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# California State Senate

SENATOR  
JIM BEALL

FIFTEENTH SENATE DISTRICT



JAN 22 2018

COMMITTEES  
TRANSPORTATION  
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APPROPRIATIONS  
BUDGET AND  
FISCAL REVIEW  
GOVERNANCE  
AND FINANCE  
JOINT LEGISLATIVE AUDIT  
SUBCOMMITTEE  
BUDGET AND FISCAL  
REVIEW SUBCOMMITTEE #5  
ON CORRECTIONS,  
PUBLIC SAFETY, AND  
THE JUDICIARY

January 12, 2018

The Honorable Al Muratsuchi  
Chair, Joint Legislative Audit Committee  
1020 N Street, Room 107  
Sacramento, CA 95814

Dear Chairman Muratsuchi:

I respectfully request the Joint Legislative Audit Committee approve an audit to examine the efficiency and efficacy of the California High-Speed Rail Authority's (Authority) current policies and practices in the construction of California's High-Speed Rail Project.

With passage of Proposition 1A, Californians agreed to develop a new, world-class high-speed rail system that would connect our state's population and economic centers more closely together. This Proposition 1A funding, along with the Federal High Speed Intercity Passenger Rail Program and State of California Cap and Trade Program funds, were appropriated by the Legislature and is now being used to plan and construct the system. Once operational, this new high-capacity transportation mode will move people speedily, reliably and conveniently between California's economic centers and propel our state and our economy for another 100 years.

Without question, the high-speed rail program is the largest, most complex and, in some ways, most far-reaching public infrastructure project in the nation. As a mega project, it constantly faces a myriad of regulatory, environmental, public policy, political, funding and other challenges that must be anticipated and effectively managed in order for the program to be successfully delivered.

As a vital partner in the delivery of the high-speed rail system, it is incumbent upon us as a legislative body to provide strong oversight and guidance to ensure that the project is on an effective path towards successful completion, and that the Authority's policies and practices are leading edge and in line with achieving state goals set forward by this body.

To that end, this audit would facilitate an independent examination of the Authority and its policies and practices, allowing for the Legislature to make more effective and better-informed decisions when fulfilling its oversight role of the project. I request that this audit examine the content and efficacy of the Authority's practices in the following issue areas:

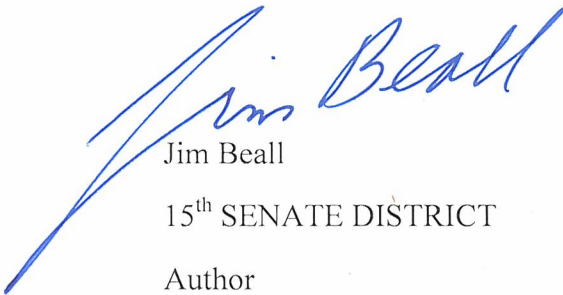
- 1) The Authority's and other ideas the State Auditor can identify for accelerating the Authority's work on constructing the High-Speed Rail Project.

- 2) The Authority's and other ideas the State Auditor can identify for reducing the overall cost of the project.
- 3) The Authority's contract management policies and practices, including:
  - a. The estimation and management of contract costs.
  - b. The tracking, review, and payment of invoices.
  - c. The negotiation and approval of design-build contract change orders.
- 4) The Authority's community and economic impacts, including:
  - a. The utilization of small and disadvantaged businesses on the project.
  - b. The economic and jobs impact to the communities where the project is under construction.
- 5) The Authority's sustainability policy implementation, including social, economic, and environmental outcomes from the project's green construction practices, as well as contribution to state policy and climate goals.

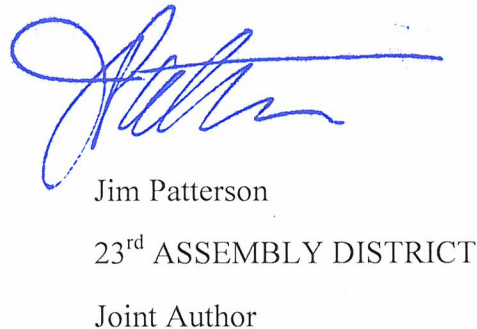
I believe that expediting the development of the project will reduce the overall cost, to the benefit of riders. Therefore, I'd also request that the audit make recommendations on how the Authority can expedite the development of the project by, for example, increasing cooperation with the railroads or examining interconnection opportunities with other transit and rail lines. Additionally, the audit should recommend ways for the Authority to reduce the overall cost of the project by, for example, capturing some of the value created by the new stations.

Thank you for your consideration of this audit request. If you have any questions, please do not hesitate to contact my Chief of Staff, Sunshine Borelli at 651-4015.

Sincerely,



Jim Beall  
15<sup>th</sup> SENATE DISTRICT  
Author



Jim Patterson  
23<sup>rd</sup> ASSEMBLY DISTRICT  
Joint Author