



March 23, 2015

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CHIEF EXECUTIVE OFFICER

The Honorable Jim Beall, Chair  
Senate Transportation and Housing Committee  
State Capitol, Room 5066  
Sacramento, CA 95814

The Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee  
State Capitol, Room 5100  
Sacramento, CA 95814

The Honorable Jim Frazier, Chair  
Assembly Transportation Committee  
State Capitol, Room 3091  
Sacramento, CA 95814

The Honorable Shirley Weber, Chair  
Assembly Budget Committee  
State Capitol, Room 6026  
Sacramento, CA 95814

Dear Senator Beall, Senator Leno, Assembly Member Frazier, and Assembly Member Weber:

This report satisfies the requirements of Provision 5 of Item 2665-306-6043 of the Budget Act of 2012 (SB 1029, Chapter 152, Statutes of 2012). Specifically, the provision provides:

“(1) By October 1, 2012, prior to awarding a contract to commence construction of the first construction segment or committing funds for the contract, and prior to advertising contracts to be awarded for the first construction segment in September 2013 and October 2013, a comprehensive staff management report that includes:

- (i) An organizational chart for the Authority, detailed description of each executive manager’s function and responsibilities, summary of staffing changes in the preceding year, a strategy for filling vacancies and the recruitment and staff plans for the next fiscal year.
- (ii) The management approach, including number, skill level, position and hiring and retention plan of staff and outside consultants requires to adequately oversee each of the planned construction contracts funded in this act.
- (iii) Proposed steps and procedures that will be employed to ensure adequate oversight and management of contractors involved in the construction contracts funded in this act.
- (iv) Procedures to detect and prevent contract splitting.”

As the Authority anticipates advertising the contract for Construction Package 4, in Summer 2015, please find the Authority’s Staff Management Report.

If you have any questions, please contact Kristine Schilpp, Legislative Analyst, at [kristine.schilpp@hsr.ca.gov](mailto:kristine.schilpp@hsr.ca.gov).

Sincerely,

Jeff Morales  
Chief Executive Officer

EDMUND G. BROWN JR.  
GOVERNOR



Attachment: Staff Management Report, dated March 2015

cc: Honorable Kevin de León, President pro Tem, California State Senate  
Honorable Toni Atkins, Speaker, California State Assembly  
Honorable Anthony Cannella, Vice Chair, Senate Transportation and Housing Committee  
Members of the Senate Transportation and Housing Committee  
Honorable Jim Nielsen, Vice Chair, Senate Committee on Budget and Fiscal Review  
Members of the Senate Committee on Budget and Fiscal Review  
Honorable Katcho Achadjian, Vice Chair, Assembly Transportation Committee  
Members of the Assembly Transportation Committee  
Honorable Melissa Melendez, Vice Chair, Assembly Committee on the Budget  
Members of the Assembly Committee on the Budget  
Mr. Eric Thronson, Consultant, Senate Transportation and Housing Committee  
Ms. Janet Dawson, Chief Consultant, Assembly Transportation Committee  
Ms. Farra Bracht, Deputy Staff Director, Senate Budget and Fiscal Review Committee  
Mr. Christian Griffith, Chief Consultant, Assembly Committee on the Budget  
Ms. Diane Boyer-Vine, Legislative Counsel, State Capitol, Room 3021  
Mr. Daniel Alvarez, Secretary of the Senate, State Capitol, Room 3044  
Mr. E. Dotson Wilson, Chief Clerk of the Assembly, State Capitol, Room 3196  
Mr. Brian P. Kelly, Secretary, California Transportation Agency  
Mr. Brian Annis, Undersecretary, California Transportation Agency  
Mr. Michael Martinez, Deputy Secretary of Legislative Affairs, Office of Governor Edmund G. Brown Jr.



CALIFORNIA STATE TRANSPORTATION AGENCY

**Edmund G. Brown Jr.**  
Governor

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**Brian P. Kelly**  
Secretary

March 23, 2015

The Honorable Jim Beall, Chair  
Senate Transportation and Housing Committee  
State Capitol, Room 5066  
Sacramento, CA 95814

The Honorable Jim Frazier, Chair  
Assembly Transportation Committee  
State Capitol, Room 3091  
Sacramento, CA 95814

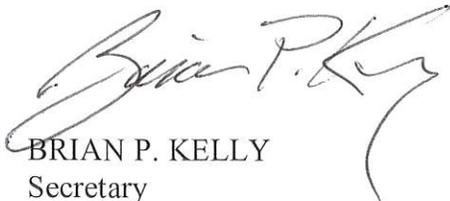
The Honorable Mark Leno, Chair  
Senate Committee on Budget and Fiscal Review  
State Capitol, Room 5100  
Sacramento, CA 95814

The Honorable Shirley Weber, Chair  
Assembly Committee on the Budget  
State Capitol, Room 6026  
Sacramento, CA 95814

Dear Senator Beall, Assembly Member Frazier, Senator Leno and Assembly Member Weber:

This letter is to indicate that I have reviewed and approve the California High-Speed Rail Authority's (Authority) 2015 Staff Management Report as consistent with the criteria of Item 2665-306-6043 of the Budget Act of 2012 (SB 1029, Chapter 152, Statutes of 2012).

Sincerely,



BRIAN P. KELLY  
Secretary

Attachment

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Mr. Michael Martinez, Deputy Legislative Affairs Secretary,  
Office of Governor Edmund G. Brown Jr.



**CALIFORNIA**  
High-Speed Rail Authority

# *Staff Management Report*

MARCH 2015



[www.hsr.ca.gov](http://www.hsr.ca.gov)

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# 1. Introduction

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## 1.1. Purpose of the Staff Management Report Related to the Release of the Request for Proposals for Construction Package Four

The California High-Speed Rail Authority's (Authority) Board of Directors (Board) and executive management recognize the importance of a strong management structure and proper staffing to ensure the successful delivery of the High-Speed Rail Program.

The Staff Management Report describes the organizational structure supporting the delivery of the High-Speed Rail Program, as well as the staffing structure and key construction management procedures established by the Authority.

The Staff Management Report documents the enhanced organizational strategies implemented by the Authority's executive management team to achieve the program goals identified in the 2014 Business Plan and to implement the program funded through Senate Bill (SB) 1029 (Chapter 152, Statutes of 2012), and the appropriation of Cap and Trade auction proceeds in SB 852 (Chapter 25, Statutes of 2014) and SB 862 (Chapter 36, Statutes of 2014). While the core structure of this document remains consistent with the Authority's organizational assessment developed in October 2009, and with the 1996 statute creating the Authority, enhancements to management, staffing levels, risk management, regional management, and contract and construction management have been implemented.

The Staff Management Report begins by describing the current guiding principles that underpin the Authority's staffing and organizational strategies. This summary reflects the recent progress and current status of the High-Speed Rail Program.

## 1.2. Staffing and Organizational Guiding Principles

The Authority has three areas of guiding principles for its organizational structure and staffing which are defined further below:

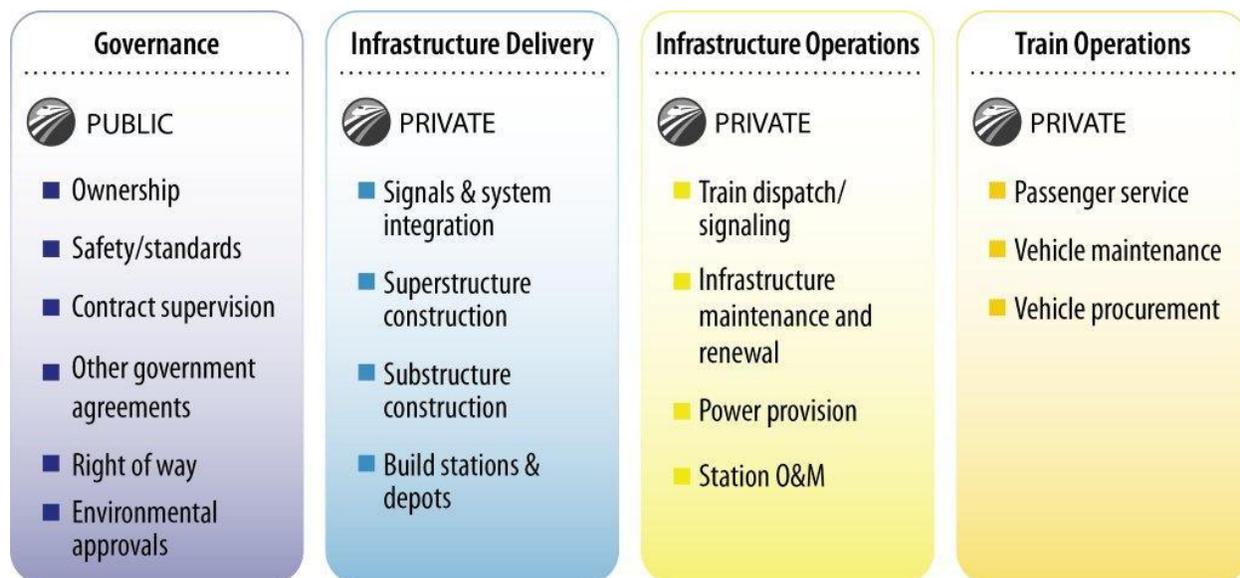
- 1) Governance and oversight shall be provided by the Authority's Board and government employees.
- 2) Accelerating the delivery of California's high-speed rail system through cost-effective and innovative practices is in the public interest.
- 3) Various functions will be supported through partnerships arranged with other governmental agencies.

These principles reflect an overall program delivery approach that is driven by state laws and the experience of other countries that have successfully developed high-speed rail systems. Existing statutes and the Authority's business plans rely on the public sector to plan and manage the development of the system while shifting responsibility for operational planning, design, construction, operations, and maintenance services to the private sector. This approach allows the public sector to manage and oversee development and operation while obtaining extensive private sector expertise to

achieve lower costs and greater efficiency. Under this model, the State transfers key risks for building and operating the system to the private sector, which can lead to numerous additional public benefits.

The principal roles for the public and private sectors are illustrated in Exhibit 1-1, below.

**Exhibit 1-1. High-Speed Rail Program Principal Roles**



Source: Exhibit 4-1. High-speed rail organizational model, 2012 Business Plan

The Authority’s organizational guiding principles are discussed below:

**1) Governance and oversight shall be provided by the Authority’s Board and government employees:**

- The key functions of the Authority’s Board, executive management, and government employees must include government program management, including: policy-setting; decision-making; management functions; accountability; and reporting. All strategic and development decisions of the Authority will be made by government employees with sufficient management experience for the activity.
- The organizational structure of the Authority will ensure the strategic direction and on-going implementation of the high-speed rail system is driven by objective government decision-makers.
- The reliance on the private sector for construction and operation of the system means that the Authority maintains a relatively small internal staff for program delivery. However, the Authority’s government staff must consist of highly-qualified senior executive managers with large project development expertise and commitment to public service to ensure proper oversight and decision making roles are effectively filled.
- Responsiveness to multiple oversight bodies will remain a key priority for the Authority’s executive team, while also balancing implementation and efficiency objectives.

**2) Accelerating the delivery of California’s high-speed rail system through cost-effective and innovative practices is in the public interest:**

- Structures and ways of doing business have been adapted to sustain a nimble and responsive government organization.
- Traditional government employment levels associated with operating organizations are not appropriate for a development-oriented program that is long-term, but ultimately temporary, in nature.
- Innovation will be integral to project success, as will partnership with public and private sector entities with specialized skills and resources, including financial resources.
- The means of achieving accelerated project delivery must not compromise quality or sacrifice accountability to the public interest.

**3) Various functions will be supported through partnerships arranged with other governmental agencies:**

- Proper oversight and accountability requires knowledgeable and dedicated staff; thus many administrative functions must be performed by Authority staff.
- To maintain a lean organization, the Authority leverages the support of other state agencies, such as the hosted technology services provided by the California Department of Technology.
- External departments and agencies such as the California Department of General Services (DGS), Department of Finance (DOF), Department of Transportation (Caltrans), and the State Controller’s Office have both an oversight and supporting role in several administrative functions (e.g., payroll, benefits administration, purchasing, etc.).
- Budgeting, accounting, and financial management duties are being conducted by Authority staff.
- Inclusion of the Authority within the California State Transportation Agency (CalSTA) facilitates leveraging of resources across departments and agencies.
- Where gaps exist or additional support is required, loaned staff are utilized.

### **1.3. Organization of this Staff Management Report**

This Staff Management Report is organized as follows:

**1) Introduction:**

Section 1 discusses the purpose, guiding principles, and organization of the Staff Management Report.

**2) Organizational Model to Deliver the Program:**

Section 2 provides an overview of the functions performed by the Authority, its external oversight agencies, interagency team members, and private sector service providers. It also includes a current organizational chart for the Authority, as well as descriptions of the roles and responsibilities of the members of the Authority’s executive management team. It concludes with a summary of recent changes in the Authority’s staffing allocations over the period from Fiscal Year (FY) 2012/13 through the current FY 2014/15.

**3) Staff Recruitment and Retention Strategies:**

Section 3 describes the growth of the Authority's authorized staffing and the progress it has made toward filling vacant positions. It includes discussion of some past challenges and current recruiting and retention strategies. It also notes bringing some services in-house.

**4) Management Approach for Construction Phase:**

Section 4 describes the phasing of activities and related staffing needs as the first construction segment of the Initial Operating Section moves into final design and construction. This includes discussion of both government employees and private sector employees involved in implementation, support, and oversight for design and construction. This section also describes the process being implemented to efficiently and effectively manage the design-build construction packages for the first construction segment of the Initial Operating Section. This includes design-build oversight, project controls, and contract management. Section 4 also includes information regarding the Authority's procedures to avoid contract splitting.

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## 2. Organizational Approach to Deliver the Program

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As noted in Section 1, *Introduction*, the Authority has an organizational approach that takes into account the unique nature of California’s High-Speed Rail Program and the various responsibilities that will arise under the phased implementation strategy outlined in the Authority’s Business Plan. Its basis is the 1996 statute that created the Authority. Of particular note is the creative organizational approach the Authority has adopted to execute a business model in which public and private sector capabilities are leveraged over the course of implementation and operation of the High-Speed Rail Program.

This model includes: oversight provided by multiple external agencies, both state and federal; an active Board to set policy and make routing, environmental, contracting and financial decisions; a senior executive management team with extensive project development experience; interagency support for many standard state administrative functions; and reliance on the private sector to deliver the project under contracts negotiated and managed by government employees and legal counsel. Such a structure is needed to support the nature of the Authority’s single project focus – to develop the High-Speed Rail Program.

There are other organizations in California with analogous project development and oversight responsibilities that are structured similarly to the Authority, notably, the “self-help” counties responsible for the delivery of a combined \$140+ billion in capital projects. These organizations typically have elected or appointed boards, a core team of highly-experienced senior executives, directors, and managers, and a relatively small number of staff members overseeing the work of a larger number of external resources. The executive management teams typically include the core competencies of project development/planning, procurement, project delivery, administration/information systems, legislation/public affairs, legal, communication, and funding/financing, along with functions more tailored to the nature of the organizations projects.

For example, the Riverside County Transportation Commission (RCTC) is an association of local governments that coordinates county-wide transportation planning and project funding – including over \$4 billion in transportation construction spending in 2011 through 2014, alone. These transportation projects include those constructed by RCTC, the County of Riverside, local cities, or Caltrans.

RCTC has a lean organization that reflects its planning, funding, and oversight functions. Governed by its 34-member Board of Commissioners, the staff of the organization consists of 46 personnel predominately comprised of senior executives, including eight Directors/Deputy Directors and 19 Managers. Additional resources are acquired through contracting for various

### *Riverside County Transportation Commission*

*“The Commission’s status has become somewhat unique in Southern California. As many transportation agencies have consolidated functions and grown in size, the Commission remains true to the original intent of the state of California (State) legislation that first created it—now operating with a staff of 46 budgeted positions. This maintains the original vision of the Legislature when it created the Commission in 1976. By doing so, the Commission remains effective in its role as a transportation planning and funding agency by maintaining productive relationships with other agencies.”*

***Riverside County Transportation Commission, FY 2013/14 Budget, June 12, 2013.***

professional services. According to RCTC management, this approach helps to control costs and provides staffing only as required.

Another example is the Metropolitan Transportation Commission (MTC), which is the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area. Along with acting as the Bay Area's Regional Transportation Planning Agency (RTPA) and Metropolitan Planning Organization (MPO), the MTC coordinates and updates the Regional Transportation Plan, screens requests from local agencies for state and federal grants for transportation projects to determine compatibility with the Regional Plan, and administers the Bay Area Toll Authority (BATA).

The MTC is responsible for administering the 25-year Regional Transportation Plan, which is budgeted to total \$118 billion over the period of 2005 through 2030, including \$27 billion in state and federal funds. MTC is governed by a 19-member Commission and supported by a relatively lean staff of 170 employees, including an Executive Director, two Deputy Executive Directors, Chief Financial Officer, General Counsel, and Directors overseeing seven functional divisions.

Similarly, in the Central Valley, the San Joaquin Council of Governments (SJCOG) is comprised of the County of San Joaquin and the local cities. SJCOG is the Regional Transportation Planning Agency (RTPA) responsible for adopting a Regional Transportation Plan and a Regional Transportation Improvement Program, and overseeing state and federal funds within the region's boundaries, including through its planning and coordination responsibilities. In 2011, SJCOG oversaw more than \$2.8 billion in Regional Transportation Plan investments for rehabilitation, repair, and expansion from federal, state, and local funding sources.

SJCOG is a lean agency that reflects its planning and coordinating functions. Governed by its 15 member Board of Directors, the staff of the organization consists of 31 personnel comprised largely of senior executives, including three Directors, nine Managers, and four Senior Planners.

## **2.1. Functional Overview**

### **External Oversight (State and Federal)**

The functional model begins with the external oversight agencies that are responsible for reviewing and, in many cases, approving or confirming decisions and transactions for the Authority. Numerous external entities are involved in the oversight of the Authority, including the California State Legislature, U.S. Congress, the Executive Branch/Office of the Governor, the Legislature's Peer Review Group, the State Auditor, the California State Transportation Agency, federal transportation and environmental agencies, and other state control agencies. These oversight bodies provide a wide range of services, from strategic to tactical. They also have set guidelines and procedures which the Authority follows in the execution of its daily business. For example, DGS has external oversight over most of the Authority's procurement activities and DOF is a key gatekeeper for all budget-related activities. The Federal Railroad Administration has a wide range of oversight responsibilities, both as a funding partner and as a regulatory agency with responsibility for safety of the nation's railways.

In addition to process, transaction, environmental, and other reviews that occur as a part of individual planning and development activities, there are a range of external audit and miscellaneous agencies that review and report on the Authority's policies, procedures, plans, and progress on a regular basis.

## **Authority Board of Directors**

The Authority's Board consists of nine members (five appointed by the governor, two appointed by the Senate Rules Committee, and two appointed by the Speaker of the Assembly). The Board sets direction for and governs the organization through broad policies and objectives. Other responsibilities include the approval of key actions, including various contracts, reports, plans, and financial allocations and expenditures. The Board convenes on a monthly basis, or more or less frequently as needed.

The Board is responsible for approving Authority policies and key organizational documents, such as the Authority's business and strategic plans. The Board selects, appoints, supports, and reviews the performance of the Chief Executive Officer and may approve the hiring of other management staff. The Board is also responsible for approving the annual budget, other financial plans, all environmental documents, and contracts. Ultimately, the Board is accountable to the public and other stakeholders for the Authority's performance.

## **Authority Executive Management Team**

The Authority has a dedicated executive management team including a Chief Executive Officer, Chief Deputy Director, Chief Counsel, and other senior management. The Authority's executive management function is responsible for executing the High-Speed Rail Program and working with the Board, external oversight bodies, and other stakeholders to achieve the vision for high-speed rail in California. The executive management team provides leadership for all of the Authority's activities, manages state and contract personnel, and holds primary responsibility for making those decisions that the Board has delegated. The function is responsible for providing management and oversight for the day-to-day operations of the organization. The executive management function also has responsibilities related to determining the appropriate organizational structure for the Authority, selecting management staff, and establishing management plans while executing the risk management, budgetary, compliance, and other organizational processes.

The Authority's executive management team includes:

- Chief Executive Officer
- Chief Deputy Director
- Chief Administrative Officer
- Chief Counsel
- Chief of Communications and External Affairs
- Chief Financial Officer
- Chief Program Manager
- Director of Risk Management and Project Controls
- Internal Auditor
- Regional Directors (Northern California, Central Valley, and Southern California)

The Authority's functional divisions are described below, followed by descriptions of other agency support and private sector services obtained by the Authority to deliver the High-Speed Rail Program.

## Program Management

The Authority's overall Program Management function is responsible for the design, development, construction, and preparation for future operations of the high-speed rail system. Over time, this function is responsible for the environmental planning, transportation planning, engineering, operations, project controls, project management, right of way, contract and construction management, railroad operations, procurement, and regional coordination elements of the High-Speed Rail Program.

This organization is led by Authority management and staff with extensive transportation development experience and supported by Caltrans managers and engineers dedicated to the High-Speed Rail Program under interagency agreements. This team oversees the delivery of environmental document preparation, preliminary engineering, permit preparation, systems planning, revenue forecasting, and other technical activities conducted by specialists from the private sector. The elements of this function include:

- **Transportation Planning.** Transportation Planning supports long-range planning activities by developing and maintaining transportation plans, compiling preliminary route analyses, and assisting with schedule, cost, and other planning activities. This includes coordinating with other regional and statewide transportation agencies. Transportation planning also encompasses forecasting ridership and revenues and planning for overall system capacity. Authority staff, with assistance from Caltrans and contract staff, support the Transportation Planning function.
- **Environmental Planning.** The Environmental Planning function within the Authority is responsible for overseeing and coordinating environmental assessments in compliance with state and federal law. State employees oversee contract staff, federal and state review, public outreach, and the activities conducted by others on the Authority's behalf. Legal support for environmental processes is provided by the Authority and the Office of the Attorney General (AG's Office). Key environmental decisions are made by the Board.
- **Right of Way.** To construct the various segments of California's high-speed rail system in the Central Valley, the Authority must acquire nearly 1,200 properties and land parcels upon which to build the rail system and accompanying facilities, stations, etc. Accordingly, the Authority has a standard government transportation right of way function that has the responsibility to manage state employees and contract staff that survey land, prepare maps, prepare deeds, appraise property, acquire property, plan for utility relocation, and provide relocation assistance to homeowners and businesses. The right of way function also provides other property-related services such as managing encroachments, negotiating damage contracts to private property, coordinating permits, and providing escrow and title services. The right of way function is performed by both Authority and contract staff and is supported by the Public Works Board, DOF in all acquisition activities, a contract legal team, and Caltrans through an interagency agreement.
- **Engineering.** Engineering includes implementing railroad systems testing commissioning, overseeing the development and implementation of standards for structures, development and integration of engineering policies, procedures, specifications and preparing and approving final environmental documentation. This division also provides direction and oversight to the Program Management Team's Offices of Preliminary Engineering,

Infrastructure Development, Systems Development, Design and Construction Support, Rolling Stock and Systems Integration.

- **Project Delivery.** Project Delivery includes the overall planning, coordination, and control of construction. Key to the function is quality assessments of projects through key activities such as site visits and inspections to verify contractor compliance. A detailed description of this function is provided in Section 4, *Management Approach for Construction Phase*.
- **Contract Procurement.** Contract Procurement is responsible for requests for proposals, evaluations, negotiation, and contracting for design and construction phases of the High-Speed Rail Program. The Contract Procurement function is managed by Authority staff and supported by Caltrans' procurement team, as well as engineers, financial advisors, and legal counsel from the private sector.
- **Commercial and Business Planning.** Commercial and Business Planning will develop and implement strategies and tools to enhance the financial performance of the system through means such as station and station-area development, generation of ancillary (non-ticket) revenues, and cooperative programs with partner agencies.
- **Operations and Maintenance.** Operations and Maintenance will prepare comprehensive studies and operation plans for operations and service scenarios. The Operations and Maintenance function is to define the operation, maintenance, safety/security and revenue/ridership attributes of the High-Speed Rail Program and prepare the operation and maintenance cost estimates as well as developing all rail operating criteria and standards.

## External Affairs

Providing accurate and timely information to the public, stakeholders, and oversight agencies is critical to the success of the High-Speed Rail Program. The Authority's External Affairs function fulfills this need by coordinating communications, legislation, stakeholder outreach, small business, and business analytics and commercial implementation. External Affairs oversees and directs the Authority's public and stakeholder-related communications to ensure consistency and accuracy of information as well as the efficient operation of these functions internally and across the three primary regions covering the Bay Area, Central Valley, and Southern California. The Authority's External Affairs function also provides support to the Regional Directors and their staff and works closely and collaboratively with them to advance the High-Speed Rail Program.

- **Communications.** The Authority's communications function has primary responsibility for overall public relations, messaging, media relations, and communications, including interacting with the media and working with Stakeholder Outreach and Regional Directors to communicate effectively with Authority stakeholders. The function is also responsible for the Authority's website, social media, coordination of meetings, developing public materials, coordinating with other state agencies, and other communications outreach activities. The Authority's communications function is preformed by Authority employees with support from contract staff overseen by Authority employees.
- **Legislation.** The Authority's legislation function advises the Board and executive management on legislative matters. The function is responsible for monitoring, coordinating and implementing the Authority's partnership with federal, state and other elected officials, and works closely with the Regional Directors to coordinate outreach to

district offices and local and regional officials. The function also monitors legislation that affects the Authority, develops analysis and testifies on the Authority's behalf during hearings. Where applicable, the function also assists with outreach efforts and responds to media and public inquiries. The Authority's legislation function is performed by Authority employees.

- **Stakeholder Outreach.** The Authority's stakeholder outreach function, in collaboration with the Regional Directors and staff, is responsible for developing a statewide strategic stakeholder and community engagement plan to meet the current needs of each High-Speed Rail Project section, and to coordinate outreach with statewide organizations and key leaders in business, labor, environmental justice and advocacy, education, healthcare and other sectors. The work plan focuses on working with the Authority's Communications function to develop public materials and information on key High-Speed Rail Program activities (e.g., business plan), and working with other segment teams to ensure a consistent and coordinated approach to regional outreach. The work plan includes tasks to continue to regularly inform and educate the public on the process while developing strong stakeholder contacts and connections in the local communities. The Authority's stakeholder outreach function is performed by Authority employees with support from contract staff overseen by Authority employees.
- **Small Business.** The Authority's small business function is responsible for the development and implementation of a statewide Small Business Outreach (SB/DBE/DVBE) Program to achieve the Authority's policies and goals for small business participation in the High-Speed Rail Program. The function provides direction to small businesses that would like to contract or subcontract with the Authority's prime contractors, develops strategies to attract participation, identifies and implements best practices and policies from partner agencies in order to achieve program goals of 30% SB, 10% DBE, and 3% DVBE participation. The External Affairs Division develops a database of interested, certified and participating small business, coordinates and facilitates activities of the Authority's Business Advisory Council (BAC), and coordinates efforts with the Regional Directors. The Authority's small business function is performed by Authority employees with support from contract staff overseen by Authority employees.
- **Business Analytics and Commercial Implementation.** The Authority's business analytics and commercial implementation function manages the development of the Authority's Business Plans and associated analyses and forecasts based on the requirements of Proposition 1A and SB 1029. Additionally, the function oversees the development of ridership and revenue forecasts and economic analyses. Finally, the function works with other divisions within the Authority to analyze and develop implementation and procurement approaches. The business analytics and commercial implementation function is performed by Authority employees with support from contract staff overseen by Authority employees.

## **Financial Management**

Constructing and operating California's first high-speed rail system represents a significant financial endeavor for the Authority and its public/private partners. Accordingly, the Authority has a critical responsibility for prudent financial management that requires a Financial Management function. As careful stewards of state, federal, and other funds, the Authority's Financial Management function

includes budget, accounting, grants, contracts, and procurement. Authority staff oversee and manage the overall Financial Management function.

- **Budget.** The Authority's budget function conducts financial forecasting for current and future years to project costs and needed funding. Authority staff are responsible for preparing and submitting the Authority's proposed budget change proposals to DOF.
- **Accounting.** The Authority's accounting function is responsible for maintaining the Authority's record of its financial transactions, monitoring account balances, managing cash flow, preparing and posting regular financial statements, and reporting on the Authority's financial results. The Authority presently has internal staff performing the accounting activities.
- **Grants.** The Authority's grants function is responsible for overall management, oversight, and monitoring of state and federal awards received. This function requires accountability and transparency, and must provide a means of tracking and monitoring High-Speed Rail Program goals, accomplishments, and compliance with grant requirements. The grants function also interfaces with the Grantor to transfer funds and report on progress. The Authority presently has both internal staff and contract staff performing grants activities.
- **Contracts and Procurement.** The contracts and procurement function is responsible for purchasing goods and services required by the Authority, managing contracts, and ensuring that the Authority complies with state and federal procurement guidelines. The Authority's contracts and procurement function develops requests for proposals and other procurement documentation, reviews proposals, and selects vendors/services in accordance with relevant guidelines. Authority staff work with DGS on all procurements.

## Administration

As with any organization, the Authority requires administrative functions to support the organization's broader mission. The Authority's administration function is designed with performance and management of business responsibilities in mind. Thus, it includes key services such as human resources (HR), information technology (IT), as well as facilities and business services (BSO).

- **Human Resources.** The HR function is responsible for acquiring, developing, and sustaining the appropriate level of internal staff required to support the Authority. This function includes identifying resource needs, developing future staff projections, navigating California human resources-related policies, procedures, and regulations, defining job duties, recruiting and selecting candidates, facilitating staff development and training, managing the employee evaluation process, managing employee benefit information, and performing other HR processes. The Authority's HR function is staffed by Authority employees, who work in coordination with other state agencies (e.g., Caltrans, Department of Human Resources, Public Employees' Retirement System, State Controller's Office (SCO), and DOF).
- **Information Technology.** The IT function is responsible for providing needed computer and technology resources to Authority staff. This function includes desktop support, network services, website development and support, technical systems (e.g., e-mail, file sharing and collaboration environments), telephone support, and other software and hardware services.

The Authority's IT function is staffed by Authority employees, who work with and oversee interagency agreements with other state agencies that provide technical services, as well as contract staff. The Authority is currently coordinating with the California Department of Technology to develop a long-term approach to supporting the Authority's technology needs.

- **Business Services.** The BSO function is responsible for property acquisition, contract administration, financial record keeping, office layout, purchasing, records management, and building management as it relates to daily activities. This function develops process and procedures for the organization to manage the facilities and purchasing of materials, supplies, and equipment. Record retention is vital for the High-Speed Rail Program, and the Business Services section provides information on new laws and regulations regarding monitoring of records storage and advising how to protect vital records, which includes solving forms and records management problems and ensuring compliance with applicable laws.

## **Legal**

The Legal function is responsible for providing the Authority's Board, Chief Executive Officer, and other executive management with required in-house legal services. The Legal function is directed by the Authority's Chief Counsel, who coordinates with the AG's Office as necessary. This function includes contract preparation and review, litigation support and representation, legislative review and technical support, regulatory support (e.g., environmental impact review), and other services as requested. The Authority's Legal function is staffed by Authority employees who work with the AG's Office. Authority legal staff also coordinate with and oversee contract staff that perform a limited number of legal services as part of the Program Delivery function. In matters of litigation, the Authority is represented by the AG's Office, and also may engage outside legal counsel, as needed. The Authority also must obtain the review and approval of the AG's Office prior to engaging outside legal counsel for litigation work. When the Authority's legal staff do not have the expertise or capacity to provide legal services such as design-build procurements, railroad agreements, franchise agreements, public/private agreements, eminent domain, or other specialized legal services, the Authority contracts with other state entities, such as Caltrans, or private law firms to provide those services.

## **Audit Division**

The audit function is responsible for providing independent evaluation and consultation services to management and the Authority Board. The audit function provides objective evaluations, opinions, and recommendations concerning operational and programmatic deficiencies and internal and external risks to the organization. The audit function also identifies opportunities for managing organizational risks and the optimization of the internal control environment. The audit function also has oversight responsibilities for the financial and operational reporting processes of the Authority, as well as compliance monitoring duties. It is the responsibility of the audit function to conduct reviews of the Authority's program and administrative control systems to determine if the control systems are operating in accordance with management's instructions, policies, and procedures, and in a manner which supports the attainment of strategic goals and objectives. The function's role includes coordinating external audit activities, submitting annual audit plans, and reporting functionally to the Board and administratively CEO as to whether appropriate actions have been taken on audit findings.

## **Other Agency Support**

The Authority uses a range of state agencies to perform administrative and support functions under interagency agreements. This strategy allows the Authority to utilize subject matter experts, controls, and processes that have proven successful in other agencies without recreating them within the Authority, thereby saving time and resources.

The Authority has initiated a new collaborative working group consisting of representatives of the Authority's executive management team and other state agencies, including DGS, DOF, Caltrans, and the AG's Office. Working under the guidance of CalSTA, the Authority and Caltrans are identifying additional opportunities to utilize Caltrans expertise and experience to effectively deliver the program.

Activities supported by other agencies include:

- Legal support – AG's Office
- Real estate acquisition – Caltrans
- Construction oversight – Caltrans
- Construction procurement – Caltrans
- HR processing – Caltrans
- IT services – Department of Technology
- Procurement – DGS

## **Private Sector Services**

The private sector provides support services in five broad categories:

- Program delivery support for transportation planning, contract management, environmental planning, right of way delivery, project delivery, and system engineering.
- Program and construction oversight for program management, construction management, project controls, and contract management related services.
- Design and construction of segments of the system under design-build contracts.
- Financial assistance for support of commercial planning and transaction advice related to funding.
- Legal support for contracting, litigation, and specialized compliance services.

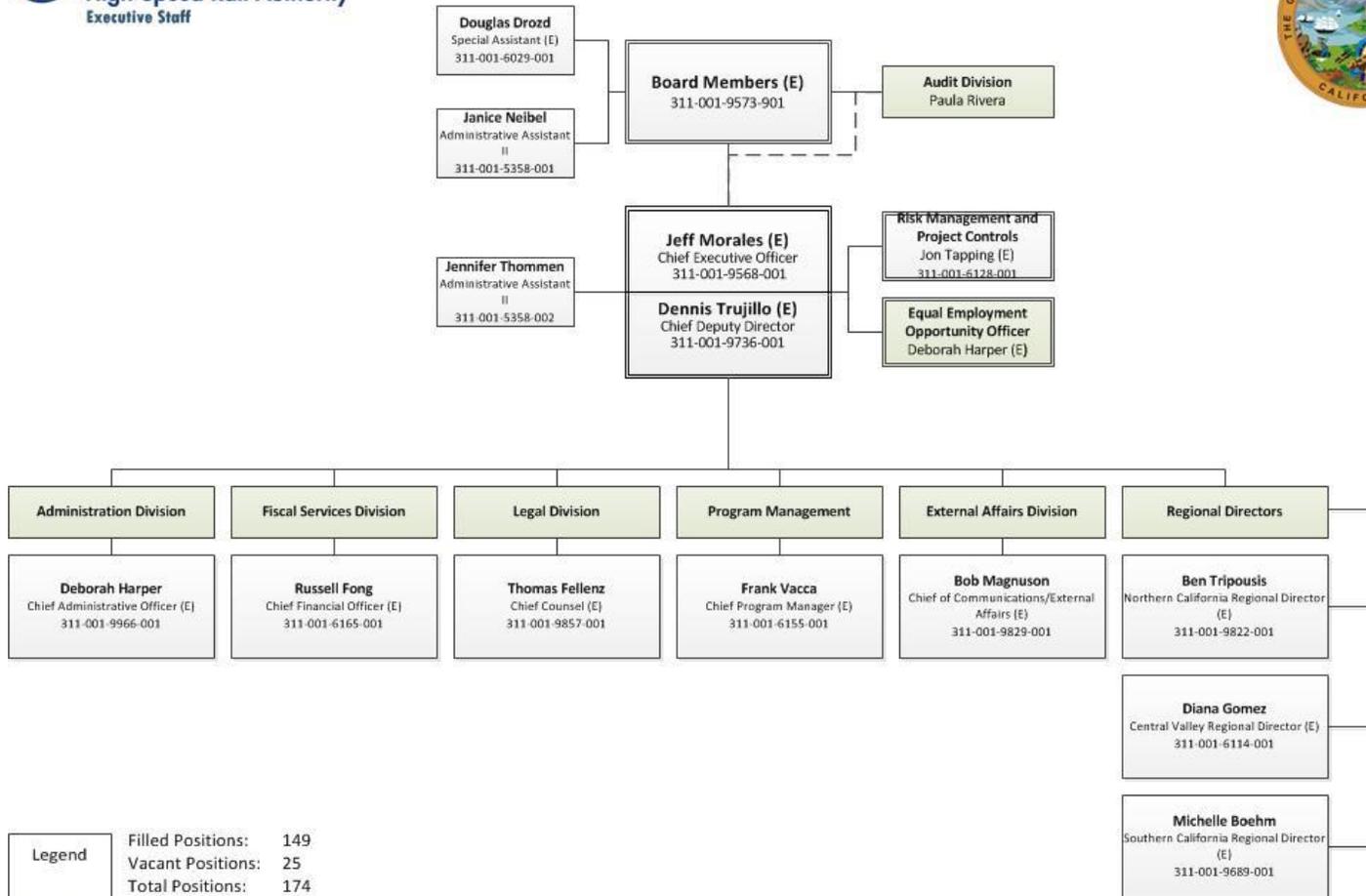
Private sector activities are performed under contracts with annual workplans and monthly status reporting. All contractors report to one or more Authority management team members and all deliverables are reviewed by Authority staff. By utilizing the private sector, the Authority is able to secure specific expertise when and where needed, adapting to the evolving needs of the program.

## 2.2. Organizational Chart

As previously noted, the Authority employs a variety of resources to support its needs including internal employees, staff loaned to the Authority from other state agencies, services provided by other state agencies, and contract staff from private-sector service providers. Given the reliance on support from external entities, it is critical that the Authority is staffed internally with highly qualified individuals who have deep expertise in their designated role and discipline, so that they can appropriately manage and oversee personnel from other sources.

In a sense, the Authority has designed its internal organization in a manner that optimizes its ability to oversee resources that are provided by others – both in the public sector and private sector. As illustrated in Exhibit 2-1, the Authority's structure supports the functions previously described by providing experienced executives, managers, and staff in each of the functional areas. Positions filled by interagency agreements do not appear in Exhibit 2-1. A detailed organizational chart is also included in Appendix 1.

Exhibit 2-1: California High-Speed Rail Authority Organizational Chart as of December 31, 2014



<b>Legend</b>	
Filled Positions:	149
Vacant Positions:	25
Total Positions:	174
Blanket Positions: 18.5	
Revised: 12/31/14	

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

## 2.3. Executive Management Roles and Responsibilities

Building on the organizational structure illustrated above, the Authority's executive management team has a vital role in directing the Authority's human resources and overseeing the work of its internal staff, loaned staff, interagency staff, and contract staff. The following provides additional insight on the executive management team's key roles and responsibilities.

### **Chief Executive Officer**

The Chief Executive Officer administers the affairs of the Authority as directed by the Board. The Chief Executive Officer provides executive leadership of all Authority activities, including management and oversight of the Authority's day-to-day operations. The Chief Executive Officer is responsible for determining the appropriate organizational structure for the Authority, selecting key management staff, facilitating discussion and agreement between the Board members, and establishing key management plans as well as executing the risk management, budgetary, compliance, and other organizational processes. The Chief Executive Officer develops policies for Board approval and represents the Authority at public meetings, events, etc. The Chief Executive Officer oversees the executive management team, including the Chief Deputy Director, Chief Administrative Officer, Chief Counsel, Chief of Communications and External Affairs, Chief Financial Officer, Chief Program Manager, Director of Risk Management and Project Controls, Regional Directors, and other key staff.

### **Chief Deputy Director**

The Chief Deputy Director advises and assists the Chief Executive Officer regarding all aspects of the policies and operations of the Authority. The Chief Deputy Director represents the Chief Executive Officer in meetings and hearings, while assisting in the formulation of Authority policy. The Chief Deputy Director also plays an active role in the day-to-day operations of the Authority and has designated authority to act for the Chief Executive Officer in his/her absence. The Chief Deputy Director is responsible for the oversight and coordination of all Authority staff activities, including administrative support for the Board, on behalf of the Chief Executive Officer. Finally, the Chief Deputy Director resolves problems, mediates disputes, and addresses issues to advance the program.

### **Chief Administrative Officer**

The Chief Administrative Officer is responsible for the administrative programs that support the Authority's broader mission. The Chief Administrative Officer develops, manages, and provides direction and oversight for the performance and business responsibilities for key services that include HR, IT, and BSO. The Chief Administrative Officer is responsible for unifying the Authority into a one-enterprise business model that ensures the coordination of services, products, and functions, oversight review, coordination and approval of Authority-wide policy. The Chief Administrative Officer also serves as the Authority's Title VI administrator and Equal Employment Opportunity coordinator.

The Chief Administrative Officer is a key member of the Authority's executive management team and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's administrative matters. The Chief Administrative Officer directs and provides oversight to Authority employees, contract staff, loaned staff, and interagency staff that support the Authority's HR, IT and BSO needs.

## **Chief Counsel**

The Chief Counsel is responsible for all of the Authority legal activities, including significant contracting, negotiations, litigation, and other legal proceedings. The Chief Counsel is also responsible for providing strategic legal advice to the Board and other executive management. The Chief Counsel oversees and provides opinions on contracts, legislation, and regulations, and represents the Authority in contract negotiations and litigation.

The Chief Counsel is a key member of the Authority's executive management team and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's legal matters. The Chief Counsel oversees the Legal Division, directs and provides oversight to Authority employees, and works with the AG's office and contract staff to support the Authority's needs.

## **Chief of Communications and External Affairs**

The Chief of Communications and External Affairs is responsible for the development and implementation of the Authority's communications and media strategy, and for the Authority's External Affairs functions including, communications, legislation, stakeholder outreach, small business, and business analytics and commercial implementation. The Chief also serves as primary liaison for the Authority to stakeholder communities, members of the press, California citizens, and others to facilitate the Authority's external outreach, transparency, and accountability goals. The Chief is also responsible for building and maintaining strong relationships with local, state, and federal representatives and agencies that impact the Authority.

The Chief of Communications and External Affairs is a key member of the Authority's executive management team, and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other staff on the Authority's communications and external affair matters. The Chief directs and provides oversight to Authority employees and contract staff.

## **Chief Financial Officer**

The Chief Financial Officer is responsible for the integrity and accuracy of the Authority's fiscal programs including financial planning, financing, budgets, accounting, grant management, and procurement. The Chief Financial Officer directs the development, evaluation, negotiation, recommendation, and resolution of the Authority's financial goals, objectives, policies, regulations, standards, plans, and operating procedures. This includes the Authority's revenue and expenditure levels based on the Governor's Budget, capital financing plans, federal fund management, and other financial programming.

The Chief Financial Officer is a key member of the Authority's executive management team and advises the Authority Board, Chief Executive Officer, Chief Deputy Director, and other governmental agencies affected by the Authority's fiscal status and actions. The Chief Financial Officer directs and provides oversight to Authority employees, contract staff, loaned staff, and interagency staff that support the Authority's financial programs.

## **Chief Program Manager**

The Chief Program Manager provides the overall management and oversight of a highly complex and sensitive High-Speed Rail Program. This entails directing program management staff in the administration and management of all of the Authority's capital outlay projects; developing policies and procedures for the engineering and planning services activities of the Authority such as project design, plans, specifications, cost estimating, and schedules; and overseeing the development and implementation of the Authority's engineering and planning goals.

This position serves as the Authority's technical expert by providing advice and recommendations to the Chief Executive Officer, Chief Deputy Director, and Authority Board on all capital outlay projects. The Chief Program Manager acts on behalf of the Chief Deputy Director and the Authority in capital outlay functions as required and represents the Authority at meetings with federal government, local governments, DOF, client state agencies, and at legislative hearings and conferences, as necessary.

The Chief Program Manager serves as a member of the Authority executive management team and reviews all capital outlay budgets for planning work as well as capital construction projects. The Chief Program Manager directs and provides oversight to Authority employees and contract staff in the implementation of the program.

## **Regional Directors (Northern California, Central California, and Southern California)**

Under the direction of the Chief Executive Officer and in coordination with the Chief of Communications and External Affairs, each of the three Regional Directors (Northern California, Central California, and Southern California) has key roles in the implementation of the High-Speed Rail Program and statewide rail modernization program. Each Regional Director is responsible for ensuring the High-Speed Rail Program in his or her region moves forward on the planned schedule and budget. Each Regional Director develops and maintains relationships with local residents, policy makers, and Authority personnel while building strategies for communicating with local constituents to foster their continued involvement and support. Each Regional Director serves as a key member of the executive management team and monitors budgets for the region to ensure the High-Speed Rail Program is on task and within budget. Finally, each Regional Director manages regional staff and volunteers in the implementation of the High-Speed Rail Program.

## **Director of Risk Management and Project Controls**

Under the general direction of the Board and the Chief Executive Officer, the Director of Risk Management and Project Controls is responsible for managing and tracking risks as well as risk mitigation/contingencies on the project. As a member of the executive management team, the Risk Manager monitors prime contractor risk management efforts to ensure they do not adversely impact the High-Speed Rail Program. The Risk Manager manages and tracks potential and active risks, maintains the risk management tool and documentation information, leads risk identification sessions for the High-Speed Rail Program, monitors prime contractor risk management efforts, and participates in project-level risk management activities for risks that cross project boundaries or are beyond the project's control. The Risk Manager identifies and analyzes areas of potential risk to the assets, earning capacity, or success of the organization. The Risk Manager creates processes for assessing, identifying, monitoring, and preventing business risks. The Risk Manager also plans, designs, and implements an overall risk management process.

## Internal Auditor

The Internal Auditor is responsible for the development and implementation of a comprehensive internal audit program for the Authority. This program includes management of a variety of complex administrative, operational, financial, performance, and management studies as well as audits of the Authority's activities, functions, services, and programs.

### 2.4. Summary of Recent Changes

The Authority has strategically grown its staff and organizational structure to support the business plan and intended project phases. In past years, the Authority has grown incrementally year-over-year to support initial the organization's start-up and planning tasks. In FY 2013/14, the Authority experienced a more significant increase in staff to support the start of Construction Packages (CP) 1 and Construction Packages 2-3 (CP 2-3). Specifically, new positions were authorized in the areas of environmental planning, right of way, transportation planning, project management, contract compliance, and construction management.

For FY 2014/15, provisional language for 35 positions was approved by the Legislature in the 2014/15 budget. In January 2015, the Authority requested to increase its staffing in accordance with the language and noticed the Legislature accordingly.

Future years are anticipated to have minor increases to support CP 4 and CP 5 as the Authority continues to follow its staffing approach by maintaining a lean, well-qualified staff that provides vital oversight for the construction phases of the High-Speed Rail Program. This approach is illustrated in Exhibit 2-2 below.

#### Exhibit 2-2. Changes in Authority Staffing Allocations

	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Budgeted Positions	41.5	54	69	174	209
% Change	-	30.1%	27.8%	152.1%	20.1%

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## 3. Staff Recruitment and Retention Strategies

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Over the past several years, the Authority's internal staffing level has grown from an authorized staff of less than 11.5 full-time positions in 2009 to 209 full-time equivalent positions today. This growth in state staff runs in parallel with the progress that the Authority is making toward implementation of the High-Speed Rail Program.

Consistent with the Authority's guiding principles for staffing and organizational structure, as described in Section 1, the growth in the Authority's staff has included significant expansion of senior executive management positions. This expansion was needed in order for the Authority to be able to perform its critical governance and oversight functions.

The specialized skills needed for some of the senior executive positions, in particular, have required the Authority to reach beyond existing state employees to obtain access to experienced professionals from industry and other parts of government. This recruitment process has been successful in filling many necessary positions and substantial progress has been made.

This section outlines the Authority's approach for recruiting internal staff. It describes the recruitment and retention strategies that have been utilized by the Authority to attract and retain professionals with the necessary experience and expertise.

### 3.1. Recruiting and Retention Strategies

The Authority is utilizing the following recruiting and retention strategies, as described below.

#### **Maintain a lean internal organization focused on the governance of key functions.**

The Authority's staffing and recruiting has been focused on both executive and senior management levels. Executive level staff who drive key governance functions of policy-setting, decision-making, and accountability have been a high-priority for recruiting. As a result, the Authority has hired the Chief Financial Officer, Chief Program Manager, Assistant Chief Program Manager, and Director of Risk Management and Program Controls. In addition, the Authority has successfully backfilled the Chief Administrative Officer and Chief of Communications and External Affairs positions. Once these positions were filled, the Authority's recruiting efforts shifted to focus more on senior management level staff who execute policy and who have unique skills and expertise in their fields.

The Authority's recruiting efforts have been greatly assisted by the enactment of SB 1029, which provided the Authority's budgetary approval for the first construction section of the Initial Operating Section. Additionally, the Authority has focused on recruiting numerous business and construction management staff, including transportation engineers and planners, right of way agents, environmental planners, and other classifications.

**Leverage resources of other agencies and organizations through partnerships and similar cooperative arrangements.**

The Authority believes that many functions can be more quickly, efficiently, and effectively achieved by using existing expertise and capacity of other governmental agencies and contract employees, when needed.

Through interagency and cooperative agreements, the Authority can meet staffing needs that are more comparable to existing positions and functions within other parts of state government. This approach allows the Authority to maintain a lean and focused structure, while also acquiring the right talent to support the organization's evolving needs. Similarly, contracts with external organizations can meet specialized or temporary staffing needs that would not be as well suited for permanent government positions due to the evolving nature of the Authority's project needs.

Utilizing external resources is also a key to improving the effectiveness of the recruiting process. This approach allows the Authority to quickly fill its functional needs with individuals from other organizations who have specialized expertise. Recruiting and hiring new Authority staff with the same knowledge base could take considerably longer, if it were even possible. Furthermore, many of these staffing needs are temporary, adding additional complexity to the process.

Obtaining the staffing resources through other state agencies and/or external organizations also shifts the responsibility of acquiring and managing these personnel resources from the Authority to other providers, with oversight and approval by the Authority. Rather than having to recruit for each individual position, the Authority's management staff specifies its needs and requirements, provides guidance to partner agencies, and holds these agencies accountable for the performance of their assigned personnel.

**Create and recruit for positions based on project phase and need (e.g., construction phase).**

Another key tenet of the Authority's recruiting and hiring process is to create and fill positions based on current and upcoming needs. For example, the Authority primarily focused its FY 2009/10 to FY 2012/13 attention on recruiting staff needed to support the organization's start-up, including hiring executive management, accounting and finance personnel, and other related staff. Now that the Authority has initiated work on CP 1, CP 2-3 and CP 4, its attention has shifted to engineering, planning, right of way, environmental and other technical oversight needs.

This phased hiring approach allows the Authority to focus its recruiting efforts on immediate, priority needs, rather than being tasked with filling positions that are not imminently needed. Given the start-up of CP 1, CP 2-3 and CP 4, the Authority's recruiting has centered on Transportation Engineers and Planners, Right of Way Agents, Environmental Planners, and other staff who support the Authority's Program Management and Construction Management oversight role.

**Prioritize the most critical positions for immediate hiring.**

While the Authority's recruiting and hiring targets are strategically timed with current and upcoming project phases, the Authority has also prioritized recruiting efforts in order to fill key positions as soon as possible. Building upon the strategy to provide strategic direction and oversight to leveraged external

resources, the Authority has identified its executive management and managerial positions as the highest priority recruits.

Over the past year, the following have been key recruiting priorities for new and replacement positions:

- Assistant Chief Counsel (filled)
- Chief Administrative Officer (filled)
- Chief of Communications and External Affairs (filled)
- Deputy Director of External Affairs (filled)
- Director of Business Analytics and Commercial Implementation (filled)
- Director of Engineering (under recruitment)
- Director of Operations and Maintenance (under recruitment)
- Director of Planning and Integration (filled)
- Principal Right of Way Agent (filled)
- Principal and Supervising Transportation Engineers (filled)
- Supervising Environmental Planner (under recruitment)
- Supervising Right of Way Agent (temporarily filled via Temporary Authorization Utilization)
- Supervising Transportation Planner (under recruitment)

See Exhibit 3-1, at the conclusion of this section, for the Authority's positions filled from October 1, 2013 through December 31, 2014. See Exhibit 3-2 for additional details on the status of recruitment efforts for the remaining vacancies among the Authority's key executive management positions.

Beyond the key management positions listed above, other priorities have included financial, accounting, human resources, and program management staff. Some of these positions have been scheduled to be filled once the key management positions for the given functional areas have been hired. This phasing of hiring ensures that the responsible management personnel will be directly involved in recruitment and hiring of staff in their respective areas of responsibility. See Exhibit 3-3, at the conclusion of this section, for additional details on the status of recruitment efforts for other Authority positions.

#### **Utilize salary survey findings to shape positions and recruiting goals.**

To recruit highly qualified candidates, the Authority also has utilized salary surveys and other comparative information to better understand how the Authority can be more competitive with other state and private sector opportunities consistent with the 1996 enabling statute. The idea behind this has been to position the Authority to recruit talent, recognizing the unique needs of the High-Speed Rail Program. The Authority previously utilized the support of a search firm to refine position parameters and assess competitive landscape before establishing positions and commencing recruitment. Information previously gathered from the salary survey continues to be utilized for key management positions. The Authority will utilize such services as needed in the future.

**Utilize California’s standard recruiting methods available through the California Department of Human Resources (CalHR).**

Similar to other state agencies, the Authority uses the State of California’s CalHR website to publicly post employment examinations and the Vacant Positions Database (VPOS) to publicly posting job announcements. The Authority also uses the State’s job classifications, examination process, and recruiting mechanisms. This method has proved valuable for attracting candidates for common job classifications (e.g., certain management positions, analysts, accounting specialists, office technicians, etc.). In some cases, the Authority has been able to review the list of potential candidates who have passed the requisite exam, evaluate those candidates’ qualifications, and conduct interviews. This approach has not been viable for meeting all of the Authority’s needs because the Authority has had to draw from some classifications only utilized by Caltrans, thus limiting the candidate pool. This approach has only proven useful when recruiting candidates who are existing state employees. Recruiting through standard state methods is a strategy that must be supplemented to find other qualified staff not currently within state service.

**Recruitment challenges.**

The Authority received 106.5 positions for FY 2013/14 and an additional 35 positions for FY 2014/15, increasing the total number of positions to 209. Although the Authority has established a diligent recruitment plan in order to fill a majority of these positions before the end of FY 2014/15, several of the Authority’s classifications require examinations to be developed, because there is no existing examination listing that the Authority is able to utilize. This has caused hiring delays, as the examination development process is extremely time consuming and cumbersome.

The Authority is currently actively developing continuous online examinations for six of its classifications, which will provide more flexibility, improve the efficiency and effectiveness of the current process, and will result in significant cost savings to the State.

**Advertise key position openings and recruitment opportunities through relevant industry journals, websites, and other medium.**

To support its goals, mission, and overall structure, the Authority has hired many key positions such as executives and managers, with the understanding that the candidates will bring years of experience and necessary knowledge. The Authority cannot only draw from the existing pool of knowledgeable transportation executives and managers within California state service; the Authority also must recruit from other transit and transportation agencies across the country.

In addition to standard state options for publishing job announcements, the Authority has advertised key positions in relevant industry journals, social networking websites for people in professional occupations, and other media.

**Utilize networking opportunities to identify and recruit potential candidates.**

As a final recruiting strategy, the Authority has utilized networking opportunities to share information about open positions and job opportunities. The networking opportunities have included connecting

with personal and professional contacts, as well as sharing information in public appearances, and on partner state agency intranet systems.

The Authority continues to make progress toward recruitment and hiring to fill vacancies. Exhibit 3-1 provides details on the new positions filled since from October 1, 2013 through December 31, 2014. Positions established and filled prior to October 1, 2013 are not all included below, as they were included in the 2013 Staff Management Report.

### **Retention Strategies**

As a young and growing organization, the Authority previously did not have in place many of the human resources and other institutional systems that exist at typical State agencies. With the addition of staff provided in the budget, those systems are now being implemented. The Authority previously identified some challenges with staff retention. To address this issue, the Authority identified reasons for staff turnover and has enacted enhanced policies to facilitate staff training, development, and retention. These policies include expanding staff access to training opportunities via webinars and other alternative forums, including interagency training sessions. As these policies continue to be implemented, the Authority will continue to monitor and review staff retention, and utilize the Transportation Agency and other Administration resources as appropriate to improve retention. Exhibit 3-1, below illustrates the success the Authority has had in filling vacant positions from October 1, 2013 through December 31, 2014.

**Exhibit 3-1. Authority Positions Filled from October 1, 2013 through December 31, 2014**

<b>Division</b>	<b>Classification</b>	<b>Date Hired</b>
Executive (Administration)	Chief Administrative Officer (Exempt)	12/1/14
Executive (External Affairs)	Chief of Communications/External Affairs (Exempt)	4/15/14
Administration	Associate Governmental Program Analyst	1/6/14
Administration	Associate Governmental Program Analyst	7/28/14
Administration	Associate Governmental Program Analyst	10/22/14
Administration	Associate Information Systems Analyst	10/1/14
Administration	Associate Personnel Analyst	11/12/14
Administration	Data Processing Manager IV	4/4/14
Administration	Office Technician	10/25/13
Administration	Office Technician	6/9/14
Administration	Staff Information Systems Analyst (Specialist)	2/18/14
Administration	Staff Information Systems Analyst (Specialist)	2/19/14
Administration	Staff Information Systems Analyst (Specialist)	3/3/14
Administration	Staff Information Systems Analyst (Specialist)	3/3/14
Administration	Staff Information Systems Analyst (Supervisory)	7/16/14
Administration	Staff Programmer Analyst	10/3/14
Administration	Staff Services Analyst	3/17/14
Administration	Staff Services Manager II	7/25/14
Administration	Systems Software Specialist II	11/12/13
Audit	Associate Management Auditor	2/5/14
Audit	Associate Management Auditor	3/3/14
Audit	Associate Management Auditor	9/5/14
Audit	Associate Management Auditor	9/15/14
Audit	Senior Management Auditor	6/16/14
External Affairs	Associate Governmental Program Analyst	1/31/14
External Affairs	Deputy Director of Business Analytics and Commercial Implementation (Exempt)	12/2/14
External Affairs	Deputy Director of External Affairs (Exempt)	3/3/14
External Affairs	Information Officer I	10/22/13
External Affairs	Information Officer I	2/18/14
External Affairs	Information Officer II	11/3/14
Fiscal Services	Accountant Trainee	1/13/14
Fiscal Services	Accountant Trainee	1/6/14
Fiscal Services	Accountant Trainee	6/2/14
Fiscal Services	Accounting Administrator I (Specialist)	10/24/13
Fiscal Services	Accounting Officer	8/1/14

Division	Classification	Date Hired
Fiscal Services	Associate Accounting Analyst	12/2/13
Fiscal Services	Associate Accounting Analyst	2/10/14
Fiscal Services	Associate Budget Analyst	4/1/14
Fiscal Services	Associate Governmental Program Analyst	10/7/13
Fiscal Services	Associate Governmental Program Analyst	10/17/13
Fiscal Services	Associate Governmental Program Analyst	2/3/14
Fiscal Services	Associate Governmental Program Analyst	2/10/14
Fiscal Services	Associate Governmental Program Analyst	2/18/14
Fiscal Services	Associate Governmental Program Analyst	5/27/14
Fiscal Services	Office Technician	7/2/14
Fiscal Services	Senior Accounting Officer	2/24/14
Fiscal Services	Senior Accounting Officer	6/16/14
Fiscal Services	Senior Accounting Officer	6/16/14
Fiscal Services	Senior Accounting Officer	7/25/14
Fiscal Services	Staff Services Analyst	10/31/13
Fiscal Services	Staff Services Analyst	6/19/14
Fiscal Services	Staff Services Analyst (.5)	5/1/14
Fiscal Services	Staff Services Manager I (Specialist)	5/5/14
Fiscal Services	Staff Services Manager I (Specialist)	11/4/14
Fiscal Services	Staff Services Manager II	7/24/14
Fiscal Services	Staff Services Manager II	12/1/14
Fiscal Services	Staff Services Manager III	8/8/14
Legal	Assistant Chief Counsel (Exempt)	3/11/14
Legal	Associate Governmental Program Analyst	12/19/14
Legal	Attorney I	10/28/13
Legal	Attorney III	10/15/13
Program Management	Associate Governmental Program Analyst	2/18/14
Program Management	Associate Governmental Program Analyst	2/24/14
Program Management	Associate Governmental Program Analyst	7/1/14
Program Management	Associate Governmental Program Analyst	7/21/14
Program Management	Associate Right of Way Agent	8/4/14
Program Management	Director of Planning and Integration (Exempt)	11/3/14
Program Management	Office Technician	7/7/14
Program Management	Principal Right of Way Agent	5/13/14
Program Management	Principal Transportation Engineer	2/3/14
Program Management	Principal Transportation Engineer	2/3/14
Program Management	Senior Bridge Engineer	1/18/13

Division	Classification	Date Hired
Program Management	Senior Right of Way Agent	3/10/14
Program Management	Senior Right of Way Agent	3/18/14
Program Management	Senior Right of Way Agent	4/1/14
Program Management	Senior Transportation Engineer	2/1/14
Program Management	Senior Transportation Engineer (Limited Term)	8/1/14
Program Management	Senior Transportation Engineer	8/25/14
Program Management	Senior Transportation Planner	5/30/14
Program Management	Senior Transportation Planner	6/30/14
Program Management	Senior Transportation Planner	7/30/14
Program Management	Staff Services Analyst	9/1/14
Program Management	Staff Services Manager I	8/11/14
Program Management	Staff Services Manager I	8/25/14
Program Management	Staff Services Manager II	1/6/14
Program Management	Supervising Right of Way Agent	12/19/14
Program Management	Supervising Transportation Engineer	3/3/14
Program Management	Supervising Transportation Engineer	3/17/14
Program Management	Supervising Transportation Engineer	3/24/14
Program Management	Supervising Transportation Engineer	6/1/14
Program Management	Supervising Transportation Engineer	6/23/14
Program Management	Transportation Engineer (Civil)	3/5/14
Program Management	Transportation Engineer (Civil)	6/2/14
Program Management	Transportation Engineer (Civil)	6/23/14
Program Management	Transportation Engineer (Civil)	6/23/14
Program Management	Transportation Engineer (Electrical)	11/3/14
Regional Office- Central Valley	Information Officer I	11/4/13
Regional Office- Central Valley	Supervising Transportation Engineer	3/3/14
Regional Office- Central Valley	Transportation Engineer (Civil)	11/3/14
Regional Office- Northern	Information Officer I	11/4/13
Regional Office- Northern	Senior Transportation Engineer	12/1/14
Regional Office- Southern	Administrative Assistant I	7/15/14
Regional Office- Southern	Information Officer I	3/3/14
Regional Office- Southern	Supervising Transportation Engineer	6/30/14
Risk Management and Project Controls	Supervising Transportation Engineer	3/3/14
<b>Total number of filled positions: 104.5</b>		

Exhibit 3-2 and Exhibit 3-3 provide updates on hiring for the remaining vacancies among key executive management positions and other Authority positions, respectively, including information on the positions, priority, and current status of recruitment.

**Exhibit 3-2. Update on Hiring for Key Executive Management Positions from October 1, 2013 through December 31, 2014**

Division	Position	Staffing Priority (H, M, L)	Current Status of Recruitment
Executive	Chief Administrative Officer (Exempt)	H	Recruitment complete and candidate selected; Effective date of appointment 12/1/14
Executive	Chief of Communications/External Affairs (Exempt)	H	Recruitment complete and candidate selected; Effective date of appointment 4/15/14
<b>Total number of filled executive management positions: 2</b>			

**Exhibit 3-3. Update on Hiring for Vacant Authority Positions from October 1, 2013 through December 31, 2014**

Division	Classification	Staffing Priority (H, M, L)	Current Status of Recruitment	Internal Candidates/Readiness Assessment
Administration	Associate Governmental Program Analyst	M	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Administration	Data Processing Manager II	H	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Administration	Office Technician	M	Recruitment in progress	None
Administration	Senior Information Systems Analyst	M	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Audit	Staff Management Auditor	H	Reassessing classification level	N/A at this time
External Affairs	Staff Services Manager II	M	Reassessing classification level	N/A at this time
External Affairs	Television Specialist	M	Recruitment in progress	None
Fiscal Services	Associate Budget Analyst	M	Recruitment in progress	None
Fiscal Services	Associate Governmental	M	Reassessing classification	N/A at this time

Division	Classification	Staffing Priority (H, M, L)	Current Status of Recruitment	Internal Candidates/Readiness Assessment
	Program Analyst		level	
Fiscal Services	Associate Governmental Program Analyst	<b>M</b>	Reassessing classification level	N/A at this time
Fiscal Services	Senior Accounting Officer	<b>M</b>	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Fiscal Services	Senior Accounting Officer	<b>M</b>	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Fiscal Services	Staff Services Analyst	<b>M</b>	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Program Management	Director of Engineering (Exempt)	<b>H</b>	Recruitment in progress	None
Program Management	Director of Operations and Maintenance (Exempt)	<b>H</b>	Recruitment in progress	None
Program Management	Senior Environmental Planner	<b>H</b>	Recruitment in progress	None
Program Management	Senior Environmental Planner	<b>H</b>	Reassessing classification level	N/A at this time
Program Management	Senior Environmental Planner	<b>H</b>	Reassessing classification level	N/A at this time
Program Management	Senior Environmental Planner	<b>H</b>	Reassessing classification level	N/A at this time
Program Management	Supervising Environmental Planner	<b>H</b>	Awaiting examination listing in order to finalize recruitment	Internal candidates exist; conducting recruitment and selection process
Program Management	Supervising Transportation Planner	<b>H</b>	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Regional Office-Central Valley	Administrative Assistant I	<b>M</b>	Recruitment in progress	None
Regional Office-Central Valley	Information Officer II	<b>M</b>	Recruitment in progress	Internal candidates exist; conducting recruitment and

Division	Classification	Staffing Priority (H, M, L)	Current Status of Recruitment	Internal Candidates/ Readiness Assessment
				selection process
Regional Office- Central Valley	Staff Services Manager II	<b>H</b>	Recruitment in progress	Internal candidates exist; conducting recruitment and selection process
Regional Office- Northern	Administrative Assistant I	<b>M</b>	Recruitment in progress	None
<b>Total number of vacant positions: 25</b>				

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## 4. Management Approach for Construction Phase

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### 4.1. Management and Staffing Approach

As noted in previous sections, the Authority's staffing and management approach has and continues to be focused on maintaining a lean, well-qualified staff comprised of Authority employees, loaned staff made available through interagency agreements, and private sector resources. The Authority's approach has been to bring onboard new staff and resources as those resources are needed to support current and upcoming program phases.

For each construction phase, the Authority plans its needs based on the timelines for each design build contract. CP 1, which began summer 2013, has been supported by positions that were filled based on the Authority's FY 12/13, 13/14, and 14/15 budgets. With CP 2-3 initiating its design efforts, extending the rail system another 65 miles from Fresno to North of Bakersfield, the Authority will fill additional needed positions based on the approved FY 14/15 budget.

The Authority currently has positions authorized to support design, construction management, and delivery activities<sup>1</sup>. However, the Authority has determined that additional Program Management positions are needed to deliver is evolving program. These positions would provide construction and delivery oversight and are planned to be a combination of Authority staff and positions contracted from Caltrans. The Authority currently has positions authorized to support design, construction management, and delivery activities<sup>[1]</sup>. However, the Authority has determined that additional Program Management positions are needed to deliver is evolving program. These positions would provide construction and delivery oversight and are planned to be a combination of Authority staff and positions contracted from Caltrans. Provisional language for 35 positions was approved by the Legislature in the 2014/15 budget, which is consistent with the timing of the initial activities in CP 2-3 through CP 5.

With regard to the hiring and recruiting of Program Management resources, the Authority has made significant progress over the past several years, hiring numerous individuals to support the design-build efforts. The Authority has continued to work with CalHR and others to streamline hiring, define numerous position descriptions, approve job duty statements, and develop and execute the required

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<sup>1</sup> For information about the Authority's current planned internal staffing for construction management and oversight of CP 1, and CP 2-3 reference can be made to Section 3, Staff Recruitment Strategies, for information about steps being taken to fill current vacancies. Section 3 has information about the number, position, and hiring and retention plans related to these positions, including for those positions involved in construction management and oversight.

<sup>[1]</sup> For information about the Authority's current planned internal staffing for construction management and oversight of CP 1, 2, and 3, reference can be made to Section 3, Staff Recruitment Strategies, for information about steps being taken to fill current vacancies. Section 3 has information about the number, position, and hiring and retention plans related to these positions, including for those positions involved in construction management and oversight.

exams for applicants. In addition, the Authority continues to enhance policies to facilitate staff training, development, and retention.

The management approach for the construction phase will remain in place as the High-Speed Rail Program advances through CP 1-5. The specific number of staff will vary depending on the need at each stage. Typically, the Authority estimates its internal staffing needs in alignment with the State’s Budget Change Proposal (BCP) process. For CP 4 and 5, planning is underway to determine the staffing needs that will be submitted as part of the budget process.

The Authority anticipates adding additional Authority and interagency staff in the coming years to support CP 1 through CP 5 in several key areas, as depicted in Exhibit 4.1, below. The Authority is working with and through CalSTA to identify efficient means of leveraging resources at Caltrans and elsewhere.

**Exhibit 4-1. Anticipated Staffing Needs to Support the Construction Phase (CP 1 through CP 5)**

Categories of Future Need	Anticipated Employee Types / Positions	Currently Authorized *	Additional Planned *	Key Skills / Functions
Program, Delivery ( e.g., transportation planning, right of way, engineering, design/build, contract compliance, and project management)	<ul style="list-style-type: none"> <li>• Transportation Engineers</li> <li>• Civil Engineers</li> <li>• Structural Engineers</li> <li>• Bridge Engineers</li> <li>• Transportation Planners</li> <li>• Environmental Planners - General</li> <li>• Environmental Planners – Biology</li> <li>• Environmental Planners - Naturalist</li> </ul>	57	35	<ul style="list-style-type: none"> <li>• Transportation Planning</li> <li>• Environmental Planning</li> <li>• Right of Way</li> <li>• Project Delivery</li> <li>• Construction Oversight</li> <li>• Design-Build Oversight</li> </ul>
Finance and Administration	<ul style="list-style-type: none"> <li>• Office Technicians</li> <li>• Information Technology Classifications</li> <li>• Associate Government Programs Analysts</li> <li>• Staff Services Managers</li> </ul>	56	TBD	<ul style="list-style-type: none"> <li>• Accounting</li> <li>• Budgets</li> <li>• Contracts</li> <li>• Information Technology</li> <li>• Procurement</li> </ul>
Communications	<ul style="list-style-type: none"> <li>• Information Officer</li> <li>• Staff Services Managers</li> <li>• Graphic Designer</li> <li>• Office Technician</li> </ul>	9	TBD	<ul style="list-style-type: none"> <li>• Communications Liaison</li> <li>• Media</li> <li>• Community Outreach</li> <li>• Public relations</li> <li>• Small Business Advocacy</li> </ul>

\* Positions are not dedicated directly to construction management and oversight. The Authority is pursuing other appropriate resource allocations to support their business needs.

As shown above, the Authority anticipates adding additional engineering staff to support planning activities, as well as to provide direct and indirect oversight of the design-build process. For example, transportation, civil, structural, and bridge engineers will be required to support the Authority's responsibilities related to design reviews, site inspections, quality assurance, testing, etc. Additional planning resources will be needed to support the transportation and environmental planning and impact assessments that will continue through the construction phases. Likewise, staff will be needed to support the acquisition of property for the right of way. The Authority also anticipates adding resources to the financial and administrative functions to support the contracting, procurement, budgeting, and accounting related processes needed to support the broader High-Speed Rail Program. Additional communications staff will support community outreach, media relations, and small business advocacy, among other functions. There also will be some growth in other functions, such as legal and administrative, to support the overall operations of the Authority, without being dedicated directly to construction oversight and management. All new Authority professional staff will be required to have significant experience in their field and be highly knowledgeable of their respective craft. The Authority anticipates that its staff will grow roughly in proportion to the rate of growth of interagency and contract staff to ensure proper oversight. See Section 3, *Staff Recruitment and Retention Strategies*, for additional information on recruitment and retention of current and future positions.

Likewise, the Authority estimates its need for contracts with the private sector as part of its capital and annual budget planning processes. The Authority determines the scope of oversight and reporting, and selects contractors based on detailed service proposals consistent with industry practices. Service providers determine staffing levels and mix to meet their service obligations to the Authority. The service providers are responsible for recruitment and retention strategies for the necessary personnel to meet their service obligations. In some cases, the Authority retains review and approval rights over key personnel assigned to serve its needs, and typically retains other forms of oversight, including budgetary controls.

Overall staffing and service levels are driven by the Project and Construction Management (PCM) contracts, which are sized consistent with industry standards. Both the PCM and the Program Management Team (PMT) provide services related to design-build oversight, for which the Authority's capital budget plan includes approximately two to three percent of design and construction cost. The functions of the PCM are estimated to require 25-30 on-site personnel per Construction Package. The size of the PCM team may vary due to project circumstances such as the quality of the Design-Build's validation and QA/QC processes, the number of active sites, and the size of each site. The PMT and PCM contracts are funded annually through the budget cycle.

## 4.2. Procedures for Construction Package Oversight and Management

Now that the High-Speed Rail Program has reached the implementation phase, the Authority is focused on efficiently and effectively providing construction oversight and management. This requires an enhanced internal oversight capability, as discussed previously, as well as a common approach to managing all of the CPs for final design and construction of the first three construction segments of the Initial Operating Section (IOS), in order to control costs and achieve high quality delivery. As described in Section 2, *Organizational Approach to Deliver the Program*, the Authority's executive management team has been enhanced to provide vital oversight for the construction phases of the High-Speed Rail Program.

Under adopted Delegations of Authority, the Board has authorized and directed the Chief Executive Officer to take various actions, as summarized below:

- Sign agreements, amendments, memoranda of understanding and interagency agreements, subject to dollar value limits established by the Board.
- Hire and manage staff, as designated by the Board.
- Prepare required budget documents, as designated by the Board.
- Settle lawsuits and claims, subject to limits established by the Board.
- Manage and direct program activities, as designated by the Board.

These Delegations of Authority form the basis for the executive management team's ability to provide the oversight and management of the High-Speed Rail Program.

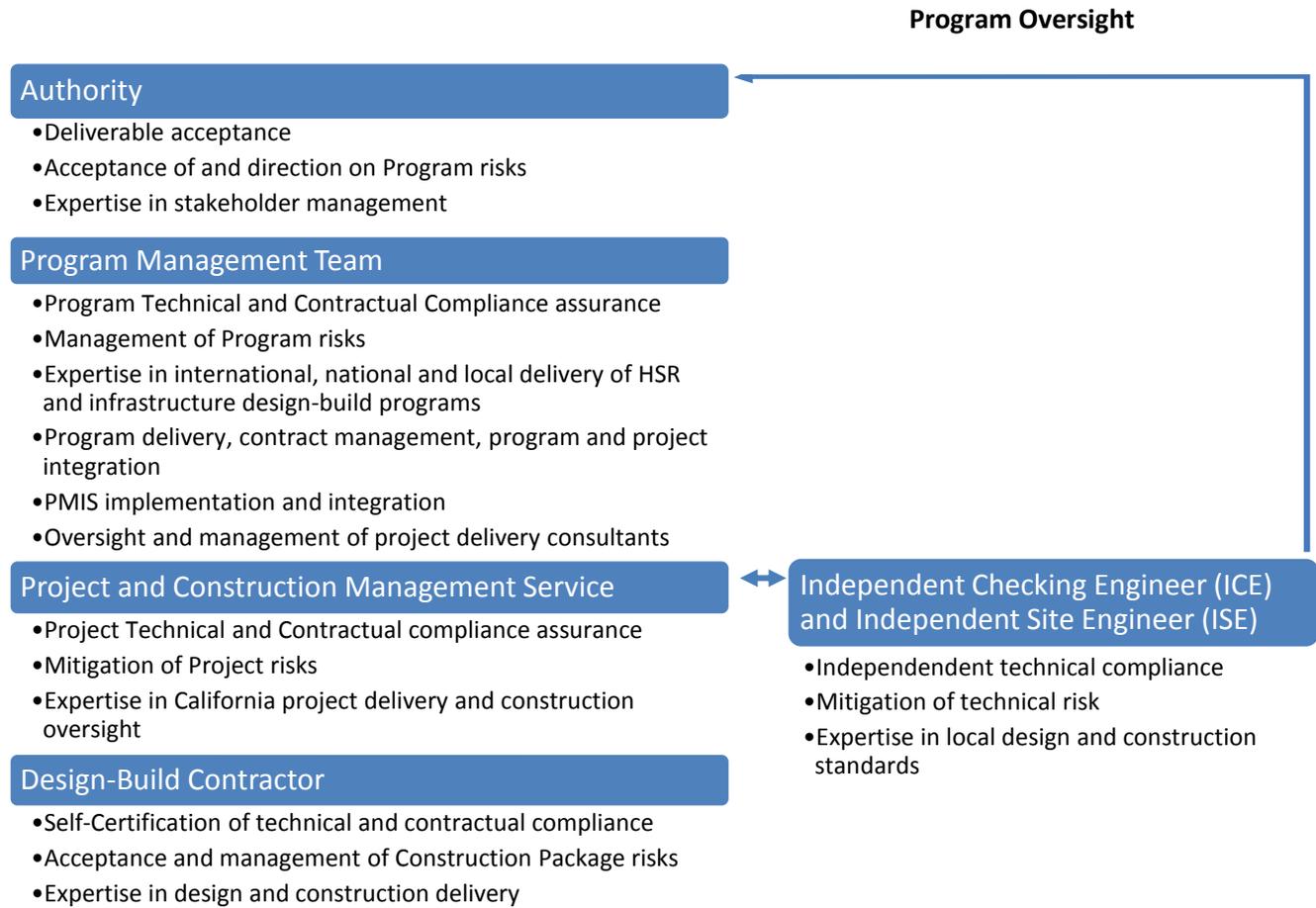
Furthermore, the Authority has designated additional contract staff to provide services for PCM of the CPs for construction of the first construction segment of the IOS. Those services include, but are not limited to, PMT and PCM. In particular, a newly selected PCM team of approximately 25-30 personnel for each CP will work closely with the Authority staff to provide independent oversight and management throughout final design and construction.

Among other functions, the Authority's executive management team utilizes the PCM's resources to enforce Authority processes and procedures related to oversight and management of the Design-Build Contractor (DB). Executive management, in turn, report regularly to the Board of Directors on construction progress. Hence, the Board provides additional oversight and guidance.

The PCM's role is to provide on-the-ground oversight while working under the direction and guidance of the Authority. The PCM is co-located with the DB, and provides the Authority with independent reporting and status updates on various aspects of the DB's construction progress. Additionally, the

PCM serves as the liaison between the PMT and DB on technical matters. The respective responsibilities and expertise of the Authority, the PMT, the PCM, the DB, and the independent engineers are illustrated in Exhibit 4-2, below.

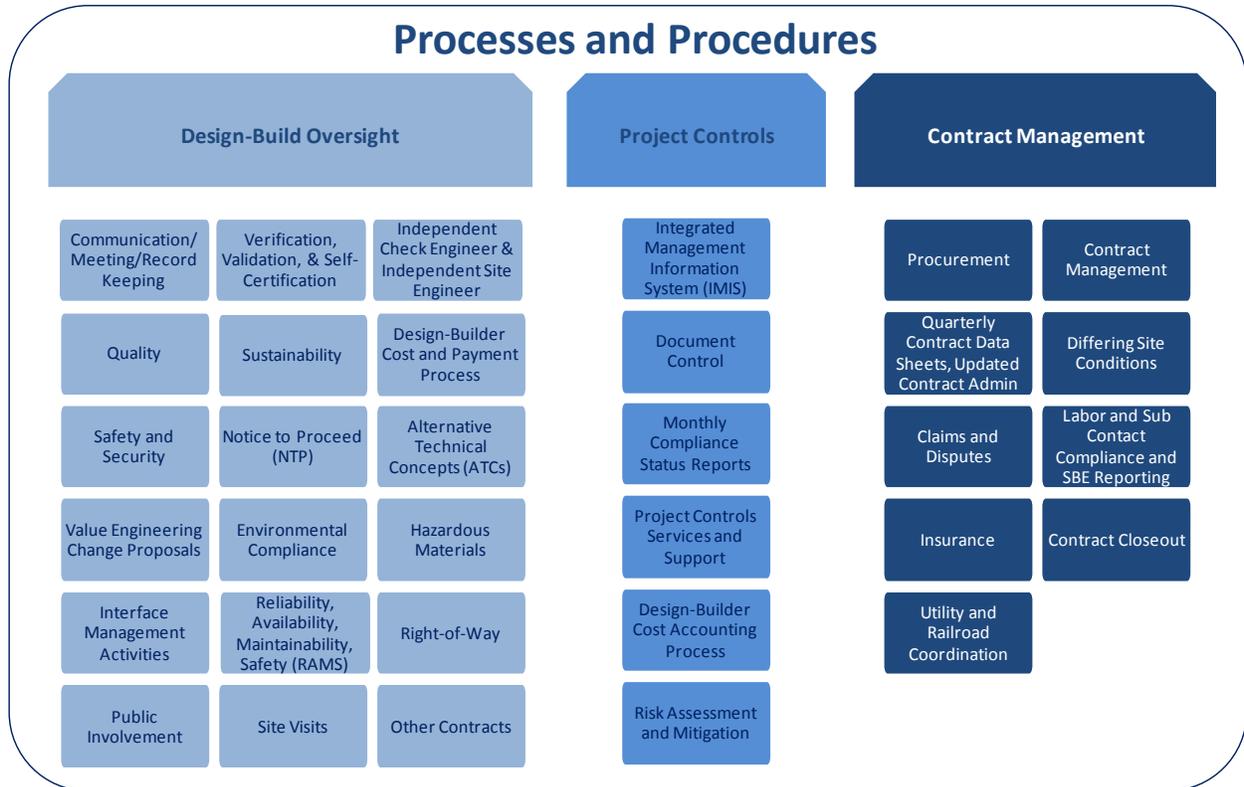
**Exhibit 4-2. Project and Construction Management – Responsibilities and Expertise**



As indicated in Exhibit 4-2, in order to verify the DB’s self-certification process, an Independent Checking Engineer (for design) and Independent Site Engineer (for construction) submits all reports and reviews directly to the Authority under the supervision of the PCM. State staff and/or PMT staff perform an additional detailed check on a sample of the ICE & ISE work to ensure state standards are met and to verify program level compliance. In addition, all “Ready for Construction” submittals require Authority approval prior to construction.

The Authority has developed processes and procedures for contract administration, oversight, and management related to the construction packages anticipated to be awarded between the date of this Staff Management Report and the end of 2016. These processes and procedures are part of the Authority’s construction oversight and management framework, which encompasses three parts: 1) Design-Build Oversight; 2) Project Controls; and 3) Contract Management, as illustrated in Exhibit 4-3, below.

**Exhibit 4-3. Construction Oversight and Management Framework**



Each of the three core elements of the Authority’s construction oversight and management framework – Design-Build Oversight; Project Controls; and Contract Management – is described in turn below, along with the relevant processes and procedures. These processes and procedures include those that are performed on the Authority’s behalf by the PMT and the PCM, under direction of the Chief Program Manager, with certain deliverables submitted to the Authority staff for review, contribution, guidance, and approval. At the end of each of the three core elements described within this Section 4, several representative PCM deliverables to be received by the Authority have been listed to illustrate the range of documentation the Authority reviews over the course of each construction contract.

### 4.2.1. Design-Build Oversight

With the assistance of the PCM, the Authority performs the following activities to support the ability of the Authority and its program management team to make decisions based on accurate, precise, and timely information:

- Development and implementation of Project plans and procedures.
- Implementation of information management systems that provide for timely collection, collation, analysis, and reporting of High-Speed Rail Project information.
- Compliance with FRA and other third-party reporting requirements.

The key elements of the Authority's Design-Build Oversight process and procedures are consistent with practices used by organizations and government agencies across the country for delivery of capital projects. They are described below.

#### **Communication/Meeting/Record Keeping**

As the primary point of contact for the Authority in communicating with DB on a day-to-day basis, the PCM receives DB correspondence and controls outgoing PCM/Authority correspondence pertaining to the DB's scope. The PCM maintains record-keeping standards required by the Authority.

Pursuant to one or more written delegation(s) of authority from the Authority, the PCM may prepare, and in some cases deliver, correspondence to the DB on behalf of the Authority. The PCM tracks the progress of all correspondence and hastens near-due and overdue communications from others to the DB.

#### **Verification, Validation and Self-Certification**

A critical element of the overall program delivery oversight is the Verification, Validation, and Self Certification process (V&V). The main responsibilities for this process at a project level are with the DB, the Independent Checking Engineer (ICE), and Independent Site Engineer (ISE). The PCM and PMT also play roles in overseeing the V&V process and the in the checking of the data as submitted by the DB and ICE/ISE organizations. The V&V process is independent of, but supported by, the DB's Quality Management, Requirements Management, and Interface Management processes. All the processes work together to fulfill a self-certified, technically compliant project. The PCM follows the processes and procedures developed by the Authority and the PMT and refine as deemed appropriate by the PCM with Authority and PMT concurrence as appropriate. In addition, the PCM works with the PMT and the regional consultant teams to review all technical submittals from the DB, ICE, ISE and third parties and report to the Authority as needed.

#### **Independent Checking Engineer (ICE) and Independent Site Engineer (ISE)**

Initial review of the work of the ICE and ISE is performed on the Authority's behalf by the PCM. Among other things, this requires the PCM to: Check the deliverables of the ICE and ISE for

administrative compliance with the Design-Build contract; Check the qualifications of the ICE and ISE and advise the Authority on suitability of proposed staff; and Audit the transparency and effectiveness of the review and submittal process between the DB and the ICE and ISE.

### **Quality**

The DB is responsible for Quality Control and Quality Assurance of the Construction Package work, as well as the work and products of all sub-consultants, fabricators, suppliers, and vendors.

As part of the Authority's DB oversight administration, the PCM develops and implements a Quality Management System (QMS) with associated procedures in accordance with the Authority's Program Quality Management Plan (QMP). The PCM supports the Authority's QMP as required by the DB Contract and submits a Quality Assurance Plan (QAP) to the Authority for approval. The PCM's QMS complements the DB's self-certification and quality systems and does not duplicate those requirements. The QMS complies with the general requirements of the Authority's QMP, and applicable provisions of ISO International Standards 9001:2000. The PCM also performs the following tasks and report relevant findings to the Authority: DB Quality Oversight; Statistical Sampling; and Inspection and Testing Oversight. Additionally, in the event that the DB fails to comply with quality standards and procedures, the PCM submits Non-Conformance Reports (NCR) to the Authority for review when necessary.

### **Sustainability**

The Authority's oversight of the DB's sustainability initiatives and compliance with sustainability requirements is another area where assistance is provided by the PCM, which checks the DB's sustainability report submittals for contract compliance and report to the Authority.

### **DB Cost and Payment Process**

Prior to payment by the Authority, all DB progress payment requests submitted in accordance with Authority-approved procedures and the DB cost accounting process are subject to review by the PCM. Similarly, the PCM administers the process regarding provisional sum entitlements as described in the DB Contract.

### **Safety and Security**

The DB is responsible for safety and security issues for all work sites under its contract. To enhance the Authority's oversight capacity, the PCM is assigned the following responsibilities: Providing oversight of the DB's construction safety and security activities and Design-Build Contract safety and security deliverables; Developing and implementing Construction Safety Training programs for Authority and PCM field staff; Acting as the Authority's representative for and coordinator of Authority construction safety and security activities; Participating in Safety and Security Committee Meetings; Creating and Implementing a Safety and Security Certification Plan.

### **Notice to Proceed (NTP)**

Because certain work by the DB occurs between Contract Award and NTP for construction, the

PCM assists the Authority to monitor and track DB activity, deliverables and schedules between Contract Award and NTP. The Authority consults with the PCM and PMT to determine and then issue a reasonable NTP for the DB, once all contractual requirements are finalized.

#### **Alternative Technical Concepts (ATCs)**

On behalf of the Authority, the PCM monitors and records the implementation of ATCs priced in the Design-Build Contract. Because change requests for an increase in the Contract price resulting from the Contractor's failure to implement an ATC are not permitted, the PCM's assistance enables the Authority to avoid unwarranted cost increases.

#### **Value Engineering Change Proposals (VECPs)**

VECPs represent the formal process of identifying and reviewing design concepts aimed at achieving cost savings from alternative designs and construction methods. VECs are subject to the Authority's change control and configuration control administration procedures. The PCM reviews VECs for completeness and distributes for review. The PCM accounts for accepted VECs according to the DB cost accounting process, the terms of the Design-Build Contract, and Authority procedures.

#### **Environmental Compliance**

The DB is responsible for self-certifying compliance. In addition, the PCM undertakes its review on behalf of the Authority in order to provide assurance to the Authority that the DB's reports are an accurate reflection of actual activities. The PCM provides oversight of the DB's design, permitting, construction, and operation phases and review the DB's documented compliance with approved environmental mitigation requirements. The PCM checks design reports from the DB and the ICE for compliance with the environmental mitigation measures and permit requirements. Significant findings are reported to the Authority's PMT and executive management, who in turn will employ their environmental compliance program protocols and coordination with Resource Agencies to resolve reported issues.

#### **Hazardous Materials**

The PCM tracks, checks, and reports to the Authority on DB activities in relation to the discovery, remediation, disposal of, and provisional sum administration of hazardous materials.

#### **Interface Management Activities**

The DB is required to manage the interfaces involved in the Design-Build Scope. On behalf of the Authority, the PCM reviews the DB's Interface Management Plan and team members' qualifications in consultation with the PMT and ensures that the Interface Coordination Team (ICT) workshops occur and that the relevant Authority and PMT parties have been invited. ICT efforts are to ensure and document that the DB's design is compatible with the adjacent Construction Package interface points and installation of future core system elements and facilities.

#### **Reliability, Availability, Maintainability, Safety (RAMS)**

The RAMS management process incorporates the characteristics of planning, design,

construction, testing, operational readiness, and subsequent operation of the high-speed rail system. RAMS are priority considerations in the planning and execution of all work activities on the Project. As part of the Authority's contract management processes and procedures, the PCM reviews the DB's RAM program plan for conformance with the CHSTP RAM Program objectives. All other RAMS submittals are reviewed for contract compliance by the PCM and distributed to the Program RAMS team for technical review. As with all such reviews, significant findings are reported to the Authority's PMT and Executive Management.

### **Right of Way (ROW)**

The PCM assists the Authority to coordinate between the DB and the Authority's ROW team to ensure that access is efficiently coordinated. The PCM also performs the following tasks and report, as needed, to the Authority's PMT and Executive Management:

- Coordinate information-sharing workshops between the ROW team, Authority, and DB
- Administer the change control process for changes to the baseline ROW Acquisition Plan
- Provide oversight of DB temporary construction easement activity
- Check DB ROW report submissions for contract compliance
- Monitor and record DB actions following a change in the ROW Acquisition Plan
- Work with the PMT to review and update elements of the access control maps, as required

### **Public Involvement**

The Program Communications Plan is updated by the Authority through a collaborative effort with the PCM and the DB to create and maintain an ongoing process for Project communication for the Project between the Authority, the DB, the PMT, the PCM, key stakeholders, agency representatives, and the general public. The DB implements the Public Involvement Plan to provide timely and accurate information regarding the Project. The DB assists the Authority in preparing for and participating in public meetings and other outreach activities. The PCM: Provides oversight of DB Public Involvement Teams; Provides personnel to support the Authority in community outreach, media and public information efforts; Facilitates Public Involvement meetings, as requested; Produces graphics in support of Public Outreach; and Coordinates, in conjunction with the Authority, public and agency interaction elements of environmental compliance requirements specified in the Final environmental documents.

### **Site Visits**

The PCM coordinates all site visits to the construction site with the DB. Site visit requests may come from a wide variety of stakeholders, including, but not limited to, the FRA and other federal, state, and local agencies with regulatory or permitting authority over the High-Speed Rail Program, as well as elected officials, interest groups, and the media. The PCM recommends and agrees on the site visit schedule in consultation with the Authority and PMT. The aim is to balance the burden of site visit administration on the DB with the requirement for comprehensive stakeholder engagement.

### **Other Contracts**

The PCM is tasked with providing coordination of the State Route 99 (SR-99) scope of work to be performed by Caltrans. The limits of the work are defined in the Master Agreement between Caltrans and the Authority. The majority of items in this scope apply to this element of the project.

### **Representative Design-Build Oversight Deliverables from PCM to Authority**

As noted previously, the Authority receives numerous reports from the PCM to assist in its oversight process. Below are representative examples of such PCM deliverables.

- Responses to DB-initiated Requests for Information (RFIs) within the time targeted in the Authority process
- Submittal review comments and recommendations for Statement of No Objection
- NCR reporting
- Statistical sampling progress reports
- Statistical sampling program as part of the quality management plan
- Quality management plan inclusive of Inspection Test Plan and Audit Schedule
- Quality Assurance Plan (QAP)
- Monthly sustainability compliance reports
- Reports on DB safety and security representative qualifications reviews
- Reports on DB SSHASP and SSSP compliance review
- Safety and Security Training Program Plan
- Audit reports, as scheduled
- Design-Build Contract compliance reports
- Construction Safety and Security Audit
- Monthly reports reviewing DB environmental compliance reporting
- Right of way compliance updates
- Assessment and report on the schedule impact of proposed ROW Acquisition Plan changes
- The Program Communications Plan
- Summary reports including agendas, comments and statements of responsive members, specified action items and issues, and any required follow up
- Public outreach materials with consistent graphic representation as approved by the Authority
- Site visit schedule updated monthly

## 4.2.2. Project Controls

The Authority has established Project Control processes, tools, and techniques to monitor and control the High-Speed Program in the primary areas of scope, schedule, cost, risk, quality, safety, procurement, and communications (internal information and data flows for accurate and precise decision making). As part of this effort, the PCM has established a variety of processes and implement them under the Authority's direction. The key processes and procedures for Project Control are described below.

### **Integrated Management Information System (IMIS)**

Key to the Authority's Project Controls efforts is a robust document control system with accompanying procedures. Such controls assist the Authority in managing the large volume of documents exchanged between the Design-Build Contractors, third parties, and Authority.

Within sixty (60) days of issuance of the initial NTP for each Construction Package, the PCM provides a summary level plan describing the PCM's Management Information System (MIS), including the identification of additional software applications and hardware to be used, the integration of the applications, MIS organizational structure, system administration and site hosting, and IMIS integration and support. The plan is updated if required.

### **Document Control**

To assist the Authority in managing the large volume of documents exchanged for the CPs, the PCM provides document control services to record, monitor, and track submittals between the DB and the Authority. All material developed and produced for the Authority under the contract for PCM Services belongs exclusively to the State of California. Maintaining a transparent record of the progress of the design-build program is critical to inform future procurements and decision-making.

All records at final acceptance of the contract for PCM services are transferred to the Authority or State of California in a format to be determined by the Authority. The Authority also may obtain services from the PCM for the following document control activities:

- Guidelines and Training.
- Document Standards.
- Reference Standards File.
- Photographic Records.
- Final Documentation Delivery.

### **Monthly Compliance Status Reports**

On a monthly basis the Authority receives from the PCM a compliance report and supporting data through the IMIS that reflect DB compliance to engineering standards, schedule compliance, quality of material and work, safety and security and other contractual related issues for the prior month. Significant work anticipated in the coming month is also included in the monthly report.

### **Project Controls Activities and Support**

The Authority obtains support from the PCM for additional Project Control activities, which may include: Change control administration; Configuration control administration; and Schedule oversight.

### **DB Cost Accounting Process**

The Authority established requirements for DB cost accounting procedures that support the intent of the Design-Build Contract and compliant with Authority, State and FRA requirements. The Authority also requires the PCM to refine and implement such procedures in order to enable the PCM to review and, as appropriate, recommend the approval of the milestone payment applications that are allowable under the Design-Build Contract. The Authority also is able to obtain additional DB cost accounting services through the PCM, as well as cost review reporting, and cost estimating services, as needed.

### **Risk Assessment and Mitigation**

As part of the Authority's overall Risk Management process, the PCM supports the Authority by submitting relevant information regarding the Design-Build Contract for incorporation into the Authority's Risk Register. The PCM tracks the progress and effectiveness of Project risk mitigation activities from the DB. The PCM also is responsible for various risk assessment and mitigation tasks, and for providing relevant reports to the Authority's PMT and executive management, such as a cost and schedule risk analysis, and a contingency management plan.

### **Representative Project Controls Deliverables from PCM to Authority**

As noted previously, the Authority receives numerous reports from the PCM to assist in its project controls process. Below are representative examples of such PCM deliverables.

- Summary level plan describing the PCM's MIS
- Performance reporting metrics in the IMIS
- Compliance Management Plan
- Change order supporting documentation
- Design-Build Contract configuration usage and variance reports
- Project control procedures
- Support for FRA and other agency reports
- Monthly Cost Review Reports
- Milestone Payment recommendations/concurrence
- Cost and Engineering Estimates, as requested
- Recommendations on estimates by the DB
- Final cost estimate
- Recommendation to the Authority on change estimates

- Risk Register updates
- Cost and Schedule Risk Report updates
- Project/Contract contingency plan
- Project/Contract contingency usage reports
- Design-Build Contract Risk Register (CRR)
- Draft and Final Contingency Management Plan

### 4.2.3. Contract Management

The Authority's Contract Management activities, related to the Construction Packages for each of the segments, include the key processes and procedures described below.

#### **Procurement Process**

The Authority's Contract Management process begins during the Procurement process, during which the Authority reviews and evaluates DBs' proposals to determine best value technical and price proposals. The PMT and the PCM assist in this process.

#### **Contract Management**

To support the Authority and PMT personnel, the PCM performs certain contract management services and serves as the primary point of contact for the respective DBs. The PCM staff teams as necessary to be able to manage the contract and perform all required PCM tasks, likely to be small cross functional teams that mirror the DBs' work fronts. Teams are comprised of Project Engineers, Field Engineers/Inspectors, Public Involvement representatives, Change/Claim Engineers, Project Controls Engineers/Schedulers, Construction Support Liaison Engineers, Environmental and Safety Compliance representatives, Document Control representatives, as well as administrative and data entry assistants. PCM contract management services comply with applicable state and federal contracting regulations.

#### **Updated Contract Administration**

The Authority obtains assistance in its development and preparation of contracts, response to Design-Build Contract interpretation queries, and maintenance of a "conformed Design-Build Contract" that contains authorized changes. This process is supported by periodic audits by the PCM of the Design-Build Contract Field Management operations to maintain consistency and document control conformity as it relates to Design-Build Contract documents. The PCM also performs periodic audits of the DB's cost tracking and documentation as required by the Design-Build Contract and relevant state and federal requirements.

#### **Differing Site Conditions**

The Authority requires the PCM to record, photograph, log, and track all instances, proven or otherwise, of differing site conditions. The PCM responds and inspects the area on behalf of the Authority according to the timelines specified in the Design-Build Contract and makes recommendations as to the course of action. The PCM checks for accuracy and submission

timeliness, as well as reviews and recommends action on relevant Contractor submitted reports. The PCM is also required to check and assess additional investigations conducted by the DB.

### **Claims and Disputes**

The Authority maintains a process for claims and disputes as well as take a proactive approach to claims avoidance. For purposes of this document, “claims” are defined as DB-requested changes where merit has initially been denied by the PCM in accordance with its Change Management responsibilities, but which continue to be pursued by the DB. “Disputes” are defined as claims that continue to be pursued by the DB, cannot be resolved by the PCM or the Authority and the DB, and are submitted to the Dispute Resolution Board (DRB) for resolution. The Authority’s DRB process follows standard industry practices. The process is similar to the DRB process used by Caltrans for its large projects, but is tailored to the unique circumstances of the High-Speed Rail project. The dispute resolution process is further described in the Request for Proposal for Design-Build Services for CP 1. See the General Provisions, Section 51, Disputes, at the following URL:

<http://www.cahighspeedrail.ca.gov/assets/0//443/445/ab6a709b11974c36943b657883227e45.pdf>.

The PCM brings potential claims to the attention of the Authority and provides recommendations regarding entitlement, potential exposure, and strategies for resolution. The PCM also prepares monthly claims and disputes status reports with trend analyses, as well as documentation supporting entitlement for change order requests and DB claims, and presents them to the Authority for discussion. The PCM then assists the Authority in deciding which claims and orders will be settled by submitting merit assessments and recommendations to the Authority for review.

### **Labor and Sub-Contract Compliance and Small Business Enterprise (SBE) Reporting**

The Authority enforces labor and sub-contract compliance requirements with assistance from the PCM. The PCM is responsible for checking the DB’s prevailing wage and civil rights compliance records and reports for the Project. Prevailing wage compliance includes certified payroll management and payment tracking.

### **Insurance**

The Authority enforces insurance requirements with assistance from the PCM. The PCM reports on and monitors DB compliance with the Insurance Program (OCIP) and workers’ compensation requirements and (if necessary) management reporting and data exchange with the insurance provider.

### **Utility and Railroad Coordination**

The Authority requires the DB to provide timely notification, coordination, scheduling, and field work with the utility companies as required for relocation, abandonment, and upgrade work. The PCM oversees related DB activities and assists the Authority and its PMT in utility and railroad coordination efforts, including those necessary for utility relocations and new services, throughout the design and construction phases of the Project. The PCM also assists the

Authority with utility agreements and task orders. On behalf of the Authority, the PCM checks to ensure that all work performed by utility agencies is being managed in coordination with the DB.

### **Contract Closeout**

The Authority obtains contract closeout assistance from the PCM on the Design-Build Contract in accordance with Authority approved procedures and in compliance with state and federal guidelines.

The closeout and transfer of records to the Authority include the following:

- All work products and relevant supporting materials
- All change documentation
- All quality control and assurance records
- Check that all commercial issues have been resolved

### **Representative Contract Management Deliverables from PCM to Authority**

As noted previously, the Authority receives numerous reports from the PCM to assist in its contract management process. Below are representative examples of such PCM deliverables.

- Procurement evaluation recommendations
- Contract Management Manual
- Construction Management and Inspection Procedures
- Conformed Design-Build Contract
- Review reports (Field Management Operations and findings regarding compliance with State and Federal requirements, and in accordance with contractual and legal/regulatory recordkeeping and reporting requirements)
- Monthly Claims and Dispute Status Report
- Subcontract Usage Report
- Closeout Checklist and Report

## **4.3. Procedures to Avoid Contract Splitting**

The Bureau of State Audits (BSA) has identified concerns about contract splitting, and stated the following in its report #2011-504:

“To effectively manage its contracts the Authority should do the following:

- Develop procedures to detect and prevent contract splitting.
- Begin awarding contracts with a sufficient amount of lead time.

- Immediately begin the process of soliciting competitive bids for IT services.”

As presented in a written response to the BSA, dated August 3, 2012, the Authority responded as follows:

“The contracting and procurement manuals are complete and include language prohibiting contract splitting. The contract manual contains language ensuring adequate lead time in the contract award process.

The Authority continues to maintain and use a schedule of contract expiration dates to ensure the contract managers receive timely notification from the contract unit of contract expiration dates.”

Both the current Contract Manual and the current Procurement Manual include the following provisions:

“Contract managers and contract administration staff will ensure that:

- No bid document will be drafted in a manner that limits bidding directly or indirectly to a single bidder (PCC 10339);
- No person shall willfully split a single transaction into a series of transactions for the purpose of evading the bidding requirements of State law (PCC 10329). In particular, a series of related services that would normally be combined and bid as one job cannot be split into separate tasks, steps, phases, locations, or delivery times to avoid adhering to a state law, policy, or DGS procedure (SCM 5.03).

In the course of developing each of the Authority’s procurements, there are multiple points of review. All draft procurement documents (e.g., request for qualifications, request for proposals, etc.) are reviewed for compliance with state requirements by the Authority’s Contract Specialist. The proposed scope of work also is reviewed for compliance with the Authority’s needs by the Project Delivery Contracts Director. The Chief Counsel reviews for legal compliance, with assistance from outside counsel, as needed. Following these initial reviews, the draft procurement documents are subject to additional management review across multiple functions, including budget, contracts, and legal before being provided to the Chief Deputy Director and/or the Chief Executive Officer for review and approval. Certain procurements beyond the Chief Executive Officer’s delegation of authority are subject to further review by the Board prior to release. The Authority publishes its released procurements through BidSync, the on-line bid notification service used by DGS.