

Date of Hearing: April 16, 2018

**ASSEMBLY COMMITTEE ON TRANSPORTATION**

Jim Frazier, Chair

AB 2307 (Frazier) – As Amended March 15, 2018

**SUBJECT:** High-Speed Rail Authority: Senate confirmation

**SUMMARY:** Requires all Governor's appointees to the California High-Speed Rail Authority (Authority) Board of Directors be confirmed by the California State Senate.

**EXISTING LAW:**

- 1) Creates the Authority with specific powers and duties relative to the development and implementation of an intercity high-speed rail system in California.
- 2) Defines that the Authority Board of Directors be composed of eleven members with five members appointed by the Governor; two members appointed by the Senate Committee on Rules; two members appointed by the Speaker of the Assembly; and two ex-officio, non-voting members, one member of the California State Senate appointed by the Senate Committee on Rules and one member of the California State Assembly appointed by the Speaker of the Assembly.
- 3) Defines the terms for office and filling vacancies, including authorizing members to serve four year terms or until their replacement is appointed.
- 4) Requires the Governor, the Senate Committee on Rules, and the Speaker of the Assembly to take into consideration geographical diversity for their appointments to the Board or Directors to ensure that all regions of the state are adequately represented.
- 5) Authorizes voting members to elect a chairperson, constitute a quorum, receive compensation for Authority business, and receive reimbursement for actual travel expenses.
- 6) Authorizes the Authority to appoint an Executive Director and key executives for various areas of management.

**FISCAL EFFECT:** None, this bill has been keyed non-fiscal by the Legislative Counsel.

**COMMENTS:** California's voters approved Proposition 1A in 2008 to provide \$9.95 billion in General Obligation bonds for the planning, design and building of a high-speed rail system to connect San Francisco and Los Angeles through the Central Valley. In July 2012, the Legislature approved SB 1029 (Committee on Budget and Fiscal Review), Chapter 152, Statutes of 2012, which appropriated nearly \$8 billion in federal funds and state bond funds to begin the construction of the Initial Operating Section (IOS). Additionally, as part of the 2014-15 state budget, 25% of cap and trade revenues were dedicated to the project. On March 9, 2018, the Authority issued the 2018 Draft Business Plan which continues their commitment from the 2016 Business Plan to a northern oriented and expanded IOS, from the Silicon Valley to the Central Valley, the so-called "Valley to Valley" line. The updated cost for full Phase I of the system is \$77.3 billion.

The Authority's Board of Directors provides oversight of the planning, design and construction of the high-speed rail system. The Board of Directors reviews and approves contracts entered into by the Authority and oversees ongoing work of the Authority with public and private partners. Additionally, the Board of Directors oversees the hiring of the Executive Director of the Authority, the top state executive; and the Authority's Risk Manager and Auditor report directly to the Board to identify risks or concerns for the project.

In addition to the Authority Board of Directors, a critical part of oversight of the high-speed rail project was created by AB 3034 (Galgiani), Chapter 267, Statutes of 2008, which established a Peer Review Group whose duty is to evaluate the Authority's funding plans and prepare an independent judgment as to the feasibility and the reasonableness of the Authority's plans, appropriateness of assumptions, analyses and estimates, and any observations or evaluations the group deems necessary. As an advisor to the Legislature on the Authority, the group has recommended that the Legislature increase its direct oversight of the program. To that end, in 2016, Governor Brown signed into law AB 1813 (Frazier), Chapter 117, Statutes of 2016, which added two ex-officio, non-voting members to the Authority Board, one member of the Senate and one member of the Assembly. Currently, Senator Jim Beall (D-San Jose) and Assemblymember Dr. Joaquin Arambula (D-Fresno) serve on the Board.

According to the author, "The State of California and its voters have committed billions of dollars of public funds to the largest infrastructure project in the United States. As such, the oversight of its ongoing development and construction is of utmost importance to the Legislature. AB 2307 would add an additional layer of oversight by requiring appointees to the Authority Board of Directors be reviewed by the Legislature and confirmed in a public hearing with stakeholder input."

Numerous other boards and commissions in California have Governor's appointees confirmed by the Senate, including the California Transportation Commission, the California Air Resources Board, and the California Public Utilities Commission. These Boards have authority and responsibility over critical state programs and allocate billions of taxpayer dollars.

The Senate Rules Committee, which oversees the confirmation process, has a thorough regime for appointees, including requiring a background questionnaire, a vetting process, an interview, and finally a hearing and a vote. A hearing allows for public comment on the appointee. As a hearing can be held quite a few months after the person is appointed, the person can serve in the position for up to a year from the appointment date. After approval by the Senate Rules Committee the appointment is voted on by the full Senate.

*Committee comments:* Legislative review and approval of the people who serve on state boards and commissions is an important element of oversight of state revenues and implementation of state policies. The size and complexity of the high-speed rail program requires consistent, careful oversight; and as funding partners the Legislature should review, question, and approve members of the Authority Board of Directors. Having Board members be appointed "with the advice and consent of the Senate," will provide additional oversight of the development and construction of the high-speed rail system.

*Previous legislation:* AB 1813 (Frazier), Chapter 117, Statutes of 2016, added two ex-officio, non-voting members to the Authority Board, one member of the Senate and one member of the Assembly.

AB 2382 (Lopez) of 2016, would have added at least one member to the High-Speed Rail Authority Board of Directors who works directly with communities in the state that are most significantly burdened by, and vulnerable to, high levels of pollution. AB 2382 failed passage in this committee.

SB 517 (Lowenthal) of 2011, would have required the Governor's appointees to the High-Speed Rail Authority Board be confirmed by the Senate and have specific backgrounds. SB 517 also required the Senate and Assembly appointees to have specific backgrounds, and would have added the Secretary of Business, Transportation and Housing Agency as a non-voting, ex-officio member. SB 517 was held on the Assembly Appropriations Committee suspense file.

SB 455 (Lowenthal) of 2009, would have required the Governor's appointees to be confirmed by the Senate. SB 455 was vetoed by Governor Schwarzenegger.

**REGISTERED SUPPORT / OPPOSITION:****Support**

None on file

**Opposition**

None on file

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