



CALIFORNIA STATE
PUBLIC WORKS BOARD

EDMUND G. BROWN JR. • GOVERNOR

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STATE PUBLIC WORKS BOARD

March 9, 2012

MINUTES

PRESENT:

Mr. Pedro Reyes, Chief Deputy Director, Policy, Department of Finance
Mr. Esteban Almanza, Chief Deputy Director, Department of General Services
Mr. Kome Ajise, Program Manager, Department of Transportation
Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office
Mr. Francisco Lujano, Director, Securities Management, State Treasurer's Office

STAFF PRESENT:

Theresa Gunn, Assistant Administrative Secretary
Chris Lief, Principal Budget Analyst
Randy Katz, Budget Analyst
Stephen Benson, Budget Analyst
Stan Hiuga, Budget Analyst
Madelynn McClain, Budget Analyst
Deborah Cregger, Staff Counsel

CALL TO ORDER AND ROLL CALL:

Mr. Pedro Reyes, Chairperson of the Board and Chief Deputy Director of the Department of Finance called the meeting to order at 10:00 a.m. Ms. Theresa Gunn, Assistant Administrative Secretary for the Board, called the roll. A quorum was established.

The first order of business was approval and adoption of the minutes from both the February 1, 2012 and February 10, 2012 meetings. Ms. Gunn reported that staff had reviewed the minutes for the February 1, 2012 meeting and recommend approval and adoption of the minutes; however, she requested the February 10, 2012 minutes be pulled until the April 2012 Board meeting as they needed additional staff review.

A motion was made by Mr. Almanza and seconded by Mr. Lombard to approve and adopt the minutes from the February 1, 2012 meeting. The minutes were approved by a 5-0 vote.

BOND ITEMS:

BOND ITEM 1: Ms. Gunn gave a brief summary of Bond Item #1. Ms. Gunn stated that approval and adoption of the Resolution for Bond Item #1 would authorize the issuance and sale of the State Public Works Board Lease Revenue Bonds, 2012 Series A bonds for the Various Capital Projects that include: the Judicial Council's Madera Courthouse project in Madera County; and the Department of Corrections and Rehabilitation's Enhanced Outpatient Program Treatment and Office Space project in Soledad and California Health Care Facility project in San Joaquin County. Additionally, this item would approve forms of various documents necessary for the financing, copies of which have been provided.

Ms. Gunn explained that if the Resolution was adopted, the bonds would be priced the week of March 19, 2012 and would close two weeks later. The total bond issuance was estimated to be approximately \$913 million and the proceeds for the three projects.

Staff recommended adoption of the Resolution and approval of Bond Item 1.

There were no questions or comments from the Board or the public.

Ms. Gunn called a roll to approve Bond Item #1:

AYES

Mr. Pedro Reyes, Chief Deputy Director, Policy, Department of Finance
Mr. Esteban Almanza, Chief Deputy Director, Department of General Services
Mr. Kome Ajise, Program Manager, Department of Transportation
Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office
Mr. Francisco Lujano, Director, Securities Management, State Treasurer's Office

NOS

None

The Bond Item was approved by a 5-0 vote.

CONSENT ITEMS:

Ms. Gunn informed the Board there were 10 Consent Items. In summary, these items were proposed:

- 2 requests for a site selection, Items 1 and 2;
- 2 requests to approve preliminary plans and revert project savings, Items 3 and 5;
- 3 requests to approve preliminary plans, Items 4, 6, and 10; and
- 3 requests to recognize revised project costs, Items 7, 8, and 9.

Staff recommended approval of Consent Items 1 through 10.

There were no questions or comments from the Board or the public.

A motion was made by Mr. Ajise and seconded by Mr. Almanza to approve Consent Calendar Items 1 through 10. The Consent Items were approved by a 3-0 vote.

ACTION ITEMS:

ACTION ITEM 1: Action Item #1, California High Speed Rail Authority (Authority), was to:

- a) approve the performance criteria for Construction Package 1 of the Initial Construction Section (ICS) of California's High Train System (HSTS); and
- b) require the Authority to report back to the Board following the release of the updated funding plan regarding the criticalness and compatibility of this approval with the new funding plan to continue forward with the ICS.

Ms. Gunn provided to the Board an overview of the Authority, providing context for the requested Board actions that included the following points:

- The ICS and HSTS are proposed to be built using the design build delivery method.
- Performance criteria are the specifications contained in the request for proposal that tell the design-builders bidding for the contract the scope of what is to be built.
- The Request for Proposal (RFP) would take approximately nine months from the time of its release to awarding a contract; hence, any contract award is not expected to occur prior to December 2012.

- The Authority does not presently have an appropriation for either acquisition of real property or construction. If such an appropriation is provided in the Budget Act of 2012 this would be well before the Authority is ready to award a design-build contract.
- The RFP contained provisions that if the Authority does not receive an appropriation, it can cancel the process and owe nothing to the prospective bidders.
- The Authority expects to complete the California Environmental Quality Act process for Merced to Fresno in May 2012 and Fresno to Bakersfield in December 2012.
- The Authority was awarded over \$2 billion in federal American Recovery and Reinvestment Act funds that require the expenditure in this section of the state by September 30, 2017.
- The Authority is in the process of revising its business plan for the HSTS and expects to present the new plan before the Authority Board at its April meeting. Staff recommends the Authority return to this Board after the new business plan is adopted to confirm that approval of performance criteria for Construction Package 1 is consistent with the new business plan.

Ms. Gunn reported the requested action was the initial step toward authorizing the release of the RFP to select a design-build firm for the construction of the Construction Package 1 section of the ICS. Staff believed the Board may take this action even though the Authority did not have an appropriation for the design-build contract, hadn't completed the environmental work, and hadn't acquired the land because:

1. The RFP allows for its cancellation at any time for any reason.
2. While the environmental work isn't complete, both segments are expected to be complete or nearly complete by the time the design-build contract would be awarded.
3. Assuming the 2012-13 budget appropriates the acquisition funding:
 - a. The Authority would have six months before awarding the design-build contract to start acquiring approximately 400 parcels of property required for this portion of the project.
 - b. It was estimated the design-builder would need almost a year to design before it would be ready to begin construction, which gives the Authority approximately 18 months to acquire property.

Ms. Gunn stated that the Authority has some funding now that is being used to prioritize the needed parcels to help focus acquisition to those parcels that would be in the critical timeline path. If the Board approved Action Item 1, the Authority would be required to return to the Department of Finance to approve the award of the design-build contract.

In summary, staff recommended:

- 1) approving the performance criteria for Construction Package 1 of the ICS of California's HSTS; and
- 2) requiring the Authority to report back to the Board, following the release of the updated business plan, regarding the criticalness and compatibility of this approval with the new business plan to continue forward with the ICS.

Mr. Thomas Fellenz, Acting Director of California's High Speed Rail Authority, was present to answer any questions from the Board or the public.

Mr. Kome Ajise, Project Manager for the Department of Transportation inquired about the due date of the business plan. Mr. Fellenz replied that the business plan is expected to be adopted by the Authority's Board on April 5, 2012.

Mr. Esteban Almanza, Chief Deputy Director of the Department of General Services asked who was involved in reviewing the performance criteria that was presented to the Board. Mr. Fellenz answered that the criteria was prepared by consultants in various fields, engineers, the Project Management Team, and APMG; and was reviewed by High Speed Rail staff, the Federal Railroad Administration, the Department of General Services, the Department of Finance, and the Department of Transportation.

There were no further questions or comments from the Board or public.

A motion was made by Mr. Ajise and seconded by Mr. Almanza to adopt the staff recommendations. The motion was approved by a 3-0 vote.

REPORTABLES:

Ms. Gunn reported that there were three reportable items for this month:

- 1 approved increase within appropriation:
 - Department of Forestry and Fire Protection, Riverside County, in the amount of \$588,000
- 2 approved augmentations:
 - Department of Education, Riverside County, in the amount of \$399,000
 - Department of Education, Riverside County, in the amount of \$157,000

NEXT MEETING:

Ms. Gunn stated that the next Public Works Board meeting is scheduled for **Wednesday, April 11, 2012, at 10:00 a.m., at the State Capitol, in Room 113.**

There were no questions or comments from the Board or the public.

The meeting was adjourned at 10:20 a.m.