



Board Report

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Agenda Number: 10.

PLANNING AND PROGRAMMING COMMITTEE MAY 15, 2024

SUBJECT: HIGH DESERT CORRIDOR FY25 WORK PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATIONS

CONSIDER:

- A. APPROVING \$4,374,000 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 Fiscal Year (FY) 2025 work program;
- B. APPROVING \$2,200,000 in Measure M High Desert Multipurpose Corridor (HDMC) funds identified in the Expenditure Plan for Right-Of-Way acquisition to be repurposed to complete the HDMC High Speed Rail (HSR) Service Development Plan (SDP); and
- C. 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 25 HDC JPA work program, which includes mobilization costs leading toward a 30% design of the HDMC (Attachment A).

BACKGROUND

The HDMC, a Measure M Expenditure Plan project, comprises an HSR component, 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 in San Bernardino County. The HDMC HSR Project (Project) will link the Metrolink Antelope Valley Line (AVL) with two future HSR lines - California HSR and Brightline West (Attachment B). Brightline West is a new privately funded HSR service that will connect Las Vegas with Victor Valley and Rancho Cucamonga.

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 Project move forward with the Federal Railroad Administration (FRA) as the lead agency for the National Environmental Protection Act (NEPA) review. In February 2023, the FRA began the final review of the NEPA process. The HDC JPA continues to work with FRA to complete the NEPA environmental clearance, Section 106 analysis and obtain an FRA ROD for the Project in FY25. See Attachment C for recent Metro Board actions in support of the HDC.

DISCUSSION

On April 11, 2024, the HDC JPA Board approved the proposed FY25 budget and work program, subject to Metro Board approval. The FY 25 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 (Attachment D). It should be noted that the HDC JPA proposed work program for FY 25 is \$6,174,000. However, the HDC JPA has \$1,800,000 in carryover cash on hand, which reduces the request for new funding from Metro from \$6,174,000 to \$4,374,000. See the table below.

HDC JPA Work Program	
FY 25 Proposed	\$ 6,174,000
Less \$1,800,000 reserve/cash on hand	(\$ 1,800,000)
Measure M Funds Requested for HDC FY25 Work Program	\$4,374,000

Service Development Plan (SDP) Update

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. The Draft SDP work began in 2020 and was submitted to FRA in January 2023. Since January 2023, the SDP has been on hold due to new FRA requirements stating that the Project must be included in its Corridor ID Program before their review.

Metro will continue as lead on the SDP to be submitted to FRA for final consideration in FY25. The current January 2023 SDP requires additional operations modeling and analysis, an expanded level of effort to cover the revised FRA framework, design changes for the environmental document development, ridership forecasting, and revenue evaluation analysis. This \$2,200,000 budget amount requested for FY 25 will be partially reimbursed with \$500,000 in HDC JPA FRA Corridor Identification Grant funds awarded in December 2023. It should be noted that \$200,000 of the \$2,200,000 budget is required for Metro labor to lead the completion of the SDP in coordination with the HDC JPA, FRA, and other project partners.

Grants Funding Strategy and Transition to 30% Design

The HDC JPA has successfully received grant funds to advance the Project. In April 2023, CalSTA announced the award of \$8,000,000 to the HDC JPA for the Project. This was matched with \$8,000,000 previously committed by the Metro Board as a local match in January 2023. In December 2023 the HDC JPA received a \$500,000 FRA Corridor ID Program grant for SDP development efforts, which was also matched with \$500,000 from the Metro Board in January 2023, bringing the total Project grant funding to \$17,000,000. This funding allows for the HDC JPA to enter step 1 of the FRA Corridor ID Program to develop a scope, schedule, and cost estimate for preparing, completing, or documenting an SDP and do advanced engineering for the Project.

The HDC JPA intends to leverage the \$17,000,000 provided 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.

With the completion of the NEPA process anticipated to occur in 2025, the HDC JPA has been mobilizing to advance the design of the Project. In April 2024, the HDC JPA Board awarded a contract to hire a financial services consultant. In October 2024, the HDC JPA is anticipated to award a contract for Program Management services as it prepares to release bid documents to advance the 30% design. Advancing to 30% design for the 54-mile Project is estimated to cost \$70M.

DETERMINATION OF SAFETY IMPACT

The Project's advancement will be done per 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 \$170 million 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. Recommendation B will program and repurpose the funds from the ROW acquisition to completion of the SDP and increase the SDP LOP to \$7.7 million. Currently, there is approximately \$153 million available, which is eligible to be used by the HDC JPA to fund the FY 25 work program, complete the Final SDP, and mobilize towards 30% design.

Measure M Funding Plan for HSR Project ROW Acquisition	\$ 170.0M
- Service Development Plan (Metro Board 8/20)	(\$ 5.0M)
- HDC JPA FY23 Work Program (Metro Board 4/22)	(\$ 1.7M)
- Match to TIRCP/FRA Grant Requests (Metro Board 1/23)	(\$ 8.5M)
- FY24 Work Program Request (Metro Board 5/23)	(\$ 1.9M)
Subtotal:	\$ 152.9M
- FY25 Work Program/Recommendation A (Metro Board 5/24)	(\$ 4.4M)
- Complete Final SDP/Recommendation B (Metro Board 5/24)	(\$ 2.2M)
Projected Measure M Balance for HDC	\$ 146.3M

Impact to Budget

\$6,600,000 has been included in the FY25 Proposed Metro Budget for the HDC JPA FY25 work program and to complete the Final SDP under project number 475499. This is in addition to the \$8,500,000 approved by the Metro Board in January 2023 (#2022-0847) 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 for the HDC JPA for this multi-year program in the future. Annual funding agreements between Metro and the HDC JPA will be audited and reconciled each year, subject to Measure M requirements.

EQUITY PLATFORM

The Project will improve mobility for residents in 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. As part of the environmental review process, the HDC JPA has engaged in frequent dialogue with key governmental stakeholders, plus consultation with local native tribal governance councils.

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, including the cities of Palmdale, Lancaster, and unincorporated Los Angeles County. In addition, residents within the Project area are predominantly from Black, Indigenous, and Other People of Color (BIPOC) populations, between 61% and 77%, with the highest percentage of BIPOC populations in the City of Palmdale. Many of the minority populations include people with limited English proficiency.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendations A and B support 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 Recommendations A or B. This is not advised since completion of the Final SDP will enable the Project to participate in the Federal Corridor ID grant program. Additionally, the HDC JPA has received \$17,000,000 in grant and Metro Board-approved funding to advance the Project, indicating strong support from State and Federal partners that the Project has merit and provides value to the Southern California rail network.

NEXT STEPS

Subject to the Board's approval of the recommendations, Metro will execute a funding agreement with the HDC JPA to implement the FY25 work program. Metro will continue coordination meetings with the FRA and the HDC JPA to complete the Final SDP. The HDC JPA will continue efforts toward environmental clearance, with a ROD expected in 2025. Once the ROD is received, HDC JPA anticipates applying for a grant for 30% design in the next cycle of FRA Federal/State Partnership grant funding.

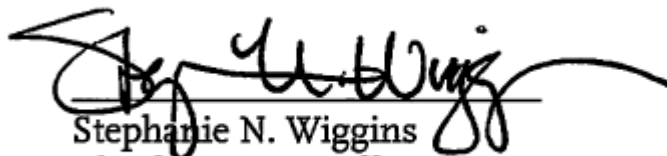
Concurrently, the HDC JPA is in the process of hiring program management, financial advisory services, and additional contract staff in anticipation of the release of a Request for Proposals (RFP) for advanced design to draw down the TIRCP grant plus Metro local match (\$8 million + \$8 million = \$16 million), expected to occur in FY25. Staff will return to the Board with periodic updates as needed.

ATTACHMENTS

- Attachment A - HDC JPA Funding Request
- Attachment B - HDC Corridor Map
- Attachment C - Metro Board Actions in Support of HDC
- Attachment D - HDC JPA FY 25 Work Program

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