



Board Report

File #: 2023-0099, File Type: Program

Agenda Number: 6.

PLANNING AND PROGRAMMING COMMITTEE MAY 17, 2023

SUBJECT: HIGH DESERT CORRIDOR FY24 WORK PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING \$1,947,500 in Measure M High Desert Multipurpose Corridor (HDMC) funds identified in the Expenditure Plan for Right-Of-Way acquisition to be repurposed to the High Desert Corridor (HDC) Joint Powers Agency (JPA) for the FY 24 work program; and
- B. AUTHORIZING the Chief Executive Officer (CEO) to negotiate and execute all necessary funding agreements with the HDC JPA.

ISSUE

The HDC JPA has requested that Metro provide funding for the FY 24 HDC work program, which includes mobilization costs leading toward 30% design of the HDC (See Attachment A).

BACKGROUND

The HDMC project, a Measure M Expenditure Plan project, comprises a High Speed Rail (HSR) component project, which will implement a new 54-mile east-west rail alignment between the future Palmdale Multimodal HSR Station and the Brightline West Station in Victor Valley. The HDMC HSR Project (Project) will link the Metrolink Antelope Valley Line (AVL) with two future HSR lines—California HSR and Brightline West. At Palmdale, Project riders will be able to transfer to AVL for connections south to Los Angeles and to the north with the planned California HSR service to the Bay Area (see Attachment B). Brightline West is a new privately funded HSR service that will connect Las Vegas with Victor Valley and, ultimately, Rancho Cucamonga, where riders can connect to the Metrolink San Bernardino Line for connections to Los Angeles.

The Project is consistent with the State Rail Plan's overall objective to improve the connectivity of California's planned rail network. The Project also supports the State's ambitious greenhouse gas reduction efforts and provides economic development and mobility benefits for a region that includes many historically underserved, low-income, and disadvantaged communities.

In 2016, the California Department of Transportation (Caltrans) completed the California Environmental Quality Act (CEQA) review of the Project. The Locally Preferred Alternative (LPA) included the construction of a four-lane freeway and HSR service between Palmdale and Victorville. In December 2020, Caltrans informed FHWA that the “no build” option was selected for the Freeway/Tollway element of the HDMC. In April 2021, the HDC JPA requested that the HSR Project move forward with the Federal Railroad Administration (FRA) as the lead agency for National Environmental Protection Act (NEPA) review. In February 2023, the FRA launched the final review of the NEPA process.

Board Actions to Date

In August 2020, the Metro Board approved a Life-of-Project (LOP) budget of \$5 million to develop a High Desert Intercity Rail Corridor Service Development Plan (SDP). Metro, in partnership with the California State Transportation Agency (CalSTA) and Brightline West, developed the SDP in coordination with the HDC JPA and other stakeholders, including Los Angeles County Public Works Department, Palmdale, Lancaster, San Bernardino County Transportation Authority, San Bernardino County Public Works Department, Victorville, Adelanto, Apple Valley, California HSR Authority, Southern California Regional Rail Authority (SCRRA), and others.

In April 2022, the Metro Board approved an increase of \$500,000 in the LOP budget to complete the HDC SDP to develop additional engineering analysis, rail operation analysis, operations and maintenance plans, and coordinate with stakeholders. In addition, the Metro Board approved \$1,236,500 for the FY 23 HDC JPA work program.

In August 2022, the Metro Board approved Metro’s participation in the new HDC JPA, replacing the previous HDC JPA after the decision from San Bernardino County to withdraw from the HDC JPA.

In January 2023, the Metro Board programmed \$8,500,000 to the HDC JPA as local match for a State Transit and Intercity Rail Capital Program (TIRCP) grant and for the FRA Corridor Identification and Development (ID) Program for project development and to advance the HDMC HSR Project towards 30% design.

Draft Service Development Plan (SDP)

The Draft SDP is a planning-level document that provides Metro and project stakeholders with the information needed to assess the utility of establishing HSR service along the HDMC, the costs of implementation, and the next steps to advance the Project. Three service scenarios were considered, including a “one-seat ride” scenario from Los Angeles Union Station (LAUS) to Las Vegas, with connectivity to the California HSR network in 2035. With the one-seat ride scenario, LAUS - Las Vegas, there is a 3-fold increase in ridership, and the net revenues can exceed the net operating costs. Some of the key highlights of the Draft SDP are as follows:

HIGH DESERT CORRIDOR DRAFT SERVICE DEVELOPMENT PLAN			
	One-Seat Ride Palmdale - Las Vegas	One-Seat Ride LAUS - Las Vegas	Two-Seat Ride Palmdale - Las Vegas
Los Angeles Union Station – Las Vegas Trip Time	4:32	2:54	4:32
Total Annual Ridership (2035)	2,485,000	9,206,000	2,374,000
CHSR assumed to be operational to LAUS?	No	Yes	No
Total Operating Costs (2035)	\$64M	\$159M	\$61M
Total Operating Revenues (2035)	\$34M	\$390M	\$14M
Projected Annual Net Revenue/(Subsidy) (2035)	(\$30M)	\$231M	(\$47)
Capital Costs (Year Of Expenditure \$\$\$)	\$5.8B	\$6.6B	\$5.5B
Annual Greenhouse Gas Reductions - Metric Tons (2035)	2,105	34,403	703

DISCUSSION

On April 20, 2023, the HDC JPA Board approved the proposed FY 24 budget and work program, subject to Metro Board approval. The FY 24 work program consists primarily of completing the NEPA process, managing the HDC JPA, and obtaining project management and financial advisory services as the HDC JPA mobilizes towards 30% design (see Attachment C).

30% Design and Grants Funding Strategy

With the completion of the NEPA process anticipated to occur in 2024, the next step for the HDC JPA is to advance the design of the HDMC HSR Project. The advance to 30% design for the 54-mile Project is estimated to cost \$70M. This estimate was identified in the Draft SDP and includes additional contingency and escalation costs. The \$70M cost estimate is consistent with Metro and rail industry standards.

In January 2023, the Metro Board programmed \$8,000,000 to the HDC JPA as a local match for a TIRCP grant request and \$500,000 as a match for an FRA Corridor ID Program grant request for HDMC HSR project development. In April 2023, CalSTA announced the award of \$8,000,000 to the HDC JPA for the Project. This brings the total amount of funding anticipated for the HSR Project to \$17,000,000 as summarized in Attachment D. The HDC JPA intends to leverage the \$17,000,000 so far to the Project as a match towards future grant requests, such as the Federal-State Partnership for Intercity Passenger Rail Grant Program, to provide additional funding to advance the Project to 30% design.

DETERMINATION OF SAFETY IMPACT

The advancement of the Project will be done in accordance with all applicable FRA, CPUC, CHSRA, Brightline and SCRRRA design and engineering standards, which will maximize Americans with Disabilities Act (ADA) and safety benefits to the public.

FINANCIAL IMPACT

The Measure M Expenditure Plan includes \$170M for the Project for right-of-way (ROW) acquisition or other project uses. Recommendation A will program and repurpose the funds from ROW acquisition to 30% design. Currently, there is approximately \$153M available which could be used by the HDC JPA to fund the FY 24 work program and mobilize towards 30% design.

Measure M Funding Plan for HSR Project ROW Acquisition	\$ 170.0M
- Service Development Plan (Metro Board 8/2020)	(\$ 5.0M)
- HDC JPA FY 23 Work Program (Metro Board 4/2022)	(\$ 1.7M)
- Match to TIRCP/FRA Grant Requests (Metro Board 1/2023)	(\$ 8.5M)
Subtotal:	\$ 154.8M
- FY 24 Work Program Request (Metro Board 5/2023)	(\$ 1.9M)
Projected Measure M Balance for HDC	\$ 152.9M

Impact to Budget

\$2,000,000 has been included in the FY24 Proposed Metro Budget for the HDC JPA FY 24 work program under project number 475499. This is in addition to the \$8,500,000 approved by the Metro Board in January 2023 as a match for the TIRCP and FRA Corridor ID Program grant applications. It will be the responsibility of the Chief Planning Officer to program funds in future years for the HDC JPA for this multi-year program. Annual funding agreements between Metro and the HDC JPA will be audited and reconciled each year for cash flow needs. These funds are not operating eligible funds.

EQUITY PLATFORM

Recommendation A will enable the Project environmental process to be finalized plus mobilize the HDC JPA towards 30% design, and eventual construction of the Project, subject to funding availability. The Project will improve mobility for residents in the North Los Angeles County by providing a high quality, environmentally friendly, safe, and efficient transportation option to the communities to access jobs, health care, education, other services, and economic opportunities offered at major urban and employment centers in Los Angeles and Las Vegas.

The entire Project area falls within the low-income communities and households as defined by AB 1550. A significant portion also falls within the disadvantaged and low-income communities as defined by SB 535. The Project also traverses through Metro's Equity Focus Communities in the Antelope Valley. In addition, residents within the Project area are predominantly from minority

populations, between 61% and 77%, with the highest percentage of minority populations in the City of Palmdale. Many of the minority populations include people with limited English proficiency.

The cities of Adelanto and Victorville in San Bernardino County are designated as high poverty areas. The multi-modal Palmdale High Speed Rail station will be designed to meet the latest ADA requirements along with commuter rail, bus transit, Access Services, rideshare, and active transportation needs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation A supports the Metro Vision 2028 Strategic Plan goals 1, 4 and 5 as follows:

- Goal 1.2: Invest in a world-class transit system that is reliable, convenient, and attractive to more users for more trips;
- Goal 4.1 Work with partners to build trust and make decisions that support the goals of the Vision 2028 Plan;
- Goal 5.2 Exercise good public policy judgment and sound fiscal stewardship.

ALTERNATIVES CONSIDERED

An alternative is that the Board does not approve Recommendation A. This is not advised since Metro has completed the Draft SDP, which has identified strong environmental and ridership benefits for the HSR Project. The HDC JPA also recently received an \$8,000,000 State TIRCP grant plus \$500,000 anticipated from the FRA to advance the Project, indicating strong support from state and federal partners that this project has merit and provides value to the Southern California rail network.

NEXT STEPS

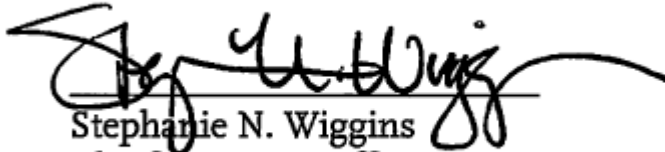
Subject to Board approval of the recommendations, Metro will execute a funding agreement with the HDC JPA to implement the FY 24 work program. The HDC JPA will continue efforts toward environmental clearance, with a Record of Decision (ROD) expected in Spring 2024. Concurrently, the HDC JPA will hire program management, financial advisory services, and additional contract staff in anticipation of the release of a Request for Proposals (RFP) for 30% design, expected to occur in FY 25. Staff will return to the Board with periodic updates as needed.

ATTACHMENTS

- Attachment A - HDC JPA Funding Request
- Attachment B - HDMC Corridor Map
- Attachment C - HDC JPA FY 24 Work Program
- Attachment D - HDC JPA Grants Funding Strategy

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Stephanie N. Wiggins
Chief Executive Officer



February 26, 2023

Mr. Jim de la Loza
Chief Planning Officer
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza, Los Angeles, CA 90012

RE: HDC JPA FY2023-24 Work Program for High Speed Rail Project

Dear Mr. de la Loza,

On behalf of the High Desert Corridor Joint Powers Agency (HDC JPA), we appreciate the partnership with Metro to advance the High-Speed Rail Project in the North LA County Subregion. As a result of this partnership, the project is moving forward with the active support and leadership of the Federal Railroad Administration staff. And as we approach the next fiscal year (FY24), it is critically important to provide Metro with a summary of the work program. To accomplish the work program together with Metro, the HDC JPA is requesting Metro Board consideration and approval of the HDC JPA Fiscal Year 2024 Work Program for the High Speed Rail Project at their regular Board meeting in May. The following paragraphs provide the work program summary for Fiscal Year 2024 (Attachment A FY23-24 Budget).

FY 2023 HDC Update

The HDC JPA has accomplished a number of major milestones highlighted below:

- High Speed Rail Project NEPA completion estimated 3rd Qtr FY24 target. ROD by 4th Qtr FY24.
- HDC JPA Federal and State Grant Strategy to seek funds to complete 30% Preliminary Engineering (Attachment B).
- Jan 2023, Metro Board allocates \$8.5M Measure M local match for federal and state grant requests.
- Feb 2023, HDC submits CA TIRCP \$8M request. CalSTA Grant Award announcements on April 24.
- March 24th, HDC will submit the FRA Corridor Identification Program grant request for \$500,000.
- HDC JPA will consider/approve FY2023-24 Budget/Work Program of \$1,947,500 at their April 20, 2023 Board meeting (Attachment A).

HDC JPA FY2023-2024 Work Program

The HDC JPA FY24 Work Program of \$1,947,500 seeks to work with the Federal Railroad Administration staff towards completing NEPA environmental clearance and to seek a Record of Decision. The FY24 Work Program includes the procurement process to onboard a Financial Advisory firm as well as a Program Management Support Services firm to provide the expertise to initiate the Preliminary Engineering phase to a 30% level of design. The Preliminary Engineering phase of the project would commence during FY25 after completing the NEPA environmental clearance and obtaining the Record of Decision.

HDC JPA Multi-Year Work Program to achieve 30% Design is estimated to cost \$69,780,000.

Preliminary Engineering (PE) is estimated to cost approximately \$56.62 million.

Conducting Preliminary Engineering design for the High-Speed Rail Project to 30% design is estimated to cost \$46.9 million (engineers estimate based on Final Draft January 2023 Metro SDP and rail industry standards). The Year-of Expenditure (YOE) period would be from 2024-2025 to 2027-2028, and with a 5% escalation it would add \$2.34 million, for a total of \$49.23 million for PE. Further, adding a 15% Contingency would add \$7.39M to the cost for an approximate total of \$56.62 million for a 30% level of design for PE.



Financial Advisory (FA) Services is estimated to cost approximately \$4.23 million.

Conducting ongoing financial planning, modeling, and analysis will be required to further develop and refine the funding plan, analyze options for local funding contributions toward the project, assess alternative delivery options and the viability of public-private partnerships through a Value for Money analysis, provide updated ridership forecasting as needed, perform additional financial modeling and diligence on financing options, identify credit enhancement strategies, and support discussions with potential market participants. The FA contract is estimated to cost \$3.5 million (based on annualized cost of existing Metro HDC task order for FA services), the YOE would be from 2023 to 2026, adding a 5% escalation adds \$175,000, for a total of \$3.675 million. In addition, a 15% Contingency adds \$55,000 for a total FA contract of approximately \$4.23 million. It is estimated this firm could be onboarded by the 2nd/3rd Qtr. FY24.

Project Management Support Services (PMSS) is estimated to cost \$7.165 million.

HDC JPA shall procure the professional services of a program management support services (PMSS) firm to support HDC JPA with overseeing the work pertaining to Preliminary Engineering (PE). The PMSS scope of services would include developing a PE statement of work, contract development, contract administration support, federal and state grant agreement compliance, procurement support services, set and monitor program control and project scheduling control functions, cost estimating, configuration management, project management, and other related support services.

For FY24, the PMSS contractor shall perform work at a level of effort that will be commensurate with transitioning from the environmental phase into the PE phase of the project, which will consist of developing the Preliminary Engineering (PE) statement of work and contract development. The PMSS contract is estimated to cost \$6.23 million, the YOE would be from 2023 to 2026 (11% of PE contract of \$56.62 million), plus a 15% Contingency, adding \$934,500 for a total cost of approximately \$7.165 million. It is estimated this firm would be onboarded by the 3rd Qtr. FY24.

HDC Management Professional Services is estimated to cost \$1.765 million.

FY24 Budget of \$430,000 under consideration for three contract staff. For FY24, HDC management staff will need to be augmented to meet the increased project needs will require contracting the services of senior level project management/planning staff, and administrative support services. As the project progresses in subsequent years and approaches final design, the HDC JPA will require additional contract staffing. Subsequent years, for Year 2: \$585,000 for four contract staff; and for Year 3: \$750,000 for five contract staff.

We look forward to discussing the HDC JPA FY24 Work Program items in greater detail and would appreciate your and the Metro Board consideration and approval of the HDC JPA Fiscal Year 2024 Work Program.

Sincerely,

A handwritten signature in blue ink, appearing to read "Arthur V. Sohikian".

Arthur V. Sohikian, Executive Director
High Desert Corridor Joint Powers Agency

www.highdesertcorridor.org

ATTACHMENT B



ATTACHMENT C

High Desert Corridor Joint Powers Agency Proposed Budget for Fiscal Year 2023-2024		
Task	Budget Description	Budget by Category
1	<p>1. Re-evaluate National Environmental Policy Act (NEPA) Environmental Impact Statement (EIS) & Record of Decision (ROD): Complete NEPA Re-evaluation/RE-validation and Record of Decision (ROD) with Final Review by Federal Railroad Administration (FRA). Due to Federal review of submittals this task is scheduled to be completed by FRA in in FY24. Tasks for FY24 include:</p> <p>-Addressing FRA comments, provide revised version for FRA final review, Prepare final version for NEPA Re-evaluation and prepare a ROD for FRA final approval.</p> <p>-Draft a Letter of Concurrence and re-initiate ROD Section 7 consult. Complete Section 106 process, Tribe Consultation. Prepare CEQA addendum for state funding. Conclude Surface Transportation Board (STB) Petition Approval process.</p> <p>2. Conclude Surface Transportation Board (STB) Petition Approval process.</p> <p>3. Update Service Development Plan</p>	\$ 710,000
2	<p>HDC JPA Management: Oversee agency management, technical analysis and grant applications, budgetary activities, equity focused planning, administration, stakeholder engagement and communications. For FY23-24, HDC management functions will need to be augmented to meet the increased project needs requiring the services of a senior level project management/planning and communications staff and an administrative support staff. As the project progresses beyond the environmental phase and it conducts preliminary engineering, as well as approach final design, each year the agency will require broader and more extensive staffing such as continued executive level project/engineering management, executive level planning, and executive level communications staff to support the increasing complexity, expertise, and greater level of effort this project will require to get to final design and eventual construction phases of this project. Three-year HDC Management is estimated to cost \$1,765,000. FY24/Year 1: Three Staff -\$430,000; Year 2: Four Staff - \$585,000; and Year 3: Five Staff - \$750,000.</p>	\$ 430,000
3	<p>Project Management Support Services (PMSS). Procure the professional services of a program management support services (PMSS) firm to support HDC JPA with overseeing the work related to Preliminary Engineering (PE) including statement of work, contract development, contract administration support, federal and state grant agreement compliance, procurement support services, set and monitor program control and project scheduling control functions, cost estimating, configuration management, project management, and other support services. For FY24, the PMSS contractor will be performing work at a level of effort that will be commensurate with transitioning from the environmental phase into the PE phase of the project which will consist of developing the Preliminary Engineering (PE) statement of work and contract development. PMSS contract is estimated to cost \$6.23 million, (11% of PE contract of \$56.62 million), plus a 15% Contingency, adding \$934,500 for a total estimated PMSS cost of approximately \$7.165M. Start 3rd Qtr FY24</p>	\$ 240,000
4	<p>Financial Advisory (FA) Services Ongoing financial planning, modeling, and analysis will be required to further develop and refine the funding plan, analyze options for local funding contributions toward the project, assess alternative delivery options and the viability of public-private partnerships through a Value for Money analysis, provide updated ridership forecasting as needed, perform additional financial modeling and diligence on financing options, identify credit enhancement strategies, and support discussions with potential market participants. FA contract is estimated to cost \$3.5M (based on annualized cost of existing Metro HDC task order for FA services), YOY would be 2023 to 2026, so 5% escalation adds \$0.175M, for a total of \$3.675M. 15% Contingency adds \$0.55M for a total FA contract of \$4.23M. Start 2nd/3rd Qtr FY24.</p>	\$ 135,000
5	<p>Technical/Planning & Grant Funding Application Assistance: Provide technical/planning assistance to support the agency planning functions and provide grant application assistance for state and federal grant funding under the recent Biden Infrastructure Bill and other federal and state funding categories such as the Notifications of Funding Opportunity issued by FRA or USDOT.</p>	\$ 165,000
6	<p>Los Angeles County Treasury, Auditor-Controller, Legal Counsel, Public Works, LA Metro Reviews- Monthly Support for AP/AR functions, Budget Oversight, Board Meetings staffing, Agency Oversight & Compliance Items, Procurement Oversight/RFP process, and contract execution.</p>	\$ 175,000
7	<p>Audit Services: Los Angeles County Audit Services</p>	\$ 20,000
8	<p>LA Metro Funding Agreement Audit Services</p>	\$ 20,000
9	<p>Multi-Media Promotion, Materials & Advertising</p>	\$ 30,000
10	<p>IT Support, GIS, Software & Website Mgmt.</p>	\$ 22,500
Total Proposed FY24 Budget		\$ 1,947,500

ATTACHMENT D

HDC JPA Federal & State Grant Strategy	
Preliminary Engineering and Design Cost at 30% Level	\$ 69,780,000
Proposed Current Grant Funding:	
Metro Measure M Funds - Approved Jan. 26, 2023	\$ 8,500,000
CALSTA Transit and Intercity Rail Capital Program - Approved April 24, 2023	\$ 8,000,000
FRA Corridor ID Program - Grant awards announced Fall 2023	\$ 500,000
Subtotal - Proposed Current Grant Funding	\$ (17,000,000)
Funding Needed to Complete Preliminary Engineering	\$ 52,780,000



High Desert Corridor JPA FY 24 Work Program

Planning and Programming Committee

May 17, 2023

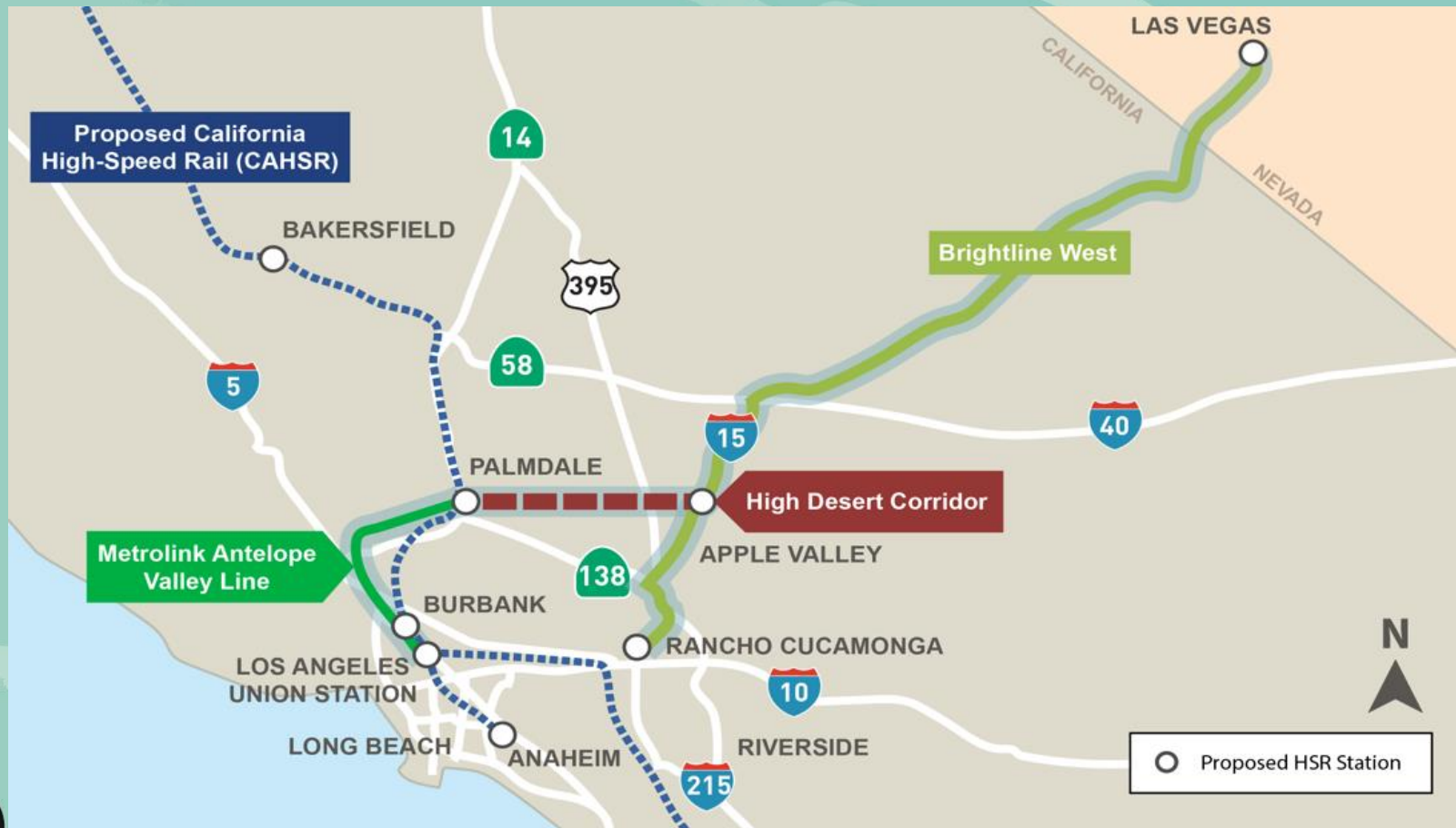
Legistar File 2023-0099



Metro

Recommendation

- APPROVE \$1,947,500 In Measure M High Desert Corridor MSP funds to the HDC JPA for the FY 24 work program



Metro

Background

- The High Desert Corridor is a 54 mile east/west corridor which will create a major transit hub and high-speed rail connectivity from Palmdale to:
 - Future Brightline West high speed rail service to Las Vegas and Rancho Cucamonga
 - Future CAHSRA high speed rail service to Los Angeles and northern California
 - Current Metrolink commuter rail Antelope Valley Line
- The mission of the HDC JPA is to:
 - Complete the Federal and State environmental review process
 - Pursue grant funding and facilitate the planning, design, construction, financing, operations and maintenance of the High Desert Corridor Rail Project
- Project benefits include:
 - Improved rail connectivity
 - Reduce greenhouse gas emissions
 - Equity benefits to underserved, low-income and disadvantaged communities
- Measures R provided \$33M to conduct environmental clearance.
- Measure M provided \$2.15B to further advance the High Desert Corridor.



Environmental Update and Previous Metro Board Actions

- In 2016 the High Desert Multi-Purpose Corridor (HDMC) received CEQA clearance for a corridor to include a freeway, rail, bicycle lanes, etc.
- In 2020 the freeway portion of the HDMC was eliminated.
- In 2021 the previous HDC Joint Powers Authority requested that the FRA act as the lead agency for NEPA compliance, issue a Record Of Decision (ROD), and revalidate the results of the previous 2016 CEQA approval.
- In 2022 the FRA agreed to become NEPA lead agency for HDC Rail Project.

- In August 2020 Metro programmed \$5,000,000 to develop a Service Development Plan for the HDC.
- In April 2021 Metro programmed \$1,236,500 to HDC JPA for additional NEPA work, changes to the rail alignment and the FY 23 work program.
- In August 2022 Metro joined the Board of the new reformed HDC JPA.
- In January 2023, Metro programmed \$8,500,000 as local match to the HDC JPA for two grants.

Service Development Plan

- Metro programmed \$5,000,000 for Metro to lead a Service Development Plan (SDP) effort.
- Metro has been working closely with key stakeholders and a consultant team to complete detailed ridership and revenue forecasting, conduct operations modeling, Palmdale Transportation Center station planning, conceptual engineering and financial analysis for the High Desert Corridor.
- The SDP is nearing completion, with a draft report sent to the FRA in January 2023.

Next Steps

- Execute funding agreement between Metro and the HDC JPA for the FY 24 work program
- High Speed Rail Project environmental clearance/ROD is expected from the FRA Summer 2024.
- The High Desert Corridor JPA will seek additional grant funding opportunities.
- As the Project advances, the HDC JPA will contract additional staff to prepare the 30% design documents.
- Staff will continue to brief the Board as the project advances.