



California High-Speed Rail **BRIEFING: NOVEMBER 17, 2022 AGENDA ITEM #2**

TO: Board Chair Richards and Board Members
FROM: Brian Kelly, Chief Executive Officer
DATE: November 17, 2022
RE: Construction Update

Summary

Information item to update the Board of Directors on Program Delivery activities.

Background

This presentation reflects the Authority's commitment to brief the Board periodically on Program progress. The CEO, Regional Director, and Deputy COO will present a program update with a PowerPoint presentation to the Board. This presentation expands on the monthly Central Valley Status Report to provide a broader picture of program activities and final project challenges. This Program Update aims to give the Board a look at where program activities are and what is on the horizon as construction advances.

Discussion

This information item provides an update on major activities across the Program, including achievements and goals relative to environmental clearance, right-of-way (ROW) delivery, and construction on the 119 miles in the Central Valley. The presentation will include further information on the following topics:

1. 2022 Progress

The Authority has environmentally cleared 422 miles between San Jose and Palmdale and is advancing design from Merced to Madera and Poplar Avenue to Bakersfield. The Initial Operation Segment – The 171 miles between Merced and Bakersfield, is environmentally cleared, with 119 miles under construction and 52 miles starting advanced design work. The design contract for the Central Valley Stations is underway. The Track and Systems (T&S) contract procurements are planned for 2023, with train procurement commencing in 2023. The goal is to have initial operations by 2030.

2. Achieving Construction Management

In the Central Valley, the Program has made significant progress in our commitments to improve construction project management. The primary areas in which the Program expects to achieve construction management by the end of 2022 include:

- a. Instituting a complete project definition.
 - ✓ The majority of change orders are expected to be incorporated into the project scope by the end of 2022. Cross Creek Viaduct is the only commercial issue that may require more time, as it is currently in arbitration.

- b. Completing Right-of-Way (ROW) acquisitions.
 - ✓ The improvements made in ROW planning, forecasting, and management increased capacity and productivity to exceed acquisition goals.
- c. Focused efforts on finalizing third-party designs
 - ✓ The Chief Executive Officer delegated authority to the Director of Real Property, Dennis Kim, to be the executive in charge of leading Third-Party relationship strategies, including increased engagement of third-party executives and workshops focused on process improvements with AT&T, PG&E, and railroads. These efforts added to the Authority's Third-Party Task Force accomplishments, achieving resolution on 54 of the 66 issues to mitigate critical project risks.
- d. Updating design and construction activities to finalize project schedules.
 - ✓ Working with Design-Build (DB) contractors to re-sequence work and mitigate schedule impacts.
 - ✓ Revised Baseline Schedules (RBSs) have been submitted by the contractors for Construction Package (CP) 1 and CP 2-3 and have been conditionally accepted. All CPs now have agreed upon substantial completion dates.

3. Right-of-Way Progress

A new management approach to ROW processes contributed to increased ROW acquisition and improved schedule forecasting. The Authority is ahead of schedule in delivering Right-of-Way. Parcel delivery is projected to reach 95% of the total needed by the end of 2022. Presently, we have delivered 93% (2,141) of the 2,301 parcels needed

4. Design and Construction Progress

In the Central Valley, all construction design packages are now complete, utility relocation design approvals and other third-party requirements are a primary focus with increased resources, and major change orders have progressed significantly, bringing the project scope into greater focus. The conditionally approved RBSs have provided construction completion dates that contribute to the Authority having the scope defined and a detailed schedule for critical milestones. Progress and remaining challenges in each of the CPs in the Central Valley are detailed in the presentation, including the following:

- a. CP 1 – All Ready for Construction design packages have been approved by the Authority. Utility Relocation Design approvals are a major focus for 2023. The RBS has been submitted by the contractor, subject to final approval. The contractor submitted estimated substantial completion date is Quarter 4, 2025. Only two major change orders remain, and both are in negotiations and expected to conclude by year-end. The primary risks have been identified, and mitigation plans are in place. These risks include extended road closures in the City of Fresno, interpretation and enforcement of environmental specifications on the project, and obtaining timely approvals of railroad submittals. Utility relocations, including design reviews/approvals and complex cutover activities, are a critical risk on CP 1 and are more complex and time-consuming than for other CPs, as the density of locations in the Fresno area has an average of six times more utility conflicts than any other area of the 119 miles currently under construction. Aggressive efforts are planned for 2022/2023 to complete the majority of the remaining utility relocations, which would outpace historic performance levels.
- b. CP 2-3 - All ready for Construction design packages have been approved by the Authority. Utility Relocation Design approvals will continue to be a focus into 2023. The RBS was conditionally accepted in October 2022, subject to final approval. The contractor submitted estimated substantial completion date is Quarter 1, 2026. Two major commercial issues have concluded, and construction is underway - BNSF Intrusion Protection Barriers and the Hanford Viaduct. Deer Creek Viaduct is in the final stages of negotiations and will be agreed upon and executed before the end of 2022. Cross Creek Viaduct is in arbitration. The primary risk areas are ROW

acquisitions for utility relocations, third-party design reviews/approvals, and the commercial issues noted above.

- c. CP 4 – All design work is complete, and the Actual Earned Value as of September 31, 2022, was 87.3%. All major change orders have been executed to finalize the major scope. The primary risks that remain are relative to design reviews/approvals with Semitropic Water Storage District, PG&E, and BNSF. Mitigations include a targeted effort to obtain the design approvals, with increased staff dedicated to finding a resolution. Substantial completion for construction is expected in March of 2023.

Additional key performance indicators for each construction package will be provided in the presentation.

5. Program Risks and Opportunities

The Program is observing historic inflation, and contractors have raised concerns about the potential impacts of escalating costs. The Authority is developing a strategy to address these concerns. Further, the Authority is working to maximize potential opportunities through US Department of Transportation grants. Four grant applications have been submitted totaling \$1.33 billion in potential funding opportunities. Two additional grant applications are planned for rail infrastructure safety improvements and a federal partnership opportunity for intercity rail.

Legal Approval

This is an informational item, and by itself, does not raise any legal concerns.

Budget and Fiscal Impact

This is an informational item, and by itself, does not have a budget or fiscal impact.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: Signed 11/10/2022
Reviewer Name and Title: Alicia Fowler Chief Council	Signature verifying legal analysis: Signed 11/10/2022

Recommendations

This is an informational item.