



California High-Speed Rail **Briefing: February 16, 2023, Agenda Item #2**

TO: Board Chair Richards and Board Members
FROM: Brian P. Kelly, Chief Executive Officer
DATE: February 16, 2023
RE: CEO Report

Summary

The CEO report for February 16, 2023, will include important program updates for the board, including a comprehensive summary of the forthcoming Project Update Report (PUR), due to the legislature on March 1, 2023, an update on personnel changes at the Authority, and a more general Program Update on issues the Board and public will find of interest.

Background

Under current statute (SB 1029, Statutes of 2012 and AB 95, Statutes of 2015) a project update report (the Report) is required to be prepared by the Authority biennially in odd-numbered years and submitted to the legislature by March 1. As a matter of practice, Authority management prepares the Report to be responsive to the statutory requirements for its content and submits the report to the legislature on or before March 1 each odd-numbered year. However, with the passage of the FY 2022-23 Budget Act, which included the appropriation of the Proposition 1A bond funds to advance project construction in the Central Valley, the legislature included additional information to be included in the Report than had been required previously. Specifically, SB 198 (Statutes of 2022), focuses this year's Report on the Merced to Bakersfield project segment. The legislature specified the Report include updates for the schedules, agreements, milestones, and funding related to the delivery of the 119-mile construction segment, the 171-mile Merced to Bakersfield segment and the full Phase 1 system (San Francisco – Los Angeles/Anaheim).

The Authority staff have spent the last several months advancing program work statewide and preparing updated data relating to cost, schedule and scope for the project activities in the Central Valley, as well as preparing fully risk-based estimates for cost and schedule for the Merced to Bakersfield segment. These estimates include risk probabilities that are fully compliant with Federal Railroad Authority (FRA) and Federal Transit Administration (FTA) guidelines, and they form the basis for the revised estimates that will be included in the Report. The Report will also include the results of an updated ridership model that will affect ridership and revenue for operating segments of the state's future high-speed rail service. The CEO will present to the Board a summary of the 2023 Project Update Report that will be submitted to the legislature on March 1, 2023.

On Friday, February 3, 2023, Governor Newsom announced the appointment of several individuals to key positions at the Authority. In addition, the end of 2022 and the beginning of 2023 brought some departures from the executive team that management is taking steps to now fill. The CEO will review for the board these important changes to the organization.

The Authority just celebrated the important milestone of creating 10,000 construction jobs since the commencement of construction in the Central Valley. Major work will also commence soon on an important element of Construction Package 1, while the schedule for the substantial completion of Construction Package 4 is being slightly adjusted in response to winter storm impacts and the timeliness of completing certain third-party approvals and agreements. The CEO will cover these issues in a general Program Update as part of his report to the board.

Program Update Legal Approval

The Legal Office has reviewed, and this item complies with Authority policy.

Budget and Fiscal Impact

This is an informational item, and by itself, does not have a budget or fiscal impact.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis:
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis:

Recommendations

This is an informational item.