

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

CALIFORNIA DEPARTMENT OF HEALTHCARE SERVICES AUDITORIUM

1500 CAPITOL AVENUE

SACRAMENTO, CA 95814

THURSDAY, DECEMBER 13, 2018

10:00 A.M.

Reported by:  
Gigi Lastra

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman (arrived 10:04 a.m.)

Tom Richards, Vice Chair

Lynn Schenk

Michael Rossi

Daniel Curtin

Nancy Miller

Bonnie Lowenthal

Ernest Camacho

EX OFFICIO BOARD MEMBERS

Assemblymember, Dr. Joaquin Arambula (Absent)

Senator, Jim Beall (Absent)

STAFF

Joseph Hedges, Chief Operating Officer

Tom Fellenz, Chief Counsel

Moe Ramadan, Acting Secretary

PRESENTERS:

Paula Rivera, Chief Auditor

Joseph Hedges, Chief Operating Officer

PUBLIC COMMENT:

David Schwegel, Greater Sacramento Economic Council

INDEX

	<u>PAGE</u>
Roll Call	4
<u>Public Comment</u>	5
1. Consider Approving the Board Meeting Minutes from the November 15, 2018 Board Meeting	7
2. Consider Approving the Fiscal Year 2018-19 Audit Plan and Acknowledging the Internal Quality Assurance Self-Assessment, Fiscal Year 2017-18	8
3. Consider Extending the Contract with Pacific Gas & Electric for Engineering and Permits Associated with Electrical Interconnections for Time Only	9
4. Construction Update and Year End Review	14
5. Closed Session Pertaining to Litigation	19
Adjourned	19

P R O C E E D I N G S

10:00 a.m.

PROCEEDINGS BEGIN AT 10:00 A.M.

SACRAMENTO, CALIFORNIA, THURSDAY, DECEMBER 13, 2018

VICE CHAIR RICHARDS: Good morning ladies and gentlemen. We're going to call the meeting to order of the December 13th, 2018 California High-Speed Rail Authority Board meeting. Chair Richards will be here shortly, if we can call the roll, please?

MR. RAMADAN: Director Schenk?

BOARD MEMBER SCHENK: Here.

MR. RAMADAN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MR. RAMADAN: Director Rossi?

BOARD MEMBER ROSSI: (No audible response.)

MR. RAMADAN: Director Curtin?

BOARD MEMBER CURTIN: Here.

BOARD MEMBER SCHENK: Well, Rossi's here.

BOARD MEMBER ROSSI: Here.

MR. RAMADAN: Director Lowenthal?

BOARD MEMBER LOWENTHAL: Here.

MR. RAMADAN: Director Camacho?

BOARD MEMBER CAMACHO: Here.

MR. RAMADAN: Director Miller?

BOARD MEMBER MILLER: Here.

1 MR. RAMADAN: Senator Beall?

2 EX OFFICIO BOARD MEMBER BEALL: (Absent).

3 MR. RAMADAN: Assemblymember Arambula?

4 EX OFFICIO BOARD MEMBER ARAMBULA: (Absent).

5

6 MR. RAMADAN: Chair Richard?

7 CHAIRMAN RICHARD: (Absent).

8 VICE CHAIR RICHARDS: Thank you, we have a  
9 quorum. If we can stand for the Pledge of Allegiance, and  
10 Director Camacho, please?

11 (The Pledge of Allegiance is made.)

12 VICE CHAIR RICHARDS: As we normally do, we'll  
13 start this morning with the comments from the public. We  
14 only have one this morning and I don't see any electeds  
15 here today, so if we can we'll start with David Schwegel,  
16 please. Good morning, sir.

17 MR. SCHWEGEL: Good morning. Greetings High-  
18 Speed Rail Board, David Schwegel, Greater Sacramento  
19 Economic Council.

20 See if we can get the U.S. High-Speed Rail  
21 Advisory Board to find a creative way to put your top  
22 financial guru -- I wonder who that might be -- on a panel  
23 with the State Auditor. Because that will not only sell  
24 out the U.S. High-Speed Rail Association's conference in  
25 April, in Los Angeles, it will prime the pump perfectly for

1 a conference here in Sacramento where that sort of debate  
2 is business as usual. And we are expanding our Convention  
3 Center specifically for such an event.

4 Don't forget about us here in Sacramento. We are  
5 the most underrated city in the state and the second most  
6 overlooked region in the nation. We are also the capital  
7 city of the world's fifth largest economy. We have the  
8 state's second busiest and the nation's seventh busiest  
9 Amtrak station.

10 And think four by four by four by four. In four  
11 years, quadruple the pace of construction; \$4 billion  
12 dollars from ACE; \$4 billion from high-speed rail; high-  
13 speed rail service up here by 2022 in Sacramento and very  
14 interesting hearings at the Capitol thinking, "Wow, in 2018  
15 we were worried about a claw back? No, now that we have  
16 high-speed rail here in Sacramento we have private  
17 investors pumping money into our system. We have  
18 extraordinary ridership that has significantly exceeded  
19 projections."

20 With regards to density numbers we're looking  
21 much better than the 2002 study. San Jose's 5734 is our  
22 competition. Sacramento, we're here at 5013, Fresno 4598  
23 and San Diego, 3813. You might want to take a closer look  
24 here at Sacramento and if it helps any, we have the  
25 nation's largest urban infill project, the Railyards. Keep

1 an eye on us here. Thank you so much.

2 VICE CHAIR RICHARDS: Thank you, Mr. Schwegel.

3 Seeing no other comments from the public, we'll  
4 now move into the Board agenda. Item number one is the  
5 consideration of the Board minutes from November the 15th.

6 BOARD MEMBER SCHENK: I'll move approval.

7 VICE CHAIR RICHARDS: Director Schenk and a  
8 second by Director Rossi.

9 BOARD MEMBER ROSSI: No, Director Camacho.

10 VICE CHAIR RICHARDS: By Director Schenk, thank  
11 you. All in favor or excuse me, call the roll please? Go  
12 ahead and call the roll, please?

13 MR. RAMADAN: Okay.

14 Director Schenk?

15 BOARD MEMBER SCHENK: Yes.

16 MR. RAMADAN: Vice Chair Richards?

17 VICE CHAIR RICHARDS: Yes.

18 MR. RAMADAN: Director Rossi?

19 BOARD MEMBER ROSSI: Yes.

20 MR. RAMADAN: Director Curtin?

21 BOARD MEMBER CURTIN: Yes.

22 MR. RAMADAN: Director Lowenthal?

23 BOARD MEMBER LOWENTHAL: Abstain.

24 MR. RAMADAN: Director Camacho?

25 BOARD MEMBER CAMACHO: Yes.

1 MR. RAMADAN: Director Miller?

2 BOARD MEMBER MILLER: Yes.

3 VICE CHAIR RICHARDS: Thank you. Item number two  
4 is consider approving the Fiscal Year 2018-'19 Audit Plan.  
5 Ms. Rivera, please?

6 (Chair Richard arrives to the meeting.)

7 MS. RIVERA: Good morning. I'm Paula Rivera. I  
8 bring to you today our Fiscal Year '18-'19 Audit Plan, and  
9 our '17-'18 Internal Quality Review.

10 International Audit Standards require that the  
11 Board approve the audit resources and the audit work plan.  
12 In addition, we present you with the results of our  
13 internal review of how we comply with our own audit  
14 procedures and with the standards.

15 We've prepared a risk-based plan, which includes  
16 the audits from the prior year that we were unable to  
17 complete due to our vacancies. We've looked at those  
18 audits in relation to the State Audit that was recently  
19 issued and we've identified those that address the highest  
20 risks in the Authority.

21 Do you have any questions?

22 VICE CHAIR RICHARDS: Any questions for Ms.  
23 Rivera? Okay. Seeing none, do we have a motion?

24 BOARD MEMBER ROSSI: So moved.

25 BOARD MEMBER CAMACHO: Second.



1 VICE CHAIR RICHARDS: Director Rossi on the  
2 motion and Director Camacho on the second. Please call the  
3 roll.

4 MR. RAMADAN: Director Schenk?

5 BOARD MEMBER SCHENK: Yes.

6 MR. RAMADAN: Vice Chair Richards?

7 VICE CHAIR RICHARDS: Yes.

8 MR. RAMADAN: Director Rossi?

9 BOARD MEMBER ROSSI: Yes.

10 MR. RAMADAN: Director Curtin?

11 BOARD MEMBER CURTIN: Yes.

12 MR. RAMADAN: Director Lowenthal?

13 BOARD MEMBER LOWENTHAL: Yes.

14 MR. RAMADAN: Director Camacho?

15 BOARD MEMBER CAMACHO: Yes.

16 MR. RAMADAN: Director Miller?

17 BOARD MEMBER MILLER: Yes.

18 MR. RAMADAN: Chair Richard?

19 CHAIRMAN RICHARD: Yes.

20 VICE CHAIR RICHARDS: Okay. The motion is  
21 passed.

22 CHAIRMAN RICHARD: On this next item, which is  
23 the consideration of a contract with PG&E, because of an  
24 economic interest that I have as holding pension rights  
25 with PG&E I have an actual or potential conflict of

1 interest. And therefore I'm recusing myself on this Board  
2 agenda item, which is a staff request to extend existing  
3 authority, contract authority with PG&E, so I'll recuse  
4 myself. And under the law I will step away from the podium  
5 for the consideration and deliberation of this item and  
6 Vice Chair Richards will conduct it.

7 MR. HEDGES: Sir, I have Frank in the Valley  
8 today --

9 VICE CHAIR RICHARDS: Let's just wait and let the  
10 Chair leave the room.

11 (Chair Richards left the room after recusing  
12 himself.)

13 VICE CHAIR RICHARDS: All right. Item number  
14 three is to consider extending the contract with PG&E for  
15 engineering and permits associated with the electrical  
16 interconnection.

17 MR. HEDGES: Sir, I have Frank in the Valley, so  
18 I'll just do a quick present. Contract --

19 BOARD MEMBER ROSSI: Can I just ask one question?

20 VICE CHAIR RICHARDS: Sure.

21 BOARD MEMBER ROSSI: Does Frank Vacca really  
22 exist? We haven't seen Frank Vacca in front of this Board  
23 in (indiscernible) really does exist?

24 MR. HEDGES: He does exist, sir. I have him in  
25 the Valley (indiscernible) the Central Valley today. He

1 does exist, but I'll bring him next Board Meeting to prove  
2 his existence.

3 VICE CHAIR RICHARDS: All right. Go ahead, Mr.  
4 Hedges.

5 MR. HEDGES: Yes, sir.

6 Contract HSR-1656 is a current contract for  
7 approximately 36 million with a current expiration date of  
8 January 31st, 2019. What I request respectfully is to,  
9 without additional dime, with only additional time to  
10 extend the January 31st, 2019 current contract completion  
11 date by two years to January 31st, 2021. This allows  
12 basically this contract then to dovetail into the work  
13 that's progressing with our tracking systems contracts  
14 simultaneously.

15 The purpose of this contract is to do the design  
16 with regards to bringing the power connections into the  
17 high-speed. It has nothing to do with provisional sums.

18 VICE CHAIR RICHARDS: Okay. Thank you.

19 Any questions for Mr. Hedges?

20 BOARD MEMBER CURTIN: Mr. Chairman?

21 VICE CHAIR RICHARDS: Yes, Director Curtin?

22 BOARD MEMBER CURTIN: So is this for the Northern  
23 ICS or the Valley or what is the geographic scope of this?

24 MR. HEDGES: This is for, sir, this is for ten  
25 sites. It is predominantly in the Los Angeles area, sir.

1 BOARD MEMBER CURTIN: It's in Los Angeles  
2 primarily?

3 MR. HEDGES: Yes, sir

4 BOARD MEMBER CURTIN: Great. Thank you.

5 (Multiple voices talking over each other.)

6 VICE CHAIR RICHARDS: PG&E is not, no, this would  
7 be in the northern part of the Valley.

8 MR. HEDGES: I'm sorry, sir. It is in the  
9 northern.

10 VICE CHAIR RICHARDS: Yeah, the northern part of  
11 the Valley.

12 BOARD MEMBER CURTIN: So it's near the Central  
13 Valley, primarily?

14 MR. HEDGES: Yes, sir.

15 BOARD MEMBER CURTIN: Okay, not on the Peninsula.  
16 Is it out on the Peninsula at all?

17 MR. FELLEENZ: (Off mic.) No. Just Caltrain  
18 (indecipherable).

19 BOARD MEMBER CURTIN: Along that portion at all?

20 VICE CHAIR RICHARDS: Tom, would you just come to  
21 the -- can you answer the question?

22 MR. FELLEENZ: Yes. Director Curtin, Caltrain is  
23 electrifying their corridor right now. So they're  
24 providing the arrangements with the energy companies to  
25 provide that electricity.

1 BOARD MEMBER CURTIN: Okay.

2 VICE CHAIR RICHARDS: Any other questions?

3 (No audible response.)

4 VICE CHAIR RICHARDS: All right, hearing none, I  
5 have no questions. Do we have a motion for approval?

6 BOARD MEMBER CAMACHO: So moved.

7 BOARD MEMBER ROSSI: Second.

8 VICE CHAIR RICHARDS: By Director Camacho, second  
9 by Director Rossi. All in favor please call -- excuse me.  
10 Please call the roll.

11 BOARD MEMBER SCHENK: It's much easier the way  
12 you want to do it.

13 VICE CHAIR RICHARDS: Yeah, I'm used to it that  
14 way.

15 MR. RAMADAN: Director Schenk?

16 BOARD MEMBER SCHENK: Yes.

17 MR. RAMADAN: Vice Chair Richards?

18 VICE CHAIR RICHARDS: Yes.

19 MR. RAMADAN: Director Rossi?

20 BOARD MEMBER ROSSI: Yes.

21 MR. RAMADAN: Director Curtin?

22 BOARD MEMBER CURTIN: Yes.

23 MR. RAMADAN: Director Lowenthal?

24 BOARD MEMBER LOWENTHAL: Yes.

25 MR. RAMADAN: Director Camacho?

1 BOARD MEMBER CAMACHO: Yes.

2 MR. RAMADAN: Director Miller?

3 BOARD MEMBER MILLER: Yes.

4 VICE CHAIR RICHARDS: All right, thank you. It  
5 passed unanimously. Can somebody step out and get the  
6 Chair?

7 All right. We'll move on to item number four,  
8 which is for information only and this is the Construction  
9 Update, Mr. Hedges?

10 MR. HEDGES: Yes, sir. 2018, a year of changes,  
11 challenges, and significant progress. What I would like  
12 to do is just to show you a video on that great kind of  
13 Missouri "show me" that highlights that starting with the  
14 change of our beloved and very missed leader, Brian Kelly,  
15 throughout the progress that's been made in the Valley to  
16 the work that's been advanced on the Records of Decisions.

17 And again it's an important time, I think, to  
18 stop and to reflect. From the staff's perspective it is to  
19 thank the Board for their leadership. From the executive's  
20 position of the Authority is to thank the staff for a job  
21 well done to everyone.

22 So with that, sir, I'd like to simply just roll  
23 the tape.

24 (Video begins playback - music and narration.)

25 VIDEO NARRATOR: 2018 was a year that saw

1 significant changes and advancement to the High-Speed Rail  
2 Program."

3 CONSTRUCTION WORKERS: California work,  
4 California jobs, California (indiscernible)

5 VIDEO NARRATOR: The biggest change came with the  
6 turn of the calendar as the Board named former California  
7 Transportation Agency Secretary, Brian Kelly, as the new  
8 CEO. He would be joined by new COO, Joe Hedges and Chief  
9 Deputy Director, Pam Mizukami.

10 GOVERNOR BROWN: I make no bones about it. I  
11 like trains and I like high-speed trains even better.

12 VIDEO NARRATOR: The transition to new leadership  
13 got people talking including Governor Jerry Brown. The  
14 Governor used his final State of the State Address to  
15 acknowledge challenges facing the program. But also to  
16 remind lawmakers and the public of the important role high-  
17 speed rail can play in California.

18 GOVERNOR BROWN: As the global economy puts more  
19 Americans out of work and lowers wages, infrastructure  
20 projects like this will be a key source of well-paid  
21 California jobs.

22 VIDEO NARRATORS: Just days after the Governor's  
23 Address, BART rolled out its Fleet of the Future.

24 GRACE CRUNICAN - BART GENERAL MANAGER: The nice  
25 features on this train are really designed for the

1 customers.

2 VIDEO NARRATOR: Seven-hundred seventy-five new  
3 quieter state-of-the-art rail cars costing \$2.6 billion  
4 with 140 million of that coming from the High-Speed Rail's  
5 connectivity funding.

6 In March, a significant step was taken as the  
7 first heavy construction began in Construction Package 4 at  
8 the Garsis Highway and Pond Avenue in Kern County. You  
9 could call it Milestone May.

10 As the Authority kicked off its Urban Forestry  
11 Program with tree planting at West Fresno Middle School:

12 WEST FRESNO MIDDLE SCHOOL SPEAKER: It's really  
13 exciting to see all of you here to help us celebrate a  
14 monumental day.

15 VIDEO NARRATOR: We also celebrated the hiring of  
16 our 2,000th construction worker.

17 MR. KELLY: Good morning Mr. Chairman and  
18 members.

19 VIDEO NARRATOR: And just months after taking  
20 over as CEO, Brian Kelly helped release the 2018 Business  
21 Plan.

22 MR. KELLY: This process is intense. It is  
23 painstaking. And it took a phenomenal team, both on the  
24 Authority side and our consultant side working together to  
25 put this draft together.



1 VIDEO NARRATOR: The Plan was widely praised for  
2 its transparency and honest appraisal of lessons learned.

3 As the summer days heated up, so did construction  
4 work in the Central Valley. In Construction Package 1 at  
5 the San Joaquin River Viaduct, crews are working on both  
6 sides of the river and plan to meet in the middle of this  
7 massive structure.

8 At the Cedar Viaduct columns are going up on both  
9 sides of State Route 99 with night work going on in the  
10 median. Further north, construction on the 99 Realignment  
11 is now nearing completion.

12 At the same time work within Construction Package  
13 2-3, specifically around the City of Hanford, has increased  
14 dramatically at grade separation projects like Kent and  
15 Kansas Avenues.

16 Also, over the summer the Authority released its  
17 latest Sustainability Report. This report highlighted key  
18 roles that California small businesses from disadvantaged  
19 communities play in planning, designing and building the  
20 high-speed rail system. And within just the last two  
21 months the final Environmental Impact Report was adopted by  
22 the Board for the Bakersfield Locally Generated  
23 Alternative. While just a month later, the Board announced  
24 state preferred alternatives in Southern California.

25 2018 may go down as one of the most significant

1 years in this program's history. We have recognized  
2 challenges, but we have also taken significant steps to  
3 meet those challenges and keep the program moving forward.

4 GOVERNOR BROWN: And build it we will, America's  
5 first high-speed rail system.

6 (Video playback ends.)

7 CHAIRMAN RICHARD: Did you have anything else to  
8 add to the report?

9 MR. HEDGES: No, sir. Just like I said, I just  
10 wanted to show you the video and let action speak for us.

11 CHAIRMAN RICHARD: Okay. Director Curtin, did  
12 you have a question?

13 BOARD MEMBER CURTIN: Oh, no. I'm sorry.

14 CHAIRMAN RICHARD: Okay. Any other items for the  
15 public session from the Board Members?

16 Okay. With that the Board will now enter into  
17 closed session in the anteroom off of this auditorium.

18 BOARD MEMBER CURTIN: Before you go, I'm sorry, I  
19 didn't want to make a comment on that report. I did want  
20 to make a comment, I just want to congratulate the Vice  
21 Chair Tom Richards for the hearing. For a guy who hasn't  
22 been in front of the Legislature very often I want to say I  
23 was there and he did an outstanding job under difficult  
24 circumstances. So I just wanted to make sure I publicly  
25 mentioned that.



**REPORTER'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 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 3rd day of January, 2019.



---

Eduwiges Lastra  
CER-915

**TRANSCRIBER'S CERTIFICATE**

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of January, 2019.



---

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