METROPOLITAN TRANSPORTATION COMMISSION

Meeting Transcript

METROPOLITAN TRANSPORTATION COMMISSION WORKSHOP

THURSDAY, MAY 26, 2022 9:30 AM

CHAIR ALFREDO PEDROZA: GOOD MORNING, EVERYONE. IM ALREDO PEDROZA, CHAIR. THIS IS DAY TWO OF OUR WORKSHOP. HOPEFULLY, YOU ALL HAD A CHANCE TO REFLECT ON THE INSIGHTFUL CONVERSATIONS WE HAD YESTERDAY. I APPRECIATE ALL OF THE MEMBERS FOR MAKING TIME WITH THE PUBLIC AND PRESENTERS. TODAY WE HEAR FROM RAY TELLIS TO GIVE US GLOBAL PERSPECTIVE. WE HEAR FROM STAFF TALKING ABOUT PROJECTS LOOKING AT HOW THE PROJECTS ARE DELIVERED AND THERESE MCMILLAN WILL LEAD THAT CONVERSATION AND THEN WELL TALK ABOUT WHATS NEXT. AS SHARED YESTERDAY, WE APPRECIATE EVERYONES COMMITMENT TO KEEPING AN OPEN MIND OF HOW TO DO BETTER. WE HAVE THE RIGHT INTENTIONS OF DELIVERS THE PROJECTS ON TIME, ON BUDGET. THANK YOU TO THE COMMISSIONERS FOR TAKING TIME. BEFORE WE START OFF TODAY, I WANT TO SEE IF OUR EXECUTIVE DIRECTOR HAS THOUGHTS OF REFLECTION FROM YESTERDAY AND EXPECTATIONS FOR TODAY.

THERESE MCMILLAN: THANK YOU SO MUCH, CHAIR PEDROZA. INDEED, I DO. I WANT TO MAKE SURE IM NOT HAVING FEEDBACK ISSUES LIKE DAY ONE. WE HAD A DEEP DISCUSSION YESTERDAY. ITS A CHALLENGE TO PULL THROUGH SUMMARY POINTS. I CAME AWAY WITH THREE OVERARCHING TOP LINES THAT PROVIDE A BASIS TO GETTING US TO THE COLLABORATIVE DISCUSSION TODAY. THOSE THREE THINGS ARE

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RISK, OWNERSHIP AND OVERSIGHT. WITH REGARDS TO THE FIRST ONE, MANAGING RISK, I TOOK AWAY, IS REALLY MANAGING CHOICES. ONE OF THE THINGS THAT, AS I RECALL AN ENGINEERING AXIOM I HEARD EARLY IN MY CAREER THAT HAS ALWAYS STUCK WITH ME IS THAT DELIVERING A PROJECT OR PROGRAM, THREE OBJECTIVES YOU ARE TRYING TO DO. YOU CAN DO IT FAST. YOU CAN DO IT CHEAP, OR YOU CAN DO IT WELL. AT BEST, YOU GET TWO OUT OF THREE. THAT SPEAKS TO BUDGET, SCHEDULE AND SCOPE. HOW OFTEN HAVE WE HEARD THAT THOSE ARE THE THREE THINGS WE NEED TO DEAL WITH. WE HEARD THAT DELIVERY MODELS CAN BE FASTER DELIVERY, BUT YOU HAVE TO PAY FOR IT. THAT WAS POINTED OUT. WITH RESPECT TO BUDGET, WE ARE TRYING TO MODULATE THE HIGH RISK FOR ANY LARGE PROJECT. ITS INEVITABLY DERIVED FROM THE UNKNOWN UNKNOWNS ABOUT SOMETHING THAT STEVE SHARED WITH US. MANAGING THAT OFTEN IS PUTTING TOGETHER SUFFICIENT CONTINGENCY. WELL HEAR ABOUT THAT MORE SO TODAY AND PARTICULARLY WITH OUR FIRST SPEAKER, RAY TELLIS. WITH RESPECT TO SCOPE, THERE WAS AN INTERESTING OBSERVATION ABOUT SCOPE RISK. ONE WAS THE IDEA OF HIGH BAY AREA EXPECTATIONS, RIGHT? I THINK YOU AS ELECTED OFFICIALS, YOU ALL IN PARTICULAR HAVE BEEN IN THE PLACE WE WANT OUR PROJECTS TO DO EVERYTHING TOMORROW FOR FREE, BASICALLY. WHEN WE ARE BUILDING A COMPLEX PROJECT IN A COMPLEX ENVIRONMENT WITHOUT CLOSING A HIGHWAY OR BRIDGE OR SERVICE OPTIONS, THAT OFTEN RESULTS IN DELAY. THAT DELAY RESULTS IN BUDGET INCREASES. SO MANAGING THE SCOPE EXPECTATIONS IS REALLY IMPORTANT. WE HEARD

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THAT, THAT NEEDS TO BE DONE EARLY, YOU KNOW? IF YOU ARE GOING TO -- NOW, CHOICES AGAIN, MANAGING RISK, MANAGING CHOICES. IF YOU WANT TO HAVE A HIGH QUALITY -- PEOPLE USE THE TERM "GOLD-PLATED PROJECT." YOU CAN INCORPORATE OR IF YOU WANT TO INCORPORATE UNTESTED ELEMENTS IN THE NAME OF INNOVATION, YOU CAN DO THAT BE YOU YOUR BUDGET MAY HAVE TO INCREASE. LETS MOVE ON TO THE OWNER DISCUSSION. I THINK THAT WAS ALSO QUITE INTERESTING. COMMENTING ON THE JOSE PROJECT OUTLINED THE AGREEMENTS AND PROCESSES REQUIRED BETWEEN BTA AND BART DELIVERY OF PHASE ONE. IT WAS ALL LAID OUT CLEARLY. IT STRUCK ME THAT THE KEEN OBSERVATION, END OF THE DAY, THE PERSON HOLDING THE OPERATING RESPONSIBILITY IS A DECISION MAKING KINGPIN BECAUSE THEY NOTED THE PUBLIC DOESNT CARE ABOUT ALL OF THOSE AGREEMENTS. THEY JUST WANT THE PROJECT TO WORK. ONE OF THE THINGS POINTED OUT, AND SEEMS TO BE THE RESPONSIBILITY OF THE KEY OWNER OR EXECUTIVE -- I THINK THE TERM WAS EXECUTIVE CHAMPION IS TO MAKE SURE THE RIGHT PEOPLE ARE AT THE RIGHT TABLE AND THE OPERATING ENTITY IS ONE OF THE KEY FOLKS AT THE TABLE EARLY AND THROUGHOUT THE PROCESS. STEVE OBSERVED THAT MULTIPLE OWNERS CAN MAKE FOR A MUDDLED DELIVERY IF ITS UNCLEAR WHO IS DOING WHAT. THAT IS SOME OF THE EXAMPLES WE HEARD ABOUT WITH THE BRIDGE EXPERIMENT. A SUCCESSFUL EXPERIMENT. SOME OF THE CONVERSATION YESTERDAY, PROMPTED, I THINK COMMISSIONER SPEERING, YOUR QUESTION, THREE DETERMINANTS FOR AN EFFECTIVE OWNER OR CHAMPION. THE FIRST IS INVESTED ACCOUNTABILITY. ONE

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ENTITY OR MULTIPLE PARTNERS, THERE HAS TO BE A CLEAR LEAD GUNNER TO DECIDE THE OUTCOME GOOD OR BAD. SECOND IS TRANSPARENCY. IF WE MANAGE RISK AND CHOICES ATTACHED TO THEM, THEY SHOULD AS MUCH AS POSSIBLE NOT BE DONE IN THE BACK ROOM. THE THIRD IS THAT THE RIGHT OWNER HAS OR HAS TO HAVE ACCESS TO APPROPRIATE CAPACITIES TO MAKE EFFECTIVE DELIVERY DECISIONS, TECHNICAL, FINANCIAL, ADMINISTRATIVE GOVERNANCE OR POLITICAL. LET ME END WITH OVERSIGHT. THE COMMISSIONERS -- YOU ALL TACKLED EARLY ON THE QUESTION OF, WHERE COULD MTC POTENTIALLY ADD VALUE TO A PROJECT DELIVERY PROCESS IN THE REGION? WHILE THAT WAS NOT A CONCLUSIVE DISCUSSION, I THINK WELL HAVE A LOT MORE INPUT AND DIALOGUE ABOUT THAT TODAY. THERE WAS SOME CONSIDERATION BROUGHT FORWARD YESTERDAY, AND ILL HIGHLIGHT THREE OF THEM. FIRST, WE DONT WANT TO DUPLICATE OVERSIGHT. IF THE EFFORTS ARE WORKING, AND WELL HEAR ABOUT A KEY ONE RELATIVE TO THE CAPITAL INVESTMENT PROGRAM, WE DONT WANT TO -- YOU KNOW, REPEAT THOSE. THATS NOT HELPFUL. AS AN INVESTOR WITH MAJOR MONEY ON THE TABLE, THE COMMISSION MAY WANT TO DO MORE TO LEVERAGE THAT IN THE OBJECTIVE OF BETTER MANAGEMENT OF RISK. THE THIRD POINT IS ONE WAY, POSSIBLY OF DOING THAT, IS TO MOVE TO STAGE GATING THE PROJECT DELIVERY PIPELINE ASKING KEY QUESTIONS AT KEY MILESTONES. EVERYTHING FROM -- IS A MAJOR REGIONAL PROJECT AT THE OUTSIDE DESIGNED TO MEET REGIONAL GOALS IN PLANNED BAY AREA 2050 TO WHAT MANAGEMENT RISK CONCERNS ARE IDENTIFIED BEFORE DECIDING ON A PROJECT DELIVERY

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METHOD? THOSE ARE JUST THOUGHTS I HAD FROM YESTERDAY AND I HOPE PROVIDES A NICE BASIS FOR THE CONVERSATION TODAY.

ALFREDO PEDROZA, CHAIR: THANK YOU VERY MUCH. YOU DID A GREAT JOB. YOU HAD YOUR COFFEE. YOU HIT ON ALL OF THE IMPORTANT ELEMENTS FROM YESTERDAY AND I APPRECIATE YOU SETTING THE STAGE FOR TODAY. I WANT TO UNDERSCORE SOME OF WHAT YOU SAID, WHATS THE ROLE AND WHAT I WANT TO CHALLENGE US WITH TODAY, WHERE DO WE ADD VALUE AND WHERE IS THE OPPORTUNITY TO ADD VALUE? WE START WITH RAY TELLIS, REGION NINE ADMINISTRATOR TO PROVIDE A NATIONAL PERSPECTIVE AND GET INTO THE SPECIFICS. WELL FINISH THE DAY OF THE FUNDAMENTAL QUESTION, WHERE DO WE ADD VALUE? ILL TURN IT OVER TO RAY.

THERESE MCMILLAN: RAY IS A DEAR FRIEND. I WORKED WITH HIM AS DEPUTY ADMINISTRATOR AND ACTING ADMINISTRATOR, A KEY TEAM MEMBER, AS WELL AS WORKING WITH L.A. METRO, RAY WAS IN THE L.A. OFFICE, A ADDITIONAL SATELLITE OFFICE TO REGION NINE COVERING THE WESTERN UNITED STATES. WE WORKED TOGETHER ON A NUMBER OF PROJECTS. RAY, IF YOU WOULD LIKE, YOU CAN COME UP HERE, AND THERE IS A --

ALFREDO PEDROZA, CHAIR: HIT THE BUTTON.

THERESE MCMILLAN: THERE YOU GO.

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RAY TELLIS: ILL DO THE PRESENTATION, I HAVE A SLIDE DECK ILL WALK YOU THROUGH. I USE SLIDE DECKS SO IT JOGS MY MEMORY AND I DONT FORGET SOMETHING. THERESES REMARKS LEAVES ME WITH NOT MUCH MORE TO SAY. ILL GIVE YOU THE NATIONAL PERSPECTIVE. I WAS ASKED TO DISCUSS WITH ALL OF YOU AND HAVE THE CONVERSATION ON WHAT WE ARE EXPERIENCING IN TERMS OF PROJECTS. MY REGION IS PRIMARILY THE BAY AREA OF LANGUAGE. I HAVE OTHER STATES, BUT A LOT OF PROJECTS RELATED HERE. TO ME, NEAR AND DEAR IS THE LOS ANGELES AREA. THERE ARE 27 OF THEM, ALL BIG PROJECTS. WITH THAT, ILL GET STARTED. NEXT SLIDE, PLEASE?

ALFREDO PEDROZA, CHAIR: GIVE US A SECOND. GIVE US A SECOND HERE. WE ARE ALL SEEING YOU ON THE SCREEN, THERESE. OUR I.T. TEAM WILL HELP NAVIGATE. ALL RIGHT, RAY, TAKE IT AWAY.

RAY TELLIS: NEXT SLIDE, PLEASE. ONE OF THE THINGS WE DO, FTA JUST AS BACKGROUND, DOES NOT, WHEN YOU HAVE A PROJECT, WHEN ANY SPONSOR HAS A PROJECT DOESNT TELL YOU WHERE THE PROJECT SHOULD GO. WHAT WE DO, WHEN YOU ARE READY TO GO AND YOU GO THROUGH A RIGOROUS PROCESS, AND MORE RECENTLY THE EXPEDITED PROJECT DELIVERY PROCESS, WE COME BACK AND SAY THERE ARE OBLIGATIONS FOR THE RECEIPT OF FEDERAL FUNDS. WE PROVIDE OVERSIGHT. THAT MEANS YOU ARE DOING THINGS CORRECTLY FOLLOWING YOUR OWN STANDARDS, DESIGN CRITERIA, THRESHOLD POINTS AND BUY

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AMERICA AND THINGS LIKE THAT, LABOR STANDARDS AND SAFE WORKING PLACES. TO THAT STENT, WE RELY ON TOOLS -- MANAGEMENT TOOLS, AND SOME OF MY PRESENTATION MAY BE TECHNICAL, BUT WELL TALK LABORS. WE HAVE A ROBUST RISK ASSESSMENT PROCESS. WE HAVE MARBLES THAT LOOK AT VARIOUS ELEMENTS OF THE PROJECT. THE KEY IS, AS SOON AS WE GET ENGAGED WITH THE PROJECT, WE ASK THE PROJECT TEAM TO OPEN OR START OR DEVELOP A RISK RATE SO WE ARE IDENTIFYING THE CRITICAL ELEMENTS OF THE PROJECT RELATED TO RISK. I WOULD SUBSCRIBE THAT ANYTHING WE DO WHEN WE FUND A PROJECT OR ENGAGE, SMALL FACILITY OR BIG HUGE MULTIMILLION DOLLARS RAIL EXTENSION, EVERYTHING WE DO AT FTA IS COMMISERATE TO RISK. WHEN YOU HAVE RISK MANAGEMENT, YOU ARE NOT GUESSING AND ARBITRARY, YOU ARE BEING DELIBERATE AND YOU KNOW WHAT IS ON THE RISK REGISTER. THATS HOW YOU GO ABOUT MANAGING THE PROJECT. YOU IDENTIFY THE MITIGATIONS TO IDENTIFY THE RISK AND YOU HAVE A PERSON DEDICATED WITH REASONABLE AUTHORITY TO ADDRESS THAT PARTICULAR RISK THAT YOU ARE MONITORING THE PROGRESS OF ADDRESSING THAT RISK AND BRINGING IT TO CLOSURE. WHEN YOU BRING IT TO CLOSURE, THATS A GREAT THING. YOU ARE TAKING IT OFF THE RISK REGISTER AND MOVING TO SOMETHING ELSE. IN TERMS OF COST AND SCHEDULE AND YOU ARE RIGHT, THERESE, WHEN YOU GO TO A MEETING AND ENGAGE WITH THE SPONSOR CEO, I TALK ABOUT RISK IS IMPORTANT, QUALITY IMPORTANT IS SAFETY IS IMPORTANT BUT I TALK ABOUT COST, SCHEDULE AND SCOPE. YOU WANT TO CONTAIN SCOPE BECAUSE SCOPE LEADS TO COST. THROUGH THE RISK

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REGISTER, WE ARE KEEPING AN EYE ON COST AND SCHEDULE. FTA OVERSIGHT IS RELYING ON WELL REPUTED FOLK. WE DONT DO IT IN HOUSE. THAT GIVES US EXPERTISE FOR ANY VARIETY OF ISSUES THAT MIGHT RISE TUNNELING, TECHNICAL OR WHATEVER THE CASE MAY BE. THAT HAS SERVED TO THE STENT THAT OTHER FEDERAL AGENCIES ARE ENVIOUS OF OUR MODEL. WE ARE SAYING WE ARE COMING IN AT VARIOUS THRESHOLD POINTS ON YOUR PROJECT WHEN YOU ENTER INTO I THINK NEARING, BEGIN A GRANT AGREEMENT. WE ARE LOOKING AND ASK YOU FIRST TO CONDUCT YOUR OWN INTERNAL RISK ASSESSMENT EXERCISE, RUN THE MODELS AND DETERMINE WHAT YOUR COST IS FOR THE PROJECT AND WHAT YOUR SCHEDULE IS FOR THE PROJECT. THEN, FTA COMES BEHIND AND WITH OUR OVERSIGHT CONTRACTORS DOES ITS OWN COST ESTIMATE, SCHEDULE ESTIMATE THROUGH THE RISK ASSESSMENT EXERCISE TO DETERMINE WHAT THE PROJECT IS GOING TO COST AND ITS GOING TO TAKE AT COMPLETION. IN OUR BOOKS, THE BEST PROJECT TEAM IS THE PROJECT TEAM THAT PROJECTS EXACTLY THE ESTIMATE OF COST AT COMPLETION. THAT IS A CHANGING ASPECT, AND IT IS THE PROJECTION WHICH IS NOT EASY. ITS LIKE THE PLANNING PROCESS OF 30 YEARS. THATS CHALLENGING. WE ARE DOING THE SAME FOR PROJECTS BUT ON A SHORTER TIMEFRAME. SOME PROJECTS ARE TEN YEARS, TUNNELING PROJECTS AND THINGS LIKE THAT. THE FTA PROJECT IS THE BIGGEST ON OUR PORTFOLIO AND OTHERS IN LOS ANGELES WE ARE DOING. WE ARE RUNNING FIVE AT THE SAME TIME. IT TAKES A LOT OF INTELLIGENCE MANAGING THE RESOURCES AND THEREFORE MANAGING THE PROJECTS. WE ARE

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ACCOUNTABLE FOR THE FEDERAL CONTRIBUTION, AND WE WANT TO SEE OUR MONEY LEVERAGED AS FAR AS POSSIBLE. THERESE MENTIONED THIS, INVALUABLE, THE RELATIONSHIPS AND PARTNERSHIPS. SOMEBODY ASKED ME, RAY, DID YOU THINK YOUR JOB WAS GOING TO BE WHAT YOU EXPECTED AND WHAT IS THE BEST THING YOU GET OUT OF IT? THE BEST THING I GET OUT OF IT, IF I CAN LEAVE HAVING DEVELOPED RELATIONSHIPS WITH EVERYONE I INTERACT, ITS NOT SO IMPORTANT AS TO HOW YOUR PROJECT IS DOING ON A DAY-TO-DAY BASIS, ITS MORE THAT THE CEO IS COMING TO YOU IN AN HONEST, STRAIGHTFORWARD, DIRECT MANNER TO SAY THIS IS A PROBLEM ON MY PROJECT. I ARGUE AND SUBSCRIBE THAT ITS NOT THAT YOU HAVE A PROBLEM, BUT ITS YOU TELLING US YOU HAVE A PROBLEM AND WHAT YOU WILL DO ABOUT THE PROBLEM. WE ENCOURAGE RELATIONSHIP AT VARIOUS LEVELS, CEO WITH MYSELF AND I GO OUT OF THE WAY TO THE PROJECT DIRECTOR AND PROJECT TEAM. WE HAVE THE CONTINUOUS FORTHCOMING CONVERSATION SO WE ARE MANAGING NOT REALLY THE RISKS, BUT THE PROJECT IN A TIMELY BASIS. THAT SAVES COSTS AND CONTAINS THE SCHEDULE. COMMUNICATIONS, PARTNERSHIPS, RELATIONSHIPS, A SOFT ASPECT OF PROJECT MANAGEMENT BUT EXTREMELY IMPORTANT. THE BOARD OF REVIEWS, WE HAVE FOUND THIS TO BE EFFECTIVE. THEY ARE LOW-COST REVIEWS A PROJECT SPONSOR CAN BRING IN THEIR OWN PEERS TO BRING IN. THERE IS RECIPROCITY AROUND THE COUNTRY BUILDING A NUMBER OF PROJECTS IN TRANSIT. YOU CAN BRING IN TRANSIT PROJECT DIRECTORS TO HELP YOU AND ASK THEM FOR HELP TO CONDUCT VALUE ENGINEERING. THAT HELPS YOU

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CONTAIN COSTS. YOU CAN BRING THEM IN TO LOOK AT CONSTRUCT ABILITY AND FEASIBILITY EVEN IF THE DESIGN IS COMPLETE. YOU HAVE TO BE REACTIVE TO THE COMMUNITY. SOMETIMES, NO OFFENCE TO PLANNERS, BUT SOMETIMES PLANNERS HAVE PLANS THAT ARE GRANDIOSE AND NEED TO BE LOOKED AT IN TERMS OF FEASIBILITY. FINALLY, PEER REVIEW. YOU CAN SIT DOWN WITH YOUR PEERS AND SAY WHAT DO YOU THINK ABOUT OUR PROJECT? WHAT SHOULD WE DO DIFFERENTLY IN TERMS OF DELIVERY METHOD, CONSTRUCTION, IN TERMS OF MATERIAL, DELIVERY METHOD, SO ON AND SO FORTH. ITS THOSE ASPECTS THAT ARE LOW, LOW COST TO BRING TREMENDOUS VALUE TO PROJECTS. FTA HAS OVER THE LAST 30 YEARS CONSTRUCTED THE ROUTE WHERE WE BRING IN CEOS AND PROJECT DIRECTORS TO SET THE STAGE AND HAVE A FORUM FOR THEM TO EXCHANGE IDEAS, EXPERIENCES AND CERTAINLY GET THE MOST OUT OF LESSONS LEARNED. LESSONS LEARNED ARE VALUABLE. IF YOU ARE NOT CAPTURING LESSONS LEARNED, PROJECT TEAM SHAME BECAUSE THATS WHERE WE LEARN WHAT NOT TO DO NEXT TIME AROUND. COMMON SENSE. THATS SUDDENLY HOW WE ARE BRINGING SOME OF THE AGAIN, OTHER ASPECTS OF PROJECT MANAGEMENT TO THE FTA PROBE. THE OTHER THING IS TO -- WHAT WE DO WITH OUR PROJECTS, GENERATING A MONTHLY REPORT OR QUALITY REPORT, THEY FLY KEY ASPECTS OF THE PROJECT THAT NEED ATTENTION. WE HAVE STARTED SENDING A TRANSMISSION TO THE CEO WHERE WE NEED THEIR ATTENTION, WHERE WE NEED RESOURCES, WHERE WE NEED ACTION, WHERE WE NEED SUPPORT. PROJECT TEAMS HAVE COME TO APPRECIATE THE PROCESS. THE LEVERAGE IS GETTING THE CEOS ATTENTION WHERE

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THEY MIGHT BE RELUCTANT OR HESITANT FOR WHATEVER REASON, YET WHEN FTA SAYS, LISTEN, YOU REALLY HAVE TO PAY ATTENTION TO THIS, WE HAVE GOTTEN A LOT OF MILEAGE OUT OF THAT. NEXT SLIDE, PLEASE. THE COSTS -- WE TALK COSTS. I GAUGED YESTERDAY AND CERTAINLY WITH THE PROJECT DIRECTORS CONTRIBUTING TO THE DISCUSSION YESTERDAY, I THINK THERE ARE TWO KEY ITEMS. TIME IS MONEY, NO DOUBT ABOUT THAT, BUT WHAT WE ARE FINDING IS THE OPTIMISM THAT COMES INTO THE GENERATION OF COSTS. WHAT THEY TEND TO DO IN THE SOMEWHAT POLITICAL PROCESS IS ASK THAT WITHOUT DUE CONSIDERATION TO WHAT THE REAL COSTS ARE. THIS IS EXTREMELY COMPLICATED. TOGETHER, PROJECTS MOVING THE VARIOUS ASPECTS AND THERE MAY BE REASON, COMMUNITY INPUT OR THE EXTENT OF THE BUDGET, AND YOU COULD STOP THE PROJECT ALTOGETHER BUT THERE HAS TO BE REALISM AS TO THE COSTS, A TECHNICAL ASPECT AND YOU CAN LAYER ON THE OTHER THINGS THAT MIGHT ADD TO THE COSTS. SHOVING THEM UNDER THE CARPET OR BEING OPTIMISTIC ABOUT THEM OR REALLY PRESENTING YOUR FALSE SENSE OF THE COST AND SCHEDULE IS DETRIMENTAL. IT WILL CATCH UP WITH YOU. IT WILL CATCH UP WITH YOU, AND WHEN IT CATCHES UP WITH YOU, COSTS ALL AROUND PROJECTS ARE RUNNING HIGH. THE FEDERAL GOVERNMENT DOESNT DO MORE. IF YOU START WITH A BUDGET UNREALISTIC, IT MUSHROOMS. YOU OR THE PROJECT SPONSOR SHOULD BE LOOKING AT THE DESIGN ASPECT AND PROJECT AT 30%, 60%, 90% AND CONTINUOUSLY REVAMPING AND REANALYZING THE COST AND SCHEDULE. THEN AGAIN, WHEN I TALK ABOUT WHEN YOU ARE PROJECTING THE COST TO

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COMPLETION, YOU HAVE BETTER INFORMATION. THAT SHOULD BE THE INFORMATION YOU BRING TO YOUR BOARD FOR THEIR CONSIDERATION. NONETHELESS, AN OBLIGATION TO PRESENT THE BEST COST SCHEDULED ON THE PROJECT EVEN DOWN TO THE POINT YOU ARE GOING OUT FOR BIZ. BEFORE YOU GET IT STARTED IN CONSTRUCTION ITS TOO LATE AND IF YOU HAVE SEEN THE DIAGRAM YOU DO, IT MUSHROOMS. THAT IS REGRET. THAT IS WORST CASE SCENARIO. THE TEAM OPERATING THE OBJECT EARLY AS POSSIBLE, BRING THEM IN. VTA EXAMPLE IS A GOOD ONE. IT IS TWO AGENCIES, ONE CONSTRUCTING BURNING TURNOVER, THE OTHER OPERATING, DESIGN STANDARDS, TRADITIONAL SYSTEM WITH STANDARDS THAT HAVE TO BE ADDRESSED. IF YOU ARE NOT TALKING TO EACH OTHER, YOU WILL RUN INTO TROUBLE. THE RELATIONSHIP HAS TO BE A CLOSE ONE, TIGHT ONE, PARTNERSHIP. MORE THAN THAT, A SINGLE AGENCY WITH A SINGLE PROCESS, YOU HAVE TO BRING IN THE OPERATIONS TEAM EARLY. YOU DONT WANT TO GET TOO FAR DOWN AND SAY THAT DOESNT WORK FOR US. LETS GO BACK TO THE DRAWING BOARD. THAT IS COSTLY. THE DELIVERY METHOD, WE TALKED ABOUT THE DELIVERY METHOD. THE MOST RECENT ONES WE ARE SEEING AS WELL AS THE ONE IN LOS ANGELES TO GIVE YOU A QUICK OVER ARCHING PERSPECTIVE WHILE WE HAVE THE CAPITAL INVESTMENT GRANTS PROJECT, WE HAVE THE DELIVERY COALITION. THIS MEANS WE GRANT THE AGREEMENT FOLLOWING THROUGH MIGHT TAKE YOU UPWARDS OF TWO OR THREE YEARS. THE PROJECT DELIVERY EXPEDITED PROJECT DELIVERY AS THE NAME SUGGESTS CAN GET YOU THAT IN 120 DAYS. IN FOUR MONTHS YOU ARE PULLING OFF SOMETHING QUITE REMARKABLE OR

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YOU GET A LETTER OF INTENT SAYING WE ARE WILLING TO PART WITH THE FUNDING. HERE IS A TWO YEAR PERIOD. WE GIVE YOU THE GRANT AGREEMENT. BOTH OF THOSE PROJECTS UNDER THE EXPEDITED DELIVERY PROGRAM AND YOU MIGHT ASK THE INCENTIVE AND THE RESTRICTION, 25% IN TERMS OF FEDERAL CONTRIBUTION. YOU GET MONEY OUT QUICKLY. YOU CAN GET STARTED. TIME IS MONEY. BOTH PROJECTS, THE ONLY TWO IN THE COUNTRY, BOTH HAVE ADOPTED THE PROGRESSIVE DESIGN BUILD TO ALLOW THE SIGNAGE ONBOARD EARLY, RECEIVE THE COMMENTS ON THE COMMUNITY, OTHER SIGN ASPECTS SIT AT THE SAME TABLE OF THE DESIGN AND PRICE IT IN AN OPEN-BOOK KIND OF FASHION AND WE SEE WHAT MIGHT BE THE COST FOR THE PROJECT. THE PROS CERTAINLY ARE ALL OF THAT. THE OWNER HAS THE OPPORTUNITY FOR AN OFF RAMP IF THE PRICES ARE NOT CONDUCIVE TO WHAT THEY ARE EXPECTING AND THEY CAN GO TO OPEN MARKET. YOU HAVE TO BE EXPERIENCED AND GET OVER THE MINDSET THAT IS USED TO -- DESIGN BUILD RIGHT, FOR THE LONGEST TIME WAS THE NEWEST GAME IN TOWN. TRADITIONALLY, WE SIGN AND BUILD. THAT HAS MERIT BUT THE FLEXIBILITY WE NEED IN THIS DAY AND AGE OF CONSTANTLY CHANGING PROJECTS, REACTING TO COMMUNITIES, ALL OF THAT HAS MADE THE PROGRESSIVE DESIGN BUILD PROJECT A WORTHWHILE DELIVERY METHOD. THE KEY IS THAT YOU SELECT FOR THE PROJECT THE BEST SUITED PROJECT DELIVERY METHOD. ITS NOT A ONE SIZE FITS ALL. IT CAN NEVER BE ONE SIZE FITS ALL. THATS LEFT TO THE PROJECT SPONSOR. AS I SAID TOP OF THE BOX, FTA DOES NOT ENGAGE IN THAT. UTILITIES IS THE SAME WAY. OVEROPTIMISM WITH UTILITIES. IF YOU

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ARE DOING UTILITIES IN AN OLDER CITY, ITS NOT UNDERSTANDING WHERE THE UTILITIES ARE, BUT AS SOON AS YOU TOUCH THE UTILITIES THEY FALL APART. WE ARE DOING ALL NEW UTILITIES. REPEATEDLY, THIS IS THE LARGEST AREA OF RISK ON THE PROJECT, LARGEST COST DRIVER, REPEATEDLY UNREALISTIC SCHEDULE DEALING WITH UTILITIES. IT IS THAT ASPECT OF THE PROJECT THAT NEEDS TO BE LOOKED AT CLOSELY. I THINK THE FTA IS GOING TO START SAYING NO, WHAT YOU ARE GIVING US IS NOT REALISTIC. PROJECT TEAMS ARE RECOGNIZED. THE BIAS OF OPTIMISM SAYING WE CAN CLEAR THIS IN NO TIME, THREE MONTHS, SIX MONTHS, NOT AT ALL. NEXT SLIDE. WE TALKED ABOUT GOOD PROJECT MANAGEMENT, TAKE FULL ADVANTAGE OF LESSONS LEARNED. THAT IS INVALUABLE. IN LOS ANGELES, SIX, SEVEN OR EIGHT PROJECTS, IMAGINE HOW MUCH YOU CAN LEARN IN MISTAKES FROM THE FIRST ONE AND TRANSLATE THAT TO THE NEXT ONE. OFTEN TIMES PROJECT TEAMS WITHIN AN AGENCY, THAT IS REALLY A SHAME. THAT IS A WASTE OF THE MOST INVALUABLE ASPECT OF THE LEARNING PROCESS YOU CAN HAVE. IN TERMS OF QUALITY AND OTHER ASPECTS, BY THE WAY, WHEN YOU HAVE DESIGN BUILD DOESNT MEAN THE DESIGNER IS GOING TO DO EVERYTHING. THE OWNER STILL HAS CONSIDERABLE OBLIGATION TO TRACK AND MAKE SURE THINGS ARE GOING THROUGH, QUALITY AND SAFETY ARE OTHER ASPECTS THAT NEED TO BE ADDRESSED AND THE PARTNERING SESSION, THE PARTNERING SESSION WITH THE CEO, FIRM AND PRINCIPLES OF OF THE FIRM. SCHEDULE DELAYS, DELAYS TO CHANGE ORDER IS DRIVING DOWN THE RELATIONSHIP, IMPACTING THE PARTNERSHIP FAR MORE THAN ANYONE

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CAN UNDERSTAND. I WOULD SAY TO ANY PROJECT SPONSOR LISTENING, REVAMP THE CHANGE ORDER PROCESS, MAKE SURE THEY ARE MADE ALMOST OVERNIGHT TO THE EXTENT POSSIBLE. THATS THE PLACE YOU HAVE TO REMOVE THE BUREAUCRACY. HAVE THE CEO ABLE TO SIGN THE HIGHEST LEVEL AS POSSIBLE. LOS ANGELES DID THAT. THAT IS WHERE PROJECT CONTRACTORS BEGIN TO RESPECT THE OWNER AND THE AGENCY BECAUSE YOU ARE NOT HOLDING THEM UP. TIME IS MONEY. NEXT SLIDE. FINALLY, I TALK ABOUT OUR ROBUST OVERSIGHT AND WHAT WE DO TO LOOK AT PROJECT BUDGET SCHEDULES AND SCOPE. IF IM GOING TO LEAVE YOU WITH ONE ASPECT OF HOW WE MANAGE PROJECTS, WHEN A COST OR SCHEDULE ISSUE STARTS TO ARISE ON THE PROJECT, WE ARE ON IT. WHAT WE DO IS ASK THE PROJECT SPONSORS, AS I INDICATED TO CONDUCT AN INTERNAL RISK ASSESSMENT EXERCISE TO CONDUCT AN INTERNAL RISK ASSESSMENT EXERCISE BRINGING AN INDEPENDENT COST ESTIMATE, BRINGING AN INDEPENDENT SCHEDULE, REMOVE THE BIAS. AFTER DOING THE INTERNAL, WELL COME WITH AN EXTERNAL TO ESTABLISH FROM A TECHNICAL STANDPOINT WITH A MANAGEMENT TOOL WHAT YOUR PROJECT IS GOING TO COST AT COMPLETION, WHAT TIME IT WILL TAKE FOR COMPLETION. THAT PROCESS HAS TO BE SUPPORTED WITH A FINANCIAL PLAN AND A BIG FINANCIAL PLAN FROM THE AGENCY DEMONSTRATE HOW YOU ARE RAISING THOSE FUNDINGS FOR THAT AMOUNT OF FUNDING NECESSARY TO COMPLETE THAT PROJECT REGARDLESS OF WHEN. WE ARE PAST THE POINT -- WE CALL IT A RECOVERY PLAN. YOU CANT RECOVER ANYTHING, SO WE HAVE STARTED CALLING IT A PROJECT COMPLETION PLAN. THAT IS THE POINT. WE UNDERSTAND AND WELL

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HOLD THAT TO YOU, AMEND THE GRANT AGREEMENT TO THE NEW DATE. WELL CHANGE THE COST TO THE NEW DATE. WE WONT PROVIDE MORE FUNDING. YOU CAN USE OTHER FEDERAL FUNDING SOURCES, THAT IS THE ASPECT OF HELPING THIS PROJECT. DONT CRY OVER SPILLED MILK, BUT DOING WHAT WE CAN TO GET THE PROJECT TO THE FINISH LINE. WE HAVE A COMMON GOAL. WE ARE HERE TO SUPPORT THE PROJECT WHATEVER IT TAKES. I ARGUE THAT IS MY ROLE AS A REGIONAL ADMINISTRATOR. IM LUCKY I COME FROM A PROJECT MANAGEMENT BACKGROUND. THAT IN TERMS OF WHAT FTA HAS DONE TO RUN PROJECTS UNDER THERESES LEADERSHIP AND OTHERS, AND THATS MY RESPECT.

ALFREDO PEDROZA, CHAIR: THANK YOU VERY MUCH. A VERY INSIGHTFUL PRESENTATION. LET ME KICK IT OFF WITH INITIAL QUESTIONS. YOU SAID SOMETHING THAT RESONATED, A COMMON GOAL, CONSISTENT FROM THE PROJECT SPONSOR TO THOSE HELPING SHAPE THE PROJECT DESCRIPTION. WHEN YOU TALK ABOUT RISK IN THE TIME YOU GET INVOLVED, JUST WALK ME THROUGH WHAT THAT LOOKS LIKE. IS IT RISK ON THE ENTIRETY OF THE PROJECT? IS IT RISK AT THAT POINT IN TIME? CAN YOU SHARE MORE ABOUT THAT?

RAY TELLIS: ITS DESIGN RISK, MARKET RISK, CONSTRUCTION RISK AND EARLY ON AS THE PROJECT DEVELOPS, AS YOU PROCEED THROUGH THE PROJECT IN THE FIRST INSTANCE THE PROJECT REGISTER AND ASSESSMENT IS A BIG HUGE, LOOKING AT ALL FOUR RISK TYPES. AS

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YOU PROGRESS AND GET TO MILESTONES, YOU ARE DROPPING OFF MARKET RISKS WHICH COME FROM THE BIDDING ENVIRONMENT. NOW WE ARE FACED WITH UNFORTUNATELY, SUPPLY CHAIN ISSUES AND THINGS LIKE THAT. WE ARE ADDRESSING THAT WITH COST ESCALATION. THEN YOU HAVE DESIGN. YOU REMOVE THE DESIGN RISK AND THEN YOU FOCUS ON CONSTRUCTION RISK. WE DO RISK ASSESSMENTS AT THE POINT OF CONSTRUCTION BECAUSE THATS WHERE THE CROSS OVER COMES. YOU ARE ZEROING OUT THE EARLIER RISKS. YOU ARE FOCUSED ON THE REMAINING RISKS. FTA HAS A SCHEDULE OF HOW YOU ADDRESS THE RISK. LET ME TELL YOU HOW THE MODEL WORKS. THE MODEL TAKES THE ENTIRE PROJECT AND BREAKS IT DOWN TO WHAT WE CALL STANDARD COST CATEGORIES, REAL ESTATE, DESIGN, CONSTRUCTION, GUIDE WAYS, STATIONS, TUNNELING. ALL OF THAT. WE HAVE UNDERTAKEN STUDIES OVER THE LAST 20 YEARS TO SEE HOW PROJECTS FAIR IN EVERY ONE OF THOSE AREAS AND WHERE THEY PAID THE PRICE AND WHAT WAS THE OUTCOME OF THAT PARTICULAR RISK OR CHALLENGE OR ISSUE, AND WHAT WE THEN DO IS GO BACK TO YOUR OWN PROJECT AND WE ADD. FOR EXAMPLE, ON TUNNELING, WE ADD A FACTOR OF 2.5. WE TAKE YOUR COST AND ADD CONTINGENCY TO ENSURE THAT WHEN YOU ADD THAT ALL UP AND RUN IT THROUGH THE MODEL, WE HAVE A ROBUST COST ESTIMATE FOR THE MODEL. MY APOLOGIES FOR THE LONG ANSWER, BUT A BIT TECHNICAL BUT IT EXPLAINS THE PROCESS.

ALFREDO PEDROZA, CHAIR: WHAT YOU JUST DESCRIBED IS CRITICAL. WE HEARD ABOUT THAT YESTERDAY FROM STEVE WHO TALKED ABOUT YOU

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DONT KNOW WHAT YOU DONT KNOW. WHAT JUNCTION CAN YOU TRY TO ADDRESS THAT, RIGHT? YOUR NATIONAL PERSPECTIVE FROM EXPOSURE CAN HELP WITH THAT. LET ME SEE IF COMMISSIONERS HAVE FOLLOW UP QUESTIONS?

JAMES P. SPERING: YOU TALKED ME INTO US WANTING TO GET INVOLVED AND TALKED ME OUT OF US WANTING TO GET INVOLVED. IM NOT SURE WHERE I AM, BUT YESTERDAY STEVE TALKED ABOUT A LARGE CONTINGENCY. HOW DO YOU VIEW THAT?

RAY TELLIS: FTA HAS A GRADEUATED SCALE FOR THE AMOUNT OF CONTINGENCY IN THE PROJECT. YOU START WITH THE RISK AT 25% AND AS YOU PROGRESS, FTA REQUIREMENT FOR CONTINGENCY DROPS TO THE LAST ELEMENT OF COMPLETION. WE SEE WHERE YOU ARE TRACKING. BY THE WAY, THATS IMPORTANT. I LEFT IT OUT. YOU ARE TRACKING THE PROCESS SCHEDULE. YOU ARE TRYING TO TRACK THE SCHEDULE ON A DRAW DOWN CURVE SO WE CAN THEN PROJECT WHERE THE PROJECT MAY END. 3% MARK, IF YOU ARE NOT WHERE YOU SHOULD HAVE BEEN, ITS RED FLAG TO TAKE ALL OF THE MEASURES NECESSARY AND WE DO EVERYTHING EXCEPT PROVIDE YOU WITH ADDITIONAL FUNDING. TO THE POINT ON CONTINGENCY, SOME MIGHT ARGUE YOU CANT HAVE TOO MUCH. OTHERS HAVE A CONTINGENCY AND CONTINGENCY RESERVE. YOU ARE REQUIRED TO HAVE ALLOCATED CONTINGENCY. EVERY ONE OF THE LINE ITEMS I TALKED ABOUT HAS CONTINGENCY BUILT IN AND FOR EXAMPLE, REAL ESTATE, WE ARE REQUIRING 30% CONTINGENCY. NOW IN

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UTILITIES, WE SHOULD BE ASKING 30%. THEN WE HAVE UNALLOCATED CONTINGENCY. FORGIVE ME IF IM PREACHING TO THE CHOIR OR BEING EIGHTH GRADE ABOUT THIS, BUT I WOULD SUBSCRIBE YOU CANT HAVE TOO MUCH CONTINGENCY UNLESS YOU ARE PAYING A LOT IN FINANCING. AT THE END OF THE DAY, AND I THINK ITS HAPPENING IN THE BAY AREA, YOU ARE RUNNING OUT OF CONTINGENCY. HOW ARE YOU GOING TO GET IT? THATS WHY THE FINANCIAL PLAN WILL ASK YOU TO COMMIT TO US YOUR LEVEL OF CONTINGENCY. IT COMES DOWN TO THE BALANCE OF GOOD PROJECT MANAGEMENT, MANAGING YOUR CONTINGENCY IN MONTHS AND IN DOLLARS. THEN, AS YOU COME TO THE END OF THE PROJECT, SHORT ANSWER, FTA PRESCRIBES WHAT CONTINGENCY YOU HAVE.

JAMES P. SPERING: DOES THAT COVER MOST PROJECTS?

RAY TELLIS: SHORT ANSWER, NO. I WANT TO BE CANDID FOR THE PORTFOLIO EXCEPT FOR ONE PROJECT, ALL ARE FACING COST OVERRUNS. THOSE THAT PROGRESSED ENOUGH. THEY ARE IN L.A. EARLY STAGES, SO THEY HAVE NOT FACED THAT YET, BUT ALL OF THOSE PAST THE MIDPOINT OF CONSTRUCTION ARE FACING COST OVERRUNS AND SCHEDULE OVERRUNS TO A GREAT EXPENSE AND GREAT AMOUNT OF TIME. ALL BUT ONE AND REGION NINE HAS THE LARGEST IN THE COMPANY IN TERMS OF CAPITAL BUILDING, ALL BUT ONE. CIRCUMSTANCE, AND I CAN THINK ABOUT RISK ASSESSMENTS AND TEN COMPLETION LABS.

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JAMES P. SPERING. YOU MADE THE STATEMENT YOU DONT PROVIDE ADDITIONAL MONEY. HOW DO YOU DEAL WITH THE UNKNOWN? SAY THERE IS AN UNKNOWN CONDITION THAT ARISES IN A PROJECT THAT NO ONE ANTICIPATED. HOW DO YOU DEAL WITH IT?

RAY TELLIS: ONE, WE USE PROJECT SOURCES. MOSTLY FORMER FUNDING. FORMER FUNDING COMES TO THEM AS A GUARANTEE. IF THEY ARE BEYOND THE HIGHWAY FUNDING, THEY CAN USE THAT. UNDER THE CAPITAL INVESTMENT GRANT PROGRAM, YOU ARE LOCKED IN AT ENTRY TO ENGINEERING. THATS 60% DESIGN LEVEL. THAT, WE HAVE FOUND TO BE APPROPRIATE. HELL OR HIGH WATER, YOU HAVE TO -- THIS IS WHAT YOU TOLD US. WE DIDNT TELL YOU WHAT YOUR PROJECT BUDGET WAS OR YOUR SCHEDULE WAS. THIS IS WHAT YOU TOLD US. WE DID THE OVERSIGHT. WE CAME TO AN AGREEMENT. IF ITS AN UNKNOWN, UNKNOWN, WHEN THE UNKNOWNS ARE KNOWN, ITS RISK. WHEN THE UNKNOWNS ARE UNKNOWN, ITS UNCERTAINTY. THAT IS A HUGE COST. MY LAST QUESTION, DO YOU SEE A ROLE THAT WE CAN PLAY IN THE DEVELOPMENT OF THE PROJECTS?

RAY TELLIS: THATS A TRICKY QUESTION. MY RESPONSE IS WHERE YOU BRING VALUE TO ENHANCE OVERSIGHT. ALL OF THOSE TOOLS WE TALKED ABOUT OR I TALKED ABOUT WHERE YOU CAN BRING VALUE TO A PROJECT TEAM SPONSOR, LESSONS LEARNED, WHERE YOU HAVE A REPOSITORY FOR LESSONS LEARNED, WHERE YOU INSIST THE PROJECT TEAM GOES THROUGH THE PROCESS TO UNDERSTAND WHAT WENT WRONG ELSEWHERE,

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WHERE YOU HAVE A DILIGENT MANNER FOR THE FEDERALLY FUNDING IN ADDITION TO THE PROJECT SPONSOR OVERSIGHT, NOT MANY PROJECT SPONSORS HAVE AN OVERSIGHT DEPARTMENT. THEY MIRROR WHAT FTA DOES. IF YOU CAN DO THAT TO SUPPLEMENT AND PROVIDE OVERSIGHT, THATS WHAT IT COMES DOWN TO. YOU ARE LOOKING AT COST SCHEDULES, ENSURING SAFETY, ENSURING QUALITY. YOU ARE CONTAINING RISKS. YOUR OWN RISK EFFORT, BUT MOSTLY CAPTURED LESSONS LEARNED, I THINK THE PROJECT SPONSOR IS NOT GOING TO LIKE IT. THEY DONT WANT ANOTHER PERSON LOOKING OVER THEIR SHOULDER, BUT IF YOU HAVE VALUE, THERE ARE SPONSORS WHEN WE STARTED A RISK ASSESSMENT THAT DIDNT WANT US IN THE HOUSE. NOWHERE NEAR US. IT WAS TIME CONSUMING. THEY WERE TOO CAUGHT UP IN DELIVERING THE PROJECT. THEY DIDNT NEED US. THERE WERE THOSE, LOS ANGELES AND OTHERS, THAT EMBRACED US EARLY IN CONSTRUCTION FOR THE FIRST TIME, AND ACTUALLY ASKED FOR INCREASED OVERSIGHT WHEN WE SAID WE WERE PULLING BACK ON THE PROJECT. THATS MY RESPONSE, HOW CAN YOU SUPPLEMENT OUR OVER SIGHT OR ANY OVERSIGHT.

ALFREDO PEDROZA, CHAIR: THANK YOU. COMMISSIONER

CAROL DUTRA-VERNACI: THANK YOU, COMMISSIONER. AS THE PRESENTATION WENT ON, IT KEPT GOING THROUGH MY MIND HOW DOES MTC FIT IN. FOR YOU, MY QUESTION WOULD BE, WHEN ASKED ABOUT THE COST OVERRUNS IN EVERY SITUATION BUT ONE -- QUESTION IS,

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WHAT WAS DIFFERENT ABOUT THE ONE WHERE THERE WAS NO OVERRUN? YESTERDAY WE HEARD ABOUT OTHER MODELS AS WELL.

RAY TELLIS: THEY WENT TO THE BOARD, UNOPTIMISTIC, UNBIASED COST SCALE.

CAROL DUTRA-VERNACI: THANK YOU.

SPEAKER: IF SOMEONE SAYS ITS $200, WE ASSUME ITS 250?

RAY TELLIS: THE PRINCIPAL IS RIGHT. YOU TAKE THE LINE ITEM. WE HAVE A FACT OF ONE, ADD 2.5 FOR FACTOR. RUN IT THROUGH AN AGGREGATE MODEL. BEFORE WE START THE RUN OFF MODEL, WE STRIP ALL OF THE CONTINGENCY. THE TUNNELS MIGHT HAVE HAD .5 CONTINGENCY. WE STRIP THAT OUT. WE LOOK AT YOUR TUNNELING. WE HAD 2.5 AS THE FACTOR OF MULTIPLICATION AND DONT QUOTE ME ON 2.5. IT COULD BE 3 OR 1.5. WE ADD THE FACTORS BASED ON PROJECTS OVER THE LAST 20 YEARS AND THATS HOW WE GET THE VALUE. WHAT YOU SAY IS RIGHT. I STAND BY THAT.

SPEAKER: WHAT STAGE IS THAT? DTS IS AT NOW, YOU TAKE THE COST AND MULTIPLY OR THEY HAVE GONE PAST THAT STAGE?

RAY TELLIS: DEPENDING ON THE STAGE THEY ARE, THERE IS A WORKING SESSION THAT LOOKS AT THE RISK REGISTER AND YOU HAVE

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THE ROOM AND EACH LINE ITEM WE LOOK AT PROBABILITY OF THE RISK OCCURRING, COST OF THE RISK OCCURRING, AND THE SCHEDULE. SORRY, NOT THE COST. THE COST IT WILL TAKE IF IT OCCURS. THE SCHEDULE DELAY IF IT OCCURS. PROBABILITY, THAT SPITS OUT A NUMBER. THAT NUMBER AS THE MODEL IS BEING RUN, AND AS WE SIT AROUND THE TABLE AND SIT WITH THE PROJECT TEAM AND SAY, WE ARE ECONOMYING OF FACTOR --

SPEAKER: NO, IT IS 2.5%. YOU HAVE A MUTUAL UNDERSTANDING AND FACTOR IN AT THAT TIME MARKET RISK IS REMOVED, DESIGN RISK IS REMOVED AND CONSTRUCTION RISK IS RELEVANT.

SPEAKER: ITS REMARKABLE. WE KNOW HOW MUCH THESE MEGA PROJECTS INCREASE IN COST FROM THE BEGINNING, BUT IT IS STUNNING THAT EVEN AT THE PROCESS WHEN FTA GETS INVOLVED, YOU ARE STILL LOOKING AT COST ESTIMATES YOU HISTORICALLY, ON SOME OF THE MOST EXPENSIVE PARTS OF THE PROJECT HAVE BEEN OFF BY A FACTOR OF 2.5. THATS VERY SOBERING, I GUESS. AND YOU THEN SAID THAT EVEN OFTEN IS NOT ENOUGH BECAUSE THE PROJECTS STILL COME IN OVERBUDGET EVEN GIVEN THE CONTINGENCIES YOU HAVE ALLOCATED TO THEM. I WOULD LOVE -- YOU MENTIONED IN YOUR DECK ABOUT THE IMPORTANCE OF EXPERIENCE. YOU MUST DEAL WITH PROJECT SPONSORS AS YOU SAID IN L.A. WHO HAVE DONE SIX OR SEVEN OF THESE THINGS. YOU MUST KNOW THE PEOPLE DOING THEM. YOU HAVE BEEN WORKING WITH THEM 20 YEARS. YOU HAVE BEEN DEALING WITH

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SPONSORS YOU HAVE TO LOOK UP THE ACRONYMS. YOU HAVE NEVER HEARD OF THEM. THEY HAVE NOT DONE A BIG PROJECT. DO YOU SEE A DIFFERENCE IN HOW THE SPONSORS GO ABOUT DELIVERING PROJECTS? IS IT CLEAR THAT THOSE MORE EXPERIENCED, BIGGER OR MORE BUREAUCRATIC OR WHATEVER, ARE BETTER -- SORT OF BETTER POSITIONED TO DELIVER THE LARGER PROJECTS BECAUSE THEY HAVE DONE IT BEFORE?

RAY TELLIS: MY RESPONSE TO BE FAIR IS YES AND NO. ONE IS TO CONCLUDE THE LAST DISCUSSION, THINK ABOUT IT, RELEVANT TO THE RESPONSE TO YOUR QUESTION, THINK ABOUT THE CHALLENGE THAT THE PROJECT TEAM FACED WITH THE UNKNOWN UNKNOWNS. YOU COULD BE SOPHISTICATED AND EXPERIENCED AS NEW YORK OR LOS ANGELES AND YOU NEVER QUITE GET THERE. WHAT DO WE RELY ON? MANAGEMENT TEAMS. IT IS WHERE WE HAVE SEEN LARGE AGENCIES STRUGGLE WITH SMALL PROJECTS, AND THATS THE EXCEPTION, AND THATS THE YES AND NO. REALLY, TO BE AN FTA GRANTEE OR PROJECT SPONSOR, WE NEED THREE CRITICAL REQUIREMENTS. ONE IS THAT YOU HAVE LEGAL CAPACITY., TWO FINANCIAL CAPACITY AND THREE TECHNICAL CAPACITY. LEGAL AND FINANCIALLY ARE STRAIGHTFORWARD. YOU HAVE A SALES TAX, DEDICATED TRANSPORTATION. YOU ARE FINE. TECHNICAL IS WHERE WE STRUGGLE. TWO AGENCIES, AGENCIES WITH NO EXPERIENCE AT ALL BUT A GOOD TEAM OF CONSULTANTS. THATS NOT GOOD ENOUGH BECAUSE ITS ONLY GOOD AS YOU MANAGE THE CONSULTANTS. WE ACCEPT THAT. THEN YOU SEE SOPHISTICATED TEAMS

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THAT HAVE DONE THIS OVER AND OVER AND IN GENERAL, THEIR TRACK RECORD IS BETTER.

SPEAKER: I WONDERED, WHEN PROJECTS GO OVER BUDGET, SOMETIMES YOU START CUTTING BACK ON THE PROJECT SCOPE TO TRY TO MEET YOUR BUDGET. ONE OF THE THINGS THAT SOMETIMES SEEMS TO HAPPEN IS THAT THE COST BENEFIT RATIO YOU WENT IN WITH ON YOUR PROJECT JUST GETS FLIPPED AROUND. YOUR COSTS ARE GOING UP, BENEFITS ARE GOING DOWN. DOES FTA -- HOW DOES FTA -- DOES FTA DO COST BENEFIT ANALYSIS, DETERMINE IF PROJECTS MEET PROJECT GOALS AT THE FRONT END BEFORE LEADING THEM INTO THE PIPELINE AND THEN -- WHAT HAPPENS IF DOWN THE ROAD -- EVERYTHING GOES OUT OF WHACK? LIKE, HOW DO YOU DEAL WITH THOSE ISSUES?

RAY TELLIS: WE HAVE A PRESCRIPTIVE PROCESS ON THE FRONT END PRIOR TO FFGA. THATS THE RATING AND EVALUATION PROCESS. WE LOOK AT VARIOUS ASPECTS DIVIDED INTO FINANCIAL COMMITMENT AND THE COSTS AND WE HAVE IN DUE COURSE REMOVE WHERE THE COST EFFECTIVENESS WAS NOT A MEDIUM, YOU DIDNT MAKE IT TO THE PIPELINE. WE HAVE ALL OF THE COSTS AND SCHEDULE AND LOCAL FINANCIAL COMMITMENT IS ONE GROUPING AND EVERYTHING ELSE, BENEFITS AND THINGS LIKE THAT. WE DO VERY CLOSELY LOOK AND RATE AND EVALUATE PROJECT PRIOR. AS YOU TALK ABOUT BENEFITS, WHAT HAPPENS AS WE GO ALONG, WE REACH A POINT THAT MAYBE YOUR HANDS ARE TIED. ITS BETTER THAT YOU FINISH THE PROJECT THAN BE

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-- WHAT ARE WE GOING TO DO? WE ARE NOT GOING TO WALK AWAY. WE ARE NOT GOING TO GIVE YOU MORE FUNDING. WE ARE GOING TO SAY YOU HAVE A COMMITMENT. THE ENVIRONMENTAL DOCUMENT AND OBLIGATIONS CITED ARE EXTREMELY IMPORTANT, HAVE TO MEET YOUR -- THIS IS THE BASELINE, RIGHT? YOU TOLD US EVERYTHING. WE DIDNT MAKE THIS UP. YOU HAVE TO MEET YOUR HEAD WAYS. WE MAKE EXCEPTIONS FOR THE PANDEMIC AND OTHER SERVICES. WE ARE REQUIRED TO MEET THE HEADWAYS OUT GOING FIVE YEARS, SUPPORT. WE CANT CHANGE IN MOST CASES -- WE HAVE ONLY DONE ONE YOU CANT CHANGE THE SCOPE OF THE FFTA. THE EXAMPLE IS HONOLULU. YOU HAVE REACHED A POINT THE BUDGET CANT MEET THE PROJECT. WE HAVE AN AMENDED VALUE AGREEMENT TO USE THE STATIONS, ON CONDITION THAT YOU COME BACK AND YOU FINISH THAT WHEN YOU RAISE THE FUNDS SO YOU ARE MEETING THE OBLIGATION TO THE FFGA, FFDA AND COMMUNITY. IT BECOMES THE INSTANCE WHERE YOU HAVE TO SEE WHAT WE HAVE AND WE GET WHAT WE CAN AND ENSURE THE PROJECT. THATS THE CIRCUMSTANCE. OTHERWISE, IT IS MOST TIMES 90% OF THE TIME, 95%, YOU ARE OBLIGATED TO RAISE THE FUNDS, COME BACK TO US, SHOW US THE FINANCIAL PLAN. SCHEDULE IS SCHEDULE. SCHEDULE IS YOUR BUSINESS. WE FEND THAT TO THE BOARD, TO THE COMMUNITY. YOU RUN LATE. RUNNING LATE IS MONEY TO A LARGE EXTENT. AT THE END OF THE DAY, YOU OPENED A YEAR LATE. YOU WILL SEE THAT. YOU KNOW THAT AROUND THE BAY AREA, SECRETS OPEN LATE, SUBWAY IS LATE, THINGS LIKE THAT. WE EXPECT THE BEST YOU CAN. YOU COME UP WITH THE FUNDING.

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GINA PAPAN: I APPRECIATE YOU BEING HERE. UNDERGROUND PROJECTS AND THINGS LIKE THAT, HOPEFULLY WE CAN LEARN WHAT YOU HAVE LEARNED HERE. WE ARE HERE TO TRY TO BRING VALUE TO OUR PROJECTS. DO YOU THINK, BECAUSE ITS BEEN DEFINED HERE, THAT WE ARE NOT DOING VERY WELL? DO YOU THINK THAT THESE MEGA PROJECTS ARE MORE UNDER CONTROL COST-WISE AND SCHEDULING-WISE IF THEY WERE MORE TRANSPARENT, CLEARER IN DESIGN ASPECTS, CLEARER IN DEFINED PROJECTS? WE SAY HIGH-SPEED RAIL. WELL HAVE STATIONS IN NEW YORK. NOBODY SAYS WHAT A STATION LOOKS LIKE OR HOW THEY ARE INCORPORATED INTO THIS. I SEE HUGE DOLLAR SIGNS GOING UP WHEN YOU GET TO THE REALISTIC ASPECT OF WHAT IS SUPPOSED TO BE THERE. WHEN WE APPROACH MEGA PROJECTS LIKE THIS, SHOULD WE ASK FOR MORE SIGNIFICANT DEFINITION FROM THE VERY BEGINNING? IS THAT POSSIBLE OR REASONABLE?

RAY TELLIS: IT IS REASONABLE. WHEN YOU SAY FROM THE VERY BEGINNING, IT COMES DOWN TO THE ENVIRONMENTAL STAGE. THE ENVIRONMENTAL STAGE THE PROJECT WAS DEFINED, THAT IS THE TIME YOU LOOK WITH SCRUTINY. IF YOU LOOK AT HIGH SPEED RAIL -- ITS THE UNKNOWN. I DONT THINK ANYONE ENVISIONED THE EXTENT OF THE OPPOSITION TO THE ENVIRONMENTAL AREA. IN TERMS OF STATIONS AND OTHER THINGS, YOU CAN HAVE A TOPNOTCH DESIGN, VALUE ENGINEERING, BRING BACK WHATS REASONABLE, GET THE GRANDIOSE STATION, DO SOMETHING THAT SERVES THE PROJECT BEST THEY CAN,

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ADDRESSES THE RIGHT ISSUE. THEN THERES THE THING OF TRANSPARENCY, RIGHT? COME TO US, WHOEVER IT IS, AND I THINK WE NEED TO DO, FTA INCLUDED, THE MOST ROBUST ASSESSMENTS OF THE COST AND SCHEDULE. IT IS THOSE THINGS OF SCOPE NOT FULLY THINKING OUT EVERY ASPECT, DOING THE BEST YOU CAN, PUTTING THE DOLLAR TO IT AND DISCLOSING THE DOLLAR. THAT IS KEY. AND THERE ARE VARYING POSITIONS, RIGHT? ARE WE IN HEATED DISCUSSIONS AROUND THE TABLE? THE PROJECT SPONSOR SAYS ABSOLUTELY NOT. WE ARE SAYING, THIS IS WHAT OUR RISK MODEL IS SHOWING US. THAT ASPECT IS, OF HOW YOU DO THAT, HOW YOU ENSURE TRANSPARENCY, THAT IS TRUE.

GINA PAPAN: AS YOU POINTED OUT IN THE ENVIRONMENTAL STAGE HERE, AND WE ARE AT THAT ASPECT OF HIGH SPEED RAIL, WE NEED TO PAY MORE ATTENTION TO NOT GETTING INTO THE DETAILS AT THIS POINT, BUT YOU POINTED OUT WHAT OUR PROJECTS DONT DO, THE UTILITY LOCATION, IT SEEMS COMMON SENSE HERE. WOULD I BENEFIT PROJECTS WE GET INTO HERE IF YOU JUST ASSUME YOU ARE GOING TO HAVE TO REDO ALL OF THE UTILITIES ALONG THE ELECTRIFICATION OF CALTRAIN? MAKE THAT ASSUMPTION FROM THE BEGINNING? WOULDNT THAT BE MORE REALISTIC? WE FIND THEY ARE PASSING OFF COSTS, THINGS LIKE THAT. LOOKING FOR AN APPROACH TO MAKE THE VALUE BETTER BECAUSE WE ARE GETTING INTO THESE THINGS. IF WE COULD MODEL FTA AT THE BEGINNING WOULD BE HELPFUL. ANYWAY WE CAN HELP THE PROJECTS AS WE GET DOWN THE LINE HERE?

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RAY TELLIS: ILL TAKE YOUR EXAMPLE, CALTRAIN. ONE OF THE THINGS YOU CAN DO IS TAKE WHAT THEY ENCOUNTERED AS UTILITY RELOCATIONS AND DISSECT THAT DOWN TO WHAT WENT WRONG, HOW LONG DID IT TAKE, WHY DID IT TRANSPIRE AND LEARN FROM THAT. WHAT WE ARE FINDING, ITS NOT ALL THE PROJECT SPONSORS FAULT. ITS THE LACK OF DRAWINGS THAT SAY THE UTILITY IS THERE AND YOU GO THERE AND THE UTILITY IS NOT THERE. GUESS WHAT HAPPENS? IMMEDIATE COST. IMMEDIATE SCHEDULE LOSS. THEN NOT ONLY IS IT NOT THERE, WHEN YOU DO FIND IT, IT COLLAPSES. YOU HAVE TO DO EXTENSIVE EXPLORATION AND TECHNOLOGY IS GETTING US TO WHERE WE USED TO DIG, NOW WE CAN GO HORIZONTAL TO SEE WHAT THE UTILITIES ARE. THIS IS UNDERGROUND, SO IMAGINE HOW TRICKY THAT IS. AS BUILT WHEN YOU FIND IT AND MEASURING. YOU THINK YOU HAVE SOMETHING TO THE TOP OF THE UTILITY, BUT YOU HAVE NOT THOUGHT ABOUT HOW DEEP IT IS AND HOW TO GET IT TUNNELING AND WHAT IT TAKES TO SHORE IT UP WHEN YOU DO STATIONS UNDERGROUND. IF YOU SEE THE SIGHT HANGING OUT THERE, THEY HAVE TO BE PLANNED AND RESTORED AND PUT BACK IN PLACE AFTER THAT. ALL OF THOSE SMALL LITTLE THINGS ARE MISSED, EVERY ONE OF THEM ADDS TO COST AND SCHEDULE. UTILITY RELOCATIONS, YEAH, WE NEED TO LOOK AT THAT. THATS THE ONE WE NEED TO ADD A FACTOR OF TEN.

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GINA PAPAN: FINAL QUESTION. WILL THE FTA LOOK AT NEW TECHNOLOGY IN TUNNELING WHICH SEEMS TO BE ON THE HORIZON AT LESS COST.

RAY TELLIS: WE DO THE RESEARCH, CONDUCT TRAINING SESSIONS. WE DONT INVEST IN THE DEVELOPMENT OF TECHNOLOGY, THE PROJECT SPONSOR. YOU TALK ABOUT EMPTY ROLES, THERE IS A ROLE FOR YOU. WHAT TECHNOLOGY CAN YOU BRING TO US TO RELY ON TECHNOLOGY? YOU CANT FOR EVERYTHING, BUT MAYBE SOMETHING. THAT WILL ADDRESS HALF TO THREE QUARTERS OF THE PROBLEMS, WHAT RESEARCH CAN YOU DO? WHAT CAN YOU DO IN TERMS OF EXPLORATION, WHAT CAN YOU DO IN ADDRESSING ANYTHING UNKNOWN? WE CAN SUPPORT IT. WE CAN HAVE A DISCUSSION AT OUR ROUND TABLE. WE CAN SEE WHAT IS THE CONSTRUCTING COMMUNITY DOING ABOUT IT? WE COULD SAY -- WE COULD ADVISE. YOU SHOULD BE DOING THIS.

SPEAKER: WE HAVE EXCITING OPPORTUNITIES AHEAD. THANK YOU VERY MUCH.

ALFREDO PEDROZA, CHAIR: THANK YOU COMMISSIONER PAPPEN. WE HAVE COMMISSIONERS THAT WOULD LIKE TO PARTICIPATE.

CLERK, KIMBERLY WARD: I SEE COMMISSIONER LICCARDOS HAND RAISED.

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SAM LICCARDO: THANK YOU. I HAVE A QUESTION ABOUT THE HOW OF DELIVERING NEW ESTIMATES AROUND COST. AS YOU PROBABLY KNOW, THERE IS CONTROVERSY IN SOUTH BAY OVER THIS. THERE IS NO QUESTION, I DONT THINK ANYONE WILL ARGUE WITH THE NOTION THAT FTA BELIEVES THE COST IS HIGHER THAN PUBLISHED, THATS INFORMATION THAT EVERYONE SHOULD KNOW, THE PUBLIC SHOULD KNOW BEFORE THERE IS A PUBLIC VOTE BY THE AGENCY TO BEGIN CONSTRUCTION OF THE PROJECT. EVERYONE SHOULD KNOW WHAT THE COMPETING ESTIMATES OF COST ARE SO EVERYONE CAN BE TRANSPARENT. THERE WERE CHALLENGES BECAUSE AT THE TIME IN THE BART TO SILICON VALLEY CASE, WE HAD A PROGRESSIVE DESIGN BID HAD CONTRACTORS PREPARING THEIR BIDS ON THE CONTRACT, AND I GUESS, YOU KNOW, IF IT WERE UP TO ME SITTING HERE IN MY POSITION ON THE VTA BOARD MTC BOARD WOULD SAY CAN YOU LET THE CONTRACTORS BID AND PUBLISH THE RESULTS AND BEFORE ANYONE BIDS, THE INFORMATION CAN BE PUBLICLY DISCLOSED BUT IT HAS TO BE PROVIDED AT THE MINUTE CONTRACTORS ARE PREPARING THE BID. I APPRECIATE THE PERSPECTIVE OF WHAT IS THE RIGHT TIME TO RELEASE THAT INFORMATION, AND MAYBE -- IF I COULD REFER TO WHAT IT IS, IF THIS WILL HELP, IF YOU ARE NOT FAMILIAR -- THE REPORT DESCRIBED COST ESCALATION ON THE BART TO SILICON VALLEY PROJECT AND ACCORDING TO THE FDA REPORT, THE P-65 IS BASED ON FACTORS THAT MULTIPLY THE COST OF INDIVIDUAL ELEMENTS, DETERMINE THE COST FOR THE WORST PLAUSIBLE SCENARIO COST TAKEN AS THE UPPER BOUND. IM READING THAT FROM THE FDA REPORT. THIS

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IS THE WORST PLAUSIBLE SCENARIO AND IS PUBLISHED AS THE NEW ESTIMATED COST. I WONDER, IS THERE A REASON FTA WOULDNT SAY, HEY, WAIT A MINUTE. WE HAVE CONTRACTORS BIDDING. LET THEM BID AND THEN WELL RELEASE THE DATA?

RAY TELLIS: IM VERY FAMILIAR WITH THE CIRCUMSTANCE YOU DESCRIBE. LET ME SAY THIS. YOU SAID YOU ARE READING A NOTATION, BUT AT P-65 THAT IS NOT THE WORST COST PROJECT. THAT IS P-65. P-50, THE PROJECT WOULD COME IN UNDER THE COST ESTIMATE. WE HAVE A 50% CHANCE IT WILL COME OVER THE COST ESTIMATE. WE HAVE LOOKED AT PROJECTS ACROSS THE COUNTRY AGAIN AND WE USED TO BE P-50 AND FOUND PROJECTS RUNNING INTO COST OVERRUNS. IM NOT GOING TO TALK ABOUT SCHEDULE FOR THIS RESPONSE. WE WENT TO P-65 WHICH REALLY MEANS THAT 65% OF THE TIME, THE PROJECT WILL COME UNDER THAT COST. 35% OF THE TIME, IT WILL COME FORWARD IN THAT COST. I STRUGGLE WITH THAT QUOTATION. IT WAS NOT THE WORST PLAUSIBLE COST ON THE PROJECT. THATS ONE. TWO IS, YOU ARE ABSOLUTELY RIGHT. STRUGGLES IN EVERYTHING I TALK ABOUT THIS MORNING, IM TALKING ABOUT A CONVERSATION BETWEEN THE PROJECT SPONSOR IF ITS FEDERALLY FUNDED AND FTA. THE FORTHCOMING, THE COST ESTIMATE AND ALL OF THAT IS BETWEEN US. WE DONT EXPECT UNLESS BEFOREHAND, OUR DOCUMENTS TO GO TO THE PUBLIC. WE HOPE YOU GO TO THE PUBLIC BECAUSE OUR LETTER OF INTENT WAS A PUBLIC DOCUMENT THAT DESCRIBED THE COST AND YOU RAISE A VERY GOOD POINT, A

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SENSITIVE POINT THAT WE STRUGGLE WITH. HOW DO WE MARK THE CLOSE IF THERE IS A BIDDING ENVIRONMENT AND PROGRESSIVE DESIGN BUILD, THE CONTRACTOR GOING OUT THERE? THE COUNTER POINT IS THIS IS FTA MANAGEMENT TOOL, OUR COMMITMENT TO YOUR PROJECT BUDGET. WE, IN THE VTA CASE, CONTRIBUTED AND THE LETTER OF INTENT SAID WE WOULD CONTRIBUTE 25% OF THE ESTABLISHED RESULT FROM OUR MANAGEMENT TOOL. WE SAID GO BACK AND YOU HAVE THE TIME TO CONDUCT AS MANY RISK ASSESSMENTS OR OPEN BIDS TO COME UP WITH A COST ESTIMATE. I RECOGNIZE IM NOT FULLY ANSWERING YOUR QUESTION. IN SOME INSTANCES, BY THE WAY, THAT COST ESTIMATE IS NOT OPEN SEASON OR BLANK CHECK FOR THE CONTRACTOR TO THINK THIS IS ALL OF THEIR MONEY. THERE ARE ASPECTS OF IT THAT CAN BE DESCRIBED AS FTA MANAGEMENT TOOL, OUTCOME, OVERSIGHT, AND WE ARE -- YOU KNOW, WHERE WE ARE IN TERMS OF OUR OWN GENERATION OF COST ESTIMATE. TIME WILL TELL, BUT I CAN APPRECIATE WHAT YOU ARE SAYING.

ALFREDO PEDROZA, CHAIR: THANK YOU, RAY. I KNOW WE WANT TO HAVE GENERAL QUESTIONS. WE ARE 45 MINUTES OVER, WHICH IS COMPLETELY OKAY, GIVEN THE RICH CONVERSATION, BUT I WANT TO BE MINDFUL FOR THE COMMISSIONERS AND PUBLIC AS WELL. ANY FOLLOW UP ON THE QUESTION?

SAM LICCARDO: NO.

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ALFREDO PEDROZA, CHAIR: DO WE HAVE ADDITIONAL QUESTIONS?

CLERK, KIMBERLY WARD: I SEE NO QUESTION.

ALFREDO PEDROZA, CHAIR: WE HAVE TIME FOR PUBLIC COMMENT AT THE END OF THE WORKSHOP. BACK TO THE COMMISSIONERS, FINAL THOUGHTS OR QUESTIONS? WE CANT THANK YOU IF YOU HAVE FOR THE INSIGHTFUL PRESENTATION. WE APPRECIATE YOU BEING WITH US.

RAY TELLIS: THANK YOU FOR THE PRIVILEGE AND INVITATION.

ALFREDO PEDROZA, CHAIR: THANK YOU, COMMISSIONERS, FOR THOUGHTFUL QUESTIONS. WELL PROCEED TO THE SECOND ITEM, PLAN BAY AREA TEAR 1 PROJECT. THERESA ROMELL WILL PRESENT THIS. TAKE IT AWAY.

THERESA ROMEL: ILL GIVE THE PRESENTATION INTENDED TO PROVIDE A HIGH LEVEL OVERVIEW ON MAJOR TRANSIT PROJECTS UNDER WAY IN THE REGION, AS WELL AS INFORMATION ON RECENT CHANGES TO THE PROJECTS BASED ON INFORMATION SUBMITTED BY PROJECT SPONSORS FOR THE PURPOSE OF DEVELOPING MAJOR PROJECT FUNDING PROJECT YOU WILL HEAR ABOUT LATER TODAY. THIS PRESENTATION WILL FOCUS ON TIER ONE PROJECTS. TIER ONE ARE IN THE FIRST TIME PERIOD OF THE PLAN, THOSE EXPECTED TO GO TO CONSTRUCTION BY 2035. THIS PRESENTATION DOES NOT INCLUDE TIER 2 PROJECTS. THEY ARE

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OMITTED FROM THE LIST. I ALSO WANT TO NOTE THAT WE HAVE ASKED THE SPONSORS HAVE A REPRESENTATIVE AVAILABLE EITHER VIRTUALLY OR IN PERSON TO RESPOND TO SPECIFIC PROJECT QUESTIONS THAT YOU MAY HAVE. NEXT SLIDE, PLEASE. BEFORE GETTING INTO THE PROJECTS, I WANT TO OFFER DEFINITIONS OF TERMS TO ENSURE EVERYONE IS ON THE SAME PAGE WITH WHAT IS BEING TALKED ABOUT HERE. FIRST, WHAT IS A MEGA PROJECT? GENERALLY WE REFER TO THE PROJECTS ABOVE A BILLION DOLLARS IN COSTS AND HAVE REGIONAL SIGNIFICANCE AS MEGA PROJECTS, AND TYPICALLY THERE ARE MULTIPLE FUNDING PARTNERS INVOLVED WITH THE PROJECTS. NEXT, WHAT DO WE MEAN BY COMMITTED FUNDING? COMMITTED FUNDING IS SAYS ASIDE FOR THE PROJECT. IT ISNT FOR THE COMPETITIVE PROGRAM OR LEGISLATIVE ACTION. THIRD, WE REFERENCED MAP SUBMITTALS. WE ARE REFERRING TO THE INFORMATION BY PROJECT SPONSORS AND PROJECT INFORMATION WITH A ADVANCEMENT POLICY DEVELOPMENT. WE WILL ALSO REFERENCE PERFORMANCE. THE PERFORMANCE WE ARE TALKING ABOUT THE PLANNED BAY AREA 2050 PROJECT PERFORMANCE PROCESS. THAT PROCESS PROJECTS WERE AGAINST THREE DIFFERENT SCENARIOS. PERFORMANCE WAS IN RED, YELLOW, GREEN OR FAIR, NOT SO GOOD BASED ON THE RANGE THAT BENEFIT COST FELL INTO, ADVANCED, HELD HARMLESS OR PRESENTED CHALLENGES FOR EQUITY. NEXT SLIDE, PLEASE. NOW, IM GETTING TO THE ACTUAL MEGA PROJECTS. FIRST IS CALTRAIN ELECTRIFICATION THE PENINSULA PERFORMANCE PROJECT. THIS IS AN EXAMPLE OF A PROJECT UNDER CONSTRUCTION. ITS NEARLY COMPLETE BUT NEEDS MORE

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FUNDING TO GET IT OVER THE GOAL LINE. A GENERAL SCOPE OF THE PROJECT IS TO ELECTRIFY THE 51 MILES OF CALTRAIN CORRIDOR FROM THE STATION IN SAN FRANCISCO TO THE STATION IN SAN JOSE. IT INCLUDES THE PROCUREMENT OF ELECTRICAL UNIT OR EMU TRAINS, INSTALLATION OF OVERHEAD CONTACT SYSTEM AND CONTRACT POWER SYSTEMS. ELECTRIFICATION IS INTENDED TO IMPROVE THE CAL TRAN SERVICE IMPROVING TRAVEL TIMES IN AN ENVIRONMENTAL FRIENDLY AND RELIABLE WAY. FUNDING PLAN WAS 2 BILLION AT THE TIME THE PROJECT SECURED THE GRANT AGREEMENT IN FEDERAL DISCRETIONARY FUNDING LATE 2016. THE PROJECT IS WELL INTO CONSTRUCTION AND ANTICIPATED TO OPEN IN 2024. DUE THEE FACT THAT THE PROJECT HAD A FULL FUNDING PLAN WITH 100% FUNDS, IT WAS NOT REQUIRED TO UNDERGO THE PERFORMANCE ASSESSMENT FOR PLAN 2050. NEXT SLIDE, PLEASE. IN TERMS OF WHERE THIS PROJECT STANDS NOW, IT HAS UNDERGONE A COST INCREASE. THE TOTAL PROJECT IS $2.4 BILLION, 23% HIGHER THAN THE COST INCLUDED IN PLANNED BAY AREA 2050 WITH A $410 MILLION FUNDING GAP. NEXT SLIDE, PLEASE. MOVING ON TO ANOTHER PROJECT THAT IS ALSO UNDER CONSTRUCTION, BARTS TRANCE BAY COAL CAPACITY PROGRAM HAS SEVERAL COMPONENTS INCLUDING 252 ADDITIONAL RAIL CARS, TRAIN CONTROL MODERNIZATION AND A NEW RAIL CAR STORAGE YARD AT THE MAINTENANCE COMPLEX AND TRACTION POWER SUBSTATIONS. PLAN BAY 2050, EXPECTED TO BE COMPLETED 2028. THIS PROJECT DID WELL IN TERMS OF THE PROJECT ASSESSMENT, SCORED A COST RATIO OF GREATER THAN ONE AND STACKED UP WELL AGAINST THE PLAN GUIDING

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PRINCIPLES. IT DIDNT PRESENT EQUITY CHALLENGES. NEXT SLIDE, PLEASE. BASED ON THE PROJECT INFORMATION RECENTLY SUBMITTED FOR THE MAP, THE TOTAL COST OF PROJECT IS ESTIMATED TO BE $3.8 BILLION WHICH IS 8% HIGHER THAN WHAT WAS CONTAINED IN THE PLAN. HOWEVER, THERE IS STILL ANALYSIS THAT NEEDS TO BE DONE TO DETERMINE WHAT THE FINAL PROJECT COSTS WILL BE AND I UNDERSTAND THAT BART IS WORKING THAT ANALYSIS. THE PROJECT SUBMITTAL SHOWS A PRELIMINARY ESTIMATE OF REMAINING NEED OF $560 MILLION. NEXT SLIDE. BART TO SILICON VALLEY PHASE II, TAKING BART TO THE SCLERA CALTRAIN STATION ADDING FOUR NEW STATIONS INCLUDING THE DIRIDON STATION. IT HAS AN OPENING EXPECTATION OF 2030. THE ASSESSMENT SHOWED IT ADVANCED EQUITY AND DID WELL MEASURED AGAINST THE PLANS GUIDING PRINCIPLES. NEXT SLIDE. THE PROJECT IS CURRENTLY IN THE DESIGN PHASE AND WHAT WAS SUBMITTED FOR THE MAP HAS THE SAME COST PERCENTAGE OF FUNDING AS PLANNED 2050. WE DO KNOW THAT THE TOTAL PROJECT COST IS LIKELY TO BE SIGNIFICANTLY HIGHER THAN SHOWN HERE. AS NOTED IN THE COMMENTS ON THE SLIDE AND EARLIER MENTIONED IN THE PRESENTATION, THE FTA HAS CONDUCTED A RISK ASSESSMENT ON THE PROJECT AND IDENTIFIED A POTENTIAL COST INCREASE THAT COULD BRING THE TOTAL COST HIGH AS $9 MILLION, HOWEVER IT IS YET TO COMPLETE THE ANALYSIS TO VERIFY THE COST INCREASE. NEXT SLIDE. THE NEXT PROJECT TO HIGHLIGHT IS THE CALTRAIN DOWNTOWN RAIL EXTENSION REFERRED TO AS DTX. THIS PROJECT WOULD BRING CALTRAIN AND FUTURE CALIFORNIA HIGH SPEED RAIL SERVICE FROM

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THE EXISTING KING RAIL YARD TO THE SALES FORCE TRANSIT CENTER WITH A NEW STATION AT 4TH AND TOWNSEND ANTICIPATED YEAR OF 2031, NEWT FEDERAL ON BENEFIT COST AND CHALLENGED EQUITY BUT SERVED THE PLANNED AREA GUIDING PRINCIPLES. NEXT SLIDE. THE LATEST COST ESTIMATE IS $5 MILLION, 17% HIGHER THAN INCLUDED 2050. AS WITH OTHER PROJECTS, THE COST IS IMPACTED BY PROJECT DEFERRAL AND COST OF ESCALATION. THE PROJECT HAS 17% OF THE TOTAL COSTS AND COMMITTED FUNDS AND IS LOOKING TO ENTER THE FTA CAPITAL INVESTMENT PROGRAM IN THE NEAR FUTURE. NEXT SLIDE. VALUE LINK IS THE LAST PROJECT TO HIGHLIGHT UNDER CONSIDERATION IS A 26-MILE INITIAL OPERATING SEGMENT THAT WOULD CONSTRUCT A NEW COMMUTER RAIL SERVICE CONNECTING SAN JOAQUIN TO THE PLEASANTON BART STATION. IN TERMS OF PERFORMANCE, SCORED WELL IN BENEFIT COSTS AND GUIDING PRINCIPLES OR EVEN ON EQUITY. NEXT SLIDE. THIS $1.9 BILLION PROJECT HAS 30% OF THE FUNDING PLAN IN COMMITTED FUNDS. THE PROJECT COST IS SIGNIFICANTLY LOWER THAN WHAT IS IN PLANNED BAY AREA 2050. THE REASON FOR THAT, WHAT WAS CONTAINED IN THE PLAN WAS FOR THE BAY AREA SHARE OF THE FULL PROJECT NOT THE OPERATING SEGMENT I DESCRIBED. NEXT SLIDE. NEXT I WANT TO TURN TO A DIFFERENT TYPE OF MEGA PROJECT, THE ZERO EMISSION DUST PROJECT IS AN EXAMPLE OF A PROGRAMMATIC CATEGORY MEGA PROJECT. MEGA PROJECT AS A WHOLE BECAUSE ITS REGIONALLY SIGNIFICANT AND AS A WHOLE, THE TRANSMISSION WILL COST THE REGION WELL MORE THAN A BILLION DOLLARS, BUT THE PROJECT CONSISTS OF MANY

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SMALLER PROJECTS ROLLED UP INTO ONE CATEGORY. NEXT SLIDE. AS MANY OF YOU MAY BE AWARE OF THE CALIFORNIA AIR RESOURCES BOARD ADOPTED THE INNOVATIVE CLEAN TRANSIT RULE 2018 REQUIRING TRANSIT OPERATORS TO TRANSITION TO ZERO EMISSION VEHICLES BY 2029. IN RESPONSE, MTC IN PARTNERSHIP WITH THE BAY AREA TRANSIT OPERATORS, IS DEVELOPING A ZERO EMISSION STRATEGY AND THAT STRATEGY WOULD BE FOCUSED ON NUMBER ONE, IDENTIFYING ACCURATE COST AND POTENTIAL FUNDING MECHANISMS TO ACCOMPLISH THE TRANSITION. NUMBER TWO, COORDINATING AND MANAGING RISK AND NUMBER THREE, DEVELOPING A STRATEGY TO COMPETE FOR STATE AND FEDERAL FUNDING OPPORTUNITIES. AS WE PROGRESS IN THE DEVELOPMENT OF THE BAY AREA TRANSITION, WE WOULD KEEP THE COMMISSION APPRIZED WITH A BEARING ON THE MAP. THERE ARE OTHER CATEGORIES ON THE MAP. THEYLL HAVE A SIGNIFICANT DRAW ON THE FUNDING AVAILABLE FOR PROJECT DELIVERY, FOR EXAMPLE, GRADE SEPARATIONS, EXPRESS LANES ARE BOTH EXAMPLES OF PROGRAMMATIC CATEGORIES. AS WE ARE ABLE TO PROVIDE DETAIL ON THE CATEGORIES AND PROJECTS WITHIN THEM, WELL BRING THEM FORWARD TO THE COMMISSION AND INDIVIDUAL PROJECTS WOULD BE MORE FULLY INCORPORATED INTO THE MAP. NEXT SLIDE, PLEASE. IN SUMMARY, I WOULD LIKE TO LEAVE YOU WITH A FEW KEY TAKE AWAYS. NUMBER ONE, THERE HAVE BEEN SIGNIFICANT COST INCREASES OVER THE YEARS, WHICH IS THE REASON YOU ARE ALL HERE TODAY. SIGNIFICANT FUNDING GAPS REMAIN. IT HAS BEEN MENTIONED, I THINK, A FEW TIMES IN THIS WORKSHOP THAT THE TIME TO EXAMINE PROJECT COSTS

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IS WHEN THE PROJECT IS INCLUDED IN THE PLAN. PLAN BAY AREA 2050, I WANT TO NOTE THAT THE PLANNING DEEM DID ENSURE PROJECTS THAT UNDERWENT THE PERFORMANCE ASSESSMENT ALSO UNDERWENT A COST AUDIT WITH COST METHODOLOGY, THAT WAS DONE FOR PLAN BAY AREA 2050 TO SOME DEGREE. SECOND TAKE AWAY, THERE ARE PROJECTS POISED TO GET OVER THE FINISH LINE WITH A COMMITTED AMOUNT OF FUNDING ATTRIBUTED TO THEM AND OTHERS AT THE STARTING GATE. THIRD, WE HAVE GOVERNANCE ARRANGEMENTS RESPONSIBLE FOR PROJECT DELIVERY AND LONG-TERM OPERATIONS IN THE REGION. LASTLY, THERE ARE NO STANDARD APPROACHES TO RISK MANAGEMENT. SOME OF THE KEY RISKS THAT WE HAVE IDENTIFIED INCLUDE COMPLEXITY OF AGREEMENTS, NEW TECH FOLLOWINGS, AND APPROACHES TO CONSTRUCTION AS WELL AS UNCERTAINTY IN OPERATING FUNDING PLANS. ONCE ITS BUILT, WE CAN AFFORD TO OPERATE IT. THAT CONCLUDES MY PRESENTATION. THANK YOU FOR YOUR ATTENTION. I WOULD LIKE TO HAND IT BACK TO YOU, CHAIR PEDROZA AND NOTE IF THERE ARE SPECIFIC QUESTIONS ON THE PROJECTS DISCUSSED, WE HAVE SPONSOR REPRESENTATIVES FOR THE PROJECTS AVAILABLE TO FIELD THEM. THERE IS ONE THAT DOESNT HAVE A REPRESENTATIVE, BUT OTHERS DO.

ALFREDO PEDROZA, CHAIR: THANK YOU FOR HELPING US GET BACK ON TRACK. THE NEXT ITEM DIVES INTO THE DETAILS OF WHAT IS A ROLE. FOR THIS PARTICULAR SECTION, IF YOU HAVE QUESTIONS REGARDING THE PROJECTS WE HEARD, WE HAVE PROJECT SPONSORS. THERESA,

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THANK YOU FOR THE PRESENTATION. WE ARE LOOKING FOR THE NEXT SECTION TO TALK ABOUT IT. COMMISSIONERS, ANY QUESTIONS? COMMISSIONER PAPAN?

GINA PAPAN: FOR THE PROJECTS UNIDENTIFIED, HAVE WE IDENTIFIED -- BESIDES COVID, HAVE WE GIVEN SPECIFIC REASONS THEY HAVE GONE OVER BUDGET? WE ARE HERE TO APPROACH VALUE. WE DONT WANT TO REPEAT MISTAKES OF THE PAST. I DONT THINK WE NECESSARILY HAVE TO GET INTO THEM NOW, BUT I THINK ITS AN IMPORTANT PART OF MPCS APPROACH TO ALL OF THIS. IT WAS POINTED OUT, UNDERGROUND UTILITIES. THATS A BIG ONE. IF WE COULD FOR THE PROJECTS WE HAVE IN WHICH YOU IDENTIFIED, REALLY TARGET WHAT WENT WRONG OR THE COSTS, THAT WOULD BE HELPFUL.

ALFREDO PEDROZA, CHAIR: THANK YOU, COMMISSIONER PAPA. VICE COMMISSIONER?

NICK JOSEFOWITZ, V. CHAIR: ONE OF THE BIG AREAS IS COST BENEFIT ANALYSIS. AM I RIGHT IN THINKING COST GOES UP 20%, BENEFITS GO DOWN 20%?

THERESA ROMEL: I DONT KNOW IF ITS 20%.

NICK JOSEFOWITZ, V. CHAIR: ARE WE THINKING ABOUT DOING A QUICK ADJUSTMENT TO THE COST BENEFIT CALCULATIONS FOR THE PROJECTS

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GIVEN THEIR NEW EXPECTED COSTS AS PART OF THE THINKING AROUND THE MAP?

SPEAKER: GOOD MORNING, EXECUTIVE DIRECTOR FOR POLICY. WHEN WE GET INTO THE MAP, WELL TALK ABOUT THE EXPECTATIONS FROM THE COMMISSIONERS AS TO WHAT YOU WOULD LIKE TO SEE FROM US. ONE THING IMPORTANT TO NOSE FROM THIS PRESENTATION, WE ORDERED THE PROJECTS IN A CERTAIN ORDER STARTING WITH THOSE IN CONSTRUCTION. IM NOT SURE THERE IS VALUE ADD IN A COST BENEFIT ANALYSIS OF THE PROJECT IN CONSTRUCTION. WE CAN TALK MORE ABOUT THAT. AGAIN, I THINK WE SHOULD THINK WHERE WE CAN ADD VALUE THINKING THROUGH RISK AND TRYING TO MANAGE THE FUTURE.

NICK JOSEFOWITZ, V. CHAIR: OKAY. THATS HELPFUL.

ALFREDO PEDROZA, CHAIR: COMMISSIONER SPERING?

JAMES P. SPERING: WITH WHAT YOU SAID, IM SEEING THE PROJECTS IN A SILO. THOSE IN THE PIPELINE OR THOSE FAR DOWN THE ROAD. ARE WE LOOKING AT WHAT ROLE WE PLAY IN THOSE AND NEW PROJECTS PLAY A DIFFERENT ROLE, A STRONGER POSITION IN THE NEWER PROJECTS, PROJECTS IN THE PHASE, BETTER BEYOND THE ENVIRONMENTAL. IS THAT WHAT IM HEARING? THE OTHER QUESTION, THERESA, THE PROJECTS YOU GAVES YOU, YOU WILL GO THROUGH EACH OF THOSE AND WHAT ROLE WE PLAY AS FAR AS FUNDING SHORTFALLS?

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THERESA ROMELL: THAT WASNT ON MY PRESENTATION TODAY.

JAMES P. SPERING: WHAT ROLE IS MTC PLAYING? DOES IT COME THROUGH THIS AGENCY? IF SO, DO WE TAKE A PERCENTAGE OF THAT FOR THE RESPONSIBILITY WE HAVE? IM HOPING WELL DRILL DOWN TO THOSE TYPE OF ISSUES.

SPEAKER: WE DONT HAVE THE ANSWERS, BUT WE ARE SETTING THE STAGE FOR HAVING FUNDING FRAMEWORK TO ADDRESS THE FUNDING NEEDS. WE WANT TO TALK ABOUT THE POLICY OVERLAYS AND RISK MANAGEMENT OVERLAYS AND WHICH PROJECTS ARE APPROPRIATE TO LOOK AT FOR MTC? ONE OF YOUR EARLIER QUESTIONS YOU WERE ASKING IS, AGAIN, WHEN A PROJECT IS -- SOME OF THE PROJECTS WE HAVE IN THE REGION IN CONSTRUCTION, THEY ARE IN THE PROCESS OF BEING SUBJECT TO THE FTAPMO PROCESS WHEREAS SOME OF THE OTHERS EARLIER AND MAYBE NOT IN THE FTA PIPELINE YET, THEY ARE NOT SUBJECT TO THAT YET. I DONT HAVE THE ANSWER FOR YOU TODAY, BUT ITS IMPORTANT CONSIDERATION.

ALFREDO PEDROZA, CHAIR: THANK YOU, COMMISSIONER SPERING. LETS GO TO THE COMMISSIONERS ATTENDING VIRTUALLY. DO WE HAVE ANY THAT WISH TO ASK A QUESTION?

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CLERK, KIMBERLY WARD: I DONT SEE ANY HANDS RAISED FOR THOSE ONLINE.

NICK JOSEFOWITZ, V. CHAIR: WE HAVE HAD SEVERAL SPEAKERS TALK ABOUT CONTINGENCY. WE THINK THAT THERE IS SORT OF A POPULAR BELIEF THAT EVERYONE IS SCREWING UP, BUT ITS OFTEN THAT THEY ARE NOT ESTIMATING THEIR PROJECTS PROPERLY. IS THERE A THOUGHT OR MAYBE THIS IS SOMETHING TO DISCUSS, PART OF THE MAP PROCESS, WHICH WILL SYNC UP WITH YOUR THINKING, THERESE, THAT WE DO ANOTHER COST ASSESSMENT OF THE PROJECTS INCORPORATING -- MAYBE AN APPROPRIATE LEVEL OF CONTINGENCY. THE KNOWN UNKNOWNS, THE UNKNOWN UNKNOWNS, WHATEVER, SO WE ARE ALSO TO WHAT COMMISSIONER SPERING SAID, WE HAVE A CLEAR IDEA OF WHAT THE FUNDING GAP IS, WHAT MTCS ROLE WOULD BE RATHER THAN CONTINUING AS EVERYTHING HAPPENS NOW, THE PROJECT JUST CREEPS UP IN COSTS OVER TIME AND NO ONE -- ITS DIFFICULT TO PLAN FOR THAT.

THERESE MCMILLAN: I THINK I HAVE THAT IN MY PRESENTATION COMING UP.

ALFREDO PEDROZA, CHAIR: ANY OTHER QUESTIONS, COMMISSIONERS? THERESE, THANK YOU FOR HELPING US GET ON TRACK. NEXT WE HAVE ITEM THREE, THE ROLE GETTING MAJOR PROJECTS DELIVERED AND COORDINATED. THERESE MCMILLAN WILL BE THE SPEAKER. WE ARE LOOKING FORWARD TO WHAT COMMISSIONER SPERING SHARED, YOU HAVE

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BUCKETS OF PROJECTS THAT ARE NEW, DIFFERENT, VERSUS THOSE IN THE QUEUE ALREADY. AT THIS POINT, I WANTED TO TURN IT OVER TO OUR DIRECTOR TO KICK THIS SECTION OFF.

THERESE MCMILLAN: GREAT. I HAVE OPENING REMARKS IM GOING TO PULL FROM. YOUR OBSERVATIONS TO DATE WHICH WILL LEAD US TO A PRESENTATION WITH OUR CONSULTANT TEAM FRIENDS ON THE WORK THEY ARE DOING WITH US. IF WE COULD BRING UP THE PRESENTATION. AS WE GET STARTED, ONE OF THE THINGS I HAVE BEEN THINKING ABOUT LISTENING TO THESE COMMENTS, AND INVITE YOU TO THINK ABOUT THAT AS WELL AS WE PROCEED FOR THE REST OF THE DAY, I THINK WHAT WE WOULD LIKE TO DO IN THIS SECTION IS TO GIVE YOU A CLEAR SENSE OF WHAT WE ARE DOING NOW, BUT IMPORTANTLY ALSO TO REFLECT ON WHAT ARE WE ENABLED TO DO, RIGHT? AND CAN WE DO THINGS DIFFERENTLY, IMPORTANTLY, BETTER? IM GOING TO ADD SOMETHING IN RESPONSE TO THE THOUGHT, I THINK WE CAN PUT ALL OF THE PROCESSES IN PLACE WE WANT. WE CAN ASK ALL OF THE QUESTIONS WE WANT. WHAT DO WE HAVE TO LEVERAGE TO MAKE THE PROJECT SPONSOR PAY ATTENTION AND DO SOMETHING DIFFERENT? THAT IS REALLY KEY. I THINK THATS SOMETHING FOR US TO THINK THROUGH AS WELL. THERE IS ALL KINDS OF OVERSIGHT. SOME PEOPLE SAY, WHATEVER. WE DONT CARE. LETS KEEP THAT IN MIND AS WE SORT THROUGH WHAT THAT TRUE PARTNERING TO BE ABLE TO GET THE PROJECTS DONE AND GET THEM DONE IN THE BEST AND MOST COST EFFECTIVE WAY POSSIBLE, AS A SHARED OBJECTIVE. IT DOES REQUIRE

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THOSE LEVERAGING POINTS. I THINK WE WANT TO THINK THROUGH, ARE THERE NEW OPPORTUNITIES TO PURSUE EITHER THROUGH EXISTING COMMISSION CAPACITIES, OR THAT MAY NEED TO BE SUPPORTED BY STATUTORY CHANGES. I THINK THATS IMPORTANT WHEN WE THINK ABOUT WHAT WE COULD DO. THAT AUTOMATICALLY PUTS YOU INTO DIFFERENT TIMES, WHAT WE DO IN THE SHORT-TERM, WHAT WE DO MEDIUM-TERM AND WHAT MIGHT BE A STRETCH OBJECTIVE, BUT IT WILL TAKE US A WHILE TO GET THERE. FOR THOSE OF YOU THAT KNOW ME WELL, ILL ADD SOMETHING I SAY OFTEN. THE RESOURCES TO BE ABLE TO DO ANY NEW ACTIVITY, YOU NEED TO THINK THROUGH CAREFULLY THAT WELL JUMP TO A DIFFERENT POOL. WE NEED TO ENSURE WE HAVE THE RESOURCES NOT JUST TO START A NEW PROCESS, BUT IF ITS VALUE ADDED, TO SUSTAIN IT GOING FORWARD. ONE OF THE THINGS IN MY EXPERIENCE FROM THE FTA PROCESS, THERE IS A LOT OF MONEY THAT GOES INTO RESPONSIBILITY FOR STAFF INTERNALLY PROJECT MANAGING AND ALSO HIRING THIRD PARTY CONSULTANTS BROUGHT TO BEAR, TO MAKE THAT OBSERVATION. NEXT SLIDE. WHAT ARE WE DOING RIGHT NOW TODAY? WE HAVE AN IMPORTANT, UNRECOGNIZED ROLE FOR US, WHAT POINT ARE WE TO CONTEMPLATE WHAT TO DO. PLAN 2050 IS IMPORTANT BECAUSE IF YOUR PROJECT IS NOT IN THE PLAN, YOU CANT DO IT. I DONT WANT TO UNDERESTIMATE WHAT THAT MEANS. HAVING SAID THAT, AS ALEX POINTED OUT IN HER COMMENTS THAT YOU WILL RETURN TO, AT THE EARLY STAGE FOR PROJECTS FIRST NOW GETTING IN IF THEY ARE IN THE OUTER YEARS, WE DONT HAVE A GOOD SENSE OF WHAT THEY COST OR WHAT THEIR SCHEDULE WILL BE. THAT IMPROVES AS YOU GO

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ALONG. THATS WHERE OUR FUNDING AND POLICY ROLES COME INTO PLAY. WE REALLY GET TO THE POINT OF ASSIGNING FUNDING TO PROJECTS, WE HAVE THE OPPORTUNITY AND WE HAVE, WHETHER FORMULA FUNDS OR CERTAINLY WITH DISCRETIONARY FUNDS, TO ASK IMPORTANT QUESTIONS. DOES THEE PROJECT HAVE A FULL FUNDING PROGRAM? WHAT ARE THE SOURCES IN PLACE? ARE THEY COMMITTED OR NOT? THATS SOMETHING WE HAVE DONE AND REFINED OVER THE YEARS. 3434 WAS A BIG STEP FORWARD IN MAPPING THAT OUT AND HAD SOME ROBUSTNESS TO IT GOING FORWARD. AS WILL BE EXPLAINED LATER IN THE DAY, WE ARE THINKING OF TAKING THAT UP A SIGNIFICANT NOTCH ON THE MAP. COUPLED WITH ALL OF THAT IS OUR ROLE FOR ADVOCACY AND ENDORSEMENT THROUGH FEDERAL AND STATE FUNDING CATEGORIES, IMPORTANTLY NOT JUST COMPETING FOR THE DISCRETIONARY POTS, BUT CONSTANTLY ADVOCATING TO RAISE THE BAR FOR FORMULA FUNDS COMING TO THE REGION. THOSE FUNDS YOU CAN RELY ON BECOME CRUCIAL ELEMENTS NOT ONLY OF A CAPITAL PLAN BUT CRITICALLY IMPORTANT TO THE SERVICES TAKING PLACE. THIS IS AN ARENA WE HAVE BEEN INVOLVED IN FOR A LONG TIME. NO ONE DISPUTES OUR ROLE, BUT WE HAVE REFINED SIGNIFICANTLY OVER TIME. NEXT SLIDE. ANOTHER RULE, WHICH IS A LITTLE BIT DIFFERENT THAN A FUND -- OVERSEEING FUNDING IS THAT OF AN INVESTOR. I WOULD FRAME IT THIS WAY, WE HAVE LONG HAD A ROLE, MUCH MORE SO THAN PLANNING ORGANIZATIONS OF BEING ABLE TO DIRECT AND MANAGE PASS THROUGH FUNDS TO US, TDA, STA OR THE LIKE. DEPENDING ON THE FUND SOURCE, THERE IS MORE OR LESS DISCRETIONARY DECISIONS ATTACHED

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TO THEM. WHEN THE MONEY IS COMPLETELY UNDER OUR AUTHORITY, LIKE REGIONAL MEASURES ONE, TWO AND THREE, THAT BRINGS AN ENTIRELY DIFFERENT LEVEL OF SKIN IN THE GAME, AND IN THOSE ASPECTS, YOU KNOW, WE HAVE PLAYED, I THINK, A DIFFERENT ROLE, A MORE DIG DEEPER ROLE IN TERMS OF OVERSEEING THE INVESTMENTS FROM THE OUTSET BUT THE EXPENDITURE PLAN AND ALLOCATION AUTHORITY LOOK LIKE AND PUTTING TOGETHER THE REGIONAL MEASURES, THERE IS AN INTRODUCTION AND ALEX WILL SPEAK TO THIS LATER ABOUT RISK MANAGED AT A HIGH LEVEL APPROACHES THAT ARE ATTACHED TO THE REGIONAL MEASURE FUNDS. ONE THING I WOULD NOTE WITH REGIONAL MEASURE TWO ON THE OPERATING SIDE WAS THAT THERE WERE STATUTORY PERFORMANCE METRICS PUT INTO PLAY. AGAIN, IN THIS ARENA, WE HAVE BEEN ABLE TO HAVE A MORE SOPHISTICATED HAND, IF YOU WILL, ON HOW TO LEVERAGE OUR FUNDING CAPACITIES TO OUTCOME. AS WELL, THE STATE STATUTE WITH THE REGIONAL MEASURE PRIDES THE AUTHORITY TO REDIRECT FUNDS IN CERTAIN CIRCUMSTANCES FOLLOWING A PUBLIC HEARING AND IF THE MONEY SHOULDNT BE CONTINUED TO FUND, THERE IS THE CAPACITY FOR A QUESTION. NEXT SLIDE. AS ANGIE MENTIONED AND COVERED, I WONT GO DEEP INTO THIS BECAUSE WE HAVE COVERED THIS. WE HAVE A PROJECT DELIVERY ROLE. COAL BUILDER, IF YOU WILL, WITH CAL TRANSIT ON ALL MANNER OF THE PORTFOLIO, EXPRESS LANES PORTFOLIO AND THE ELECTRONIC TOLLING INFRASTRUCTURE INCLUDING THE NEW GENERATION WITH THE OVERTHE ROAD TOLLING WELL BE ADVANCING, THIS IS WHERE WE PARTNER DIRECTLY ON THE DELIVERY

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OF PROJECTS IN A MORE DIRECT FASHION. NOT SO MUCH ON TRANSIT TODAY, BUT WE HAVE DEFINITELY HAD EXPERIENCE, AND THIS GETS BACK TO THE ABILITY TO DEVELOP THE TECHNICAL EXPERTISE CRITICAL IN DOING MORE. YOU NEED TO HAVE THE SKILLSET TO DO IT WELL. WE HAVE BEEN DEVELOPING IT. ITS A CHALLENGE FOR US IN CONSIDERATION GOING FORWARD. NEXT SLIDE. LOOKING TO THE FUTURE, AND EXPLORING BROADLY PROJECT DELIVERY MODELS NOT IN THE SAME FASHION THAT WERE PUT FORWARD, BUT MORE THE IDEA OF WHAT IS THE COLLABORATIVE SPACE FOR DOING PROJECTS AND DOING THEM WELL? 2020, WE WERE AWARDED THE GRANT FROM CAL TRANS BAY AREA PARTNERSHIP PROJECT DELIVERY AND GOVERNANCE. THE FOCUS THERE -- IT WAS DATING, BUT I THINK ANTICIPATING A LOT OF THE SUBJECTS WE TOOK UP WITH THE BLUE RIBBON TASK FORCE, WAS THE NOTION OF WITHIN OUR EXISTING AUTHORITIES BUT NOT EXCLUSIVELY, A DIFFERENT PARTNERSHIP ON THE SUBSET OF THE SUBSYSTEM THE RAIL NETWORK WHERE MEGA PROJECTS ARE NESTED BECAUSE OF THEIR COMPLEXITIES ETC. CAN WE IDENTIFY A DIFFERENT PROJECT DELIVERY AND GOVERNANCE STRUCTURE TO BUILD THEM AND OPERATE THEM IN A BETTER WAY IN A MORE SEEMLESS WAY IN A MORE CUSTOMER FOCUSED WAY? WITH THAT, PARTICULARLY THE IDEA OF BEING ABLE TO DELIVER THEM ON BUDGET WITH A REASONABLE SCOPE AND ON A REASONABLE TIMEFRAME AND WHAT MIGHT THAT LOOK LIKE? WE HAVE OUR STEER GROUP HERE TO SHARE THEIR THOUGHTS ON THE WORK THEY HAVE DONE HERE. I BELIEVE ALASDAIR DAWSON IS HERE TO LAUNCH US OFF AND GIVE US A SENSE OF WHAT OUR THINKING HAS BEEN HERE WHICH MAY

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PROMPT MORE REFINED NOTIONS OF WHERE WE WANT TO GO. ILL HAND IT OVER. THANK YOU.

ALASDAIR DAWSON: PREVIOUS SPEAKERS, COMMISSIONERS, A FASCINATING COUPLE OF DAYS. MY NAME IS ALASDAIR DAWSON. [INDISCERNIBLE] NEXT SLIDE, PLEASE. WE ARE TALKING ABOUT A SMALL PIECE OF WORK -- SORRY, NEXT SLIDE. THERE WE GO. A SMALL PIECE OF WORK ON WHAT CAN BE DONE OUTLINED THE POSSIBILITY OF EXPLORATION LEFT OF THE SCREEN TALKING SHORTLY ABOUT THE LINES APPLIED, INQUIZ ITED ABOUT, INTERESTED IN, THE DELIVERY ECOSYSTEM, THE KEY POINT TO TAKE AWAY TODAY. A BIT ABOUT REFERENCE MODELS WHICH OUR TEAM JOINING US FROM TORONTO WILL TALK THROUGH AND MORE STUDY TIMING. LINES OF INQUIRY, WE HAVE FOUR OF THEM. WE THINK IT HELPS UNPACK SOME OF THE THINKING WE HAVE BEEN DOING OVER THE LAST COUPLE OF DAYS. FIRST, THE ALTERNATIVES DELIVERED IN AN OPTIMAL SEQUENCE. SECOND, AN INCREASINGLY NETWORKED SYSTEM, AND HOW WE MAINTAIN CUSTOMER EXPERIENCE AND HOW WE RUN THOSE PROJECTS IN THAT INCREASING LYNETTE WORKED SYSTEM AND THE THIRD LINE OF INQUIRY IS ABOUT THE AMBITION.

SPEAKER: YOU ARE SO TALL THE MIC IS NOT PICKING UP YOUR VOICE. MAYBE YOU COULD SIT DOWN TO MAKE YOUR PRESENTATION TO BE CLOSER TO THE MIC. IT IS NOT MY PROBLEM, BUT --

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ALASDAIR DAWSON: SORRY ABOUT THAT. THE THIRD INQUIRY, ALEX TABLED FOR US. IT IS THE RIGHT ONE FOR THE BAY AREA. HOW DO WE REALIZE THAT FROM THE RIGHT PORTFOLIO INVESTMENT, THE POINT ABOUT EVOLVING BENEFIT PROJECTS AND COSTS WHICH ARE RECOVERED EARLY ON WITH THE FTA. FINALLY, THE FOURTH LINE OF INQUIRY IS INTERESTING, YOU HAVE TO MATCH A LEVEL OF AMBITION WITH A LEVEL OF SUPPLY AND CAPABILITY, COMPETENCE PLUS EXPERIENCE AND HOW THAT CAPABILITY CAN BE DISTRIBUTED IN DIFFERENT MODELS, INCLUDING THE EXISTING CONDITION, AND HOW WE CAN BE IN THE DELIVERY OF THE PROJECTS. NEXT SLIDE, PLEASE. SO, WHAT DO WE MEAN WHEN WE TALK ABOUT DELIVERY? THE WAY WE HAVE BEEN THINKING ABOUT THIS AND WE KICKED OFF WITH THE HUMAN MODEL YOU SEE IN THE TOP THERE WHERE WE COMBINE WHAT WE HAVE BEEN TALKING ABOUT NOW, THE SOPHISTICATED OWNER AND PROCUREMENT MODEL TOGETHER ARE A HUGELY IMPORTANT ELEMENT TO DELIVERY, MATCHING WITH SOPHISTICATION CAPABILITIES. WE ARE THINKING ABOUT THREE THINGS. WE ARE THINKING ABOUT THIS DELIVERY ECOSYSTEM. THE ORGANIZATIONS, THE PEOPLE IN THE ORGANIZATIONS REQUIRED TO DELIVER A PROJECT THAT CONTRACTS THE WEB OF CONTRACTS, CAUSING CONTRACTURAL RELATIONSHIPS, PRACTICES THAT LINK THE ELEMENTS TOGETHER. YOU WILL SEE ON THE BOTTOM RIGHT THERE, THE BIG QUESTION MARK. EACH PROJECT HAS A DIFFERENT DELIVERY ECOSYSTEM. SOME ARE BIGGER OR SMALLER DEPENDING ON THE PROJECT DOING THE CONTEXT IN WHICH THATS BEING DELIVERED IS REALLY IMPORTANT TO UNDERSTAND. WE ARE THINKING ABOUT

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DELIVERY OF THE REGIONAL PORTFOLIO LEVEL OF THIS. WE HAVE AGENCIES DELIVERING ON PROJECTS IN THE CORRIDOR, BUT WHATS HAPPENING AT THE REGIONAL LEVEL AGAIN, HOW WE ARE REALIZING THE BENEFITS OF THE REGIONAL PORTFOLIO AS INVESTMENT. THE THIRD POINT WHICH IS ABOUT THE COMPLEXITY ON THE RIGHT SIDE OF THE SCREEN THERE, AND FOUR ASPECTS OF COMPLEXITY, AND I THINK WE COVERED THIS MORNING THE OPERATIONS FOR INTERFACING IF YOU ARE MAKING BIG CAPITAL DECISIONS, HOW ARE YOU ENSURING YOU ARE NOT CROWDING OUT THE OPERATIONAL CONVERSATION ABOUT HOW THE ASSET IS HANDED OVER AND OPERATED IN THE FUTURE? IM GOING TO HAND OVER TO RAQUEL TO LOOK AT REFERENCE MODELS WE FOUND HELPFUL. CAN WE MOVE ON TO THE NEXT SLIDE AND UN-MUTE RAQUEL, PLEASE?

RAQUEL: IN PARTICULAR TODAY, WELL GIVE YOU INSIGHT TO THE TORONTO MODEL AND LONDON IN THE U.K. THIS IS NOT DISSIMILAR TO THE BAY AREA IN TERMS OF POPULATION. TORONTO HAS ONE OF THE LARGEST FUNDED PROGRAMS IN NORTH AMERICA IF NOT THE LARGEST ONE. ITS IMPORTANT TO MENTION THEY ARE REFERENCED PROJECTS. THEY DONT DIRECTLY APPLY TO THE BAY AREA. DURING THE RESEARCH, THE EXPLORATORY MODE ALASDAIR WAS MENTIONING, WE HAVE IMPORTANT TAKE AWAYS AND LESSONS LEARNED IN TWO ISSUES, ONE THE LAYERING OF THE APPROACHES IN THE ECOSYSTEM ENVIRONMENT WE HAVE BEEN DISCUSSING AND THE SECOND ONE IS THE EVOLUTION OF THE DELIVERY APPROACHES. AS TORONTO AND LONDON AS WELL AS

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OTHER GEOGRAPHIES HAVE GONE THROUGH THE -- WHAT HAS WORKED, WHAT HASNT WORKED, WHAT IMPROVEMENTS ARE NEEDED, THERE IS A DELIVERY. WE ARE LOOKING INTO U.S. BASED MODELS, VIRGINIA AND BOSTON. IF WE COULD MOVE TO THE NEXT SLIDE. TO LOOK AT THE TORONTO ENVIRONMENT, WE HAVE THREE MAIN AREAS. SIMILAR TO YOU AND OTHER METRO AREAS, WE HAVE HAD CHALLENGES IN TORONTO. THERE HAS BEEN EVOLUTION WITH RESPECT TO PLAN PROCURING TO DELIVER THE PLANNED PROJECTS. IN THE LAYERING WE HAVE HERE, THE PROVINCIAL LEVEL WE HAVE INFRASTRUCTURE ONTARIO CREATED 2005 TO DEVELOP THE FRONT END OF PROJECTS AND PROGRAMS. ITS SIMILAR TO INFRASTRUCTURE U.K. OR NEW SOUTH WALES AUSTRALIA, SISTER AGENCY IN BRITISH COLUMBIA. IO PROVIDES FINANCIAL AND PROCUREMENT EXPERTISE. HERE IN TORONTO, IT WORKS CLOSELY WITH METRO LINX. IT ACTS AS A SOPHISTICATED BUYER AND IS NOW BUILDING CAPABILITY TO RESPOND TO THE MORE COLLABORATIVE MODELS. METRO LINX IS A PROVINCIAL AGENCY BUT ACTS IN THE GREATER TORONTO AND HAMILTON AREA CREATED IN 2006 TO DELIVER IN TORONTO IN AN INTEGRATED FASHION. ITS DELIVERING AN AMBITIOUS PROGRAM, AN ORGANIZATION OF 3.5000 EMPLOYEES IT DOES THE HEAVY LIFTING OF MANAGING PROJECTS IN LINE WITH TRANSPORTATION PLANS AND OPERATES REGIONAL TRANSPORTATION SERVICES. THE TTC IS UNDER AND CONDUCTS SMALLER PROJECTS. THE INTENT HERE IS TO SHOW YOU IN TORONTO THERE IS A LAYERING OF ORGANIZATIONS AND CAPABILITIES TO DELIVER CAPITAL AND OPERATIONAL AMBITION IN THE REGION. ONE MORE FOCUSED ON HOW TO

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BUY THE ASSETS AND SERVICES, IN THIS CASE IO, METRO LINX DEDICATED TO PLANNING, DELIVERY AND OPERATIONS AND TTC AT A OPERATING LEVEL OF SERVICES. IF WE GO TO THE CONTEXT IN LONDON. LONDON AND THE SOUTHEAST REGION OF THE U.K. HAVE HAD A LOT OF EVOLUTION AND IT LED TO THE CREATION OF ARMS LENGTH GOVERNMENT COMPANIES LIKE HIGH SPEED LIMITED AND CROSS FAIL LIMITED. THESE ARE IN MANY WAYS TO THE POWERS AUTHORITY AND CALIFORNIA HIGH SPEED RAIL. THE MEGA PROJECTS TEND TO BE FUNDED FROM DAY ONE THAT ASSISTS WITH DECISION MAKING. NATIONAL LEVEL IN THE U.K., YOU SUPPORT THE PIPELINE SUCH AS THE NATIONAL COMMISSION AND INFRASTRUCTURE AUTHORITY. IF YOU LOOK IN MORE DETAIL TO THE LAYERING IN LONDON, DECISION MAKERS IN THE NATIONAL DEPARTMENT OF TRANSPORT FOR LONDON AND THE MAYOR SET POLICY OBJECTIVES AND FUND ORCO SPONSOR THE PROJECTS. NETWORK RAIL OWNS THE ASSETS COMING INTO THE LONDON AREA AS WELL. IT DELIVERED THE CHAINING LINX PROJECT IN THE LONDON SECTION AND SERVED DEMAND FOR THE SOUTH AND NORTH OF LONDON, SIMILAR TO THE LEAP 21 PROGRAM. NETWORK RAIL COLLABORATES WITH HIGH SPEED RAIL AND CROSS RAIL TO DELIVER THE CONVENTIONAL NETWORK TO ALLOW THE PROJECTS. THEY ARE SPECIAL PURPOSE DELIVERY VEHICLES, THE ARMS LENGTH GOVERNMENT COMPANIES SET UP TO DELIVER MAJOR CAPITAL PROJECTS. IN CASE OF CROSS RAIL, THE ASSET IS HANDED BACK TO LONDON AND THE PRIVATE OPERATOR TO OPERATE SERVICES. MANY OF THE LESSONS LEARNED AS WELL AS PEOPLES RESOURCES HAVE MIGRATED FROM CROSS RAIL TO

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HIGH SPEED TWO. DECISION MAKERS ACKNOWLEDGE THAT WHEN YOU HAVE INVESTMENT OF SCALE, THEY CAN BE COMPONENTS TO OTHERS OF IMPORTANCE. THIS SPEAKS TO THE LINE OF INQUIRY ALLISTER WAS SPEAKING OF. SOME OF THE COMPONENTS WERE DEVELOPING CAPABILITY AND CAPACITY IN THE LABOR FORCE FOR FUTURE PROJECTS. A SECOND COMPONENT WAS TO PRIORITIZE AND RESOURCE ALSO FROM FUNDING AND PEOPLE A MORE SYSTEMIC APPROACH TO INNOVATION. WE HAVE THE INNOVATIVE 18 PROGRAM, A DELIBERATE APPROACH TO INNOVATION. THERE WAS IN CROSS RAIL THE CROSS RAIL LEARNING LEGACY, A PROGRAM TO SHARE LESSONS LEARNED IN PROJECT DELIVERY THROUGHOUT THE INDUSTRY. IT WAS A COALITION OF GOOD PRACTICES, INNOVATION THAT CAME FROM THE CROSS RAIL PROGRAM AND ULTIMATELY, ANOTHER COMPONENT IMPORTANT COMING OUT OF THAT, THE MEGA PROJECTS WAS DIFFERENT INCENTIVIZATION MECHANISMS. THE FRAMEWORK WAS A PROGRAM THAT BASICALLY STRONGLY HEAVILY INVOLVED THE SUPPLY CHAIN TO PARTICIPATE IN DEVELOPING AND IMPLEMENTING PERFORMANCE MEASURES FOR THE PROJECT, WHICH IS ALSO A BENEFIT THAT YOU CAN TAKE FROM THESE PROJECTS. AGAIN, FROM LONDON, U.K., WHAT YOU SEE IS A LAYERING OF ORGANIZATIONS. THEY PROVIDE CAPABILITIES AT DIFFERENT LEVELS AND MORE IMPORTANT TOO, IT HAS EVOLVED OVER TIME IN TRIAL AND ERROR OF THINGS THAT HAVE GONE RIGHT AND GONE WRONG AND NEEDED IMPROVEMENT. ALASDAIR, ILL PASS IT BACK TO YOU.

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ALASDAIR DAWSON: THANK YOU FOR THAT. NEXT SLIDE, PLEASE. WHERE ARE WE IN THE STUDY? WE PROGRESSED THROUGH THREE TECHNICAL ADVISORY COMMITTEES WHERE WE SHARED FINDINGS, RECEIVED VALUABLE GUIDANCE AND REACHED OUT TO AGENCIES AND PARTNERS AROUND THE REGION IN MANY WORKING GROUPS, GEOGRAPHIC WORKSHOPS, THERE IS A LOT OF COMPLEXITY AND YESTERDAY YOU SAW A LOT OF THAT VERY WELL ILLUSTRATED WITH THE SILICON VALLEY DISCUSSION AND ORGANIZATION OF THAT PIECE IN PARTICULAR. WE ARE HEADING INTO THE FULL THOUGHT ABOUT THE GOVERNANCE MODELS, HOW TO DECIDE TO ALLOCATE PROJECTS, PRIORITIZE AND RUN PROJECTS. THAT IS A DISCUSSION WE ARE GETTING INPIT FROM AROUND THE REGION. WE ARE HEADING OFF TO THE POLICY ADVISORY COMMITTEE TO SHARE FINDINGS, AND FOLLOWING THAT, WE SUPPORT THE BUSINESS CASE IN THE DEVELOPMENT REFINEMENT AND EVALUATIONS. FINAL SLIDE. CAN YOU GO BACK UP TO THE TOP? IT SKIPPED OVER THE BEGINNING, PLEASE. THANK YOU. THERE WE GO. SO WE HAVE TALKED ABOUT ROLES IN PLANNING AND DELIVERY EARLY ON. WE HAVE CONSIDERED THE THREE LINES OF -- FOUR LINES OF INQUIRY AND THE DELIVERY ECOSYSTEM AT THE BOTTOM, THE ALIGNMENT. THERE APPEARS TO BE AN OPPORTUNITY TO EVOLVE THE DELIVERY REFERENCE MODELS AND OTHERS HELP US TO UNDERSTAND THE STATE OF PRACTICE WITH A POSSIBLE UNDERSTANDING THAT ANYTHING THAT COULD BE CONSIDERED HERE HAS TO BE WITHIN THE CONTEXT OF THE BAY AREA AND AMBITION OF THE BAY AREA AND THE STUDY FINDINGS THAT THIS

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STUDY WILL OUTLINE WHAT COULD BE DONE AND WITH THAT, ILL CONCLUDE AND TAKE QUESTIONS.

ALFREDO PEDROZA, CHAIR: ALL RIGHT. THANK YOU BOTH PRESENTERS. ILL TURN IT OVER TO KAY WHITE TO HELP US FACILITATE THE DISCUSSION.

KATE WHITE: WE HAVE A WHIRLWIND OF INFORMATION. THANK YOU TO EVERYONE FOR ALL OF THIS GREAT CONTEXT FOR THE QUESTIONS. I WOULD LOVE TO HAVE THOSE ON THE SCREEN FOR THE COMMISSION TO CONSIDER AND RESPOND TO. WE ARE GETTING INTO -- AND YOU HAVE BEEN ASKING, WHAT IS MTV ROLE IN PARTICULAR ON RISK MANAGEMENT. YOU HEARD FROM FTA, THE TORONTO LONDON EXAMPLES. THE LEADERSHIP ROLE AT THE METRO LEVEL WITH THE AGENCIES TORONTO AND LONDON. FTA DOES A LOT OF RISK MANAGEMENT THROUGH THEIR FUNDING PROGRAMS, BUT GIVEN ALL OF THIS THAT WE HEARD ABOUT THIS MORNING, THE FIRST QUESTION, AND HOPEFULLY, WE GET ON THE SCREEN SHORTLY, BUT THE FIRST QUESTION IS REALLY, SHOULD MTC TAKE A LARGER ROLE IN RISK MANAGEMENT GIVEN THE REGIONAL IMPACT OF MAJOR PROJECTS, AND HOW COULD MTC ADD VALUE AND NOT DUPLICATE EXISTING RISK MANAGEMENT EFFORTS? THATS THE FIRST QUESTION. IF COMMISSIONERS WANT TO SHARE THOUGHTS ON THAT BASED ON WHAT WE HAVE HEARD THIS MORNING?

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ALFREDO PEDROZA, CHAIR: LET ME FOLLOW UP ON THAT. IN TERMS OF MTCS ROLE, THE QUESTION FOR STAFF, DO WE HAVE THE CAPACITY IN RESOURCES TO ADD VALUE?

THERESE MCMILLAN: IT DEPENDS. FOLLOWING THE PRESENTATION AND THE IDEA OF LAYERING, ONE OF THE INTERESTING THINGS HERE, THERE ARE DIFFERENT FAMILIES AT RISK. THE ONE I THINK WE ARE MOST FAMILIAR WITH, AND THAT I THINK YOU COULD CONTEMPLATE A DIFFERENT LEVEL OF VALUE ADD BEYOND THAT IS THE NOTION OF MANAGING ASKING THE RIGHT QUESTIONS TO MOTIVATE BETTER MANAGEMENT OF THE SCHEDULED COST. THE SCOPE SCHEDULED COST. THATS AN ARENA I THINK IS RICH. THEN THERE IS AN ENTIRELY DIFFERENT SET OF RISK THAT IS ATTACHED TO BUILDING THE PROJECT, THE UTILITIES, ALL OF THAT STUFF. I THINK WHAT WAS INTRIGUING ABOUT THE PRESENTATION WE JUST HAD, IF I GOT THIS RIGHT, THERE ARE SO MANY LAYERS OF ENTITIES THAT TAKE ON THE BASKET OF RISK THAT REQUIRES DIFFERENT SKILLSETS, LIABILITIES, ACCOUNTABILITIES. ITS JUST REALLY DIFFERENT. WHEN YOU TRY TO DO, I THINK WHAT ICE INTERESTING IS WHEN AN AGENCY TRIES TO DO THE WHOLE THING, ITS HARD. MAYBE THATS A NEW YORK MTA OR LA METRO, BUT BEYOND THAT -- I THINK WE WANT TO ASK, WHAT BUCKETS DO WE WANT TO PLAY IN WHERE WE WOULD ADD VALUE IN A DISCREET SET OF ADDITIONAL RESOURCES. THAT WOULD BE MY INITIAL THOUGHT. COMMISSIONER SPERING?

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JAMES P. SPERING: IM GLAD YOU ASKED THAT QUESTION. I WAS HOPING TO TAKE A NO CONSTRAINT VIEW. DONT TALK ABOUT THE EXISTING CONSTRAINTS, FUNDING, STAFF, THINGS WE PUT IN THE PLAN. IF WE ARE GOING TO ALLOCATE MONEY, WE COULD TAKE A PERCENT OFF OF THE TOP AND DEVELOP THAT EXPERTISE. FOR ME, I HOPE STAFF CHALLENGES THE COMMISSION, AND A NO CONSTRAINT PROPOSAL SAYING HERES WHAT YOU CAN DO, BUT THESE ARE THE RESOURCES OR ORGANIZATIONAL CHANGES OR LEGISLATIVE CHANGES THAT WE NEED TO KNOW WHAT WE HAVE TO DO TO DELIVER THAT. ON THE LAST PRESENTATION, ALASDAIR, IM HOPING THAT TOO MANY OF THE CONSULTANT SI STUDIES WE HAVE SEEN, THEY COME IN WITH CONSTRAINTS. IT WILL BE IMPOSSIBLE TO GET BART TO AGREE WITH THIS OR ACE WILL OPPOSE IT. I HOPE YOUR RECOMMENDATION WILL BE, THIS IS WHATS BEST FOR THE CUSTOMER. THE PERSON USING THIS SYSTEM, THIS IS THE BEST PROPOSAL. WE HAVE TO HAVE THE HONEST DISCUSSION ABOUT WHATS BEST FOR THE PEOPLE USING THE SYSTEM. TOO OFTEN, WE GET HUNG UP IN THE INSTITUTION OR THE OPERATOR, WHATS BEST FOR THEM. THEY HAVE THIS AND THAT. I THINK WE HAVE TO GET BEYOND THAT. THATS A CONSTRAINT I THINK IS CHOKING US. TO ANSWER YOUR QUESTION AND THE CONCERN I HAVE, I HOPE STAFF CAN CHALLENGE THE COMMISSION ON SOME OF THE THINGS WE COULD DO, NOT NECESSARILY WHAT WE CAN DO TODAY. I WOULD LIKE TO SEE WHAT WE COULD DO IN THE FUTURE. I SEE THERE ARE SO MANY OPPORTUNITIES AND WE HAVE THE OPPORTUNITY TO DEAL WITH THE MEGA PROJECTS, WE ARE NOT GOING TO SOLVE THEM ALL TODAY. THEY

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ARE TOO BIG. THEY ARE TOO FAR ALONG IN THE PROCESS. AS WE DEVELOP OUR PLANNED AREA 2050, ALL OF THE THINGS HAVE TO BE TIED TO THE STRATEGY AND THE WORK WE PUT INTO THAT, THAT I THINK WE TOOK A LOOK AT HOW DOES IT BEST SERVE THE PUBLIC, THE PEOPLE THAT USE THE SYSTEM? I THINK WE HAVE TO KEEP FAITH TO THAT. THOSE ARE SOME OF MY COMMENTS.

KATE WHITE: ANY OTHER COMMISSIONERS, UNCONSTRAINED POTENTIAL ROLE?

GINA PAPAN: THANK YOU. COMMISSIONER SPERING HIT IT. WHAT IS POINTED OUT HERE IS THAT WE HAVE SO MANY DIFFERENT AGENCIES. WE HAVE RESOLUTIONS AS THERESE POINTED OUT, GUIDELINES, THE TRANSIT RECOVERY AND YET THE PROJECTS, THE MEGA PROJECTS ARE OUT THERE. THEY SEEM TO BE SAY LOWED BETWEEN ONE OPERATOR WANTING THIS AND ONE WANTING THAT. YOU HAVE HIGH SPEED RAIL, EVERYTHING COMING IN THERE, THERE IS NOT COORDINATION WHICH THERE MUST BE. SHOULD MTC TAKE A LARGER ROLE? YES. IT WILL BE MORE SUFFICIENT, IT WILL BE MORE ORIENTED, IT WILL GET BETTER RESULTS THAT WE CANT SEEM TO GET AT THIS POINT IN TIME. AS AN INVESTMENT IN THE FUTURE, I THINK WE REALLY NEED TO EMPHASIZE THAT. I THINK THE GREATEST VALUE WE CAN ADD IS DETERMINATION AND WILL TO MAKE THAT IMPACT HAPPEN AS THESE PROJECTS MOVE FORWARD. THANK YOU.

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ALFREDO PEDROZA, CHAIR: AS A FOLLOW UP, I AGREE WITH COMMISSIONER SPERING AND PAPAN. ITS NOT BECAUSE WE GET INVOLVED, ITS HOW WE GET INVOLVED. THATS WHAT WE HAVE TO SPEND TIME ON. THERE ARE GOING TO BE SO MANY EXPECTATIONS PLACED ON THE ORGANIZATION TO SAY HERE COMES MTC, NOW WHAT? THATS PART OF THE CONVERSATION WE NEED TO HAVE TO ENSURE THE OUTCOME FOR THE RIDER.

NICK JOSEFOWITZ, V. CHAIR: MAKING SURE THEY ARE MEETING REGIONAL GOALS, DESIGN DECISIONS, MAJOR DESIGN DISEASES, MINIMIZING RISK WHILE MAXIMIZING THE BALANCE BETWEEN LOCAL GOALS AND REGIONAL GOALS. THINGS LIKE THAT. THEN, I THINK, WE HAVE TIME TO DO THINGS LIKE ALASDAIR, ALWAYS SO -- HAVING SOMEONE SPEAK WITH AUTHORITY. LOOKING TO GLOBAL BEST PRACTICES, SETTING UP A REGIONAL AGENCY LIKE STRUCTURE ONTARIO OR SOMETHING LIKE THAT, HOW WE CAN BEST IN THE CONSTRUCTION WORKFORCE TO BE ABLE TO UNLOCK THAT BOTTLE NECK THAT FACES SO MANY TRANSIT PROJECTS. WE CAN KIND OF PLAY A MORE PROACTIVE ROLE IN THINKING ABOUT WHETHER WE ARE DOING THE RIGHT PROJECTS IN THE RIGHT PLACES AT THE RIGHT TIME RATHER THAN DOING THE PROJECTS THAT HAVE THE MOST HUSTLE BEHIND THEM, AND I THINK THE CONNECTED NETWORK PLAN IS GOING TO PLAY A ESSENTIAL ROLE THERE. THATS THE RELATIVELY EARLY STAGE OF DEVELOPMENT. WE SHOULD DO THAT AND DO THAT NOW BECAUSE THAT STUFF IS IMPORTANT. I THINK THE BIGGER CHALLENGE IS WHAT DO WE DO FOR

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THE PROJECTS ALREADY HALFWAY THROUGH? SOME PROJECTS THAT THINK THEY ARE ALL THE WAY THROUGH BUT ARE ONLY A QUARTER OF THE WAY THROUGH. THERE ARE BIG PROJECTS THERE. THOSE ARE THE ONES MANY OF THOSE WERE IN YOUR MAP. IN THE MAP PRESENTATION, I THINK THINGS LIKE THE GREAT SEPARATIONS ON THE CALTRAIN CORRIDOR WOULD COUNT AS A MEGA PROJECT TAKEN ALL TOGETHER. SOME COUNT AS A MEGA PROJECT ON THEIR OWN. WHAT IS -- I THINK THERE, YOU KNOW, IT IS -- WE NEED TO THINK MORE ABOUT WHAT WE CAN DO IN A PROJECT OVERSIGHT ROLE, AND I THINK ITS GOING TO BE A REAL CHALLENGE FOR US TO SLIP IT -- ENTER INTO A PROJECT ALREADY GOING AND DO IT IN THE WAY WHICH DOESNT DISRUPT THE PROJECT, DOESNT DELAY THE PROJECT SIGNIFICANTLY, WHICH ADDS SIGNIFICANT COST TO THE PROJECT, BUT I THINK IT WOULD BE -- I THINK EMERGING FROM THE TWO DAYS OF DISCUSSION, TO ME, AT LEAST, IT IS SUPER CLEAR THAT EVEN FOR THE PROJECTS THAT ARE 20% OF THE WAY THERE, 40%, 60% -- WHATEVER, I THINK WE DONT KNOW HOW FAR ALONG THEY ARE OFTEN. THERE ASK A REAL ROLE FOR MTC TO PLAY THROUGH THE TYPES OF -- BY DOING THAT OVERSIGHT ROLE THAT FTA ISNT DOING BECAUSE THEIR ROLE IS STATUTORILY CONSTRAINED WHERE MAYBE THINKING ABOUT STAGE GATE PROCESS WHICH INCLUDES INDEPENDENT PEER REVIEWS OF THE DECISIONS BEING MADE TODAY BY THE PROJECTS WHICH ARE GOING TO HAVE SIGNIFICANT IMPACT ON NOT JUST THOSE PROJECTS, BUT ON THOSE ABILITIES TO MEET GOALS ON THE REGION AS A WHOLE AND MAKING SURE WE ARE NOT -- WE ARE DOING OUR BEST TO AVOID SITUATIONS WHERE PROJECTS ARE SAYING

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THEY ARE GOING TO COST 100 AND THEY REALLY COST 300 AND WE HAVE TO SPEND THE NEXT TEN YEARS FIGURING OUT HOW TO PULL TOGETHER 200 THATS MISSING IN A COMPLETELY DISORGANIZED WAY AND IN SO DOING, JEOPARDIZING SO MANY OF THE OTHER PROJECTS AND OPERATIONS WE WANT TO DO. I RAMBLED A BIT, BUT IT FEELS TIME MORE THAN USUAL. I THINK ITS IMPORTANT TO NOT JUST WAIT FOR NEW PROJECTS TO COME ALONG. ITS IMPORTANT TO THINK ABOUT THE PROJECTS MOST OF THE WAY DONE AND HOW WE CAN PLAY THAT CRITICAL OVERSIGHT ROLE TO BE SURE THE BEST PROJECTS ARE GETTING DELIVERED FOR THE LEAST AMOUNT OF MONEY IN THE SHORTEST PERIOD OF TIME.

KATE WHITE: WE HAVE A COUPLE OF COMMISSIONERS ONLINE THAT MAY WANT TO WEIGH IN. COMMISSIONER, ILL CALL ON YOU NEXT. COMMISSIONER CHAVEZ HAD HER HAND UP. IF SHE WANTS TO WEIGH IN AND THEN COMMISSIONER LICCARDO?

CINDY CHAVEZ: THANK YOU VERY MUCH. THIS MAY BE A QUESTION TO THERESE, BUT IM INTERESTED IN THE WAY THE QUESTION IS PHRASED IN TERMS OF ADDING VALUE AND NOT DUPLICATING EXISTING RICH MANAGEMENT EFFORTS. I WAS WONDERING, COULD YOU SAY JUST A LITTLE BIT MORE ABOUT YOUR THINKING ABOUT THE FRAMING OF THAT QUESTION? IM WONDERING, WHEN YOU ASK THAT QUESTION, WHAT WOULD BE AN EXAMPLE OF A KIND OF RESPONSE YOU WOULD WANT FROM YOUR BOARD?

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THERESE MCMILLAN: MAYBE I CAN BREAK THAT UP INTO A COUPLE OF THINGS. AS SUBMISSIONER SPERING POINTED OUT, IT WAS REFLECTIVE OF WHAT I SAID EARLIER, WHICH IS, I THINK THERE IS A NATURAL CONSIDERATION, MAYBE GETS TO THE SHORT, MEDIUM AND BUILDING TO A LONG-TERM ULTIMATE PLACE OF WHERE YOU WANT TO GO. THAT IS A HELPFUL FRAME. NOT AS A CONSTRAINT BUT AS CHAIR PEDROZA POINTED OUT, GETTING THEIR SUCCESSFULLY. JUMP OFF THE CLIFF BUT BE SURE YOUR PARACHUTE IS GOING TO DEPLOY. I THINK THAT HELPS, COMMISSIONER CHAVEZ, IN ANSWERING YOUR QUESTIONS, AT LEAST FOR ME, RAY TELLIS OUTLINED FOR US, THE FTA HAS VERY SPECIFIC RULES FOR VERY SPECIFIC PROJECTS. PROJECTS THAT ARE RECEIVING CIG FUNDING, BUT NOT EVERY COMPLEX PROJECT OF THE REGION FACING IS IN THE BUCKET. WE CAN LEARN, YOU KNOW, WE CAN REFLECT ON, LEARN, LOOK AT PRACTICES THAT HAVE BEEN USEFUL THERE AND MAYBE APPLY IT TO A DIFFERENT SET OF PROJECTS THAT NEED THE SAME DISCIPLINE LENS, BUT WOULDNT BE SUBJECT. THATS ONE SIMPLE WAY OF A VALUE ADD SPREADING IT OVER. I THINK ANOTHER ASPECT WOULD BE TO THINK ABOUT, AGAIN, IT CAN MAYBE TAKE THE UNBOUNDED PERSPECTIVE IS WHETHER WHAT EXISTING AUTHORITIES DOES MTC HAVE NOW TO DO THINGS, AND WHAT VALUE ADD IS WITHIN THAT COMPARED TO WHAT ADDITIONAL ACTIONS NEED TO BE TAKEN BY SOMEONE, WHETHER THE COMMISSION AS A BODY STRUCTURED AS IT IS NOW TODAY, IS IT A DIFFERENT BODY THAT NEEDS TO BE STRUCTURED DIFFERENTLY? IS IT A LAYERING APPROACH WHERE YOU

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STEP BACK AND GO FOR THE REGION TO BE A COORDINATED BODY TO BE DELIVERED FROM THE BIG PROJECTS, THERE ARE FOUNDATIONAL CHANGES THAT NEED TO HAPPEN FROM THE OUTSET. THERE IS A VALUE ADD FOR US ASKING THAT QUESTION. IF THERE IS ANYONE TO DEVELOP THE LANDSCAPE, IT WAS PROBABLY US. THATS ANOTHER END OF A VALUE ADD THAT I WOULD PUT OUT ON THE TABLE GIVEN THE SIZE OF YOUR QUESTION AND MAGNITUDE OF THE QUESTION, THATS TWO LEVELS OF RESPONSE I CAN OFFER.

CINDY CHAVEZ: THANK YOU VERY MUCH, THERESE. THATS HELPFUL. WHAT I WAS LISTENING TO YESTERDAY AND REFLECTING ON TODAY IS THAT I THINK -- I THINK ITS A LITTLE COUNTERINTUITIVE TO THINK THAT MORE LAYERS ADD MORE EFFICIENCY AND EFFECTIVENESS TO ALMOST ANY PROCESS WE WORK IN. I WOULD ARGUE FOR MOST OF US THAT ARE AT A LOCAL LEVEL, WE SEEK VERY MUCH TO HAVE LESS RED TAPE. WE LOOK AT THAT AS AN OPPORTUNITY TO BE INNOVATIVE AND WORK QUICKLY AND ALL OF THAT. ONE THING I WOULD BE THINKING ABOUT, BACK TO YOUR POINT, THERESE, IS WHAT IS THE BEST PRACTICE RELATIVE TO THE OUTCOMES THAT WE MOST WANT TO ACHIEVE, AND IF THE -- I THINK THERE ARE BEST PRACTICES NOW THAT I THINK OUR PROJECT MANAGERS AND DEVELOPERS AT A REGIONAL LEVEL WILL TELL US, IM WANTING TO BETTER UNDERSTAND HOW THE BEST PRACTICES COULD BE PUT INTO A SET OF PRINCIPLES THAT LOCAL JURISDICTIONS WOULD BENEFIT FROM. THE POINT ABOUT JUST TO USE THAT BILLION DOLLARS NUMBER, I THINK THAT AS YOU LOOK

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AT THE EXAMPLE THAT VICE-CHAIR PUT FORWARD. I THINK ITS LIKELY YOU WILL HAVE MULTIPLE PROJECTS THERE. IT IS ONLY TO SAY, I THINK WHAT WE WANT TO BE IS A CATALYST, A REGIONAL CATALYST TO CREATE OPPORTUNITY FOR OUR JURISDICTIONS TO ADDRESS THE NEEDS WE SEE IN THE COMMUNITY THAT MAY OR MAY NOT HAVE A REGIONAL IMPACT. WHEN I HEAR "OVERSIGHT" I WORRY THAT, THAT DOESNT EQUATE TO BEING CATALYTIC, AND ONE THING I WOULD SAY ABOUT THE FEDERAL GOVERNMENT AS IT RELATES TO TRANSPORTATION AND MY EXPERIENCE WITH THEM WITH BART, I HAVE FOUND THEM TO BE CATALYTIC. AS WE THINK ABOUT OUR ROLES, I THINK WE DONT WANT TO -- WE NEED TO THINK ABOUT THOSE THINGS THAT THOSE ROLES THAT PROVIDE SUPPORT GUIDANCE AND PERHAPS LEADERSHIP, BUT DO IT IN A WAY THAT IS CATALYTIC AND INNOVATIVE OR WE ARE NOT HELPFUL. WE ARE JUST ONE MORE LAYER. I DONT WANT TO BE ONE MORE LAYER. THANK YOU FOR THAT.

KATE WHITE: COMMISSIONER LICCARDO?

SAM LICCARDO: I APPRECIATE THE COMMENTS OF COMMISSIONER CHAVEZ. HAVING AN ADDITIONAL LEVEL OF OVERSIGHT IS ALMOST CERTAINLY NOT NECESSARY IF YOU HAVE IN THE CASE OF OUR PROJECT IN SOUTH BAY, A DOZEN FDA EMPLOYEES LOOKING AT EVERY ASPECT OF IT. I DO THINK, THOUGH, THERE IS A ROLE, AND IT GOES BACK TO A QUESTION I ASKED QUESTIONED AND COMMENTS MADE BY VARIOUS FOLKS, COMMISSIONER JOSEPHWITZ ASKED IF THERE IS INEXPERIENCE

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IN AGENCIES? I THINK THERE IS CHRONIC OPTIMISM AFFECTING EVERY AGENCY TALKING ABOUT THEIR OWN PROJECT. ITS A HUMAN REALITY OF OUR OWN PROJECTS. WE WANT TO BELIEVE THEY ARE NOT GOING TO COST AS MUCH AS THEY DO. THE ROLE IS NOT OVERSIGHT BODY BUT MERCENARY. BY THAT I MEAN THIS, AND MAYBE THERE IS A DIFFERENT ROLE FOR PROJECTS, BUT EVERY AGENCY HAS A PROBLEM STAFFING UP AND GETTING MANAGERS IN PLACE AND PEOPLE AND EVERYONE ELSE TO PREPARE THE COST ESTIMATES AND SO FORTH. THE MTA THOUGHT THEY HAD RIGHT PEOPLE. THERE COULD BE A REGIONAL DEAL THAT SAID ALL OF OUR AGENCY, IF YOU ARE BRINGING A BIG PROJECT AND YOU WANT MTC MONEY, YOU HAVE TO HIRE MTC FOLKS. THEYLL REPORT TO YOUR GENERAL MANAGER, YOUR CEO, BUT THEYLL DO SO WITH SOME INDEPENDENCE AND HAVE A PROFESSIONAL BACKGROUND OF EXPERIENCE IN DEALING WITH THE BIG PROJECTS, AND THEY MAY GIVE EVERYBODY ANSWERS THEY DONT WANT TO HEAR, BUT THEY ARE THE ANSWERS THEYLL PRODUCE AND THEYLL PROVIDE THE PROJECT MANAGEMENT EXPERIENCE YOU MAY LACK IN VARIOUS PLACES ON YOUR TEAM. I KNOW THAT SOUNDS HEAVY HANDED, BUT IT SEEMS TO ME A MERCENARY FORCE OF STAFF OR CONSULTANTS THAT HAVE TRACK RECORD, EXPERIENCE WITH THE BIG PROJECTS COULD GO AWAYS TO HELPING LOTS OF OUR AGENCIES DO MUCH BETTER. IT SEEMS TO ME, THEY COULD GET PAID FOR ESSENTIALLY THROUGH THE PROJECTS, MTC DOESNT HAVE THE BUDGET TO PAY FOR ANOTHER STAFF. IT DOESNT HAVE TO BE A LARGE NUMBER. IT COULD BE A DOZEN PEOPLE. PARTICULARLY IN THE EARLY STAGES, DEFINING SCOPE AND SO FORTH, HAVING THE SENSE OF

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OBJECTIVITY THAT MIGHT COME FROM MTC COULD BE HELPFUL AND HELP THOSE STRUGGLING TO STAFF UP FOR THE LARGE PROJECTS.

KATE WHITE: THANK YOU. COMMISSIONER?

CAROL DUTRA-VERNACHI: YOU. LISTENING TO THE CONVERSATIONS THAT HAVE GONE ON TODAY, MAYBE MERCENARY IS NOT A GOOD WORD AS WE LEARN ABOUT RELATIONSHIP BEING SO IMPORTANT. HAD TO REFLECT ON THAT, BUT MY INITIAL COMMENTS WERE ABOUT COMMISSIONER SAID IT BEST, RAMBLING OVER YOUR OWN WORDS. I WAS THINKING ABOUT THE QUESTION AT HAND, HOW CAN MTC ADD VALUES? WE KNOW ONE SIZE DOES NOT FIT ALL. I KNOW THERE IS CONCERN ABOUT TOO MUCH OVERSIGHT IF I HEARD THE COMMENTS CORRECTLY. I LIKE THE THOUGHT, WHEN YOU TAKE THE BIAS OUT OF IT. WHEN YOU HAVE PEOPLE SO CLOSE TO IT, MAYBE BEING MORE OPTIMISTIC THAN THEY SHOULD BE ABOUT THE PROJECT, SO AS WE ARE PUTTING THIS ENHANCED OVERSIGHT TOGETHER, ITS IMPORTANT TO LOOK AT REALITY TO MAKE SURE WE CAN GET THEE PROJECT TO THE FINISH LINE. THANK YOU.

KATE WHITE: GREAT. I DONT BELIEVE THERE ARE ANY OTHER COMMISSIONERS WITH THEIR HANDS RAISED.

SPEAKER: THERE IS ONE MORE COMMISSIONER WITH THEIR HAND RAISED, COMMISSIONER?

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SPEAKER: I HAD A THOUGHT ABOUT ENHANCEMENT. I WAS LOOKING AT WHETHER WE COULD USE THE -- NOT SO MUCH OVERSIGHT, BUT A RESOURCE, LISTENING TO MR. TELLIS PRESENTATION, AND HE SAID IT, HE POINTED OUT WE COULD BE USEFUL AND SO MUCH OF IT COMMISSIONER LICCARDO WAS SAYING IF MPC COULD VET DIFFERENT -- IF ITS THE WORKFORCE, THE CONSULTANTS, OR EVEN BEST PRACTICES AND TECHNOLOGY, AND HAVE LIKE WE DO WITH OUR OTHER EFFORTS, HAVE A BENCH OF RESOURCES TO BE ABLE TO PROVIDE FOR AGENCIES AS THEY WORK ON THEIR PROJECTS, I THINK THATS REALLY WHAT WOULD BE BENEFICIAL TO THE LOCAL AGENCIES RATHER THAN -- I GUESS I SHY AWAY FROM THE WORD "OVERSIGHT." IN MY MIND, ITS ANOTHER LAYER. I DONT WANT TO ADD MORE BUREAUCRACY TO PROJECTS THAT HAVE ENOUGH TO DEAL WITH. IF WE CAN PROVIDE THE TOOLS TO MAKE IT GO MORE SMOOTHLY, THAT WOULD BE A GOOD ROLE FOR MTC. THANK YOU.

KATE WHITE: THANK YOU. I DONT KNOW IF WE HAVE ANY PUBLIC HANDS RAISED, BUT CHAIR PEDROZA, SHOULD WE OPEN FOR PUBLIC COMMENT AND THEN BREAK FOR LUNCH, TRYING TO KEEP THE BREAK SHORT TO GET OUR LAST ITEM.

ALFREDO PEDROZA, CHAIR: DO WE HAVE MEMBERS OF THE PUBLIC TO MAKE PUBLIC COMMENT AT THIS TIME?

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CLERK, KIMBERLY WARD: YES, I SEE A FEW HANDS.

ALFREDO PEDROZA, CHAIR: HOW MANY?

CLERK, KIMBERLY WARD: THREE.

ALFREDO PEDROZA, CHAIR: WELL DO ONE MINUTE.

CLERK, KIMBERLY WARD: IF YOU WILL BEAR WITH ME, ILL ADJUST MY TIMER.

SPEAKER: CAN YOU HEAR ME?

CLERK, KIMBERLY WARD: YES.

SPEAKER: IN TRAVELING, I HAVE NOTICED IN MONTREAL AND TORONTO, THERE ARE MILES OF RETAIL IN THE UNDERGROUND STATIONS, HIGH END FOOD STORES. ALSO, IN CHICAGO, THE MILLENNIUM STATION FOR THE UNIVERSITY TRAIN LIKE CAL TRAIN BUT ELECTRIFIED SINCE THE 30S, THERE ARE ALL KIND OF MERCHANTS IN THE UNDERGROUND STATION. IS THERE A PRIVATE PARTNERSHIP WITH AGENCIES LIKE BART AND CALTRAIN WHEN THEY TUNNEL TO BEAR COSTS WITH US? THEY CAN DO BUSINESS WITH US.

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CLERK, KIMBERLY WARD: THANK YOU. THE NEXT SPEAKER IS FROM THE BAY AREA.

ADINA LEVIN: GOOD AFTERNOON. VERY INFORMATIVE WORKSHOP. A COUPLE OF COMMENTS ON THE TOPIC AT HAND. FIRST OF ALL, THERE IS A DISCUSSION ABOUT WHETHER OR NOT OVER SIGHT IS NEEDED, AND THEY ARE BASED ON THIS DISCUSSION. THERE DOES SEEM TO BE SOME ROLE OF CHECKS, STAGE GATES, PICK THE TERM, IN ORDER TO BE ABLE TO CORRECT FOR OPTIMISM BIAS. SECOND, IN TERMS OF CONFIGURING THE ORGANIZATIONS THAT DO PROJECTS TO MAKE SURE THEY CONFIGURE TO DO IT CORRECTLY TO BEGIN WITH, AND LASTLY, I LIKE THE TERM CIRCUIT RIDERS INSTEAD OF MERCENARIES.

CLERK, KIMBERLY WARD: THANK YOU. NEXT IS RENEE FOLLOWED BY RANDY.

RENEE: THANK YOU. SO, TWO THINGS. WHAT COMMISSIONER LICCARDO SAID, IT WAS A GOOD IDEA AND MANY HAVE THEIR OWN CONSULTING GROUPS. THIS WOULDNT BE INTERNAL, BUT THE SAME FAMILY AS MTC PEOPLE. THE SECOND THING, IT IS LOW-HANGING FRUIT THAT MTC COULD PARTICIPATE IN SOMETHING THAT BEST PRACTICES ARE SHARED. AS A SOFTWARE ENGINEER, HOW IT COULD BE IMPLEMENTED WITH SOFTWARE. I THINK THIS COULD BE USEFUL IN KEEPING THE COSTS DOWN AND MANAGING PROJECTS BETTER THAT COULD COLLABORATE WITH

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OTHER PUBLIC AGENCIES TO HAVE A BEST PRACTICE SHARING SYSTEM THAT THEY DEVELOP AND USE GOING FORWARD. THANK YOU.

CLERK, KIMBERLY WARD: RANDY AND THEN EUGENE AFFIDAVITS.

RANDI KINMAN: ADVISORY POLICY COUNCIL. I WANT TO SUPPORT THE IDEA OF REGIONAL SERVICE, NEEDS MANAGEMENT. ESPECIALLY FOR LOW INCOME AND DISABLED COMMUNITIES WHO ARE NOT NECESSARILY PEAK TIMED RIDERS OF A TRANSIT SYSTEM. I SUPPORT STANDARDIZING THE GROUP OF PEOPLE WHO HAVE THE EXPERTISE TO HELP LOCAL COMMUNITIES, ESPECIALLY AS COMMISSIONER PAPAN RAISES. WHEN A PROJECT COMES IN FROM AN OUTSIDE AGENCY, ITS INCUMBENT ON US TO PROVIDE RESOURCES NEEDED FOR EACH COMMUNITY TO HAVE THE TECHNOLOGICAL ABILITY TO HANDLE THESE AND INCLUDE THE PUBLIC PARTICIPATION IN THE DEVELOPMENT OF THESE PROJECTS. THANK YOU.

CLERK, KIMBERLY WARD: THANK YOU. NEXT SPEAKER IS EUGENE BRADLEY. YOU HAVE ONE MINUTE.

EUGENE BRADLEY: GOOD AFTERNOON, COMMISSIONERS. CEO SILICON VALLEY TRANSIT USERS. I ECHO THE COMMENTS OF THE PRESENTATION. AS AN OBSERVATION IN SOUTH BAY, I HAVE NOTICED PROJECTS SUCH AS THE BUS LANE EXCEEDED THE BUDGET AND BECAME THE FIRST IN HISTORY TO GO OVER THE BUDGET. THERE NEEDS TO BE A BETTER NEED FOR MTC TO ENSURE THAT THESE PROJECTS ARE BUILT ON TIME AND ON

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BUDGET. THIS BUILDS TRUST AMONG THE RESIDENTS AND BUILDERS THAT IMPROVE THE PROJECTS AS PART OF BALLOT MEASURES. FINALLY, CAN YOU HAVE A DETAILED STUDY OF MERGING BART AND CALTRAIN. ITS OVER DUE TO HAVE MORE THAN ONE RAIL SYSTEM IN THE BAY AREA. I GREW UP ON THE NEW JERSEY TRANSIT IN THE 1980S. LETS MAKE THIS HAPPEN.

CLERK, KIMBERLY WARD: THERE ARE NO ADDITIONAL HANDS RAISED AT THIS TIME.

ALFREDO PEDROZA, CHAIR: THANK YOU MEMBERS OF THE PUBLIC. AT THIS POINT, IM NOT GOING TO CALL IT A LUNCH BREAK. WELL CALL IT A BREAK. WELL BE BACK AT 12:30. I KNOW THATS SOONER THAN WE WANTED, COMMISSIONERS, BUT SOME OF US HAVE OTHER COMMITMENTS IM TRYING TO BE MINDFUL OF. WELL BE BACK AT 12:30 AND THE NEXT AGENDA ITEM IS WHATS NEXT? WELL SEE YOU AT 12:30. 12:30. THANK YOU ALL.

ALFREDO PEDROZA, CHAIR: GOOD AFTERNOON EVERYONE. WE'RE BACK FROM OUR SHORT BREAK LUNCH. AND WE RAN A LITTLE BIT LONGER. WE WERE AMBITIOUS BUT THAT'S THE THEME OF THE DAY. ITEM SIX, WHAT'S NEXT, MAJOR PROJECT POLICY ADVANCEMENT MAP. LET'S GET GOING ON OUR LAST WORKSHOP PRESENTATION. THANK YOU TO ALL FOR WHAT HAS BEEN A VERY ROBUST WORKSHOP, AND WE'RE GOING TO CONCLUDE TODAY WITH THE MAP, MAJOR PROJECT ADVANCEMENT POLICY.

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KENNETH FOLAN IS HERE, AND HE WILL ASSUME THE MAJOR PROJECT FUNDING NEED AND SUM VISE OVERALL PROJECT RESEARCH WE ALSO HAVE ALIX BOCKELMAN DEPUTY DIRECTOR OF POLICY. I'LL TURN IT OVER TO BOTH OF YOU.

KENNETH FOLAN: THANK YOU COMMISSIONER. WE HAVE A POWERPOINT F WE CAN GET THAT UP PLEASE? I'M KENNETH F IN THE PROGRAMMING SECTION. AND WE HAVE TAKEN THIS ITEM, TWICE, RECENTLY, IN APRIL, TO THE PROGRAMMING AND ALLOCATIONS COMMITTEE, AND THEN AGAIN IN MAY. WE HAVE HEARD SOME INFORMATION AND DIRECTION FROM COMMISSIONERS, AND I THINK THAT WE CONTINUE TO BUILD IT SO THAT WE INCLUDE THAT. AND IT KEEPS MOVING FORWARD. NEXT SLIDE, PLEASE. THIS IS THE WAY WE HAVE BEEN FRAMING THE MAP WITH THESE THREE COMPONENTS IN SORT OF PLAYING OFF SOME OF THE QUESTIONS FROM EARLIER TODAY AND TO MAKE SURE WE ANSWER WHAT EXACTLY THIS IS, I'M GOING TO JUST SPEND A MOMENT TRYING TO DO THAT. AND I THINK A LOT HINGES ON THAT FUNDING STRATEGY BOX THERE. AND, SO, WHAT IS THE MAP? IT'S A PORTFOLIO OF PROJECTS IN WHERE ARE WE STARTING? WE'RE STARTING WITH THE PLANNED BAY AREA ADOPTED PROJECTS, AND WHAT ARE WE DOING NEXT WITH THOSE. AS THE PLAN ESTABLISHES WHICH PROJECTS ARE AND WHAT THE COST IS IT KIND OF HAS A FUNDING ENVELOPE. BUT NOW WE MOVE INTO THE IMPORTANT WORK FOR DEVELOPING OF FUNDING PLANS AND PROJECTS PORTFOLIO. AND THIS ISN'T QUITE COMMITTED FUNDING, IT'S ESTABLISHING WHAT WE'RE CALLING AT THE MOMENT AN ENDORSEMENT

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TABLE. AND THAT ENDORSEMENT TABLE WOULD BE SOMETHING THAT WE ARE ABLE TO PUT TOGETHER. IT SHOWS WHAT THE COMMISSION'S RECOMMENDED ENDORSEMENTS ARE, AND THIS WOULD BE BUILT ON SOME OF THE BILL STRATEGY INFORMATION THAT HAS COME TO YOU, THE TIRCP FRAMEWORK AND ADDITIONAL ENDORSEMENTS THAT WE WOULD BE BRINGING FORWARD. THEN THE OTHER THING I WANTED TO MENTION, ON THIS SCREEN, IS HOW MUCH INFLUENCE DO THESE OTHER TWO BOXES HAVE ON THAT FUNDING STRATEGY. AND WE HAVE THIS BOX POLICY REENFORCEMENT. A LOT OF THE PROJECTS HAVE ALREADY GONE THROUGH A VERY RIGOROUS POLICY ANALYSIS IN THE BENEFIT-COST, EQUITY, LAND USE, CONNECTED MOBILITY. I YOU THINK A LOT OF THE INFORMATION WE HAVE GOT FROM COMMISSIONERS SO FAR IS THAT IN THE EVENT THAT THINGS CHANGE, THAT BENEFIT-COST SHOULD BE ADJUSTED APPROPRIATELY. IF I KNEW HOW TO DO GRAPHICS PROPERLY, I THINK THAT RISK MANAGEMENT BOX, RIGHT NOW, SHOULD BE SHAKING, AND ALMOST EXPLODING FROM ALL OF THE INFORMATION THAT WE HAVE GOT TODAY, AND REALLY, THE GREAT STUFF THAT I HAVE LEARNED FROM IT. I THINK ALIX IS GOING TO TALK A BIT ABOUT HOW WE APPLY WHAT WE LEARNED TODAY AND THE DIRECTION WE GOT TODAY ABOUT RISK INTO THE MAP. AND THAT WILL BE COMING A BIT LATER THAN OUR ORIGINAL ADOPTED SCHEDULE OF THE MAP THIS SUMMER. I THINK THAT WILL TAKE A COUPLE MORE MONTHS TO PUT TOGETHER. FINALLY, ON THE INFLUENCE OF THOSE TWO BOXES, I THINK THAT WHAT WE PICKED UP THIS MORNING IS THAT THERE IS THESE TIME DIMENSIONS. THERE IS PROJECTS THAT ARE GOING TO BE COMPLETED

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IN THE SHORT-TERM. THERE IS PROJECTS THAT ARE GOING TO BE COMPLETED IN THE MEDIUM TERM AND LONG-TERM. AND SOME OF THE RISK MANAGEMENT AND POLICY IS MORE FOR THAT LONGER TERM. SOME APPLY THAT MEDIUM MAYBE TO A LESSER EXTENT BUT THAT MAY NEED MORE IMMEDIATE ATTENTION OR THE SHORT-TERM PROJECTS THAT ARE NEARING COMPLETION RIGHT NOW. NEXT SLIDE, PLEASE. WE WERE PUTTING THIS UP THERE JUST TO SHOW WHAT OUR PROJECTIONS IS OF AVAILABLE FUNDING IS. NOW, THIS IS SHARPER THAN WHAT WAS IN THE RTP IN PLANNED BAY AREA. BUT IT'S ALSO NOT AT THE COMMITMENT LEVEL. AND WE DO -- WE'RE PROJECTING THIS 37 BILLION THROUGH 2035, BUT THAT DOES INCLUDE THIS LINE OF 10.6 BILLION THAT'S ANTICIPATED AND UNSPECIFIED. SO WE STILL HAVE OUR WORK CUT OUT TO SECURE THAT FUNDING THERE. BUT WE THINK THAT THESE TARGETS, FROM THE BILL, FROM THE STATE BUDGET AUGMENTATION PUT US IN THAT NEIGHBORHOOD. NEXT SLIDE, PLEASE. THEN THE NEXT STEP WOULD BE APPLYING THOSE FUNDS TO FOCUS PRIMARILY ON THIS TIER ONE OF THE MAP PROJECT SUBMITTALS. YOU SEE TWO COLUMNS THERE IN THE LITTLE TABLE; ONE HAS A FUNDING GAP OF 12 BILLION, THAT'S SORT OF WHAT WE ESTIMATED FROM TIER ONE PROJECTS ABOVE 250 MILLION THAT WOULD BE NEEDING SOME OF THIS FUND WHAT WE GOT WHEN WE SENT OUT THE REQUEST FOR PROJECTS THAT NUMBER IS A BIT BIGGER. WHY IS IT BIGGER? SOME WERE BUNDLED PROJECTS, FACILITIES, AND PLANS THAT INCORPORATE A PROGRAM OF PROJECTS. NEXT SLIDE PLEASE. AS WE HAVE STATED BEFORE, THE PRIMARY FOCUS IS ON TIER ONE. WE DID ASK FOR

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INFORMATION ON CERTAIN TIER TWO PROJECTS THAT WERE IN THE MEGA PROJECT CATEGORY ABOVE A BILLION. WE GOT QUITE A FEW. THE FOCUS -- IMMEDIATE FOCUS IN THE MAP WOULD BE FOR PROJECT DEVELOPMENT PHASES, AND REALLY TIE TO SPECIFIC FUND SOURCES. SO WE DO PLAN ON INCLUDING SOME OF THOSE IN THERE, BUT IT WOULD NOT BE FOR A FULL FUNDING PLAN NECESSARILY, MORE FOCUSED ON GETTING THE PROJECT MOVING. NEXT SLIDE. WE HAVEN'T BROUGHT TO YOU TOO MUCH INFORMATION YET ON WHAT THE EVALUATION WOULD BE AND HOW THE EVALUATION WOULD BE APPLIED. IT COULD EASILY BE THAT THE EVALUATION IS APPLIED DIFFERENTLY FOR THE MEGA PROJECTS AND THE PROGRAMMATIC CATEGORIES. AND DEPENDING ON THE FUND SOURCE AVAILABILITY AND THE RULES OF THE FUND SOURCES, AS WELL. SO WHEN RAY TILLIS FROM FTA WENT THROUGH HAS EVALUATION CRITERIA FOR FUND STARTS THERE ARE A LOT OF SIMILARITIES WE HAVE FUNDING LEVELS, LEVELS OF COMMITMENT, THEN SCHEDULE INFORMATION, AND THEN WE HAVE THESE PROJECT QUALITIES THAT ARE PRIMARILY ADOPTED FROM PLANNED BAY AREA. ONE THING THAT RAY SAID THAT I THINK RESONATED HERE IS THE IMPORTANCE OF THE EVALUATION OF THE OPERATING FUNDS. AND HE SAID IT SIMPLY, THAT YOU PUT A PROJECT ON THE STREET, YOU HAVE TO MEET YOUR HEADWAYS AND THAT'S THE DEAL THAT YOU GET WHEN YOU GET THOSE FEDERAL FUNDS. THE OTHER THING THAT CAME UP SEVERAL TIMES FROM COMMISSIONERS IS THE COST BENEFIT, AND THAT THAT NEEDS TO BE DYNAMIC AND IF THINGS CHANGE, WE MAY NEED TO REVISIT THE COST BENEFIT INFORMATION. NEXT SLIDE PLEASE. THIS IS ESSENTIALLY

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THE SAME INFORMATION AS THE PAST SLIDE. IT'S PUTTING IT INTO A FORMAT, A TABLE THERE, THAT YOU HAVE CATEGORIES ACROSS THE TOP, AND THEN TIERS OF WHAT COULD BE THE TIERS TO ASSIGN PROJECTS WITH MORE OR LESS, GREEN, YELLOW, OR RED. THE TIERS COULD BE ADJUSTED AGAIN AND IT COULD BE USED DIFFERENTLY BASED ON THE FUNDING CATEGORY. IT COULD BE USED DIFFERENTLY BASED ON THE DEMAND OF A FUND SOURCE AND THE TYPE OF PROJECT THAT WE'RE LOOKING AT. NEXT SLIDE. SO, AS FAR AS THIS ENDORSEMENT TABLE, WE ARE THINKING, AT THE MOMENT, THAT WE WOULD DIVIDE IT INTO THREE CATEGORIES. TIER ONE WOULD BE THE MEGA PROJECTS THAT ARE NAMED ABOVE A BILLION, AND THEN WE WOULD HAVE A SPACE FOR PROGRAMMATIC CATEGORIES. THE GRADE SEPARATIONS, RAPID BUS, THE ZEB TRANSITION TO ZERO-EMISSIONS BUSES, AND EXPRESS LANE CATEGORY AS WELL AS TRANSPORTATION MODERNIZATION THAT COULD CATCH A LOT OF OTHER TYPE OF PROJECTS IF NEEDED. AND THEN FINALLY TIER TWO PROJECTS COULD BE LISTED, AGAIN, FOR PROJECT DEVELOPMENT INFORMATION ONLY. NEXT SLIDE PLEASE. IN THIS TABLE HERE IS A REPRESENTATION OF WHAT THAT COULD LOOK LIKE. AND I THINK THIS IS PROBABLY FAMILIAR TO YOU, AND IT'S FAMILIAR FOR WHAT WE PUT FORTH IN RESOLUTION 3434, AND, REALLY, IT'S THE MODEL WE USE FOR A LOT OF DIFFERENT PROGRAMS WE BRING TO YOU. IS YOU HAVE A LIST OF PROJECTS, THE COST, COMMITTED FUNDING, UNCOMMITTED FUNDING, AND THEN YOU HAVE THE CATEGORIES THAT COULD POTENTIALLY BE THE ENDORSEMENT CATEGORIES. NOW, IF YOU RECALL, SOME OF YOU MAY REMEMBER THE RESOLUTION 3434 TABLE

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THAT WAS LIKE THIS, IT WAS MUCH WIDER, AND IT HAD SPECIFIC CATEGORIES FOR FEDERAL, SPECIFIC CATEGORIES FOR STATE, AND SPECIFIC CATEGORIES FOR OTHER. AND I THINK THAT IS WHERE WE WANT TO GET TO ON THIS. AND WE'RE STARTING AT THIS ONE RIGHT NOW. I THINK WHAT HAPPENS NEXT IS YOU ARE ON SCHEDULE, OR WE ARE PROPOSING THAT YOU MIGHT CONSIDER ADOPTING THIS AS EARLY AS SEPTEMBER. AND THEN THIS IS SOMETHING THAT YOU WOULD GIVE TO RAY TELLIS. YOU WOULD GIVE TO THE STATE. YOU WOULD GIVE TO EVERYONE THAT YOU WANTED TO GIVE IT TO, AND YOU WOULD SHOW THAT THIS IS THE DEMONSTRATION OF HOW THE REGION THINKS WE ARE GOING TO FUND INDIVIDUAL PROJECTS, AS WELL AS THIS PROGRAM OF PROJECTS. NOW, THIS IS ALSO ARE THE DECISIONS WOULD HAVE TO BE MADE ON WHETHER YOU ARE GOING TO SEQUENCE OR PRIORITIZE CERTAIN THINGS OVER OTHER THINGS. NEXT SLIDE, PLEASE. FINALLY, THAT -- THE PRIOR SLIDE DID HAVE SOME TARGET NUMBERS AT THE BOTTOM THERE, WHEN YOU HAVE A CHANCE YOU CAN TAKE A LOOK AT THOSE. I WOULD SAY TARGETS ARE UNDER DEVELOPMENT. WE'RE TRYING TO ESTABLISH AMBITIOUS BUT REALISTIC TARGETS. AND I THINK THAT THEY COULD EASILY CHANGE WITH THE INFORMATION WE GET FROM BOTH THE FEDERAL AND STATE GOVERNMENT, AS WELL AS THERE IS OTHER LOCAL OPPORTUNITIES THAT WE WANT TO MAKE SURE THAT THEY'RE REALISTIC, BUT THAT WE'RE TRYING TO FUND THE PROJECTS THAT WE HAVE. SO, I THINK, WITH THAT, ALIX, I'LL HAND IT OVER TO YOU TO TALK ABOUT THE OTHER TWO BOXES, THE RISK MANAGEMENT AND THE POLICY ELEMENTS.

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ALIX BOCKELMAN: GREAT. THANKS KENNETH. NEXT SLIDE. SO, AS KENNETH MENTIONED, HE SPENT TIME TALKING ABOUT THE IMPORTANT FUNDING FRAMEWORK, AND I'M GOING TO TALK A LITTLE ABOUT THE OTHER TWO COMPONENTS OF THE MAP, THE RISK MANAGEMENT, AND THE POLICY REENFORCEMENTS. IN THE AREA OF RISK MANAGEMENT, MTC'S PAST PRACTICE HAS BEEN REALLY ROOTED IN OUR ROLE AS INVESTOR PRIMARILY OF REGIONAL MEASURE FUNDS WHEN IT COMES TO MAJOR PROJECTS. REGIONAL MEASURE TWO, WE HAD CONSULTANT ASSISTANCE TO PERFORM QUARTERLY AND SEMI ANNUAL REVIEWS AND PROGRESS REPORTS ON PROJECTS, AND FOR THOSE PROJECTS THAT WE DEEMED MORE COMPLEX, AND WITH HIGHER RISK, WE DID HAVE MORE, SORT OF, REVIEW OF THOSE PROJECTS. WE DID PRESENT THOSE REPORTS TO THE COMMISSION, TO REALLY HIGHLIGHT PROJECT CHALLENGES, AS WE WERE DELIVERING THE REGIONAL MEASURE TWO PROGRAM, AND GENERAL PROGRAM PROGRESS. OUR ROLE, AS INVESTOR, HAS ALSO PROMPTED SOME VERY SPECIFIC MORE INVOLVED EFFORTS FROM THE PEER REVIEW AND RECOMMENDATIONS THAT WE DID IN 2010 RELATED TO THE SMART INITIAL OPERATING SEGMENT, A FEW COST REVIEWS ON THE TRANSIT CENTER, AND THE DOWNTOWN EXTENSION, AS WELL AS MOST RECENTLY, THE PEER REVIEW TO ESTABLISH THE CAUSE AND SHARE REPAIR OF THE CRACKED BEAMS FOR THE SALESFORCE TRANSIT CENTER. SO, FOR THE MAP, AS WE HAVE BEEN TALKING ABOUT A LOT OVER THE LAST TWO DAYS WE'RE PROPOSED TO INCLUDE A RISK MANAGEMENT COMPONENT. SO WHAT THE COMMISSION NEEDS TO DECIDE IS HOW TO STRIKE THE RIGHT

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BALANCE NOT CROWDING THE KITCHEN WITH TOO MANY RISK MANAGEMENT COOKS TO USE THE METAPHOR STEVE USED YESTERDAY BUT ALSO NOT MISSING OPPORTUNITIES TO CALL IMPORTANT QUESTIONS AND PROJECTS FROM A COST BENEFIT EQUITY PLANETARY ALIGNMENT PERSPECTIVE. AGAIN WE WELCOME, WE HAVE GOTTEN A LOT OF INPUT AND WE'LL BE DIGESTING THAT ALL AND WILL WELCOME MORE OF YOUR THOUGHTS ON THIS TODAY. NEXT SLIDE. SO, GOING A LITTLE DEEPER, YOU KNOW, ONE APPROACH THAT SEEMS TO HAVE GAINED POPULARITY IS THE USE OF STAGE GATES, OR STAGE GATE PROCESSES AS A WAY TO IDENTIFY IMPORTANT MILESTONES FOR PROJECT DEVELOPMENT AND ENSURE KEY ACTIONS OCCUR AT THOSE MILESTONES. SO, YOU KNOW, AS A CONCEPT, MTC COULD INITIATE A STAGE GATE PROCESS AS PART OF THE RISK MANAGEMENT OVERLAY FOR THE MAP THAT IDENTIFIES KEY ACTIONS THAT NEED TO OCCUR AT CERTAIN MILESTONES BEFORE ACCESS TO FUNDING. YOU KNOW, STAGE GATES COULD ESTABLISH READINESS AT KEY POINTS AND THEY RELATED TO CERTAIN RISK FACTORS AND SOME CONCEPTS THAT WE NOTED UP HERE, THE CONVERSATION, HAS THE PROJECT UNDERGONE A PEER REVIEW TO IDENTIFY THE KNOWN AND UNKNOWN, UNKNOWNS, AND DOES THE PROJECT HAVE A VIABLE OPERATING PLAN? AND MORE FUNDAMENTALLY, DO WE KNOW WHO THE OPERATOR IS, AND DO WE HAVE CLEAR GOVERNANCE, ROLES, IS RESPONSIBILITY, AND THE APPROPRIATE AGREEMENTS IN PLACE? NEXT SLIDE. NOW, AS I NOTED YESTERDAY AND EMPHASIZE IT AGAIN TODAY, THE HUNDREDS OF BILLIONS OF DOLLARS OF TRANSPORTATION PROJECT INVESTMENT PLANNED BAY AREA 2050 IS MOST EFFECTIVE WHEN THE

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COMPLIMENTARY STRATEGIES ARE IMPLEMENTED ALONGSIDE OF THEM. THEREFORE THE MAP PROPOSES TO INCLUDE A POLICY REENFORCEMENT COMPONENT. THIS WOULD BUILD ON AND CONTINUE THE IMPORTANT GROUNDWORK SET IN RESOLUTION 3434 THAT PARATRANSIT EXPANSION WITH THE FIRST OF ITS KIND TOD POLICY IN THE EARLY 2000. SOME OF THE POLICIES FOR THE COMMISSION TO CONSIDER CONDITION COMPLIANCE RELATE TO SUCCESS TO THE TOD POLICY THAT THE COMMISSION IS STILL CONSIDERING, THE TRANSIT ORIENTED COMMUNITIES POLICY, POLICY THAT WOULD ENSURE ALIGNMENT WITH THE BLUE RIBBON TRANSFORMATION ACTION PLAN AND SEAMLESS CONNECTED SYSTEM AND ENSURE THAT THE SYSTEM IS AFFORDABLE AND MEET THE PLAN'S EQUITY GOAL. NEXT SLIDE. SO, THIS SLIDE REALLY JUST SUMMARIZES THE TIMELINE AND NEXT STEPS. YOU KNOW, OBVIOUSLY WE'RE HERE TODAY TO GET YOUR INPUT, EARLY INPUT ON YOUR THOUGHTS AND WE HAVE GOTTEN A LOT OF IT, WHICH HAS BEEN REALLY RICH, ON RISK MANAGEMENT AND POLICIES. WE'RE DOING MORE OUTREACH, OBVIOUSLY, WITH OUR TRANSPORTATION PARTNERS AND STAKEHOLDERS. WE WOULD LIKE TO BE ABLE TO BRING A FUNDING FRAMEWORK TO YOU FOR CONSIDERATION AS EARLY AS SEPTEMBER, AND THEN RETURN BACK ON THE POLICY AND RISK COMPONENTS LATER, LIKELY IN LATE FALL OF THIS YEAR. AND THAT CONCLUDES MY PRESENTATION. AND KENNETH AND I ARE AVAILABLE TO ANSWER ANY QUESTIONS.

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ALFREDO PEDROZA, CHAIR: ALL RIGHT. THANK YOU KENNETH. THANK YOU ALIX. AT THIS POINT I'M GOING TO TURN IT OVER TO KATE WHO IS GOING TO HELP FACILITATE OUR LAST AND FINAL DISCUSSION.

KATE WHITE: GREAT. AND I THINK WE'LL TRY TO WRAP UP BY 130. AND THERE MIGHT BE A FEW FINAL PUBLIC COMMENTS AT THE END THERE. BUT, THANK YOU, KENNETH. THANK YOU ALIX FOR STARTING THE BREAD CRUMBS ARE WHERE WE MIGHT GO WITH ALL OF THIS. AND WE WOULD LOVE TO GET COMMISSIONERS THOUGHTS ON IT. I DO HAVE A FEW QUESTIONS, IF THOSE COULD BE PULLED UP FOR DISCUSSION. AND WE HAVE STARTED GETTING INTO THEM ALREADY TODAY, BUT ANY OTHER THOUGHTS FROM THE COMMISSION ABOUT YOUR ROLE, THAT THE -- MTC'S ROLE IN SUPPORTING, IN -- IN ANY OF THESE POINTS THAT WERE JUST PRESENTED, ON THE -- AS A FUNDER, INVESTOR, ON RISK MANAGEMENT, AND THEN ON POLICY REENFORCEMENT. SO, FOR MEGA PROJECTS IN THE BAY AREA, WHAT ROLE SHOULD MTC HAVE AND, YOU KNOW, BEING MINDFUL OF NOT BEING DUPLICATIVE OR ADDING BUREAUCRACY, BUT REALLY VALUE-ADD. THAT'S THE FIRST QUESTION, AND HOPEFULLY THOSE QUESTIONS WILL COME UP IN A MOMENT. AND THEN, YOU KNOW, KIND OF FOLLOWING UP ON THAT, BECAUSE I THINK WE HAVE ANSWERED A LOT OF THOSE, IS THE STAGE GATE PROCESS IDEA. SO, WHERE ARE THE MOST APPROPRIATE AND MOST EFFECTIVE PLACES FOR -- IT'S THE NEXT SET OF QUESTIONS. WE ANSWERED THESE, HOPEFULLY, ALL RIGHT. THERE IS ANOTHER SLIDE WITH THE QUESTIONS. IF THAT COULD BE PULLED UP.

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CLERK OF THE BOARD: PLEASE ADVANCE TO THE NEXT SLIDE.

KATE WHITE: THANK YOU. SO, YEAH, THIS FIRST ONE, AS I SAID, YOU KNOW, MTC'S SUPPORT FOR STANDARD RISK OVERSIGHT POLICY REENFORCEMENT, THAT'S THE FIRST ONE, AND THEN IF MTC IS TO BE, YOU KNOW, MORE ACTIVELY INVOLVED, WHAT WOULD -- WHAT DO YOU THINK ABOUT THE STAGE GATE PROCESS, AND WHERE WOULD BE THE MOST APPROPRIATE TIMES FOR MTC'S INVOLVEMENT IN THE LIFE CYCLE OF PROJECTS. WHERE WOULD THE REGION BENEFIT MOST FROM YOUR LEADERSHIP IN PROJECTS? AND THEN, THIRDLY, YOU KNOW, CONDITIONING -- AS YOU ALREADY HAVE, FOR A NUMBER OF YEARS NOW, BUT, CONDITIONING PROJECTS ON POLICY COMPLIANCE, WHETHER THAT'S A TRANSIT ORIENTED COMMUNITIES POLICY, 3434, I THINK, WAS SORT OF THE START OF THAT, BUT THERE HAS BEEN A NUMBER OF THINGS SINCE THEN. SO THOSE ARE SOME QUESTIONS FOR YOU. COMMISSIONERS?

ALFREDO PEDROZA, CHAIR: ALL RIGHT. THANK YOU, KATE. LET ME JUST KICK IT OFF. YOU KNOW, IT'S BEEN A GREAT WORKSHOP. A LOT OF DISCUSSIONS. I APPRECIATE ALL THE COMMISSIONERS FOR YOUR ACTIVE PARTICIPATION. I KIND OF DRAW TWO CATEGORIES GOING FORWARD. YOU KNOW, THE NEWER PROJECTS, I ABSOLUTELY THINK THERE IS AN OPPORTUNITY TO ADD VALUE IN THE BEGINNING. YOU KNOW, WHERE YOU HAVE PROJECT SPONSORS THAT ARE WELL INTENDED,

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BUT COULD BENEFIT FROM NOT OVERSIGHT FROM A BUREAUCRATIC PERSPECTIVE, BUT OVERSIGHT WHERE WE'RE SURE TO MINIMIZE THE UNKNOWNS. THAT'S AN AREA OF INTEREST WHERE I SEE GOING FORWARD. THE AREA THAT'S MORE COMPLICATED IS THOSE WE HAVE TALKED ABOUT ALREADY, THOSE THAT ARE EXISTING, THAT ARE HAPPENING AS WE SPEAK. DO I DO THINK THERE IS OPPORTUNITY THERE, AGAIN NOT TO ADD OVERSIGHT AS BIG BROTHER, BIG SISTER TELLING FOLKS WHAT TO DO BUT TO PARTNER ON SHARED OBJECTIVES OF REDUCING THE COST AND TRYING TO DELIVER THESE PROJECTS. I BELIEVE THERE IS OPPORTUNITY THERE FOR MTC TO ADD VALUE. THE QUESTION -- AND WE'RE NOT -- I DON'T THINK WE'RE GOING ANSWER IT TODAY, BUT I HOPE THAT STAFF COMES BACK -- I WOULD LIKE STAFF TO COME BACK -- IS, HOW DO WE ENSURE THOSE PROJECT SPONSORS ALSO SEE THE VALUE OF OUR PARTNERSHIP? THIS IS NOT SOMETHING THAT'S DONE UNDER HOSTILE TERMS, BUT IT'S DONE IN A PARTNERSHIP WAY. AND WE NEED TO IDENTIFY HOW WE DO THAT. AGAIN, IT GOES BACK TO FINDING WAYS TO DELIVER THESE OUTCOMES FOR THE BENEFIT OF THOSE THAT ARE USING THE SYSTEMS, THAT ARE GOING TO BENEFIT FROM IT. IT'S NOT TO SLOW PROJECTS DOWN OR TO MAKE PROJECTS MORE EXPENSIVE. SOME OF THE THINGS THAT DO CONCERN ME, THE COST BENEFIT ANALYSIS, I DO AGREE WITH VICE CHAIR JOSEFOWITZ. I THINK IT'S HEALTHY TO HAVE THAT ANALYSIS, BUT I DON'T WANT TO REVISIT THE COST AND THEN FOLKS ARE GOING TO WANT TO REVISIT THE BENEFITS. AND I CAN SEE THAT BECOMING VERY DEFENSIVE FOR FOLKS. SO, JUST MINDFUL OF THE PROJECT

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BENEFIT ANALYSIS THROUGHOUT. SO, THOSE ARE SOME OF MY GENERAL THOUGHTS, YOU KNOW, KATE, THAT I HAVE KIND OF SUMMARIZED FROM TODAY. I DO BELIEVE THAT I CAME IN WITH AN OPEN MINDSET HOW CAN WE ADD VALUE, AND I BELIEVE THAT THIS ORGANIZATION CAN, AND IT'S AN OPPORTUNITY FOR US TO STEP INTO THIS, AND, AGAIN, DELIVER OUTCOMES FOR THE REGION.

KATE WHITE: COMMISSIONER JOSEFOWITZ? WOULD YOU LIKE TO JUMP IN? AND THEN COMMISSIONER SPERING.

NICK JOSEFOWITZ, V. CHAIR: I HAVE ALREADY SPOKE A LITTLE BIT, ABOUT COST OF PROJECTS, AND I HOPE WE CAN DO THAT IN MEGA PROJECT DEVELOPMENT POLICY. I THINK THE THING THAT SORT OF IS VERY DIFFERENT ABOUT THE MEGA PROJECT ADVANCEMENT POLICY COMPARED TO A LOT OF THE DISCUSSIONS WE HAVE BEEN HAVING IS IT'S ABOUT HOW DO WE FUND THE PROJECTS THAT WE HAVE. AND I THINK THAT ONE OF THE MOST ESSENTIAL ELEMENTS OF THIS IS THAT WE, AS WE PUT TOGETHER THE FUNDING PLANS, WE ARE PUTTING TOGETHER THE FUNDING PLANS FOR WHAT THEY'RE ACTUALLY GOING TO COST. BECAUSE THERE IS NO POINT DOING A MEGA PROJECT ADVANCEMENT POLICY AND PUTTING ONE OF THOSE TABLES TOGETHER IF ALL OF THOSE PROJECTS END UP COSTING 50% MORE, 100% MORE, 150% MORE THAN WE BUDGETED, AND ALL OF THE KIND OF POLITICAL SORT OF -- ALL OF THE POLICY AND POLITICAL WORK THAT WE PUT INTO SAYING, OKAY, YOU GET THIS FUND SOURCE NOW, AND YOU GET THIS

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FUND SOURCE LATER, AND YOU GET -- IT'S JUST, ACTUALLY IT DOESN'T -- IS IRRELEVANT. BECAUSE WE GOT OUR ASSUMPTIONS WRONG ABOUT HOW MUCH IT'S GOING TO COST IN THE FIRST PLACE. AND, SO, I DON'T KNOW, GIVEN THE TIME FRAMES THAT WE'RE ON, HOW YOU'RE GOING TO DEAL WITH THAT. BUT I THINK IF WE DON'T DEAL WITH THAT, THERE MAY NOT BE THAT MUCH POINT DOING A TABLE YOU PRESENTED. BECAUSE I DON'T THINK IT WILL BRING ANY CLARITY. AND, MAYBE, THERE IS SOME WAY TO DO IT, WHICH DOESN'T LOOK AT EVERY SINGLE LINE OF EVERY SINGLE PROJECT AND SAY YOU'RE KIND OF LIKE, YOU KNOW, ESCALATED COST ARE GOING TO BE GIVEN A CONTINGENCY OF X, AND YOUR GATE COST ARE GOING TO BE GIVEN A CONTINGENCY OF Y, MAYBE IT'S LIKE A PILE UP WAY OF DOING IT, MAYBE STEVE'S WAY OF ADDING A BILLION DOLLARS IS MAYBE A LITTLE BIT TOO HIGH-LEVEL. BUT I THINK THAT'S ONE OF THE QUESTIONS WE REALLY HAVE TO GRAPPLE WITH IN THIS. IN THIS MAP. AND, SO, I HOPE WE CAN COME BACK WITH SOMETHING REALLY, REALLY, REALLY GOOD AROUND THAT. AND I THINK THE SECOND QUESTION WE HAVE TO GRAPPLE WITH IN THIS MAP IS WHAT HAPPENS WHEN THINGS CHANGE AND PROJECTS CHANGE, WHEN THE WORLD CHANGES, WHEN STATE FUNDING PROGRAMS GET BIGGER, STATE FUNDING PROGRAMS GET SMALLER? AND I DON'T THINK WE NEED TO KIND OF PREDICT EXACTLY WHEN'S GOING HAPPEN IN THE -- YOU DON'T NEED TO HAVE A FORMULAIC ADJUSTMENT, BUT I THINK WE NEED TO HAVE A CLEAR UNDERSTANDING OF WHEN WE'RE GOING TO REVISIT THE MAP AND WHERE WE GOING TO REVISIT. 3434 WAS GREAT, BUT IT IS NOT A FEW

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YEARS PAST ITS SELL BY DATE. IT'S MANY YEARS PAST ITS SELL BY DATE AND YET AGAIN WE'RE STILL BASING FUNDING DECISIONS TODAY ON KIND OF WHAT WE THOUGHT 20 -- ALMOST 20 YEARS AGO, NOW, WAS WHAT WE SHOULD BE BUILDING. AND, SO -- AND IT'S CRAZY TO ME THAT SOME OF THOSE PROJECTS HAVEN'T STILL ADVANCED THAT MUCH THAN WHEN 3434 WAS PUT TOGETHER. AND SO I THINK WE NEED TO AVOID THAT. WE NEED TO BUILD IN THAT FLEXIBILITY TO THIS MAP SO WE'RE NOT IN 2044 REFERRING BACK TO, LIKE, A 2022 KIND OF TABLE AS TO, LIKE, WHAT'S GUIDING OUR PROJECTS AND DECISIONS OUT TO 2040 AND 2060.

KATE WHITE: THANK YOU. COMMISSIONER SPERING THEN COMMISSIONER DUTRA-VERNACI, ALSO.

JAMES P. SPERING: FOR ME, SHOULD MTC TAKE THE RISK AND THE ANSWER IS YES, AND SHOULD MTC [INDISCERNIBLE] THE WHERE IS YES. I THINK THE ROLE IN THE DISCUSSION, WHAT HELPS ADVANTAGE A PROJECT, WHAT HINDERS ARE A PROJECT. I THINK WE NEED TO IDENTIFY THOSE VARIOUS AREAS, AND FOR ME, PROJECTS ARE IN DIFFERENT STAGES. ARE WE GOING TO LOOK AT A POLICY FOR FUTURE MAJOR PROJECT, HOW WE'RE GOING TO ADVANCE THEM, AND THEN LOOK AT THE EXISTING ONES THAT ARE ALREADY IN THE PIPELINE? YOU KNOW, I THINK -- AND WHAT CHALLENGES DO THEY HAVE? IF IT'S FUNDING OR WHATEVER IT MIGHT BE. AND THEN WHAT ROLE COULD WE PLAY AND WHAT THOSE CHALLENGES ARE IN THOSE EXISTING PROJECTS.

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AND, YOU KNOW, FOR ME, I AGREE WITH COMMISSIONER JOSEFOWITZ. WE HAVE TO LOOK AT THESE COSTS. COST OVERRUNS DON'T ONLY AFFECT THAT PROJECT THEY AFFECT ALL PROJECTS WE'RE DOING. IT'S THIS WHOLE RIPPLE EFFECT FOR PLANNED BAY AREA 2050. AND WE HAVE TO HAVE A MECHANISM TO WHERE WE LOOK AT THAT AND I KIND OF AGREE WITH THE COST BENEFIT ANALYSIS THAT WE HAVE TO AT LEAST IDENTIFY AND MAKE TRANSPARENT THE CHANGES THAT IT'S HAD, AND OVERALL, FOR ME, ALL OF THESE PROJECTS, WE HAVE GOT TO LINK THEM TO PLANNED BAY AREA 2050. YOU KNOW, THE POLICIES AND STRATEGIES, WHAT WE COULD PUT IN PLACE. AND I THINK THERE HAS TO BE -- MTC NEEDS TO PLAY A ROLE IN HOW WE PRIORITIZE THOSE PROJECTS, WHICH ONES HAVE THE MOST BENEFIT OVER MULTIPLE OPERATORS, OR JURISDICTIONS, AND REALLY, ALWAYS KEEP CONCENTRATING ON THE USER OF THE SYSTEM. AND, SO, BUT I THINK WE HAVE A -- YOU KNOW, THE MORE -- OF ALL THE THINGS I HAVE SEEN TODAY, I THINK MTC HAS A BIGGER ROLE TO PLAY IN THESE MEGA PROJECTS AND HOW THEY'RE DELIVERED. I'M HOPING IT'S ADDED VALUE. I DON'T AGREE WITH OVERSIGHT. I AGREE THAT'S JUST ONE MORE LAYER. I KIND OF WANT TO BE A HORIZONTAL PARTNER. AND, AS WE BRING THEM FORWARD. THANK YOU.

KATE WHITE: THANK YOU. COMMISSIONER DUTRA-VERNACI?

CAROL DUTRA-VERNACI: YES, THANK YOU. AND TO THE THREE QUESTIONS IN FRONT OF US, I SAY YES TO ALL THREE OF THEM. THE

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SECOND QUESTION AS FAR AS THE STAGE GATE GOES, THAT'S REALLY THE FIRST TIME I'M PAYING ATTENTION TO THAT TERMINOLOGY. SO IT'S STILL SINKING IN, SO IN READING THE SLIDE THAT'S LISTED, I THINK IT'S IMPORTANT THAT WE IDENTIFY SOMEWHERE ALONG THE LINES, BECAUSE THE QUESTION IS, WHAT PHASE, AND I'M NOT SURE WHAT THAT ANSWER IS, BUT, CERTAINLY, TO BE ABLE TO TAKE A LOOK, AND WITH THE IDEA OF MINIMIZING AND MITIGATING RISK, I THINK THAT IS VERY IMPORTANT, BECAUSE THERE ARE SO MANY ISSUES THAT HAVE EXPERIENCED, FROM PROJECTS HISTORICALLY. NOW FOR THE THIRD QUESTION, SUPPORTING AND CONDITIONING THE REGIONAL ENDORSEMENT ON THE POLICY, MY ANSWER IS YES. THINKING BACK TO PAST CONVERSATION WHERE IS WE COMMUNITIES IN A LOT OF CASES, HAVE ALREADY DONE THE RIGHT THING AND THEN THEY'RE PENALIZED BECAUSE IT'S ALREADY BEEN DONE AND MOVING FORWARD THEY'RE TOLD NO YOU HAVE TO DO EVEN MORE WHEN THERE MAY NOT BE THE CAPACITY TO DO MORE BECAUSE IT'S ALREADY BEEN DONE. SO I THINK THAT NEEDS TO BE PART OF THE CONVERSATION. SO, THERE NEEDS TO BE A BIT OF FLEXIBILITY THERE.

KATE WHITE: WE HAVE ONE COMMISSIONERS ON THE LINE, KIMBERLY. AND THEN I'LL CALLA COMMISSIONER PAPAN AFTER THAT. THE.

CLERK OF THE BOARD: COMMISSIONER LICCARDO?

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SAM LICCARDO: THANK YOU. I SHARE COMMISSIONER SPERING'S CONCERNS ABOUT HAVING THE LAYER OF OVERSIGHT. ON THE STAGE GATE PROCESS, OBVIOUSLY IS A GREAT VALUE, BUT I THINK WHAT'S IMPORTANT IS MORE THE HOW THAN THE WHAT. AND IT SEEMS TO ME THAT, SIMPLY E FOR EXAMPLE, IT'S TELLING THEM TO HAVE A PEER REVIEW PROCESS OR TELLING THEM TO PREPARE AN OPERATING BUDGET IS ENOUGH IF WE DON'T HAVE CONFIDENCE THAT THE PROCESS OR OPERATING BUDGET IS GOING TO BE RELIABLE. SO, I THINK THERE IS MORE TO IT, IN -- AND YOU WON'T GO BACK TO MY EARLIER POINT -- BUT I THINK THERE IS A MORE DIRECT ROLE MTC COULD PLAY. I'M CONCERNED ABOUT THE THIRD ISSUE, ABOUT CONDITIONING ENDORSEMENTS AND FUNDING POLICY COMPLIANCE. I THINK WE SHOULD BE CONDITIONING FUNDING AND ENDORSEMENTS ON THE BASIC CRITERIA WE SET AROUND COST BENEFIT, AROUND MEETING PROJECT DEADLINES, STAGE GATES, ET CETERA. I'M VERY CONCERNED, AS I THINK WE ALL KNOW, AND WE HAVE ALL BEEN ON BOARD, WHERE WE PADDLE ON POLICY AFTER POLICY AND IT ADDS TO COST, DELAY, AND COMPLEXITY OF VERY COMPLEX PROJECTS. SO I WOULD BE HESITANT TO SAY WE NOW HAVE TO CONDITION DOLLARS ON ADDITIONAL POLICIES. BECAUSE I THINK WE'RE GOING TO BE OUR OWN ENEMY ON THAT, IF OUR GOAL IS TO TRY TO REDUCE COST BURDEN ON THE ENTIRE REGION.

KATE WHITE: SUPPORTING RISK AND OVERSIGHT FOR MEGA PROJECTS I THINK WE NEED TO REALLY SET GROUND RULES GOING FORWARD HERE, WHETHER IT'S AN EXISTING PROJECT.

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GINA PAPAN: OR FUTURE PROJECT. I THINK IF WE WANT TO NOT BE IN THE POSITION OF OVERSIGHT, THEN WE NEED TO BE VERY CLEAR OF THE DIRECTION WE EXPECT THESE PROJECTS TO GO IN, AND OUR EXPECTATIONS ARE FIRST AND FOREMOST. WE HAVE -- WE'RE DOING A RAIL PLAN. SO WE'RE GOING TO HAVE TO BE, KIND OF, UPFRONT, WITH A LOT OF OFFICE 365 OFFICE 365 GUIDANCE THERE, AND WHAT WE'RE GETTING TO IS ONGOING OPERATIONS. WE'RE MAKING THESE HUGE MEGA INVESTMENTS HERE, YET THE CUSTOMER SURVEYS ARE NOT GOOD. PARTICULARLY WHEN YOU'RE DEALING WITH BART. IT'S LIKE THEY'RE -- IT'S NOT CLEAN, IT'S NOT SAFE, AND YET WE STILL GO DOWN THESE PATHS HERE. SO, THERE DOES HAVE TO BE A LEVEL OF ACCOUNTABILITY IN THE PROJECTS WE DO. AND THE PROJECTS THAT ARE LISTED HERE, FOR TIER ONE, I THINK IT'S MOST IMPORTANT TO BE LEADERS IN THIS. YOU HAVE GOT RAPID BUS INITIATIVES AND ZERO-EMISSIONS BUS TRANSITIONS HERE. THEY'RE SPENDING MONEY, THESE AGENCIES. WE NEED TO HAVE SOME STANDARDIZATION. WE CAN'T HAVE SOMEBODY BUYING A HYDROGEN BUS OVER HERE AND THEN ELECTRIFYING OVER HERE. THAT'S NOT A GOOD INVESTMENT IN ANY MEGA PROJECT AS WE MOVE FORWARD HERE. THESE ARE THE CONCERNS I HAVE HERE, AND EVERYONE KNOWS MY CONCERN ABOUT INTERMODAL CENTERS. WE DON'T DO STATIONS RIGHT. PERIOD. AS FAR AS THE LAST POINT HERE: DO YOU SUPPORT CONDITIONING REGIONAL ENDORSEMENTS? I DO TO A CERTAIN EXTENT. I DO NOT THINK WE HAVE BEEN CLEAR ON OUR TOC, AND I DON'T THINK THERE IS A LOT OF

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AGREEMENT ON THAT AT THIS POINT IN TIME. SO I WOULD HAVE A PROBLEM WITH THAT ASPECT OF IT. WE DO HAVE, I AGREE WITH THE PARTICIPATION IN EQUITY PROGRAMS. I AGREE WITH THE BLUE RIBBON ACTION PLANS. THE OPERATORS AND THE -- OF THESE OWNERS OF THE MEGA PROJECTS WERE THERE WHEN WE DID THE BLUE RIBBON ACTION PLAN. THERE SHOULD BE NOT A LOT OF PROBLEMS. THEY PARTICIPATED IN THIS. SO, THIS IS OUR TIME TO REALLY MAKE THIS WORKSHOP, PUT IT INTO PLAY HERE. AND I THINK WE NEED TO, JUST, MOVE AHEAD, AND BE CLEAR. EXISTING PROJECTS AND FUTURE ROLES. THANK YOU.

KATE WHITE: CHAIR, WHY DON'T YOU GO AHEAD COMMISSIONER SPERING AND I THINK THERE IS ONE OTHER PERSON ON THE LINE.

JAMES P. SPERING: FOR CLARIFICATION ON THIS CONDITIONAL, FOR ME I WANT TO BE ABLE TO MEASURE OR METER THE DOLLARS THAT ARE AVAILABLE. I DON'T WANT TO BE COMMITTED TO SO MANY MEGA PROJECTS THAT THEY'RE ALL MARGINAL. TO ME, A MEASURE, WHAT DO WE HAVE AVAILABLE, HOW DO WE METER. SO, I THINK THAT HAS TO BE PART OF THIS EQUATION. THAT'S WHAT WE PRIORITIZE, WHAT PROJECTS WE'RE GOING ACTUALLY FUND.

KATE WHITE: KIMBERLY?

CLERK OF THE BOARD: RANDI, DO I WANT TO GO NEXT?

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RANDI KINMAN: THANK YOU. RANDI KINMAN FROM THE POLICY ADVISORY COUNCIL. FIRST, ON BEHALF OF OUR GROUP, I THINK THAT WE SUPPORT THE FIRST TWO, AND THE THIRD ONE. WE SUPPORT UNDER THE CONDITION, I UNDERSTAND, AND WE UNDERSTAND THAT PARTICIPATION IN EQUITY PROGRAMS ARE IN ALIGNMENT WITH THE BLUE RIBBON TASK FORCE, MAY NOT BE THE PRIMARY ISSUE, BUT IF IT'S NOT, THEN AT LEAST HAVE A CHECK BOX THAT ALLOWS THE PUBLIC TO KNOW WHY WE'RE NOT ALIGNING WITH POLICIES. THE POLICY ADVISORY COUNCIL ASKED, SPECIFICALLY, IF THE ACCESSIBILITY ISSUES THAT WERE LISTED IN -- AND THE PROMISE THAT WAS LISTED IN THE BLUE RIBBON TASK FORCE -- WOULD BE PART OF THE MAP. IT'S NOT FLESHED OUT YET, BUT, SPECIFICALLY THE MOBILITY MANAGEMENT, WHICH IS SUPPOSED TO END UP BEING A REGIONAL PROGRAM. AND IT WILL REQUIRE MONEY FOR VEHICLES, SO THAT LOCAL AGENCIES AREN'T TAKING VEHICLES OUT OF LOCAL SERVICE. IT WILL REQUIRE MONEY FOR MANAGEMENT. IT WILL REQUIRE MONEY TO BACK-STOP AGENCIES WHEN THEIR REVENUES GO DOWN. AND IT NEEDS TO BE DEVELOPED AS AN EQUAL PROGRAM. A PROGRAM EQUAL TO THINGS LIKE BUS RAPID TRANSIT. SO, FOR US, WE WOULD REALLY LIKE THAT QUESTION ANSWERED. IS THIS PROGRAM GOING TO BE A PRIORITY, AND IF SO, IT CAN REALLY ADD VALUE. AND MTC CAN ADD VALUE BY HELPING TO MANAGE THIS AND TO START LOOKING AT, ON A VERY SMALL SCALE -- THE SMALL SCALE WE'RE PROPOSING TO START AT, COMPARED TO THE

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MEGA PROJECTS -- HOW MTC WOULD INSERT ITSELF INTO A PROCESS. THANK YOU.

KATE WHITE: THANK YOU, RANDI. SO, CHAIR PEDROZA, WE HAVE NO OTHER HANDS UP. I THINK WHAT I'M HEARING FROM THE COMMISSION, GUT CHECK ON THE THREE QUESTIONS ON THE SCREEN HERE. ONE -- FOR THE FIRST TWO, PRETTY CLEAR YESES. YOU KNOW, DEFINITELY SEEMS AN APPETITE. BACK TO STAFF, AN APPETITE FOR A MORE OF A ROLE FOR MTC ON SOME TYPE OF RISK AND OVERSIGHT PROCESS. AN APPETITE FOR STAGE GATES NEEDING AND WANTING TO KNOW MORE ABOUT WHAT THOSE WOULD BE SO I'M HOPING STAFF CAN COME BACK TO YOU WITH THAT AS THE MAP IS FLESHED OUT. NUMBER THREE, I'M HEARING KIND OF A MIX, YOU KNOW, SOME CONCERNS ABOUT OVER-LAYERING COMPLEXITY TO PROJECTS, AT THE SAME TIME, YOU KNOW, YOU ALL HAVE VOTED ON THESE POLICIES AND WANT, YOU KNOW, HAVE MADE A COMMITMENT TO THEM, SO YOUR MEGA PROJECT SHOULD ALIGN. SO THAT'S KIND OF A QUICK SUMMARY OF WHAT I HEARD IN THE LAST 20 MINUTES OR SO.

ALFREDO PEDROZA, CHAIR: CLARIFICATION IN TERMS OF THE MAP, I DO SEE IT AS KIND OF A LIVING DOCUMENT WHERE IT IS FLEXIBLE, WE ADJUST. I AGREE WITH THE COMMENTS OF SPERING AND JOSEFOWITZ ABOUT COST, I THINK WE HAVE TO BE NIMBLE ENOUGH TO ACKNOWLEDGE THAT. COST BENEFITS I DON'T WANT TO CREATE THAT WE'RE WALKING BACK ON COMMITMENTS AND THE POTENTIAL OF WHAT AN EVALUATION

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COST BENEFIT ANALYSIS COULD BE. THERE MIGHT BE SOMETHING TRAGIC THAT HAPPENS THAT COMPLETELY SHAKES A PROJECT AND I THINK WE HAVE TO BE NIMBLE AND FLEXIBLE. BUT I THINK IT'S MORE DISCIPLINE MAKING SURE WE'RE MINDFUL OF COST OVERRUNS. I WANT TO BE MINDFUL OF THAT, KATE. AT THIS POINT WE HAVE SUMMARIZED QUITE A BIT. COMMISSIONERS ANY FINAL COMMENTS IN THIS SECTION BEFORE WE GO TO PUBLIC COMMENT? I DON'T --

SPEAKER: I COULD WAIT UNTIL AFTER PUBLIC COMMENTS.

ALFREDO PEDROZA, CHAIR: WHY DON'T WE DO THAT THERESE. LET'S GO TO PUBLIC COMMENT THEN CLOSE OUT. KIMBERLY DO WE HAVE ANY GENERAL PUBLIC COMMENT

CLERK OF THE BOARD: A HAND JUST WENT UP. LOOKS LIKE RICH HEDGES. GO AHEAD MR. HEDGES YOU HAVE ONE MINUTE.

RICHARD HEDGES: THANK YOU. THAT'S ALL I NEED. I WANT TO SAY I'M IN FULL AGREEMENT WITH RANDI KINMAN AND I'M HAPPY WE'RE GOING THROUGH THIS PROCESS. I THINK IT'S BEEN A WONDERFUL PROCESS OVER THE LAST COUPLE OF DAYS. THANK YOU VERY MUCH FOR DOING IT.

CLERK OF THE BOARD: LET'S SEE IF WE HAVE ANY OTHERS. I HAVE ONE MORE HAND. SEAMLESS BAY AREA. IF YOU WANT TO GO AHEAD.

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I'LL START THE CLOCK FOR YOU. ARE YOU THERE SEEM LESS BAY AREA. GO AHEAD AND UNMUTE YOURSELF.

SPEAKER: IAN GRIFFITHS WITH SEAMLESS BAY AREA. I WANT TO DRAW YOUR ATTENTION, SILICON VALLEY IS THAT IS ATTACHED TO YOUR PACKET. I WANT TO OBSERVE, BUILD OFF OF MAJOR PROJECT DELIVERY THE REGIONAL RAIL STUDY FINDINGS THAT WERE SHARED AND THE EXAMPLES FROM LONGER TON, AND TORONTO ABOUT THE OBSERVATIONS AROUND LAYERING OF DIFFERENT FUNCTIONS I THINK IT'S INCREDIBLY IMPORTANT PROJECT BUT CONCERNED THAT STUDY IS GOING TO END WITH EVALUATION AND EXPLORATION BUT NOT REAL NEXT STEPS TOWARDS MOVING WITH ONE OF THE THINGS THAT SEEMS MOST EVIDENT FROM THESE EXCELLENT CASE STUDIES WHICH IS A UNIFIED REGIONAL RAIL OPERATOR THAT WOULD BE A REALLY IMPORTANT PART TO OPERATING AN INTEGRATED RAIL NETWORK. SO, PLEASE PRIORITIZE, YOU KNOW, DIRECTION TO MAKE SURE THAT WE TAKE CLEAR STEPS ON IDENTIFYING THE PAST AWARDS OF REGIONAL RAIL OPERATOR.

CLERK OF THE BOARD: I SEE VINAY PIMPLE.

SPEAKER: THANK YOU. VINAY PIMPLE FROM THE POLICY ADVISORY COUNCIL. AGAIN, I SUPPORT WHAT RANDI SAYS. IN ADDITION, I WANTED TO MENTION A COUPLE OF THINGS. ONE IS ABOUT A COST BENEFIT REEVALUATION. I THINK IT'S A GOOD IDEA, AND MAYBE TO MITIGATE THE CONCERNS ABOUT THE DEFENSIVENESS MEASURES THERE

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COULD BE SOME KIND OF THING AND IF THE COST EXCEEDS 25% OF 40% [INDISCERNIBLE] AND ANOTHER THING I JUST WANTED TO THROW OUT THERE, IN TERMS OF, YOU KNOW, BETTER CONTRACT MANAGEMENT, MAYBE THERE COULD BE A WAY OF PUT BE IN INCENTIVES WHERE PEOPLE GET SOME INCENTIVE IF THEY COMPLY. BECAUSE, NORMALLY CONTRACTS TEND TO BE ADMINISTERED IN A SOMEWHAT ADVERSARIAL WAY BECAUSE YOUR JOB IS SUPPOSED TO BE TO MAKE SURE THAT THE OTHER PERSON DOES YOUR JOB INSTEAD OF YOU DOING YOUR OWN JOB, SO IF THERE ARE INCENTIVES -- IT MIGHT BE GOOD. JUST CONSIDER THAT.

CLERK OF THE BOARD: I SEE NO ADDITIONAL HAND RAISED MR. CHAIR.

ALFREDO PEDROZA, CHAIR: THANK YOU, KIMBERLY. I'M GOING TO ASK OUR EXECUTIVE DIRECTOR FOR CLOSING WORDS.

THERESE MCMILLAN: FIRST OF ALL, THANK YOU, ALL OF YOU, FOR HANGING IN THERE FOR TWO DAYS. EXCUSE ME, AND YOU'RE REALLY THOUGHTFUL AND, I THINK, PROVOCATIVE COMMENTS AND CHALLENGES TO STAFF. A COUPLE OF THINGS -- AGAIN MAYBE NOT FOR AN ANSWER, BUT THINKING ABOUT THIS, ONE THING ON THE MAP THAT WASN'T MENTIONED, VICE CHAIR JOSEFOWITZ WAS COMMENTING ON THE FLUIDITY OF COST AND HOW THAT, PERHAPS, BRINGS FALSE PRECISION TO THE DIVVYING UP OF REVENUE SOURCES AND WHAT, I DO THINK WE SHOULD THINK ABOUT THAT. I THINK THERE IS TWO THINGS IN

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REVENUE I WANT TO MENTION. WE TALKED ABOUT THE OPTIMISM OF COST, EVERYONE ASSUMES THE COSTS ARE GOING TO BE MUCH LOWER THERE IS A BIAS AND OPTIMISM WITH REVENUE SOURCES. EVERYONE THINKS THE REVENUE SOURCES ARE GOING TO BE MUCH HIGHER THAN THEY MAY BE. I THINK THAT'S A REALLY IMPORTANT OBSERVATION, AND MAYBE ONE THING THAT WE COULD DO WITH THE MAP IS MORE SCENARIOS. WHAT HAPPENS IF A CERTAIN ASSUMPTION OF REVENUES IS LESS THAN WHAT WE THINK IN A 5, 10, OR 15. WHAT HAPPENS IF A COST SHIFT, EITHER IN TOTAL, OR, YOU KNOW, ON AN INDIVIDUAL BASIS, ON THOSE SAME TIME PERIODS? WHAT HAPPENS IF THEY HAPPEN AT THE SAME TIME? THAT COULD BE A VERY VALUABLE ASPECT OF THE MAP BEING A DYNAMIC DOCUMENT, BUT, ALSO, BUILDING SOME REAL APPRECIATION FOR THE FACT THAT MANY TIMES WE DON'T KNOW. WE ARE WORKING ON ASSUMPTIONS. AND TO AVOID THAT FALSE PRECISION THAT MIGHT ATTACH TO IT. THAT DOESN'T MEAN WE CAN'T SET CLEAR PRIORITIES, RANKINGS, VARIOUS THINGS SO WE'RE NOT TRIPLE COUNTING REVENUES. I WANT TO BRING THAT UP AS SOMETHING WE SHOULD TALK WITH STAFF ABOUT HOW THAT MAY LOOK. THE OTHER THING, AT THE END OF THE DAY THAT DOESN'T SURPRISE ME BUT I THINK IS THINKING BOLDLY IN THIS SPACE, IS ON THE ONE HAND, I THINK ALL OF US LOOK AT THE FACTS ON THE GROUND OF CONSISTENT COST OVERRUN ON THESE MEGA BIG PROJECTS, AND SAY, THAT'S NOT OKAY, AND IT NEEDS TO CHANGE. WHERE I THINK -- WHERE I THINK IT'S HARDER IS TO YOUR POINT, CHAIR PEDROZA -- HOW DID WE MAKE A DIFFERENCE? YOU KNOW? WHAT DO WE DO, THE REGION, TO COMPEL

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DIFFERENT BEHAVIOR, DIFFERENT CHOICES, DIFFERENT DECISIONS IN ORDER TO GET TO DIFFERENT OUTCOMES. AND THAT ISN'T NECESSARILY ALL OF US JUST VOLUNTARILY WORKING BETTER TOGETHER. JUST SAYING. I THINK WE NEED TO SERIOUSLY THINK ABOUT THOSE LEVERAGE POINTS. FOR EXAMPLE, WE COULD GIVE, YOU KNOW, WE COULD SETUP A BENCH OF ALL THIS ADDITIONAL TECHNICAL CAPACITY, AND FARM IT OUT AND SUPPLY ALL THOSE RESOURCES AND STILL COME BACK WITH PROJECTS THAT CONSISTENTLY GO OVER BUDGET. THAT COULD BE REALITY. RIGHT? SO THIS IDEA OF BEING ACCOUNTABLE IN SOME WAY THAT'S CRITICAL IF WE WANT TO MOVE DEFINITIVELY IN THIS SPACE HOWEVER IT WORKS OUT, WHETHER IT'S OVERSIGHT, WHETHER IT'S RESOURCES, WHETHER IT'S INCREASED EXPERTISE. THERE IS A LOT OF THINGS WE HAVE HEARD, THE COMPELLING DIFFERENT ACTIONS IS SOMETHING THAT NEEDS TO BE PART OF THE EQUATION. SO WE'LL TAKE THAT BACK. THANK YOU, AGAIN, FOR THE INCREDIBLE WORK THAT YOU HAVE DONE.

ALFREDO PEDROZA, CHAIR: THANK YOU, THERESE, AND TO ALL THE STAFF. WE HAVE DONE WORKSHOPS AND WE TEND TO DO THEM VERY WELL. AND IT'S COMMISSIONERS DEFINITELY CONTRIBUTE TO THAT, BUT OUR STAFF DOES A GREAT JOB OF CREATING AN AGENDA THAT PROVOKES THIS BODY TO ASK THE RIGHT QUESTIONS. SO, AGAIN ON BEHALF OF THE COMMISSION, THANK YOU TO STAFF, THANK YOU TO PARTICIPANTS. JOB WELL DONE. KATE, AS WELL. I'LL END WITH THIS. YOU SUMMARIZE IT VERY WELL, THERESE, WE'RE TRYING DO

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SOMETHING THAT'S COMPLICATED. IT'S NOT JUST A BAY AREA ISSUE. OR JUST A U.S. ISSUE, IT'S AN INTERNATIONAL ISSUE, DELIVERING PROJECTS ON TIME ON BUDGET WE ALL DEAL WITH IT. AND THE COMMISSION IS TRYING TO ADD VALUE. I COMMEND THAT. IT'S NOT EASY. WE CAN'T GUARANTEE OUTCOMES. BUT I DO BELIEVE THERE ARE SOME OPPORTUNITIES BEFORE US RIGHT NOW TO DO JUST THAT. SO, AGAIN, I WANT TO THANK COMMISSIONERS FOR YOUR ACTIVE PARTICIPATION FOR BEING WILLING TO GET A LITTLE COMPLICATED WITH SOME OF THESE PROJECTS BUT I THINK WE CAN ACTUALLY MAKE A DIFFERENCE. THAT CONCLUDES OUR WORKSHOP. TO MEMBERS OF THE PUBLIC, THANK YOU FOR JOINING US. WE WILL BE BACK WITH MORE ACTION ITEMS. THANK YOU. [ADJOURNED]

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