

High Desert Corridor
Joint Powers Authority

September 22, 2015

Meeting Materials

Item 5

Correspondence



High Desert Corridor Joint Powers Authority



August 8, 2015

Mark Linsenmayer, AICP
Director, Public-Private Partnership Program
LA County Metropolitan Transportation Authority
One Gateway Plaza, 23rd Floor
Los Angeles, CA 90012

Dear Mr. Linsenmayer:

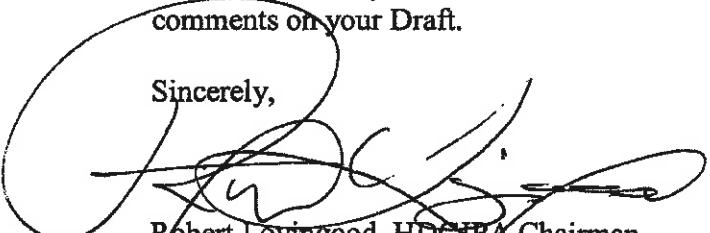
Thank you for requesting input from the HDCJPA for Metro's draft report with estimates on local highway funding within LA County. By tapping the HDCJPA for review, you are bringing 8.5 years of institutional memory to help calibrate the Draft.

As you know, the HDCJPA was formed to design-build, operate and maintain the project as a P3 (Public Private Partnership) *because* of the lack of public funding. We thank you for undertaking the first detailed identification of these funding gaps. Knowing what LA public local funding can be brought to the project is vital to begin moving to the next steps: examination of the San Bernardino County gap, and with that information to involve the private sector in determining the viability of establishing a Public-Private Partnership (P3).

In addition, the HDCJPA has undertaken a study, to be completed in November, on options for building and financing the High Speed Rail connector tracks between the XpressWest Station in Victorville, and the CA High Speed Rail Authority's station in Palmdale. Together with your study on the Metro local highway funding, we soon have better information to determine the best path forward.

Thanks again for your work. Attached is a Memorandum prepared by our staff coordinator, with comments on your Draft.

Sincerely,



Robert Lovingood, HDCJPA Chairman
Supervisor, District 1, County of San Bernardino
Cc: Vice Chair Antonovich and HDCJPA Board Members

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August 11, 2015

MEMO TO: Mark Linsenmayer

FROM: Laurie Hunter, HDCJPA Staff Coordinator

SUBJECT: Comments and Clarifications to DRAFT PFM Inc., 7/21/2015 Report

Mark: Thanks for requesting review and comment prior to the release of the PFM Draft Report from the HDCJPA.

The two-county, five-city HDCJPA Board (High Desert Corridor Joint Powers Authority) and PTAC (HDCJPA's Policy and Technical Advisory Committee) look forward to working with you to take this information to other stakeholders and the private sector to develop subsequent analysis/ reports-- with the private sector invited to develop subsequent analysis leading to a P3 Business Plan for the High Desert Corridor.

With the Interstate High Speed Rail Connector, Highway, Bikeway, and Green Energy Corridor to attempt a net-zero energy project and connect adjacent and remote solar farms to the grid, we think the HDC is a transportation/ land use laboratory perfect for the new OFFICE OF EXTRAORDINARY INNOVATION. (Attachment 1)

Here are suggested improvements to the Draft PFM Report:

1. **CLARIFY that the nature of this "REALISTIC" FINANCIAL STRATEGY is NOT A" P3 STRATEGY."**
This report only details LACo LOCAL PUBLIC HIGHWAY FUNDING and leaves private investment, rail, green energy, and other stakeholder funding, and advocacy for federal and state funds, for later reports.

An edit to the first paragraph is needed to prevent misinforming the readers that the Draft PFM Report contains Data on High Speed Rail or the Green Energy Corridor—it does not. This can be done by adding language – suggested added words are shown here (underlined and in italics):

- "... federal funds, freight/goods movement funds, toll revenues and does not identify contributions from High Speed Rail (HSR) and sustainable energy transmission and generation."

It would be good to say, for example in the second paragraph of the Summary of page one:

- "As public funding is not available for the entire project, a practical recommendation of how much could be built, or built in phases with public money only, is provided." Followed by a list of prospective funding sources that could be expanded for the other components.
- Further analysis providing data on highway tolling, and a passenger rail revenue study, are needed by Metro and the HDCJPA.

2. **PROVIDE DESCRIPTIVE SUMMARY OF UNIQUE MULTIPURPOSE PROJECT:** It might help to summarize the Multipurpose project up front in the PFM Draft Report. There is no background to educate someone not familiar with the project what the HDC is. Suggest the Final Draft Report to **begin with a Project Description** from your Metro Fact Sheet, tied to the EIR, and add background that we were chosen as one of six Metro P3 projects, and that an Interim P3 Business Plan was Received and Filed by the Metro Board in August, 2012.

3. **CLARIFY THIS IS the FIRST STEP leading to a P3 BUSINESS PLAN, and present the data in a positive way:** The best aspect of this Draft Report is the quantification of “independent and realistic” LOCAL PUBLIC HIGHWAY FUNDING. The HDCJPA appreciates knowing this data, which is needed as the first step in developing a future, expanded funding strategy. It helps identify the funding gaps that need to be bridged in a P3, by further public funding as well as private investment/ tolling/ rail passenger revenue.

It is the desire of the HDCJPA to attract input from the private sector, and while knowing the Local Public Highway funding is a positive factor, the report has somewhat of a doomsday delivery as though the HDC was expected to be built as a publicly funded highway.

Because the HDC has always been viewed by the HDCJPA and Metro Board as a P3, the private sector may be expecting this report to be a P3 analysis of the entire project: not just data on the “Base Case” Highway local public funding. The HDC ranked #2 in a report to the Metro Board as a viable P3 project meriting advancement by Metro more than six years ago after a review of 60 LA Co. candidate projects.

There was never any assumption or attitude that the HDC could be publicly funded, and this PFM Draft Report makes it sound grim that there is not enough public funding.

Steps could be taken to show the Final report in a more positive light—that there is likely public funding available for the highway-- that the Draft PFM Report is of valuable service to future private sector evaluation.

4. NEXT STEP: PRIVATE SECTOR INPUT AND PUBLIC-PRIVATE ADVOCACY

The HDCJPA was formed in 2007 to promote a P3, as it was clear there were not sufficient public funds to plan, design, build, operate and maintain the HDC-- and there was private sector interest. Your study gives us some excellent forecasting for traditional PUBLIC highway funding, very vital and valuable information to identify the funding gap we knew was/is there.

This report should recommend the next steps are a) join with the private sector, to identify and develop plans to fill the gap—AND b) to work with the HDCJPA and their members in the public sector to identify and advocate for demo- grants and loans from DOE, FRA, FHWA, FTA—and State Agencies. Use the HDC as a laboratory for maximizing expenditure of public funds in a greenfield, multipurpose corridor.

We realize WORKING TOGETHER WITH PRIVATE SECTOR PARTNERS for state and federal demo grants etc., does not fit the definition of “realistic traditional highway public funding,” because it will involve resolve to work as a regional coalition to advocate for funds, and likely project delivery as a P3 concession/s.

5. NEW FUNDING SHOULD AUGMENT, NOT REPLACE LOCAL HIGHWAY FUNDING

- If other funding is found, it should augment the funding identified in the draft—not “replace it” as the report suggests in the Equity Contribution chart

6. REDUCED RIGHT OF WAY COSTS For Future P3 Analysis: When buying ROW for the HDCJPA and Metro Board- adopted policy to develop and operate/ maintain the HDC as a P3, less ROW needs to be purchased than 63 miles . In this PFM Draft, the constrained financial estimate is for the “Base Project” —highway only-- that includes the entire 63 mile highway-lane length studied in the EIR. The HDCJPA, and the InfraConsult P3 Interim Business Plan presented three years ago (August, 2012) do not include the last easterly eight miles between Dale Evans and the SR 18 in the Lucerne Valley. The Draft EIR is not a P3 document, and is 8-13 miles longer than the HDCJPA’s P3 project. (Note: this does not affect the LACo. ROW, the reduced ROW is east of the I-15 in SBCo.)

7. Recommend you clarify your financial estimate to conform to the EIR project, and add a column for the P3 (shorter length), or say you will develop a P3 estimate later. The P3 estimate has the following land and catenary parameters:

- HDC P3 Highway: from SR14 to Dale Evans a few miles east of the I-15 Interchange for highway
- HDC P3 Rail: Palmdale Rail Station to the XpressWest Rail Station just north of Victorville
- HDC P3 Green Energy Corridor: where possible under and upon/within the surface Right of Way, connecting to the grid and adjacent or remote solar farms

8. USE OF “INFLATED YEAR OF EXPENDITURE” DOLLARS

It is confusing/ alarming to those who have worked on the EIR to see in the Draft a figure of \$7.3 Billion for Rail Construction—not including the ROW—when I recall (could not reach staff) it is estimated at \$1.5-\$3 Billion in the EIR. I presume that the cost of over five times the amount in the EIR is due to application of a large inflated factor. I trust you are not counting the stations in Palmdale (CAHSRA) or Victorville (XW).

The inflation sources may be contained in various appendices, but the report would be better understood if we could compare costs in the EIR dollars, with the inflated costs in parentheses, or illustrated elsewhere in the appendices.

REGIONAL TRANSPORTATION PLAN: Reference should include the 2008 Constrained Highway, and 2012 Constrained Highway and Strategic Plan Rail RTP projections—current and inflated dollars.

9. CAHSR

It is true that CAHSR has “No Plans” to connect with XW (Page 18)—that is what the HDC tracks would do in the future. There should be mention of the FRA’s Southwest Multi-State Rail Planning Study which includes the HDC Connector. Rail connectivity is specifically addressed in the HDC EIR “Purpose and Need:”

- “Project Purpose: Provide improved access and connectivity to regional transportation facilities, including airports and the existing and future passenger rail systems, including, the proposed California High Speed Rail system and the proposed XpressWest High Speed Rail system.”

Another positive item that deserves inclusion is: The CAHSR’s and XW’s (and the Green Corridor’s) component of the HDC provides highway mitigation of greenhouse gas emissions to comply with AB 32.

10. XPRESSWEST

Starting on Page 20, XW is referred to in mostly past tense. XW exists very much in the present and future tense, and has been working since 2008 on the alignment with the HDCJPA and since 2012 with Metro on the HDC EIR rail engineering and rolling stock/ track compatibility with CAHSRA and Metrolink.

Whether or not there is a connection to CAHSR, if tracks within the HDC connect XW to the Palmdale Transportation Center Station, Metrolink transfers can be made immediately.

11. GREEN ENERGY CORRIDOR

This Draft is focused on highway finance, and mention of the greenhouse gas emission mitigation and the potential renewable energy connection to the grid should be added when discussing the Green Corridor. Also, the EIR recommends against overhead transmission lines—language referring to underground renewable energy transmission should be retained, and language about overhead transmission deleted.

12. TRANSIT PLANNING

Over the past three years we have been working with AVTA and VVTA (Antelope and Victor Valley Transit Authorities, respectively) for their long range planning to anticipate the addition of employer, commuter shuttling along the Highway, and connections with the HSR Stations, in the future. This should be mentioned.

13. P3 vs. PUBLIC SPONSOR COST DIFFERENTIAL

On Page 26 the Draft says there is “little research or evidence that design-build procured by the private sector produces a better cost-risk result than if procured by the public sponsor’, and “little research or evidence that O&M contracts procured by the private sector produces a better cost result than those procured by the public sponsor.”. I would like to offer to refer you to sources that disagree with that assessment, and help provide research and evidence.

In general, there is a dismissive tone relative to P3 advantages that could be neutralized, if we are to successfully request future involvement of the private sector.

14. P3 HIGH SPEED RAIL DELIVERY

On page 26, “P3 High Speed Rail Delivery,” please delete “It is premature to assume any P3 delivery of HSR on HDMC would occur or provide any funding for the HSR or highway component of the HDMC,” and replace that language with “The HDCJPA is in the process of studying whether a recommended P3 High Speed Rail Delivery path forward can be presented in late 2015 or early 2016.”

Metro creates Office of Extraordinary Innovation

BY STEVE HYMON ON AUGUST 4, 2015 • (20 COMMENTS)

This was briefly mentioned in our [earlier headlines post](http://thesource.metro.net/2015/08/04/how-we-roll-tuesday-august-4/) (<http://thesource.metro.net/2015/08/04/how-we-roll-tuesday-august-4/>).

Here's the news release with more info:

Metro Creates Innovative Office to Steer Los Angeles County Into a Mobile Future

Metro is creating an Office of Extraordinary Innovation (OEI) to champion new ideas for improving mobility throughout Los Angeles County, while helping Metro set an innovative and fiscally responsible course for the future.

“The thought is that we want to be looking at the most out-of-the-box and untried ideas the transportation industry has ever seen in this country,” said Metro CEO Phil Washington. “We need to not be so prescriptive and set a course for the future and we want that course to be based on groundbreaking ideas, as well as depth of knowledge of excellent existing practices. We don’t know what we don’t know, so we want the world to tell us what they know and are thinking.”

The small OEI team will be the clearinghouse, as well as the creative engine, for inventive plans, practices and thinking. It will consult with some of the best and brightest minds in local, national and international academia, along with those in the nation’s transportation and policy think tanks and senior

strategic planning

process that will include input from the Metro Board of Directors, employees, stakeholders and local and national partners that will help set the strategic direction of the agency for the next decade or more.

The office also will evaluate and improve procurement practices to open the doors for creative and unique partnering arrangements, such as public-private partnerships. It will consider unsolicited proposals to determine technical or financial merit. It is anticipated that the group will create a type of regularly scheduled academic, community and veteran transportation professional roundtable to study and address the most pressing and cutting-edge Metro and national transportation and mobility challenges and issues.

Responsibilities of the office will include:

- Informing the high-level vision for Metro through exposure to innovative people, organizations and industries.
- Supporting Metro departments in piloting new and experimental programs and policy.
- Serving as the primary liaison for new ideas relevant to Metro and the transportation industry coming from entrepreneurs, established private sector entities, academia or individual citizens.

OEI will report directly to Metro CEO Phil Washington. Staff will be drawn from every corner of the world and may be augmented by student researchers and/or fellows.