



STAFF ANALYSIS

STATE PUBLIC WORKS BOARD

*Friday, November 8, 2019 at 10:00 a.m. in
Room 113, State Capitol, Sacramento, California*

I.	Roll Call		
II.	Minutes	Page	2
III.	Consent Items	Page	2
IV.	Other Business	Page	7
V.	Reportables	Page	8

Pursuant to section 11125 of the Government Code, notice of all Board meetings will be given at least ten days in advance and such notice must include a copy of the agenda. Members of the Public may address the Board prior to it taking action on any matter in the agenda.

This notice and the Board agenda for the current month are available on the Internet at: <http://www.spwb.ca.gov>.

Individuals who need disability-related accommodation, including auxiliary aids for effective participation at this public meeting are invited to make their requests and preferences known to Kathryn Lee at (916) 445-9694 or e-mail to Kathryn.lee@dof.ca.gov, five days prior to the meeting.

MINUTES

Consider approving the minutes from the October 11, 2019 and October 21, 2019 meetings.

Staff have reviewed the minutes from the October 11, 2019 and October 21, 2019 meetings and recommend their approval.

Staff Recommendation: Approve minutes from the October 11, 2019 and October 21, 2019 meetings.

CONSENT ITEMS

CONSENT ITEM—1

**CALIFORNIA HIGH-SPEED RAIL AUTHORITY (2665)
PHASE 1 BLENDED SYSTEM
VARIOUS COUNTIES**

Authority: *Chapter 152, Statutes of 2012, Item 2665-306-0890 (1) as reappropriated by the Budget Act of 2018*
Chapter 152, Statutes of 2012, Item 2665-306-6043 (1) as reappropriated by the Budget Act of 2018
Chapter 20, Statutes of 2013, Item 2665-301-0890 (1) as reappropriated by the Budget Act of 2016
Chapter 20, Statutes of 2013, Item 2665-301-6043 (1) as reappropriated by the Budget Act of 2016
Section 39719(b) (2) of the Health and Safety Code
Section 39719.1 of the Health and Safety Code

Consider approving performance criteria for the Track & Systems 1 package, extending from San Francisco to Bakersfield.

STAFF ANALYSIS—1

California High-Speed Rail Authority
Phase 1 Blended System
Various Counties

Action Requested

The requested action would approve the performance criteria for the Track & Systems 1 package, extending from San Francisco to Bakersfield.

Background.

Section 2704.04 of the Streets and Highway Code provides that the use of Proposition 1A funds for the Initial Operating Segment, Section 1 of High Speed Train System (System) be limited to all activities necessary for acquisition of interests in real property and rights-of-way and

improvements, acquisition and construction of tracks, structures, power systems, and stations, acquisition of rolling stock and related equipment; mitigation of any direct or indirect environmental impacts of activities, relocation assistance for displaced property owners and occupants, and other related capital facilities and equipment. The Initial Operating Segment, Section 1, now referred to as the Central Valley Segment (CVS), extends 119 miles from Madera to Shafter.

With the enactment of Section 39719(b)(2) of the Health and Safety Code, this initial 119 mile scope was expanded to the current 520 mile Phase 1 Blended System extending from San Francisco to Los Angeles/Anaheim. This code provides that, beginning in the 2015–16 fiscal year, 25 percent of the annual proceeds of the Greenhouse Gas Reduction Fund (GGRF) be continuously appropriated to the High-Speed Rail Authority (Authority) for the following components of the CVS and Phase 1 Blended System: Acquisition and construction costs, environmental review and design costs, other capital costs, and repayment of any loans made to the authority to fund the project. In addition, Section 39719.1 of the Health and Safety Code provided an additional \$400 million GGRF for the Phase 1 Blended System.

The Board approved performance criteria for the CVS in March 2012, April 2014, and May 2015, allowing the Authority to bid construction packages 1, 2-3, and 4, for the civil works (bridges, grade separations, berms, etc.) of the CVS. An additional package, Tracks and Systems 1 (TS 1), will provide track, communications, train control, electrification, an operational control center, maintenance-of-way facilities, and other components needed for an operational System. TS 1 will utilize a design-build-maintain delivery methodology, which necessitates a contract that extends beyond the CVS, but within the Phase 1 Blended System, to ensure that economies of scale can be achieved and that the “maintain” function occurs on the same proprietary systems. Structuring the TS 1 contract from San Francisco to Bakersfield would provide these benefits and is consistent with the Authority’s 2018 Business Plan and 2019 Project Update Report.

To ensure that the track and systems work does not exceed areas of completed civil work, TS 1 is structured with six Notices to Proceed (NTP) based on geographic limits. Each NTP will be submitted to the High-Speed Rail Authority Board and Department of Finance for approval prior to issuance of the NTP. NTP 1 of TS 1 aligns with the CVS.

In May 2019, the CVS budget was set at \$12.4 billion. The Authority approved the release of the Request for Qualifications for TS 1 at its July 2019 Board meeting. The overall estimate for TS 1 is \$4.4 billion, of which \$1.6 billion is for the NTP 1 and is included within the total \$12.4 billion for the CVS.

Staff Recommendation: Approve the performance criteria for the Track & Systems 1 package.

CONSENT ITEM—2

CALIFORNIA HIGHWAY PATROL (2720) TRACY AREA OFFICE REPLACEMENT SAN JOAQUIN COUNTY

Authority: Section 14669.18 of the Government Code

Consider approving an amendment to the lease purchase agreement.

STAFF ANALYSIS—2

California Highway Patrol
Tracy Area Office Replacement
San Joaquin County

Action Requested

If approved, the requested action would approve an amendment to the lease purchase agreement to extend the date for the developer to complete certain tasks to March 31, 2020.

Background

On September 24, 2018, the Board authorized an acquisition through the approval of a lease-purchase agreement with early options to purchase. Under this agreement a developer, Magnon Companies, Inc, would acquire approximately five acres of property to develop and construct a replacement California Highway Patrol (CHP) area office in Tracy. At the end of the term of the agreement, or when the early option is exercised, the state will own the facility and property. The proposed facility will consist of approximately 25,000 square feet of office space, with a vehicle service area, fuel island, truck and bus citation clearance area, communications tower with radio vault, secured and public parking, and related improvements.

Although the Board approved the lease purchase agreement last year, there were several issues identified with the preferred site, which required resolution prior to development of the project. As a result, under the lease purchase agreement, the state may unilaterally cancel the lease without penalty if the developer does not complete the following by September 30, 2019:

- Acquire five acres of undeveloped land from the current landowner. These five acres would be separated from a larger 18 acre parcel.
- Secure an appurtenant easement from the City of Tracy for the installation of utilities and access to the proposed project.
- Secure a Conditional Use Permit for a CHP Communication Tower.

The September 30, 2019 date was established in the agreement as it was latest date the current land owner would hold the property for Magnon Companies, Inc. However, there were several months of unanticipated negotiations with the City of Tracy regarding access easements to the property. Once it was evident that the September 30, 2019 date could not be met, the land owner agreed to extend the acquisition date to March 31, 2020. This request would make a conforming amendment to the Lease Purchase Agreement amending the date of the state's right to cancel the lease from September 30, 2019 to March 31, 2020.

Staff Recommendation: Approve an amendment to the Lease Purchase Agreement.

CONSENT ITEM—3

BOARD OF STATE AND COMMUNITY CORRECTIONS (5227) ADULT LOCAL CRIMINAL JUSTICE FACILITIES PROJECT NAPA COUNTY

*Authority: Sections 15820.93 – 15820.936 of the Government Code (SB 863)
Sections 15820.94 – 15820.947 of the Government Code (SB 844)*

Consider recognizing:

- a) A scope change
- b) Revised project costs

STAFF ANALYSIS—3

Board of State and Community Corrections
Adult Local Criminal Justice Facilities Project
Napa County

Action Requested

If approved, the requested action will recognize a scope change and revised project costs.

Scope Description

This project is not within scope. As approved by the Board at establishment, this project will design and construct a new approximately 144-bed jail facility with housing, treatment space, program space, jail administration, and support functions on county-owned land located in the unincorporated area of Napa County. The project is funded by Senate Bill (SB) 863 and 844.

The project scope for this project includes an approximately 144-bed medium/maximum security housing unit with programming space. Each pod will have a day room, interview room, and outdoor recreation yard. There will also be a medical/mental health unit, kitchen, space for laundry, central control, in-person visiting, intake, sallyport, vehicle sallyport, and an administrative building. Lastly, the project scope includes, but is not limited to, electrical, plumbing, mechanical, heating, ventilation, air conditioning, security, area of refuge and pathways, fire protection systems, and all other necessary appurtenances.

On September 12, 2019, the Board of State and Community Corrections (BSCC) took an action to approve a revised project scope increasing the number of beds from 144 to 304 which integrates two additional housing units that are being funded by additional county funds. BSCC, on behalf of the County, is requesting the Board recognize a scope change to add the additional 160 beds to the project scope.

On October 18, 2019, the Department of Finance notified the chairs of the Joint Legislative Budget and fiscal committees in each house of its intent to recommend the Board approve the scope change no sooner than 20 days from that date.

Funding and Project Cost Verification

This project is not within cost. Section 15820.932 of the Government Code (SB 863) appropriates \$500 million and section 15820.942 of the Government Code (SB 844) appropriates \$270 million of lease revenue bond financing authority to partially finance the design, construction, or renovation of adult local criminal justice facilities. Award of this funding to individual counties is administered through the Board of State and Community Corrections (BSCC) through a competitive public process. Initially the BSCC conditionally awarded \$2,821,000 from the SB 863 appropriation to Napa County for this project. Additionally, Section 15820.947 of the Government Code authorized and awarded \$20,000,000 from the SB 844 to Napa County for this project. On March 2, 2018, the Board established the scope, cost, and schedule of the Napa County Adult Local Criminal Justice Facility Project officially allocating \$2,821,000 from SB 863 and \$20 million from SB 844 for design and construction of the project. At the time of establishment, the total estimated project cost was \$82,020,000. A revised project cost estimate was prepared in association with this scope change to add 160 rated beds. The revised project cost reflected an increase of \$32,006,000 of county funds. The new estimated project cost of the project is \$114,026,000.

\$82,020,000	Total authorized project cost
\$114,026,000	Total estimated project cost
\$59,199,000	Local costs previously allocated: \$2,765,000 for preliminary plans, \$3,213,000 for working drawings, and \$53,221,000 for construction (\$38,423,000 contract, \$4,287,000 contingency, \$1,802,000 A&E, and \$8,709,000 other project costs)
\$22,821,000	State costs to be allocated: \$22,821,000 for construction (\$22,821,000 contract)
\$32,006,000	Local costs net increase: an increase of \$726,000 for preliminary plans, \$1,439,000 for working drawings, and \$29,841,000 for construction (an increase of \$24,699,000 contract, \$869,000 contingency, \$802,000 A&E, and \$3,471,000 other project costs)

CEQA

A Notice of Determination was filed by the County of Napa with the Napa County Clerk on November 21, 2014, and the 30-day statute of limitations expired without challenge.

Real Estate Due Diligence

A Summary of Conditions Letter for this project is currently under review and will be completed prior to approval of preliminary plans.

Project Schedule

Approve preliminary plans	December 2019
Complete working drawings	June 2020
Start construction	October 2020
Complete construction	March 2022

Staff Recommendation: Recognize a scope change and revised project costs.

OTHER BUSINESS

OTHER BUSINESS—1

Consider the adoption of a resolution authorizing:

- a) **Staff to select outside counsel for services in connection with the Board's lease revenue bond program;**
- b) **Staff to negotiate the terms and conditions of the agreement with outside counsel for such services with the term of the agreement not to exceed three years; and**
- c) **Following the receipt of consent from the Attorney General, the Executive Director and Deputy Directors to execute such agreement and take all other actions necessary to carry out the intent of the resolution.**

STAFF ANALYSIS—1

Background

The Board requires legal advice and services relating to compliance with federal tax matters and other advice and services related to an opinion that may be required of nationally recognized bond counsel under a Board indenture when administering the Board's lease revenue bond program. In October 2016, the Board authorized an agreement for such legal advice and services. The October 2016 agreement expired on September 30, 2019.

This action will adopt a resolution that would authorize the Executive Director and Deputy Directors to select outside counsel, negotiate the terms and conditions of the agreement for the above described services, and, subject to receipt of consent from the Attorney General, execute the agreement. The proposed resolution would also authorize the Executive Director and Deputy Directors to take all actions necessary to carry out the intent of this resolution.

Staff Recommendation: Adopt resolution.

OTHER BUSINESS—2

The Annual Financial Report from Gilbert Associates Inc. for the Public Buildings Construction Fund

STAFF ANALYSIS—2

Background

Gilbert Associates Inc. completed its audit of the Public Buildings Construction Fund for the year ending June 30, 2019 and issued an unmodified opinion that the financial statements are fairly presented in all material respects in conformity with U.S. generally accepted accounting principles.

REPORTABLES

TO BE PRESENTED AT MEETING