



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