



**CALIFORNIA STATE
PUBLIC WORKS BOARD**

EDMUND G. BROWN JR. • GOVERNOR

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**AGENDA WITH ANALYSIS
STATE PUBLIC WORKS BOARD**

The STATE PUBLIC WORKS BOARD will meet on
**Friday, September 8, 2017 at 10:00 a.m. in Room 113,
State Capitol, Sacramento, California.**

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 Patrice Coleman at (916) 445-9694 or e-mail to patrice.coleman@dof.ca.gov, five days prior to the meeting.

STATE PUBLIC WORKS BOARD
Friday, September 8, 2017, at 10:00 a.m. in Room 113
State Capitol, Sacramento, California

I.	Roll Call		
II.	Bond Items	Page	3
III.	Approval of Minutes from August 14, 2017 Meeting	Page	7
IV.	Consent Items	Page	8
V.	Action Items	Page	15
VI.	Other Business	Page	20
VII.	Reportables	Page	20

BOND ITEMS

BOND ITEM—1

**AIR RESOURCES BOARD (3900)
ARB SOUTHERN CALIFORNIA CONSOLIDATION PROJECT
RIVERSIDE COUNTY**

Authority: Chapters 10 and 11, Statutes of 2015, Items 3900-301-0044(1), 3900-301-0115(1), and 3900-301-0421(1)
Chapter 14, Statutes of 2017, 3900-301-0115(1), and 3900-301-0668(1)

Consider adoption of a resolution to:

- a) **Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.**
- b) **Authorize the sale of lease revenue bonds.**
- c) **Approve other related actions in connection with the authorization, issuance, sale, and delivery of said revenue bonds.**

Total Bond Appropriation

\$259,121,000

BOND ITEMS

STAFF ANALYSIS ITEM—1

Air Resources Board
ARB Southern California Consolidation Project
Riverside County

Action Requested

If approved, the requested action will adopt a resolution authorizing actions to be taken to provide for interim financing, authorize the sale of lease revenue bonds, and other related actions.

Scope Description

This project is within scope. The project will construct new facilities, using the design/build procurement method, to consolidate the Air Resources Board's (ARB) Southern California administrative offices, engine emission testing and laboratory from leased and state-owned space into a new campus to accommodate approximately 383,000 gross square feet, plus parking.

Funding and Cost Verification

This project is within cost. Chapters 10 and 11, Statutes of 2015, Items 3900-301-0044, 3900-301-0115, and 3900-301-0421 appropriated \$5,893,000 for the Acquisition and Performance Criteria phases of the Project. The DOF approved an augmentation of the Performance Criteria phase in the amount of \$472,000 to pursue a site specific Zero Net Energy (ZNE) analysis and the creation of performance criteria to achieve the goal of a ZNE facility. Chapter 14, Statutes of 2017,

Items 3900-301-0115 and 3900-301-0668 appropriated a total of \$413,121,000 for the Design-Build Phase of the Project, in the amounts of \$154,000,000 and \$259,121,000 respectively.

\$419,486,000 Total authorized project costs

\$419,486,000 Total estimated project costs

\$419,486,000 State project costs previously allocated: \$200,000 acquisition, \$6,165,000 performance criteria, and \$413,121,000 design/build

CEQA

A Notice of Determination was filed with the State Clearinghouse on June 6, 2017, and the 30-day statute of limitations expired without challenge.

Real Estate Due Diligence

A Summary of Conditions Letter for this project was completed June 8, 2017, and no issues that would adversely affect the beneficial use and quiet enjoyment of the project were identified.

Project Schedule

Approve performance criteria

July 2017

Start design-build

February 2018

Complete design-build

February 2022

Staff Recommendation: Adopt resolution.

BOND ITEMS

BOND ITEM—2

CALIFORNIA MILITARY DEPARTMENT (8940)
SACRAMENTO: CONSOLIDATED HEADQUARTERS COMPLEX
SACRAMENTO COUNTY

Authority: Chapter 14, Statutes of 2017, Item 8940-301-0660(1)

Consider adoption of a resolution to:

- a) Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.
- b) Authorize the sale of lease revenue bonds.
- c) Approve other related actions in connection with the authorization, issuance, sale, and delivery of said revenue bonds.

Total Bond Appropriations

\$141,884,000

BOND ITEMS

STAFF ANALYSIS ITEM—2

California Military Department
Sacramento: Consolidated Headquarters Complex
Sacramento County

Action Requested

If approved, the requested action would adopt a resolution authorizing actions to be taken to provide for interim financing, authorize the sale of lease revenue bonds, and other related actions.

Scope Description

This project is within scope. This project includes the construction of an approximately 238,000 square foot Consolidated Headquarters Complex to provide consolidated administrative and operational space for California Military Department and to support California National Guard operations. The project also includes the construction of a 25,000 sf armory and a 22,700 sf storage facility. The project will be designed to achieve Zero Net Energy for the entire campus and minimum LEED Gold Certified for the Headquarters building.

Funding and Cost Verification

This project is within cost. A total of \$141,884,000 lease revenue bonds has been appropriated for this project.

\$ 158,704,000 Total authorized project costs

\$ 16,820,000 Project costs previously allocated: \$9,931,000 acquisition, \$6,889,000 performance criteria

\$ 141,884,000 Project costs to be financed: \$141,884,000 construction (\$126,468,000 contract, \$3,794,000 contingency, \$1,353,000 A&E, and \$10,269,000 other project costs)

CEQA

A Notice of Determination was filed with the State Clearinghouse on December 3, 2007 and the 35-day statute of limitations expired on January 6, 2008.

Real Estate Due Diligence

A Summary of Conditions memo was completed on August 21, 2017, and no issues that would affect the beneficial use and quiet enjoyment of the project were identified.

Project Schedule

Approve performance criteria	June 2017
Start design-build	November 2017
Complete design-build	December 2019

Staff Recommendation: Adopt resolution.

MINUTES

Consider approving the minutes from the August 14, 2017 Public Works Board Meeting.

Staff has reviewed the minutes from the August 14, 2017 Public Works Board Meeting and recommends approval of those meeting minutes.

Staff Recommendation: Approve minutes from the August 14, 2017 Public Works Board Meeting.

CONSENT ITEM

CONSENT ITEM—1

DEPARTMENT OF PARKS AND RECREATION (3790)
SACRAMENTO RAILYARDS OLD SACRAMENTO STATE HISTORIC PARK
SACRAMENTO COUNTY
DPR Parcel Number 6573 DGS Parcel Number 10827

Authority: Chapter 10, Statutes of 2015, 3790-301-6029(1)

Consider authorizing:

- a) **Acquisition**

- b) **Execution of a Property Acquisition Agreement and other such documents as may be required to approve the acquisition.**

CONSENT ITEM

STAFF ANALYSIS ITEM—1

Department of Parks and Recreation
Sacramento Railyards/Old Sacramento SHP
Sacramento County

Action Requested

If approved, the request would authorize acquisition and the execution of a Property Acquisition Agreement and other such documents as may be required to approve the acquisition.

Scope Description

This project is within scope. This request will authorize acquisition of property rights within a 240-acre area north of downtown Sacramento known as the Sacramento Railyards (the Railyards) in Sacramento County for the use of the Department of Parks and Recreation (Parks) as an addition to the Old Sacramento State Historic Park. If approved, this acquisition will include: (1) approximately 3.57 acres in fee ownership subject to Land Use restrictions and activity use limitations (LUCs) (Fee Property), commonly referred to as the “Boiler Shop”, including the transfer table, firing line, and turn table; (2) a long-term lease with the option to purchase approximately 2.34 acres (Lease Property), commonly referred to as the “Erecting Shop”; and (3) approximately 2.16 acres in easements (Easement Property) to facilitate access to-and-from the Fee Property and the Lease Property, as well as the ability to install tracks for moving and displaying railroad cars and engines, among other things. The Fee Property, lease Property and Easement Property are collectively referred herein to as the “Property”.

Parks has occupied the Property under a month-to-month lease between Parks and various owners of the Railyards; the current owner is Downtown Railyard Ventures (DRV). This lease has allowed Parks to continue the repair and maintenance of its historic train stock and has an annual rent of one dollar (\$1.00).

Funding and Cost Verification

This project is within cost. Chapter 10, Statutes of 2015, appropriates funding to allow Parks to purchase or accept real property throughout the state. The Legislature approved funding of \$700,000, and there are sufficient funds remaining in this appropriation to cover the overhead, title, and escrow costs associated with this project:

\$50,000	Total authorized project costs
\$50,000	Total estimated project costs
\$25,000	State costs previously allocated: Department of General Services (DGS) staff costs for appraisal and acquisition review
\$25,000	State costs to be allocated: \$25,000 for title and escrow fees

CEQA

A General Plan and Final Environmental Impact Report was completed for the Old Sacramento State Historic Park for which a Notice of Determination was filed in May of 2014 and the 35-day statute of limitations expired without comment.

Project Schedule

The anticipated close of escrow is October 2017.

Condition of Property

The Railyards was the location of a major railroad operation and maintenance facility from 1865 through the 1990s. Heavy industrial activities at the facility resulted in impacts to soil and groundwater across the majority of the Property. DTSC is the lead agency for regulatory oversight of environmental cleanup, with major involvement from the United States Environmental Protection Agency (US EPA) and the Central Valley Regional Water Quality Control Board. The Union Pacific Railroad Company (UPRR) is the current responsible party for the ongoing investigation and cleanup.

UPRR is currently remediating the Railyards under the Enforceable Agreement entered into in 1988 between the former owner, Southern Pacific Transportation Company, and DTSC. In accordance with this agreement, interim soil and groundwater remediation systems were first installed at the Central Shops area in the early 1990s to primarily control the migration of contaminated groundwater. These interim removal actions included the removal of contaminated soils and the installation of groundwater treatment systems, which are still in operation and will remain in operation for many years.

The Enforceable Agreement places the responsibility of soils and groundwater cleanup on UPRR. Pursuant to the Remedial Action Plan (RAP), the below uses and activities are currently prohibited on the Property. Once the elements of the RAP are fully implemented and DTSC approves the completed work, the owner at that time will be required to abide by new, DTSC-approved environmental land use restrictions and LUCs that will supersede these pre-clean-up LUCs:

- Any residential use
- Hospital for humans
- Public or private school for persons under the age of 18
- Day care center for children
- Ground disturbance activities, without DTSC approval
- Drilling for water, oil, or gas, without DTSC approval
- Extraction of groundwater, except for construction dewatering purposes

- Interference with remediation systems
- A park.

If development plans for the Property are expanded to public use, Parks may be responsible for additional clean up and ongoing soil management and monitoring.

It is anticipated the future LUC's will be similar, but less restrictive, than the above restrictions, as a result of the Property having been remediated to a safer level by UPRR, once the RAP is completed.

Major Transaction Documents

The proposed acquisition involves the following major documents, as briefly described below:

- **Property Acquisition Agreement**—this agreement will transfer the Fee Property to the state with the jurisdiction held by Parks at no purchase cost.
- **Lease-Option Agreement**—this agreement will provide Parks with a 30-year lease of the Lease Property, with the option to acquire the Lease Property. The main requirement is that Parks or the California State Railroad Museum Foundation expend or demonstrate access to \$3,000,000 for making improvements to the Lease Property. Exercising the option to acquire the Lease Property is subject to future Board approval.
- **Easement Agreement**—the Easement Agreement was preferred over the state acquiring a fee in the Easement Property to avoid certain assessments. This agreement provides the state with several non-exclusive easement areas over property retained by the Railyards developer. The easements allow the state (i) access, ingress and egress to and through the easement areas and (ii) any uses related to the extension, improvement or development of the state park system, including but not limited to the use, operation, maintenance, construction or repair of existing or future buildings, improvements or railroad facilities or equipment. In consideration, the state, through Parks, agrees to pay the Railyards developer (or subsequent owner) up to \$50,000 annually for their general upkeep and maintenance, trash removal and refurbishment of the hardscape and landscaping in the Easement Property. This agreement is tailored to the uses and needs of the state.
- **Use and Development Agreement**—the City and DRV entered into an Amended Development Agreement that encumbered the entire Railyards with certain use restrictions and obligations on current and future owners (Development Agreement). As part of this acquisition, the state, the City, and DRV will enter into an “Agreement Regarding the Use and Development of the Railyard Properties”. This agreement exempts the Fee Property, the Lease Property, and the Easement Property from the Development Agreement.

Other:

- As part of the contemplated acquisition of the Property, Parks may be expected to assume environmental obligations and liabilities, directly related to the acquired property, that are currently the responsibility of DRV under the existing Railyards Agreement, which was entered into between DRV and the prior owner, IA Sacramento Holdings (IAH) in 2015 in anticipation of DRV acquiring the Railyards from IAH. The Railyards Agreement, among other things, establishes the responsibilities and obligations of UPRR and DRV by setting forth terms of ongoing monitoring and compliance, the manner and means by which the parties will allocate specific environmental clean-up work, and specific ongoing liabilities of each party.
- The Property Acquisition Agreement does not include the state's standard indemnification language. UPRR will continue to be responsible for the removal and disposal of contaminated soil, should Parks encounter such conditions in the course of its future development.
- As a condition of closing escrow, DRV is required to obtain an endorsement and name the state as an “additional insured” in the pollution liability insurance policy that was initially purchased by UPRR and IAH. Parks contracted with a consultant to review the coverages potentially available to the state under the DVR pollution liability policy and confirmed this policy will provide limited protection under certain limited circumstances. Based, in part, on this

outside analysis, Parks determined it was not going to procure additional pollution coverage. Parks could be responsible for costs in the future should the above noted avenues of recourse fail.

- DRV will retain ownership of the open space areas around the Property, commonly referred to as Museum Plaza, and will be responsible for developing and maintaining Museum Plaza.
- There is a deed of trust on title in the amount of \$125 million. The owner has indicated that a full reconveyance will be recorded prior to the state taking title and the Trust would be removed from the state's Policy of Title Insurance.
- The PWB approved site selection of the subject properties on June 12, 2017.
- There is no implied dedication applicable to the Property.
- Parks is not aware of any lawsuits pending on the Property. The Property Acquisition Agreement will require delivery of title to the state free and clear of any liens.
- The Property represents an inholding of historic nature.
- There is no relocation assistance involved with this project.
- The proposed acquisition is consistent with the state's planning priorities in accordance with Government Code Section 65041 et seq. State ownership of the Property will help ensure the site is protected and limit incompatible development in this area.

Staff Recommendation: Authorize acquisition and the execution of a Property Acquisition Agreement and other such documents as may be required to approve the acquisition.

CONSENT ITEMS

CONSENT ITEM—2

DEPARTMENT OF CORRECTIONS AND REHABILITATION (5225)
MEDICAL, DENTAL, AND MENTAL HEALTH TREATMENT OR HOUSING
HEALTH CARE FACILITY IMPROVEMENT PROGRAM
STATEWIDE

Authority: Sections 15819.40 (b) and (c) and 15819.401-15819.404 of the Government Code

Consider:

- a) Approving an augmentation \$55,355,000
(6.15 percent of appropriation)
(15.54 percent cumulative)
- b) Recognizing revised project costs for
18 Health Care Facility Improvement Program Projects

CONSENT ITEMS

STAFF ANALYSIS ITEM—2

Department of Corrections and Rehabilitation
Health Care Facility Improvement Program
Statewide

Action requested

If approved, the requested action would approve an augmentation and would recognize revised project costs for 18 Health Care Facility Improvement Program Projects, as shown in Table 1.

Scope Description

These projects are within scope. The Department of Corrections and Rehabilitation (CDCR) have statewide projects to design and construct medical, dental, and mental health treatment or housing space at existing prison facilities. Nine projects provide a range of mental health services, such as Enhanced Outpatient Program treatment and office space, Intermediate Care Facilities, psychiatric services, and mental health crisis beds. These nine mental health projects have been completed.

The Health Care Facility Improvement Program (Program) projects are part of CDCR's strategy to address statewide prison health care system deficiencies. The Board established 25 Program projects to support health care operations by improving the infrastructure necessary to provide a variety of health care services, including primary care, specialty care, laboratory, medication distribution, pharmacy, health records storage, and related health care administration.

Funding and Cost Verification

These projects are not within cost. Section 15819.403 (a) of the Government Code appropriated \$1,046,579,000 which was reduced by Section 15820.104 (a) by \$146,160,000. The net appropriation of \$900,419,000 was allocated from lease revenue bond financing authority to CDCR to design and construct medical, dental, and mental health treatment or housing space at

existing prison facilities. The Board allocated \$193,136,000 from this appropriation for the nine projects addressing mental health services.

The remaining \$707,283,000 within the appropriation has been allocated for the 25 Program projects. To date, this appropriation has been augmented by \$84,181,000 for Program projects (9.4 percent) and CDCR is now requesting a further augmentation in the amount of \$55,355,000 to complete 18 Program projects (see Table 1. below).

Table 1. HCFIP Augmentation Requests	
California Correctional Center HCFIP	\$ 2,694,000
California Correctional Institution HCFIP	\$ 4,821,000
California Institution for Men HCFIP	\$ 5,649,000
California Institution for Women HCFIP	\$ 2,819,000
California Medical Facility HCFIP	\$ 6,281,000
California Men's Colony HCFIP	\$ 5,859,000
California State Prison-Corcoran HCFIP	\$ 632,000
Central California Women's Facility HCFIP	\$ 2,423,000
Correctional Training Facility HCFIP	\$ 3,290,000
Deuel Vocational Institution HCFIP	\$ 705,000
Folsom State Prison HCFIP	\$ 2,009,000
High Desert State Prison HCFIP	\$ 2,842,000
Kern Valley State Prison HCFIP	\$ 1,233,000
Mule Creek State Prison HCFIP	\$ 2,402,000
Pleasant Valley State Prison HCFIP	\$ 2,802,000
Richard J. Donovan Correctional Facility HCFIP	\$ 2,191,000
Salinas Valley State Prison HCFIP	\$ 2,264,000
Valley State Prison HCFIP	\$ 4,439,000
Total	\$55,355,000

Project costs have escalated for a number of reasons, including but not limited to:

- **Poor design performance.** A myriad of construction contract changes attributed to design errors and omissions include, but are not limited to: incorrect design details for connections to existing utilities (electrical, water, sewer, storm drain, and data infrastructure connections); incorrect design details for tie-ins to existing mechanical, electrical, and fire protection systems when renovating or expanding existing buildings; failure to identify existing walls and corridors that need to be upgraded to meet current code requirements; failure to identify structural masonry walls and foundations that require additional reinforcement; and failure to plan for code-compliant paths of travel.
- **Unanticipated roofing repair and improvements.** A portion of the projects require unanticipated replacement or improvements to the roofs. These repairs are necessary to protect the renovated health care locations.
- **Compliance with fire/life/safety requirements.** After the initial approval of construction documents at various project sites, existing site conditions led the State Fire Marshal to require fire-rated walls and ceilings and additional fire/life/safety modifications during the construction phase.

- Extended Construction Duration.** Project schedule durations have increased, driving extended job costs for general contractors. The project construction durations have increased because of two primary issues: (1) extensive needs for clarifications and redesign for issues outlined above, and (2) failure to adequately plan for continuity of medical services during construction activities. Longer construction durations also increase costs for construction support services, such as project, program, and construction management and inspection services.

On July 25, 2017, the Department of Finance notified the chairs of the Joint Legislative Budget, the Senate Appropriations, and Assembly Appropriations Committees of its intent to approve the augmentation and to recommend the Board approve it no sooner than 20 days from that date.

\$984,600,000	Total authorized project cost
\$1,039,955,000	Total estimated project cost
\$984,600,000	Project costs previously allocated: \$37,399,000 preliminary plans, \$49,648,000 working drawings, \$897,554,000 construction (\$618,923,000 contract, \$37,604,000 contingency, \$50,531,000 A&E, \$70,819,000 other project costs, and \$119,676,000 agency retained items)
\$55,355,000	Augmentation to be allocated: decrease of \$933,000 for preliminary plans, \$1,137,000 for working drawings, and an increase of \$57,425,000 for construction (an increase of \$32,485,000 contract, \$1,988,000 contingency, \$1,989,000 A&E, \$11,631,000 other project costs, and \$9,332,000 agency retained)

CEQA

Notices of Exemption were filed with the State Clearinghouse on various dates and the statutes of limitation period expired without challenge.

Real Estate Due Diligence

A Summary of Conditions Letter for these projects were completed on various dates, and no issues that would adversely affect the quiet use and enjoyment of these projects were identified.

Project Schedule

Approval of preliminary plans	Various
Completion of working drawings	Various
Start construction	Various
Complete construction	Various

Staff Recommendation: Approve augmentation and recognize revised project costs for 18 Health Care Facility Improvement Program Projects, as shown in Table 1.

ACTION ITEMS

ACTION ITEM—1

**HIGH SPEED RAIL AUTHORITY (2665)
INITIAL OPERATING SEGMENT, SECTION 1
FRESNO AND KERN COUNTIES**

*Authority: Chapter 152, Statutes of 2012, Item 2665-306-0890(1)
Chapter 152, Statutes of 2012, Item 2665-306-6043(1)
Chapter 25, Statutes of 2014, Item 2665-306-3228(1)
Section 39719(b)(2) of the Health and Safety Code
Section 39719.1 of the Health and Safety Code
Section 15853 of the Government Code*

Consider authorizing site selection of nine assessors parcel in full or in part.

Fresno and Kern Counties	
High Speed Rail Authority Parcel Number	Assessor Parcel Number (APN)
Fresno County	
MF-10-0095	510-060-39
MF-10-0095	510-060-40
Kern County	
FB-15-0069	047-290-13
FB-15-0220	072-240-04
FB-15-0220	072-240-07
FB-15-0220	072-240-05
FB-15-0221	072-060-28
FB-15-0223	030-030-13
FB-15-0223	489-010-11

ACTION ITEMS

STAFF ANALYSIS ITEM—1

High Speed Rail Authority
Initial Operating Segment, Section 1
Fresno and Kern Counties

Action Requested

If approved, the requested action would authorize site selection of nine assessor's parcels in full or in part.

Scope Description

This project is within scope. The Initial Operating Segment, Section 1 (IOS-1) is expected to be approximately 120 miles starting from Madera and extending southward almost to Bakersfield. This initial section includes the realignment of Highway 99 in Fresno, construction of a bridge over the San Joaquin River, several grade separations, two viaducts and the acquisition of approximately 1,600 parcels. The IOS-1 is the first construction phase of the High Speed Train System (HSTS). The HSTS consists of Phase 1, which would provide 520 miles of the HSTS extending from San Francisco to Los Angeles/Anaheim, and Phase 2, which would extend the system to Sacramento and San Diego.

Funding and Project Cost Verification

This project is within cost. Chapter 152, Statutes of 2012, appropriated \$5.850 billion (\$2.609 billion High Speed Passenger Train Fund and \$3.241 billion federal funds) and Chapter 25, Statutes of 2014 provided an additional \$191.4 million Greenhouse Gas Reduction Fund for the IOS-1. In addition, Health and Safety Code section 39719 (b)(2) appropriates 25 percent of the annual proceeds of the Greenhouse Gas Reduction Fund for the Phase 1 Blended System and Health and Safety Code section 39719.1 authorizes repayment of a \$400 million General Fund loan from the Greenhouse Gas Reduction Fund for the Phase 1 Blended System. The IOS-1 is a component of the Phase 1 Blended System.

Background

To date, the Board has site-selected approximately 1,600 parcels comprising approximately 120 miles from Madera to near Bakersfield. This total does not reflect properties associated with right-of-way transfer agreements with local government.

The two Fresno County parcels, APNs 510-060-39 and 510-060-40, are being acquired as uneconomic remnants that are adjacent to parcels needed for the HSTS. In Kern County, APN 047-290-13 is needed for an easement to provide access to two parcels that would otherwise be landlocked by the HSTS. The remaining parcels, all in Kern County, are needed for roadway improvements at Poso Avenue and J Street, along the BNSF corridor in the City of Wasco.

For these properties, the CEQA and NEPA processes were completed in 2012 or 2014. Consistent with corridor based projects, minimal real estate due diligence has occurred to date as the alignment determines which properties must be acquired and any abatement or title issues will be resolved during or shortly after acquisition.

Staff Recommendation: Authorize site selection of nine assessor's parcels in full or in part.

ACTION ITEMS

ACTION ITEM—2

**HIGH SPEED RAIL AUTHORITY (2665)
INITIAL OPERATING SEGMENT, SECTION 1
KINGS AND KERN COUNTIES**

*Authority: Chapter 152, Statutes of 2012, Item 2665-306-0890(1)
Chapter 152, Statutes of 2012, Item 2665-306-6043(1)
Chapter 25, Statutes of 2014, Item 2665-306-3228(1)
Section 39719(b)(2) of the Health and Safety Code
Section 39719.1 of the Health and Safety Code
Section 15854 of the Government Code*

Consider the adoption of three Resolutions of Necessity authorizing the use of eminent domain to acquire the following properties:

- 1. Stout Property (Kings County)**
Authority Parcel Numbers: FB-16-0017-1, FB-16-0017-8, FB-16-0017-9, FB-16-0017-10, FB-16-0017-11, FB-16-0019-1, FB-16-0019-2, FB-16-0019-5, FB-16-0019-6, and FB-16-0019-7
Assessor Parcel Numbers: 002-120-066, 002-120-067, 002-120-068, and 002-120-069
- 2. Wonderful Nurseries LLC Property (Kern County)**
Authority Parcel Numbers: FB-15-0302-1, FB-15-0302-2, FB-15-0302-3, and FB-15-0302-4
Assessor Parcel Number: 071-050-07
- 3. Schroeder Property (Kern County)**
Authority Parcel Numbers: FB-15-0305-1, FB-15-0305-2, FB-15-0305-4, and FB-15-0305-01-01
Assessor Parcel Numbers: 072-120-01, 072-120-06, and 072-120-17

ACTION ITEMS

STAFF ANALYSIS ITEM—2

High Speed Rail Authority
Initial Operating Segment, Section 1
Kings and Kern Counties

Action Requested

Adopt three Resolutions of Necessity authorizing the use of eminent domain to acquire properties totaling approximately 24.2 acres.

Scope Description

This project is within scope. The Initial Operating Segment, Section 1 (IOS-1) is expected to be approximately 120 miles starting from Madera and extending southward almost to Bakersfield.

This initial section includes the realignment of Highway 99 in Fresno and relocation of railroad lines, the construction of bridges over the San Joaquin and Fresno Rivers as well as other waterways, several dozen grade separations, multiple viaducts and trenches, and the acquisition of approximately 1,600 parcels. The IOS-1 is the first construction phase of the High Speed Train System (HSTS). The HSTS consists of Phase 1, which would provide 520 miles of the HSTS extending from San Francisco to Los Angeles/Anaheim, and Phase 2, which would extend the system to Sacramento and San Diego.

Funding and Cost Verification

This project is within cost. Chapter 152, Statutes of 2012, appropriated \$5.850 billion (\$2.609 billion High Speed Passenger Train Fund and \$3.241 billion federal funds) and Chapter 25, Statutes of 2014 provided an additional \$191.4 million Greenhouse Gas Reduction Fund for the IOS-1. In addition, Health and Safety Code section 39719 (b)(2) appropriates 25 percent of the annual proceeds of the Greenhouse Gas Reduction Fund for the Phase 1 Blended System and Health and Safety Code section 39719.1 authorizes repayment of a \$400 million General Fund loan from the Greenhouse Gas Reduction Fund for the Phase 1 Blended System. The IOS-1 is a component of the Phase 1 Blended System.

Background

In order to adopt a Resolution of Necessity that is required to initiate the eminent domain proceedings, the Board must consider that the following conditions have been met:

- (a) The public interest and necessity require the project;
- (b) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c) The property sought to be acquired is necessary for the project; and,
- (d) The offer required by Government Code section 7267.2 has been made to the owner or owners of record.

In 2008 the voters of California approved Proposition 1A, authorizing monies from the High-Speed Passenger Train Bond fund in support of this Project. In 2009 and 2010 the federal government approved funds in support of the portion of this Project extending from San Francisco to Anaheim, and in 2012 and 2014, through Chapter 152, Statutes of 2012 and Chapter 25, Statutes of 2014, the Legislature appropriated funds for the acquisition and design-build phases of the IOS-1 of the Project, extending from Madera to just north of Bakersfield.

The Property Acquisition Law, commencing with section 15850 of the Government Code, authorizes the Board to select and acquire in the name of the State of California (State) with the consent of the State agency concerned, the fee or any lesser right or interest in any real property necessary for any State purpose or function. This law also authorizes the Board to acquire property by condemnation, in the manner provided for in Title 7 (commencing at section 1230.010) of Part 3 of the Code of Civil Procedure.

Each of the properties is within the right of way for IOS-1 and was site selected at previous Board meetings. The site selections took place after an environmental review process where it was determined that any alternative alignment would include the selected parcels, or where a preferred alignment had already been approved by both the High Speed Rail Authority Board and the Federal Railroad Administration. Acquisition of these properties will allow the High Speed Rail Authority to move forward with construction of the HSTS.

Between April 2016 and June 2017, the various owners were provided with a first written offer to purchase the subject property, as required by Government Code section 7267.2. Negotiations to acquire the properties are continuing; however, in order to keep the project on schedule, the adoption of Resolutions of Necessity to authorize the use of eminent domain is required.

On August 17, 2017, Notices of Intent to adopt a Resolution of Necessity were mailed to the respective property owners. These notices were sent in accordance with Code of Civil Procedure section 1245.235.

Property Specific Information:

1. Stout Property (Kings County)

Authority Parcel Numbers: FB-16-0017-1, FB-16-0017-8, FB-16-0017-9, FB-16-0017-10, FB-16-0017-11, FB-16-0019-1, FB-16-0019-2, FB-16-0019-5, FB-16-0019-6, and FB-16-0019-7

Assessor Parcel Numbers: 002-120-066, 002-120-067, 002-120-068, and 002-120-069

Partial Acquisition: Approximately 11.95 acres total (10.33 acres in fee and 1.62 acres in easement)

This property will be needed for the construction of the HSTS between the Fresno-Kings County line and Cairo Avenue.

2. Wonderful Nurseries LLC Property (Kern County)

Authority Parcel Numbers: FB-15-0302-1, FB-15-0302-2, FB-15-0302-3, and FB-15-0302-4

Assessor Parcel Number: 071-050-07

Partial Acquisition: Approximately 6.22 acres total (0.34 acre in fee and 5.88 acres in easement)

This property will be needed for the construction of the HSTS between Jackson Avenue and Prospect Avenue.

3. Schroeder Property (Kern County)

Authority Parcel Numbers: FB-15-0305-1, FB-15-0305-2, FB-15-0305-4, and FB-15-0305-01-01

Assessor Parcel Numbers: 072-120-01, 072-120-06, and 072-120-17

Partial Acquisition: Approximately 5.98 acres total (4.05 acres in fee and 1.93 acres in easement)

This property will be needed for the construction of the HSTS between Jackson Avenue and Prospect Avenue.

Staff Recommendation: Adopt three Resolutions of Necessity authorizing the use of eminent domain to acquire properties totaling approximately 24.2 acres.

OTHER BUSINESS

NONE

REPORTABLES

TO BE PRESENTED AT MEETING