

High Desert Corridor  
Joint Powers Authority

February 4, 2016

Meeting Materials

Item 2

Approval of Minutes of September 22, 2015

**HIGH DESERT CORRIDOR JOINT POWERS AUTHORITY  
BOARD OF DIRECTORS MEETING**

Tuesday, September 22, 2015  
10:00 a.m.

**City of Palmdale  
City Council Chambers  
38300 Sierra Highway, Suite B  
Palmdale, CA 93550**

	<b>Directors Present</b>	<b>Robert Lovingood</b> , Supervisor, San Bernardino County First District (Chairman); <b>James Ledford</b> , City of Palmdale; <b>Ryan McEachron</b> , City of Victorville; <b>Richard Kerr</b> , City of Adelanto;
	<b>Alternates Present</b>	<b>Michael Cano</b> , Alternate to Supervisor Antonovich, Los Angeles County Supervisor (Vice Chairman);
	<b>Directors Absent</b>	<b>Michael Antonovich</b> , Supervisor, Los Angeles County Fifth District (Vice Chairman); <b>Norman L. Hickling</b> , Deputy to Supervisor Antonovich; <b>Fred S. "Scott" Nassif</b> , Town of Apple Valley. <b>Ronald D. Smith</b> , City of Lancaster;
1.	<b>Call to Order</b>	Chairman Robert Lovingood called the meeting to order at 10:00 a.m.
2.	<b>Recommended Action:</b> <b><u>Accept resignation of Norm Hickling</u></b>	Chairman Robert Lovingood called for a motion to accept the resignation of Norm Hickling.  On motion of Director McEachron, seconded by Director Ledford, the Board accepts the resignation of Norm Hickling.
3.	<b>Approval of Minutes of April 9, 2015</b>	Supervisor Lovingood called for a motion to approve the April 9, 2015 minutes.  On motion of Director Ledford, seconded by Director McEachron, the minutes of the April 9, 2015 Board meeting were unanimously approved as submitted.
4.	<b>Director Reports</b>	Chairman Robert Lovingood  Director Ledford welcomed the Board and others to the Palmdale Chambers and expressed his pleasure at the progress of the program.  Director McEachron thanked Mayor Ledford and the City of Palmdale for hosting the meeting and suggested that perhaps the City of Victorville could host next meeting.  Director Cano stated that the vision from the beginning had been for the coordination for the cities and jurisdictions with counties involved with this project, and that the project cannot move forward if the cities aren't fully in lock step with the counties. He further stated that Supervisor Antonovich

		<p>was traveling to Washington D.C. meeting with the Pope and Chinese President. Mr. Cano also mentioned that the new CEO from Metro, Phil Washington, came from Denver. He is known for being a supporter of private public partnerships. He created the Office of Extraordinary Innovation at Metro. The purpose of this office will be to handle private public partnerships. He has spoken to many of the stakeholders and is fully aware of and excited about the project.</p> <p>Director Kerr stated that he is honored to be there at his first meeting and look forward to the knowledge that Board and the community has to bring and offered the assistance of the City of Adelanto.</p> <p>Chairman Lovingood stated that he has received numerous phone calls regarding the project since the article came out in the LA Times. He expressed that this is an opportunity for this to be a backroom project to address the strains and concerns of the Port of LA regarding goods movement. That for the highway, perhaps they can look to local authorities to add dollars for a study. He stated he looks forward for the opportunity for the train and the highway projects to move forward and implement best practices. Mr. Lovingood also thanked all those in attendance for coming to the meeting.</p>
5.	<b>Board Correspondence</b>	<p>Chairman Robert Lovingood</p> <p>Laurie Hunter stated that there was a request from Metro to review a draft Finance Strategy that was created by the office of Private Public Partnerships. The comments are included in the materials packet, and recommend that subsequent analysis be added to include a study on tolling and the Passenger Revenue Study. Another problem identified was that the numbers in the report did not always match up with the numbers in the EIS. If the project is going to go forward with FHWA and FRA looking at the EIS, then there will be a Metro report that has different numbers that need to be reconciled. It was also pointed out that inflated and confusing numbers were used. It's not immediately evident that the numbers are inflated, making the project look more expensive than it is.</p> <p>Phasing was taken into consideration as a means of spreading the costs out. As demand for the highway part builds, additional lanes can be added later. The MTA requested the Board conduct a Passenger Rail Study while MTA performs a tolling study. Ms. Hunter stated that the information in the report is very useful, indicating how much public money from traditional sources and from TIFIA might be used for the highway.</p> <p>Chairman Lovingood stated that there is a number of documents in packet for review.</p>
6.	<b>XpressWest Update</b>	<p>Andrew Mack, XpressWest</p> <p>Andrew Mack. Chairman Lovingood stated that due to the current negotiations, he anticipates there are certain restrictions preventing full disclosure, but the Board looks forward to comments.</p> <p>Andrew Mack thanked the Chairman and the Board for their support for the XpressWest project and connectivity of the high speed rail with Palmdale, and beyond.</p>

		<p>Mr. Mack stated that the announcement last week regarding the joint venture with China Railway International, U.S.A., and XpressWest, the proposed transaction between the two companies will require several formal regulatory submissions and associated approvals over the next three months, resulting in a quiet period for both companies.</p> <p>XpressWest has been working diligently. All of the governmental permits and approvals that have been in place over the last several years, including the lease agreement with the BLM (Bureau of Land Management) for the Federal land required for the project, continue to be in effect.</p> <p>XpressWest will be conducting some additional cultural resource work in the coming months, which is an environmental mitigation requirement prior to ground disturbing activities, in accordance with the approved NEPA document.</p> <p>XpressWest continues to support the JPA, Metro and Caltrans to secure environmental approval for the High Desert Corridor environmental document.</p> <p>Lastly, Mr. Mack reported that the Nevada High Speed Rail Authority was formed when the Nevada Governor signed a bill in June. The mission is to support the implementation of a steel wheel on rail high speed train system to connect Southern California with Las Vegas. The board members have been named and appointed to the authority as of last week and it is anticipated that the first meeting will occur within 4-6 weeks. This is an important development that shows the state of Nevada's support for high speed rail.</p> <p>Director McEachron expressed his support for XpressWest and their efforts.</p> <p>Director Cano stated that it is very important to have a government agency to have as a partner and that without that relationship it is difficult to move forward. Mr. Cano further stated that the JPA should be diligent in reaching out to this new Authority, maybe sending a representative to one of their meetings and vice versa, forming that relationship. He added that SANBAG and Metro should also develop this relationship.</p> <p>Chairman Lovingood stated that once the Nevada JPA starts having meetings, perhaps a joint meeting can be scheduled to ensure both boards are on the same path. This is a long term opportunity for the State of Nevada, San Bernardino and Los Angeles Counties and the constituents here. He thanked Mr. Mack for his report.</p>
7.	<p><b>Interim Report from Transportation Solutions</b></p>	<p>Laurie Hunter, JPA Staff Coordinator Neil Peterson, TS Karen Hedlund, TS</p> <p>Laurie Hunter stated that Transportation Solutions was hired at the April meeting to see whether there is a path forward for a Rail P3 if highway funds are not available.</p> <p>Laurie introduced Mr. Peterson and Ms. Hedland to present Transportation</p>

Solutions Interim report.

PowerPoint Presentation

Director Ledford commented that this seems obvious that this is necessary for the economic future in Southern California. He further stated that it takes only one accident coming to California from Las Vegas to spend hours sitting on the road. He further stated that he has not heard an alternative transportation plan that is a viable option (to the HDC rail project).

Ms. Hedlund stated that FRA conducted a regional rail study, by bringing together several states to determine the best candidate corridors. Projections were made based on current travel by all modes between various cities. The results showed heavy travel between Los Angeles, the Bay Area and San Diego. Looking out to 2050, Los Angeles and San Diego to Las Vegas was just as strong as N/E Corridor travel on the East Coast. Another unexpected result was the corridor between Los Angeles and Phoenix. There is currently no rail line in development for this corridor.

FRA has looked at this issue from a regional point of view with California Nevada, Utah, Colorado to come to an agreement regarding the best corridors to consider for rail. There is little capacity left to build more highways; rail is the mode of opportunity.

Director Cano stated that the issue of risk is very important. There was a report at Metro looking at the industry and the feedback. A key finding was that Metro's bureaucracy was one of the major risks. That and other risks were translated into higher costs. If there is a way that the JPA Board, Counties and Cities can control these types of issues and expedite processes, we can make sure risk exposure is being limited.

Mr. Cano also stated that the Board needs to do a better job of telling the story of how the project impacts the rest of the region. San Gabriel, San Fernando and Santa Clarita Valley corridors and the 210 corridor are all going to be directly improved and receive benefit from traffic moving out of the dense region. The Board needs to be able to explain that to other jurisdictions and create the kinds of partnerships necessary to support the High Desert Corridor. He stated that this is not a High Desert project, the rail is being built in the high desert, but it is a regional project and asked Transportation Solutions for numbers to tell that story.

Director McEachron added that at SCAG conversations are taking place about goods movement and getting the trucks off the 10 and 210 freeways and getting them up in the High Desert corridor and moving east. There is great potential to get the trucks off the commuter freeways and allow traffic to move a lot more quickly. He further stated that message was received regarding the changes in the Department of Transportation administration DOT change of administration, which is why SANBAG has already submitted the TIFIA loan application for the express lanes.

Chairman Lovingood added that this is an opportunity to influence the footprint that is going to be critically important and we get to look at best practices. There is going to be growth in the Victor Valley. Let's plan for that today and be proactive. When we look at 47% of the cargo coming out

		<p>of Los Angeles ports needing some relief, we look to expand that partnership. We ensure investors of the opportunities, because what they need is economic certainty. We need to round up this with our transportation partners from SANBAG into Orange and Los Angeles counties, and look for partnerships within the ports. Looking at national level there are a lot of factors we can bring together to ensure this project moves forward.</p>
8.	<p><b><u>Recommended Action: Authorize the Chairman of the HDCJPA to enter into a Professional Services Contract with Steer Davies Gleave, in substantially the same format and content of the Scope of Work submitted to the Board, for an Investment Grade Passenger Rail Revenue Study, with such changes or additions that the Chairman determines are in the best interest of the HDCJPA, when funding is obtained for an amount not to exceed \$900,000</u></b></p>	<p>Ms. Hedland presents Item #8.</p> <p>56:35</p> <p>Director Cano asked if the California High Speed Rail Authority would be able to incorporate ridership numbers into their business plan the next time they submit. Ms. Hedland replied stating that the timing for the next business plan doesn't mesh well. Under their statute they have to produce a draft plan approximately in November, it would then be finalized after public comments sometime in the Spring. They expect to have a final report in six months. She further stated that hopefully some interim information might be available that would help with the business plan that they are working on right now.</p> <p>Mr. Cano also asked if the operating rights to Burbank from Palmdale would need a separate set of rights or would they be subject to High Speed Rail being the method of landlord or host. Ms. Hedland stated that there would need to be an agreement with High Speed Rail for operating rights, and they have confirmed that there is no issue of capacity. She stated that capacity on the rail lines is the be all and end all.</p> <p>On motion of Director McEachron, seconded by Director Ledford, the Chairman is authorized to enter into a Professional Services Contract with Steer Davies Gleave, in substantially the same format and content of the Scope of Work submitted to the Board, for an Investment Grade Passenger Rail Revenue Study, with such changes or additions that the Chairman determines are in the best interest of the HDCJPA, when funding is obtained for an amount not to exceed \$900,000.</p> <p>Director Cano suggested that the JPA draft a letter to Metro and SANBAG. If the JPA is asking them for funding, it would help the members carrying those motions to convince their peers to support the project.</p>
9.	<p><b>How Public Financing Districts, Board of Enhanced Infrastructure District Can Assist in Funding the High Desert Corridor</b></p>	<p>Mark Pisano, USC Price School of Public Policy</p> <p>Mr. Pisano presented Item #9</p> <p>1:16:25</p> <p>Director Ledford stated that it is critical to capture tax increment locally is essential for cities. When redevelopment was removed it had detrimental effect on cities and created a lot of chaos. Retention of that tax increment is critical for cities to grow and do the right thing.</p> <p>Mr. Pisano stated the tax increment is essential to city budgets because budgets and the future have been are based on previous redevelopment</p>

		<p>revenues. An economic bargain can be made by putting in investment strategies that stimulate that increment, the amount of revenues that can come to the jurisdiction actually increase. He further stated that if we don't invest and get further value for the dollars, there won't be the investment. This is a tool for the jurisdictions to recapture and regain, and to leverage what they had in the previous bill.</p> <p>Director Cano asked how to ensure that the autonomy of this district is kept locally, in a decentralized fashion. He stated that he could foresee that if they are generating revenue the State might expect that be the means by which to solve budget problems.</p> <p>Mr. Pisano replied saying that there is a separation. And that only local entities can use funding, the state cannot touch this. He stated that there is an annual reporting requirement, but there is no money flowing to the state according to the current legislation. He further stated that the importance of this legislation that it requires a nexus with a business plan.</p> <p>Director Cano stated that the documentation indicates that procedurally a city or county has to apply. He asked if there is a potential to have a joint city and county application and delegate a lead agency.</p> <p>Mr. Pisano replied that the beauty of the institutional design of this that these are set up by resolution of the jurisdictions, they can be simultaneously set up, and within a 90 day period, the jurisdictions within the High Desert could set up such an entity. There is a lot of flexibility in how they are put together. Furthermore, you can have districts within districts. There is no limitation on the number of districts. The only limitation is, is what is being done providing enough benefit so the people will pay or there is enough wealth to be created so parties will sign off. To be specific, if LA County, LA City and the cities along the corridor wanted to set up districts around stations and or overpasses, and also a corridor agency those can all be set up. The board designs the system. There is nothing in the law that specifies how it has to be done. The Board has the tools and authorities to be innovative and create wealth.</p> <p>Director Cano asked how to keep competing or overlapping districts from double counting or inflating revenues. For example, Palmdale could have multiple districts and all could claim the rail station as part of their revenue.</p> <p>Mr. Pisano stated that part of the Prop 26 nexus is to establish a business plan and specify this in the business plan. There is another party reviewing what government does, called a validation process and procedure that will go through to issue the securities.</p> <p>Chairman Lovingood thanked Mr. Pisano for his presentation.</p>
10.	<p><b>Status of the Draft EIS/R and Review of Next Steps</b></p>	<p>Robert Machuca, Metro Karl Price, Caltrans</p> <p>Laurie Hunter announced that this is the last time Robert Machuca will present before the board as he has accepted a new position with Metro. She thanked him for his service to the JPA.</p> <p>Robert Machuca presented Item #10</p>

		<p>Mr. Machuca introduced the new project manager for Metro, Isidro Panuco.</p> <p>Karl Price reiterated Mr. Machuca's statements.</p> <p>Ryan McEachron expressed his thanks to Robert Machuca.</p>
11.	<p><b>Recommended Action:</b>  <u>Approve and File Audit Report for Year Ending June 30, 2015</u></p>	<p>Gerry Newcombe, JPA  Administrator</p> <p>Gerry Newcombe stated that a correction is needed to the agenda to reflect the audit is for the period ending June 2014, not 2015. Mr. Newcombe further stated that the audit was clean.</p> <p>On motion of Director McEachron, seconded by Director Ledford, the Audit Report for the year ending June 30, 201<u>4</u> is hereby approved and filed.</p>
	<p><b>Addition of Urgency Item to the agenda</b></p>	<p>Laurie Hunter stated that after the agenda was posted Senate Bill 767 was sent to the Governor by Hector De Leon, authorizing the placement of a ½ cent sales tax measure for transportation projects before the voters.</p> <p>Deputy County Counsel Carol Greene stated that in order to add an urgency matter, if less than 2/3 of the board was present, the present members must approve unanimously that the item is urgent. Because this item came up after the posting of the agenda and there is a short timeline, during which this Board does not meet, it is important that this issue be handled at this meeting. Ms. Greene further stated that the Board must take an Urgency vote to add the item to the agenda and then take the vote on the actual item.</p> <p>Moved by Director McEachron, seconded by Chairman Lovingood, the motion found that the matter arose after the posting of the agenda and the matter must be addressed at this meeting in order to meet statutory deadlines and authorizing the addition of the urgency item related to drafting a Letter of Support for SB 767 is approved by unanimous vote of the members present.</p> <p>On motion by Director McEachron, seconded by Director Ledford, and unanimously approved by the members present, the Board approved sending a Letter of Support from the agency to the Governor in favor of SB 767bill.</p>
12.	<p><b>Public Comment</b></p>	<p>Harold Brand, Joseph Yore and Jason Zink</p>
13.	<p><b>Adjourn</b></p>	<p>Mr. Cano thanked Norm Hickling on behalf of Supervisor Antonovich, for his service to the board.</p> <p>Chairman Lovingood thanked Mayor Ledford for hosting, the presenters and staff.</p> <p>There being no further business, the meeting is adjourned at 11:57 a.m.</p>