

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

CALIFORNIA SECRETARY OF STATE AUDITORIUM

1500 11TH STREET

SACRAMENTO, CA 95814

TUESDAY, FEBRUARY 19, 2019

10:00 A.M.

Reported by:
Gigi Lastra

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Lenny Mendonca, Incoming Chairman

Tom Richards, Vice Chair

Lynn Schenk

Daniel Curtin

Nancy Miller

Bonnie Lowenthal

Ernest Camacho

EX OFFICIO BOARD MEMBERS

Assemblymember, Dr. Joaquin Arambula

Senator, Jim Beall

STAFF

Joseph Hedges, Chief Operating Officer

Tom Fellenz, Chief Counsel

Diana Gomez, Central Valley Regional Director

Garth Fernandez, Caltrans Project Manager

APPEARANCES (Cont.)

PRESENTERS:

Tom Fellenz, Chief Counsel

Diana Gomez, Central Valley Regional Director

Garth Fernandez, Caltrans Project Manager

PUBLIC COMMENT:

Miguel Arias, City Council, City of Fresno

David M. Schwegel, PE, US High-speed Rail Association

Ted Hart, Self

Keith Dunn, Association for California High Speed Trains

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P R O C E E D I N G S

10:05 a.m.

PROCEEDINGS BEGIN AT 10:05 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, FEBRUARY 19, 2019

CHAIRMAN RICHARD: Good morning. We'll come to order with this meeting of the California High-speed Rail Authority Board of Directors is now in session.

Would the Secretary please call the roll?

MR. RAMADAN: Director Schenk?

BOARD MEMBER SCHENK: Here.

MR. RAMADAN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MR. RAMADAN: Director Curtin?

BOARD MEMBER CURTIN: 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.

MR. RAMADAN: Director Mendonca?

DIRECTOR MENDONCA: Here.

MR. RAMADAN: Senator Beall?

EX OFFICIO BOARD MEMBER BEALL: Here.

MR. RAMADAN: Assemblymember Arambula?

1 EX OFFICIO BOARD MEMBER ARAMBULA: (Joined the
2 meeting later.)

3 MR. RAMADAN: Chair Richard?

4 CHAIRMAN RICHARD: Here.

5 Please join me in reciting the Pledge of
6 Allegiance.

7 (The Pledge of Allegiance is made.)

8 CHAIRMAN RICHARD: Well, before we start as you
9 may have noticed there were some changes during the roll
10 call this morning. And I just want to comment on those
11 briefly.

12 First of all, Director Michael Rossi had to step
13 down from the Authority. And Mike resigned in early --
14 earlier in January actually he indicated that that would be
15 his last meeting. I have a message from him that I'd like
16 to read very quickly. And he said, "As I had mentioned to
17 many, I'd like people to know that I've been getting my
18 life back together for a while now."

19 Mike has done yeoman's service on a number of
20 things, both in the public and private sector. And he said
21 "And I have decided to pull the trigger. I decided to pull
22 the trigger at the beginning of January."

23 He said, "I've found the service on this Board to
24 be challenging, demanding and a great learning experience.
25 I want to thank the staff and my Board colleagues for

1 letting me take this journey with them. I wish them, the
2 Governor and his new administration much success."

3 And I'd just like to add a personal note. Mike
4 Rossi may be one of the most brilliant people I've ever
5 met. For those of you who had to deal with him, he could
6 be gruff and he could be demanding, but I think he was also
7 fair. His ire usually would fall on those who were either
8 being obfuscatory or untruthful. But once you got past
9 that with Mike there was no one who was ever more loyal.

10 And I think he, along with Tom Richards, really
11 established the gold standard for oversight and governance
12 through the Finance and Audit Committee. Transparency is a
13 word that's thrown around a lot, but under Mike's
14 leadership and Tom's literally every piece of information
15 about this project is available through that Committee and
16 through its website.

17 So I think it leaves a huge hole on this
18 Authority Board that I hope either the Governor of the
19 legislative appointing authorities will keep in mind as
20 they look for candidates to step into these slots. This
21 project needs people of that caliber and who are willing to
22 sacrifice in that way.

23 Mike's seat has been filled by Lenny Mendonca and
24 Governor Newsom has appointed Mr. Mendonca to this Board.
25 He is serving the Governor also as his Economic Advisor.

1 Lenny is somebody who has a long history in the business
2 world as a senior business advisor. He's well known
3 throughout the state, especially in the Central Valley.
4 And I haven't known him well before this, but I and every
5 person who knows him has the deepest respect for him. It's
6 an excellent choice to add to our Board.

7 So Lenny, welcome.

8 BOARD MEMBER MENDONCA: Thank you.

9 CHAIRMAN RICHARD: And I think you can make
10 comments now or later, whichever you'd like to do.

11 BOARD MEMBER MENDONCA: Why don't I do them
12 later?

13 CHAIRMAN RICHARD: Okay.

14 So with that, we'll now open the public comment
15 section. And at the moment, I only have two speaker cards.
16 I do want to comment that in my first meeting I think there
17 were something like 60 or 70, so I think we have at least
18 reduced the anger level somewhat. (Laughter.)

19 First will be David Schwegel. He'll be followed
20 by Mr. Ted Hart.

21 MR. SCHWEGEL: Good morning, High-speed Rail
22 Board. David Schwegel walking on thick ice. I'm with
23 GSEC. Ice stands for inclusion, completion and engagement.
24 Inclusion, it would be helpful to have an HSR scoreboard
25 within CalSTA, so that all PEs can be heard out whether or

1 not they are on the actual project.

2 For example, on Merced to Sacramento one of those
3 PEs might talk about what a mutually beneficial working
4 relationship would look like with the Altamont Corridor
5 Express.

6 Second, completion. To Gavin Newsom I say there
7 is an easy path to Sacramento. That is the flat and open
8 Merced to Sacramento section. If we're able to get that up
9 and running sooner rather than later that would mean that
10 we could unlock ridership revenue and private investment.
11 Because I noticed with Sound Transit they didn't simply
12 start at Angle Lake and SeaTac Airport only to get stop at
13 an industrial park in South Seattle and put people on motor
14 scooters and bikes and buses to get the rest of the way
15 into Seattle. They went the whole way. And moving the
16 whole way here means that we will be able to get elected
17 officials and constituents alike to see what it is we are
18 doing first hand.

19 Third and finally, engagement. There would be
20 valuable information to have the upcoming consultants
21 submit a Statement of Qualifications detailing how they are
22 advancing this project on their own unpaid time. And among
23 the top mentors have been the millennial, talking in terms
24 of what this project means for their generation, because we
25 can all agree that hearing from them that makes everything

1 that we're doing well worth it.

2 And Mr. Chairman Richard I just wanted to thank
3 you for your outstanding leadership. You have demonstrated
4 phenomenal engagement especially by spending a good hour
5 with delegates at the U.S. High-Speed Rail Association
6 Conference in San Francisco. And I'm sure we're going to
7 see an extraordinary engagement coming up in April and May,
8 April 30th to May 2nd, in Los Angeles. So thanks again for
9 your outstanding leadership.

10 CHAIRMAN RICHARD: Thank you, Mr. Schwegel.
11 Thank you.

12 Ted Hart followed by Miguel Arias, I hope I'm
13 pronouncing it correctly. Good morning, Mr. Hart.

14 MR. HART: I'll move this back a little bit.
15 Good morning. And I'll address Dan specifically now. He
16 mentioned the 60 people that were speaking at that first
17 meeting. I happen to have been at that first meeting,
18 having been at these meetings for about ten years. And I
19 don't know if it's just that I outlasted everyone, I just
20 got a whole lot older or whatever the case may be, but I've
21 stuck with it. You've stuck with it. So that takes us to
22 that point.

23 I want to thank the Board for the opportunity to
24 speak to you today. And I'd like to thank Governor Newsom
25 specifically for moving high-speed rail up to the top of

1 his agenda. And his comment "Let's be real," well it
2 finally got the media's attention, because Sunday's *Bee* of
3 course went front page with these long articles. And it
4 was just good to see that the media now is paying
5 attention. A lot of you may think they have, but since I
6 monitor them closely they really haven't. Now, we have
7 their attention.

8 I've been saying the same thing for the past ten
9 years of let's be real. And there's only one issue for
10 California taxpayers. Can the high-speed rail train
11 system, being built between Bakersfield and Merced, operate
12 without a subsidy? The facts say no. The Grindley-Warren
13 63-page ridership report that was given to the Board last
14 month provides conclusive evidence that this is the case.
15 Mr. Grindley and Mr. Warren would welcome the opportunity
16 to meet with you or meet with whomever, may have control
17 here. I would suggest that it would be worthwhile to bring
18 these people together, and so you could sit down and take a
19 look at what is going to be the critical issue. And that
20 is ridership.

21 The *Hamilton Report* "Posted Money" provides a
22 written history of quotes by Board Members that say there
23 is insufficient ridership for operable -- the operable
24 Valley segment. This is on record. The ridership fares
25 that are tied directly to Prop 1A bond funds, which state

1 clearly that no bond funds may be used if subsidies are
2 required. Let's be real and recognize that no one believes
3 there is sufficient ridership between Bakersfield and
4 Merced.

5 I would give you the analogy, I mentioned it to
6 both Dan and Tom a little earlier, it's kind of like they
7 keep moving the goal posts. We started out years ago and
8 we were going south. Then we were going north. Well, we
9 finally have locked down that there's a goal post in
10 Bakersfield and there's one in Merced. And so we're
11 playing this game, but the game really is the ridership.
12 And that's what we're looking at.

13 CHAIRMAN RICHARD: Okay.

14 MR. HART: So anyway, I would say that based on
15 what information I have, or that we have put together, it's
16 time to shut it down. Thank you.

17 CHAIRMAN RICHARD: Thank you, Mr. Hart.

18 Miguel, is it Arias, Arayis, Arias?

19 UNIDENTIFIED SPEAKER: He's a Council Member with
20 the City of Fresno.

21 Councilmember, I'm so sorry. I normally start
22 with elected officials first and I had a brain hiccup.

23 COUNCILMEMBER ARIAS: It's okay. If you're
24 asking my mother, it's Arias. If you're asking everybody
25 else, it's just Miguel. So thank you.

1 CHAIRMAN RICHARD: Well Councilmember, welcome
2 and my apologies for that, sir. You should have gone
3 first.

4 COUNCILMEMBER ARIAS: No need to apologize. I
5 just wanted to spend a moment this morning, to remind you
6 that what this project represents to so many of us in the
7 Central Valley. As you mentioned, my name is Miguel Arias
8 and I just got elected to represent the heart of Fresno,
9 which is the heart of the High-Speed Rail Project.

10 This last week we celebrated with High-Speed
11 Rail, the completion of the realignment of 99. For us,
12 high-speed rail represents a lot of things. One, of
13 course, is the thousands of jobs that it's created locally
14 for an economy that's always at the bottom to recover in
15 the State of California and always are lagging behind the
16 nation.

17 It also represents the thousands of small
18 businesses that you've been able to impact and the economic
19 boost that you have been able to give us. This is
20 dramatically and critically important for us, especially
21 for my district, which has the zip codes with the highest
22 concentration of poverty in the United States. Let me say
23 that again, neighborhoods in my district, in the heart of
24 the high-speed rail represent the highest concentration of
25 poverty in the United States and has been for more than 20

1 years.

2 The high-speed rail has been an opportunity for
3 us to try and turn that narrative and that history around.
4 However, that's not all of what high-speed rail is to us.
5 The real promise for us is a promise of a healthier Fresno
6 and a healthier Central Valley. Not only do we have the
7 highest concentration of poverty in the U.S., but we also
8 have the dirtiest air basin in the State of California.
9 And what that means for us, it means that residents and my
10 neighbors live 20 years less than people in North Fresno
11 and the rest of the State of California.

12 It's nearly cutting away 20 years of their life
13 span, because of the pollution created across the state and
14 the Valley that just remains in our basin. High-speed rail
15 actually represents an opportunity for my kids and future
16 generations to have a healthier life and a better
17 opportunity than we did.

18 And I leave you with this, just a quick reminder
19 that the greatest generation in our country. We built our
20 country, not for themselves, but for us, and we have a
21 moral responsibility to do the same. So stay on track,
22 hold folks accountable, be sharp in your goals, but don't
23 give up on the future of the Central Valley and the future
24 of our kids.

25 I think the greatest generation would have done

1 that to us. Thank you and have a great day.

2 CHAIRMAN RICHARD: Thank you so much,
3 Councilmember and congratulations.

4 The last speaker card I have is from Keith Dunn.

5 MR. DUNN: Thank you Mr. Chairman. Keith Dunn
6 here for the Association of California High Speed Trains
7 and I just want to take this opportunity to thank you for
8 all your hard work. We've had a long working history
9 together; one that I've enjoyed and I've appreciated your
10 dedication to this project and to your colleagues here on
11 the Board and California as a whole.

12 So I couldn't let today pass without just saying
13 thank you for that, for your friendship and for your
14 continued hard work and dedication. Looking forward to
15 working with our new Board Member and Chair and the rest of
16 you, but I just wanted to make sure that we got to take a
17 few minutes here to just say thank you. It's been very
18 appreciated and your dedication should be recognized, so
19 thank you very much.

20 CHAIRMAN RICHARD: Thanks, Keith.

21 Okay, no other public speakers.

22 BOARD MEMBER SCHENK: May I express something
23 (indiscernible)?

24 CHAIRMAN RICHARD: Yes. Director Schenk?

25 BOARD MEMBER SCHENK: With your permission, I'm

1 going to go to the podium.

2 CHAIRMAN RICHARD: Okay.

3 BOARD MEMBER SCHENK: I didn't fill out a
4 speaker's card; is that okay? (Laughter). _

5 CHAIRMAN RICHARD: You know, for seven years
6 you've been telling me to hold to the clock.

7 BOARD MEMBER SCHENK: Yes, (indiscernible). It
8 is a day of exceptions. First of all, when you first were
9 appointed I gave you my condolences, so today I'll give you
10 my congratulations and Lenny, you have my condolences and
11 someday I will give you congratulations.

12 May I just -- first, as a point of privilege
13 today is Bonnie Lowenthal's birthday and so we want to wish
14 her a very, very happy birthday. (Applause). Thank you
15 for spending it with us, Bonnie.

16 BOARD MEMBER LOWENTHAL: Thank you.

17 BOARD MEMBER SCHENK: So Dan, you and I met when
18 we were as they say "young pups" in Governor Jerry Brown's
19 first and second administration. And in 1981 when I was
20 Secretary of Business Transportation and Housing and
21 brought the concept of high-speed rail to the Governor, you
22 and I had no idea what fate had in store for us.

23 We went our separate ways in life, but crossed
24 paths occasionally such as during the energy crisis and
25 truth be told we were not always on the same side of the

1 issues. So when Governor Brown was elected for his third
2 term and called me to say that he was appointing you to
3 this body I would say -- well, let me be diplomatic -- I
4 was skeptical, because I knew what your strengths were and
5 I had also tangled with you on other things. And high-
6 speed rail was my policy passion and as you know authored
7 the bill in 1994 that was signed by President Clinton.

8 But Jerry thought you would make a good Chairman.
9 Well Dan, speaking I know on behalf of all my colleagues,
10 good doesn't begin to describe what your chairmanship has
11 been for this body.

12 It's just truly, the young people use the word
13 "awesome," well to me the pyramids are awesome. The Big
14 Bang Theory is awesome. But you have been an awesome
15 Chairman.

16 CHAIRMAN RICHARD: Thank you.

17 BOARD MEMBER SCHENK: What you have accomplished
18 has just truly been extraordinary. Yes, we still don't see
19 eye-to-eye on every issue. And we have clashed on
20 occasion, as you have with others, just because we have
21 differences of opinion. But your passion for this project
22 is absolutely unquestioned. And I know that I speak for
23 all of our colleagues when we say how much I appreciate and
24 they appreciate your commitment of time at the expense of
25 your private pursuits. And even during the terrible

1 illness and passing of your beloved wife, Jackie.

2 Your commitment to this project has been
3 remarkable. Your vision about the project has been clear-
4 eyed from the moment you took over what was really a state
5 of chaos. There were more than 60 people at that first
6 meeting and I would say 99 percent of them were angry and
7 were negative. And this is where you brought us to a day,
8 such as this.

9 Dan, you have been involved in every complicated
10 nuance, in all of the intricacies of the complex contracts
11 and untangling the most tangled web of interests. You have
12 been unfailingly polite and patient, even with those who
13 didn't deserve your politeness and your patience. You
14 understand the delicate ins and outs of dealing with every
15 stakeholder from local communities to federal and state
16 government agencies and officials and even the press and
17 this Board, your colleagues.

18 Your ability to listen, to really hear what
19 people say, and then synthesize in a coherent and clear
20 manner that cacophony of competing points of view, is a
21 rare, rare talent. It is one that frankly I envy.

22 Your commitment to this mission provided the
23 critical leadership; the guidance and oversight desperately
24 needed these past years. Yours was the steady, steady hand
25 at the helm.

1 I truly admire and appreciate your tremendous
2 contribution. You, Dan, set the standard and the
3 definition for public service. You have served this cause
4 with dignity, honor and integrity; above all, integrity.

5 More than a dozen years ago this Board, comprised
6 of other people, voted to name future train cars for those
7 who had made a special impact: Mehdi Morshed, our first
8 Executive Director; Rod Diridon, Quinton Kopp, me. Well,
9 when the day comes and the trains are rolling -- and that
10 day will come -- Dan, I expect that your name will be added
11 to an engine, because that's what you have been for these
12 past seven-and-a-half years; the engine that could.

13 If I am considered the mother of high-speed rail,
14 and never really a compliment, then you, my friend, are its
15 godfather. God bless you and all your future endeavors.
16 You are so much a part of the High-Speed Rail's history and
17 I really hope that you will continue to be a part of its
18 future.

19 And so I would ask everyone here to please rise
20 and say thank you to our Chairman, Dan Richards.
21 (Applause).

22 CHAIRMAN RICHARD: I can't tell you what that
23 meant. And I really, really appreciate that. And thank
24 you. Thank you.

25 I was going to make some farewell remarks. At

1 this point, I should start by saying that I was once -- I'm
2 a pilot and Mike Rossi and I were -- he got in my airplane
3 and we were flying. And I said, "You know, if this
4 airplane goes down, Rossi, it tears a big hole in the
5 program." I said, "On the other hand, maybe they'll name a
6 station after us." And he said, "Yeah, but it'll be an
7 underground station." (Laughter). And so I guess that
8 works.

9 Well, I did want to write some remarks out so I
10 could time them, so I could make sure that I didn't go on
11 too long, which is I'm wont to do. But my colleagues and
12 friends, first of all I want to thank everybody for the
13 kind comments this morning. And Lynn, those were really
14 wonderful. They're very much appreciated.

15 Seven years ago this month, after serving on the
16 Board for a half year, I took over as Chair stepping into a
17 leadership position for the nation's largest infrastructure
18 program. It has been a truly extraordinary journey,
19 exhilarating at times and frustrating at other times, and
20 other times, and other times. (Laughter).

21 In my letter of resignation to Governor Newsom
22 recently I outlined many of the things that we've
23 accomplished over those years, so I'm not going to repeat
24 those here. But I do want to make it clear that I believe
25 that California needs this project and that connecting our

1 state with high-speed rail is essential to our economy, to
2 our quality of life and to our future -- a future that's
3 increasingly imperiled by climate change.

4 Mainly though today I just want to share what
5 this job has meant to me. First, and probably foremost,
6 it's given me the chance to meet thousands of interesting
7 and wonderful people. From my dedicated colleagues on this
8 Board, from those working here at the Authority and among
9 its contractors, to the stakeholders, local officials,
10 state and federal lawmakers, transportation leaders from
11 across the nation and beyond and of course, those whose
12 only label is perhaps the most important, ordinary
13 California citizens.

14 There are some extraordinary leaders among us,
15 especially among our mayors like my friend, former mayor of
16 Fresno, Ashley Swearingin, who may in fact be the best of
17 the best. Many of these professional relationships will
18 abide, but what I'll cherish even more are the new lifelong
19 friendships that I take with me.

20 Second, I've had a unique opportunity to get to
21 know California in a way that never occurred in the decades
22 that I've lived here. Up and down the state, I've spent
23 days in Acton and Anaheim, Santa Clarita and San Jose,
24 Gilroy and Hanford, Fresno and Fairmead. Like the first
25 and last names on that list there are many places I'd never

1 heard of before I started this work.

2 But what I found in each community is pride,
3 beauty and a sense of place. For some, they fear that
4 high-speed rail poses a threat to their way of life. And
5 we've tried to tread gently there. For others, they see
6 this program as a welcome tool to revitalize their towns
7 and brighten their future.

8 Third, I've had the deep satisfaction of knowing
9 that we put people to work and provided training,
10 opportunity and hope for thousands of Californians. Often,
11 as we face challenges or setbacks, I'd pull out a message
12 that I got a few years ago from one of our many disabled
13 American veteran business owners: Paul Katchadourian, in
14 Fresno. He told me that he'd hired a person from the
15 Welfare to Work CalWORKS program. The employee had
16 performed beyond his expectations, gotten promotions and
17 Paul said that the man, who may have previously been
18 homeless, had just bought the first house he'd ever owned.
19 Paul ended his note by saying, "You're changing cities and
20 you're changing lives."

21 Finally, as I step down from this position I want
22 to acknowledge that I wouldn't be sitting here today, but
23 for two extraordinary people. Shortly after that February
24 2012 Board Meeting where I became Chair my late wife Jackie
25 was diagnosed with cancer. We were living in Washington DC

1 at the time and I was commuting from there for what was
2 supposed to be a part-time job as a Board Member here.

3 As you would expect I told her immediately that I
4 would resign, so that I could be by her side continuously.
5 But she grew adamant that I needed to keep doing this work,
6 just as she courageously served out her tenure as Assistant
7 Secretary of The Navy. She said it was important and she
8 insisted that I stay with it. She's in my heart always,
9 but especially so today.

10 Finally, I of course want to thank Governor Jerry
11 Brown for placing his trust in me to lead this effort.
12 Though he was not the first to envision a modern rail
13 transportation system for the state, his unwavering
14 commitment and political courage got this program off the
15 ground. It's never been about a legacy. Some 40 years ago
16 I was standing in his office with a small group of people
17 and I still remember him saying that if the state was down
18 to its last dime we had to find a penny to invest in the
19 future. He's always believed that.

20 Last year, a few days after we announced publicly
21 that the initial segment cost estimates were significantly
22 higher he stood before the Legislature and reaffirmed his
23 belief that we must go forward still, because the cost of
24 not doing so was even greater.

25 As for me, I continue to believe that high-speed

1 rail can transform California, sustain our growth,
2 revitalize our cities, spawn new industries and life people
3 into good, middle class jobs. It may be the most important
4 work I've even done and I'm forever grateful to have had
5 the opportunity to serve the people of California. Thank
6 you and good luck. Thank you.

7 (Applause).

8 CHAIRMAN RICHARD: Well with that since this is
9 my last meeting and I'll be vacating the Chair -- oh, I'm
10 sorry -- and as always I'm off kilter with what the agenda
11 is, so Mr. Fellenz?

12 MR. FELLEENZ: Yes. Mr. Chairman, Dan, it's a
13 great privilege on behalf of the High-Speed Rail staff,
14 both private and public sector, to thank you and Mr. Rossi
15 for seven-and-a-half years of dedicated service on the
16 High-Speed Rail Board. Unfortunately, Mike couldn't join
17 us today, but I know he's watching.

18 There's been significant progress and great
19 accomplishments for the High-Speed Rail Program due in a
20 large part to your vision, leadership, dedication and hard
21 work. Both Dan and Mike started on the Board in August of
22 2011, both appointed by Governor Brown. Dan was voted
23 Chairman in 2012 and has been the Chair of that 11-member
24 Board since that time leading every monthly meeting with
25 professionalism, grace and humor.

1 He's led the Transit and Land Use Committee that
2 advised the full Board on greenhouse gas emission policies,
3 transportation interconnectivity and rail station planning.

4 Dan received national, state and local
5 recognition for his contributions and accomplishments. He
6 received the Whitehouse Champion of Change Award in 2012,
7 the Orange County Chapter Infrastructure Leadership Award
8 in 2013 and the U.S. High Speed Rail Association's Governor
9 Brown National High-Speed Rail Champion's Award in 2018, to
10 just name a few.

11 Dan has testified multiple times before the State
12 Legislature and U.S. Congress on behalf of the program to
13 answer elected lawmakers' questions. In 2012, the state
14 legislative hearings lead to a legislative vote that
15 provided \$6 billion of federal and state funding to
16 complete statewide environmental clearances in construction
17 in the Central Valley.

18 Thank you, Dan, for being the face of high-speed
19 rail. You've made all of us who work here proud to work
20 for the Authority.

21 Mike Rossi was the Chairman of the Finance and
22 Audit Committee since 2013, a committee that reviewed and
23 had oversight of all fiscal and audit matters including the
24 funding plans, budgets, state and federal audit reports and
25 performance metrics.

1 Mike always set the bar high for staff that
2 worked directly with him and put in many hours as we
3 reviewed ridership and revenue numbers, cost estimates,
4 audit reports. We always valued his advice, challenges to
5 our preparation and compliments when the work was
6 completed. Thank you, Mike, for keeping us focused and for
7 pushing us to a higher level of performance.

8 In 2014, Mike was instrumental, along with Dan,
9 in working with Governor Brown and the Legislature in
10 securing legislation for the Cap and Trade Program of
11 greenhouse gas reduction funds that now contributes
12 hundreds of millions of dollars to fund this program,
13 through 2030.

14 During Dan and Mike's tenure on the Board the
15 Authority has launched programs that was merely a planning
16 agency, about 20 state staff, a couple of hundred
17 consultants, to an organization that now has over \$6
18 billion of construction and right-of-way clearance
19 activity, over 520 miles, and in the Central Valley over
20 100 miles of construction.

21 Under their leadership the Board has set an
22 aggressive goal of 30 percent for small business and 3
23 percent veteran-owned businesses, which we're on track of
24 achieving. The core program has generated billions of
25 dollars of economic activity for the state, created a high

1 number of jobs for both California and other states that
2 support this program.

3 Both Dan and Mike have engaged with citizens of
4 the state who have questions about the program and have
5 generously shared the vision and details about the program.
6 They listened and took to heart everyone's ideas and
7 critiques.

8 I could talk for hours about the accomplishments
9 that Mike and Dan contributed to, while they were on this
10 Board. I have been personally fortunate to work with them
11 almost the entire time they were on the Board. I actually
12 started only a few weeks before these gentlemen. And I
13 want to thank you for your mentoring and friendship.

14 I have to say the thing that stands out the most
15 for me though, as I reflect over the years, is how generous
16 these two men have been with their life experiences,
17 leadership skills, patience and public service. Each one
18 of these men have donated thousands of hours on this
19 program. They've made great personal sacrifices in making
20 that commitment. And they really didn't get very much in
21 return, \$500 a month, maximum. (Laughter).

22 Let Dan and Mike be examples for all of us of
23 what public service is and how that service can make a
24 difference for us today and for future generations. And
25 with that I'm going to ask everyone to join with me just

1 applaud Dan and Mike.

2 (Applause).

3 MR. FELLEENZ: And on behalf of the staff we have
4 a small token of our appreciation, which Mike is going to
5 get in the mail.

6 (Whereupon, Chairman Richard was presented with a
7 framed plaque.)

8 CHAIRMAN RICHARD: That's great, thank you.

9 And by the way just a cautionary note, thanks to
10 Hiram Johnson, any member of the government who takes a
11 free ride on a common carrier can be debarred from public
12 service for life. So I used to walk around and collect a
13 dollar bill. (Laughter).

14 Okay. Thank you all. Now it's time to open up
15 the nominations to be the Chair of the Authority Board as I
16 step away from it and so I'm going to exercise the
17 privileges of the current Chair to open the nominations by
18 nominating Lenny Mendonca to be the next Chair of the High-
19 Speed Rail Authority Board. I'll let him speak for
20 himself, but I said before this is a man of great
21 accomplishment. He brings tremendous business skills to
22 this organization, which I think will be always welcomed.
23 And it's my honor to nominate Mr. Mendonca to be Board
24 Chair.

25 VICE CHAIR RICHARDS: Second, Mr. Chair.

1 BOARD MEMBER SCHENK: Second.

2 BOARD MEMBERS: Second.

3 CHAIRMAN RICHARD: I'm going to record that there
4 was a unanimous second from the Members of the Board. The
5 Secretary does not need to call the role. We'll just say
6 by acclamation that Mr. Mendonca is the new Chair.

7 Lenny, congratulations. (Applause). Welcome.

8 (Whereupon, Lenny Mendonca takes over as Chairman
9 of the Board).

10 CHAIRMAN MENDONCA: Thank you, Mr. Richard and my
11 colleagues for your vote today. I'm honored by your trust
12 and I take on this opportunity with humility and a
13 committed sense of collegiality as we take the challenges
14 before us.

15 Dan, I particularly want to thank you as well as
16 Mr. Rossi for your unyielding commitment to bring high-
17 speed rail to California. As you heard from those who
18 spoke before me, your leadership, your public service and
19 your genuine humanity are incredibly appreciated.

20 MR. RICHARD: Thank you.

21 CHAIRMAN MENDONCA: Your construction commenced
22 in the Central Valley has already brought tremendous
23 economic and environmental stewardship benefits that are so
24 meaningful to the part of our state that's been left behind
25 for too long.

1 I also want to commend you and Mr. Rossi in
2 particular, for the creation of the Finance and Audit
3 Committee as a standing committee of the body. As Governor
4 Newsom noted last week transparency must be the hallmark of
5 this project. The F and A provides an important mechanism
6 for us to transmit to the public and policy makers the
7 project's challenges, opportunities and achievements. I
8 certainly intend to utilize the F and A Committee and our
9 website to inform the public on how taxpayer dollars are
10 being spent, including on things like project change orders
11 and contractor expenses.

12 This project has been abstract for many
13 Californians. The promises of high-speed rail are great:
14 improved mobility, expanded opportunity, enhanced
15 environment. Our challenge now is to bring these promises
16 forward as soon as possible to show Californians that high-
17 speed rail is real, tangible and transformative.

18 Dan, once again thank you for your public
19 service. I look forward to your ongoing counsel and help
20 as we move forward. And again, as others have said, your
21 public service is to be commended and honored. So thank
22 you again.

23 MR. RICHARD: Thank you, Manny.

24 (Applause).

25 CHAIRMAN MENDONCA: And Senator Beall, would like

1 to make a comment?

2 EX OFFICIO BOARD MEMBER BEALL: As you know the
3 main way the Legislature works hand-in-hand with the High-
4 Speed Rail Authority is to have an Assembly Member and a
5 Senator appointed as Ex Officio Members of this Board. And
6 as the Senate Appointee I'd like to congratulate the Chair
7 even though I wasn't able vote for you. Congratulations,
8 looking forward to working with you.

9 But also congratulate Dan Richard for his -- not
10 just for the High-Speed Rail Authority, but your history of
11 public service to California and the United States in terms
12 of not only rail but other activities as well. So
13 congratulations of your public service, Dan. It's more
14 than just the High-Speed Rail though that's important here.
15 I think people that serve and take time from their families
16 deserve the thanks of everybody.

17 As the legislators start to dwell on changes and
18 modifications for the High-Speed Rail Plan, we are going to
19 start a process by having a hearing in the Senate on the
20 26th of March where we're going to do an overview, look at
21 it, get the comments from the senators.

22 Normally, the process is that every two years,
23 the High-Speed Rail Commission works on a Business Plan and
24 that's presented to the Senate and Assembly committees for
25 review and comment. However this year, we're going to have

1 a discussion on the changes and ideas in a more broader
2 sense as proposed by the Governor and other people. So
3 we'll open the discussion to look at options.

4 As a representative of San Jose in the State
5 Senate I just want to say the things I'll be looking at is
6 how this effects the federal grants that we are attempting
7 to get for the BART to San Jose project. We're going for a
8 New Starts grants. I think the High-Speed Rail Business
9 Plan this last year was very successful in integrating the
10 planning with all the local planning that took place
11 throughout the State of California. So I think we were
12 very successful in that. And I want to see that continue.

13 I think that in San Jose, our terminal project,
14 we were able to get the voters to approve a toll bridge
15 increase in the Bay Area, which funded \$100 million for the
16 Diridon Station Project, for example.

17 I think the Legislature has improved the
18 financing and transportation in general by the passage and
19 voter ratification, if you will, with Proposition 6 of the
20 legislation that I carried with Mr. Frasier. That's SB 1
21 and the SB 1 provided funds for the transportation projects
22 that are all going to link in with the High-Speed Rail
23 Project, as well as many state's funding with the local
24 governments funding with their half-cent sales tax.

25 The one area we don't have and I'd like to get --

1 this is where we're going to focus on in the Senate
2 Transportation Committee this year -- is the federal
3 government hasn't come up to the table with financing. We
4 have money from the state. We have money from the local
5 governments for transportation and transit projects. We
6 don't have money from the federal government. And we're
7 going to urge a national infrastructure financing package
8 in Congress this year to make sure that Congress helps to
9 fund the infrastructure needs of the United States,
10 including high-speed rail and other infrastructure needs
11 that we have.

12 San Jose wants to see the high-speed rail come to
13 San Jose. We have long planned for it. We have invested
14 in it. And we hope to see the project completed to San
15 Jose, as well as the rest of the Bay Area. Thank you.

16 CHAIRMAN MENDONCA: Thank you, Senator Beall. I
17 look forward to working with you.

18 And now we'd like to move on to today's agenda.
19 Can we begin with a motion to approve the minutes from the
20 January meeting? Do I have a motion?

21 BOARD MEMBER SCHENK: So moved.

22 BOARD MEMBER CAMACHO: Second.

23 CHAIRMAN MENDONCA: Any objections? Thank you,
24 approved.

25 Second, I would like to take some more time to

1 review the presentation related to the project milestones
2 for 2019. And so I've asked for that presentation to be
3 put off to a future meeting. So if we could, now if I
4 could ask Mr. Fellenz to provide a brief update on the
5 status of the transparency measures that the Governor
6 directed for the Authority? Tom could you give us a sense
7 of what we're doing on putting change orders online and
8 what issues we need to address to make sure that we do the
9 same with contractor expenses? Thank you.

10 MR. FELLEENZ: Yes, Mr. Chairman. We are planning
11 to put all the change orders as was requested in the audit
12 report, online. And we will have that done by the end of
13 this week. The invoices that show contractor expenses is
14 going to take us a little longer to put those together, but
15 those will shortly thereafter follow and be presented on
16 line as well.

17 CHAIR MENDONCA: Okay. Thank you.

18 Could we now move on to the State Route 99
19 Realignment Project Update?

20 MS. GOMEZ: Good morning Chairman, Board Members
21 and CEO Kelly.

22 First I just want to thank Dan from all the staff
23 and from all the people of the Central Valley. They did
24 always appreciate when you visited them. And I think you
25 made them feel special and important, from the people of

1 Fairmead to the City of Fresno, even Kings County always
2 welcomed you and the City of Bakersfield, and to the
3 farmers in Wasco, so I want to thank you on their behalf.

4 MR. RICHARD: I did get some free vegetables in
5 Kings County.

6 MS. GOMEZ: Yes, you did. (Laughter).

7 BOARD MEMBER SCHENK: Make sure to report it.

8 MR. RICHARD: No, they weren't reportable. They
9 were aimed at me. (Laughter).

10 MS. GOMEZ: So my name is Diana Gomez. I am the
11 Central Valley Regional Director. I am here along with
12 Garth Fernandez, Caltrans Project Manager, to provide an
13 update on the State Route 99 Realignment Project.

14 Last Friday we had a ribbon cutting for the
15 project. It was a major milestone in our program. At
16 almost 300 million, the Realignment Project was the largest
17 in Caltrans District 6 history. The realignment represents
18 a steadfast partnership that was created between the
19 California Department of Transportation, High-Speed Rail
20 and the City of Fresno.

21 The realignment is part of the High-Speed Rail
22 Corridor Project within the Merced to Fresno project
23 section. This realignment accommodates the high-speed rail
24 system between the existing freeway and the Union Pacific
25 Railroad. Additionally, the alignment project improves

1 traffic operations, reduces congestion and enhances overall
2 traffic safety.

3 To accommodate for our high-speed train two miles
4 of State Route 99, between Ashland Avenue and Clinton
5 Avenue, were moved between 80 and 100 feet to the west.
6 This was no small task with so many moving parts and
7 coordination. State Route 99 is one of the busiest
8 highways in the Central Valley.

9 At this time, Garth will go over some of the
10 details of the project and we will end -- we will have a
11 video of the work and take any questions at the end.

12 MR. GARTH: Good morning, everybody. So as Diana
13 mentioned the scope of the project, apart from the primary
14 purpose of the project, which was to accommodate high-speed
15 trains and make it part of --

16 (Off mic colloquy re: microphone.)

17 MR. GARTH: So while the primary purpose of the
18 project was to create a high-speed train corridor between
19 the existing Union Pacific Railroad and State Route 99, by
20 realigning 99 to the west there were additional benefits.

21 You can see some of the pictures that we have of
22 the corridor up there. We have a completely redesigned
23 interchange at Clinton with access up at the top of 99.
24 Previously, Clinton was a nonconventional interchange. We
25 had increased vertical clearances for the High-Speed Rail

1 Corridor, both at Ashlan Overhead and Clinton Overhead. We
2 improved pedestrian accessibility by wider sidewalks and
3 better lighting, enhancing the operations by closing three
4 partial interchanges within the contract, within the limits
5 of the contract. Just generally overall a better driving
6 experience in the City of Fresno through those
7 (indiscernible) of 99.

8 So we utilized what we call a CM/GC. That's a
9 Construction Manager/General Contractor for this project.
10 We hired a contractor, Granite Construction, in the design
11 phase of the project based on qualifications. The
12 contractor then provided input through the design phase,
13 and we were able to achieve over \$20 million in contractor
14 innovations.

15 But we were able to also maintain the schedule of
16 the project by ensuring that we could put out packages when
17 we got into issues and we had to create a work-around. So
18 we created early work packages to address critical path
19 work. And we were able to maintain the schedule of the
20 project.

21 And over 70 percent of this project was
22 competitively bid. So we had to do that to ensure that we
23 could then get our 30 percent or be able to achieve our 30
24 percent small business goals.

25 So one of the other benefits to doing the project

1 the way we did it was we developed a relationship and trust
2 with the contractor very early on in the design phase and
3 that carried forward through the construction phase. And
4 as a testament, we have no outstanding claims on the
5 project to date.

6 So as far as the schedule and budget we actually
7 had a contract approved on February of 2013. As a matter
8 of fact was this very date on the 19th that this was
9 approved. Our current commitment was to complete the High-
10 Speed Rail Corridor in October of 2018. And complete the
11 entire 99 Realignment in December of 2018. So traffic
12 started using the new lanes on 99 in August of 2018. And
13 we are substantially complete as of December of 2018.

14 So the wet weather in the past couple of months,
15 the very welcome wet weather in the last couple of months,
16 has pushed out our final completion date. But we expect to
17 accept the project sometime in March of this year.

18 As Diana mentioned our contract was roughly close
19 to 300, it's \$290,100,000. Our estimate at completion is
20 tracking very closely to our budget. I believe we'll be
21 within 1 percent of our budget plus/minus. The unknown
22 that we have right now are a couple of properties that are
23 going through eminent domain for compensation purposes.

24 The right-of-way, we had 42 parcels that we
25 needed to acquire on this project. All of the properties

1 were either commercial or belonged to the railroad. It
2 included 6 motels that had been converted to long-term
3 housing, so we had to relocate approximately 277
4 individuals and 137 individual families were relocated,
5 including 30 businesses and about 105 individual storage
6 units. We also demolished 19 buildings, including a gas
7 station, motels and various commercial buildings. We did
8 minimize the project footprint and impact to private
9 property. We have built about 17 retaining walls for the
10 entire project.

11 So one of the significant challenges on our
12 project, as always, is utilities and the railroad and the
13 associated coordination between them. We did have some
14 delays on the project. But we were able to work around
15 these challenges.

16 So as far as employment is concerned we had 1,750
17 craft men and women, dispatched to the project with over 75
18 percent of these from the Central Valley counties. Over
19 500,000 craft labor hours were used to build the project.

20 And finally our Small Business Program, like I
21 said we had a 30 percent goal for small business
22 participation. I'm happy to report we have achieved 31.5
23 percent. Our sub-goals of 10 percent of disadvantaged
24 business enterprise, we were able to achieve 12.6. And
25 disabled veterans business enterprises, we achieved 3

1 percent. So overall, we employed 56 small businesses for
2 this project. And with that I'll hand it back to Diana.

3 (Video begins playback - music and narration.)

4 VIDEO NARRATOR: Take a drive through Fresno and
5 it's hard to miss high-speed rail construction from the San
6 Joaquin River Viaduct in the north to the Cedar Viaduct in
7 the south. (Ribbon Cutting ceremony).

8 But it's another high-speed rail-related project
9 that's having immediate benefits in and around Fresno: the
10 State Route 99 Realignment.

11 MR. FERNANDEZ: So when we started 99 was still a
12 six-lane facility. It was crowded through the City of
13 Fresno. The pavement was deteriorating. And the
14 (indiscernible) clearances on the structures were not the
15 standard.

16 VIDEO NARRATOR: Now the highway has been moved
17 100 feet to the west to make way for high-speed rail.
18 Long-life pavement has been used to replace traditional
19 asphalt.

20 MR. FERNANDEZ: Long-life pavements are going to
21 enable us to not ever have to come back to this section for
22 the next 30-to-40 years.

23 VIDEO NARRATOR: The Ashlan Avenue Bridge was
24 raised. But perhaps the focal point of this project was
25 the demolition and reconstruction of a new and improved

1 Clinton Avenue Interchange.

2 MR. FERNANDEZ: We have a brand-new modern
3 interchange at Clinton with access all at the top.

4 COUNCILMEMBER ESMERALDA SORIA: Wow. It is a
5 beautiful overpass that the City of Fresno would have never
6 been able to rebuild.

7 VIDEO NARRATOR: The new Clinton Interchange has
8 improved traffic patterns and pedestrian access. It's also
9 landscaped with 2,500 trees and shrubs.

10 COUNCILMEMBER ESMERALDA SORIA: I see it as a gem
11 and really a true benefit for the entire City of Fresno.

12 VIDEO NARRATOR: A gem that also meant work for
13 skilled labor resulting in a half-million man hours of
14 work. And of the 1,700 craft laborers involved, more than
15 60 percent live in the Valley.

16 COUNCILMEMBER ESMERALDA SORIA: This
17 infrastructure is going to help our community and really
18 generating the jobs that are benefitting the families that
19 live here in the City of Fresno.

20 VIDEO NARRATOR: The 99 Realignment was not
21 always convenient for those living in the area, but
22 Caltrans worked with the City to keep the impacts to a
23 minimum and the project on schedule.

24 MR. FERNANDEZ: As I stand here today, 2019, and
25 look at it and think about the commitment we made back in

1 2013 to the Authority that we would be done by the end of
2 2018. And we are there.

3 (Video playback ends.)

4 MS. GOMEZ: That's the end of our presentation
5 and if you have any questions?

6 CHAIRMAN MENDONCA: Are there any questions?

7 BOARD MEMBER SCHENK: Yeah, I do.

8 CHAIRMAN MENDONCA: Please.

9 BOARD MEMBER SCHENK: So just to make sure I
10 understand the numbers, Diana, the contract amount was 290
11 million and change, expended to date 259 million and yet 81
12 million to go. So we have an overage of about what, 50
13 million?

14 MR. FERNANDEZ: So the 290 million is our total
15 budget. The 81 million that was shown in the slide, for
16 right-of-way, that's already included in the 290 million.

17 BOARD MEMBER SCHENK: It is. Okay.

18 MR. FERNANDEZ: Yes, it is.

19 BOARD MEMBER SCHENK: All right. Thank you. It
20 wasn't clear from the slide deck. It looked like we were
21 over.

22 CHAIRMAN MENDONCA: Please.

23 BOARD MEMBER LOWENTHAL: Thank you. Was any of
24 the cost born by Caltrans or was it all High-Speed Rail?

25 MS. GOMEZ: This was 100 percent High-Speed Rail.

1 BOARD MEMBER CAMACHO: Diana, I just want to
2 commend you on the achievement of the goals that you've
3 made for small minority businesses and women owned
4 businesses. Thank you.

5 MS. GOMEZ: Thank you.

6 CHAIRMAN MENDONCA: Any other questions?
7 Assemblymember Arambula, please.

8 EX OFFICIO BOARD MEMBER ARAMBULA: Well, I just
9 wanted to take a moment and actually say I drove on that
10 earlier today, as I was getting here. This section of the
11 99 represents the portion of my Assembly District that I
12 have the honor of representing. And seeing the
13 transformation that occurs each day through the hard work
14 that you and your staff and everyone does is transforming
15 our community.

16 I just wanted to thank you and take a moment to
17 appreciate the new exit that came of Golden State
18 Boulevard. It makes getting home a little bit easier.

19 Part of the reason we do these large
20 infrastructure projects is to transform communities like
21 ours. And those of us who see it each day in Fresno are
22 starting to believe. And I really would encourage the rest
23 of the state to realize and recognize the benefits of
24 continued investments in infrastructure in disadvantaged
25 communities, like mine.

1 MS. GOMEZ: Thank you.

2 CHAIRMAN MENDONCA: Thank you,
3 Assemblymember. Anyone else?

4 (No audible response.)

5 CHAIRMAN MENDONCA: Okay. With that, the meeting
6 is adjourned.

7 MR. RICHARD: Are you going to do closed session?

8 MR. MENDONCA: Oh, so the public meeting is
9 adjourned. We're going into closed session.

10 MR. RICHARD: So basically the way to say it is
11 the Board will now adjourn into closed session.

12 CHAIRMAN MENDONCA: The Board will now adjourn
13 into closed session. I'm learning, Dan. Thank you.

14 (Off the record at 11:04 am.)

15 (On the record at 11:40 a.m.)_

16 BOARD MEMBER MILLER: We are reconvened back into
17 open session. And Counsel, we have nothing to report out
18 of closed session and the meeting shall now be adjourned.

19 (The California High-Speed Rail Authority Board Meeting
20 was adjourned at 11:40 a.m.)

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