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Agenda Number: 17.

**PLANNING AND PROGRAMMING COMMITTEE
AUGUST 19, 2020**

**SUBJECT: HIGH DESERT INTERCITY RAIL CORRIDOR SERVICE DEVELOPMENT PLAN
ACTION: APPROVE RECOMMENDATIONS**

RECOMMENDATION

CONSIDER:

- A. APPROVING programming of \$3 million of Measure M High Desert Multipurpose Corridor (HDMC) funds identified in the Expenditure Plan for Right-of-Way acquisition to be repurposed to develop an intercity rail corridor service development plan.
- B. APPROVING a life of project budget of \$5 million for the High Desert Intercity Rail Corridor Service Development Plan which includes \$375,000 of in-kind contributions by DesertXpress Enterprises, LLC.
- C. DELEGATING authority to the Chief Executive Officer or his designee to enter into a Memorandum of Understanding (MOU) and any subsequent extensions or amendments with the Los Angeles County Department of Public Works to memorialize terms and conditions to advance \$1.5 million of Supervisorial 5th District Proposition A Local Return Transit Program discretionary funds to Metro to begin work on the High Desert Intercity Rail Corridor Service Development Plan and for Metro to repay the County of Los Angeles once the funding becomes available (Refer to Attachment C).
- D. AUTHORIZING the Chief Executive Officer to negotiate and execute all agreements to implement the High Desert Intercity Rail Corridor Service Development Plan.

ISSUE

The Los Angeles County Metropolitan Transportation Authority (Metro) in partnership with DesertXpress Enterprises, LLC (“DesertXpress”) and the California State Transportation Agency (CalSTA), and in coordination with the High Desert Corridor Joint Powers Authority, San Bernardino County Transportation Authority, Victorville, Adelanto, Apple Valley, Palmdale and Lancaster, are developing a new high speed intercity passenger rail service from the Virgin Trains USA Southern California Station in the Victor Valley to the Palmdale Transportation Center, utilizing the 54-mile long east-west rail alignment of the High Desert Multipurpose Corridor (HDMC). Staff is requesting approval of \$5 million of life of project authority to conduct a High Desert Intercity Rail Corridor

Service Development Plan, of which \$1.5 million will be advanced by the County of Los Angeles Department of Public Works to fund the first year of work in FY 21 and Metro will repay the County of Los Angeles once the Measure M funds are available. The life of project budget of \$5 million for the High Desert Intercity Rail Corridor Service Development Plan includes \$3 million of Measure M HDMC funds and a total of \$2 million in funding contributions from CalSTA and DesertXpress.

DISCUSSION

The High Desert Intercity Rail (HDIR) Corridor Service Development Plan will assess a critical link to connecting the cities of Las Vegas and Los Angeles by way of a new high speed intercity passenger rail service along a 54-mile east-west rail alignment from the future Virgin Trains USA Southern California Station in Victor Valley located in San Bernardino County to the current Palmdale Transportation Center located in Los Angeles County (shown in Attachment A). A new intercity passenger rail service is needed between Las Vegas and Los Angeles to enhance regional, intercity and interstate mobility in one of the most traveled corridors by automobiles. The Interstate 15 freeway (I-15) is a congested two-lane road for most of the California portion of the trip which results in gridlock congestion on the I-15 on weekends and during special events. There are approximately 56 million annual trips by air and automobiles that travel between Las Vegas and Southern California, including 26.3 million trips between Los Angeles and Las Vegas, most of which are automobile trips to/from Las Vegas along the I-15 freeway.

The HDIR Corridor Service Development Plan from Victor Valley to Palmdale will study the operation of a two-seat ride, at speeds of up to 180 miles per hour, linking Las Vegas to the Victor Valley area to Palmdale, with transfers to/from the existing Metrolink Antelope Valley Line commuter rail service to Los Angeles Union Station, in addition to feeder bus services and vehicular access provided at the Palmdale Transportation Center. A future one-seat ride scenario from Las Vegas to Los Angeles Union Station (LAUS) will also be assessed presuming ultimate completion of the California High Speed Rail project segments of Palmdale to Burbank and Burbank to LAUS.

Consistent with the Measure M Expenditure Plan (see footnote q), staff is seeking Board authorization to repurpose and program \$3 million of the Measure M High Desert Multipurpose Corridor (HDMC) funds, identified in the Expenditure Plan for Right-of-Way acquisition, for execution of the HDIR Corridor Service Development Plan.

The HDIR Corridor Service Development Plan will consist of but not be limited to: up to 15 percent preliminary engineering design, third party and legal costs, rail propulsion technologies, financial planning with cost benefit analysis of potential ridership, travel demand forecasting, economic and market analysis and revenue forecasting.

DesertXpress Enterprises LLC, an affiliate of Virgin Trains USA

The HDIR Corridor Service Development plan builds on approximately \$4.8 billion investment by DesertXpress Enterprises LLC, an affiliate of Virgin Trains USA, to build a high-speed rail service along 190 miles from Las Vegas to Victor Valley. Construction for the Las Vegas to Victor Valley line is expected to begin in the second half of 2020 and be completed by 2023 (see Attachment B).

Virgin Trains USA is a majority owner of Virgin Trains USA Florida, formerly known as Brightline, which currently owns and operates an express passenger rail system that runs from Miami to West Palm Beach. Virgin Trains USA is currently building a \$4 billion extension of that line to Orlando International Airport with an estimated completion in 2022.

FINANCIAL IMPACT

The \$1.5 million required in fiscal year 2021 is included in the proposed budget, to be adopted through the September board meeting. The funds for this will be provided by County of Los Angeles from Supervisorial 5th District Proposition A Local Return Transit Program discretionary funds. This is to be ultimately repaid and the terms of which will be detailed in the MOU. Since this is a multi-year project, the cost center manager, project manager, and Chief Program Management Officer is responsible for budgeting future costs.

Impact to Budget

The life of project budget of \$5 million to develop the HDIR Service Development Plan including up to 15% design will be funded in the following manner: \$1.375 million in 2018 Transit Intercity Rail Capital Plan State grant under the Network Integration category awarded to Metro in April 2018, \$625,000 from DesertXpress (comprising of \$250,000 in cash and \$375,000 of in-kind contributions, refer to Attachment D) and \$3 million in Measure M High Desert Multipurpose Corridor funds, of which \$1.5 million in Supervisorial 5th District Proposition A Local Return Transit Program discretionary funds will be advanced by the County of Los Angeles to Metro to begin work in FY 21 on the HDIR Corridor Service Development Plan, and will be repaid by Metro to the County of Los Angeles once the funding becomes available (Refer to Attachment C). With the in-kind contributions by DesertXpress of \$375,000, the total expenditure required is \$4.625 million. These funds are not eligible for Metro operations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports strategic plan goals 1, 3 and 4. This study supports Metro's partnership with other rail operators to improve service reliability and mobility, provide better transit connections throughout the network and serves to implement the following specific strategic plan goals:

- Goal 1.2: Improve LA Country's overall transit network and assets;
- Goal 3.3: Genuine public and community engagement to achieve better mobility outcomes for the people of LA County; and
- Goal 4.1: Metro will work with partners to build trust and make decisions that support the goals of the Strategic Plan.

ALTERNATIVES CONSIDERED

The alternative would be for the Board to not program funds for the High Desert Intercity Rail Corridor Service Development Plan. This is not recommended as the region would lose an opportunity to advance an important connectivity to the regional rail network with Los Angeles Union Station as the

destination. Additionally, this study allows for the project to be more competitive for future state and federal grants.

NEXT STEPS

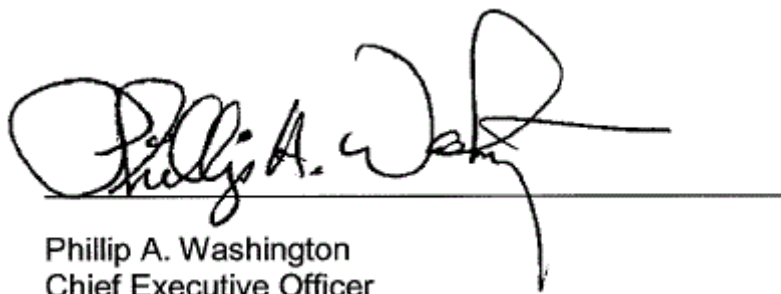
With Board approval of the staff recommendation, staff will issue a task order under the Regional Rail On-call Services by late Summer 2020. The HDMC project as designed is anticipated to be a public-private partnership. Staff may also seek federal and state grants and other funding opportunities for future phases of the project.

ATTACHMENTS

Attachment A - High Desert Intercity Rail Corridor Study Area
Attachment B - Virgin Trains USA Vicinity Map
Attachment C - Los Angeles County August 2020 Board Letter
Attachment D - DesertXpress Letter of Commitment, July 2020

Prepared by: Vincent Chio, Director, Regional Rail, (213) 418-3178
Jeanet Owens, Senior Executive Officer, Regional Rail (213) 418-3189

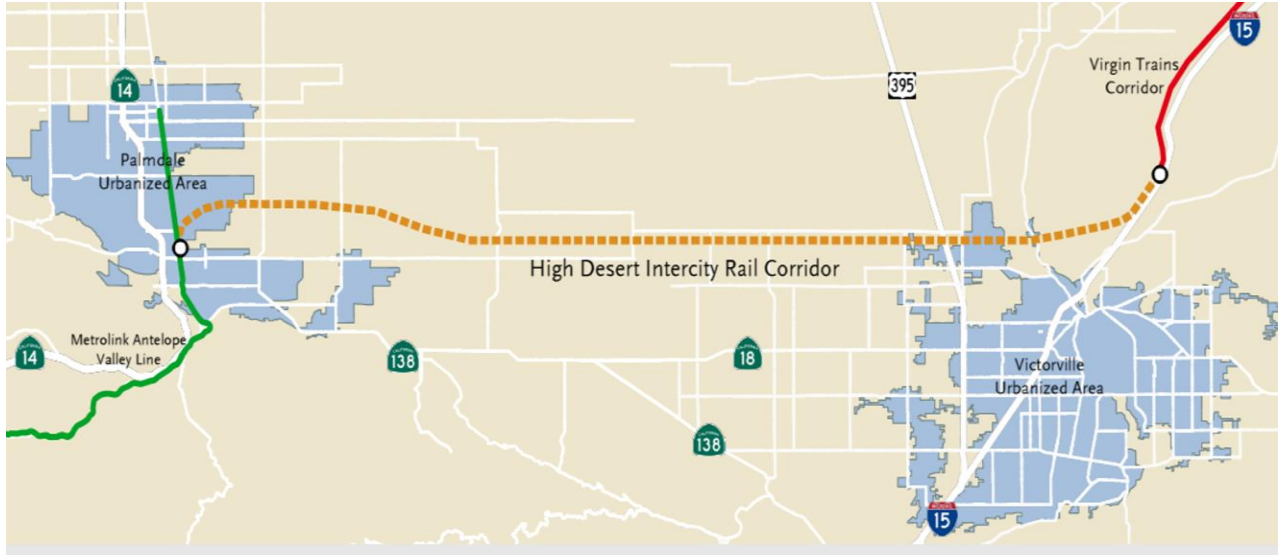
Reviewed by: Richard Clarke, Chief Program Management Officer, (213) 922-7557



Phillip A. Washington
Chief Executive Officer

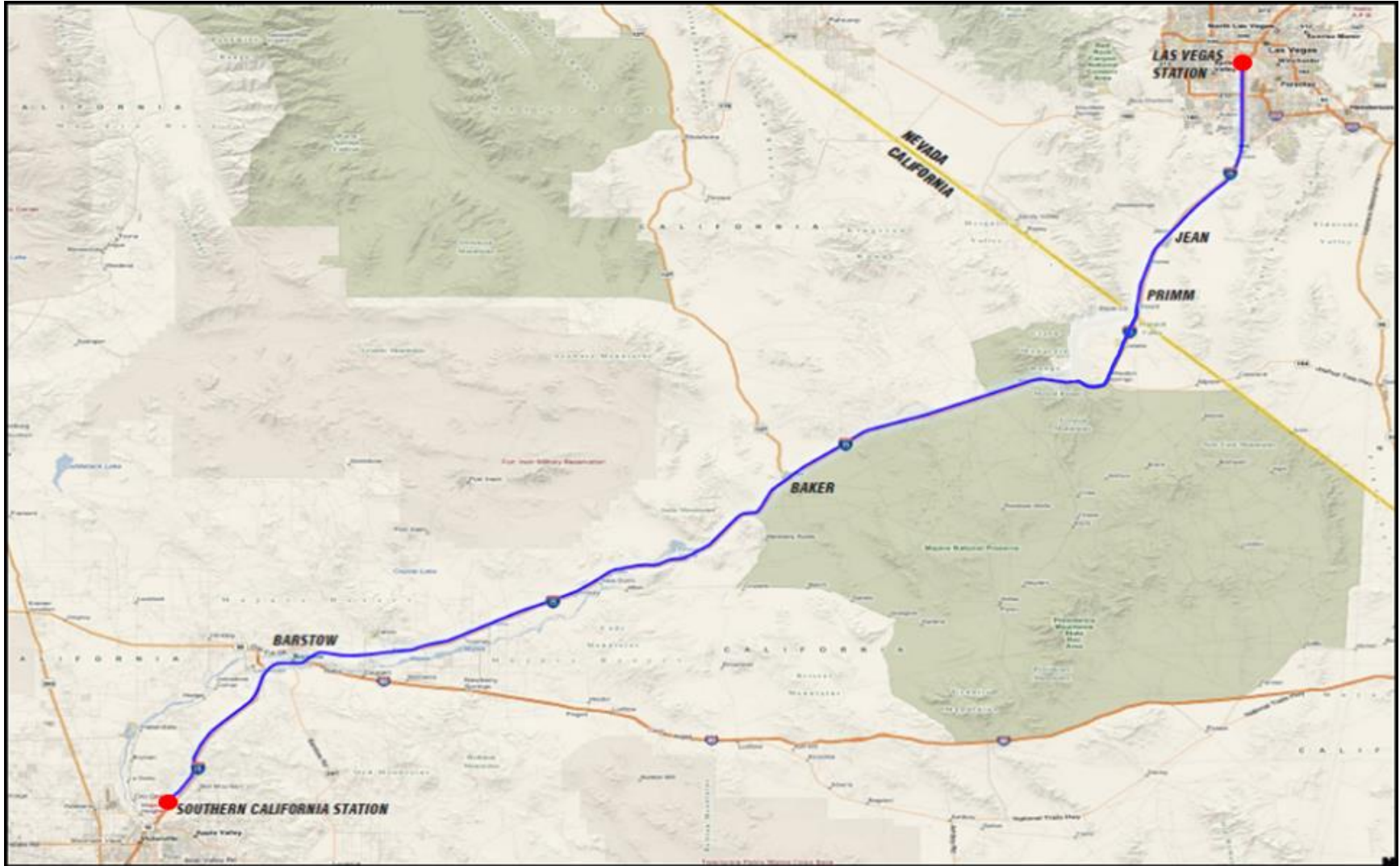
ATTACHMENT A

HIGH DESERT INTERCITY RAIL CORRIDOR STUDY AREA



ATTACHMENT B

Virgin Trains USA Vicinity Map



ATTACHMENT C



MARK PESTRELLA, Director

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE

August 04, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**TRANSPORTATION CORE SERVICE AREA
DELEGATE AUTHORITY TO ENTER INTO MEMORANDA OF UNDERSTANDING AND ANY
SUBSEQUENT EXTENSIONS OR AMENDMENTS BETWEEN
LOS ANGELES COUNTY AND LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
FOR THE HIGH DESERT CORRIDOR PROJECT
(SUPERVISORIAL DISTRICT 5)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to delegate authority to the Director of Public Works or his designee to enter into a Memoranda of Understanding and any subsequent extensions or amendments with Metro to advance \$1,500,000 from the Fifth Supervisorial District's Proposition A Local Return Transit Program in the Transit Operations Funds in Fiscal Year 2020-21; and to fund a portion of the cost of the professional services contract for a High Desert Intercity Rail Corridor Service Development Planning Study from the future Virgin Train USA Southern California Station in the Victor Valley to the proposed Palmdale Transportation Center along a 54-mile-long west-east rail alignment along the High Desert Corridor.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are not a project or, alternatively, are exempt from the California Environmental Quality Act for the reasons stated in this letter and in the record.
2. Delegate authority to the Director of Public Works or his designee to enter into a Memoranda of Understanding and any subsequent extensions or administrative amendments with no financial change, with Metro to memorialize terms and conditions for County to advance \$1,500,000 from the

Fifth Supervisorial District's Proposition A Local Return Transit Program in the Transit Operations Fund in Fiscal Year 2020-21 to Metro to fund a portion of the cost of the professional services contract for a High Desert Intercity Rail Corridor Service Development Planning Study and for Metro to repay the County from the High Desert Corridor Measure M allocation once the funding and budget authority becomes available.

3. Approve and instruct the Director of Public Works or his designee to disburse \$1,500,000 from the Fifth Supervisorial District's Proposition A Local Return Transit Program in the Transit Operations Fund in Fiscal Year 2020-21 to Metro to fund a portion of the cost of the professional services contract for the High Desert Intercity Rail Corridor Service Development Planning Study.

4. Authorize the Director of Public Works or his designee to receive Metro funding reimbursement of \$1,500,000 from the High Desert Corridor Measure M allocation to fund the professional services contract.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that they are not a project, or alternatively, are exempt from the California Environmental Quality Act (CEQA) and authorize the Director of Public Works to enter into an Memoranda of Understanding (MOU) and any subsequent extensions or administrative amendments with no financial impact, with Metro providing for the County to advance \$1,500,000 of the Fifth Supervisorial District's (SD5) Proposition A Local Return Transit Program in the Transit Operations Fund in Fiscal Year 2020-21 to Metro to fund a portion of the cost of the professional services contract for the High Desert Intercity Rail Corridor Service Development Planning Study (HDIRCSPS). It will further authorize the Director of Public Works to disburse such funds to Metro and receive reimbursement for it. This advancement in funding is needed by Metro to continue its work to advance the rail component of the proposed High Desert Corridor (HDC) transportation project.

The HDC was officially designated in Section 1304 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A legacy for users as a high priority corridor on the National Highway System from Los Angeles to Las Vegas via Palmdale and Victorville.

In March 2017 the HDC Rail Ridership and Revenue Forecast results revealed a significant demand for high speed rail service from Southern California to Las Vegas. The corridor from Southern California to Las Vegas is currently one of the most heavily traveled routes in America with more than 23 million people traveling annually by road between Southern California and Las Vegas. The 90 percent of the travelers from Southern California going to Las Vegas travel by automobiles. A new intercity passenger rail service will provide a new option for interstate travel from Southern California which will help reduce the growing congestion on Interstate 15 and the connecting east-west freeways. It is an important component in our regional effort to improve mobility, freight movement, and interstate travel.

On September 18, 2018, the High Desert Corridor Joint Powers Authority (HDCJPA), of which the County is a member, prioritized the advancement of the rail component of the proposed HDC transportation project. The HDCJPA approved sponsoring Virgin Train USA's request for the California Infrastructure Economic Development Bank to issue private activity bonds for the proposed XpressWest project, which includes the design, construction, and operation of a high speed rail line between Las Vegas and Victorville, and entered into a contract with Transportation

Solutions to obtain a final record of decision from the Federal Railroad Administration. The record of decision is a precondition to acquiring right of way parcels for the HDC rail portion of the project.

Subsequently, in October 2019, Metro, in partnership with California State Transportation Agency, Virgin Train USA's, and the San Bernardino County Transportation Authority submitted an application for a Consolidated Rail Infrastructure and Safety Improvements Program discretionary grant for a HDIRCSPS. The grant application was not successful and Metro, consistent with HDCJPA's desire to move forward with the rail component of the HDC project, is proposing to move forward with the HDIRCSPS using other grants and Measure M funds. Currently, due to COVID-19 impact on Metro's funding, they are not able to proceed with funding the contract for this planning effort. It is anticipated that Metro will reimburse the County by December 2023 pending availability of funding.

The County's commitment to advance \$1,500,000 from the Proposition A Local Return Transit Program funds to fund the cost of the professional services contract for the proposed HDIRCSPS is needed to continue to advance the rail component of the HDC project. Metro will repay the County from the HDC Measure M allocation once the funding and budget authority becomes available, which is anticipated in Fiscal Year 2023-24.

The proposed HDIRCSPS is anticipated to be completed in the spring of 2023.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy III.3, Pursuing Operational Effectiveness, Fiscal Responsibility, and Accountability. The recommended actions will improve the quality of life for the residents of the Antelope Valley by providing funds for work that will further the development of the rail component of the HDC transportation project and ultimately enhance regional, intercity and interstate mobility, and increase frequency and reliability of intercity passenger rail service.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

County's advancement of funds to fund a portion of the cost of the professional services contract for the proposed HDIRCSPS is estimated at \$1,500,000. Sufficient funding is available in SD5's Proposition A Local Return Transit Program in the Transit Operations Fund Fiscal Year 2020-21 Budget. The study will be funded with \$1,500,000 of SD5's Proposition A Local Return funds and \$1,500,000 will be reimbursed from Metro anticipated in Fiscal Year 2023-24.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel will approve the MOU as to form prior to execution of the contract. Once the MOU is fully executed, a copy will be provided to the Chief Executive Office.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not a project under Section 21065 of the Public Resources Code and Section 15378(b)(5) of the State CEQA Guidelines and are excluded from the definition of a project because they involve organizational or administrative activities of government that will not result in

direct or indirect physical changes in the environment. In the alternative, the actions are exempt from the provisions of CEQA pursuant to Section 15262 of the State CEQA Guidelines since they consist of feasibility or planning studies for possible future actions which the Board has not approved, adopted or funded and for which environmental factors have been considered.

By approving the funding for the study for potential future proposed project, the County does not commit to or otherwise endorse, authorize, or approve any specific project. Any future recommendations on any proposed development remain subject to the Board's sole discretion to approve, deny, or modify a proposed project and to consider factors that would accompany CEQA review. Authorization of any future proposed project activities would occur only following compliance with CEQA and the department will return to the Board for consideration of appropriate environmental documentation.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the County Clerk pursuant to Public Resources Code Section 21152.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed HDIRCSPS is of general County interest. There will be no impact on current services or projects.

CONCLUSION

Please return one adopted copy of this letter to Public Works, Transportation Planning and Programs Division.

Respectfully submitted,



MARK PESTRELLA

Director

MP:MER:yr

- c: Chief Executive Office (Chia-Ann Yen)
- County Counsel (Warren Wellen)
- Executive Office

ATTACHMENT D

July 9, 2020

Mr. Philip Washington
CEO
LA Metro
One Gateway Plaza
Los Angeles, CA 90012-2952

Re: High Desert Intercity Rail Corridor Development Plan

Dear Mr. Washington,

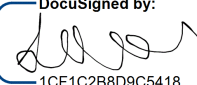
DesertXpress Enterprises, LLC (“DesertXpress”) is pleased to partner with the Los Angeles County Metropolitan Transportation Authority (LA Metro as the lead agency), San Bernardino County Transportation Authority (SBCTA) and California State Transportation Agency (CalSTA) to develop the High Desert Intercity Rail Corridor Service Development Plan (Project) between the City of Palmdale in Los Angeles County and DesertXpress’s planned station in the Victor Valley in San Bernardino County.

Please consider this letter of support as our commitment to provide matching funds in the amount of \$250,000 and an additional \$375,000 of in-kind support towards the Project. In-kind support will include support for engineering, operations planning, financial modeling, stakeholder outreach, and the development of a funding plan. These services would otherwise need to be contracted to a third-party by LA Metro.

By leveraging the substantial private investment DesertXpress is making in rail infrastructure in California, and by connecting to our planned intercity high-speed rail system, LA Metro as the lead agency seeks to expand connectivity into Los Angeles County to create new economic, environmental and transportation benefits. The public-private partnership between LA Metro, SBCTA, CalSTA and DesertXpress is a model for transportation investment and we strongly encourage your favorable consideration of LA Metro's application.

We look forward to working with LA Metro to enhance mobility throughout Southern California.

Sincerely,

DocuSigned by:

1CF1C2B8D9C5418...
Sarah Watterson
President

High Desert Corridor Service Development Plan



Los Angeles County Metropolitan Transportation Authority (LA Metro), in partnership with California State Transportation Agency (CalSTA) and Virgin Trains USA (VTUSA) working with the HDC JPA, San Bernardino County Transportation Authority (SBCTA) and the cities of Victorville, Adelanto, Apple Valley, Lancaster and Palmdale is proposing to prepare [High Desert Corridor Service Development Plan](#) to assess a new intercity passenger high speed rail service from the VTUSA Southern California Station in the Victor Valley to the Palmdale Transportation Center along a 54-mile-long west-east rail alignment along the High Desert Corridor, subject to Metro Board approval in August 2020.

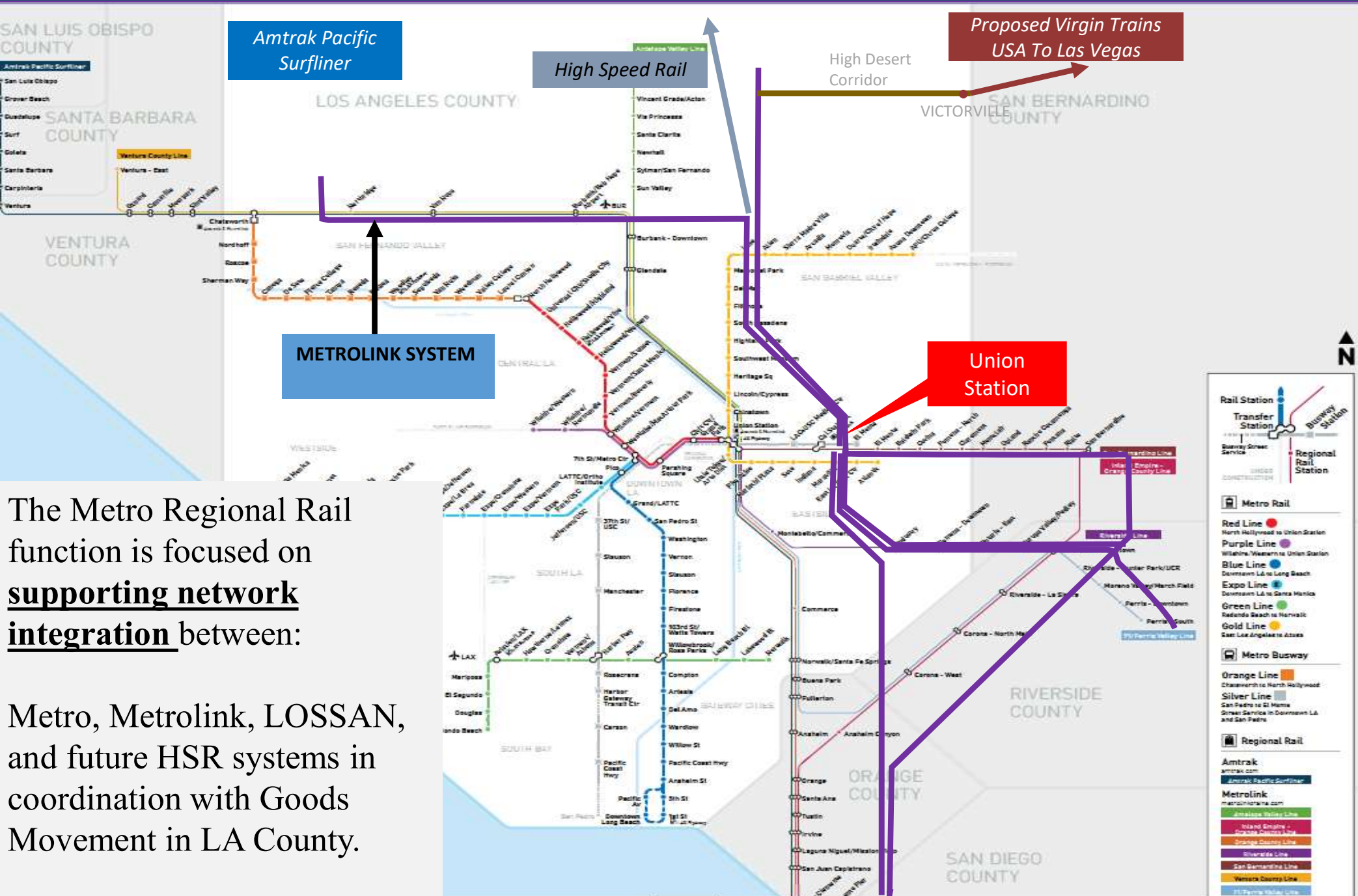
High Desert Corridor Service Development Plan

Preliminary Scope of Work:

- Up to 15 percent preliminary design plans
- railroad operations, safety and maintenance plans,
- On-board travel time
- Rail modeling and simulation analysis
- Equipment fleet planning
- Station and access analysis
- Right-of-way impacts
- Rail propulsion technologies
- Financial model and grant funding support
- Rail network phasing integration with existing, planned rail services including first and last-mile opportunities.
- Financial planning with cost-benefit analysis of potential ridership, travel demand forecasting, economic and market analysis and revenue forecasting to be provided by VTUSA.



Metro Regional Rail focus on Network Integration




The Metro Regional Rail function is focused on **supporting network integration** between:

Metro, Metrolink, LOSSAN, and future HSR systems in coordination with Goods Movement in LA County.

High Desert Corridor Service Development Plan

PROPOSED FUNDING PLAN- from \$3.5 million up to \$5 million

- 1. DesertXpress Enterprises, LLC (aka "Virgin Train USA") - \$625,000**
 - Cash: \$250,000
 - In-kind Service: \$375,000
- 2. Transit Intercity Rail Capital Program, Integration Study - \$1,375,000**
- 3. Measure M, High Desert Corridor – up to \$3 million**
 - County Dept. Public Works, Supervisorial District 5 Discretionary Prop A Transit Fund-**\$1.5 million will be advance to cover the FY 21 costs**

 (Subject to funding availability)
Metro

