

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD OF DIRECTORS MEETING

August 24, 2023
10:00 a.m.

Main Location

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

Location

The Original FX Mayr
Golfstraße 2 9082
Oberdellach, Austria

Location

The Penstar Group
855 M Street, Suite 1110
Fresno, CA 93721

Public Comment by Zoom:

<https://hsr-ca-gov.zoom.us/j/82726172478>

Webcast available at www.hsr.ca.gov.

Pursuant to Government Code section 11133, the California High-Speed Rail Authority's August 24, 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

Lynn Schenk, Acting Chair

Tom Richards, Chair

Nancy Miller, Vice Chair

Anthony Williams

Ernest Camacho

James Ghielmetti

Henry Perea

Martha Escutia

Emily Cohen (Absent.)

EX OFFICIO BOARD MEMBERS

Assembly Member, Dr. Joaquin Arambula

STAFF

Brian C. Annis, Chief Financial Officer

Alicia Fowler, Chief Counsel

Bruce Armistead, Chief of Rail Operations & Maintenance

Boris Lipkin, Northern California Regional Director

Margaret Cederoth, Director of Planning and Sustainability

Dennis Kim, Director of Real Property

Daniel Horgan, Deputy Chief Operating Office

Britton Snipes, Board Secretary

APPEARANCES (Cont.)PRESENTERS:

Bruce Armistead, Chief of Rail Operations & Maintenance

Boris Lipkin, Northern California Regional Director

Margaret Cederoth, Director of Planning and Sustainability

Brian C. Annis, Chief Financial Officer

Ernest Camacho, Acting Finance & Audit Committee Chair,
Board Member

PUBLIC COMMENT: (*for Zoom / Online Participants)

*Roland Lebrun, Self

*David Schwegel, North America for True High-Speed Rail

*Laura Uden, High-Speed Rail Business Advisory Council

*Pamela Martinez, Climate Center

*Kate Unger, California Solar and Storage Association

*Frank Quintero, City of Merced

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P R O C E E D I N G S

10:00 a.m.

PROCEEDINGS BEGIN AT 10:00 A.M.

CALIFORNIA, THURSDAY, AUGUST 24, 2023

A/CHAIR SCHENK: You can tell I'm not the
Chairman Tom Richards. He is on the line. Nor our Vice
Chair Nancy Miller, who is out of the country, but I
believe also on the line, so I will be the Acting Chair
this morning.

So calling the meeting to order. Mr. Secretary
would you read the roll?

MR. SNIPES: Thank you. Acting Chair Schenk?

A/CHAIR SCHENK: Present.

MR. SNIPES: Chair Richards?

CHAIR RICHARDS: Here.

MR. SNIPES: Director Camacho?

BOARD MEMBER CAMACHO: Here.

MR. SNIPES: Vice Chair Miller?

VICE CHAIR MILLER: Here.

MR. SNIPES: Assemblymember Arambula?

EX OFFICIO BOARD MEMBER ARAMBULA: (No audible
response.)

MR. SNIPES: Director Perea?

BOARD MEMBER PEREA: Here.

MR. SNIPES: Director Ghielmetti?

1 BOARD MEMBER GHIELMETTI: Present.

2 MR. SNIPES: Director Escutia?

3 BOARD MEMBER ESCUTIA: Here.

4 MR. SNIPES: Director Williams?

5 BOARD MEMBER WILLIAMS: Here.

6 MR. SNIPES: Senator Gonzalez?

7 EX OFFICIO BOARD MEMBER Gonzalez: (No audible
8 response.)

9 MR. SNIPES: Director Cohen?

10 BOARD MEMBER COHEN: (No audible response.)

11 MR. SNIPES: Acting Chair Schenk we have a
12 quorum.

13 A/CHAIR SCHENK: Thank you.

14 Member Ghielmetti would you do the honors of
15 leading us in the Pledge?

16 BOARD MEMBER GHIELMETTI: Mm-hmm.

17 (Whereupon the Pledge of Allegiance was recited.)

18 A/CHAIR SCHENK: Thank you. Before we go to
19 public comment, two happy announcements to make. One, our
20 Member Emily Cohen has given birth to an additional member
21 of our Board, baby Eleanor, beautiful baby Eleanor. So
22 congratulations to Emily on the birth of her daughter.

23 And today, although he's not here with us in
24 person it's Brian Kelly's birthday, so on behalf of the
25 entire Board and the audience, Brian, we wish you a very

1 happy birthday.

2 All right, so we'll turn to public comment, Mr.
3 Secretary. MR. SNIPES: Thank you, Acting Chair Schenk.

4 Good morning, everybody. Before we begin the
5 public comments for the High-Speed Rail Board Of Directors
6 Meeting I would like to go over some important information.
7 For members of the public who have joined us in person and
8 wish to provide public comment, you will be called on in
9 the order we have received your card. If you're joining
10 the meeting via Zoom and wish to provide public comment,
11 please use the raise your hand feature located in the
12 bottom of your screen. Or if you are dialing in by phone,
13 pressing the #2 will raise your hand and put you into our
14 queue.

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

23 Each speaker will be given two minutes to speak.
24 And I will remind you when you have 15 seconds remaining.
25 When it is your turn speak clearly, please slowly say and

1 spell your first and last name, and if applicable, state
2 the organization you are representing.

3 Acting Chair Schenk, we do not have any in-person
4 commenters.

5 A/CHAIR SCHENK: No in-person. How about via
6 Zoom?

7 MR. SNIPES: Online we do have. Our first
8 speaker will be Roland.

9 A/CHAIR SCHENK: Thank you. Roland are you
10 there?

11 MR. LEBRUN: Good morning, Director Schenk.

12 A/CHAIR SCHENK: Good morning.

13 MR. LEBRUN: Roland Lebrun (indiscernible).

14 So this morning what I would like to do is to
15 attract your attention to the startling difference between
16 the quality of the Finance and Audit Committee meeting
17 minutes, which is quite frankly are outstanding. And that
18 of the Board meeting minutes, which point to various
19 sections of the transcript which is nowhere to be found.
20 In closing I'm wondering if it would be possible to improve
21 the Board meeting minutes to either summarize what was
22 said? Or at the very minimum provide hyperlinks pointing
23 directly to the specific sections of the transcript. Thank
24 you.

25 A/CHAIR SCHENK: Thank you for your comment.

1 Are there any others?

2 MR. SNIPES: Yes. Our next speaker is David
3 Schwegel.

4 A/CHAIR SCHENK: Thank you. Mr. Schwegel,
5 welcome.

6 MR. SCHWEGEL: Yes, great. Can you hear me?

7 A/CHAIR SCHENK: Yes, we can hear you.

8 MR. SCHWEGEL: Great. All right, so David, D-A-
9 V-I-D Schwegel, S-C-H-W-E-G-E-L, spelled like Schwegel
10 rhymes with bagel, underscoring the value in workshops.
11 Check with James Corless who is the Executive Director of
12 the Sacramento Area Council of Governments, how those
13 workshops play out as he brings in speakers from all over
14 the nation.

15 Specifically, I recommend a workshop on
16 collaboration with Brightline West to see if there's any
17 way possible we can make Palmdale to Burbank a
18 collaborative effort. Let's face it Palmdale to Burbank is
19 the engineering and public relations challenge of the
20 century. And I'm sure we remember the hundreds of people
21 who have come down to participate in public comment who
22 were opposed to how that project section was being managed.

23 Specifically, since it's such a huge leap, it
24 would be helpful if Palmdale to Burbank was a collaborative
25 effort between Brightline West and the Authority.

1 Specifically, what this means is that Brightline West will
2 be able to provide a one-seat ride between Los Angeles and
3 Las Vegas without having to share right-of-way with
4 Metrolink.

5 So that being said, workshops are highly
6 recommended. Especially one on Palmdale to Burbank, the
7 engineering and public relations challenge of the century.
8 Thank you.

9 A/CHAIR SCHENK: Thank you, Mr. Schwegel.

10 Are there any other?

11 MR. SNIPES: Our next speaker is Laura Uden.

12 MS. UDEN: Good morning, Laura Uden. Thank you
13 to the Board. I appreciate the continued opportunities to
14 speak in front of you on many issues, mostly related to
15 small business concerns as I'm on the High-Speed Rail
16 Business Advisory Council representing disabled veterans.
17 I'm calling today because of the Trainsets RFQ that is
18 coming out. I don't know if that's going through, I know
19 it was intended to go through an approval today. I want to
20 speak about RFQs in general and their impact on small
21 businesses.

22 On this particular one I appreciate that the
23 small business goals are laid out in the RFQ. However,
24 they appear to be the old small business goals, not the new
25 ones that I believe have been either agreed to or approved

1 for the high-speed rail, which included a 25 percent goal
2 for small business and a 5 percent goal for microbusiness.
3 Neither of which I see listed here in that fashion. I see
4 the old 3010 three (phonetic) goals and I'm concerned that
5 we're not implementing the goals that we spent over a
6 decade trying to get modified to more accurately address
7 and support the very small end of the small business
8 spectrum. And so I'm concerned about that.

9 And as I look at the RFQ I also don't see
10 anything related to inclusion of those particular small
11 business goals or the construction of the teams that are
12 bidding on this in the RFQ. And I'd like to state that if
13 we don't put those goals in the RFQ phase I realize
14 there'll be an RFP to follow. But what happens is those
15 teams get formed and they get formed without very many
16 small businesses.

17 And without an opportunity even for small
18 businesses to speak to the potential primes until the RFP
19 phase, which is too late. I've had many instances where
20 I've applied for being on teams are tried to get on teams
21 for design-build contracts or install contracts like this.
22 And the primes say to us, "Well, we don't really need to
23 talk to you right now, because we don't have to sort that
24 out till later." And that's much too late for us and for
25 them.

1 MR. SNIPES: Thirty seconds.

2 MS. UDEN: And what happens is they'll end up
3 with a team that doesn't include a lot of people that could
4 have otherwise benefited the Authority and the program. So
5 I'd like you to reconsider adding those into the scoring
6 criteria. Thank you.

7 BOARD MEMBER CAMACHO: Madam Chair, could we make
8 sure those questions are answered during that presentation?

9 A/CHAIR SCHENK: We will.

10 BOARD MEMBER CAMACHO: Okay.

11 A/CHAIR SCHENK: Thank you.

12 Are there any other public comments? Yes.

13 MR. SNIPES: Our next speaker is Pamela Martinez.

14 MS. MARTINEZ: Hi. Good morning, my name is
15 Pamela Martinez. That's P-A-M-E-L-A M-A-R-T-I-N-E-Z. I am
16 the Community Energy Resilience Project Manager with the
17 Climate Center and I am calling in support of Agenda Item
18 Number 4. And I'd like to thank the Authority for pursuing
19 a plan to develop a behind-the-meter strategy of solar PV
20 and battery storage. Thank you.

21 A/CHAIR SCHENK: Thank you.

22 MR. SNIPES: Our next speaker is Kate Unger.

23 MS. UNGER: Good morning, my name is Kate Unger,
24 K-A-T-E U-N-G-E-R. And I'm speaking on behalf of the
25 California Solar and Storage Association. I just have a

1 brief comment. We support the High-Speed Rail Authority's
2 efforts to pursue solar and storage to power the train with
3 100 percent clean energy to assure a resilient
4 infrastructure solution and support California's energy
5 transition. Thank you very much.

6 A/CHAIR SCHENK: Thank you.

7 MR. SNIPES: Our next speaker will be Frank
8 Quintero.

9 MR. QUINTERO: Good morning Authority members.
10 My name is Frank Quintero, F-R-A-N-K Q-U-I-N-T-E-R-O. I'm
11 the Deputy City Manager for the City of Merced, and a very
12 long-time staffer for the City of Merced on the High-Speed
13 Rail Project.

14 I just wanted to report to you that concerning
15 the Merced Integrated Multimodal Station, we submitted in a
16 letter in support for the MEGA grant, partnering with High-
17 Speed Rail, ACE, and the San Joaquin. That was turned in
18 by staff on behalf of Mayor Matthew Serratto. And I'm also
19 happy to report our youth council wants to get involved
20 with California High-Speed Rail activities. And they too
21 submitted in a letter of support for the MEGA grant
22 application. And we look forward to our continued
23 partnership and integrating our youth council into these
24 efforts. Thank you.

25 A/CHAIR SCHENK: Thank you.

1 MR. SNIPES: Acting Chair Schenk that appears to
2 be the last person for public comment.

3 A/CHAIR SCHENK: Thank you.

4 I just want to comment, both to those who have
5 taken the time to offer us public comment and those who
6 think about it, that the Board and the staff listens and
7 takes into consideration everything that is said and
8 particularly those who have offered suggestions, they will
9 be responded to, either in the course of our meeting today
10 or at some other time. But I want to assure everyone that
11 you are heard and are listened to, so thank you.

12 With that I'd like to move to Agenda Item Number
13 1, which is approval of the July 27th meeting minutes.

14 BOARD MEMBER GHIELMETTI: Approved.

15 BOARD MEMBER CAMACHO: Second.

16 A/CHAIR SCHENK: All right. It's been moved and
17 seconded. Mr. Secretary.

18 MR. SNIPES: Acting Chair Schenk?

19 A/CHAIR SCHENK: Yes.

20 MR. SNIPES: Chair Richards? Chair Richards?

21 CHAIR RICHARDS: Yes.

22 MR. SNIPES: Director Camacho?

23 BOARD MEMBER CAMACHO: Yes.

24 MR. SNIPES: Vice Chair Miller?

25 VICE CHAIR MILLER: Yes.

1 MR. SNIPES: Director Perea?

2 BOARD MEMBER PEREA: Yes.

3 MR. SNIPES: Director Ghielmetti?

4 BOARD MEMBER GHIELMETTI: (No audible response.)

5 MR. SNIPES: Director Escutia?

6 BOARD MEMBER ESCUTIA: (No audible response.)

7 MR. SNIPES: Director Williams?

8 BOARD MEMBER WILLIAMS: Abstained, I was absent.

9 MR. SNIPES: Director Cohen?

10 BOARD MEMBER COHEN: (No audible response.)

11 Acting Chair the motion carries.

12 A/CHAIR SCHENK: Thank you.

13 Okay, so we'll move on to our next action item
14 action item, Number 2 on the agenda with Mr. Armistead.

15 MR. ARMISTEAD: Good morning.

16 A/CHAIR SCHENK: Yeah. And Bruce, if possible,
17 if you could incorporate into your presentation perhaps a
18 response to what you heard in public comment.

19 MR. ARMISTEAD: Absolutely.

20 A/CHAIR SCHENK: Thank you.

21 MR. ARMISTEAD: We'll do that at the end if
22 that's all right.

23 A/CHAIR SCHENK: Thank you.

24 MR. ARMISTEAD: We are pleased to update the
25 Board on the progress of the trainsets and related services

1 RFQ, and seek Board approval to release the RFQ. This
2 represents the first step in a two-step procurement that
3 will lead to the selection of a contractor deemed to have
4 best value for the Authority. Next slide, please.

5 Today's presentation will cover the following
6 items: talk about the objective, trainset procurement scope
7 overview, trainset procurement timeline, relationship of
8 trainsets to the track and systems, and Board actions.
9 Next slide, please.

10 We are seeking Board approval to release a
11 Request For Qualifications for high-speed trainsets and
12 services to industry. We are targeting the release of the
13 RFQ this month. And we'll evaluate the SOQs received in
14 response to the RFQ to create a short list of manufacturers
15 capable of delivering high-speed trainsets. The SOQs are
16 due on November 14th, 2023.

17 It is important to note that no funding is
18 required for the RFQ process. The timely release of the
19 RFQ and subsequent development of the short list of
20 contractors will position the Authority to be able to
21 release the Request For Proposals early next year. We will
22 request the Board approval of the shortlist and the Request
23 For Proposals once funding sources have been confirmed.

24 The trainsets and related services contract will
25 be delivered as a supply-maintain contract with an

1 estimated budget of \$561 million as identified in the 2023
2 Project Update Report. Next slide, please.

3 We presented a suite of rail systems and trainset
4 contract packages at the July Board meeting. The trainset
5 contract is referred to as Package 3. You may recall,
6 during a prior meeting we reviewed supporting contracts and
7 how each of their respective responsibilities support the
8 certification process and will be separate contracts. Next
9 slide, please.

10 The schedule is currently being refined and will
11 be presented to you at a future meeting. This refinement
12 will spread the procurement in a way that acknowledges the
13 capacity of staff. Initiating the trainset procurement
14 process will allow the Authority to meet the Federal
15 Railroad Administration ARRA grant December 2028 dynamic
16 testing deadline. And to achieve operational availability
17 in the Central Valley. This contract approach is aligned
18 with the 2023 Project Update Report. Next slide, please.

19 The scope of the contract includes procurement of
20 6 trainsets capable of operating at 220 miles per hour and
21 tested at 242 miles per hour. The two prototypes will
22 support the static and dynamic testing scheduled for 2028.
23 Four additional production trainsets will support revenue
24 operations of the early operating segment Merced to
25 Bakersfield, by the end of 2030.

1 This contract will procure a driving simulator
2 and will require a trainset contractor to develop design
3 criteria for the maintenance facilities and track and
4 systems contracts. Next slide, please.

5 Trainset procurement scope overview. In addition
6 to the trainsets and driving simulator, the contractor will
7 be required to participate in the testing and commissioning
8 of facilities track and systems. And support the
9 certification and commissioning of the trainsets. Maintain
10 each trainset for 30 years, and operate and maintain the
11 facilities which are being built by others. Next slide,
12 please.

13 The Authority's timeline from RFQ to revenue
14 service is projected to be seven years. The Authority's
15 trainset procurement is programmed to span one year from
16 the RFQ to contractor selection.

17 We are seeking Board approval to release the RFQ
18 this quarter and position the Authority to be able to
19 initiate an RFP soon after funding sources are identified.

20 As we look to the Amtrak high-speed trainset
21 procurement there are lessons learned regarding trainset
22 testing that we will put into practice for our procurement.
23 First, we will prioritize the early development of a
24 validated model that simulates the vehicle-track
25 interaction and we will do this with FRA's involvement.

1 Second, we will co-locate the team responsible
2 for performing the vehicle-track interaction testing with
3 the Authority personnel to drive accountability and
4 efficiencies. Next slide, please.

5 During the industry outreach sessions we were
6 advised of the benefits of having the procurement of
7 trainsets aligned with the track and systems procurement.
8 This approach will allow the selected trainset contractor
9 to identify critical interfaces to perform maintenance, to
10 inform maintenance facilities, track and systems, and
11 stations design. The most important is that this approach
12 reduces the risk to the Authority by confirming that the
13 interface and integration requirements will be complete and
14 without conflicts. Next slide, please.

15 This procurement will be the first procurement of
16 220-mile-an-hour trainsets that are compliant with FRA Tier
17 III and Buy America requirements. While the procurement
18 schedule we have developed is reasonable, we need to adhere
19 to our deadlines for RFQ and future RFP releases to have
20 the trainsets on property to achieve operational
21 availability and the support trial running in December of
22 2029.

23 In addition to preparing for an Authority-led
24 procurement we are also evaluating opportunities to
25 participate in a joint procurement. There are several

1 benefits to the Authority should it be able to participate
2 in a joint procurement, including decreased costs
3 attributed to the economies of scale; an increase in the
4 base order of the trainsets, which will drive competition.
5 And the ability to spread non-recurring costs over a larger
6 quantity of trainsets. In addition, a joint procurement of
7 trainsets promotes interoperability. Next slide, please.

8 To achieve our trainset procurement goals for the
9 program we are seeking Board approval to release the RFQ
10 package with a target release date timeframe of third
11 quarter 2023. Upon creation of the short list of qualified
12 firms, we will return to the Board to seek approval of the
13 shortlisted firms and also seek approval to release the
14 RFP. This target release timeframe is the first quarter of
15 2024, contingent on the identification of funding sources.

16 Thank you for your consideration of this item.
17 And I am happy to hear your comments and answer any
18 questions you may have.

19 A/CHAIR SCHENK: Thank you.

20 Yes, Commissioner Perea had a question during the
21 public comment period.

22 BOARD MEMBER PEREA: Yes. Thank you for the
23 presentation. And thank you yesterday for the briefing.
24 It cleared a lot of questions up that I had, some pretty
25 exciting stuff. Just first, maybe the question that was

1 asked by the individual on the phone.

2 MR. ARMISTEAD: Regarding small business?

3 BOARD MEMBER PEREA: Yes.

4 MR. ARMISTEAD: Yes, we're intending to revise
5 the scoring track criteria to include a small business
6 option or criteria. We're going to revise the criteria to
7 include small business as a scoring option.

8 BOARD MEMBER CAMACHO: Yeah, Madam Chairman?

9 A/CHAIR SCHENK: Yes, Directory Camacho.

10 BOARD MEMBER CAMACHO: (Overlapping colloquy.)
11 Just to add to your question about that. The CEO or his
12 designee has the authority to authorize any necessary
13 modifications to the RFQ during the procurement process. I
14 would like to make a motion that the draft RFQ prior to
15 release to include a scored component of the Statement Of
16 Qualifications that addresses the author's (phonetic) plan
17 to meet the Authority's small business program goals
18 including small, disadvantaged, and veteran-owned
19 businesses. That will help ensure that they are able to
20 participate.

21 I think that one of the comments made by the
22 public speakers was that during this process by the time
23 the RFP is released, teams have already been formed. And
24 they're basically excluded from participating in any
25 meaningful way. So if we are to include them in the RFQ

1 and then also in the RFP, once the selected firms are
2 shortlisted we'll have a better opportunity to gain with
3 the participation of more small, disadvantaged firms.

4 BOARD MEMBER ESCUTIA: I second that motion. And
5 I have a question for Mr. Camacho.

6 A/CHAIR SCHENK: Okay. But first, are you're
7 offering that as an amendment to the resolution; is that
8 correct? Okay. And you're seconding it Martha?

9 BOARD MEMBER ESCUTIA: Yes, second. I will
10 second that motion. But I would like for clarification
11 purposes, Mr. Camacho, you're indicating that that we
12 should add a scored component to the question of diversity
13 and procurement basically. How many points are we talking
14 about, what is your intent?

15 BOARD MEMBER CAMACHO: I think that's something
16 that we still need to discuss. When we look at the past
17 procurements we've seen that they've been -- the difference
18 between the winning score and the score that scored second
19 or third are probably within one to three points. So I
20 think that even by acknowledging that we are seeking this
21 type of involvement, and aggressive effort, that we are
22 supporting what the Governor has wanted, asked us to do, as
23 well as our CEO is promoting to do with small businesses.
24 This will ensure that we are committed to doing that as
25 well.

1 BOARD MEMBER ESCUTIA: All right. I thank you
2 first of all for bringing up the issue, Commissioner
3 Camacho, because I think that as an Authority this will be
4 the first RFQ of many in the near future. And we either
5 are committed to diversity in procurement, or we're not.
6 And I hope that we are committed to it. And this is the
7 first, this is our opportunity right now to really show
8 that commitment by making this an element that is scored
9 and part of the procurement process.

10 And then after that it's frankly two players who
11 are operating here, not only us as a High-Speed Rail
12 Authority, but also everybody out there in the audience
13 who's watching who represents some major private
14 corporation. You also have commitments to diversity, and
15 you show those commitments in your ESG end-of-the-year
16 reports. And so now you're really going to see firsthand
17 that we're serious about this.

18 So I hope that it's a -- it's two stakeholders,
19 the High-Speed Rail Authority as well as the private
20 sector, have really got to be committed to this as well as
21 staff. Because ultimately it's going to come down to
22 enforcement. And if staff is not committed then this
23 conversation is moot, so I really do hope that the
24 commitment lies there.

25 And with that, I would definitely second the

1 motion.

2 A/CHAIR SCHENK: As usual, well-stated.

3 BOARD MEMBER PEREA: Okay, can I finish my ---

4 A/CHAIR SCHENK: (Overlapping colloquy.) Oh
5 yes.

6 BOARD MEMBER PEREA: Okay, thank you. right.

7 And I agree with what you both have presented. I just want
8 to go back to our discussion yesterday. And especially
9 considering that we have a December 2028 FRA deadline to
10 have these strengths tested. And there's so many moving
11 pieces that have to move in together to make sure that that
12 happens.

13 Going to your slide on Page 4, which is the
14 overview of packaging and anticipated dates, we have
15 Package 1 through 4. And of course, we're moving 3 today.
16 But I was just wondering if you could briefly talk about
17 the additional contracts portion of it. There's four
18 components: the independent cost estimator, construction
19 manager, integration support, and independent safety. Talk
20 a little bit about that, and if that's going to be one
21 company, one entity overseeing all or if they're going to
22 be separate. And basically, if these four activities
23 function as an umbrella over Packages 1, 2, 3 and 4.

24 And the last question tied to that is will these
25 folks be brought on ASAP, so that they will be a part of

1 the discussions and designs etcetera for what goes into
2 1,2, 3 and 4?

3 MR. ARMISTEAD: Right. Yeah, the supporting
4 contracts that you mentioned, we will be bringing those --

5 BOARD MEMBER WILLIAMS: Madam Chair, just I don't
6 know if there's a -- I don't mean to make a point of order,
7 but I know we have a motion and a second before us right
8 now. Is this related to that discussion of that motion and
9 second or is this separate?

10 A/CHAIR SCHENK: I don't (indiscernible).

11 BOARD MEMBER WILLIAMS: It is.

12 A/CHAIR SCHENK: I believe it (indiscernible)
13 (Overlapping colloquy - multiple people.)

14 BOARD MEMBER PEREA: Yes. It's tied to the whole
15 item.

16 A/CHAIR SCHENK: Yes.

17 BOARD MEMBER WILLIAMS: No, I got it. But this
18 is a specific motion and a second related to adding a
19 provision to the resolution related (indiscernible)
20 procurement item.

21 BOARD MEMBER PEREA: (Overlapping colloquy.)

22 Oh, you want to vote on that first and then have
23 the discussion?

24 BOARD MEMBER WILLIAMS: I just wonder if we
25 should finish that discussion before --

1 A/CHAIR SCHENK: Okay. Well what happened was
2 that Henry was interrupted --

3 BOARD MEMBER WILLIAMS: Yeah, by the motion.
4 Yeah.

5 A/CHAIR SCHENK: -- and so we wanted to be
6 courteous to him. But if you don't mind waiting for that.

7 BOARD MEMBER PEREA: (Overlapping colloquy.) No,
8 no. That's fine. Yeah.

9 A/CHAIR SCHENK: But I do have one. Anybody
10 else?

11 BOARD MEMBER WILLIAMS: Actually, I had a
12 question about that.

13 A/CHAIR SCHENK: You do? Okay.

14 BOARD MEMBER WILLIAMS: The motion and the second
15 too, yeah. So go ahead.

16 A/CHAIR SCHENK: Please go ahead then.

17 BOARD MEMBER WILLIAMS: So my question was you
18 did state that it was the staff's intention, I think, to
19 accomplish what --

20 MR. ARMISTEAD: Yes.

21 BOARD MEMBER WILLIAMS: -- the motion. So I just
22 want to make sure that we're consistent. Do you see the
23 difference between what we proposed, what's been proposed
24 as a motion to be added, and what your intentions were
25 anyway?

1 MR. ARMISTEAD: No, I don't.

2 BOARD MEMBER WILLIAMS: Okay, that sounds good.

3 BOARD MEMBER ESCUTIA: But you do welcome it?

4 MR. ARMISTEAD: I do welcome it. Yes.

5 A/CHAIR SCHENK: Are there any other member
6 comments or questions? Or anyone on the phone that would
7 like to make a comment or question? No?

8 CHAIR RICHARDS: Yes. I would only say Chair
9 Schenk, the clarification I think is important for the
10 reasons that we heard from both Director Escutia and
11 Director Camacho. And I do believe in the preparation of
12 this, and in frankly other RFQs that we've looked at, this
13 clarification will really make it easier for those who are
14 responding to it, to understand clearly what it is that
15 we're looking for. And to put a number to a part of the
16 scoring number to this specific area I think is a huge step
17 forward and will be very helpful for both sides.

18 A/CHAIR SCHENK: Agreed. Thank you for that
19 Chairman Richards.

20 Just one quick question, please, Bruce.

21 MR. ARMISTEAD: Yes.

22 A/CHAIR SCHENK: Laura Uden, who made the comment
23 said that what was in there were old criteria and we're
24 looking for the new criteria. I am assuming that you
25 understand that of course, and that will be incorporated in

1 what we do here. (Overlapping colloquy.) Yes, Alicia.
2 Our Counsel has a comment.

3 MS. FOWLER: Yes, Madam Director. The Board
4 hasn't actually approved those new standards yet, so Ms.
5 Uden is correct there's been a lot of work done. I think
6 the intent is to bring those standards to this Board
7 ideally next month (indiscernible) --

8 A/CHAIR SCHENK: Until then how will it be
9 incorporated into the motion and amendment that we just
10 heard, because it --

11 MS. FOWLER: Well the motion --

12 (Overlapping colloquy - multiple people.)

13 BOARD MEMBER ESCUTIA: Well I think we could
14 identify, subject to the criteria that will be presented to
15 the Board.

16 MS. FOWLER: -- and the motion is really that
17 these, as part of the RFQ these companies put forward a
18 plan to meet this. And so I think they can lay out a plan
19 to meet what's currently been approved. So by the time
20 they're doing that you guys will have seen the new numbers
21 and approved them or not, if you don't agree.

22 (Overlapping colloquy - multiple people.)

23 A/CHAIR SCHENK: Okay.

24 MS. FOWLER: Does that makes sense?

25 A/CHAIR SCHENK: Okay, I just want to make sure

1 that we're going to be dealing with that.

2 Okay. If there are no other comments or questions
3 --

4 BOARD MEMBER PEREA: Can I get back to the answer
5 to my questions?

6 A/CHAIR SCHENK: Well we have the motion and
7 second outstanding. (Overlapping colloquy.) Yes, we will.

8 BOARD MEMBER PEREA: Okay.

9 A/CHAIR SCHENK: But if there are no other
10 questions or comments on the motion and the amendment, then
11 we'll entertain a vote on that. All right. Okay. Good.

12 MS. FOWLER: Can we make the record super-clear?

13 A/CHAIR SCHENK: Oh, yes. If you would read the
14 amendment into the record.

15 MS. FOWLER: And correct me if I'm wrong, but the
16 amendment is to add another paragraph to the existing
17 resolution that would say as paragraph two, "That staff
18 shall amend the draft RFQ prior to release to include a
19 scored component of the Statement Of Qualifications that
20 addresses and offers a plan to meet the Authority's small
21 business program goals including small, disadvantaged, and
22 disabled veteran business entities."

23 BOARD MEMBER ESCUTIA: Yes.

24 BOARD MEMBER CAMACHO: Yes.

25 A/CHAIR SCHENK: And so this would be

1 incorporated into Resolution 23-06?

2 MS. FOWLER: Correct.

3 A/CHAIR SCHENK: Okay, so we're all on the same
4 page. Okay.

5 VICE CHAIR MILLER: Just a point of
6 clarification. Are we voting on the resolution itself?

7 BOARD MEMBER COMACHO: No.

8 A/CHAIR SCHENK: Yes.

9 BOARD MEMBER COMACHO: No, it's not.

10 A/CHAIR SCHENK: (Overlapping Colloquy.) Oh,
11 it's the amendment, and then the resolution? Is that
12 right, Alicia? Yes.

13 VICE CHAIR MILLER: Thank you.

14 A/CHAIR SCHENK: Okay.

15 So Mr. Secretary, if you'd call the roll.

16 MR. SNIPES: Acting Chair Schenk?

17 A/CHAIR SCHENK: Yes.

18 MR. SNIPES: Chair Richards?

19 CHAIR RICHARDS: Yes.

20 MR. SNIPES: Director Camacho?

21 BOARD MEMBER CAMACHO: Yes.

22 MR. SNIPES: Vice Chair Miller?

23 VICE CHAIR MILLER: Yes.

24 MR. SNIPES: Director Perea?

25 BOARD MEMBER PEREA: Yes.

1 MR. SNIPES: Director Ghielmetti?

2 BOARD MEMBER GHIELMETTI: Yes.

3 MR. SNIPES: Director Escutia?

4 BOARD MEMBER ESCUTIA: Yes.

5 MR. SNIPES: Director Williams?

6 BOARD MEMBER WILLIAMS: Aye.

7 MR. SNIPES: Director Cohen?

8 BOARD MEMBER COHEN: (Absent.)

9 A/CHAIR SCHENK: Thank you, Mr. Secretary.

10 MR. SNIPES: Sure.

11 A/CHAIR SCHENK: Okay, so Henry I think your
12 comment is towards the resolution?

13 BOARD MEMBER PEREA: Yes, that's right.

14 A/CHAIR SCHENK: Okay, yes. Thank you.

15 MR. ARMISTEAD: Yes. Well the supporting
16 contracts have their own distinct responsibilities during
17 the certification process. The ISA, the Independent Safety
18 Assessor, assures that we're mitigating all the hazards and
19 risks to their lowest possible level. And that ISA
20 activity will continue from design all the way through
21 testing and commissioning until we reach revenue service.

22 The integrator contract will assure that all the
23 designs are integrated properly, and assure that that
24 objective evidence is recorded in our database. So that's
25 the integrator. He will assure that the designs are

1 integrated properly and any manufacturing and construction.
2 All that integration happens with our integrator to be
3 hired.

4 BOARD MEMBER PEREA: Okay.

5 MR. ARMISTEAD: The construction manager, those
6 are our eyes and ears in the field and in the facility. So
7 they will confirm that the requirements are being met in
8 the facility. They will do a report.

9 And what's not there is the rail systems
10 engineering contractor, which is our requirements manager.
11 They'll help us to assure that the design requirements and
12 the construction requirements are being met by checking
13 those requirements back to the specifications.

14 So that's the way those all work together towards
15 certification.

16 We have the manufacturer. Then we have the
17 checker in the lab. Then we add a verifier, which will be
18 our requirements manager. And we have the safety assessor
19 that assures that everything is being done safely in a way
20 consistent with our threat and vulnerability analysis and
21 hazard analysis. And all those laws that we mitigate the
22 hazards, the independent safety assessor confirms that the
23 design mitigates the hazard and the risk is transferred to
24 the right place.

25 And then the next step in construction or

1 manufacturing, the hazards are reduced again.

2 And then in the last step we write a rule to
3 mitigate any residual risks that might be occurring for a
4 particular part.

5 And a good example is a door in a car. The door
6 is not supposed to open while a car's above zero speed. So
7 we design that door not to be open if it's zero speed;
8 somebody verifies that yes, that design works then we do to
9 testing in the factory. The car is at zero speed, the door
10 can only open at that time. And then we do dynamic
11 testing. We run the train, make sure that the door doesn't
12 open. And then the independent safety assessor is active
13 throughout that process, along with the early train
14 operator that is writing the rulebook all the way
15 throughout that process.

16 The requirements manager is assuring that the
17 design requirements are being met all the way throughout
18 that process.

19 So we have a number of checks and balances that
20 assure that we're building a safe railroad for 220-mile-an-
21 hour operation. It follows the European Normatives, which
22 is what I've talked about in this room before when I came
23 and brought the rail systems engineering contract. So the
24 ENs which are used -- don't let the name fool you -- it's
25 used in in Europe and in Asia to bring high-speed trains

1 into certification.

2 I've been working with the FRA to adopt those
3 normatives in what we're doing for certification. They do
4 exist in the CFRs under Texas Central's rule of a
5 particular applicability. So the FRA is familiar with this
6 process, but we're working with them to share the process
7 that I just mentioned to you. We'll meet up. We'll
8 confirm that we've met all the requirements of the CFRs,
9 and we're doing that by the process of the European
10 Normatives.

11 BOARD MEMBER PEREA: Okay.

12 MR. ARMISTEAD: CFRs are designed-based. The Ens
13 are the process-based.

14 BOARD MEMBER PEREA: Good. The last two questions
15 just to confirm. These four activities, when we go out to
16 RFP or RFQ for these four activities we will be asking one
17 person, one company to do all four or will they be done
18 separately? And if they're done separately who will
19 oversee all of their activities to coordinate?

20 And the second question is, is there any value in
21 any one of these four? Or all four being a part of design
22 and discussion of 1,2,3, and 4 before we actually go out
23 for them? Is there value in having any components of these
24 teams as a part of those discussions for design and all?

25 MR. ARMISTEAD: Okay, I'll answer the first

1 question first. The integration team the staff here at the
2 Authority will oversee the interfaces and the integration
3 of the work of the contractors. So we have a team that
4 includes Dominique RULENS and myself and a few others that
5 will oversee the work that everyone is doing.

6 The requirements manager assures, again, that the
7 requirements are being met.

8 The independent safety assessor assures that the
9 safety requirements are being met, and they have a channel
10 directly to FRA.

11 So our oversight within the Authority, me and my
12 team, will be overseeing all the work that's being done.

13 And your second question was why can't they be
14 combined? Because each of these have separate and distinct
15 responsibilities in the certification process. They have
16 to report to, for lack of a better term, a different stock
17 price. So I can't have the person that's checking this
18 person report -- somebody can't check their own homework.
19 Somebody else has to check the homework.

20 BOARD MEMBER PEREA: Okay. And the last question
21 just is there value in bringing them on any component of
22 these four on now to help in design or discussions of
23 1,2,3, and 4?

24 MR. ARMISTEAD: Yeah, that's exactly the
25 procurement strategy that we have, which is bringing on the

1 right disciplines at the right time.

2 BOARD MEMBER PEREA: Got it. Okay.

3 MR. ARMISTEAD: The next thing, next time I come
4 before you, will be in the order in which we think they
5 need to happen to support the requirements management, to
6 support the design, the vehicle track interaction,
7 etcetera.

8 BOARD MEMBER PEREA: Mm-hmm, all right. Thank
9 you.

10 Thank you, Madam Chair.

11 A/CHAIR SCHENK: Thanks.

12 MR. ARMISTEAD: And we are committed to small
13 business, my staff is, and inclusion.

14 A/CHAIR SCHENK: Thank you for that.

15 So now any other comments or questions? If not,
16 we'll entertain a motion.

17 BOARD MEMBER PEREA: Moved.

18 BOARD MEMBER WILLIAMS: I second it.

19 A/CHAIR SCHENK: A motion and a second question.

20 BOARD MEMBER ESCUTIA: Question, question.

21 You're talking about to approve the resolution?

22 BOARD MEMBER WILLIAMS: As amended.

23 (Overlapping colloquy.)

24 A/CHAIR SCHENK: As amended.

25 BOARD MEMBER ESCUTIA: As amended, yes.

1 A/CHAIR SCHENK: Any other comments? No.
2 Then Mr. Secretary, call the roll.
3 MR. SNIPES: Acting Chair Schenk?
4 A/CHAIR SCHENK: Yes.
5 MR. SNIPES: Chair Richards?
6 CHAIR RICHARDS: Yes.
7 MR. SNIPES: Director Camacho?
8 BOARD MEMBER CAMACHO: Yes.
9 MR. SNIPES: Vice Chair Miller?
10 VICE CHAIR MILLER: Yes.
11 MR. SNIPES: Director Perea?
12 BOARD MEMBER PEREA: Yes.
13 MR. SNIPES: Director Ghielmetti?
14 BOARD MEMBER GHIELMETTI: Yes.
15 MR. SNIPES: Director Escutia?
16 BOARD MEMBER ESCUTIA: (No audible response.)
17 MR. SNIPES: Director Williams?
18 BOARD MEMBER WILLIAMS: Aye.
19 MR. SNIPES: Director Cohen?
20 BOARD MEMBER COHEN: (Absent.)
21 MR. SNIPES: Acting Chair Schenk, the motion
22 carries.
23 A/CHAIR SCHENK: Okay the motion carries. And
24 thank you very much Bruce, excellent report. And you heard
25 a whole Board's strong commitment to small business and

1 diversity. So thank you very much.

2 MR. ARMISTEAD: Yeah. Thank you.

3 A/CHAIR SCHENK: Okay, so we'll move on now to
4 Agenda Item Number 3. Boris Lipkin, if you would come to
5 the microphone please.

6 MR. LIPKIN: Good morning Acting Chair Schenk,
7 Chair Richards and Members of the Board. My name is Boris
8 Lipkin, I'm the Northern California Regional Director. And
9 I'm here to give you an informational item and update on
10 our regional updates as we do these from time to time.

11 Just as a kind of launching-off point the last
12 time I was before the Board was August of last year when we
13 were asking you to approve the final environmental document
14 for the San Francisco to San Jose project section. So my
15 report is going to focus on things that have happened since
16 that time. So if we'd go to the next slide.

17 I'll start off by just giving you a little bit of
18 an overview of our Northern California team sections and
19 status of those. I'll talk a little bit about our
20 collaborations and partnerships that we have in the region.
21 And then a little bit about our outreach.

22 So this is our small but mighty team in Northern
23 California where we have a combination of program
24 management staff, planning, outreach, communications, and
25 of course, myself and Morgan Galli as the leadership team

1 for the region. Next slide, please.

2 And then when we talk about Northern California,
3 and I'm sure that folks will remember the two project
4 sections that we talked about last year, but we kind of --
5 about 150 miles of the alignment starts.

6 A/CHAIR SCHENK: I'm sorry Boris, could you speak
7 closer to the mic, so people in the back can hear?

8 MR. LIPKIN: Sure.

9 A/CHAIR SCHENK: Thank you.

10 MR. LIPKIN: I'm not very tall, so
11 ((indiscernible)).

12 A/CHAIR SCHENK: (Overlapping colloquy.) Well
13 these mics are not very sensitive. You have to swallow it.

14 MR. LIPKIN: Well I'll get a little closer.
15 Thank you, Chair Schenk.

16 So our Northern California section started in San
17 Francisco at the Salesforce Transit Center. That's our
18 Northern Terminus. We then continue on the pink line,
19 which is the Caltrain corridor, which we're currently
20 helping to electrify. We have additional improvements that
21 we need for high-speed rail service in that quarter that
22 was part of our San Francisco to San Jose project section.

23 We then continue that blended system down to
24 Gilroy and modernization of that line, which is currently
25 owned by Union Pacific. That's the green on the chart.

1 And then we turn to the east and get onto a
2 dedicated alignment going through Pacheco Pass including
3 our two tunnels sections, Tunnel 1 and Tunnel 2. And then
4 getting out towards Madera basically in the Central Valley
5 Wye where we have our current construction expansions
6 happening.

7 So if you click one more time, just to kind of
8 give the update on the status of our two project sections.
9 The Board approved the environmental documents, and we
10 finalized the Notice Of Determination, which is the end of
11 the CEQA process in April and August of last year. The
12 Board then asked us to finalize the Record Of Decision,
13 which is the federal NEPA process. And we did that in June
14 and October.

15 And then in terms of where things stand since
16 that time in San Francisco to San Jose, we've had three
17 entities filed litigation. We have currently stayed two of
18 those in order to work collaboratively with those entities
19 to resolve the issues that they raised, and we're working
20 on the third one as well.

21 And then in San Jose to Merced we didn't have any
22 litigation. But we do have two tolling agreements that
23 we're continuing to work through to resolve the last kind
24 of bits of questions that we have in that project section.
25 So we've continued to engage with those stakeholders and I

1 think we're making good progress in those conversations.

2 Next slide, please.

3 The other thing that's been really important for
4 us in Northern California, and I know the Board has over
5 the last few months talked many times about the Federal
6 State Partnership Program and the importance of those
7 federal grant applications, and so of course we as you'll
8 remember that there's two applications that we submitted.
9 So Application 1 is our really big one; that's the Central
10 Valley construction, the trainsets, etcetera.

11 But if you click again, kind of for Northern
12 California the focus is really on Application 2. That one
13 lets us, if we are awarded, take the next steps in
14 advancing our work, advancing the design specifically in
15 the San Jose to Merced project section. Obviously also in
16 Bakersfield to Palmdale on the southern end of the
17 alignment.

18 And for us that's a critical path. That's being
19 able to do the geotechnical studies we need to do in the
20 Pacheco Pass and really take the next steps in preparing to
21 get a look at expansion towards the Bay Area. And so we're
22 eagerly awaiting the results of that federal grant
23 application. And that will really drive the amount of work
24 and the type of work that we can do in 2024 for Northern
25 California. Next slide, please.

1 Just one note for the Board, when we submitted
2 that federal state grant application the Bay Area really
3 came out in full support for us. And so we had over 60
4 letters of support from everybody, from the local cities,
5 the region itself, transit partners, business, labor,
6 environmental groups.

7 There's an incredibly strong coalition that
8 really wants to see high-speed rail come to the Bay Area.
9 And so they were excited for both of us hopefully receiving
10 federal funds towards the Central Valley, but also the
11 second application of the path towards advancing the work
12 in the region. And so there's a lot of collaboration, a
13 lot of backing that we have. That we really want to
14 continue to show that we're moving the program forward in
15 the region. Next slide, please.

16 And then kind of the last update on things that
17 have happened in the region in the last few months is we
18 actually received a series of awards. So first the Women's
19 Transportation Seminar. I think Brian might have mentioned
20 in his CEO Report that we were selected for their
21 international organization as the Employer of the Year. We
22 also received the same award for the San Francisco Bay Area
23 Chapter. And of course that shows just the strong
24 commitment to women leaders that we have in this
25 organization from top to bottom.

1 We also received an award from the American
2 Planning Association, their Northern California section,
3 which was focused on advancing diversity and social change
4 in honor of Paul Davidoff. That one was for our
5 environmental justice work in our San Jose-to-Merced
6 project section, and was part of the approval of the
7 environmental documents last year where we really took an
8 affirmative step in advancing that.

9 And then the last two awards were for our public
10 information. So from PRNEWS and the California Association
11 of Public Information Officers. And that was for -- if you
12 click one more time -- we have a flyover video that we
13 created, which has been our number-one-watched YouTube
14 video on our YouTube channel, which has now I think over
15 120,000 views.

16 So people are incredibly interested in the
17 project and it's being recognized quite broadly. So
18 switching to updates on our work with --

19 BOARD MEMBER ESCUTIA: Yes, yes, a question
20 before he goes into the updates.

21 A/CHAIR SCHENK: Sure.

22 BOARD MEMBER ESCUTIA: If I can take you back to
23 Slide Number 4?

24 MR. LIPKIN: Yep.

25 BOARD MEMBER ESCUTIA: In paying close attention

1 to the pink lines that show basically Caltrain
2 electrification, you kind of briefly mentioned about
3 Millbrae. Are those litigation issues already taken care
4 of so that this can be a seamless process? Can you answer
5 that question?

6 MR. LIPKIN: (Overlapping colloquy.) Looking to
7 our Chief Counsel.

8 MS. FOWLER: This will be a good closed-session
9 conversation for next month.

10 BOARD MEMBER ESCUTIA: All right. Okay. Thank
11 you.

12 MS. FOWLER: Sure.

13 BOARD MEMBER ESCUTIA: So the answer is no? None
14 of you -- and you're still not ready. Okay, all right.
15 All right.

16 BOARD MEMBER PEREA: No, not yet.

17 BOARD MEMBER ESCUTIA: All right.

18 MR. LIPKIN: (Overlapping colloquy.) Okay. So if
19 we can go to the next section. It's really focused on, as
20 I mentioned, we have a number of places where we're plugged
21 in to regional cooperations and multi-agency partnerships
22 that we have. So those are also all advancing in their own
23 ways. And so I want to kind of tick through some of those
24 and give you the updates on where each of those stands.

25 So the first one is with the Transbay Joint

1 Powers Authority. This is a JPA that we are a part of. I
2 serve on their board at the Board's behest. And this is
3 the agency charged with the Salesforce Transit Center in
4 San Francisco and the tunnel that was formerly called The
5 Downtown Extension, now called The Portal. They'll connect
6 the Salesforce Transit Center to the Caltrain corridor. So
7 we have an existing MOU with a number of local agencies to
8 collaboratively advance that project. We've extended that
9 to December 2023. And the goal of that is to, as the
10 project advances through its design and federal process, to
11 then be able to update the governance accordingly for the
12 next stages of development.

13 So if you -- just the alignment there is shown on
14 the bottom right for this project. But if you go to next
15 slide, please.

16 So there's two phases to their programs. So the
17 Phase 1 was the Salesforce Transit Center. That's already
18 been completed. It includes the train box underneath the
19 transit center, which is on the bottom-right photo. That's
20 for our service and Caltrain to be able to come in and
21 serve that facility.

22 So the next part is the portal, the tunnel
23 extension. And so that project has recently completed their
24 30 percent design. And just in the last two weeks they
25 have taken the step to go into the next stage called

1 Engineering as part of their federal grant application.
2 They're looking for about \$4 billion in federal transit
3 money for that project. And so there's a process set up
4 for that and they're taking kind of the next big step in
5 that process.

6 The total project costs as they've been doing the
7 risk reviews, just like any other project going through the
8 process, is now \$7.5 billion. They're about 75 they've
9 identified, and been able to secure, including the federal
10 grant that they're pending on about 75 percent of that.
11 And of course the last 25 is going to be the hardest part.
12 So that's their kind of target over the next couple of
13 years as they go through that federal grant process is
14 they'll need to be able to figure out the last 25 percent
15 of the funding to actually build the project.

16 But we are very much at the table. And as I
17 mentioned, we're going to be updating the governance model
18 for the next stages. And as they are going towards
19 procurement and then into construction, how all of the
20 agencies have a role in helping to advance the project.
21 Next slide, please.

22 Next one kind of going down the corridor is
23 Caltrain electrification. So I know this is one that the
24 Board has been following closely for a long time, but this
25 is really an important project for us. It lays the

1 foundation for most of the infrastructure that we're going
2 to need between San Francisco and San Jose. And you can
3 see the timeline on the bottom, they started construction
4 in 2017. And at this point they're very close to having
5 finished the major construction pieces. Now they're
6 beginning to test and commission their new electric trains
7 so that their trains have arrived onsite.

8 They actually did a recent public tour to show
9 those off to people. And there's lots of excitement for
10 what a new electric train looks like. And of course, you
11 know we're following that very closely, because it's very
12 important for us to make sure that both their trains are
13 successful, our trains are able to use the corridor as
14 well. Next slide, please.

15 The other update that I want to make sure to make
16 the Board aware of it as part of our Proposition 1A
17 contribution towards electrification projects, we have our
18 contract, which is the project management and funding
19 agreement that was developed back in 2018. And it really
20 kind of governs both our contribution, and provides for
21 what our rights are and abilities to use the corridor later
22 on.

23 So we're finalizing an amendment to that, because
24 as many projects they have had both schedule and cost
25 issues. So you can see the revisions that they've made to

1 the budget was about another \$400 million. And they've
2 pushed the schedule out a couple of years. So we need to
3 update our projects and cost and budget information in that
4 agreement to match that new project schedule and new
5 project information.

6 They were fortunately able to identify new
7 funding sources for that extra \$400 million, so there's no
8 additional Authority funds that they need to complete the
9 project. But it's still an important amendment for us to
10 go through the process. It requires Department of Finance
11 approval, and so we're very close to achieving that and
12 being able to continue to make the necessary contributions
13 towards electrification. Next slide, please.

14 So continuing to move south along the corridor at
15 Diridon Station this is sort of where a lot of things come
16 together. There's, of course, electrification of the
17 corridor today. There's our environmental clearance, which
18 covers the improvements needed at Diridon Station for high-
19 speed rail. There's the BART project that's coming in, in
20 sort of the dashed black line on the graphic.

21 And then there's all the planning for land use in
22 transit or in developments with the Diridon Station area
23 plan, including Google's project right in that vicinity.

24 And so a few years ago we started the process of
25 creating an integrated station concept plan with partner

1 agencies. And so just to give a quick update on where that
2 is, if you go to the next one, and I know Director
3 Ghielmetti was on our committee overseeing that yesterday.
4 But the planning work is continuing. The vision is kind of
5 have an integrated land use, transactions that are in
6 development, station design, and access planning process.

7 They've developed an original concept a couple of
8 years ago. And that's now being further refined to define
9 the project, really identify through a business case what
10 its benefits and costs are, and then align the
11 organizational governance approach so the project can move
12 into an environmental clearance process. That's their next
13 step. And make sure that there's a path forward for how
14 that will be overseen by the collective five partner
15 agencies and what the roles and responsibilities are
16 between each of us in that process. Next slide, please.

17 And then again continuing south in Gilroy we're
18 continuing to work with the city on stationary planning.
19 So this has been kind of a strengthened collaboration that
20 we've had, really focusing on aligning both the City and
21 Authority goals when it comes to the integration of land
22 use and transportation, anything in Gilroy. The station
23 can really transform that community and we want to make
24 sure we're working closely with the City. So we've had our
25 planning team, Meg and others, have been very engaged in

1 this making sure that we're working collaboratively,
2 there's been a series of workshops focused on this
3 question.

4 And then they also had folks out to the
5 construction sites to really get them a firsthand
6 experience of what our construction looks like. Also have
7 a chance for them to interact with folks in Fresno and
8 other places to understand kind of how those cities have
9 worked with us. And what that -- kind of the cities that
10 are a little bit further ahead -- what that means for
11 Gilroy down the line.

12 And then the last kind of corridor-wide effort
13 has been, and we talked about this last year during the
14 environmental clearance process, is there's a huge emphasis
15 on grade separations in the corridor. So there's over 20
16 of these at various stages of planning and development,
17 usually led by -- or not usually -- they're all led by the
18 local jurisdictions in collaboration with the rail
19 agencies.

20 And so just as a reminder if you click the first
21 one, we did fund and contribute towards the 25th Avenue
22 grade separation project. This was our first bookend
23 project that actually finished its construction. So what
24 you see there is the rebuilt Hillsdale Station and the
25 grade separation there. So that's been put into service in

1 2021. That's the first piece of High-Speed Rail funded
2 infrastructure that's in use today for rail service.

3 But also a recent announcement from the state in
4 terms of new investments that are being made in the
5 corridor, so as part of last year's Budget Act there was an
6 appropriation of \$350 million towards grade separations
7 across the state. A number of cities applied up and down
8 the Caltrain corridor. And in total, they received about
9 \$110 million for the Broadway grade separation project,
10 which has been a longtime one that we've advocated for in
11 Burlingame. It helped with the most dangerous rail
12 crossing in the state at this point, as well as an
13 important facility that alleviates our need to do some
14 improvement work in that area.

15 Mountain View got funds for Rengstorff and Castro
16 streets to fill the funding pot for those two grade
17 separations. And then Palo Alto also got funding for the
18 final design of Churchill Avenue. So the state's making
19 substantial investment in the corridor and really being
20 part of the solution to the grade separation question.

21 And then the last thing I'll mention on this one
22 is just that Caltrain has started a corridor-crossing
23 strategy. And really looking at the situation as having 20
24 different cities looking at individual grade separations
25 they're starting to come with an overlay of how does the

1 entire corridor operate in this? How do we align? How the
2 projects are being planned? How do we streamline them?
3 Where can they all kind of come together? So again we're
4 involved in that. We're not sort of the leading entity
5 here, but we are very much following and making sure that
6 we understand how each of these things fit together with
7 what our needs are in the corridor.

8 And then just to close out with some recent
9 outreach updates, so over the course of last year we've
10 continued to engage the public. We think it's incredibly
11 important to be out there and making people aware that the
12 system is coming. The first question we get in Northern
13 California is always, "When can we ride a train?"
14 Essentially, is the number one.

15 A/CHAIR SCHENK: Same question in Southern
16 California.

17 Y MR. LIPKIN: Yeah. Well, I think it's good
18 people are continuing to be excited, because I think the
19 idea of high-speed rail makes a lot of sense to people.

20 So we've had over 4,400 folks that we've engaged
21 through our tabling events. We've done over 40
22 presentations. We've done construction tours. And we've
23 also been active on social media with all of our outreach
24 efforts as well.

25 And so just to give a few examples from the last

1 kind of few months, this is our team out at the Benicia
2 Farmers Market, the Burlingame Fresh Market, those are kind
3 of some of the tabling things that we do.

4 And then some bigger events, I mentioned the
5 Caltrain Electric Train Tour, so this was when they were
6 showing off their new trainsets. And you can see on the
7 table there, there's a mockup of a high-speed rail
8 trainset. So in your package you should have gotten a fact
9 sheet, which is our new High-Speed Rail Train Fact Sheet
10 that you can fold up. It folds together and creates one of
11 the ones that's there. Of course, we're very excited for
12 Bruce's actual trains to come, but this might have to do
13 for now.

14 And then the last one I'll mention here is the
15 North Beach Festival, which was a huge event in San
16 Francisco. So San Francisco's not dead despite what you
17 might have read and heard about in the news. But at that
18 event our staff, over two days, talked to 1,300 members of
19 the public. One of them was actually the Lieutenant
20 Governor, who saw our booth and stopped by to wish our team
21 well and appreciate the work that they were doing out
22 there.

23 And then all of that also has been transformed
24 into social media. And so we have a little video that
25 we've put up from the San Francisco Pride Festival. So if

1 you click again, I think it should play.

2 Caltrain 4th & King for SF Pride (Short
3 Music/Visual Video plays music briefly.)

4 So anyways, that's a very short one that I guess
5 that's from Instagram, I believe. I am not quite the
6 expert on that one. But we're continuing to be out there
7 in the communities.

8 And then just to give some of the highlights
9 from our tours, we've been joined by a variety of folks.
10 So Assemblymember Gail Pellerin and her staff were out with
11 us. We had the mayors of Gilroy, Morgan Hill, and Santa
12 Clara County supervisor visit the Central Valley.

13 And we actually met up with Director Perea at the
14 graduation for the Summer Training Center. We have staff
15 from various offices, legislative offices, that we have in
16 the region: Representative Costa, Ash Kalra, Kevin Mueller,
17 who is now a Congressman, at the time he was an
18 Assemblymember. And as well as staff from Dianne
19 Feinstein's Office, Silicon Valley Leadership Group, MTC
20 and then also our high school folks out of the Mineta
21 Summer Transportation Institute and UC Berkeley Planning
22 graduate students. So we really take advantage of and work
23 closely with Tony and Augie (phonetic) and others in
24 Central Valley who have been kind enough to host our team
25 as we bring folks down to give them an on-the-ground

1 experience, understanding what the system starts to look
2 like.

3 And with that, that's my report. I'm happy to
4 take any questions.

5 A/CHAIR SCHENK: Thank you, excellent report.
6 Any questions? Yes.

7 BOARD MEMBER GHIELMETTI: Boris, under your
8 awards I think you missed something. 2023 under 40.
9 (Laughter.)

10 MR. LIPKIN: So that happened yesterday. See the
11 PowerPoint was made a week ago, so we weren't allowed to
12 say that. But I was part of the Mass Transit Magazine's
13 "40 Under 40" class. That was just announced yesterday.

14 BOARD MEMBER GHIELMETTI: Congratulations.

15 A/CHAIR SCHENK: Congratulations on that. Thank
16 you for bringing that up.

17 Any other comments, questions?

18 BOARD MEMBER PEREA: Real quick, Boris, first
19 thank you for your presentation. You do great work.
20 Remind us or remind me that our trains, will they be -- how
21 far north will they actually be traveling into the Bay?

22 MR. LIPKIN: So the Northern Terminus is the
23 Salesforce Transit Center in San Francisco.

24 BOARD MEMBER PEREA: Okay. Thank you.

25 MR. LIPKIN: Yeah.

1 A/CHAIR SCHENK: Any other comments or questions?
2 No? If not, thank you. Excellent report. See you next
3 August if not before then.

4 MR. LIPKIN: Whatever you like.

5 A/CHAIR SCHENK: We'll put you on our August
6 agenda whether we meet or not.

7 Oh, yes, thank you. So Member Arambula has
8 arrived. Thank you very much for joining us.

9 And we'll move to Item Number 4, the Solar
10 Update. Margaret, Hi.

11 MS. CEDROTH: Good morning.

12 A/CHAIR SCHENK: Morning.

13 MS. CEDEROTH: Can you hear me, okay?

14 A/CHAIR SCHENK: Yes.

15 MS. CEDEROTH: Okay, different height from Boris,
16 right?

17 A/CHAIR SCHENK: But still, the closer you can
18 speak to the mic the better on these mics, okay. Thank
19 you.

20 MS. CEDEROTH: Thank you, I'm happy to.

21 So good morning, it's a pleasure to see the Board
22 again. I know annually I'm usually here talking about our
23 environmental, social, and governance topics underneath the
24 umbrella of our sustainability program. And I'm pleased
25 today to be able to take you through a more detailed update

1 on one of our critical strategies, which is our approach to
2 running the system entirely on renewable energy, really
3 focused on a resilient and renewable power supply for the
4 high-speed rail system. So let's go to the first slide.

5 Since in 2008, of course, the Board had the
6 foresight to commit to a truly carbon-free high-speed rail
7 travel experience. And over the course of the past decade
8 the Board has maintained this very clear target. Next
9 slide.

10 So 100 percent clean, renewable energy for
11 operations is a very clear goal towards which to work.
12 Staff effort has been on unpacking the details of including
13 regulatory and statutory hurdles of a cost-effective
14 approach. And the end goal of which has always been an
15 optimal strategy for the Authority that we can implement in
16 time for train testing.

17 Since 2008, of course, the regulatory context of
18 renewable energy in the state has shifted considerably for
19 state agencies as well as more broadly. And it's included
20 advances in the technical context of renewable energy
21 storage, energy storage broadly, and it reflects the driver
22 of climate resilience as well. I'd say California policy
23 has increasingly focused on broad state decarbonization by
24 2045, with some interim milestones of 2035. Toward's
25 which, of course, we were working to achieve this from day

1 one.

2 There's been a continued tight focus on utility-
3 specific renewable energy requirements. And electricity
4 tariffs that accommodate the scale of high-speed rail have
5 also emerged and evolved over this time period. So staff
6 work has adjusted to these changes while keeping a very
7 core focus on the 100 percent renewable energy goal for
8 system operations.

9 I'd say the other critical driver for staff work
10 has been achieving this goal while also reducing operating
11 costs, given the aim of course to operate this system
12 without a subsidy.

13 So there are a few ways that we can approach the
14 operations of the system entirely on renewable energy.
15 While the team has explored some standard power purchase
16 agreements as well as means of accessing the wholesale
17 market over the past several years, given the broad trends
18 on storage and generation and how they have coalesced the
19 team has been focused on considerable detailed technical
20 research on a behind-the-meter strategy that's been enabled
21 by recent CPUC tariff policy. Next slide.

22 So this strategy is informed by our unique
23 assets. We have a property portfolio and an area with the
24 best solar capacity in the world. We are in a state with a
25 robust renewable energy and battery storage industry. We

1 are a railroad that requires electricity so that we can
2 reach the speeds of travel and hence the travel times that
3 transform mobility in the state. And we're a very peak
4 heavy load. We're in a state where electricity is
5 expensive.

6 So these opportunities and requirements and the
7 Board policy, which is of course very closely aligned with
8 state policy and priorities, are the bedrock of this
9 strategy. The behind-the-meter strategy is fairly simple,
10 and it relies on proven technology, which are brought
11 together in a way that best serves our railroad.

12 This strategy involves producing energy via solar
13 photovoltaic arrays, which are located on well-configured
14 parcels and connected to a battery-energy storage system.
15 Both of which are connected to the traction power
16 substation locations for the system, and via these
17 substations to the transmission grid interconnection
18 points. Next slide.

19 So the system's sizing and layout are informed by
20 performance characteristics that have been developed
21 through extensive cross-functional staff collaboration.
22 The functional teams across the Authority have provided
23 fundamental guidance on how parameters help this system
24 achieve critical business objectives, and statutory
25 targets.

1 So work with the rail operations team has
2 provided clarity on the service plan and the necessary
3 duration for battery storage.

4 The rail systems engineering team has worked very
5 closely to coordinate the technical elements at the
6 traction power substation locations, and to support the
7 proper integration of these resources into the configured
8 project.

9 Our financial advisors in the financial services
10 team have worked both to interrogate the financial modeling
11 of the systems as well as the time period for payback. And
12 have an understanding of how these assist with reducing our
13 operating expenses. While the legal team has provided
14 valuable insight into statute, state code, tariff
15 structures and contractual interfaces.

16 Our work with the right-of-way team and third-
17 party and environmental teams have helped with the personal
18 review and clearance and we have integrated this strategy
19 into the configured project. Next slide.

20 In addition to advancing the studies that are
21 necessary in order for interconnection the Authority staff
22 have conducted a thorough feasibility on the solar PV-and-
23 battery-energy storage systems, consisting of three
24 separate phases.

25 So Phase 1 was the creation of a comprehensive

1 projection or model of the energy consumption at each
2 traction power substation location in the Merced to
3 Bakersfield corridor. And we've done that at 15-minute
4 increments using the anticipated train model for the Merced
5 Bakersfield system, as well as the train schedule, the
6 physics as well of that train route.

7 In Phase 2 we've determined an optimal grid
8 interconnection configuration and tariffs to identify the
9 best approach of working with the local utility grid, which
10 is PG&E, in the first segment.

11 Phase 3 was the creation of detailed and refined
12 projections of project economics, using the tariffs and the
13 rates provided by the local electric utility to confirm the
14 financial viability of the proposed projects.

15 We've also done a detailed analysis of the
16 Authority's right-of-way portfolio within the first 119
17 miles of construction for the suitability of parcels for
18 energy generation. And to date, this analysis is focused
19 on solar generation, given the project's location in the
20 Central Valley. Though, of course, as we move out into
21 the rest of the state we'll also be looking at wind and
22 other renewable energy generation options.

23 So this geographic-information-systems-based
24 analysis looked for parcels that were greater than five
25 acres and were of a very good configuration, which is code

1 for they were mostly square or rectangular, and that were
2 in proximity to the traction power substation locations.

3 We also screened the parcels to make sure that
4 there were no fatal environmental flaws, including
5 locations and floodplains and slope issues as well.

6 So understanding the Authority's operations
7 profile, including the requirements for system reliability,
8 has also been a part of sizing these assets. The battery
9 energy storage can supply resilience for the system in the
10 event of a grid outage. So these battery energy storage
11 facilities combined with the solar photovoltaic system
12 enables uninterrupted rail service in the summer months,
13 and sufficient hours of backup power in winter to maintain
14 rail service.

15 So on the next slide you'll see -- hmm, that
16 slide came out funny. This is an illustration of the
17 modelled load against the generation capacity. So the team
18 have utilized the technical and business requirements
19 inputs to size the battery storage adjacent to the TPSS
20 stations.

21 And this graph really illustrates the benefit of
22 solar paired with battery storage. It shows how combining
23 these two together at the right size and configuration to
24 match our load over the course of the year, has additional
25 capacity in summer. And the sizing also ensures that we

1 have a minimum of six hours of backup power to be provided
2 even in winter conditions when the solar PV system would be
3 anticipated to produce probably the least amount of energy,
4 depending on the weather.

5 On the next slide you'll see that the sizing in
6 the strategy provides some vital benefits to the Authority.
7 First and foremost, it reduces our annual energy-related
8 operating expenses to the tune of 75 percent, or an annual
9 savings of something between \$10 and \$14 million.

10 It also provides us with a reserve source of
11 power, which is critical in the event of grid shutoffs.
12 And in turn, this provides grid benefits as well. We're
13 providing a much more balanced load profile to the grid
14 thanks to the smoothing of the service phase.

15 We're creating the opportunity to support the
16 grid during times of high congestion. Our system can
17 prevent brownouts and blackouts through coordination with
18 PG&E to use the battery storage and the solar PV resources
19 to supply capacity to the grid during those times when
20 energy is most in demand, which is roughly 4:00 to 9:00
21 p.m., certainly in the summer and in the winter as well.

22 Of course, this significantly reduces our peak
23 demand, which I know everyone understands helps to reduce
24 our energy costs at large. And it reduces the load overall
25 to the transmission system. And it significantly reduces

1 the intermittency of that load and the generation. I know
2 that is another classic complaint around renewable energy.

3 So using the batteries to store and then release
4 that energy as required presents a much more even load
5 profile to the grid.

6 On the next slide over the past decade the
7 Authority has engaged with core stakeholders. most
8 specifically and most intensively with PG&E, the
9 independent owned utility operator for the first segment.
10 As well as with regulatory bodies, including the California
11 Independent System Operator to make sure that the required
12 technical resources are meeting their requirements, as well
13 as with the California Public Utilities Commission who
14 oversees policy relative to tariffs and rate structures.

15 We also coordinate with state agencies on matters
16 of state policy and technical exchange. And this includes
17 working with the California Energy Commission, with the
18 Department of General Services, and with GO-Biz.

19 On the next slide, to advance the strategy in the
20 next year includes several core activities. We will be
21 working to adjust the power load model to flexibly and
22 quickly accommodate consideration of shifting drivers. So
23 as the Authority moves into considering procurement options
24 an updated model actually allows us to explore a range of
25 configurations. And it allows us to adjust the model

1 parameters quickly in response to industry information, as
2 well as updated Authority information such as trainsets and
3 the train loads. And to communicate that model to
4 prospective contractors and bidders.

5 The model will also cover the whole state, as we
6 have been refining the environmental alignments and
7 selecting locally preferred alternatives. And we have
8 updated clarity as well on the service models coming out of
9 the business plan work. And, of course, we will be
10 continuing to look at wind and other generation
11 opportunities.

12 We'll also be confirming a procurement strategy.
13 I've mentioned that staff across functional areas are in
14 regular consultation on the specific technical dynamics of
15 the behind-the-meter strategy. And we're considering the
16 optimal procurement methods including the standard range of
17 procurement opportunities.

18 This work also considers interfaces among those
19 contracts and optimizing these to minimize both technical
20 and financial risks to the Authority.

21 And we'll be seeking sources of funding. I know
22 in May of 2023 as CFO Annis discussed in June of 2023 at
23 the Finance and Audit Committee meeting, we actually
24 applied for a Department of Energy Grid Resilience and
25 Innovation, or GRIP Program. Given the unique nature of

1 high-speed rail and its behind-the meter-strategy as well
2 as given the operational cost benefit that comes with a
3 capital investment the Authority has sought these new
4 funding capital dollars to support this strategy. And
5 staff will continue to explore potential funding
6 opportunities as they arise. Next slide.

7 So in summary, the work ahead continues across
8 functional areas of the Authority and it incorporates more
9 mature information about the system. It's going to include
10 the entire Phase 1 alignment.

11 We'll have more details on stations and other
12 facilities and understanding how those interplay with the
13 overall traction power system opportunity.

14 We'll be reviewing and refining the resource
15 sizing to understand the matching of our demand with
16 renewables on a more granular, including an hourly, basis.

17 And then we'll be investigating additional value
18 opportunities for revenue, including financial
19 opportunities associated with recent federal legislation.

20 Thank you for your time this morning. And thank
21 you for the opportunity to review the renewable energy
22 strategy in summary with you.

23 A/CHAIR SCHENK: Well we thank you. Thank you.

24 Any questions? Comments? Henry.

25 BOARD MEMBER PEREA: Yeah, thank you for the

1 presentation. And thanks for the briefing yesterday, there
2 was a lot of good information. Is there anywhere in the
3 country or in the world where there's a train system or a
4 high-speed rail system that's 100 percent electrified?

5 MS. CEDEROTH: One hundred percent electrified?
6 Yes. There are many examples of entirely electric rail
7 systems, both in the U.S. and globally.

8 BOARD MEMBER PEREA: Okay. For example?

9 MS. CEDEROTH: For example, SEPTA in
10 Philadelphia. The electric rail system in Germany and
11 Italy and Spain and France, parts of the United Kingdom,
12 Japan, Korea.

13 BOARD MEMBER PEREA: Okay. And they're powered
14 by solar?

15 MS. CEDEROTH: Oh, they are powered by
16 electricity.

17 BOARD MEMBER PEREA: I apologize, I missed it.

18 MS. CEDEROTH: Yes, in terms of renewable energy
19 many of those operators are looking at solar and battery,
20 or renewable energy tied with battery storage in order to
21 provide additional resilience capacity.

22 In London the UK systems are looking at
23 resilience supply tied to battery storage, and solar.

24 And in Germany, they're also looking at
25 additional kind of about half of the level of capacity

1 we're looking at. And that is also to help with their goal
2 of reducing their carbon emissions associated with their
3 electricity.

4 BOARD MEMBER PEREA: Okay. And as we move to the
5 December 2028 testing of our trains, how is what you're
6 doing interfaced with the presentation Bruce made? And
7 that chart on Page 4 that talked about these four folks who
8 we'll be bringing on to oversee all these packages to make
9 sure that everything's working, everything works.

10 MS. CEDEROTH: Right, great question. It
11 interfaces with the traction power aspect of those
12 packages. So we've been working very closely for the past
13 several years to really make sure that the proposed
14 solution relative to the batteries and the solar
15 interconnects specifically in a technical manner with the
16 traction power substation.

17 BOARD MEMBER PEREA: Okay. And the last question
18 is at what point are we confident in the decision of 100
19 percent solar versus do we need to have PG&E electrifying
20 our system, etcetera so we don't lose time?

21 MS. CEDEROTH: Oh, of course. So we're pursuing
22 both of those. We're in active conversation and engaged in
23 active research with PG&E on the traction power
24 interconnection points. And so we tie to the PG&E grid.
25 The solar and battery resources provide us with a means of

1 reducing our peak demand and they also provide us with a
2 means of backup power. And so ideally, we draw on our
3 batteries, and so we're not drawing extensive electricity.
4 And over time we match that load completely one-to-one.

5 BOARD MEMBER PEREA: Okay. Thank you.

6 A/CHAIR SCHENK: Thank you. Any other questions
7 or comments? No? And anyone on the phone? Chair Richards
8 or Vice Chair Miller, any questions or comments?

9 VICE CHAIR MILLER: Just a great presentation by
10 both staff. Thanks.

11 A/CHAIR SCHENK: Thank you. Margaret I wanted,
12 as the resident historian I want to give you a historical
13 factoid, building on deep roots with this Authority Board
14 of course. But even going back to 1981, when I first
15 presented this to Governor Brown and his Chief of Staff,
16 Gray Davis, was in the room. And one of their first
17 questions was, "Can this be powered by clean energy?" So
18 we didn't have the knowledge we have today, but that's what
19 they were thinking back then too. So thank you very much.

20 MS. CEDEROTH: Of course. Thank you.

21 A/CHAIR SCHENK: Okay. Before we get to the CEO
22 Report, Mr. Camacho, you had a report you wanted to share
23 with us?

24 BOARD MEMBER CAMACHO: Yes. It'll be somewhat of
25 a brief report. But I just wanted to let the Board know

1 that I was invited to attend a team meeting of CP4 in
2 Bakersfield. And I guess the two real takeaways that I
3 came back with is the enduring heat, 110 degrees that they
4 have to work in.

5 But secondly I was able to introduce myself, and
6 met each one of the team members with CP4. And I was so
7 impressed by number one, their enthusiasm and the sense of
8 pride that they had in working on this project. And from
9 the project engineer to the program leader that they had,
10 each one of them were just beaming with pride. And they
11 said that they wanted to be part of this legacy, that one
12 day, either they or their kids will be able to ride high-
13 speed rail. And I was very, very impressed by that.

14 The working conditions are less than desirable.
15 But I'll tell you, they were there plugging and doing the
16 right thing. And I just thought I'd like to share that,
17 because we talked about their last comments as I left was
18 saying, "We want to ride high-speed rail." And I
19 compliment them for that and thank them on behalf of the
20 Board. Thank you.

21 A/CHAIR SCHENK: Thank you for going there in the
22 heat. And thank you for the report.

23 I will now have the CEO Report presented by the
24 CFO from our C Suite. (Laughter.)

25 MR. ANNIS: Well, thank you. I'm happy to

1 present the CBO report on behalf of Brian Kelly. Just a
2 few items to cover today.

3 On the next slide you'll see that the Authority
4 has been very active in submitting new federal grant
5 applications. So we did submit two in August. The first
6 was for a program called the Wildlife Crossings Pilot
7 Program, which is a new federal program. We applied for \$2
8 million to cover about half of the -- excuse me -- cover
9 about 80 percent of the \$2.5 million cost of a monitoring
10 activity, which we're committed to do with our resource
11 agencies.

12 As part of our 119-mile construction project we
13 actually have over 300 wildlife crossings along that
14 corridor. And one of the primary species that we'll be
15 monitoring is the kitfox. So we're hoping to partner with
16 the federal government on this five-year program of
17 monitoring. It's not just academic. The hope is that in
18 studying these over 300 crossings for five years, and these
19 crossings do have variable design at variable locations,
20 that we'll be better informed in building future animal
21 crossings that may occur at the state highways or future
22 high-speed rail segments to better serve the crossings of
23 wildlife along the corridor.

24 The second one is the federal program called --
25 shorthand is "MEGA," for MEGA project. And there we're

1 asking for \$232 million for a project with a total cost of
2 \$386 million. I think that's a 60/40 Maximum Federal
3 Contribution Program. And that's for the Merced Integrated
4 Multimodal Station. We think that'll be a competitive
5 project scope for this MEGA program.

6 We have consulted with the USDOT and FRA over the
7 past year to find out what's really optimal for the
8 criteria they consider for that program. And we think that
9 Merced Integrated Station is a good match. The federal
10 program is multimodal, the Merced Station is multimodal.
11 We'll have the ACE commuter system connect there, the
12 Amtrak service will connect there, as well as high-speed
13 rail into that three -- that rail union station serving
14 those three rail operators as well as community and
15 regional bus services. So we're excited about that one.
16 That was just submitted, I believe, on Monday of this week.
17 So that one's freshly submitted.

18 And on the general grant area we are looking to
19 have a federal decision on our CRISI grant applications
20 probably over the next month. There were two there. One
21 was to fund grade separations in the City of Shafter. And
22 the second one was for the Selma Workforce Center to
23 receive another two years of funding for that program
24 through the federal grant. Next slide.

25 The Authority has opened a number of structures

1 so far in 2023 and they're listed here. Merced Avenue and
2 McCombs Road are both CP4. Elkhorn Avenue, Idaho Avenue,
3 Dover Avenue are in CP2-3. And Cedar Viaduct, of course,
4 in CP1.

5 And if you go to the next slide the seventh is
6 the Poso Avenue Undercrossing. I'm not sure if this is a
7 video or not. It is a video, all right.

8 (Video playback begins.)

9 CEO BRIAN KELLY: "(Music and sirens.) The
10 opening of the Poso Avenue Undercrossing."

11 MR. ANNIS: There you see our birthday boy CEO
12 (laughs).

13 VIDEO NARRATION: "One, two, three. (People
14 clapping and cheering during the opening ceremony)."

15 MAYOR VINCENT MARTINEZ: "This is something that
16 is long overdue. We've had a railroad crossing here for
17 years, that all railroad crossings are dangerous,
18 especially when you put it in an area that's high traffic
19 like this. And so to have this underpass open it's a
20 really good thing for the city of Wasco.

21 CITY MANAGER SCOTT HURLBERT: "This will provide
22 an additional traffic outlet for Highway 43 off to my right
23 and around under the railroad tracks to Highway 46. So an
24 important link for the town.

25 CEO BRIAN KELLY: "And this project will be great

1 for the community, it's great for us. Our trains will pass
2 through here without having any intersection with the
3 vehicles, because we're going to be above them. And it's
4 safe for the community. It's safe for us and it's just a
5 great day. These are the kinds of moments that you love
6 when you're in this job."

7 (End of video playback.)

8 A/CHAIR SCHENK: Thank you.

9 MR. ANNIS: So in addition to Poso Avenue the
10 first two: Merced Avenue-McCombs Road, if you look closely
11 at the pictures both of those have existing freight tracks
12 that the grade separation is also separated from traffic,
13 road traffic.

14 And I asked staff to look at the federal
15 databases on collisions with trains that have occurred at
16 those three locations. And the federal database goes back
17 about fifty years. But at those three locations there's
18 been six collisions with trains over that fifty years,
19 resulting in two fatalities, two injuries, and two
20 property-damage-only collisions. So six collisions
21 overall. So these are definitely huge safety benefits for
22 those communities not to have that risk at grade collisions
23 anymore.

24 Lastly, some of you were able to meet before this
25 meeting started. We are joined here by Ben Belnap who is

1 our new Inspector General

2 A/CHAIR SCHENK: (Overlapping colloquy.) Stand up
3 Ben, let's welcome. Welcome. (Indiscernible.)

4 MR. ANNIS: So Mr. Belnap was appointed by the
5 governor recently. We think he'll be officially sworn in
6 as of the 1st of September. He has vast experience from a
7 career working at the California State Auditor's office,
8 and he was a Deputy State Auditor there most recently. The
9 Inspector General position, of course, was created by
10 Senate Bill 198, that the Legislature passed in 2022,
11 concurrent with approving the remainder of our \$4.2 billion
12 of bond funds. So Mr. Belnap was appointed now to a four-
13 year term. And so we look forward to having them start in
14 early September.

15 A/CHAIR SCHENK: Great. Thank you.

16 MR. ANNIS: And that concludes the CEO Report.

17 A/CHAIR SCHENK: Any questions or comments for
18 Brian?

19 BOARD MEMBER WILLIAMS: I was just going to say a
20 personal welcome, maybe sort of on behalf of the Board.
21 But also say that I think it would be very useful for us as
22 a Board to hear from you from time to time, whether that's
23 on some regular basis annually or at least twice a year,
24 just in terms of your work and your observations. With
25 respect I know you don't report to us. But I think it

1 would be useful for us to hear from you as you will also
2 interact, I'm sure, with the Legislature and the Governor's
3 Office.

4 A/CHAIR SCHENK: Excellent suggestion. Yes.

5 Any other comments? Questions?

6 BOARD MEMBER PEREA: I have one question --

7 A/CHAIR SCHENK: Yes, Henry?

8 BOARD MEMBER PEREA: -- for Mr. Kim. Brian, is
9 that okay if we ask him to come up? Mm-hmm. And as you
10 are coming up I just wanted to thank you two for the
11 briefing we had yesterday. It cleared a lot of things up
12 in my mind.

13 MR. KIM: Absolutely.

14 BOARD MEMBER PEREA: But as we heard all the
15 pieces today in hitting for that December 2028 date to run
16 trains, of course. And then we have July 2026 for a
17 substantial completion of CP1, I've been focused for
18 several months now just on all the challenges that we have
19 on third-party issues. And as we look at your chart on
20 Page 9 of our report that we get as the Board for the
21 Central Valley Status Report, we have about 508 utility
22 issues that are either not started or are in progress. And
23 I know we don't need all of those completed to hit our '26
24 date. But our discussion -- if you could just briefly tell
25 the Board what the plans are. What is the critical path?

1 What do we need to have done before the end of this year,
2 and then moving forward, so that we hit the stage? And
3 where you're at with it?

4 MR. KIM: Absolutely. So thank you. Dennis Kim,
5 I'm the Director of Real Property and the Lead Executive
6 for Third Parties. It's nice to see the Board again. But
7 I want to commend Board Member Perea. And he reached out
8 to us about utility relocation. It's admirable, because
9 you're trying to really understand where we are and how
10 we're going to progress, and how we are progressing, right?

11 So to that question is we do have utility -- I
12 want to make a statement about utilities. It is a very
13 difficult area. Just the way it actually is, there's just
14 so many standards that the utility owners have. And
15 there's so many variables that you actually have to clear
16 in terms of predecessor activities, such as design. You
17 have environmental clearance. You have right-of-way
18 acquisition. You have land conveyances. You have work
19 plans, crossing applications, pre-construction
20 walkthroughs. There's so many activities you have to
21 clear. And if you don't clear -- if you clear seven out of
22 eight you still can't advance.

23 So I want to really inform the Board that we are
24 hyper-focused on identifying every single predecessor for
25 every single conflict, to allow us to move forward in a

1 very expedient manner, right?

2 So currently, I did talk to Board Member Perea
3 and briefed him yesterday. But we have foundational
4 elements that we're going through to try to get faster
5 utility relocation. What I mean by that is understanding
6 the entire scope of what we have to do for utilities,
7 structuring our organization to make sure that we're
8 enhancing in meeting those needs. But more importantly,
9 tracking all of this very detailed-oriented, in terms of
10 every single activity, the date of every single predecessor
11 that needs to be cleared.

12 So to answer your question, is utilities are very
13 difficult. But when there's difficulty, you need a lot
14 more detail to it.

15 BOARD MEMBER PEREA: That's right.

16 MR. KIM: And that's what we're doing. We have
17 issue logs. We have escalation logs that we track daily to
18 make sure that we're able to advance these utilities as
19 quickly as we can. So to that point, we're moving.

20 There are 96 critical utilities for CP1 that are
21 for the top four paths, critical paths for CP1. And we're
22 tracking those very closely, each of them very closely.
23 There's 9 of those on Belmont that are scheduled to close
24 between October and December of this year. And we have 74
25 utilities in 2024 that are critical to CP1 that we're also

1 tracking.

2 So you're going to see a lot of movement in 2024
3 of those critical activities at Belmont, Herndon, Church,
4 and McKinley. And that's really the top four paths in
5 terms of our construction for utilities.

6 BOARD MEMBER PEREA: Yeah. Okay. Thank you so
7 much. And I have to say I have tremendous confidence in
8 the team Brian has put together, led by Mr. Kim. On this
9 project it's been such a challenge for us the past 10 years
10 or so. And I think watching this Board before I became a
11 Board member, and then being a Board member, it was always
12 frustrating to see or hear when it was too late to pivot.
13 And saying, "Oh gosh, delay," or additional costs because
14 of that delay.

15 And I think what we're going to see now is other
16 than getting the job done, I think what we're going to see
17 is if we need to pivot we're not going to be here at the
18 last minute until too late and there's nothing we can do.

19 I think staff will be here saying, "This is not
20 working, we need to do X," and then we can move that
21 through.

22 MR. KIM: Yeah.

23 BOARD MEMBER PEREA: But I think these 96 that
24 you've identified of these 500 -- and I'll just talked
25 about CP1. On CP 2-3, 4, there's issues there too.

1 MR. KIM: Exactly.

2 BOARD MEMBER PEREA: But to get to that 119 I
3 think this is what we have to get done to get that
4 operational.

5 MR. KIM: Yeah. And to your point I want to give
6 an example of CP4 on that point is Semitropic there is a P-
7 1030. Canal. CEO Kelly, COO Casey, and I went there three
8 weeks ago from today. That's when the Poso Underpass
9 actually was announced. And we went to the site of P-1030
10 and it's as big as a small river. We're not talking about
11 small utilities, we're talking about large canals,
12 infrastructure that is highly important to Semitropic, the
13 stakeholder. And what we found there to your point is
14 there's always adjustments. You have to mitigate.

15 And what we found there was we actually designed
16 it to have two cofferdams and a bypass system to work.
17 However, due to the cracking that happened in the canal
18 itself over time, which is natural, the utility owner
19 didn't actually want us to proceed until we actually ended
20 the harvest season because it was too much of a risk for
21 them.

22 But with that being said, is the team, the great
23 team, the help of HNTB, CRB, the Authority team, we
24 actually created a very large concrete box culvert. I've
25 never seen a bunker, but I'll tell you it is massive,

1 right. And if anyone has seen a bunker I'd love you to
2 come with me to fact-check that, because I've never seen
3 one. But it is massive. It's already created, we're ready
4 to go. Once the harvest season ends we're able to actually
5 advance that work quickly.

6 So those are the mitigation measures the team
7 takes. To Board Member Comacho's point is CP4 is a great
8 team. They continue to press through all adversity.

9 BOARD MEMBER PEREA: Yeah. So thank you.

10 MR. KIM: Yeah. Thank you so much.

11 A/CHAIR SCHENK: Thank you very much for that,
12 Mr. Kim. Thank you Mr. Perea.

13 I think we have a very brief F&A Committee
14 Report. Mr. Camacho.

15 BOARD MEMBER CAMACHO: Thank you, Madam Chairman.
16 The F&A reported out. And it'll be a brief report as I was
17 forewarned by our Chairwoman that it had to be within two
18 minutes.

19 Cash Management Report, the Authority is in a
20 strong cash position. And total cash available is about
21 \$3.2 billion. I mean, we could stop with that and just say
22 that's the end of the report, but actually there's a little
23 more.

24 Individual Fund Balances for Prop 1A is \$793
25 million.

1 Cap-and-trade is \$2.4 billion.

2 Real Property 11.6.

3 Cap-and-Trade auction proceeds from the May
4 auction have yet to not to be reflected in the cash.

5 Capital Outlay Budget, its monthly expenditures
6 were about \$145 million.

7 Total Design Build Expenditures, \$96.9 million in
8 total.

9 Preliminary Monthly Expenditures for June were
10 \$254 million. And this is up primarily due to a year in
11 accrual in bookend projects.

12 Total Design and Build Expenditures for June were
13 \$97.5 million.

14 Contingency Summary, as of the end of May the
15 Authority has \$2.1 billion remaining contingency,
16 specifically for CP Packages: CP1 at \$878 million, CP2-3
17 \$1.1 billion, CP4 \$120 million.

18 Right-of Way, in terms of the Central Valley
19 right-of-way total parcels delivered through April were
20 2,225 out of 2,293, which is 97 percent, which is very,
21 very good. It's welcome news.

22 But we still seem to struggle with the utility
23 relocations. And I think that we've talked about this
24 quite a bit. We had 11 relocations were completed during
25 the reporting period. Completed were 1045, which is 57

1 percent; in progress there's 376, which is 20 percent;
2 approved to start, 12 which is 1 percent. Not started
3 were 403, which is 22 percent of the total.

4 CP4 construction, or CP Construction Progress,
5 structure is 7 out of 93, or 75 percent are underway or
6 substantially complete.

7 CP4, 11 out of 11 structures are substantially
8 complete, which is good.

9 Guideways, 90 out of 119, 76 percent.

10 And underway or constructed, there's no change
11 from the prior date.

12 And I was under my time limit. (Overlapping
13 colloquy.) So that completes my report.

14 A/CHAIR SCHENK: Any questions or comments for
15 Mr. Camacho? No.

16 Hearing none, Chair Richards and Vice Chair
17 Miller we wish you safe travels and with that we are
18 adjourned.

19 (The California High-Speed Rail Authority

20 Adjourned at 11:39 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 9th day of September, 2023.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

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.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

September 9, 2023