieve
21 what we're trying to achieve.

22 The other thing I just got to say, because I told
23 the staff this yesterday, I want to share with the Board.
24 When I started on this project in 2018 all the questions I
25 got from folks about me taking this job was, how are you

1 going to get new money to the program? And my answer in
2 2018, and often in 2019, and for much 2020, was we're not
3 even ready to ask yet. Because we really had to get
4 definitional. We had to show progress. We had to redefine
5 in some way what we're trying to do differently. And then
6 we had to just do the grind, the work, to advance it.

7 And this is where I just want to say it is great
8 kudos to the team, the management team, of the Authority.
9 And of all the rank and file workers and consultant teams
10 that work on the small things to allow us to advance the
11 project. I will say, Mr. Chairman, you did a great job of
12 acknowledging the political support that we got and the
13 leadership we got on this grant. I really view it is my
14 job, and the management team's job, to perform well enough
15 so you can get that political support. And I think when I
16 got here we weren't in a place to get it.

17 And I think it's been hard earned. It has been
18 hard, hard earned. And I want to thank the staff,
19 everybody who works on the project. I want to thank the
20 Board. Because we had to come to the Board and do
21 difficult things, you know, difficult changes in how we're
22 going to operate. What we're going to approve first. How
23 we're going to do this system that was largely defined in
24 law.

25 And I just think what we've gotten to is a place

1 where people are willing to reinvest in us. And that's a
2 collective success for the Board and this team. So that's
3 all I want to say about that. Next slide.

4 Oh a video, I don't even have to talk any more.
5 Fantastic. At the end of every year we do like to try to
6 remind everybody where we progressed on the project. And
7 so I believe this is going to be our top 10 things in 2023
8 that we did. No David Letterman on this, but with that
9 let's see if we can run the video

10 (Video playback begins.)

11 VIDEO NARRATOR: "2023 was another big year for
12 the California High-Speed Rail Authority and the California
13 High-Speed Rail Project as we continue to progress for
14 changing the face of transportation in California. Here
15 are our top 10 moments of the year.

16 "Number 10 Winner, Winner, Winner. The Authority
17 was the winner of several prestigious awards this year
18 being recognized for its diversity and inclusion. Among
19 the awards, the Rosa Parks Diversity Award, the Women in
20 Transportation International Employer of the Year, WTF San
21 Francisco Bay Area Chapter Employer of the Year, and the
22 APA California Northern Sections 2023 Excellence Award for
23 advancing diversity and social change.

24 "Number 9 Record Outreach. Across the state the
25 Authority hosted and participated in a record number of

1 outreach events in 2023, reaching thousands of future
2 writers and employees statewide. Those events included
3 hosting the American Planning Association Conference in
4 Fresno, the Small Business Diversity Day, and recently and
5 industry outreach forum previewing upcoming procurements.

6 "Number 8 Moving from Construction to Operation.
7 As the program moves from the construction phase to the
8 operation phase, design has advanced on the interiors of
9 our trains, and the design for four future Central Valley
10 stations. Community outreach will continue into the new
11 year.

12 "Number 7 Helping in a Historic Flood. After
13 record rains in the early part of the year, the Authority
14 and construction contractor Dragados-Flatiron Joint Venture
15 worked with local agencies to provide assistance to nearby
16 communities, to tackle the flooding caused by last winter's
17 historic rainfall.

18 "Number 6 Ten Completed Structures. The
19 Authority and its design builders completed 10 structures
20 across all construction packages in 2023. Including the
21 Cedar Viaduct, the southern gateway into Fresno.

22 "Number 5 Job Creation. In 2023, the Authority
23 saw a record 1,612 workers dispatch in a single day. And
24 overall the 10,000 labor jobs created a milestone we
25 crossed in early 23.

1 "Number 4 Labor Milestones. This year we marked
2 some major milestones with our labor partners. 2023 marked
3 10 years since we entered into a Community Benefits
4 Agreement with the building trades. And in November we
5 reached a historic milestone entering into a Memorandum of
6 Understanding with 13 rail labor unions for the operations
7 of the nation's first High-Speed Rail Project.

8 "Number 3 Construction Package 4 Nearly Complete.
9 The 22 mile stretch from the Kings-Tulare County line to
10 Popper Avenue, known as Construction Package 4, is largely
11 complete. Eleven structures are either done or in the
12 final stages, as is the 22 miles of guideway.

13 "Number 2 Procurements. Getting an operational
14 railroad means procuring trains, track, and
15 electrification. These efforts are now underway in 2023.
16 Industry engagement has been strong, and we look forward to
17 finalizing these efforts in the new year.

18 "Number 1, Federal Grants Come In for High-Speed
19 Rail. Thanks to historic funding made possible by the
20 Biden Administration, California High-Speed Rail is
21 bringing in funding from numerous grants. In 2023, we
22 celebrated award of a RAISE Grant for the Fresno Station.
23 A CRISI Grant for the grade separations in Shafter. And
24 are waiting for news any day on our biggest grant request,
25 the Federal State Partnership Grant.

1 "And that's a year of progress for High-Speed
2 Rail."

3 (End of Video Playback.)

4 MR. KELLY: There you have it.

5 CHAIR RICHARDS: Thank you, Brian.

6 Ladies and gentlemen. We'll now move on to what
7 was Item Number Two, which is the AECOM Program Update So,
8 are you up there, Alicia? There you go.

9 MS. FOWLER: I am. I'm going to stay right here,
10 because I have staff coming up.

11 Board Members, this is Item Number Two in which
12 we are returning to the Board at your request to report on
13 the AECOM-Fluor Contract. When you approved that contract
14 a year ago, you asked that we come back annually and report
15 on two specific areas. Our small business progress under
16 that contract, and our conflicts review work under that
17 contract.

18 And so I will turn this to Catrina Blair, our
19 Chief in the Process and Program Development Branch who
20 heads up our small business work. And Tawnya Southern, an
21 Attorney IV in my office who will report on these areas.

22 And I think if we can move to the next slide, and
23 perhaps the next. We'll let Catrina start on the small
24 business portion.

25 MS. BLAIR: Thank you, Alicia.

1 Good morning, Chair Richards and Board Members.
2 And as Alicia stated I will be doing a small business
3 overview briefly. And then I'll turn it over to Tawnya to
4 cover her portion of the presentation. Okay, next slide.
5 Next slide please.

6 Well, until they get to the slide I'll just go
7 ahead. The Small Business Team works with PDS and other
8 Authority clients to ensure that the Small Business
9 Disabled Veteran Business Enterprise And Disadvantaged
10 Enterprise businesses are given every practicable
11 opportunity to participate on this project. So we
12 accomplish this by monitoring compliance from contract, to
13 contract award, to contract closeout. And the Small
14 Business Compliance Team begins every contract with a
15 kickoff meeting where we discuss goals, expectations, and
16 compliance requirements.

17 Our team held a kickoff meeting with PDS. And we
18 had an opportunity to meet with their leadership, and their
19 Small Business Officer who has a robust background in small
20 business DVBE and DBE compliance, which is extremely
21 helpful in navigating the SB DVBE-DBE landscape.

22 Furthermore, the PDS must comply with the Small
23 and Disadvantaged Business Enterprise Program that was
24 approved in 2012. So they have a 30 percent overall small
25 business goal, which is inclusive of DBE. A 10 percent

1 goal for DBE and a 3 percent goal for DVB. Next slide.

2 So payment and utilization are the two areas
3 where the Small Business Compliance Team directs their
4 focus. So for monitoring of payments we're doing a few
5 things. In September the Authority implemented a
6 compliance management system that we call B2G Now. The
7 system tracks prime payments and notify subcontractors and
8 subconsultants given them the opportunity to validate the
9 payments that they received from the prime. So this system
10 is designed to alert the Authority if payment has not been
11 validated, so that we can take immediate action.

12 The Small Business Team then contacts the small
13 business directly to confirm payment. And reaches out to
14 the prime directly to resolve if we need to.

15 Additionally PDS and other Authority primes must
16 submit monthly compliance forms that detail payments made
17 to small business DVBE and DBE firms. And as an added
18 measure of transparency, we also post contractor payment
19 reports on the Authority's homepage and small business
20 page.

21 So the second area where the team focuses is
22 utilization. The PDS Small Business Officer has a standing
23 meeting with the Authority Small Business Advocate and
24 myself to discuss compliance and efforts the PDS is making
25 to achieve the SB DVBE and DBE goals. In this meeting we

1 do discuss strategy risks, and ways to mitigate those
2 risks. And the PDS also provides a monthly narrative that
3 details outreach efforts and strategies to increase
4 participation. And the ways in which they keep their small
5 businesses informed and educated about internal practices
6 such as proper submittal of invoices for timely payments.
7 Next slide.

8 As of September 2023 reporting period, the PDS is
9 on target based on their total expended values. The Small
10 Business Team is working closely with the PDS Small
11 Business Officer to assist with increasing the DVBE
12 numbers, which are not quite where we want them to be right
13 now. But we accomplish this by providing PDS with an
14 outreach platform where we partner together for workshops
15 that detail how to do business with PDS.

16 In addition, the PDS Small Business Officer
17 attends BAC meetings, which are held six times per year.
18 And has presented a couple of times this year at the BAC
19 meetings, and has reported on their goals and efforts to
20 meet their goals. More recently, the PDS Small Business
21 Officer participated in the Authority Small Business and
22 Diversity Resources Fair. And hosted an exhibit table and
23 held several matchmaking sessions with interested
24 businesses.

25 This first year has been a successful partnership

1 with PDS. And we're looking forward to continuing this
2 partnership and their efforts to increase participation.

3 So this concludes my portion of the presentation,
4 and I'll be happy to take any questions before I turn it
5 over to Tawnya.

6 CHAIR RICHARDS: Thank you very much.

7 MS. BLAIR: Thank you.

8 MS. SOUTHERN: Good morning Board Members and
9 Chair Richards. My name is Tawnya Southern and as Chief
10 Counsel Fowler said I am an attorney in the Legal Office
11 for a little more than eight years now. My portion of this
12 presentation will be on the conflict of interest compliance
13 of the program delivery support consultant.

14 I'm happy to report that we have been on top of
15 this process. And I supported the procurement for the PDS
16 Consultant. And we executed the contract in November of
17 last year, and I have been providing legal support with
18 other lawyers for the program delivery support contract as
19 well. So I'm well versed in this contract and the
20 compliance issues.

21 We, in response to what the Board requested, we
22 not only are complying with the organizational conflict of
23 interest policy that was updated this June. But we also
24 have contracts compliance, the organizational contract
25 conflict of interest, as well as a mitigation effort for

1 conflicts. It's called the Conflict Mitigation Plan. It
2 is a new provision that was implemented for this contract
3 at the request of Board Members to ensure that we are on
4 top of it, engaging collaboratively with the program
5 delivery support consultant. And have a look ahead
6 approach that isn't reactive but proactive. The slide --
7 I'll go ahead and go to the next slide. We'll be on this
8 one for a while, because it details all six of the of the
9 contract requirements. This is that provision that I was
10 talking about in our scope of work.

11 The first is identification of key personnel and
12 additional expertise resources, their companies, and their
13 proposed locations for work. And this way if there is a
14 mitigation that is required, we also understand where their
15 physical location will be for the work. And if necessary,
16 what the mitigation measures will be.

17 The plan identified -- and again I'll start and
18 just back up a little. We worked with AECOM-Fluor and
19 their counsel really collaboratively. And got into the
20 weeds about this plan development, as well as the reporting
21 structure. The counsel that are the lead, I will talk
22 about a little later for AECOM-Fluor are getting monthly
23 reports from inside the organization. And they're really
24 working on being proactive.

25 Especially AECOM is quite prolific throughout not

1 only the state, but the nation. So it's a nice way to
2 ensure that we are avoiding actual -- you know, when we
3 have potential conflict issues we're working to avoid any
4 actual conflicts through mitigation.

5 The plan that we worked on identified the
6 requisite key personnel. And when they came in if they
7 were working on a project that involved the same
8 contractors -- we had some that worked with Jacobs, some
9 that worked with Tudor -- we either had them stop working
10 on the project. Or we had them implement some type of wall
11 to ensure that there wasn't a problem working on say CP2-3
12 as well as their prior work.

13 The second contract provision requirement was a
14 description of the reporting relationships of each of the
15 staff. So the plan requires that AECOM-Fluor's Principal
16 In-Charge and Deputy Principal In-Charge take
17 responsibility.

18 And they have all the key personnel and
19 additional expertise reporting to them. They identify any
20 potential issues that could arise potential conflicts or
21 actual conflicts. And they have them report on the
22 project. And we would mitigate before they come on if
23 there is an issue. And again Authority staff and Authority
24 attorneys have worked with staff for AECOM-Fluor, as well
25 as the counsel AECOM and Fluor.

1 The third, and I'd say it's probably the biggest
2 maybe meat of the provision is number three. It's a
3 description of methods to prevent, restrict, and
4 disassociate the consultant staff from other projects
5 outside of the Authority's program that may create a
6 potential or actual organizational conflict of interest.

7 And in here, in addition to the plan, as part of
8 the monitoring of it, the consultant is preparing and
9 providing supplemental reports. So in addition to the base
10 plan, we get a quarterly report. And I told you before
11 that the attorneys were working with the consultant and
12 getting monthly updates. They then provide quarterly
13 updates to the Authority. And we use those, the last one
14 was part of this plan, to make sure we report to the Board
15 on an annual basis.

16 In addition to those we have supplemental
17 reports. To date, there have been five. And that's when
18 they identify either projects where they've worked with
19 most notably the design builders, but it could be other
20 projects where their personnel or staff -- especially key
21 personnel -- have worked say with Jacobs or Tudor or other
22 entities. In this we have five supplemental reports. Two
23 of them were related to projects that are related. San
24 Joaquin Joint Powers Authority is one of our partnering
25 agencies. And although our interests are mostly aligned,

1 there will be places where the interests will be some
2 somewhat divergent. We've identified the NEPA assignment
3 and NEPA work of AECOM, that potentially down the road
4 could create a problem.

5 So AECOM is working on the MITC Program. If
6 you're not familiar with that it is the -- I have to look
7 at it with my glasses, I want to make sure I can read it --
8 the Merced Integrated Track Connector, that's MITC. And
9 they're also working, AECOM is working with the San Joaquin
10 Joint Powers Authorities on the Madera Station.

11 So again we've identified potential areas. We've
12 put in place mitigation. The main mitigation is that the
13 teams will be different working on the Authority's
14 projects, and working on the Madera Station and the MITC
15 project, so we can avoid any actual conflicts of interest.

16 And we have had three staff that have worked on
17 projects that involve the same entities or that are in the
18 design build. We have one, there was going to be a direct
19 potential and turned into probably an actual conflict. We
20 asked that -- the work was almost done. We asked that
21 person be disengaged from the other project, so that we
22 didn't have an actual conflict on this project.

23 So we've been very proactive. We've worked
24 really well. We have to compliment AECOM and Fluor for
25 taking this seriously. For engaging and really making sure

1 that we understand the issues. That we act proactively and
2 we are able to report to the Board that we are taking this
3 seriously and avoiding actual conflicts.

4 Just a last couple of issues. Number four,
5 contracts compliance. It's a description of how the
6 consultant will control the information relative to the
7 Authority's operations. And AECOM-Fluor have implemented
8 security controls and a tracking system to ensure whoever
9 has access to PDS information has to be approved on
10 specific servers. So they have implemented security
11 controls that help us mitigate or avoid this issue.

12 The second to last provision is that the
13 consultants process to promote awareness. And to instruct
14 the staff of the importance and impartiality of its role in
15 preventing bias fraud, waste and abuse, and including an
16 upgraded ethics training. So we're really pleased to
17 report that AECOM-Fluor has taken steps to ensure that all
18 staff have a copy of the plan. They are aware of the
19 provisions. And they are also understanding their
20 obligations and responsibilities.

21 In addition, the consultant has implemented a
22 live web-based conflict of interest training for this
23 program in addition to the efforts they already were
24 undertaking.

25 Lastly, for the contract provisions the

1 consultants process to assess the effectiveness and the
2 conflict mitigation plans, and to address the issues, is
3 one of the requirements under the contract. And AECOM has
4 appointed, as I alluded to a little earlier, one of their
5 ethics counsel as the lead for their plan officer. And
6 Fluor Enterprises, Inc. has also appointed a counsel as
7 their plan officer. So we have attorneys on both sides
8 really taking this seriously and watching for ethical
9 issues that could arise.

10 They are responsible for monitoring overall
11 compliance with the plan measures and reporting to us.
12 They also are undertaking these quarterly reviews, in
13 addition to the supplemental reports that we receive.

14 So I'm giving all of this very detailed
15 information, and probably a little dry and not as exciting
16 as \$3 billion. But we wanted you to know we're taking it
17 we have taken it seriously. We continue to monitor this.
18 And we will get quarterly updates if not more often via the
19 supplemental plans. So next slide.

20 Lastly, just to wrap it up, the Authority and
21 AECOM are committed to ensuring that potential or actual
22 conflict of interest issues are immediately addressed as
23 they are identified. And it's going to be for the life of
24 the agreement.

25 Once these issues are identified, both staff and

1 the attorneys for AECOM and the Authority are
2 collaboratively working to implement mitigation measures
3 that sufficiently address any potential or actual conflict
4 of interest issues. To date we're pleased to report that
5 in this collaboration, we have enacted mitigation measures.
6 And we have not conflicted any individual out from working
7 on the project.

8 So that being said if you have any questions --
9 you can tell I'm a little nervous, so I appreciate it.

10 CHAIR RICHARDS: No, you did very well. Thank
11 you, Ms. Southern.

12 Any questions or comments from the Board Members?

13 BOARD MEMBER CAMACHO: No, I just want to
14 compliment you, and for your report, and the thoroughness
15 of the work that you're doing. Thank you.

16 MS. SOUTHERN: Thank you.

17 CHAIR RICHARDS: Anybody else? And I'll echo
18 what Director Camacho said. This was a very important
19 issue from last year and I'm glad that you followed up on
20 it as we've requested. And there's no reason to be
21 nervous.

22 MS. SOUTHERN: Next year I won't be.

23 CHAIR RICHARDS: Yeah, all right. Excellent.
24 Thank you very much.

25 MS. SOUTHERN: Thank you.

1 CHAIR RICHARDS: I will very briefly touch base
2 on the Finance and Audit Committee meeting earlier this
3 morning. I'll not mention anything on the Central Valley
4 Update. You had a far more detailed presentation here in
5 the Board meeting a few moments ago.

6 Just on the finance side of things, these numbers
7 are as of September the 30th. Total cash that the
8 Authority had available: 2.9 billion, of which 2 /12 is
9 from Cap-and-Trade, 408 million is from Proposition 1a.

10 On the Cap-and-Trade auctions that occurred, the
11 August auction, are not included in this numbers in that
12 August auction. We received or will receive about 217
13 million. The November auction we will receive
14 approximately 356 million. Neither of those as I mentioned
15 are in the numbers that I mentioned a few moments ago.

16 The admin budget, we report this because we
17 monitor the cap for administration costs. We've
18 consistently remained below that cap. We spent 5.8 million
19 in the month of September.

20 Our capital outlay budget. In September we spent
21 or invested 123.6 million, of which 86.8 million were
22 design-builder expense expenditures.

23 And our contingencies summary, the number remains
24 at about 1.6 billion in contingency divided among the three
25 packages construction packages, 73 million for CP4. And

1 CP1, the remainder one at 752. And CP2-3, at 792 million.

2 With regards to one final item, I'll go ahead and
3 relieve you so you don't have to do this. There had been a
4 request from Board Members that there ought to be at least
5 an item on each Board meeting for Board Member comments.
6 We will now reflect that at the end of each meeting.

7 I just want to make -- I asked our Chief Counsel
8 to provide some direction on this and let me just identify
9 just address the things that that Alicia provided. So this
10 new agenda item is an opportunity for Board Members to
11 comment on events or activities they have participated in,
12 or will participate in, and other updates relevant to the
13 project or make requests of staff.

14 Bullet Point Two. Under Bagley-Keene rules it is
15 not possible for the Board to engage in discussions related
16 to new businesses, or new business brought up by Board
17 Members including discussions, deliberations, or actions or
18 on topics not specifically identified in the agenda or on
19 the agenda.

20 The newly updated Attorney General's Guide to
21 Bagley-Keene includes the following guidance. "During a
22 meeting state body members may engage in limited
23 conversations not appearing in the agenda such as reporting
24 on personal activities, or interacting with public
25 speakers, and staff for informational or procedural

1 purposes including asking to add a business matter to a
2 future agenda. They may not however, deliberate on any
3 substantive policy matter, not on the agenda."

4 So that'll be the guidance that will provide the
5 necessary oversee oversight to ensure that we conform with.
6 And so Board Members will now note at the end of every
7 Board meeting there will be time for Board Member comments.

8 Since you're probably all taken by surprise from
9 this we will probably not have any today. Is that correct?

10 UNKNOWN SPEAKER: (Indiscernible.)

11 CHAIR RICHARDS: Excellent. We don't.

12 That being the case, one of our shorter meetings,
13 but one of the more important meetings in moving this
14 project forward. We thank you all for attending. We wish
15 you the best of holidays and Happy New Year and we'll look
16 forward to seeing you in January.

17 With that this meeting is adjourned. Thank you
18 very much.

19 (The California High-Speed Rail Authority

20 Adjourned at 11:13 a.m.)
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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 29th day of December, 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.

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Myra Severtson
Certified Transcriber
AAERT No. CET**D-852