

**Assembly Bill No. 289**

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Passed the Assembly August 31, 2010

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*Chief Clerk of the Assembly*

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Passed the Senate August 27, 2010

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2010, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 185024 of the Public Utilities Code, and to add Chapter 20.1 (commencing with Section 2704.25) to Division 3 of the Streets and Highways Code, relating to high-speed rail.

## LEGISLATIVE COUNSEL'S DIGEST

AB 289, Galgiani. High-speed rail.

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes. The federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the federal American Recovery and Reinvestment Act of 2009 (ARRA) provide funding for allocation nationally to high-speed rail projects.

This bill would require federal high-speed rail funds received on a reimbursement basis from ARRA to be deposited in the federal trust fund. The bill would require certain ARRA funds to be used for planning and engineering, and for capital costs, for the high-speed train system consistent with federal law and regulations and specified provisions of SB 965 of the 2009–10 Regular Session. The bill would identify the corridors eligible for federal PRIIA funds. The above provisions would become operative only if SB 965 is also enacted and becomes operative.

Existing law provides for appointment of an executive director by the authority, who is exempt from civil service and serves at the pleasure of the authority. Under existing law, the salary of the executive director is established by the authority and approved by the Department of Personnel Administration.

This bill, for purposes of managing and administering the ongoing work of the authority in implementing the high-speed rail project, would authorize the Governor, upon recommendation of the executive director and subject to an appropriation, to appoint

up to 6 additional executive staff exempt from civil service who would serve in specified positions at the pleasure of the executive director. The bill would require the authority to cause a salary survey to be conducted to determine the compensation for the executive director and additional exempt staff, and would require the salaries to be approved by the Department of Personnel Administration. The bill would state the intent of the Legislature to approve additional positions at the authority for purposes of creating an Office for Project Controls and Risk Management in the authority.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) With the enactment of the federal American Recovery and Reinvestment Act (ARRA) (Public Law 111-5) on February 17, 2009, the federal government made available a grant program in which states could apply for up to \$8 billion in federal funds for the development of high-speed rail throughout the nation.

(b) On October 2, 2009, the High-Speed Rail Authority (HSRA) submitted to the Federal Railroad Administration (FRA) of the United States Department of Transportation an application for \$4.73 billion in federal funds to further the development of high-speed rail in California.

(c) On January 28, 2010, the federal government awarded the HSRA \$2.25 billion to advance the development of a high-speed rail system in this state.

(d) The HSRA estimates that 90,000 jobs will be created or maintained by the investment of these ARRA funds, along with matching state bond funds, in the dozens of construction projects along the eligible corridors throughout California.

(e) It is necessary to provide the HSRA with unambiguous statutory authority to receive and expend federal funds awarded to the HSRA for the purposes described in its application of October 2, 2009, and consistent with the award of those federal funds.

(f) Moreover, it is in the state's interest to obligate and expend awarded funds as expeditiously as possible and in a manner consistent with the voters' expectations when they approved the

Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code) in November 2008, in order to expand job creation and to complete vital infrastructure improvements as soon as possible.

SEC. 2. Section 185024 of the Public Utilities Code is amended to read:

185024. (a) The authority shall appoint an executive director, exempt from civil service, who shall serve at the pleasure of the authority, to administer the affairs of the authority as directed by the authority.

(b) It is the intent of the Legislature to approve additional positions at the authority for purposes of creating an Office for Project Controls and Risk Management, which shall report directly to the executive director. For purposes of managing and administering the ongoing work of the authority in implementing the high-speed train project, upon recommendation of the executive director and subject to an appropriation in the annual Budget Act, the Governor may appoint up to six additional employees, exempt from civil service, who shall serve at the pleasure of the executive director. Pursuant to this subdivision, the Governor may appoint employees only for the following positions:

- (1) Chief program manager.
- (2) Regional director.
- (3) Chief financial officer.
- (4) Director of risk management and project controls.

(c) The compensation of the executive director and the additional employees authorized by subdivision (b) shall be established by the authority, and approved by the Department of Personnel Administration, in an amount that is reasonably necessary, in the discretion of the authority, to attract and hold a person of superior qualifications. The authority shall cause to be conducted, through the use of independent outside advisers, a salary survey to determine the compensation for the positions under this subdivision. The Department of Personnel Administration may, in its discretion, accept a previously completed salary survey that meets the requirements of this subdivision, and shall review the methodology used in the survey. The salary survey shall consider both of the following:

(1) Other state, regional, and local transportation agencies that are most comparable to the authority and its responsibilities.

(2) Other relevant labor pools.

The compensation set by the authority shall not exceed the highest comparable compensation for a position of that type, as determined by the salary survey. Based on the salary survey, these positions shall be paid a salary established by the authority and approved by the Department of Personnel Administration.

(d) The executive director may, as authorized by the authority, appoint necessary staff to carry out the provisions of this part.

SEC. 3. Chapter 20.1 (commencing with Section 2704.25) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 20.1. HIGH-SPEED RAIL IMPLEMENTATION AND  
OVERSIGHT

Article 1. General Provisions

2704.25. As used in this chapter, the following terms have the following meanings:

(a) “ARRA” means the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

(b) “Authority” means the High-Speed Rail Authority created pursuant to Section 185020 of the Public Utilities Code, or its successor.

(c) “Bond act” means the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704).

(d) “PRIIA” means the Passenger Rail Investment and Improvement Act of 2008 (Public Law 110-432).

Article 2. Federal High-Speed Rail Funds

2704.50. Federal funds for high-speed rail purposes received on a reimbursement basis from Title XII of ARRA shall be deposited in the federal trust fund and shall be used in a manner consistent with federal law and regulations and Section 185036.5 of the Public Utilities Code.

2704.51. The sum of two billion two hundred fifty million dollars (\$2,250,000,000) in federal funds made available to the

state for high-speed rail purposes pursuant to Title XII of Division A of ARRA shall, upon appropriation by the Legislature, be used for (a) planning and engineering for the high-speed train system and (b) capital costs, consistent with federal guidelines, rules, and regulations, and Section 185036.5 of the Public Utilities Code.

2704.52. Funds received from PRIIA for 2010–11 shall, upon appropriation, be available for planning and engineering for any of the following corridors, without reference to any individual corridor or corridors:

- (a) Merced to Sacramento.
- (b) Los Angeles to San Diego.
- (c) The Altamont Corridor.

### Article 3. Operation

2704.55. This chapter shall become operative only if SB 965 of the 2009–10 Regular Session is enacted and becomes operative.



Approved \_\_\_\_\_, 2010

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*Governor*