

High Desert Corridor  
Joint Powers Authority

October 11, 2017

Meeting Materials

Item 5

Presentation from Transportation Solutions on Status of Project  
and State and Federal Update

















# Next Steps

1. EIFD study can be conducted to identify potential tax increment financing opportunity
  - Hone in on costs for the project
  - Identify what upside exists with an EIFD
  - Proposed structure
2. Continued work on innovative opportunities and state and local planning
  - Potential for partnerships, grant opportunities, insertion into other statewide planning documents
  - Diligent consideration during the final design & construction phase of the project can support regional goals





# Reality Check

- Delivering a major *transformational* transportation infrastructure project is filled with significant challenges
- This project is no exception



# What are the elements of a successful project

- A clear need
- Public entity/jurisdictional cooperation
- Environmental work completed
- Investment grade ridership and revenue study
- Right of Way (ROW) identified and preserved
- Financial plan to cover estimated costs
- Widespread public support



# The Scale of the Existing Market for Travel to Las Vegas

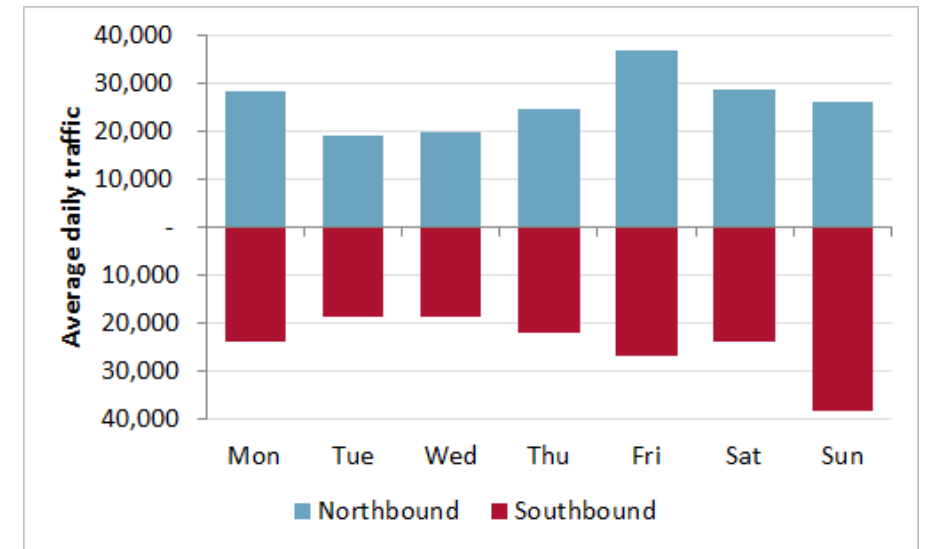
- Las Vegas attracted over 42.9 million visitors in 2016
- Californian residents approximate 29% of all visitors
  - Of these, 80-85% reside in Southern California
- Many international visitors to Las Vegas also arrive via California
  - 75% of international visitors don't fly directly to Las Vegas





# The Existing Travel Options

- 90% of visitors from Southern California travel to Las Vegas by road
  - Uncongested drive time from Southern California is 4-6 hours
  - Travel times at peak times (Friday northbound, Sunday southbound) are often significantly longer
- Main alternative is travel by plane
  - From six major airports in Southern California





# Primary Benefits of HSR on the Corridor

- Relieve congestion for one of the nation's most congested corridors (Interstate-15)
- Save two hours per trip (2.5 hr from LA to LV) - with improvements in safety, reliability, and convenience
- Create jobs and stimulate economic development around station sites
- Provide exponential economic growth for Southern California and Southern Nevada
- Connect to state-wide and regional transportation networks





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# High Desert Corridor Joint Powers Authority

- Formed in 2006 by San Bernardino and LA Counties
- Purpose: to develop multipurpose corridor from Palmdale to Victorville, Apple Valley and Adelanto
- Components - rail, highway, green energy
- Key Stakeholders: San Bernardino County, SBCTA, LA County, LA Metro, CHSRA, CalSTA, Caltrans, Metrolink, SCAG, XpressWest, Cities
- Cities: Palmdale, Lancaster, Adelanto, Apple Valley, Victorville



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san bernardino county transportation authority



CALIFORNIA High-Speed Rail Authority



METROLINK.







# Discussions with Nevada have begun

- Governor's Office of Economic Development
- Nevada State Department of Transportation (NDOT)
- Nevada High Speed Rail Authority
- Regional Transportation Commission of Southern Nevada (RTC)
- Las Vegas Convention and Visitors Authority



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# Environmental work almost completed

- EIS and EIR completed (5 years and \$30+ Million)
- Next steps
  - Request USDOT's Federal Railroad Administration (FRA) to issue ROD
  - Continue work to clear the stations in Palmdale and Las Vegas



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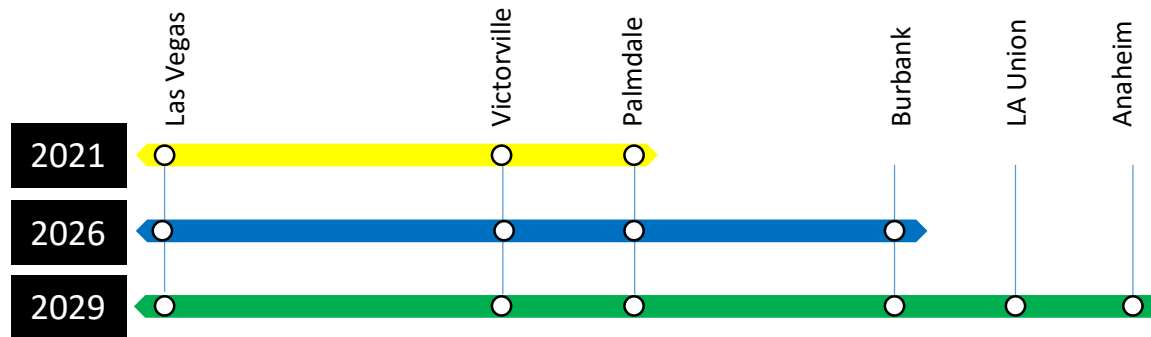
# Summary of Study Results

- Proven large scale demand between California and Las Vegas
- Potential 27% market share for HSR
- Forecast annual ridership of 3 million round-trips in 2021, rising to 11 million by 2035 with full corridor open, and 14 million by 2050
- Forecast revenues based on competitive fares:
  - \$600 million in 2025 (Palmdale to Las Vegas)
  - \$800 million in 2029 (Burbank to Las Vegas)
  - \$1 billion per year in in 2035 (LA/Anaheim to Las Vegas)
  - \$1.6 billion per year in 2050





# Phased Implementation



- 2021: Phase 1: Las Vegas-Palmdale
- 2026: Phase 2: Las Vegas-Burbank
- 2029: Phase 3: Las Vegas-Anaheim
- 2029: Phase 4: Connection with CaHSR services to Central Valley and Northern California





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# Right of Way (ROW)

- Single most important next step is to preserve the rights of way
- Mapping of parcels and ownership identification has occurred
- Costs for ROW preservation is less than projected
- Involvement, interest and support of cities indicated
- Timing is important
- Source of funds clear in LA County, but not in SB County





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# How do we cover the capital and operating costs

- Operating costs from operating revenues
  - Operator responsibility -- No public subsidy
  - Farebox revenues
  - Other revenues (advertising, station revenues etc.)
- Capital costs from a combination of sources
  - Construction loans (RRIF, TIFIA)
    - Secured by project revenues; “availability” payments
  - Other sources - private and public



# Where are other funds going to come from

- Public funds are required
  - Local - TIFs; assessment districts
  - Regional - Measure M
  - State - TIRCP
  - Federal - new Infrastructure Program
- Private funds
  - Equity and private debt



# State government potential

- Cap and Trade funds (in law with 2/3<sup>rd</sup>s vote)
- Distribution of revenues
  - 60% dedicated
    - 25% for CHSRA
    - 20% for TOD, affordable housing
    - 10% for transit and intercity rail
    - 5% for transit operations
  - 40% appropriated each year
- \$ 2.4 Billion Transit and InterCity Rail Capital Program (TIRCP)



# TIRCP

- Grants from Greenhouse Gas Reduction Fund
- For “transformative” projects that reduce emission, VMT and congestion
  - Includes intercity rail projects - connections to HSR System
  - “Achieve geographic equity”
- Administered by CalSTA - new Guidelines issued
- 5-year grant cycle 2018-2023
  - SB 1 added \$1.4B
  - Extension of cap and trade added \$1b
  - Applications due Jan 12th



# Why a federal loan is possible

- Funds available in RRIF and TIFIA
- 3 year history of analysis of XW application
- New agency in US DOT, Build America Bureau
- Aligns with Trump Administration priorities
- Bipartisan Congressional support
- Other high speed rail projects in the country
- Previous concerns have been addressed
  - Buy America
  - Extension to Palmdale
  - Public sector involvement



# 2017 Infrastructure Act proposals to improve RRIF

- Appropriate \$\$ for “credit risk premium”
  - Makes RRIF more like TIFIA
  - Authorized by FAST Act
  - Improves project economics for benefit of borrower and lender
- Permit subordination to other government debt (such as TIFIA)
- Permit acquisition of rail property in advance of ROD (like highways)
- Fund matching grants for P3 projects



# High-speed rail projects in the US







# Federal Infrastructure Plan

- \$ 200 billion of new federal funds - all types of infrastructure
- Leverage local and private funding
- “Transformational”
- To follow enactment of Tax Reform
- Key players
  - DJ Gribbin WH Infrastructure Advisor
  - USDOT Secretary Elaine Chao
  - Build America Bureau
- Funding may be tied to Possible Tax Reform
  - Tax credits for repatriated dollars invested in infrastructure
  - Infrastructure bank
  - Use of taxes on repatriated dollars for infrastructure



# Initial Private Sector Discussions

- Private sector is looking for an opportunity to have a successful project. What is really important to them:
  - ROW preserved
  - Major environmental work completed
  - A good, reliable, straight forward public sector client, which is able to:
    - play a unique role in bringing together the various stakeholders
    - obtain governmental planning approvals and
    - build community awareness and support
  - Availability of long term financing, including:
    - accessibility to RRIF loans or other Federal, state, regional funds



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# Coalition of support being formed

- Public entities
- Key elected leadership in each county
- State Legislature
- US Congress
- State Administration
- Federal Administration
- Labor
- Business



# What the HDC JPA has accomplished in the last year

- Ridership and Revenue Study validated market
- Measure M passed providing funds for project
- Initiated discussions with potential private sector partners
- Obtained support from State and Congressional leaders
- Briefed USDOT Build America Bureau/preparing for RRIF application
- ROW study estimated costs of rail ROW
- Coordinated with Xpress West and CHSRA
- Initiated conversation with State of Nevada
- Determined actions necessary to obtain a ROD
- Green Energy and Land Use studies completed



# Next steps to commence final project development

- Initiate and obtain FRA ROD
- Preserve ROW
- Finalize and execute Financial Plan
  - Determine amounts available from system revenues to fund capital costs
  - Accelerate the draw down of Measure M funds for Los Angeles County portion
  - Seek funds for the San Bernardino County portion
  - Obtain State TIRCP funding commitments
  - Seek Federal infrastructure bill enhancements - CRP appropriation
  - Obtain loan commitments from USDOT
  - Seek Federal Infrastructure Program funds
- Determine procurement approach



# Who we are

- Transportation Solutions
  - Neil Peterson
    - Chief strategic consultant to USDOT FRA's national High Speed Rail Program
    - CEO of LA County Transportation Commission, AC Transit, Seattle Metro, and Transportation Corridor Agencies
    - Founding CEO of Zipcar
  - Karen Hedlund
    - Former Deputy Administrator FRA (HSR and RRIF)
    - Chief Counsel, FHWA and FRA in USDOT
    - Former Partner Nossaman LLP - Co-Lead Infrastructure Practice

# Who we are?

## Infra Associates

- Chris Margaronis, Managing Director

- Experience on Capitol Hill in energy and transportation
- Project manager for LA Metro's first P3 project
- Experience in private equity on infrastructure transactions in energy and transportation
- Certification in P3 project management and project finance
- Former Coro board member and graduate

