

**Senator Lois Wolk, Chair**  
**Senator Jim Nielsen**  
**Senator Fran Pavley**



**Thursday, March 26, 2015**  
**9:30 a.m. or Upon Adjournment of Session**  
**Hearing Room 112**

**Consultant: Farra Bracht**

**PART B**

**OVERSIGHT HEARING: HIGH-SPEED RAIL**

**PROPOSED DISCUSSION**

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**Resources—Environmental Protection—Energy—Transportation**

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## 2665 High-Speed Rail Authority

**Department Overview:** The California High-Speed Rail Authority (HSRA) is responsible for directing the development and implementation of an intercity high-speed rail service that would be fully coordinated with other public transportation services. In November 2008, the voters approved Proposition 1A—the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century—which allows the state to sell up to \$9.95 billion in general obligation bonds to partially fund the development (such as planning and environmental review) and construction of a high-speed rail system. Of this amount, \$9.0 billion is for the high-speed rail system and \$950 million is to improve the connectivity of existing passenger rail systems with high-speed rail.

HSRA is led by a chief executive officer, and governed by a nine-member board, five of whom are appointed by the Governor, two by the Senate Committee on Rules, and two by the Speaker of the Assembly. It currently has 186 authorized staff positions.

**Budget Summary:** The Governor’s budget for 2015-16 provides capital outlay funding of \$1.7 billion to begin construction of the first section of the high-speed rail system extending from Madera to near Bakersfield. The budget also proposes \$1.1 billion to provide funds to local agencies for local/regional components of the high-speed train system and \$30 million for state operations, as shown below.

### High-Speed Rail Expenditures (Dollars in Millions)

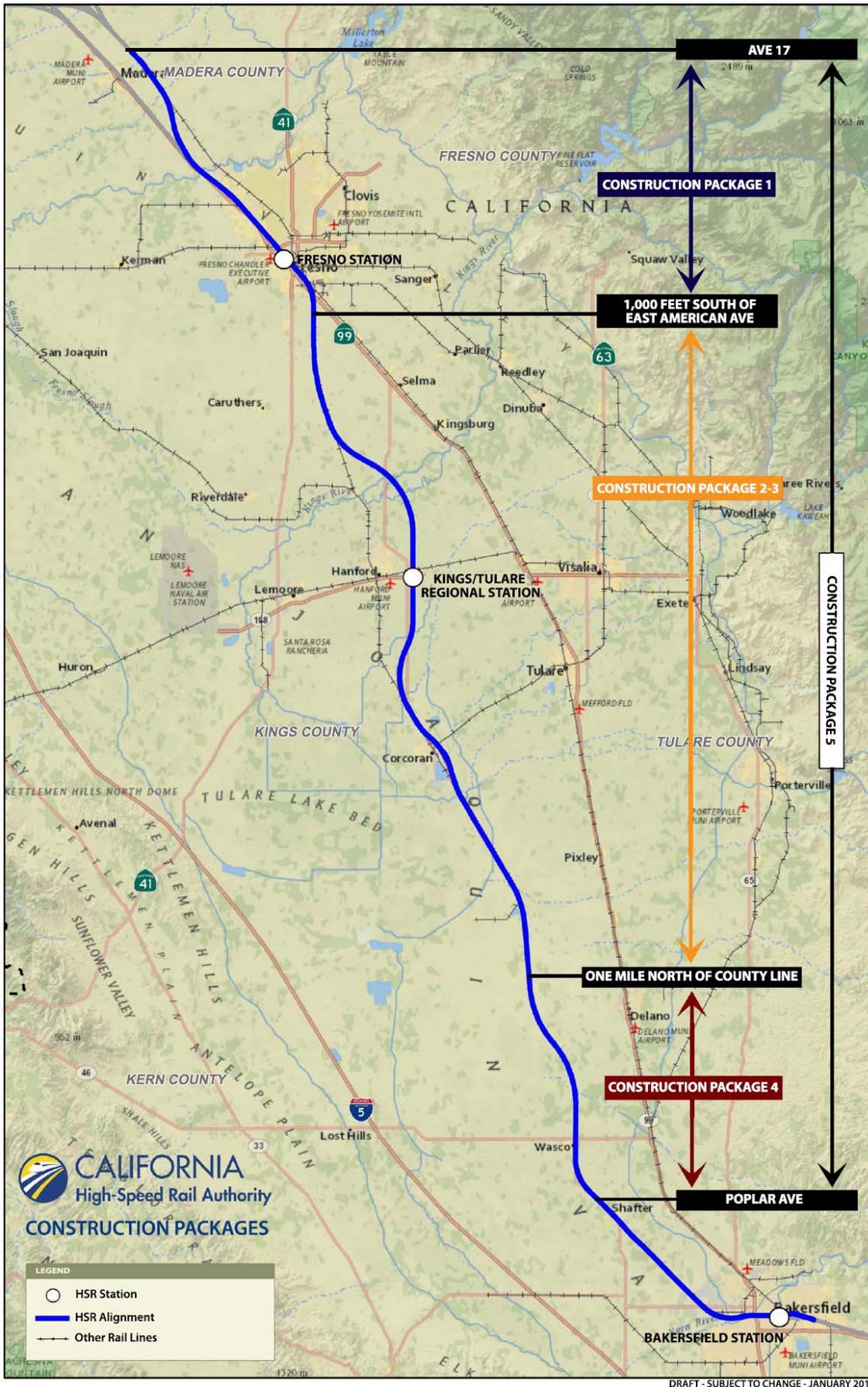
Funding Source	2013-14	2014-15	2015-16
<b>Capital Outlay</b>			
Proposition 1A	\$24.6	\$20.0	\$224.0
Federal funds	1,290.0	616.0	1,192.0
Greenhouse Gas Reduction Fund	0	250.0	250.0
Subtotal capital outlay	1,314.6	886.0	1,666.0
<b>Local Assistance</b>			
Local projects	0	0	1,132.0
<b>State Operations</b>			
Various state funds	23.7	30.2	30.2
<b>Total</b>	<b>\$1,338.3</b>	<b>\$916.2</b>	<b>\$2,828.2</b>

**Background:** Under Proposition 1A, approximately \$9.9 billion in general obligation bond funding is authorized for the project. Of this amount, \$9.0 billion is for the high-speed rail system and \$950 million to improve the connectivity of existing passenger rail systems with high-speed rail. Up to \$450 million of the \$9.0 billion is available for general administration and up to \$675 million is available for initial construction activities, such as environmental studies and preliminary engineering; no match is required for this \$1.1 billion. The remaining \$8 billion is available for construction; however, a non-bond match of at least 50 percent is required for each corridor or segment. Since the approval of Proposition 1A, HSRA has been awarded \$3.5 billion in federal funds from the Federal Railroad Administration (FRA). These federal funds require a substantial state match and \$2.3 billion of these funds must be spent by September 30, 2017.

The Legislature has appropriated approximately \$6.0 billion (\$2.7 billion in Proposition 1A funds and \$3.3 billion federal funds) to begin development, right-of-way acquisition, and construction of the 120-mile Central Valley segment from Madera to just north of Bakersfield. In addition, in the 2014 budget act, the Legislature provided 25 percent of the ongoing cap-and-trade revenues for the project. As a result, high-speed rail faces fewer funding hurdles related to construction of the initial segments of the project. Groundbreaking to start construction of the 120-mile segment was held in Fresno on January 6, 2015.

The bond act specifies certain characteristics for the design of the system, including electrified trains capable of sustaining speeds of no less than 200 miles per hour and capacity to achieve travel times between San Francisco and Los Angeles Union Station of two hours, 40 minutes.

As part of its 2012 Business Plan, HSRA laid out a plan to implement high-speed rail in a series of phases, starting with an initial operating section (IOS) that is expected to be completed by 2022 and generate revenue based on estimates of ridership, fare box revenue, and operations and maintenance forecasts. The IOS is 300 miles long and runs from Merced to Burbank.



## Items Proposed for Discussion (Informational Only)

### Item 1: Update on Initial Construction Segment (ICS)

**Background.** The initial construction segment (ICS) is part of the IOS and is where project construction is beginning. The ICS is an up-to-120 mile section (originally estimated by HSRA to be up to 130 miles long) that would run from Avenue 17 in Madera southward to outside of Bakersfield in Kern County. The ICS has been broken into five construction packages as shown on the map above and are described below.

**Construction Package 1 (CP 1)** is the first significant construction contract on the ICS of the high-speed rail project. The CP1 construction area is a 29-mile stretch between Avenue 17 in Madera County to East American Avenue in Fresno County. It includes 12 grade separations, 2 viaducts, 1 tunnel and a major river crossing over the San Joaquin River. The design-build contract was awarded to Tutor-Perini/Zachry/Parsons (TPZP) for \$985.1 million in August 2013. The project and construction management contract, which assures that the technical and contract requirements are met for CP 1, was awarded to PGH Wong Engineering, Inc. and Harris & Associate (Wong+Harris). Currently, pre-construction activities are underway and significant construction is anticipated to begin at the Fresno River Bridge this spring and be completed in January 2018.

**Construction Package 2-3 (CP 2-3)** represents the continuation of construction on the high-speed rail system south towards Kern County. CP 2-3 will extend 65 miles from the terminus of Construction Package 1 at East American Avenue in Fresno to approximately one mile north of the Tulare-Kern County line. CP 2-3 will include approximately 36 grade separations in the counties of Fresno, Tulare and Kings, including viaducts, underpasses and overpasses. The design-build contractor for CP 2-3 will be responsible for designing and constructing, in coordination with the Authority, the CP 2-3 alignment. Scope of work will include delivering final designs for bridges, culverts, trenches and tunnels, utility relocations, aerial structures, grade separations, security and drainage. In January 2015, the Authority awarded the CP 2-3 design-build contract to Dragados/Flatiron/Shimmick, which bid \$1.2 billion. The Authority anticipates executing the contract in spring 2015. The project and construction management contract was awarded to ARCADIS. Construction is expected to be completed in December 2018.

**Construction Package 4** will extend 22 miles through the Central Valley beginning one mile north of the Tulare/Kern County to Poplar Avenue north of Bakersfield. The design-build contract is estimated to be between \$400 to \$500 million. The work will include construction of at-grade and aerial sections of the alignment and the relocation of 4.6 miles of existing Burlington Northern Santa Fe (BNSF) railway tracks. This phase of construction received state and federal approvals in summer 2014. A request for qualifications was issued in November 2014, and statements of qualifications were received on March 13, 2015. The contract is expected to be awarded in early 2016 and construction completed by December 2018.

**Construction Package 5** will lay track on the completed sections. The schedule and cost for CP 5 will be determined as progress is made on Construction Packages 1-4.

**Many Activities Must Be Completed Before Construction Can Begin.** The environmental clearances necessary to begin work on any of the construction packages have been obtained, as shown in the figure below. However, many significant obstacles remain before construction can begin. The key outstanding areas that need to be addressed are 1) obtaining required permits, 2) completing agreements with 3<sup>rd</sup> parties, such as railroads, and 3) acquisition of right-of-way parcels, as shown in the table below. Addressing these three areas is of particular concern to CP 1.

#### Update on Activities Related to Beginning Work on Each Construction Package (CP)

	CP 1	CP 2-3	CP 4	CP 5
<b>Environmental Review</b>	Complete	Complete	Complete	Not applicable
<b>Required Permits Obtained</b>	5/5 by HSRA 1/4 by contractor	1/5 by HSRA 0/4 by contractor	0/5 by HSRA 0/4 by contractor	
<b>3<sup>rd</sup> Party Agreements</b>	40 of 47 completed. 268 remain (design dependent).	41 of 46. 255 remain (design dependent).	14 of 15 completed. 82 remain (design dependent).	
<b>Right-of-way</b>	522 parcels needed. 512 appraised. 483 first written offers. 141 certified for contractor.	544 parcels needed. 498 appraised. 310 first written offers. 11 certified for contractor.	204 parcels needed. 0 appraised. 0 first written offers. 0 certified for contractor.	
<b>Estimated Construction Completion</b>	January 2018	December 2018	December 2018	
<b>Planned Length</b>	29 miles—Madera to Fresno (Ave. 17 to E. American Ave.)	65 miles—Fresno to 1 mile north of Tulare-Kern County line	22 miles—1 miles north of Tulare-Kern County line to Poplar Ave. (City of Wasco)	
<b>Cost</b>	Awarded: \$1.02 billion and \$226 million for Highway 99 realignment	Awarded: \$1.37 billion	\$400 to \$500 million (estimated)	Unknown
<b>Bid Status</b>	Awarded: Tutor Perini/Zachry/Parsons	Awarded: Dragos/Flatiron/Shimmick	RFQ issued November 2014	NA

**LAO Recommendation.** Given the state’s significant investment in the high-speed rail project, the LAO recommends that the Legislature take steps to allow for adequate oversight of HSRA’s progress towards completing the ICS—particularly the various nonconstruction activities that need to be completed prior to its construction. Such oversight would enable the Legislature to proactively take any required actions to minimize cost increases or delays. Such steps could include changing how HSRA staff manages the project, modifying staffing levels at HSRA, and holding oversight hearings.

Specifically, the LAO recommends the Legislature require HSRA to provide at budget hearings a plan with benchmarks for completing each non-construction activity required for each construction package. This should include benchmarks for acquiring parcels, permits, and third-party agreements. Second, the LAO recommends that the Legislature require HSRA to periodically report on its progress in meeting the identified benchmarks. Specifically, the LAO recommends the Legislature amend existing statute to require the authority to include specific data in its project update reports to the Legislature every six months. For each construction package, the authority should provide the number and type of permits, third-party agreements, and parcels of land needed and acquired. Such additional information would allow the Legislature to more closely monitor HSRA’s progress in completing the ICS.

**Staff Comments.** Any delays to the beginning of major construction of the project carry significant risks for the state. For example, the state could lose billions in federal funds, and, as a recent LA Times article highlighted, delays can potentially cost the state if contractors are unable to begin construction when anticipated. Requiring HSRA to track and report on metrics that serve as indicators of project progress, could help the Legislature to better ensure project success.

**Questions:**

- 1. What are the major potential delays to beginning construction? Which risk is the greatest? How are these risks being addressed?*
- 2. How do delays to construction impact the requirement that the \$2.3 billion of the federal dollars that have been awarded to the state must be expended by September 30, 2017? What actions are being taken to ensure that these funds are spent by the deadline? What happens if this money cannot be spent by the deadline?*
- 3. Before construction can begin on a given parcel of land, the Authority must obtain legal possession of the parcel. Does the Authority have enough certified contiguous right-of-way parcels at this time to begin construction in June?*
- 4. Experts say the projected burn rate is \$6 million a day if construction begins in July, which is at least two times faster than most projects. Please comment on how this project would achieve such a high burn rate.*
- 5. Which railroad agreements still need to be obtained? Please explain some of the challenges associated with getting these agreements and how they will be resolved.*

**Staff Recommendation:** Informational item only. No action necessary.

**Item 2: Update on Funding to Complete Initial Operating Segment**

**Background.** Last year, the Legislative Analyst's Office found that HSRA lacked a complete funding plan for the IOS. According to the HSRA, the IOS will cost about \$31 billion to complete; however its most recent 2014 business plan, only identified roughly \$10 billion in funding available for the construction of the IOS. This level of funding consists of \$3.3 billion in federal funds already received and \$6.9 billion in Proposition 1A bond funds. The plan states that an additional \$21 billion, or about two-thirds of the total cost, will need to be identified in order to complete the IOS.

The business plan has not been updated since the enactment of Senate Bill 862 (Committee on Budget and Fiscal Review), Chapter 36, Statutes of 2014, which provides a continuous appropriation of 25 percent of the revenue raised from future cap-and-trade auctions for construction of Phase 1 of the blended system of high-speed rail. In the current year, HSRA will receive \$250 million in cap-and-trade funds and the project will receive 25 percent of cap-and-trade revenues (estimated to be \$250 million) in the budget year. If cap-and-trade revenues in 2015-16 come in higher than estimated by the Administration, this would result in a greater amount of cap-and-trade funding for the high-speed rail project. Also, beginning in 2015-16 there is \$400 million available to the program from a prior year loan of cap and trade funds to the General Fund, however, repayment is not proposed at this time.

**Staff Comments.** Last year, the LAO concluded the only likely source of funding to fill the \$21 billion gap would be state funds. This is because private sector funds to complete the project would likely only become available after the IOS is completed and demonstrated to have a net positive operating cash flow. Additionally, given the federal government's current financial situation, the current focus in Washington on reducing federal spending, and the lack of a federal budget appropriation to support the state's high-speed rail system since 2009-10, it is uncertain at this time that any additional federal funding will become available.

While cap-and trade revenues will provide a significant infusion of funding for the project and help fill the funding gap, even if the amount of funding the project receives beginning in 2018-19 is \$1 billion annually (and the program is authorized past 2020) there would still be a funding gap of roughly \$15 billion. The authority has been thinking about how to address this gap for many years; however, such a plan has not yet been submitted to the Legislature.

**Questions:**

- 1. What potential funding sources or approaches have been identified to fill the funding gap necessary to complete construction of the IOS?*
- 2. What would the state need to do to securitize cap-and-trade revenues? How much money could such an approach generate?*
- 3. When will the Legislature receive a funding plan that identifies all of the funding sources by amount and year that would be used to complete the IOS?*

**Staff Recommendation:** Informational item only. No action necessary.

**Item 3: Update on Legal Challenges**

The high-speed rail program faces legal challenges primarily related to the California Environmental Quality Act (CEQA) and the use of Proposition 1A funds. Updates on the major challenges are provided below.

**CEQA Legal Challenges**

On May 7, 2014, the Board certified that the Final EIR/EIS for the Fresno to Bakersfield project section had been completed in compliance with CEQA. Numerous parties thereafter filed lawsuits under CEQA alleging that, among other claims, the Authority certified a legally inadequate EIR, failed to recirculate the revised draft EIR properly, and made inadequate CEQA findings. A few of the lawsuits have minor non-CEQA claims.

Actions Taken: The required CEQA settlement meetings occurred, and the Authority reached settlements with the City of Bakersfield and Coffee-Brimhall LLC (Case Nos. 34-2014-80001865 and 34-2014-80001859). Most of the administrative record has been completed and lodged with the court. The Authority filed a motion to stay the proceeding on February 19, 2015, and the court set a hearing date for March 27, 2015. A stay is requested to allow time for the California Supreme Court to decide the Friends of Eel River v. North Coast Railroad Authority case, which is currently under review. In Eel River, the court will decide whether CEQA is preempted for a publically-owned railroad that is under the jurisdiction of the Surface Transportation Board. Eel River will have implications in the CEQA cases filed against the Authority.

**Proposition 1A Legal Challenges**

***John Tos, Aaron Fukuda, and the County of Kings v. California High-Speed Rail Authority (Filed in Sacramento Superior Court on November 14, 2011.)*** The Tos lawsuit proceeded in two parts. The first part, regarding the Authority's funding plan required under Prop 1A, was consolidated with the bond validation action, both of which are completed and resolved in the Authority's favor. On the second part, the plaintiffs allege that the high-speed rail project, as proposed, does not meet certain design requirements of Prop 1A; the court has not set a hearing date for these claims.

Actions Taken: As to the first part of the action, The Court of Appeal, Third Appellate District, ruled that the (c) funding plan, developed by the Authority pursuant to SHC Section 2704.08 does not have to be redone. This ruling clears the way for the Authority to develop the (d) funding plan to access and spend Prop 1A proceeds for construction purposes once raised in a bond sale. Tos filed a petition for review, which the California State Supreme Court denied, thus ending this first part of the action. In the second part of the action, the Authority has prepared the administrative record. Plaintiffs filed a motion to augment the record on March 18, 2015, to be heard April 10, 2015. It is anticipated that a hearing date on the merits will occur late summer or fall 2015.

**Other Legal Challenges**

***Transportation Solutions Defense and Education Fund v. California Air Resources Board, and Does 1-10 inclusive, John Chiang, in his official capacity as the Controller of the State of California; the California High-Speed Rail Authority, and Does 11-20***

***inclusive, Real Parties in Interest (Filed in Fresno Superior Court on June 23, 2014, but subsequently transferred to Sacramento.)*** The issues to be tried involve the following: inadequate environmental analysis, violation of CEQA; inadequate findings; procedural violation of CEQA; approval in violation of the Global Warming Prevention Act (AB 32); and improper and unlawful appropriation from the Greenhouse Gas Reduction Fund. This litigation challenges the Air Resources Board's (ARB) approval of a 2014 Scoping Plan update to the 2012 Scoping Plan. The 2012 Scoping Plan, and the 2014 update, included high-speed rail as a project that would reduce GHG emissions. This litigation seeks to block the flow of GHG/Cap-and-Trade funding towards construction of the high-speed rail project. These funds are currently being used to match the federal monies allocated to its implementation.

**Actions Taken:** On July 23, 2014, the Attorney General's Office filed a Stipulation and Proposed Order to Transfer Action, pursuant to Public Utilities Code Section 185038, which provides that "Any legal or equitable action brought against the Authority shall be brought in a court of competent jurisdiction in the County of Sacramento." (Fresno County Superior Court No. 14CECG01788.) The Attorney General's office represents the Authority, as well as ARB, in this lawsuit. On November 12, 2014, this action was assigned to the Sacramento Superior Court Case and will be heard by Judge Chang in Department 24. On December 10, 2014 a Notice of Appearance was filed by the California High-Speed Rail Authority. As of March 2015, the administrative record is in the process of being assembled.

**Questions:**

1. *Please provide an update of the key legal challenges that present risk to the project.*

**Staff Recommendation:** Informational item only. No action necessary.

**Item 4: Oversight of the High-Speed Rail Project****Ensuring Appropriate Oversight**

Development of high-speed rail is the largest, single infrastructure project the state has ever undertaken. To complete the high-speed rail program, the state is relying on a massive team of consultants that includes legal professionals, civil engineers, architects, mechanical-electrical consultants, structural engineers, construction contractors, and construction managers. While the state is paying for all of these consultants, they all have other interests as well, which may conflict with the state's priorities. As the owner of the project and to better ensure successful delivery of the program, the state needs to be very competent in its management of the managers and exercise strong advocacy for the state's interests and priorities.

External, independent oversight and internal oversight are critical for program success. As shown in the figure below, the project currently has various types of oversight that include external oversight, a hybrid model, and internal oversight. External oversight largely consists of the State Auditor, which can be requested to conduct an audit, and the Peer Review Group, which consists of eight staff (currently four because vacancies have not been filled) which have a limited role in reviewing specific project documents. The board of directors provides both internal and external oversight of the project. It is largely a supporter and champion of the project, but as part of its board meetings, it exercises oversight of the project as a whole and raises issues of concern. Contract staff provides services and oversees other project contractors. These include the program management team (PMT) consultant, and project and construction management (PCM). In addition, state staff oversees these consultants, as well as other contractors. Finally, the HSRA has a small audit division which also provides internal oversight of the project.

### Current Oversight of the High-Speed Rail Project

Entity	Role	Type
California State Auditor	Conduct periodic audits to ensure use of bond proceeds is consistent with state law.	External
Peer Review Group (8 positions, 4 vacancies)	Reviews and issues analyses of certain reports prepared by the Authority.	External
Board of Directors for the High-Speed Rail Authority	Project supporter that also provides high-level oversight.	Hybrid
Program Management Team (PMT) Consultant	Provides technical and contractual compliance assurance and manages program risks	Hybrid
Project Construction and Management (PCM) Consultants	Identifies, manages, and mitigates project risks and makes sure technical and contract requirements, including costs are met by overseeing design-build and construction contractors.	Hybrid
HSRA Program Management Division (58 positions, 11 vacancies)	Responsible for project development, and direct and indirect oversight of activities conducted by specialists from the private sector.	Internal
HSRA Audit Division (7 positions, 1 vacancy)	Provides evaluations and recommendations concerning operational and programmatic deficiencies, and internal and external risks to the organization; strategies for managing organizational risks; and optimization of the internal control environment.	Internal

In addition, there are many other external agencies that provide oversight in particular areas. Some of these include the Legislature, the U.S. Congress, the Federal Railroad Administration, the federal General Accounting Office, the California State Transportation Agency, and environmental agencies.

#### **Adequacy of Current Oversight**

The high-speed rail program is highly visible, expensive, complex, and significant for the development of the transportation system in California; and has implications for the nation's transportation system. It is critical that the owners of this project, in this case the state of California, manage well the risk that is inherent in these types of projects and ensure that there is strong independent, external oversight. Currently, this type of oversight is limited, not coordinated, and sporadic; and moreover, it is unclear if it is adequate to ensure successful delivery of the project. One way the Legislature can better ensure successful delivery of this important project is to improve external oversight.

**Models of External Oversight for Large Transportation Projects**

External oversight has an important role in ensuring successful project delivery. Below, some external models are described.

***Toll Bridge Program Oversight Committee (TBPOC).*** The TBPOC was established by AB 144 (Hancock), Chapter 71, Statutes of 2005. The committee consists of the executive director of the Bay Area Toll Authority, the director of Caltrans, and the executive director of the California Transportation Commission. Its creation was prompted, in part, by significant cost overruns for the construction of the new east span of the San-Francisco-Oakland Bay Bridge. To help keep the project in check, TBPOC was tasked with performing project status reviews, reviewing program costs and schedules, resolving project issues, evaluating project changes, and developing and updating cost, estimates, risk assessments and cash-flow requirements. The Oversight Committee also reviews project staffing levels and consultant and contractor services, reviews contract bid specifications and documents, reviews and approves all significant change orders and claims, and prepares project reports.

***Oversight Coordination Commission.*** The Central Artery/Tunnel Project in Boston, MA, also known as the “Big Dig”, is the largest completed public works project in the United States. The Big Dig experienced significant cost overruns and it was determined that the structure of the program lacked the mechanisms necessary to ensure that deficient performances would be detected and cost recovery pursued. In 1995, the Legislature established the Central Artery/Tunnel Project Oversight and Coordination Committee to monitor the project, and basically oversee the state overseers of the project. The committee acted as public auditors and was comprised of the Office of the Inspector General, the Massachusetts State Auditor, the Massachusetts House Oversight Committee and the Massachusetts Attorney General.

***Oversight Model for a Non-transportation Project.*** The state’s Financial Information System for California (FI\$Cal) project requires the California State Auditor to independently monitor the project. FI\$Cal is a business transformation project for state government in the areas of budgeting, accounting, procurement, and cash management. The estimated total project cost is \$673 million. The auditor’s independent role includes monitoring the contracts for independent project oversight, independent verification and validation services, and assessing 1) whether concerns about the project are appropriately addressed, and 2) whether the project is progressing timely and within budget.

***Other Models.*** A version of a federal oversight model could be created by installing an inspector general in every secretariat and authority that does private-sector contracting. Florida, for example, uses such an approach, with numerous inspectors general in cabinet offices, state agencies, and the state university system.

***Staff Comments.*** Successful delivery of the high-speed rail system is reliant upon well-managed relationships between public and private organizations driven by different, and at times, conflicting interests. Ensuring that the interests of the owner (the state) are strongly represented is critical to helping deliver a successful program. The Legislature can help to achieve this by improving external oversight of the high-speed rail program. Prior to the expenditure of large amounts of funding for construction is a good time to put such oversight in place. One approach could be for the Legislature to establish performance metrics that could be tracked over time and evaluated. Such performance measures could include

comparisons of the estimated scope, cost, performance, and schedule for each of the program phases to actual results. In addition, it would be useful for HSRA to identify all of the funds needed to complete the project and the timing of receipt of these funds and compare that information to the funds actually received. In addition, tracking over time the largest risks to the project, actions proposed to address those risks, and actions actually taken would be important. For specific segments, performance could be tracked for: 1) right-of-way acquisition; 2) necessary permits obtained; 3) third-party agreements obtained; 4) the number and estimated cost of change orders; and 5) how quickly money is actually being spent compared to the estimated rate of expenditure (burn rate).

It is important to point out that the Legislature has required HSRA to produce many reports in order to satisfy various needs that may not be helpful in assessing the success of the project at this time. If the Legislature does add some reporting requirements to existing reports, such as a dashboard that displays performance metrics that can be tracked over time, the Legislature may also wish to consider directing legislative staff to work with HSRA and the Administration over the fall to identify any previously required reports that are less useful and could potentially be eliminated.

In addition, the Legislature could dedicate, within an independent state office, a small unit dedicated to conducting oversight of the program. This approach would allow for continuity and in-depth review of the project's performance on an ongoing basis. In addition, the Legislature may want to establish a Select Committee of High-Speed Rail Oversight that could conduct oversight hearings and hold HSRA accountable for delivering a project that is consistent with the state's expectations.

In discussions with the Peer Review Group, it has emphasized the value of putting in place a reporting mechanism so that the elements of the project, as well as benefits and costs, are subject to regular and simple reports, preferably quarterly or semi-annually. An entity such as the LAO or a legislative oversight committee could oversee and interpret these results.

Currently, the Finance and Audit Committee of the High-Speed Rail Authority Board provides a monthly report on performance metrics for CP 1 and State Route 99 that includes safety, cost, schedule, quality, and economic benefits. It is possible that this report could be expanded upon to provide a "dashboard" that summarizes the status of the project to help improve external oversight of the program.

Finally, as mentioned earlier, the Peer Review Group is an important entity that helps to provide external oversight of the high-speed rail program. The Administration has not worked to fill vacant positions in a timely manner which undermines the efficacy of this group.

**Panel:**

Lou Thompson, High-Speed Rail Peer Review Group

Anthony Simbol, Deputy Legislative Analyst, Corrections, Transportation, and Environment,  
Legislative Analyst's Office

Jeff Morales, CEO High-Speed Rail Authority

Jaci Thomson, Department of Finance

**Questions:**

Lou Thompson:

1. *How does tracking performance metrics over time help to ensure project success?*
2. *Who should be tracking these metrics to help improve external oversight of the project?*
3. *How are vacancies impairing the role that the Peer Review Group plays regarding the high-speed rail project?*

Jeff Morales:

1. *Please discuss your assessment of the adequacy of current oversight efforts for the project. What do you see as areas of improvement?*
2. *Please discuss what efforts have been made to develop a "dashboard" of performance metrics.*

Department of Finance:

1. *What is the Administration's process for filling vacancies on the Peer Review Group?*
2. *What is the status of filling the four (of eight) vacant positions?*

**Staff Recommendation.** Direct HSRA to report back at the May Revision hearings on what agreements have been reached between the Peer Review Group and HSRA to develop a dashboard that tracks meaningful performance metrics. Also, at that time, have the Administration report on what efforts have been made to fill vacancies on the Peer Review Group.