

CHSRA Board Meeting, May 7, 2009.

Partial transcript provided by Rita Wespi of CARRD – rwespi@carrdnet.org.

NOTE: Much, but not all, is verbatim. There are gaping holes, too. Check the audio if you plan to quote this material where it matters. –Rita

Board Packet: <http://www.cahighspeedrail.ca.gov/library/default.aspx>

Board Meeting Audio:

http://www.cahighspeedrail.ca.gov/images/chsr/20090518113715_CHSRBoardMeeting050709.MP3.

Official CHSRA Meeting Minutes:

http://www.cahighspeedrail.ca.gov/images/chsr/20090710111512_May09Minutes.pdf

Board Members Present: Diridon, Kopp, Tom Umberg, Fran Flores, and Exec. Director Morshed.

Lynn Schenk joined at 28 minutes.

Unknown: TJ Stapleton, David Crane, Kirk Lindsey, Curt Pringle.

Kopp: on April 28, the Gov called a meeting with Crane, Diridon, Kopp present and Exec Director and other Trans. Luminaries, OCTA, MTA, Regional planning & programming agencies such as

SANDAG, SCAG, etc. The purpose was coordination of CA transportation agency for money from the American R. Reinvestment Act (used to be called the federal Stimulus Bill). And we have an item on the agenda which I will ask that we recommend to the full board participating in that single application on behalf of the ___ authority

Other agencies which can qualify for eligibility for ARRA money, particularly and specifically the \$8B allocated for HSR and normal rail operations. Two other comments from that meeting. Once we ___ Will Kempton the responsibility of collecting all those applications, we're collating them for putting them in priority order and Mr. Morshed may comment further on that, but Will Kempton will be the point-man on that endeavor. I should also note that Mr. Kempton imparted information to the effect that although the secretary of transportation ___ publish eligibility criteria on or before Jun 17, that it's expected that that criteria will be published much earlier – perhaps in the month of may. And of course we look forward to that criteria in the belief that that project will qualify and will meet all – or substantially all – the criteria in a strong way.

11:50 Two other points I want to make, because suddenly, I shouldn't say suddenly, but after November 4th, HSR suddenly – not suddenly, I keep using that word – after Nov 4 high speed rail became more popular than ever before. And with popularity comes a peril and that is with respect to people calling members of the board, writing members of the board – I'm sure all of us have received such entities offering special skills, special services, even offering money which Mr. Paige could comment to the validity or not. All of us should funnel those communications to the Exec Director, instead of trying to act on them themselves. Because the

Kopp: Acting in a way that questions the integrity of the process or the integrity of ourselves

So I would like the record to reflect

And the other point, because we're now in the design process, and that brings with it

And another EIR because we have 8 sections in the first phase for Anaheim

So as the commissioners who will one day vote, whether to certify or not certify an EIR, we're precluded from the law from uttering statements in most instances, perhaps if members have any questions, Mr. Spanos [CHSRA's legal counsel] can elaborate, or Ms. Brown on her arrival.

Our opinion is one matter. But anything beyond that may implicate procedural infirmities that CA Environmental Quality Act, National Environmental Policy Act ... And so with that caution I conclude. Anyone else?

15:00 Umberg: Mr. Pringle and I met with the exec dir of MTA Dan Leahy and ____

Concerning particular the elements of the projected project in LA County.

Diridon: Mr. Chairman, your summary of Washington is well-placed and I don't have anything

When some of us

The young president looked at us and said, France has a HSR – and we do not. Spain has a HSR – and we do not. Japan has a HSR – and we do not. Then he pumped his fist in the air and said, "But we're in America, and we're going to build the best HSR in the world" or words to that effect.



23:00 Morshed – contract discussion. Work started on April 7; before that they were unfunded. They still have significant staffing issues to overcome that they're working with the legislature to overcome. They requested \$140 million; discussion but no action. They received the 2009 budget 2 weeks ago; they're negotiating.

24:00 At the Senate budget hearing one of the things that was discussed, and the chairman of the committee asked me, specifically instructed me to relay to the board members was that the board members should be very cognizant of what they say about the choices and about the process – it has significant impact on the public and they should be more judicious about their statements and be careful about stating policy of the board and separating that from the board members. And I'm essentially reporting that I was asked to ask the board. And so I'm doing that. And they also pointed out that the authority need to put additional resources in its outreach because that's a very important part of the project and we agree with that and we are actually in the process of reevaluating our outreach effort.

I want to personally acknowledge that I think we have a great outreach team – all are performing magnificently and we're very happy with that, but there's a limited resources and we need to proceed to augment that in order to reach the entire state, and we will work on that. That's all I have to report to you in this segment today. And I'll be happy to answer your questions. Thank you.

Kopp: Any questions? I might add I attended the Assembly Budget Subcommittee Hearing and the same action happened as at the Senate. In other words the budget consideration was continued until the detail that Exec Dir was finally able to provide after we obtained money for his services was continued [?] which probably means that after the May revision is published.

At both committees there was a procedural budget bill item adopted, in other words budget bill language that common-sensically says that as soon as any part of our bond is sold by the treasurer, proceeds will be used to restore money appropriated from the general fund and any other place.

27:19 Kopp: Now if the members don't mind, I'm going to call out of order item #13 because I'm informed that the Mayor of Sacramento would like to speak on that.

27:50 Ahh, my gosh, we have a quorum. Good morning Commissioner Schenk.

...

Kopp: We are authorizing the exec director to sign those agreements so long as any changes from the version presented to us today is minor delete the word 'minor' and use a recognized legal terms such as "non material modifications" or

So unless there's objection I will consider that part of the resolution. Is the mayor here? We have a quorum? Alright, let's pass item 13 then, proceed to **item 7**, which is informational, Mr. Morshed?

Morshed: that's you.

29:30 Kopp: Under the PUC section 5035 there is established, or the authority shall establish an **Independent Peer Review group** for purposes of reviewing planning, engineering, finance, and other elements of plans, of issuing analysis, of appropriateness and accuracy of the assumptions, viability of the financing plan, including the funding plan for each corridor. And the peer review group shall consist

of 2 individuals with experience with construction and operation of HS trains in Europe, Asia or both. Designated by the treasurer 2 individuals ____

One with experience in construction of HS trains, one with experience in project finance, designated by the Controller.

One representative from the financial services or financial consulting firm who hasn't been a contractor or subcontractor of this authority for the past 3 years designated by the Director of Finance. The Dir of Finance has designated John Chalker of San Diego who's also a member of the CA Transportation commission.

One representative with experience in environmental planning designated by the Sec of Bus, Tran, Housing. And the secretary has designated Louis Thompson of Saratoga in that capacity.

2 expert representatives from agencies providing intercity commuter or passenger services in CA designated by the Sec of BTH, and the Secretary has designated Mr. Will Kempton, Director of Caltrans, and **Gene** Skoropowski who is the general mgr of the Capital Corridor to fill those 2 places. I have spoken with the treasurer and the controller and they're in the process of conserving possible appointees to fill the peer review group and they'll act accordingly in due course.

32:00 Item #8. Federal Stimulus.

The 4 members who were here before you arrived have....

Schenk: I'm not clear I'm submitting

Kopp: as I indicated before you arrived that

Morshed:

We have been working with Caltrans to develop a process and the procedures so you get maximum benefit for CA and for HSR. We're doing that with Caltrans and

In trying to flush and come up with recommendations particularly with the Bay Area and SF.

What I'd like to do is give you a report on 3 items

These all fit into the same areas. How do we go about selecting

Areas, and funding. So Sasha and his team will make that presentation to you.

Kopp: So suspend further discussion of item 8. Item 13? Mr. Mayor?

Mayor of Sacramento:

41:00 Mr. Paige giving an update on financing, tax credit funding, programming issues, and they're all related to each other.

We have interest from co's all around the world. People think this is one of the premier projects in the U.S. The second thing to point is a recent deal the I-5 toll road – one model. The state of FL & NV agreement – design & build, and also operations. There will be a penalty imposed, too. What's important to us is that 12 banks came together: \$1.6B, etc. etc.

Our project is much larger, but the initial projects are \$2.7 B, and the market can bear this.

That's a good benchmark. Third point: good conversation with marketing & naming rights firm. We understand that some public buildings & transit buildings are going to be available – you should consider this at some point in time. These will be important funding opportunities.

Cathleen Brown will update you on the recent transactions on the Build America Bonds and the relevance to

Kopp: before you do that, can you give us a status report – re

Paige: we discussed 12 of those firms, we reached out to another 8-9; 2-3 we're having a hard time getting conference call. We'll request that we can publicize their ... future RFP. We'll be doing that next month. Are all the 5 firms that stated their interest in private equity investment in survey?

Paige: I believe 2 of 5 have been surveyed. I can get you the exact #. We can believe that what we've heard is representative of the entire group.

K: which is consistent with what you've just described?

P: correct.

49:35 Cathleen Brown: 2 mtgs ago I spoke about

They're not grand, but they're

Therefore get more of your project done at a lower cost. First is Build America Bond.

59:40 The \$8B funded the legislative framework for what we call the Passenger Rail Investment and Improvement Act PRIA – there are

And so -----everyone understands the \$8B can be used for 3 different types of programs: Intercity passenger rail, congestion grants, and the HSR program. After the legislation was passed the legislation required the ___ to issue a strategic plan that you've already talked about and that really outlined the way the admin sees the spending on 3 different tracks. Track One focuses on projects which is really for shovel ready projects that have already completed their engineering and pre-development work. Track Two focuses on corridor programs

That have also already completed some level of environmental – at least by the deadline of 2012. Track Three focuses on non-ARRA funds, basically on non-stimulus funds, because the stimulus, as we all know, was designed for economic recovery but there is some funding for the FY09 appropriations

For planning purposes. And that's what track 3 will be. And so corridors and projects like the Authority can apply for funding for planning. So the strategic guidelines outline

What we expect to see as criteria and prerequisites for funding. As I said earlier, we expect public benefits to be obviously extraordinarily important in terms of job creation and economic recovery in addition to that we expect planning and project development to be important. PRIA – I guess ARRA – waived the state rail requirement under PRIA that is to say that the project would have to be under the state rail plan which I believe it is. But it waived that plan. However, I think that we would still need to see an overall coherent story as to how these individual projects would fit into the overall development of the system.

Secondly in terms of planning and project development we expect independent utility to be very important so that we're not building projects that, if complementary projects aren't built, that each project would have some public benefit on its own.

The 3rd major category in terms of criteria and prerequisites are in terms of risk mitigation. Fiscal and institutional capacity to handle such a large influx of funds, but also commitment from key stakeholders that are there MOUs or agreements in place that will really work with any of the implementing parties throughout the corridor.

That gives you sort of an overview of where the money's coming from, how generally the money will be spent in track 1, 2, and 3, and then the criteria for project selection.

This slide is straight from the strategic plan and outlines the timeline for ARRA spending. So you can see on the far left, the strategic plan was issued sometime in April and we expect the application guidance by June 17. So by June 17, and I think this is already mentioned by Chairman Kopp, that the application guidance may actually come out long before June 17. They beat the strategic deadline by 2 days. I think we're probably going to see the guidance before 2 days before June 17. And then if you move further down this timeline you see Track 1 are projects; the first due date would be sometime in August, and then Track 3 also for planning along the same timeline. And then the corridor development program sometime in the Fall. I think, however, that if the application guidance comes out earlier, this whole timeline may be condensed.

1:04:00 So that's the sort of overview of the DOT's perspective and how projects may be selected. The second part of the presentation focuses on how the Authority would deal with the application process. Because it is a rather short timeline, and so because as you already suggested earlier that it seems that a unified CA approach coordinated by Caltrans would really maximize the Authority's prospects for securing a fair amount of ARRA funding. And obviously the Authority would work very closely with Caltrans to put the application together and provide whatever information you have, but I think it's also important for the Authority to start looking at what projects along the 800 route miles that would potentially be eligible and meet the ___ of both the board and the federal requirements. So we know that the Authority has proposed that basically what you see on the screen for both project and corridor proposals. And the first and foremost being that the project being included in Phase 1 – Anaheim to SF according to Prop 1A, previous Board decision, and the 2008 Business Plan.

1:05:00 Secondly, at the requirement of the legislation, the project or corridor needs to be able to obligate funds by 2012; also be able to meet federal regulations on environment and safety, and then also this very important independent utility criteria that I think you've seen echoed about the state as well as on the federal level. And finally, very importantly, that these projects, many of these projects will be advanced, and we want to be careful not to prejudice the outcome of the project level EIR EIS.

So if you take this proposal for selection criteria and apply it to 800 route miles, these 3 sections qualify as sections that could meet the requirements for capital expenditures. And as you can see, those 3 segments are LA-Anaheim, SF-SJ, and Bakersfield to Merced. The LA-Anaheim section is the one section that will have potentially completed project level EIR/EIS before the 2012 deadline. And that means that we could have – we could be a qualified and selected design team to maybe begin construction before then. That said, there are these two other corridors that have these specific projects that could be implemented along the 2012 timeline and according to the other criteria I mentioned earlier, with conjunction(?) with MTC or maybe negotiating rights-of-way in the Central Valley.

1:06:55 Kopp: Yes, Mr. Chairman?

Diridon: [mike off, indiscernible] I'd like to know when

1:07:13 Diridon: I'm trying to remember the public flow chart for the project level EIR documents for the various corridor segments. But it seems to me that the SF-SJ to Merced segment also would include and was certified

Project level environmental documents sometime early in 2011 if the schedule was maintained. Or mid 2011 if there

In the process.

Could someone correct me if I'm wrong?

Morshed: Mr. Chairman, right now we don't really have a full schedule as to when

The project, especially for some of the ones like SJ-SF or SJ-Merced that we just started the process. So we're in the process of putting together a tentative schedule with FRA and when we have that we will share that with you, but at this time we don't have it. There's some rough estimates that

Not a real schedule at this time. Based on my testament of what I have heard so far our consultants and also the difficulties of this corridor pose, getting the environmental clearance completed, I don't think that it's very likely that we will have a complete project environmental clearance by the federal deadline in that corridor. It's not likely. It might be possible, but at this time it's not likely. And so I think it will be risky to go through federal government and make a commitment that we can do that. I think in the case of LA to Anaheim we can; we've been working on it for over two years, we're pretty much on schedule, all the issues have been resolved, others are likely to be resolved, and we can with some level of certainty say that, but in the other corridor it's –I'm not sure we can do that. And I believe that

Of the project that will fit into that.

1:09:57 Diridon: May I follow that, Mr. Chair?

This is very disturbing to me. And it's very disturbing because on a project this large when you lose a year – and we apparently a year here because of budget delays, apparently – with 5% inflation which is typical in construction – usually it's a lot higher than that – but during our construction year dollars, it isn't right now, but construction year dollars are certainly going to be at 5% or above. That's \$2B in lost buying power by losing one year. And we just lost one. And that's – that's unacceptable. We've got to communicate more effectively with the legislature and let them know what happened when they delay in taking action. We also have to communicate with the public to let them know that when a public hearing occurs they've got to be involved and make their testimony during the public hearing period and not ask for delays and extensions to public hearings. We extended the public hearings on the SF-SJ portion to accommodate some of the cities that needed more time apparently. We extended a month. A month with that kind of inflation is worth \$167M in lost buying power at 5% inflation. So by delaying a month we lost \$167M worth of buying power. We can't do that. This isn't a typical highway project where you can set it aside and take it up in a couple of years. A couple of years from now if we don't build this project quickly we're going to be priced out of the marketplace because our \$9B in bonds are not going to increase. That's fixed. Eventually that \$9B in bonds is going to have lost so much buying power that it's not going to be consequential anymore.

1:12:00

And I would really hope that we can figure out a way to add engineering staff or add consulting staff so we can recoup the timeline. We've got to be able to do it. And, Mr. Chairman, I really hope this board agrees to that course of action and tasks our staff and our lead engineering group to figure out a way to capture several months. And it isn't just because of the SF corridor. That's important. Quentin knows how important – what's going on there in terms of the battles that are going on right now. And if we delay they're only going to become worse. And I'm really supportive of seeing the Anaheim corridor go ahead – and all power to 'em because they put up their - put their money up front. But by golly we can't see delay. That's just *not* acceptable.

1:13:00 Kopp: Well, let me comment that those comments are in order. And I'm pleased to receive current information – all board members are – but the points you make, Commissioner Diridon, about delay costing taxpayers money are irrefutable. And we have bent over backwards to the grant the request or extension of time. Whether it was the program EIR, or as you pointed out in this specific instance on the project design EIR and your comments are noted I'm sure by the executive director and of course that ties in with the need for more deputy directors and that invokes our position as a supplicant to the governor's office, but those comments about the money costing taxpayers are undeniable. Alright.

1:14:20 Morshed: Let me add, obviously I

To everything Mr. Diridon said, and the delay does cost money, and we are fully cognizant of that. A couple of important points. One is that we understand what relates to what – is the delay in the comment period at the request for one or two cities--

Kopp: It was Palo Alto.

Morshed: --did not actually result in delay of our moving of the environmental document, and the reason is hidden, is because we didn't have any money to do the work anyway. So we were waiting for the treasurer to tell the boss to give us the cash so we could instruct our engineers to start working. So by waiting another month didn't do that.

1:15:26 The other clarification I also want to make is that in working with the community, and listening to their requests, and if they're reasonable, granting the requests they've made and others, is a good investment – early investment – in your long term ?

As our attorneys related to me, as to the current case that's before the judge, and I assume I can talk about this because it's now public, right?

[mumbles, presumably the sound of head nods]

Morshed: that one of the reasons that the judge seemed to favor our case and give some favorable ruling is in the statement that the authority has gone out of its way to be accommodating to the people who have an interest in that project. And so, having done that, and having been patient, and having worked with the community and granted reasonable requests for additional public hearing, and additional things, is in the long run it helps you in the litigation. You know it's great to move forward as quickly as you can, and get a project completed

And spend 3 years in court fighting isn't necessarily going to give us the

Finally I want to suggest that I appreciate the request, I will do everything I can, but one thing I want to point out is it's beyond the staff's ability to convince the legislature to approve the budget on time or the staff's ability to allow the treasure to sell the bonds in order that we have the money to go spending money.

1:17:20 Kopp: Commissioner Schenk?

Schenk: You know my feet are firmly planted in the last century in terms of technology.

First let me say that I fully appreciate what our Executive Director is saying, but I want to incorporate everything Commissioner Diridon has said and expand it a bit

An assessment of where the authority members stand on this issue. We're operating on the fringes for some of us since 1980 for HSR, others for the past dozen or more years. And all of a sudden we've become an overnight sensation. And we have the political wind at our back. And I would like to make sure that our tone, our sense of urgency, extends to the full 800 miles. I know it sounds parochial, but SD to LA is the second busiest Amtrak corridor in the United States and moving on to almost being first.

We need to get this moving but we need to do it in a way that obviously we don't create legal issues for ourselves. And I think we need to address our frame of mind on this. And that means all of us, not just the staff, all of us on the authority board, the other officials that support this, the communities that support this, we've got to re-invigorate our approach to make sure that the legislature understands the cost of delay; to make sure that the administration's wherever they may be – Washington or Sacramento – that they understand this. And so it's time for us to re-energize our efforts. So, Rod, thank you for making those comments. Because I'm troubled that there's no real blame here to be laid, it's just a matter of re-energize us.

1:19:44 Diridon: You know, [?] all of us have known [?] forever and he's a good friend highly respected leader. But I will not associate myself with these last remarks. We have to figure out a way to go more quickly. No matter what the impediments out there. We know what the impediments are. We've got to figure out a way to break those down because we can't allow that to continue. The single question that's asked most often of me and I'm sure of others of you is that "now that HSR is national [mass?] transportation poster child – why is it taking you so long?" Well, it's taken us so long in part because of these kinds of bureaucratic administrative delays. And we've got to stop it now. We've just got to figure out a way using the power of our personalities if necessary to stop it. And one way of doing that is to get additional engineers on the staff, you know if you're paying a couple of hundred thousand - maybe an additional \$50M for additional engineers to double up and triple up our workforce at this stage, you're easily going to save that in lost buying power. So we've got to figure out a way to fix it.

1:21:00 Kopp: Thank you, members. You see? One slide did all of that. I want members to be cognizant that we're going to lose a quorum by quarter after 20 after 12 or so. Anything further?

Schenk: Yes, to echo the, I guess, the sentiment of the board that the timeframe is for the applications is relatively short. As you saw earlier the overall implementation schedule provided by the DOT we're expecting the first round of applications to be due in August. If some guidance is issued before then, then maybe before August. And so we're looking at the Authority needing to prepare for Track 1 and Track 3 in the next 30 days. And then over the summer you have a little bit more time for the corridor development program. However, as I said earlier, I think it's important for the Authority to develop the overall narrative of how these individual projects will fit into the development of the system overall. So if it's possible to even compress the timeframe even further, I would definitely recommend that. In terms of a couple of challenges, again the applicants --

Kopp: I'm going to stop you there because maybe I don't retain thoughts as quickly as I once could, or enduringly. That is a recommendation - if you'll notice it's an action item – that is an action to be taken if we so desire to motion to adopt that recommendation with respect to the timeline.

1:22:45 [indiscernible]

Kopp: Yes, motion by Schenk, seconded by Commissioner Umberg, is there objection to that motion hearing none that motion is adopted.

Woman: Mr. Chairman, I have a question. Approving this recommendation, does it approve specific projects? Is that correct?

Kopp: Yes, we're approving the timeline.

Woman: Just the timeline.

Morshed: Mr. Chairman, the timeline also is the criteria that is laid out and is therefore

And the conditions for selecting the project.

Kopp: Well, that motion was directed just for the timeline, let's consider the criteria separately. And that's where you were.

[Morshed in background]

Woman: I can go back to the criteria.

Morshed: The request from the staff is the Authority approve the process and the timeline, and the criteria that is laid out here for projects to be included in the ...

Kopp: alright, before you proceed, so there's -- alright, why don't you finish and then if there's any public comment we will receive public comment.

Woman: Okay. I guess one point of clarification I could make on this slide was to say that while the authority was focused on potentially these 3 corridors according to the criteria that I mentioned earlier, for other shovel-ready projects that could meet the federal requirements could also be considered that are outside of these corridors. Finally, just wrapping up, in terms of challenges, obviously close coordination with Caltrans will be essential, and we are still continuing to work on finding a dedicated source of funding beyond ARRA, beyond 2012 so that we make sure that we have adequate federal support for the development of HSR.

Kopp: Any public comment on this item? Apparently not. Anything further on this item?

Woman: well, I—

Kopp: Come forward please.

Amelio Cruz: Transbay Joint Powers Authority in SF. We support all efforts to implement HSR as soon as possible along the entire CA corridor.

So we began our design process over a decade ago to support HSR. We simply wanted to indicate that we are working through MTC process. We do have a project TBT that was identified in Prop 1A. We've cleared all CEQA requirements. NEPA. First conception contract by October this year. We continue to work Caltrain. We are requesting \$400M for the rail portion of facility out of ARRA funding request. In

doing so we'll save \$100M by constructing the facility in the first phase rather than waiting. We're ready to move. So we support the project, we support HSR.

Kopp: Any other public comment?

1:27:00 Michael Brady: Representing Citizens Advocating Responsible Rail development from the Peninsula. Commissioner Diridon asks, "why is this project taking so long?" And I ask, or comment, "Perhaps this is your own fault." When last summer, the Senate Transportation Committee almost took the HSR Prop 1A off the ballot because you had not submitted a business plan, Commissioner Kopp -- Chairman Kopp --promised the Chairman, "we will submit the business plan by Sept 1, 2008." That was in prop 1a. The voters were told your business plan would be submitted 2 months before the election. Did you submit a business plan? No. None was submitted before the election. Why? You said, "we didn't have any money -- there was a budget crisis." But you came up with a business plan 3 days after the election. Now where did you get the money, 3 days after the election? Weren't we still in a budget crisis? Weren't people laid off and in dire financial straits? A lot of this is your own fault. The other thing that the senate transportation committee did to you, they said,

"Alright, we'll let your project go on the ballot, but you are going to be submitted to the most unbelievable oversight and review of the business plan that comes along. So what did they do, in AB 3034 in the Public Utilities Code, they established 7 peer review committees to review every single aspect of this project. Those committees are in the process of being formed. They will go over with a fine-toothed comb your costs estimates, your budget estimates. What project and segments should have priority. There is nothing magic about SF to SJ as far as priority. Maybe with all the costs and the considerations there are other parts of CA that should have priority over SF-SJ. That's a peer review committee. What segment should have priority?

The funding. It's our position you can't do any construction until you get matching federal and private funding. If you get a billion dollars from the fed government that doesn't mean you can take a billion dollars in bond money and start building from x to x. you've got to get all your money in the bank. We take the position you gotta get \$30B at least in the bank. And you say your project is going to cost \$43B. So a lot of this is your own fault. A few months ago the LAO, a respected dept of CA said your current bus plan is woefully inadequate and the legislature should enact further statutes of oversight. How much more delay will that be? You have not gotten your act together with the most fundamental aspect of any gov project: a bus plan that makes sense. Thank you.

Kopp: any other public comment? Alright -

?: Mr. Chairman?

Kopp: wait just one moment

[overtalking]

1:31:00 Kopp: "I'm not going to allow those baseless comments to be simply uttered and to for the record -- uh, I can't think of more than perhaps one minor aspect that might be factually true. The

Senate Transportation Committee doesn't remove anything from a ballot or put it on the ballot. And a motion, as I recall, to recommend to the Appropriations Committee of the Senate, and then perhaps the entire Senate, the removal of the measure would then have to go to Assembly, that motion to do so I think got one vote! It wasn't even close!

"And with respect to the business plan, as I have said before, what was conveyed was that business plan would take about 75 days, and that's what it took. After the annual budget act of 2009-2010 was finally signed by the Governor as I recall about Sept 16 of 2008. When you don't pay people money, they don't work. And from about July 1st until about Sept 17 there was no money being distributed by the state of CA to anybody, including our staff, including the exec director. Who's worked without being paid for half of 2008. But don't get me started. You want to say anything? You can."

: No, I -

Kopp: -Okay, let's go on to – anything further, Mr. Paige?

Paige : [no mic, in distance]

Kopp: well you gotta go fast because we have people have to--

1:32:40 Morshed: my recommendations to you is that you adopt the papers or the procedures and the process as outlined for the fed stimulus so we can proceed to work with Caltrans and eventually prepare a list. Again the list, once it's prepared consistent with what the Federal guideline is we'll be coming to you later for adoption. But at least in this respect, to the extent that the corridors are laid out and the process is identified, I would like to have the board adopt the motion. And 2 things I want to highlight in this process.

Part of the selection Project will include: Number 1 – and those are, I think, are what you might call non-negotiable because they're controlled by other entities and that is: Number 1 for projects to be included pursuant to the fed guideline as you heard, has to have independent utility.

Second one is, and Chris Brown is here to address to you, is that if you select a particular project that you have to make sure that that particular selection does not jeopardize the environmental documents by early selection potentially prejudicing the outcome of the documents. So before we would proceed with putting any kind of project for you or to Caltrans to be included in HSR we would need to verify those two factors: Yes, it has independent utility, and No, based on our opinion of our council it does not violate our environmental process.

Kopp: all board members understand that?

1:34:45 Diridon: I do understand it. And it's a continual issue in the area where ___ and I live.

I want to stress that I don't know – and if we can afford it, I don't care – whether the project goes in a tunnel, on grade, or on an elevated structure up the Peninsula. I want the engineer data to come back and tell us what the advantages & disadvantage then gives all the criteria are for all of those and make a

decision. But I think that can be done in time to meet the criteria established in the stimulus package. Remember that criteria says that you have to have people working by Sept 2012, not the beginning of 2012. And even with the tentative schedule that we've been looking at, the Bay Area corridor is supposed to be done by January of 2012. That seems to qualify, and therefore should not have a 'no' by it on this chart. I don't want to vote for this measure if it includes voting for that chart. Because I fully expect, and hope sincerely, and ask, please, for us to make sure we get this corridor done in time to qualify for stimulus funds.

Kopp: Well, I think Mr. Spanos, if you can assist, hmm? Alright now it isn't quite because - I think we can adopt generally a motion to approve the recommendation including the sections but without the section 7.

1:36:44 Diridon: Without that page?

Kopp: Yes.

Diridon: Alright.

Kopp: Correct? I see nods in the affirmative.

Morshed: ...I mean...

Kopp: it serves the purpose of identifying those sections as sections which can qualify for funds under A.R.R.A. And, which implies qualifying for being obligated for a particular item, on or before Sept 30, 2012. Can you confirm that?

?: I think the question ...amend a motion ... otherwise adoption...

Kopp: yeah. Of course--

1:37:45 Diridon: --we have a quorum and I won't vote for it with that page in it.

Kopp: Alright. So amend it. Make a motion – accepted. Question.

Umberg?: As I understand the motion – we're voting to approve the recommendation contained in the 4-page document [?] agenda item number 8. Is that right? Okay. There are no charts on mine. But I do see that there are priorities given, at least there are certain projects that are specified. After Commissioner Diridon's comments I'm supportive of moving as quickly as we can, but what's the consequence, for example, if we place one of the projects among our priority list that ultimately doesn't qualify? Do we make that decision? Does the fed gov make that decision? Who makes the decision what's the consequence of being wrong?

Kopp: Who can answer that?

Morshed starts to answer.

Kopp: I would think it's the fed gov.

Man: And the consequence then, if the FRA makes the decision, if we include something that ultimately doesn't qualify, what's the consequence?

Diridon?: Then it's not funded.

Kopp: that money would remain in the allocated funds for distribution to other-

Man: - other projects in the United States.

Diridon: Let's remember our discussions with transportation secretary, FRA on this. What will happen is we'll submit our project for approval. If it meets the criteria according to their review process which has not yet been published but we have an idea about it, then they'll grant the funds and I think our budget qualifies. If we then don't put people to work and have the funds encumbered by the end of Sept 2012 then they take the money back and redistribute it by another bidding process. And I think we need to go after those funds. And I think we need to make sure those projects qualify by working a little harder, and accelerating the schedule – not very much.

1:39:50 Kopp: Well those dates, contemplated acts that would occur, In order to be obligated by Sep 30, 2012. But in any event, as amended, is there any objection to the motion? Hearing none it is adopted. Thank you.

Morshed: I have no idea what just happened.

?: Hmm?

Morshed: I have no idea what just happened.

Kopp: Well, we'll write it up.

Laughter.

Morshed: I just want to let you know I have no idea what just happened.

[People talking over each other]

Kopp: Alright, proceed, please.

1:40:35

Unknown – Mr. Jordan? Paige? Paine?: Process for how to identify winning projects. Will leave it with you. We'll come back in June meeting. Our goal is to have a draft process in June, hope you can adopt in early July.

1:40:25 Kopp: I just have one suggestion on page 4 – just delete the word _____ what do you call a _____
Alright, thank you.

1:41:50 Legislative Report, item 9.

Mr. Schnaidt: we've had the report for a while, I recommend we accept.

Schenk: On a lot of these [legislative items] we have 'to monitor'. And since things move quickly in the dead of night, I'd like to make sure that if there is some movement of interest, that we be notified and not wait the next meeting and time has gone without us doing anything on it. If we see movement, particularly if there's movement in opposite direction of judgment of this board, that we be called to act.

Diridon: with consent of seconder, I'll add that to the current motion.

1:44:00?: I work for you and the executive director, and I monitor on a daily/weekly basis. I can tip you off. Some of these are very fluid bills, some of them are very essential and have impact on your operation eventually, and we will stay on top of them.

Kopp took motion, vote, passed.

1:44:00 Item 10: Approval of Public Affairs Proposal

Morshed: This is a request, as a contingency, we don't have any plan, but as I indicated to you earlier there a strong recommendation by some members of legislature that we should increase our outreach, and it seems to me that I'd like to have the ability to acknowledge people.

Diridon: I strongly agree, goes back to the comments Mr. Chair and I made at the beginning of the meeting. So move.

Kopp: Moved by Diridon, seconded by Umberg. Without objection the motions adopted.

1:45:00 Number 11: Altamont Corridor project update:

Morshed: there's an update and an approval of an MOU.

[Kopp speaking over Morshed]

Kopp: we'll consider them at the same time.

Morshed: no, if you would take the MOU first before you hear the corridor. But in order to accommodate the quorum.

Kopp: public comment desired? No.

Kopp: motion for approving MOU?

Kopp: the motion is being adopted.

[more background discussion away from mic, includes Morshed; this continues through the following speaker.]

Altamont Corridor:

1:47:00 Peter Rolingstie [?]:

Determined the Pacheco Pass as the preferred route, and Altamont Pass has great potential. Proposed joint use – regional rail & HSR. The Altamont is being developed to accommodate HSR service in the long term. Lists members of the Altamont group.

1:56:00 discussion about Altamont connections, UPRR ROW, BART, etc.

1:57:50 Kopp: any public comment on that? We do have public comment. Mr. Doty has indicated a desire to talk, and then Ms. Hamilton, and then [lists are few more names]

1:58:16

Diridon: Mr. Chairman? I don't want to intrude on this issue. I think it's very important, but I would like to have an opportunity to discuss the prior item further before Tom leaves.

Kopp: Alright. Do you want to do that now?

Diridon: Would you like to –

Kopp: Yeah, go ahead.

Diridon: I just talked to Mehdi about the action taken, he's feeling it isn't comfortable - it isn't helpful – because we haven't approved project priority to begin developing grant applications on which project priority is based on. And as a consequence I'd be happy to amend that or take additional action because an amendment cannot be done after the motion's passed. That would modify the staff recommendation with regard to the page in question to add a 'yes' instead of a 'no' in the SF-SJ corridor. And, uh, maybe, it says if we could do that, that we're really only 1 month off the schedule as required and that the draft schedule indicates that that corridor Project level EIR will be done in January of 2012 and if that's the reason why it was not a 'yes' and before the end of 2011, and so I would move that we approve – we amend – we modify our prior actions by modifying the item on the agenda reflecting a 'yes' – an approval of the priorities that are reflected in the priority panel with the exception that the SF-SJ would be a 'yes' instead of a 'no'.

Kopp: I'll deem that a motion to rescind the adoption of the prior resolution. Any objection to rescinding it? [background voice] Hearing none it's rescinded. [someone attempting to speak] Motion by Commissioner Diridon [man says I've got a question] would be one modification of 2012 to – oh, with the modification changing the word 'no' to 'yes' and SF-SJ. Commissioner Umberg?

Umberg: A couple of questions. As I understand it, we're just changing a fact. Actually we're not changing a fact, we're just changing a recommendation to reflect the facts as they are accurately – so that they're accurately portrayed. Is that correct, Mr. Morshed?

[mumble]

Umberg: Back to an even more basic question: I have a 4-page document here. This 4-page document that I thought embodied the complete recommendation - is that the complete recommendation or is there something else?

Kopp: There is a chart. And I thought mine had a chart on it. [mumbles.] And as I recall--

Diridon: Mr. Chairman, I think the confusion was that the visual presentation was more expansive than our action item, but the action item does have words in it that reflect the visual presentation. And so the motion would be to change the words in the action item to reflect approval and a 'yes' in the program level EIR completion category for both LA-Anaheim and SF-SJ.

Kopp: On what I have dubbed 'The Chart'.

Diridon: That's right.

Umberg: Mr. Morshed, you understand all that?

Morshed: Yes, I do understand. As you point out there's a distinction between the memo that we have and the chart; the chart was a description of that will be changed to that will be corrected to reflect that

...what's before you that what you have in your hand...

Write-up of what you have

Kopp: On the motion, would the same maker and the same seconder, all in favor say 'aye'.

Group: 'Aye'.

Kopp: Any opposed I hear none. The motion is adopted as justly amended. Mr. Doty of the Peninsula Joint Powers Authority.

Doty: In the role of representing the Exec Director of Caltrain. Our fundamental belief is that it's [ACE?] the most undervalued corridors.

As a member of the Altamont working group it's been a cooperative effort.

So we recommend it.

Ms. Hamilton: [some quick thing from the distance.]

Mr. Robert Allen: The central valley would serve many more people than your Altamont proposal probably at far less cost. I have to point out that BART takes 3% grade easily.

A tunnel is proposed in your proposal. A BART train takes 4 trains each direction per hour, yours is 4 per day.

BART is safe – fatality free. No grade crossing accidents – BART has no grade crossings.

\$12.5M on a highway median.

BART runs on secure right-of-way, serves many more stations, funded to San Jose.

Would like to see BART and Caltrain in one agency in passenger and freight rail.

Kopp: you presented this to the Altamont working group?

2:07 Stacy Martinsen:

2:15:00 Woman: Wondering what your plan B is if UP doesn't allow you on their SF-Gilroy ROW.

2:16:00 Jerry Carlson, Atherton Mayor: delays in budget. Exec Directors report. Sen. Simitian iterated more than once the need to address the legitimate concerns of his district. At Senate subcommittee mtg.

May 5 newspaper headlines "Rail officials"

The irony here is that the same board that were telling us before the November election "don't worry, nothing will be done without your "

We've formed a Peninsula Cities Coalition; working with Caltrain, we'd like to make it a constructive process. So far the Board.. "We'll no more listen to you than anyone else". The other day one of your project mgr's said that it'll be up to your board

Donna Largess, Menlo Park: Fiscal responsibility in this state.

2:22:10 Richard Cline, City Council Menlo Park: I'm one of the folks who has been trying to put together a coalition on the Peninsula. This is per your suggestion, Mr. Kopp, to form one voice. There are a lot of layers. We want to centralize our dialog, which will help with the timeline. This article isn't helpful. This sets us back. As we build this out, I ask that you to help us to figure out how we're going to figure this out. Please, do your best to muzzle the comments so we can have a dialog to get this done.

Mr. Kopp: I have never used such an expression. Mr. Diridon has never used such an expression. I appreciate your sincerity. And as I think you know, because it's constantly reiterated, every single comment, question, is evaluated – not just because of the desire to obey the law, but to minimize

Cline: I understand

Mr. Kopp: and this newspaper – distortion – I can't control

Cline: I understand and it works both ways.

From the beginning what happened is "raised is cheaper" and we were stuck. We called people along the rail

The first comment was, this was a sloppy proceeding.

We need to collaborate, the delays will continue to happen if we don't figure out a way to work together.

2:25:50

Diridon: correct the nice lady. I said that I'm not biased in any direction, not that I don't care.

Greg Magda, Eng'r, Sacramento: right now you have the biggest window for obtaining construction – there's a huge robust appetite. It's changed drastically. Those resources are available. Projects are coming in 20%, prices have come down.

Victor: if you need help with expediting engineering, go to the teams that weren't selected.

Kopp: we're in recess for items 1 & 2.