

## Unofficial Transcripts of Senate, Assembly and other hearings related to HSR

Prepared by Rita Wespi of **CARRD – Californians Advocating Responsible Rail Design**. Updated 5/22/09.

Format: **Section I** is a **Summary** of the hearings and lists the bills that were voted on; **Section II** has the **Detailed** notes & transcripts. Hyperlinks in Section I jump within this document to the detailed section; hyperlinks in the Details section jump out of the document, usually to the video recording. Summary is in order of interest. *Except when quoted, comments may or may not be verbatim.*

### I. SUMMARY

#### [Senate Transportation & Housing Committee Hearing 4/28/09](#)

- SB 526 (Ashburn) – 1 Amtrak train Altamont route.
- SB 783 (Ashburn) – additional requirements for CHSRA business plan.
- SB 555 (Kehoe) – conservation easement by eminent domain – allows holder to object.
- SB 734 (Lowenthal) – allocates funds for projects including grade separation, freight.

#### [Assembly Transportation Committee Hearing 4/27/09](#)

- AB 289 (Galgiani) – exempts HSR grade separation projects from having to meet CEQA.
- AB 1375 (Galgiani) – repeal/reenact CHST Act in Public Utilities Code. Creates new Dept of Rail. (9-4)

#### [Assembly Appropriations Committee Hearing 4/29/09](#)

- AB 153 (Ma) – eminent domain exemptions for HSR. (11-5)

#### **Assembly Judiciary Committee Hearing 4/14/09** (No known video/audio)

- AB 153 (Ma) – eminent domain exemptions for HSR. (7-2)

#### **Assembly Transportation Committee Hearing 3/23/09** (No known video/audio)

- AB 153 (Ma) – eminent domain exemptions for HSR. (9-3)

#### [Assembly Appropriations Committee Hearing 4/22/09](#)

- AB 338 (Ma) – increases definition of transit village from ¼ to ½ mile. (11-5)

#### **Assembly Committee on Local Government Hearing 4/2/09** (No known video/audio)

- AB 338 (Ma) – increases definition of transit village from ¼ to ½ mile. (4-2)

#### [Senate Environmental Quality Committee Hearing 4/27/09](#)

- SB 476 (Correa) – prohibits taking action for CEQA noncompliance unless complaints were presented during public comment period. (pass 6-0)
- SB 391 (Liu, Lowenthal) – Caltrans to address trans planning policy & process; sustainable communities strategy. (5-2)

#### [Senate Trans & Housing Committee Hearing 4/21/09](#)

- SB 391 (Liu, Lowenthal) – Caltrans to address trans planning policy & process; sustainable communities strategy. (7-4)

#### [Senate Trans & Housing Committee Hearing 4/14/09](#)

- SB 409 – Create Dept of Rail. Put on hold; waiting for Research report.

#### [Assembly Floor 5/11/09](#)

- AB 338 (Ma) – increases definition of transit village from ¼ to ½ mile.
- AB 153 (Ma) – eminent domain exemptions for HSR. (53-16)

[Assembly Floor 5/18/09](#)

- AB 289 (Galgiani) – exempts HSR grade separation projects from having to meet CEQA. (72-3)

[Joint Legislative Audit Committee 5/27/09](#)

- Request by Senators Lowenthal & Huff to audit CHSRA; proposal was amended to start audit on Sept 1 in order not to interfere with applying for fed. Stimulus funds. (10-0)

## II. Details

### Senate Transportation & Housing Committee Hearing 4/28/09

[Video of hearing.](#)

- SB 526 (Ashburn) – 1 Amtrak train Altamont route.
- SB 783 (Ashburn) – additional requirements for CHSRA business plan.
- SB 555 (Kehoe) – conservation easement by eminent domain – allows holder to object.
- SB 734 (Lowenthal) – allocates funds for projects including grade separation, freight.

#### Pseudo-transcript:

##### **SB 526 (Ashburn) – 1 Amtrak train on Altamont route terminating in SF.**

00:11:30 Ashburn intro: Altamont Pass and passenger rail service. As you know this corridor is one of the most utilized corridors in the state and it serves to connect the greater Bay Area with the Central Valley. This bill authorizes Caltrain (Caltrans??) to enter into negotiations with the railroad to extend at least one passenger ... We're talking about the Union Pacific and Northern Burlingame for freight and Caltrans for passenger.

Support: none.

Opposition: 14:00 Wes Luhan, UPRR. Negotiating thru statute is bad precedent. We're more than willing to engage in negotiations. It's a suppressed corridor. Constrained corridor; once they give up a slot, it's gone forever. We're not here to debate passenger vs. freight. ONE freight train= 280 trucks. Average passenger train takes 2 to 2.5 slots of freight. That's about 560-700 trucks on the road. Once you give it to passenger, it's gone forever. Bad precedence to do this through statute; would be happy to talk.

Kehoe: Bring our 3<sup>rd</sup> world rail system into modern times. How do you want to have an honest debate on this: we need both. We need a lot of passenger and a lot of freight. How will this bill help?

17:30: Ashburn: The only way to get to a point of negotiation.

18:00 Ashburn: "it may be that the Altamont is the ideal for the HSR, and when we get a responsible governing authority for HSRA I believe that the Altamont Pass *will* be considered and it may well be that HSR is the vehicle thru which passengers are transported from the Bay Area to San Joaquin Valley and in the other direction."

19:00 DeSaulnier: in this corridor 62,000 peak travel trips by car into the Bay Area ... projected to go up to 150,000 in the next 10-15 years...this is a major movement corridor for both the people in the valley and also for the Port of Oakland. "I'll vote for the bill today but in those discussions we'll have to be real about what the immediate objectives are and the public health impacts of those, along with the suggested, perhaps, implied conversation about where the HSR comes into the Bay Area, which I agree with you on."

Ashburn: "Oh, thank you. I knew you would agree. Ultimately we're always in agreement here."

Lowenthal: This forces Caltrans to enter into those discussions – serious conversations. ... Senators have brought up important issues. Balance the needs between freight and also passenger rail. We may hold this bill back to the committee.

Ashburn: okay if bill comes back.

Lowenthal: Let's see how the discussions go forward.

---

**SB 783 (Ashburn) – additional requirements for CHSRA business plan.**

2:08:45 Ashburn: take LAO recommendations and put them into place.

2:12:00 DeSaulnier re: SB 406 Land use: environmental quality. *[This one is related to CSS – it integrates vertically and horizontally with local governments for (SB 375 mentioned) funding, planning.]*

2:32:00 Lowenthal: SB 165.

## Assembly Transportation Committee Hearing 4/27/09

[Video of hearing.](#)

- AB 289 (Galgiani) – exempts HSR grade separation projects from having to meet CEQA. (13-0)
- AB 1375 (Galgiani) – repeal/reenact CHST Act in Public Utilities Code. Creates new Dept of Rail. (9-4)

### **AB 289 (Galgiani)**

3:07:00 Cathleen Galgiani: Defined the bill. Working with the CHSRA so we can move forward.

ENG: motion is do-pass to appropriations. Support on both sides of aisle. Testimony of support:

Mark Smith: we agree with author that it's nothing more than clarification of existing law. CA has opportunity to receive considerably money fed stimulus money \$2-4B. There is going to be a timeline on the utilization of the money. Must be ground ready.

Mehdi Morshed: My board doesn't have a position yet because we haven't had a meeting. This clarification will be very helpful so that the current exemption for regular rail operators would also apply to HSR.

Dave Ackerman Association of Gen. Contractors: in support.

Opposition:

3:11:00 Tina Angelina, PCL: While we support HSR thoroughly and of course we support grade separation projects. We don't support this bill for 3 reasons: 1) premature bill – HSR is currently undertaking an environmental review process on a segment-by-segment EIR process for the HSR to decide exactly where each alignment will go. ... That means shovels will go in the ground using taxpayer money in a route that has not yet been determined to be the best and most practical route for the trains to go. 2) By waiving CEQA and allowing those shovels to get in the ground before the env review is done, we are essentially telling residents along those routes that their voices are not important. The CEQA process is their opportunity to say "wait a minute, you're condemning my home; we'd like to see what kind of impacts there are from this decision and what kind of mitigation will go forward." That's critically important, especially when we're talking about the Pacheco with 600 grade separations. We believe that the environmental review process that is currently underway will identify the best route and if that route is identified to have grade separations, then the CEQA will not have to be done for each of those grade separations. The project level environment review will identify what the impacts are and will identify what mitigation is necessary and this bill will not be necessary. 3) Even if there were no impacts, the project level environmental review would identify that. By allowing the ... shovels to be in the ground before that review is done when we don't know what those impacts are, they're not being mitigated, local residents are not having their say, the EIR process will identify that. This bill conversely circumvents the EIR process and for that reason we have to oppose it.

Galgiani respond: Those concerns aren't new. We did amend the 3034 bill: specifically the language says that the Authority ...Environmental clearances necessary to proceed to construction. We were aware of

the concerns. In no way are we attempting to do anything different. To have grade separation started before all the necessary .... And that is why I put the amendment into the bill last year. And it was at the very end so I don't expect you to know all about it. It was about 24 hours before the deadline to get something to the secretary of the state.

I'm happy to meet with you, explain it more. If there are things that I can do to make it more clear to you ... It was a last minute change. I'd be more than happy to do that.

Blumenfeld: We're only talking about areas that are existing railroads, correct?

G: Existing railroad ROW, yes.

B: We're not extending it to anything new, is that correct?

G: "No, absolutely not. If the HSR corridor were to move to property that's outside of the railroad ROW where there is no grade crossing at all currently, then this bill would not apply at all. One of the two criteria it must be an existing grade separation -- whether that's at grade where the traffic meets the train at the same level, or whether it's reconstruction of an existing overpass or underpass. Nothing new."

B: Currently rail there?

G: Currently rail there, on railroad right of way.

03:16:00 Eng: Generally, is it your understanding that the project has federal dollars that --If there were no CEQA -- or if it were waived that it'd be NEPA flexibility?

G: Under existing law for grade separation that's exempt from CEQA they'd still have to comply with NEPA. And so that's my intent here, that it would follow the same.

Eng: Okay, so it's your understanding that under existing law, this project -- you're just clarifying that CHSR would go under same CEQA exemptions as already exist for the same project, similarly situated, for HSR. [sic]

G: Yes, as long it's not for a brand new grade separation. It must be along existing railroad ROW to replace a crossing or reconstruct a crossing.

Eng: As Chair, I have some concerns. I believe the PCL has raised an important point which that CEQA ...that I share the concerns, that CEQA is our state's most powerful tool to protect communities from unnecessary and harmful impact that was the intention. And HSR has the ability to have impact positive and sometimes otherwise. And to the extent that HSR offers net benefits to the environment, these CEQA provisions sometimes might allow a less rigorous review, I think we need to consider that. On the other hand I'm really sympathetic to the author's Interest and hard work on behalf of HSR and the desire to see this project gather momentum, no imagery intended. I'm going to vote aye because it's my understanding that this bill does not create any new carve-outs for CEQA exemptions that if the....

If a project right now that says it meets a, b, c, and d that a HSR that meets the ... Comported. In other words, it's similarly situated that there would be no CEQA carve-out for that. That it simply clarifies that it applies now in law to a, b, c and d and that HSR project contains a, b, c and d. And we don't have

anything in the log that says that it applies to HSR because we didn't have HSR to the magnitude that we had before this. ... I'm done. And so therefore I'm going to vote aye but I would like you to get back to me as the bill moves along to determine whether my assumption was correct on that. I'm not going to ask you to respond here, but I'm going to say that that's the chairs recommendation. Bipolar support to move the bill.

Eng: 12-0. HS delivery service. Do pass to the floor.

---

**AB 1375 (Galgiani)**

03:20:20 G: introduced; moved & seconded during her intro.

## Senate Trans & Housing Committee Hearing 4/21/09

[Hearing Video.](#)

**SB 391 (Liu, Lowenthal) – Caltrans to address transportation planning policy & process; sustainable communities strategy. (7-4)**

00:07:46 Carol Liu, Pasadena: SB 305, SB 375 are related. She mentions other bills from prior years, too.

Lowenthal: asks to be considered as a co-author in this excellent bill.

## Assembly Appropriations Committee Hearing 4/29/09

[Video.](#)

**AB 153 (Ma) – HSR exemptions related to eminent domain.** (11-5)

01:43:30 No intro, was interrupted to move thru quickly.

HSR member stated they were sponsor of bill. Most of it is cleanup, with the exception of the lead-count? Provision.

## Assembly Appropriations Committee Hearing 4/22/09

[Video](#)

### **AB 338 (Ma) – increases definition of transit village from ¼ to ½ mile. (11-5)**

00:25:00 Fiona Ma (SF) intro: Is similar ab 1221 which was vetoed by gov by blanket re budget delay. Act of 1994 authorizes cities to address unwanted sprawl. But, it didn't provide any finance to achieve those goals. Provides a financing tool to local govns. Sponsored by BART district.

## Senate Trans & Housing Committee Hearing 4/14/09

[Hearing Video.](#)

### SB 409 (Ducheny) – Create Dept of Rail.

00:33:30 – 00:38:40

L: now we're going to announce Sen. Ducheny. Sen. Ducheny, I believe that you're planning on pulling this bill. We will not be hearing the bill today.

D: Maybe Mr. chairman a couple comments on the record and that's pulling – holding --

L : Right, right, and then we'll discuss. I think that after the discussions with the members of both parties: Mr. Ashburn, myself, Mr. Huff, and others, we have decided that we will work with you once you presented to seek the rule waiver so we can hear this bill later on.

D: that's good, yeah. I -

Lowenthal: What do you have to say?

Ducheny: Well thank you very much Mr. Chairman

?: For the record, could we have the bill announced?

Lowenthal: We are now talking about Item 7, SB 409, the Dept. of Railroads, and maybe Sen. Ducheny can just explain why we're asking for this.

Ducheny: This bill is the successor to the bill we passed last year (SB 53) when we did the HSR bond that said let's consolidate rail planning in this state; we need to look at where the PUC has some functions, the Caltrans has some functions, we have this HSRA that sort of dangles off the org. chart. How do we consolidate those especially if we have all these resources that we're trying to put into it now, federal money as well. How do we consolidate that and perhaps create a Dept of Railroads within the BTNA agency like we have Caltrans. That was our notion. It was toward the end of session we did not have time to do sort of fully figure out how to do that so the bill ended up being a study bill. We are waiting at the moment – anxiously -- for the California Research Bureau to provide that study to us hopefully by May 1 as promised and as directed in the bill. So our request today is to hold the bill in this committee until we get that study so that we can continue the discussion and try to formulize the real framework for the bill with that information in the committee's hands, in everybody's hands, in a timely fashion. Unfortunately that throws us into a deadline problem. So what we need is some level of commitment on bill (rule?) waivers we would miss the policy deadline if we wait til May to do it in this committee but I think it's the appropriate thing to do. As you saw me and we heard it last year in the Assembly we all know what we're trying to do here. And what we want is to get there and not have it all just taking place in the Assembly because the study comes in so late that the deadlines force us into that mode. So...

Lowenthal: Yeah, especially since much of the study will have to do with HSR and this is the committee that has 4 oversight hearings already on that. We'd just like to hear the report as the bill is modified in the policy committee first so that's what....

Ashburn: I think the conversation is very important. Because what Sen. Ducheny is saying is let's do it right, which is let's not just pass a shell-bill out of here and amend contents into it later. This is a very important topic especially with HSR and the approval of \$10B on the part of the people of California, accountability and sound organizational structure is very, very important. And so if we bump up against some technical issues on deadlines let's acknowledge that that may happen but we're going to do this properly and this committee retains jurisdiction. Hold this proposal. I think it's a good idea.

Lowenthal: Any other members wish to comment about that?

Ducheny: As long as both committees will recommend to ---??

Lowenthal: Senator, Senator, you just heard it. And both the chair and the vice chair concur in this recommendation. And so with that we're going to hold the bill. Until, until --

Mic-off mumbles of Ducheny: you understand why it makes sense now --

Lowenthal: Senator Ducheny! Stop making up to members of the committee. We're holding the bill. Sit down."

(laughter)

Ducheny: We have 607.

Mumbles and multiple people talking...

Lowenthal: No, no, no. Senator Ducheny understands that this bill has - the process is one in which it has support on both sides of the aisle because of the importance of it and I really don't want to spend any more time on it talking about the content of the bill.

Ducheny: That's why I didn't want to take any amendments today until we see that report. Thank you very much. Appreciate the support from all of you here and Mr. DeSaulnier was involved in the participation of the discussions last year too, and senator Ashburn and others and so I think that this committee is doing well and --

Lowenthal: You were doing well until you mentioned Senator DeSaulnier, you know.

DeSaulnier ?: I don't remember being involved.

Lowenthal: Things are changing rapidly, Senator. I think it's time to move on to your next bill, Senator.

## Senate Environmental Quality Committee Hearing 4/27/09

### [Hearing Video.](#)

- SB 476 (Correa) – prohibits taking action for CEQA noncompliance unless complaints were presented during public comment period. (pass 6-0)
- SB 391 (Liu, Lowenthal) – Caltrans to address trans planning policy & process; sustainable communities strategy. (5-2)

**SB 476 (Correa)** – this bill ...

01:52:00

Simitian: technical changes in bill noted.

Witnesses in support:

Mathew of Business Properties Assoc, and 2 more witnesses.

Opposition: Jennifer of PCL, would like to remove their opposition and join the support after working with the author and putting in the amendments.

00:52:30 **391 (Liu)** gave background info and list of past related legislation.

AB 32 Pavley, Executive Order S305, SB 375 (Steinberg).

AB 32 of 2006, SB 375 & SB 732 of 2008 have accelerated these bills.

Witnesses in support? There are none; witnesses in opposition? There are none.

S: "That's what happens when you take on the hard but important work of state government. You get left to do it by yourself."

## Senator Joe Simitian's Online Town Hall Meeting, May 12, 2009

[Hearing Video](#) – click on the video link in “Updates from Joe” section.

11:20: Question from Redwood City: “I’ve noticed in the past few weeks that you’re siding with those suing to oppose High Speed Rail. Is there a particular obstacle, or are you abandoning your usual support of public transportation?”

S: No. Let me try to make this clear. I’ve been long-time supporter of HSR, since first days of legislature. When measure was on ballot I was a supporter. What I’ve said lately is there are 2 areas where we need to provide direction: oversight of their business plan. They’re changing from small group to mega project development. The other thing is that folks who didn’t think of “what is the impact going to be on me” are starting to think about that. HSRCA is starting to think about that. I think this is one of those times that you have to go slow before you go fast. Have to ask, what are your concerns, how can we ameliorate their concerns? They must engage the public.

## Assembly Floor May 11, 2009

### [Hearing Video](#)

- AB 338 (Ma) – increases definition of transit village from  $\frac{1}{4}$  to  $\frac{1}{2}$  mile.
- AB 153 (Ma) – eminent domain exemptions for HSR. (53-16)

**00:08:00 AB 338 (Ma) – increases definition of transit village from  $\frac{1}{4}$  to  $\frac{1}{2}$  mile.**  
Ma introduces the bill.

Speaker asks whether a voice vote is sufficient, went to voice vote and passed.

**00:26:38 AB 153 (Ma) – eminent domain exemptions for HSR. (53-16)**

Ma introduces the bill. Went to vote.

## Assembly Floor May 18, 2009

### [Hearing Video](#) –

- AB 289 (Galgiani) – exempts HSR grade separation projects from having to meet CEQA.

00:20:50 Galgiani introduces the bill, states that she's working with Planning & Conservation League (PCL) to write an amendment that makes clear that this only applies to existing rail crossings.

00:22:29 Jeffries: For my Republican colleagues I just wanted to point out that all the Republicans in the Transportation Committee supported this bill, and I respectfully request an 'aye' vote.

Mr Adams: Thank you Mr. Speaker. I also would like to rise in support of this. I understand the concern that many have over the HSR but as somebody who believes firmly that if we do not look forward in our transportation needs to ways that better accommodate the growing need of our vastly growing population I think future generations will look on us with dubious eyes. And I'm very much in support of what Ms. Galgiani's trying to do and would urge an 'aye' vote.

Speaker: Ms. Galgiani, would you like to close?

Galgiani: I'd just like to remind everybody that California will be competing for about \$4B come August from the economic stimulus funds and this bill will go a long way to expedite those funds and put jobs on track and put California back to work again. I ask for your 'aye' vote.

Speaker: Go to vote. Ayes 58, Nos 1.

(Final vote was [\(72-3\)](#)).

## Joint Legislative Audit Committee May 27, 2009

### [Hearing Video.](#)

- Request by Senators Lowenthal & Huff to audit CHSRA.

1:14:00 Huff introduces request.

Mehdi Morshed states support of audit.

1:16:20 Elaine Howle, State Auditor: I'll go through the Scope and Objectives. The first question we've been asked to look at is, is the structure of the authority, has it been well-structured to be able to manage the proceeds that it will receive when they issue bonds. What processes, and again controls, have they put in place. Looking at project management, what structure have they put together to make sure that they're managing projects, ensuring that the scope and schedule for each of those projects stays on track and they're doing a good job at monitoring that. Looking at their strategic plan, what are the goals and objectives that they've established in that plan, how do they intend to measure how successful they are in meeting each of those goals and objectives. Looking at funding sources, identifying the funding sources over a 2 (3?) year window which I suppose is relatively easy to do. Looking at their contracting practices. Much of their expenditures thus far have been contracts and the members have requested that the auditor interested in

Identifying how they go about awarding, monitoring contracts. And then actually taking a sample of some contracts and assessing their payment procedures. Are the payments their making appropriate for allowable costs and tying that back to the specific contract.

And then when we look at expenditures, look at whether or not those expenditures are reasonable and appropriate. Looking at strategic planning, project management, and then actually sampling some expenditures to make sure the controls they have in place are actually working. The budget we've assigned to this project for the audit team is about 1,870 hours. that would take about a 4-5 month window to complete the audit. And we'd be able to start the audit immediately. I do have resources available to start 2-3 audits immediately.

1:18:15 Chair Alyson Huber: Any other speakers in support? – Hearing none, Assemblymember Galgiani?

Cathleen Galgiani: I'm here today as the author of AB 3034 which placed the HSR bond act on the ballot last November, and I want to draw to your attention to the fact that AB 3034 already requires that a periodic audit be made of the expenditures by the HSRA after they are made. We went to great lengths last year to pass this legislation, with the assistance of Senator Lowenthal, to ensure that we had (?)accountability measures in the bond act. And I'll point out to you that of any infrastructure bond that has ever been passed in the state of California, that AB 3034 the HSR bond act, had the most stringent measures and accountability measures in place of any project. It requires legislative approval before any funding is received; it requires the placement of an Independent Peer Review Committee that consists of individuals who have experience in building high speed trains and running a commuter system and financing and so forth. And that peer review committee is charged with  
HSRA

That is submitted before any money can be spent on the project.

Third, it requires that prior to any requests for an appropriation, that they submit a detailed funding plans to the Department of Finance, to the Peer Review Committee, to the heads of each of the budget committees, and to the Policy Committee. And the finance plan must have detailed information on how the money is

That's before asking for the money. Once the money has been appropriated, they must again go through a review period where the plan

I have a letter before you that details of who received this information and

Also as I mentioned earlier ab 3034 requires that the HSRA be audited before

Periodic basis. So I

Today that an audit is a duplication of what will already occur under the law. I want to point out to you that tomorrow the FRA will

To meet with the HSRA to go over plans

For the federal stimulus funds. We're in a position to receive

3.7 to 4 billion dollars for HSR and an addition 2 billion dollars for convention rail. California is at the front of the line because we're the only state out of 9 that has a HSR bond act in place that has committed funding. And I think that at this point in time we should allow the HSRA to channel all their energies into creating the best possible federal application

the federal government. We are in desperate need of these stimulus funds; we're in desperate need of these jobs. We need to allow the Authority to do their work, to present the most competitive application and to let the HSRA bond act and AB 3034 do the work they were intended to do, which is to allow an audit at a more appropriate time.

1:21:55 Chair: Thank you Assembly member Galgiani. If you could stay around for the questions – we have several members with questions, but I just wanted to make sure that I allowed public comments. Are there any other speakers in opposition?

Garrett: How long has the High Speed Rail Authority been in existence?

Morshed: Over 10 years. 11 years.

Garrett: Have you ever been audited?

Morshed: No.

Garrett: Thank you.

Lois Wolk: Impressed by the checks put into AB 3034. All projects should have them. What I understand the auditor is being asked to do is audit the systems put in place. And I don't see that here. I see a lot of good things and necessary oversight. But I don't see this.

Howle: The objectives of the audit goes beyond expenditures.

Wolk: Assembly member says this will take away from the CHSRA to do their work.

Howle: Our staff would interview the appropriate individuals. .... We try to be efficient & respectful of their time.

Wolk: You estimated 1900 for your staff. How much time would it take of their time?

H: Depends on their organization of the information. If they have it, it'll be handed off to us. It depends on how strong their records are. If they have poor record keeping, it'll take longer. It depends on the quality of what we find when we get in there.

Galgiani: While it seems that it might not take too much time of the the authority, the Authority has been working without funding for – how many months, Mr. Morshed?

Morshed: That was about 7-8 months. ...

1:27:50 Galgiani: Yes in April we asked for ....

I would suggest to you that the state's tax situation has really put a burden on the Authority in the past year. And we're in a position where we're competing for 6 billion dollars that the state desperately needs. I think that to conduct an audit – to ask the Authority to go through an audit automatically has a negative connotation in the public eye

in the time when they're trying to compete for funding from the federal government I think that it really sends the wrong message. And I don't believe that we're going to gather any information that's going to change anything that we're going to do constructive

Going forward. As I mentioned, AB 3034 requires an audit after the funds are expended. There are so many control measures in place going forward that I think that we need to allow that to do its work.

Will be here tomorrow meeting with the Authority. On June 17 they'll be releasing their criteria for

Submitting their applications so we'll have a very short window of time to work in.

And in August the fed. Gov will receive CA's application. I think that we're best served to let the authority continue doing its work, now that we have finally gotten the cash infusion that we needed That money was received last month.

1:29:00 Curt Hagman: The Rail Authority has been in existence for the last 10 years, and what has been the budget for the last 10 years, roughly?

Morshed: Over the last 10 years we've spent roughly \$50 million. (60?)

Hagman: And I think from previous testimony we heard from the auditor that when systems get bigger in terms of dollars, that would be a prime example of a high-risk area to do a systems test before they get the money. Not after it's been spended ....

So this is similar to transportation that we heard earlier.

And I think the public also sent us a loud message

To be used in this type of situation.

Have the systems been approved by other agencies or have they been created by the authority?

Galgiani: answering Hagman's question in terms of AB 3034 requirements. Mentions peer review committee, etc. I will tell you that AB 3034 passed this committee with a 2/3 vote. It has the most stringent requirements.

1:31:50 Asm. Joe Coto: The issues as I heard them - 1, is it going to delay applying for the federal funds?

Galgiani: I believe it does.

Coto: And number 2, it would send the wrong message - in what way would it send the wrong message?

Galgiani: I think that anybody has a negative connotation about an audit. It raises questions by an agency's ability to do the work that's been done. And usually, particularly in the media's eye, it's not well received by the public. And at this time we're trying to go to the fed gov with one voice – one strong voice – and be competitive in competing for this fed funding. I think we're shooting ourselves in the foot.

Coto: You have the same feeling?

Morshed: I don't know what the connotation is or what the public's views .... All I can comment is that we believe we've been a good source for public funding, we believe we've accomplished a great deal. We don't have any reservation or problems with the auditors looking at us and finding what we did right and what we did wrong.

Chair Huber: I'd like to address the 'negative connotations' issue. As the Joint Legislative Audit Committee, being the ones trying to be proactive and trying to make sure controls are put in place in advance so we're not spending the money then going back and looking at the accountability is part of what we just spent an hour discussing. And our priority as a committee is making sure that we're being accountable in advance. And I feel your concerns that we absolutely don't want to get in the way of a competitive process of trying to get the paperwork done to get the fed stimulus funds – if you don't get the funds then it's putting in place controls of money you don't receive ... possibly a waste of time. But what I'd like to ask the auditor about this request is  
[no mic]

Huber: Yes, but I'd like to ask the auditor the question first. The timing of this audit request: if we do approve this audit request,

Is there a way to request that the auditors not get in the way of CA competing for the fed stim funds.

Howle: Certainly. ...the last thing the auditors want to do is preclude or prohibit something. ...it may delay the total time it takes us to do the job ... we can back off for a while.

Wolk: Does it make any sense to start September 1. If they direct my office to wait until they get the stimulus funds, we can do that.

1:35: Huff: Brief closing. I think there's a bit of confusion as to what we're trying to accomplish here. I want to be clear about this. Both Lowenthal and I support this bill. We support the project. We want to

make sure it is set up properly [] to protect the taxpayers' money. [] 9 billion now, [] 40 billion is the highest []. We want it to be successful. This is about making it successful. [] As far as the delay, if an audit was commenced today, it would be completed not until after the [federal?] money is granted. And to the degree that we can delay it until after that, you know we don't have any problem with that. We just want to see this in place. And President Obama made it clear he wants to have transparency & accountability on this federal stimulus money. So this would help let them know that we have our own house in order and we will manage those funds adequately. And as far as the wrong message, I think it goes back to how you message it. If you're trying to set up good systems to make sure that tax payer funds are protected, we're not going after the improprieties; we believe that's been there. And, as Mr. Morshed has said, if there are some issues there, they welcome getting that straightened out so we are [] as we go forward. So with all of that, I appreciate your input and I ask for your aye vote.

Huber: the Motion was to approve the audit request as stated – do you want to change it to allow the audit to go at a different time or do you want to vote only on--

Huber: is there a second to taking the vote but not until Sept 1st.

Vote taken. Waiting for an additional Senator for vote to go through.

1:39:00