



November 15, 2018

Today, California High-Speed Rail Authority (Authority) Board Member Mike Rossi issued the following statement upon the release of a report by the California State Auditor:

*Today the California State Auditor (Auditor) issued a report on the California High-Speed Rail Authority (Authority) that addresses the efficiency and efficacy of the policies and practices employed by the Authority. The audit was conducted at the request of the Joint Legislative Audit Committee (JLAC).*

*In testimony before the JLAC in January, the Authority welcomed the oversight offered by the audit as part of our commitment to ongoing improvement and transparency. Our staff cooperated fully with the California State Auditor's office in its review of the program.*

*The Auditors identified a number of areas where they believe we can improve how we do business. Many of the recommendations are similar to steps we have previously identified through our own internal reviews. The Authority will promptly implement all of the Auditor's recommendations, as we did following the last audit that was conducted in 2012. We will report our progress to the Auditor, the Legislature and the public as we do so.*

*The Authority is making great progress on delivering the California high-speed rail system. Our challenge has been to evolve our organization and improve program management processes while concurrently delivering this complex program of megaprojects. In 2010, we accepted the opportunity to propel the program forward when we were awarded \$3.5 billion in federal funds. Since 2010, we have faced many constraints, from certain restrictions in the original bond act, to deadlines for the expenditure of federal funds, to litigation that halted construction progress for about a year.*

*Our concurrence with all of the recommendations for process improvements in this Audit report does not signal agreement with all of its conclusions about the impact of past decisions by the Authority. As discussed in our 2018 Business Plan, we moved into construction aware of the risk of doing so while still early in the project development process and while still a lean project development organization – and some of those risks were realized. However, those decisions resulted in California being able to take full advantage of \$2.5 billion of federal funding that was available only within a finite time period, and in the commencement of construction that has employed thousands of people who are contributing to the State's economic vitality.*

*Our focus is and has always been to regularly identify and apply lessons learned as part of a continuous improvement process. For example, we devoted an entire chapter to this in the 2018 Business Plan, including describing the governance structures we established in 2017 to provide more rigor and accountability for decision making.*

*Through this ongoing improvement process the Authority is transitioning into a more rigorous program management and project delivery organization. To lead the Authority and expedite this transition, the Board of Directors recruited new leadership in 2017, appointing Brian Kelly as the Authority's Chief Executive Officer in February, 2018. He was joined immediately by two new senior executives – a Chief Operating Officer and Chief Deputy Director who brought extensive experience in construction, program delivery, and administrative management.*

*We are moving swiftly to fully implement the recommendations of the California State Auditor which will constitute important steps to assure that we effectively deliver the 21st Century high-speed rail system that Californians require as we grow to 50 million people by mid-century.*