CITY OF RANCHO MIRAGE ©

OFFICE OF THE MAYOR
G. DANA HOBART

April 27, 2015

CVAG Executive Committee

Subject: Response To "CV Link Status Report – *Rancho Mirage Supplement*"

Introduction

The City of Rancho Mirage submits that it and other CVAG member cities, have not been kept adequately informed regarding (1) which entities shall fund, and by what amount, future CV Link Operations and Maintenance expenses; (2) what will be the source of such funding and pursuant to what formula; (3) the reliability of the currently projected $1.6 million estimate of O&M expenses for the first full year of CV Link operation; and (4) The wisdom or legality of spending Measure A funds to cover a sizable portion of the CV Link O&M expenses.

Please infer nothing from our insistence on becoming fully informed on these issues. If there is a way to responsibly resolve these matters, Rancho Mirage will continue its support for the project assuming an acceptable route can be found through our city. Attending the Executive Committee in February 2012, I voted to support the CV Link's request to allow using Measure A funds as a potential match for a Sentinel Energy grant. Some things have changed since then.

Rancho Mirage has suggested that the issue of "who pays for future O&M expenses and how much" must be resolved before further millions are expended toward design, construction, right-of-way and other CV Link development factors. On March 30, 2015, for the first time we were informed by Mr. Kirk of CVAG's approach to this overarching issue. Mr. Kirk informed us that under the proposed plan starting with 2017, eight-percent (8%) of our increase over the 2016 base year's TOT receipts will be designated to the CV Link account for payment of Operations and Maintenance. We strongly objected.

One week later CVAG intended to achieve *final* approval of this O&M plan from the Transportation Committee, to be followed by final approval at this meeting, from the Executive Committee. Mr. Kirk's staff report to the Transportation Committee for their April 6th meeting, is attached. (**Exhibit 1**)

If the Operations & Maintenance financing issue proves intractable, Rancho Mirage suggests we open the door to discuss the potential for removing golf carts and NEVs from the project. While such a decision would profoundly affect our ability to secure grants, it might also secure unanimity among the affected cities regarding the cost for what remains. Even if such a decision required CVAG to return some grants, that might pose an economic burden, but it would be less drastic than Cities continuing to be obligated with debilitating O&M costs decades into the future.

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What follows is Rancho Mirage's response to *Executive Committee Agenda Item 6K.4b, entitled "CV Link Status Report – Rancho Mirage Supplement."* (Exhibit 15)

I

Rancho Mirage Response to Assertions Appearing in CVAG Agenda Item 6K.4b Identified As "CV Link Status Report - Rancho Mirage Supplement"

In today's Staff Report (Exhibit 15) it states (p.1, para 1): "Rancho Mirage has raised an issue related to O&M."

The Issues Raised:

Rancho Mirage was first informed, when Tom Kirk met with us on March 30, 2015, and announced that CVAG is projecting that the CV Link will generate $1.6M in O&M expense in its first full year of operation; and, that CVAG is recommending this expense be borne by each city by CVAG taking 8% of each year's increase in TOT revenue over the 2016 base year's TOT receipts.

On March 30th we were not informed that final approval for this 8% TOT payment concept was intended to occur at the April 27, 2015, meeting of the Executive Committee. (It has since been removed from today's agenda.)

Rancho Mirage was quite agitated to learn at this late date of this TOT concept and the 8% formula. How could staff assume the cities had adequate information to synthesize and digest a concept never before mentioned?

At p. 54 the April 27, 2015 CVAG the Staff Report References O&M Funding

The document states, "*O&M funding is being addressed '**up front**' and was even included as far back as the 2009 study.*" (**Exhibit 15**, p.3 para 2)

-The Report also claims that O&M funding was discussed and available for review by interested parties in the August 2014 Draft Master Plan (p.1 of Staff Report). (**Exhibit 15**, p.1)

-Apparently to emphasize the point the Report repeats its reference to the August 2014 Draft Master Plan's availability to those interested. (**Exhibit 15**, p.3)

Response:

In 2009 we were considering a "*Trail Corridor Study*"
-Two years before **NEVs** were added. (**Exhibit 8**)

Was the 8% TOT or any other formula being considered by any CVAG Plan as of August 2014 when the Draft Plan was published?

The Report *implies* that it was by these references.

The Truth Is:

It is *not* mentioned in the August 2014 Draft Master Plan.

What IS mentioned is significant.
-This is what the August 2014 Draft Plan states @ p. 123:

"OPERATIONS AND MAINTENANCE"

OPERATIONS AND MAINTENANCE COST ESTIMATE SUMMARY

"CONSTRUCTION AND OPERATIONS OF THE CV LINK WILL NOT REQUIRE LOCAL FUNDING"

The page mentions total projected O&M to be $1,616,900.00 **(Exhibit 18)**

Read it for yourself:
http://www.coachellavalleylink.com/images/documents/CV_Link_Draft_Plan_Complete_Document_low-res.pdf

In the *Executive Summary* of the Draft Plan issued in **June 2014**:

> ***"OPERATIONS AND MAINTENANCE WILL NOT REQUIRE LOCAL FUNDING."*** **(Exhibit 10)**

It is clear that the cities were NOT being informed of any possibility that O&M costs would become their obligations.

Further, the same message was delivered by CVAG's publicity arm of the CV Link to *The Desert Sun* on June 30, 2014:

> *"This is a first-class facility that's going to require a first-class maintenance plan," he said, adding* ***that it won't mean pulling money away from city budgets****."* **(Exhibit 9)**
> -We didn't know it then, but this was misleading to the public.
> -And it certainly did not put government officials on notice.

So, when did this 8% TOT idea emerge?

The decision makers are the Executive Committee. Only them.

There is no evidence in Executive Committee Minutes concerning when the 8% O&M plan first emerged. Or by whom.

-The one place you would expect extensive discussion – has none.

-The 8% O&M Plan has apparently never been discussed in the Exec. Comm.
-*Unless of course it was a closely held secret by some trusted folks who had a fiduciary duty of disclosure to their cities*.

-Nor has the O&M scheme been the subject of a Staff Report at CVAG – that is, until the first week in April 2015, when it does appear on the Transportation Committee Agenda, recommended for final approval!

With no prior public notice or discussion, it was *intended* to be on this committee's agenda for Final Approval on April 27, 2015.
-As it was on the Transportation Comm. Agenda for April 6, 2015.
(Exhibit 1, p.1)

Does anyone know where this 8% O&M scheme appears anywhere in print, with a date earlier than **GDH's Valley Voice** article of April 9, 2015?

Reference to the 8% O&M proposal never appeared in any of the following documents:

Review of All Exec Comm Minutes since Dec. 5, 2011
Figure about 7-Exec. Comm. meetings per year

Virtually all Exec. Comm. meetings have "CV Link Update"

-8% TOT O&M Scheme was never mentioned

-No discussion of 8% TOT O&M Plan in any set of minutes

Shortly following the publication of **the August 2014 Draft Master Plan** there was an Executive Committee session held September 29,2014.

-In the 4-pages of minutes of that meeting there is no reference whatsoever as to how the CV Link's Operations and Maintenance expenses would be dealt. **(Exhibit 2)**

There is also a 2-page CV Link Status Report that was presented in the Sept. 29, 2014, Executive Committee meeting. **(Exhibit 3)**
-Again, not a word about how the O&M costs would be covered.

There is also discussion concerning the award of a Construction Management contract to a company.**(Exhibit 4)**

-Again, not a word about the O&M costs.

Review of Transportation Committee Minutes:

All have CV Link Status Report: None mention O&M or Formula to pay

Reviewed all of 2014 and 2015 minutes:
-Nothing on subject of O&M or how it would be paid for, etc.

"Up Front" Comment

Today's Staff Report describes CVAG, as being "**up front**" re the O&M funding in today's Staff Report (**Exhibit 15**, p.3, penultimate line)

-Their exact words: "O&M funding is being addressed 'up front'...",

FAQ September 2013 (**Exhibit 5**) (Q was Filibustered)
http://www.cvag.org/library/pdf_files/admin/CVLink_FAQ_update_v4.pdf

FAQ 2015 (yes, *this* year) (**Exhibit 6**) (Q was filibustered)
http://www.coachellavalleylink.com/faq,

Final Approval Was Intended to Be Sought from Exec Comm. Today Regarding
(1) Vote to Approve the Final Master Plan as per Trans. Comm. agenda (Exh.1)
(2) Vote to Approve 8% O&M Funding Concept – As per Trans. Comm. Agenda

The Exhibits at the end of the Transportation Committee Agenda establish that this month the commitment to the 8% O&M plan was to be signed off by each city. (Exhibit 1) *See pages 52 to 56*.

This was planned to have occurred without there ever being a community dialogue over the funding issues and the proposed 8% O&M formula.

O&M costs and TOT formulas were never discussed by the Executive Committee yet this month (April 2015) CVAG was recommending to the Transportation Committee:
APPROVAL OF THE CV Link *Final Master Plan* (**Exhibit 1**, p.45)

Author said: "Completion of the CV Link Master Plan marks an important milestone in bringing the CV Link Project to fruition." (**Exhibit 1**, p. 45)

The 2015 Master Plan references an O&M Funding Plan that mentions "potential funding sources" under which a group of possible sources is identified. The 3-words "Transient Occupancy Tax" appears but without further comment. (**Exhibit 7**)

The same document at same page represents to the reader that **"OPERATIONS AND MAINTENANCE WILL NOT REQUIRE LOCAL FUNDING."** (**Exhibit 7**, p.15)

Same for TAC minutes

I have reviewed all of the Technical Advisory Committee minutes.

None contain an entry suggesting there had been any discussion between Mr. Kirk or his staff regarding the potential amount of O&M funding that would be required nor any comment regarding the TOT concept or formula.

The Secrecy Question

Mr. Kirk authored the current Transportation Committee Staff Report

At page 49: "To develop this concept, CVAG staff discussed alternative approaches with many *city managers*... Generally, city managers reacted favorably to the concept, certainly more open to this than having each city maintain sections of CV Link..." (**Exhibit 1**, p.49)

I asked our City Manager if he had any discussion with Mr. Kirk.

He replied: Yes, several months ago Mr. Kirk raised this concept. Not in a TAC meeting, but privately. He asked me to keep this conversation private for now.

Who knows what agreements have been made and by whom prior to today's Exec Comm meeting?

Our System Fails With Major Items Like CV Link

Nothing brings cities together adequately when necessary.
Committee system not designed for it.
Councils are not involved.
Divide and conquer with secret discussions.

II

How *Accurate* or Reliable Is the $1.6 Million O&M Projection?

Q: What is the fiscal risk to the cities if the current O&M projections are under stated?

-Which I believe they likely are.

According to Table 5 projected Operations costs include 10 full time employees in the category of "Rangers." (**Exhibit 7**)

-The cost projected for these ten public employees is pegged at $55,000 per year for each Ranger.

-2 Management personnel projected at $61,000 each

When benefits paid to public employees are in the calculation, this figure is probably closer to $75,000 per person.

-Nothing projected for CVAG staff time working on CV Link

-When Exec. Director does something related to CV Link his time will be paid by O&M fund monies.

-This should be budgeted but if it is I have not found it.

Benchmarking Effort:

To assist in formulating their projected O&M costs, CVAG reviewed 12 other Roadways and Trails & Shared Paths, some in and some out of California. **(Exhibit 11)**

-Staff concluded that "due to wide variance ... no median value has been calculated for the roadway benchmarking."

-They probably could not find any 30' wide bike paths elsewhere.

CVAG did not compare to the **American River Parkway**, just outside Sacramento. **(Exhibit 12)**

-This project is a 26 mile biking and pedestrian path, with no NEVs or golf cart vehicles allowed; it began around 2000.

-Not contending it is apples-to-apples comparison, but it seems possible that some information may be gained on cost comparisons.

In 2006 the American River Operations budget was $2,885,241

The Maintenance budget was $2,547,720 (**Exhibit 12**, p.3)

Urge Caution in accepting these numbers as being relevant to us.

If there is any relevance, it lies in the high O&M for a bike/pedestrian path with no NEVs or Golf Carts

Cost of Police and Fire: A charge cities must also bear.

- Our Police and Fire budget increasing 7% this year AND 7% next year for RM, PD and IW and possibly La Quinta.
- Nothing in Final Master Plan seems to put any dollar figure on this cost to cities.
- But considerable.
- Ambulances / Fire trucks crossing Linkway likely to fracture cement???
- Cities doubtlessly responsible for costs.
- General crime will appear.

III

Analysis of the 8% TOT Approach and Formula Relating to O&M Costs

1. It may be challenged as constituting a Special Tax, requiring a vote of the public.
2. There is no "Major Firm" legal opinion for us to rely on.
3. **Exhibit 1** (Traffic Committee Staff Report, April 6, 2015) is the first explanation of the formula we have seen.
    a. Not appear in the Final Master Plan or Draft Master Plan.
    b. Final Master Plan p.15 states" "Operations and Maintenance Will Not Require Local Funding."
    c. Traffic Committee staff report was removed from today's Agenda.
4. It has not been disseminated to the councils except as an item on the Transportation Committee.
5. But for Rancho Mirages objections CVAG would likely have passed the plan today without undergoing detailed scrutiny by the elected officials.
6. The plan is completely unrelated to the number of Linkway miles in the city.
7. The plan essentially places the financial burden on five cities, but hurts the other cities who rely on their lesser TOT income and cannot afford to have their income reduced.
8. What evidence exists that those in charge of the budgets of the affected cities are willing to reduce their spendable income to pay the amount of TOT assigned them?
    a. Up until now they also were told "Operations and Maintenance Will Not Require Local Funding."
9. To sweeten the pie (i.e., reduce the projected $1.6M burden), we are told Measure A funds will absorb 30% to 40% of the $1.6 Million.
    a. What if that idea fails? Who is left holding the bag?
    b. It requires a Majority vote of Exec. Comm. to designate the CV Link a "regional arterial." (See **Exhibit 1**, p.47)
        i. Isn't it likely that someone will file a legal challenge to the premise that the CV Link can be transformed to a "regional arterial" much like kissing a frog can produce a prince?
10. The Transportation Committee was told, "As the cities know, there are few 'strings' associated with how TOT is used in a community." Implying cities can do virtually as they please in spending the TOT.
    a. In most cities the residents expect TOT to be used to pay for managing the city, regardless of our discretionary authority.
11. Suggest we all review the "*Agreement to Establish and Fund CV Link Operations and Maintenance Fund*" which you will have to sign on behalf of your city. (**Exhibit 1** at p.52 to p.56)

a. Review paragraph 5. *You are giving CVAG authority to not only spend your TOT payments for O&M costs, but also for "any other purpose related to CV Link, or listed in an approved O&M plan, and/or directly approved by the CVAG Executive Committee."*
   i. This is directly contrary to everything we have been told about the use of our TOT funds. Apparently, they plan no limitations at all on these funds.
   ii. Your approval of this document today is what CVAG was intending until RM spoke out and the matter was removed from the agenda.
   iii. The more we examine the monetary issues, the more we know major adjustments must be made in this project.

IV

Should Measure A Funds Pay Operations and Maintenance Costs of the CV Link

By law "Measure A funds may *only* be used for ... the construction, capital, acquisition, maintenance, and operation of **streets, roads, highways**, including state highway and public transit systems and for related purposes." **(Exhibit 13)**

Only if an Executive Committee majority votes to designate this CV Link as a "regional arterial" roadway would CVAG be permitted to use Measure A revenues for preventative maintenance. (Exhibit 1, p. 47)

Maybe we won't be under oath...

Wikipedia defines it this way: An **arterial** road, or **arterial** thoroughfare, is a high-capacity urban road. The primary function of an **arterial** road is to deliver traffic from collector roads to freeways or expressways, and between urban centers at the highest level of service possible.

To reduce the amount cities must pay for the CV Link's O&M $1.6 Million in costs, a carrot dangles before us that says we can shift up to 40% of those costs to Measure A taxpayer sales tax funds.

The Coachella Valley is allocated a specific percentage of Measure A funds in proportion to revenues generated here.

Does anyone think that in 2002 voters intended something like the CV Link could take millions of dollars year after year from the Measure A fund when they voted to approve an extension of a ½ cent increase in sales tax to the year 2039?

Voters probably had in mind the miserable condition of public roadways in the Coachella Valley when they voted.

CVAG creates and administers a Priority List (TPPS) of roadways needing repair; or new roads that are essential to relieve traffic, etc. **(Exhibit 16)**

This priority list has been created by Public Works personnel, city managers, and city government evaluations based on need, safety, traffic congestion, etc.

Some of these projects have been on our TPPS list for years, and becoming more acute.

Total Projects on TPPS List: 247

Most cities have multiple roadways waiting patiently to be funded from the Measure A pool.

Rancho Mirage @ 7
Coachella @ 29
Cathedral City @32
Indio @ 34

With a cumulative cost of over three billion dollars!

-*Should* Measure A funds be used for CV Link?

-Each city council should have thorough discussions before any vote is taken by CVAG

IV

The Projected Cost to Rancho Mirage for First 9-Years Totals $1,461,685.00

The Proposed 8% O&M formula and concept is very expensive for the cities with Transient Occupancy Taxes.

It is also far more complex than it first appears.

The base year is designated to be 2016.

Each year thereafter the amount paid to CV Link is 8% of the increased TOT over the 2016 base year's TOT receipts.

Per the current CV Link Master plan, the bike path has morphed into a 50-mile bike, golf cart, electric vehicles, and pedestrian parkway 30 feet wide. **(Exhibit 17)**

Following CVAG's approach to determine annual O&M expenses for the next nine years, and using the same increase in costs' assumptions and projected TOT income assumptions, Rancho Mirage could be subject to the following annual expenditures for O&M costs.

Our Finance Director compiled these numbers.

FY 2016-2017	$28,350
FY 2017-2018	$58,118
FY 2018-2019	$89,374
FY 2019-2020	$122,193
FY 2020-2021	$156,653
FY 2021-2022	$192,836
FY 2022-2023	$230,829
FY 2023-2024	$270,721
FY 2024-2025	$312,607

Over 9-years Rancho Mirage could pay: $1,461,685.00

Rancho Mirage Finance Director calculations: Year 1@ $28,350.
-Growing to be **$312,600 in Year 9.**
-With 9-year total: **$1,461,685**

CVAG's numbers calculate to be: Year 1 @ $22,800
-Growing to be **$251,800** in 9th year.
-With 9-year total: **$1,177,600**
(Note: The reason for the difference between the two is because CVAG used incorrect revenue data for Rancho Mirage.)

V

Conclusion

Rancho Mirage has never opposed the CV Link concept. In concept it is a magnificent idea, at least if each city is satisfied with the route within the city.

However, we are deeply concerned that Rancho Mirage (and others) may be biting off future debt obligations that are unacceptable and perhaps irresponsible.

The money thus far spent to develop the CV Link by CVAG for FY 2013-2014 and the budget for FY 2014-2015 is at **$5,488,915**. (Per the Rancho Mirage Finance Director – **(Exhibit 14)**

Before we spend more we must understand with reasonable certainty what is the on-going O&M burden the CV Link will place on CVAG member cities. We need that information before the CV Link advances another ten feet.

If the numbers are unacceptable, we can go back to the original idea and consider developing a bike path that connects the cities and county.

Dana Hobart

G. Dana Hobart

Motions

I

Move that this document with its exhibits be added to the official Minutes of the April 27, 2015, Executive Committee meeting and be attached to all future requests for said Minutes.

II

That CVAG forthwith convene a collective open meeting (Study Session) at the Rancho Mirage Council Chambers (or other agreeable location) of all interested CVAG member jurisdictions, including the City Manager, the Finance Director, the Director of Public Works and two members of their City Council for a total of 5 from each city/county; and, that the Agenda for such meeting include a broad discussion of these issues: (1) Determination of projected Future O&M Costs of the CV Link; (2) How future O&M costs will be paid and by whom; (3) Whether Measure A funds should be considered to assist in paying future O&M costs of the CV Link;. The agenda and speakers for the meeting be coordinated by the CVAG Executive Director with the Rancho Mirage City Manager, who shall also have authority to add speakers he deems appropriate. Said meeting shall not be convened earlier than 30 days from April 27, 2015 and not more distant than June 3, 2015, which date can be adjusted to accommodate.

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OFFICE OF THE CITY MANAGER
RANDAL K. BYNDER

May 18, 2015

Mr. Tom Kirk
Executive Director
CVAG
73-710 Fred Waring Dr #200
Palm Desert, CA 92260

Dear Mr. Kirk:

Rancho Mirage is now filing with you the four motions/subjects we wish to have on the Executive Committee Agenda for the June 1, 2015, meeting. There are changes in what we initially said to expect, including our withdrawal of a Motion to Reconsider the February 2012 Measure "A" matter.

Please place them on the agenda in the following order:

1. Request to Convene All-day CV Link Discussion with all CVAG Jurisdiction Members.
2. Request to form Committee of the Whole for Half-day discussion re Operations and Maintenance Formulas.
3. Request to Obtain Legal Opinion Related to Use of Measure A funds for CV Link.
4. Request to slow down progress of CV Link Development.

If you have any questions please feel free to call.

Sincerely,

Randal K. Bynder
City Manager

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June 1, 2015

TO: Mr. Tom Kirk, Executive Director

FROM: City of Rancho Mirage

The City of Rancho Mirage submits the following item for placement on the June 1, 2015, Agenda of the CVAG Executive Committee for full discussion and vote.

1 Request to Convene All-day CV Link Discussion With All CVAG Jurisdiction Members

Subject:
That the Executive Committee and CVAG staff forthwith arrange and convene at a suitably large location an officially noticed all-day CV Link Study Session comprised of all interested CVAG member jurisdictions. Each jurisdiction is invited to bring city managers, city council members, finance directors, public works directors, and legal counsel up to a total of six persons from each jurisdiction (or slightly more if a jurisdiction requests). The subjects for discussion include but are not limited to the following:

1. For purposes of our discussion, assume a projection of $1.6M for Operations and Maintenance costs in the first year of full CV Link operation. (Agreement on a specific number is not essential for this discussion.)

2. How many years of "life" is projected for the CV Link's need for an Operations and Maintenance plan?

3. What are the top three or four funding formulas currently being considered respecting who pays what and how much?

4. There shall be thorough discussion of the proposed 8% TOT funding formula advanced by CVAG.

5. What are the options if the CV Link's O&M projected expenses exceed cities' willingness or ability to pay them sometime in the future?
    a. Will cities be obliged to sign contracts to obligate each city to indefinitely meet the cost of any other signatory city(s) when any such city(s) defaults on a required payment?
    b. Will any city which defaults in in its O&M payment be obligated to repay that obligation within (5-years) (10-years)?
    c. How will a city securing bankruptcy relief affect the other cities?

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6. If legal, *should* we use Measure A funds to pay for any portion of the CV Link's O&M costs? Do the rules/laws permit one city to use Measure A funds for O&M without the consent of the other CVAG jurisdictions?

7. How will each jurisdiction be permitted to adjust their O&M obligation and ability to pay when/if rescissions occur and TOT or other city income drops significantly?

There will be no official votes at the meeting. Straw votes would be permitted if requested. The discussion will have two moderators: one identified as Pro CV Link and the other identified as Concerned re CV Link. The discussion shall be loosely arranged so that people can move from issue to issue as it relates to the points or questions being asked. No speaker on any side of any issue may filibuster his/her comments. People managing the discussion will not display bias or favoritism toward any speaker, pro or con. Questions can be raised by any attendee from any city and any person may respond to any question upon requesting the floor.

If room permits, the public will be allowed to attend and listen but not ask questions until the end of the session, after the member jurisdictions have concluded their portions of the program.

Recommend:
MOTION: That the Executive Committee appoint a fair and balanced subcommittee to work with the Executive Director to immediately begin making arrangements for convening such an all-day (8 a.m. to 5 p.m.) joint meeting in June or July 2015. (Box lunches to be provided to attendees at no cost to them.)

City of Rancho Mirage
Dana Hobart, Mayor
Randy Bynder, City Manager

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June 1, 2015

TO: Mr. Tom Kirk, Executive Director

FROM: City of Rancho Mirage

The City of Rancho Mirage submits the following item for placement on the June 1, 2015, Agenda of the CVAG Executive Committee for full discussion and vote.

2 Request To Form Committee of the Whole For Half Day Discussion Re O&M Formulas

Subject:
Discussion Item: Arrange for a general, open half-day discussion between the Executive Committee, their city managers and finance directors and the CVAG/CV Link Staff to generally discuss the issues identified below. Such meeting to be scheduled for at least one-half day.

The format of the meeting will be loose, with questions, comments and answers permitted during any part of any presentation. Responses can come from any city staff person and any council member as well as county representatives.

The subjects for discussion shall include a complete review of all efforts and O&M payment ideas thus far considered by staff to find a solution to the long term financial requirements for future Operations and Maintenance funding. The following should be part of the discussion:

1. The 8% concept re Cities annually paying 8% of their increase in TOT receipts over the base year of 2016.

2. The concept of each city paying for the O&M costs on that portion of the CV Link which is within the borders of each city. ($33,600 per mile)

3. Obtaining funds from the BID Fund managed by the Greater Palm Springs Convention and Visitor's Bureau (CVB)

4. All other funding sources considered or intended to be considered.

Recommend:
MOTION that the CVAG Executive Committee designate itself as a Committee of the Whole, and together with the City Managers and Finance Directors of each city, share an open discussion of the pros and cons of all O&M financial formulas considered to date, intended to be considered, including those identified above. And, that a date for such discussion be set within the next 30 days.

Background:
The CV Link's proposed Final Master Plan dated March 2015 projected annual Maintenance costs in the amount of $864,900 (or $18,000 per mile), and Operations costs in the amount of $752,000 (or $15,600 per mile). The total O&M costs projected were $1,616,900 (or $33,600 per mile). If Measure A funds were used to reduce the O&M costs by one-third, the cost per mile would be reduced to approximately $22,000 per mile for the first year of full operation.

During the past three years CVAG has repeatedly put in print that the O&M costs "will not require local funding." (See the Draft Plan Executive Summary, June 2014, page 11.) A CVAG press release appeared in the Desert Sun June 30, 2014, stating that "a first class maintenance plan" was required, but that, "it won't mean pulling money away from city budgets." Not until March 30, 2015, were we informed that O&M costs were to be borne by the member jurisdictions that have TOT revenue.

Whether the O&M costs are slightly or somewhat higher or lower than the current projection of $1.6M projection need not be refined before we discuss who or what entities will or may be responsible for paying what portion of the O&M expenses.

Can There Be Any Benefit From Delaying This Urgently Needed Discussion

Do the cities risk the possibility that our failure to decide the O&M issues ASAP could lead us to the point where the rationale becomes, "We have Phase 1 done – or nearly done – leaving the cities with no alternative but to assume the financial responsibility for the CV Link's operations and maintenance? Would we be too far down the road to reverse course after we have expended millions on the project." How would cities sustain such an impact?

How would the remaining cities deal with the O&M payment problems if one city filed for bankruptcy relief? Or if one city simply defaulted on their payments as being beyond their ability to pay their allotted share?

Serious concern arises from the TAC committee agenda for May 11, 2015. Agenda Item 7a states: "*While there seems to be a consensus to address operations and maintenance (O&M) early on in the process, we are still at least two and a half years away from having a CV Link section complete and ready to be 'operated' or 'maintained'*. Can that logic truly prevail over the obvious importance of making the O&M decisions now?

CVAG has had three years to find the answers. What is the justification for continued delay? If the 8% TOT formula is the best O&M staff can produce, we should vote it up or down. If the cities support that plan then the project goes forward.

We have a number to work with: $1.6 million; it may be a bit higher or lower. It is close enough for us to resolve the future funding issue.

For these reasons the City of Rancho Mirage urges passage of the Motion identified above.

City of Rancho Mirage
Dana Hobart, Mayor
Randal Bynder, City Manager

CITY OF RANCHO MIRAGE ©

June 1, 2015

TO: Mr. Tom Kirk, Executive Director

FROM: City of Rancho Mirage

The City of Rancho Mirage submits the following item for placement on the June 1, 2015, Agenda of the CVAG Executive Committee for full discussion and vote.

3 Request to Obtain Legal Opinion Related to Use of Measure "A" Funds for CV Link

Subject:
The City of Rancho Mirage Proposes: That the Executive Committee authorize an expenditure of funds sufficient to retain a prominent Los Angeles, Orange County or San Diego law firm to provide CVAG and the Cities with a Legal Opinion concerning the legality of using Measure A funds to pay any part of the Operations and Maintenance costs of the CV Link if it proceeds to completion.

Recommend:
MOTION: That the Executive Committee authorize an expenditure of funds sufficient to retain a prominent Los Angeles, Orange County or San Diego law firm to provide CVAG and the Cities with a Legal Opinion concerning the legality of using Measure A funds to pay any portion of the Operations and Maintenance costs of the CV Link if it proceeds to completion. If the motion passes CVAG Attorney Toni Eggebraaten and Dana Hobart are authorized to agree, if they can, on a first and second choice of law firms, and continue discussions thereafter until they have selected the firm. The manner in phrasing the issue shall also be approved by both attorneys before any law firm is contacted.

Background:
In the April 6, 2015, Transportation Committee Staff Report recommending that the Committee "**Approve an Agreement to Establish and Fund CV Link Operations and Maintenance Fund**" staff projected that Total Maintenance and Operations costs of $1,616,900 could be anticipated in the first full year of operations of the approximately 50-mile long path.

In that Staff Report the 8% formula approach was explained, using the cities' TOT funds to help pay for the O&M costs. To reduce the O&M cost to the cities/county the Staff Report suggested that Measure A funds "could be used to support between 30% and 40% of projected costs" leaving "close to $1M in expected costs still need[ing] to be addressed." (With that reduction the cost per mile would reduce from $33,600 to about $22,000.)

Public Vote in 2002
In 2002 voters approved measure A which was a ½% increase in county sales taxes extending through 2039. The purpose of that vote was to improve the poor condition of the roads and highways in Riverside County. As stated in the Riverside County Transportation Improvement Plan, "Current resources, without the extension of the existing sales tax revenues for

transportation, cannot provide adequate funding to maintain the local street and road system at the level necessary to adequately serve the public."

What happens if the Measure "A" idea is not extended after the year 2039? The O&M costs will continue, but who picks them up after the 24th year?

Measure A Fund Background
The Transportation Committee Staff Report, suggested that if the Executive Committee votes to call this CV Link a "regional arterial" roadway, such designation by CVAG would allow the CV Link to be eligible for Measure "A" revenues.

Such an approach may or may not be legal. On the face of it, it seems uncertain that by calling the 30' wide bike/pedestrian, golf carts & NEVs, joggers, etc., a regional arterial actually justifies the use of Measure "A" funds. Wikipedia defines an arterial road as a high-capacity urban road. The primary function of an arterial road is to deliver traffic from collector roads to freeways or expressways, and between urban centers at the highest level of service possible. It seems a reasonable assumption that CV Link does not qualify for designation as an arterial thoroughfare.

Western Riverside County Non-Motorized Transportation Plan
In a June 2010 update of section 7.3.1 of the WRCNMP, in the section entitled Local Funding, it references Measure "A" funds in relationship to "Local Funding." That document states: "The local jurisdictions may spend the funds on improvements to local streets and roads as they see fit. Bicycle and pedestrian improvements along these roads are not specifically called out in Measure A, *but may be funded as part of the improvements to these thoroughfares*." Is CV Link properly associated with an improvement to some thoroughfare? There must be some question whether the CV Link would qualify for Measure "A" funds if it were constructed in Western Riverside County.

RCTC Ordinance 02-001 Section V PURPOSES: "Measure "A" funds may **only** be used for transportation purposes including ... the construction, capital, acquisition, maintenance and operation of *streets, roads, highways*, including state highways and public transit systems and for related purposes."

While reasonable minds may differ, it cannot be denied that a strong case can be made for the proposition that Measure "A" funds are beyond the reach of the CV Link.

Ordinance 02-001 (p. 11): **STATE HIGHWAYS AND MAJOR REGIONAL ROAD PROJECT**

> "Fifty percent (50%) of the Measure "A" revenues will be used for State Highways and regional road improvements. The Transportation Project Prioritization Study (TPPS), developed through the Coachella Valley Association of Governments (CVAG), will function as the Plan for future needs. Preventive maintenance of these Measure "A" funded arterials will be allowed, if a majority of the Coachella Valley local governments give approval."

To use Measure "A" funds for maintaining the CV Link reduces the dollars available to build and repair regional roads and bridges in the Coachella Valley that have long been identified and ranked in priority by need, and are slowly moving up the list of priority projects. There are 247 such projects in the Coachella Valley, identified and ranked in priority in a 2010 Study referred to as the Transportation Project Prioritization Study (TPPS). In excess of $3 billion is the

projected cost to fund the 247 projects in need. Rancho Mirage has 7 projects on the list; Coachella has 29, Cathedral City has 32, Indio has 34, etc. Nothing in the Ordinance allows for preventative maintenance for something other than highways and regional road improvements.

Would a court approve placing the CV Link on the TPPS priority list to justify paying for 30-40% of CV Link's operations and maintenance costs for decades into the future? And even if a legal opinion supported the use of Measure A funds for this use, we would still face the question of whether the cities *should* spend these vital monies for this CV Link purpose.

Conclusion

Aside from the cost, there is no reason to delay securing a legal opinion from an outside, disinterested party having no ties to any of the interested parties or the Coachella Valley.

If the project gets past the Who-is-to-Pay-and-How-Much challenge, we will need strong legal support to justify using Measure A funds. We cannot rely on anything less.

City of Rancho Mirage
Dana Hobart, Mayor
Randy Bynder, City Manager

CITY OF RANCHO MIRAGE ©

June 1, 2015

TO: Mr. Tom Kirk, Executive Director

FROM: City of Rancho Mirage

The City of Rancho Mirage submits the following item for placement on the June 1, 2015, Agenda of the CVAG Executive Committee for full discussion and vote:

4 Request to Slow Down Progress of CV Link Development.

Subject: Request that the CVAG Executive Committee direct the Executive Director to reduce the current speed or rate of advancement of the design and development of the CV Link project as it currently exists. Until the Executive Committee has the written agreement of the CVAG member jurisdictions to be financially responsible for future O&M expenses, rate of progress in design and development should be substantially reduced. Forward progress should resume only when sufficient CVAG member jurisdictions sign binding documentation sufficient to assure that they agree to be bound by a formula that produces 100% of the shared responsibility for the ongoing future Operations and Maintenance expenses of the CV Link, less any other source of annual income to be assumed by other responsible sources.

Recommend:
MOTION: That the Executive Committee direct the Executive Director to substantially reduce the speed and rate of advancement of the CV Link project, as it currently exists, until the Executive Committee has approved resumption of the project after having received adequate documentation firmly establishing that a sufficient number of member jurisdictions have agreed in writing to be financially responsible for future O&M expenses.

Background:
The CV Link's proposed Final Master Plan dated March 2015 projected annual Maintenance costs in the amount of $864,900 (or $18,000 per mile), and Operations costs in the amount of $752,000 (or $15,600 per mile). The total O&M costs projected were $1,616,900 (or $33,600 per mile) for the first year of operation of the entire 50-mile CV Link. (Exhibit 1).

Exhibit 1 states that "the CV Link Will Not Require Local Funding." However, the City of Rancho Mirage was advised by Mr. Kirk on March 30, 2015, that he was recommending that all member jurisdictions be required to annually pay 8% of their increase in TOT revenues over the base year 2016's total TOT revenues. Such was the plan **recommended for approval** to the CVAG Transportation Committee at its April 6, 2015 meeting until **Item 7C** was pulled just prior to the meeting.

In the packet of materials submitted as **Item 7C** was the Contract being proposed by Mr. Kirk (the apparent author of Item 7C). By the terms of the proposed Contract, at Paragraph 5, it stated that the "O&M Fund can be used to pay for CV Link operations, maintenance, repair, replacement, cleaning, trash pickup, utilities, security enhancements, **or any other purpose related to CV Link**..." In other words, the Fund was not limited to O&M expenditures.

Following CVAGs approach, the proposed 8% funding formula results in the following calculation for the City of Rancho Mirage.

FY 2016-2017	$28,350
FY 2017-2018	$58,118
FY 2018-2019	$89,374
FY 2019-2020	$122,193
FY 2020-2021	$156,653
FY 2021-2022	$192,836
FY 2022-2023	$230,829
FY 2023-2024	$270,721
FY 2024-2025	$312,607

Over 9-years Rancho Mirage could pay: $1,461,685.00

Meeting Between Mr. Kirk and Mayor Hobart

At a meeting between them on or about April 29, 2015, Mayor Hobart asked that Mr. Kirk if he would consider slowing down the progress of the CV Link and reduce the expenditure of funds until we see if there is unity among the cities concerning the 8% TOT funding formula.

Mr. Kirk responded that he had no discretionary authority to slow down the project except on direction of the Executive Committee. This motion arises as a result of this discussion.

We are now over three years into the design and development of the CV Link Project. CVAG spent $722,083 in FY 2013-2014; and we budgeted $4,481,000 for FY ending June 30, 2015. (Exhibit 1) Yet, we have no agreement concerning how the O&M costs will be paid over the coming decades, or by whom.

Executive Committee Needs to Act Promptly to Clarify Confusion and Prevent Increased Costs

CVAG has publicized that the O&M costs *"will not require local funding."* See the Draft Plan *Executive Summary*, June 2014, page 11. (Exhibit 2) CVAG was authorizing press releases like the one printed in the Desert Sun June 30, 2014, saying that "a first class maintenance plan" was required, but that, "*it won't mean pulling money away from city budgets*." In the August 2014 Draft Master Plan it states "*Operations and Maintenance will Not Require Local Funding*." (Exhibit 3) In the March 2015 Master Plan it states "Operations of the CV Link Will Not Require Local Funding." (Exhibit 4).

Not until March 30, 2015, was Rancho Mirage informed by Mr. Kirk that under the plan being *recommended* by CVAG the O&M costs were to be borne by the cities from TOT revenue. Nearly three years into the project, this information came as a shock.

Fiscal prudence requires that we not put ourselves in a position when the time arrives where some percentage of the project is finished and we have no O&M formula agreed to by the cities.

We are already at the point where discontinuance of the project would cost several million dollars. Fiscal responsibility compels that we resolve the O&M question quickly.

On the May 11, 2015, TAC, Agenda Item 7a states: "While there seems to be a consensus to address operations and maintenance (O&M) early on in the process, *we are still at least two and a half years away from having a CV Link section complete and ready to be 'operated' or 'maintained'*.

It is irrelevant that we are two years away from having one phase completed. If we wait until the first phase is near completion, and we have not agreed upon an O&M plan, *we will have an economic disaster on our hands for which we will all be held responsible*. We must not delay resolving the O&M formula regarding who pays and how much.

As Mr. Kirk states, "*there seems to be a consensus to address operations and maintenance early on in the process*..." We cannot allow ourselves to be led away or otherwise diverted from dealing with the economic realities. If the Executive Committee does not take control of this explosive situation, how will cities prepare to meet funding issues that will, at some point, have to be confronted?

We have avoided confronting this issue for three years. We have a number to work with: $1.6 million. The formula will be whatever it is – regardless of whether we are considering $500K or $1M or $1.6M. The question remains: Who will pay what, and how much?

For these reasons the City of Rancho Mirage urges passage of the Motion identified above.

City of Rancho Mirage
Dana Hobart, Mayor
Randy Bynder, City Manager

CV Link Expense Data

CV Link Actual Expenses From CVAG's Fiscal Year 2013-14 Audited Financial Statements:

	Amount
Salaries and Benefits	75,711
Consultants/Service Providers	634,010
Other Non-Personnel Expenses	12,362
Actual Total FY 13-14	722,083

CV Link Budgeted Expenses From CVAG's Fiscal Year 2014-15 Budget:

	Amount
Salaries and Benefits	241,460
Consultants/Service Providers	4,481,000
Other Non-Personnel Expenses	44,372
Budgeted Total FY 14-15	4,766,832

Combined Total (FY 13-14 Actual + FY 14-15 Budget):

	Amount
Salaries and Benefits	317,171
Consultants/Service Providers	5,115,010
Other Non-Personnel Expenses	56,734
Combined Total	5,488,915

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2014

	Special Projects	CV Link	Multi-Species Habitat Conservation	AB 2766 Grant	Oil Grant
Revenues:					
Grants	$ -	-	-	-	74,995
Investment income	-	-	-	376	127
Other governmental	-	791,358	-	299,474	-
Miscellaneous	31,000	-	606,509	-	-
Total revenues	31,000	791,358	606,509	299,850	75,122
Expenditures:					
Salaries	-	57,288	367,814	70,778	3,195
Benefits	-	18,423	129,403	20,208	1,125
Communications	-	608	4,501	776	35
Advertising	509	78	1,474	89	13,594
Insurance	-	3,230	18,486	3,020	154
Memberships and per diem	-	498	3,420	2,459	30
General and office expenses	55	1,169	16,144	1,383	2,533
Professional services	4,308	1,408	20,310	1,697	74
Consultants	-	634,010	-	9,500	50,192
Leases and maintenance	-	4,578	30,802	5,944	269
Staff training	-	27	5,925	48	2
Transportation and meetings	-	129	2,524	911	7
Utilities	-	637	4,184	828	37
Project costs	32,975	-	-	-	8,714
Capital Outlay	-	-	1,522	-	-
Total expenditures	37,847	722,083	606,509	117,641	79,961
Excess (deficiency) of revenues over (under) expenditures	(6,847)	69,275	-	182,209	(4,839)
Other financing sources (uses):					
Transfers in	4,883	41,766	-	-	2,003
Transfers out	-	-	-	(200,730)	-
Total other financing sources (uses)	4,883	41,766	-	(200,730)	2,003
Net change in fund balances	(1,964)	111,041	-	(18,521)	(2,836)
Fund balances (deficit) at beginning of year	26,702	(348,549)	42,377	360,177	58,479
Fund balances (deficit) at end of year	$ 24,738	(237,508)	42,377	341,656	55,643

EXHIBIT #1 - 2

RCTC / LTF / PPM (FUND 612) & CVLINK (FUNDS 620,623,625)

	FY2012/13 Actual	FY2013/14 Budget	FY2013/14 Yr. End Est.	FY2014/15 Budget
BEGINNING FUND BALANCE	$ 17,542	$ 131,053	$ (218,396)	$ 184,062
REVENUES:				
6042 RCTC - PP&M	$ 116,037	$ 100,000	$ 81,710	$ 80,000
6051 RCTC - LTF	274,500	326,300	326,300	366,750
7031 Other Revenue	99,421	1,585,660	895,516	1,412,377
8001 Investment Income	291	220	670	300
Total Revenues	$ 490,249	$ 2,012,180	$ 1,304,196	$ 1,859,427
EXPENDITURES:				
Personnel				
1101 Salaries	$ 130,488	$ 159,263	$ 130,952	$ 176,208
1103 Auto Allowance	1,755	1,584	1,619	1,944
1211 PERS	23,657	27,730	23,751	29,658
1213 Medicare	1,913	2,313	1,878	2,555
1221 Group Insurance	14,859	26,044	15,646	26,869
1226 Unemployment	439	532	478	575
1231 State Compensation	1,134	1,663	969	1,839
1241 Long Term Disability	567	739	546	1,020
1261 Deferred Compensation	247	224	254	792
Total Personnel Expenditures	$ 175,059	$ 220,092	$ 176,093	$ 241,461
Non-Personnel				
2321 Communications / Phone	$ 1,071	$ 981	$ 1,403	$ 1,733
2341 Advertising	-	604	190	612
2353 Comprehensive Insurance	5,083	7,437	6,491	8,384
2401 Memberships / Registration	13	104	126	112
2415 Postage	264	152	162	166
2417 General Expense	352	1,033	308	1,118
2418 Per Diem Payments	958	-	1,243	-
2421 Subscriptions	17	103	28	145
2422 Computer Software	1,293	2,077	1,458	2,138
2423 Office Supplies	524	732	495	793
2425 Legal Services	5,842	412	2,394	503
2427 Medical Services	-	-	25	-
2428 Accounting Services	1,961	2,582	2,247	3,354
2431 Professional Services	168	206	512	2,907
2451 Equipment Lease / Maintenance	828	1,383	745	1,468
2461 Building Lease / Rent	10,071	11,879	10,095	13,080
2481 Printing	20	50	177	1,056
2484 Resource Materials	2	-	6	-
2485 Training - Employee	191	1,472	43	2,767
2502 Local Meetings	472	649	243	704
2503 Travel and Training	205	186	931	537
2512 Utilities	1,673	2,582	1,451	2,795
4821 Equipment	-	-	-	-
Total Non-Personnel Expenditures	$ 31,008	$ 34,624	$ 30,803	$ 44,372
Other				
2432 Consultants - Service Providers	$ 445,896	$ 1,585,660	631,819	$ [illegible]
2433 Construction / Project Costs	47,600	30,000	-	-
3500 Operating Transfers Out	99,425	61,738	63,023	68,454
9000 Operating Transfers In	(72,801)	-	-	[illegible]
Total Other	$ 520,120	$ 1,677,398	$ 694,842	$ 1,429,454
Total Personnel-Non-Personnel/Other	$ 726,187	$ 1,932,114	$ 901,738	$ 1,715,286
Net Excess (Deficit)	$ (235,938)	$ 80,066	$ 402,458	$ 144,141
ENDING FUND BALANCE	$ (218,396)	$ 211,119	$ 184,062	$ 328,203

EXHIBIT #1 - 3

/LINK

CONNECTING THE COACHELLA VALLEY

BIT #2 -1

CV Link will be sustainably maintained and operated

The Operations and Management (O&M) Plan (Chapter 7) provides outlines for the following recommended plans:

- Financial Plan
- Marketing Plan
- Safety and Security Plan
- Risk Management Plan
- Asset Management Plan

Each plan is linked to the others to ensure that CV Link is maintained to a high and consistent standard meeting the expectations of visitors and the needs of the community.

As CV Link is a regional transportation asset, CVAG is recommended to be the O&M lead agency. This could be under the existing CVAG Joint Power Agreement (JPA) to minimize costs or a new JPA could be established in parallel utilizing CVAG staff. A new JPA would offer the opportunity to customize the membership to represent CV Link (i.e, the flood districts could be included).

The O&M Plan recommends routine maintenance types and frequencies to be performed by contract CV Link Rangers. Pavement and structures rehabilitation on an as-needed condition basis have also been estimated and it is recommended that annual reserve contributions be made towards these future costs. Energy costs are expected to be minimal as CV Link will include solar power generation on the shade structure roofs.

The estimated O&M costs are given in Table 4. This cost modeling approach assumes that the sweeping, website and web application maintenance, bridge inspections, and condition-based remedial maintenance will be performed by contractors. Existing CVAG staff may perform some of the management, coordination and administrative tasks, but a budget has been allocated for these functions to be outsourced. While this Draft Plan is in review, the personnel requirements and costs will be refined using activity-based models and locally appropriate overhead multiples.

TABLE 4: OPERATIONS AND MAINTENANCE COST ESTIMATE

ACTIVITY	ANNUAL COST
MAINTENANCE	
Pathway	
Sand and debris removal, sweeping	$19,400
Concrete repair (periodic renewals)	$268,700
Re-marking	$46,800
Signs and fences	$30,700
Clearing of drainage channels and culverts	$15,000
Structures maintenance (cyclic)	$14,900
Structures maintenance (periodic renewals)	$40,600
Access Points	
Restrooms	$4,000
Site Furnishings	$10,000
CONTRACTS	
LSEV lease	$18,000
Graffiti removal	$30,000
Lighting maintenance	$30,000
Landscaping	$145,200
SUBTOTAL MAINTENANCE	**$673,300**
OPERATIONS	
Utilities (electricity and water)	$16,600
Events, promotions and website maintenance	$27,500
Safety coordination and administration	$120,000
Rangers	$444,000
SUBTOTAL OPERATIONS	**$608,100**
TOTAL MAINTENANCE AND OPERATIONS	**$1,281,400**

OPERATIONS AND MAINTENANCE WILL NOT REQUIRE LOCAL FUNDING

A funding plan for operations and maintenance is in development. The principal potential funding sources include:

- CVAG Transportation Program
- AQMD Mobile Source Air Pollution Reduction (MSRC)
- Cap and Trade Auction Proceeds (the Greenhouse Gas Reduction Fund)
- Transient Occupancy Tax
- Utility Corridor Leasing Fees
- Corporate or foundation support

EXHIBIT #2 - 2

CV Link will be sustainably maintained and operated

The Operations and Management (O&M) Plan (Chapter 7) provides outlines for the following recommended plans:

- Financial Plan
- Marketing Plan
- Safety and Security Plan
- Risk Management Plan
- Asset Management Plan

Each plan is linked to the others to ensure that CV Link is maintained to a high and consistent standard meeting the expectations of visitors and the needs of the community.

As CV Link is a regional transportation asset, CVAG is recommended to be the O&M lead agency. This could be under the existing CVAG Joint Power Agreement (JPA) to minimize costs or a new JPA could be established in parallel utilizing CVAG staff. A new JPA would offer the opportunity to customize the membership to represent CV Link (i.e. the flood districts could be included).

The O&M Plan recommends routine maintenance types and frequencies to be performed by contract CV Link Rangers. Pavement and structures rehabilitation on an as-needed condition basis have also been estimated and it is recommended that annual reserve contributions be made towards these future costs. Energy costs are expected to be minimal as CV Link will include solar power generation on the shade structure roofs.

The estimated O&M costs are given in Table 4. This cost modeling approach assumes that the sweeping, website and web application maintenance, bridge inspections, and condition-based remedial maintenance will be performed by contractors. Existing CVAG staff may perform some of the management, coordination and administrative tasks, but a budget has been allocated for these functions to be outsourced. While this Draft Plan is in review, the personnel requirements and costs will be refined using activity-based models and locally appropriate overhead multiples.

TABLE 4: OPERATIONS AND MAINTENANCE COST ESTIMATE

ACTIVITY	ANNUAL COST
MAINTENANCE	
Pathway	
Sand and debris removal, sweeping	$19,400
Concrete repair (periodic renewals)	$268,700
Re-marking	$46,800
Signs and fences	$30,700
Clearing of drainage channels and culverts	$15,000
Structures maintenance (cyclic)	$14,900
Structures maintenance (periodic renewals)	$40,600
Access Points	
Restrooms	$4,000
Site Furnishings	$10,000
CONTRACTS	
LSEV lease	$18,000
Graffiti removal	$30,000
Lighting maintenance	$30,000
Landscaping	$145,200
SUBTOTAL MAINTENANCE	**$673,300**
OPERATIONS	
Utilities (electricity and water)	$16,600
Events, promotions and website maintenance	$27,500
Safety coordination and administration	$120,000
Rangers	$444,000
SUBTOTAL OPERATIONS	**$608,100**
TOTAL MAINTENANCE AND OPERATIONS	**$1,281,400**

OPERATIONS AND MAINTENANCE WILL NOT REQUIRE LOCAL FUNDING

A funding plan for operations and maintenance is in development. The principal potential funding sources include:

- CVAG Transportation Program
- AQMD Mobile Source Air Pollution Reduction (MSRC)
- Cap and Trade Auction Proceeds (the Greenhouse Gas Reduction Fund)
- Transient Occupancy Tax
- Utility Corridor Leasing Fees
- Corporate or foundation support

EXIBHIT #3 - 1

OPERATIONS AND MAINTENANCE COST ESTIMATE SUMMARY

Based on the capital funding sources outlined in Figure 24 (page 142), the operational cost estimate provided in Table 24 and the range of funding sources that will be utilized or considered (refer to section 8.8, page 155), construction or operations of CV Link will not increase rates.

CONSTRUCTION AND OPERATIONS OF THE CV LINK WILL NOT REQUIRE LOCAL FUNDING

This cost modeling approach assumes that the sweeping, website and web application maintenance, bridge inspections, and condition-based remedial maintenance will be performed by contractors. Existing CVAG staff may perform some of the management, coordination and administrative tasks, but a budget has been allocated for these functions to be outsourced. While this Draft Plan is in review, the personnel requirements and costs will be refined using activity-based models and locally appropriate overhead multiples.

TABLE 24: ANNUAL MAINTENANCE AND OPERATIONS COST ESTIMATE

MAINTENANCE	
Sand and debris removal, sweeping	$51,900
Concrete repair (periodic renewals)	$268,700
Re-mark pavement symbols	$5,800
Re-mark centerline at undercrossings	$2,600
Re-mark road crosswalks	$38,400
Sign replacement	$9,600
Bollard replacement	$11,000
Gates and fencing	$10,000
Clearing of drainage channels and culverts	$15,000
Structures maintenance (cyclic)	$14,900
Structures maintenance (periodic renewals)	$40,600
Restrooms	$20,000
Site Furnishings	$30,000
NEV lease	$36,000
Graffiti removal	$30,000
Lighting maintenance	$30,000
Landscaping	$250,400
SUBTOTAL MAINTENANCE	**$864,900**
MAINTENANCE PER MILE	**$18,000**
OPERATIONS	
Energy cost	$12,600
Water cost	$16,300
Promotional material printing and distribution	$7,500
Website, social media and applications	$10,000
Events	$30,000
Management and administration, dispatch	$122,500
Rangers - 1 foreman and 9 rangers	$553,100
SUBTOTAL OPERATIONS	**$752,000**
OPERATIONS PER MILE	**$15,600**
TOTAL MAINTENANCE AND OPERATIONS	**$1,616,900**
TOTAL PER MILE	$33,600

EXHIBIT #4 - 1

CITY OF RANCHO MIRAGE ©

To be added to the Executive Committee Minutes of June 1, 2015, at the request of Rancho Mirage.

Motion By Cathedral City Mayor Stan Henry at Executive Committee Meeting June 1, 2015. (Seconded by Mayor Hobart, Rancho Mirage)

Chair Jan Harnik directs Mr. Henry to restate his motion. Mr. Henry then states:

"[To] have staff distribute the information on the budget currently prepared to every individual city so that they can have their finance directors, law enforcement and public works review that and come back with any estimates at a joint meeting of all of those working people to come up with what could be, hopefully, a high and a low of budget for all of CV Link. Then, at that time, bring that forward to a meeting of all that want to participate." (Mayor Hobart seconded.) (Time line 2:51 on audio recording of meeting)

Iris Smotrich

As it is presently proposed, the CV Link is a roadway. Whether 8" or 30" wide. It is to include:

1). Bicycles, both regular and low-riding.

2). Adult and children pedestrian walkers.

3). Joggers.

4). Strollers.

5). Wheelchairs /pedestrians with walkers

6). Roller skaters.

7). Skateboarders.

8). Scooters – foot pushed and motorized.

9). Dogs – on and off leaches.

10). Two wheel "Monster Wheels" (the newest form of rolling vehicle).

11). Golf carts and other motorized vehicles.

Iris Smotrich

CV Link Project ----- Safety Issues and Concerns

- 450 CA bridges called at risk during floods. Who will pay for people injured or killed from collapsed bridges ..??

- Five in Coachella Valley – two in Indio – two on I-10. Two most highly trafficked bridges provide for 80K drivers per day.

- What Cities will carry liability insurance .. ??

- California highway system in disrepair (only 1/3 of money required is spent on needed maintenance. (pot holes = expensive car repairs.)

- How many LOST LIVES from FLOODS and collapsed bridges .. ??

- Who will control homeless encampments, graffiti and CRIME .. ??

- Few summer users in 100 to 117 degree heat. Who will monitor for injured users. How will injured users be rescued?

- Who will enforce hours of operation

- Emergency Rescues $800 for ambulance transportation..??

- Increased water for trees, shrubs, construction

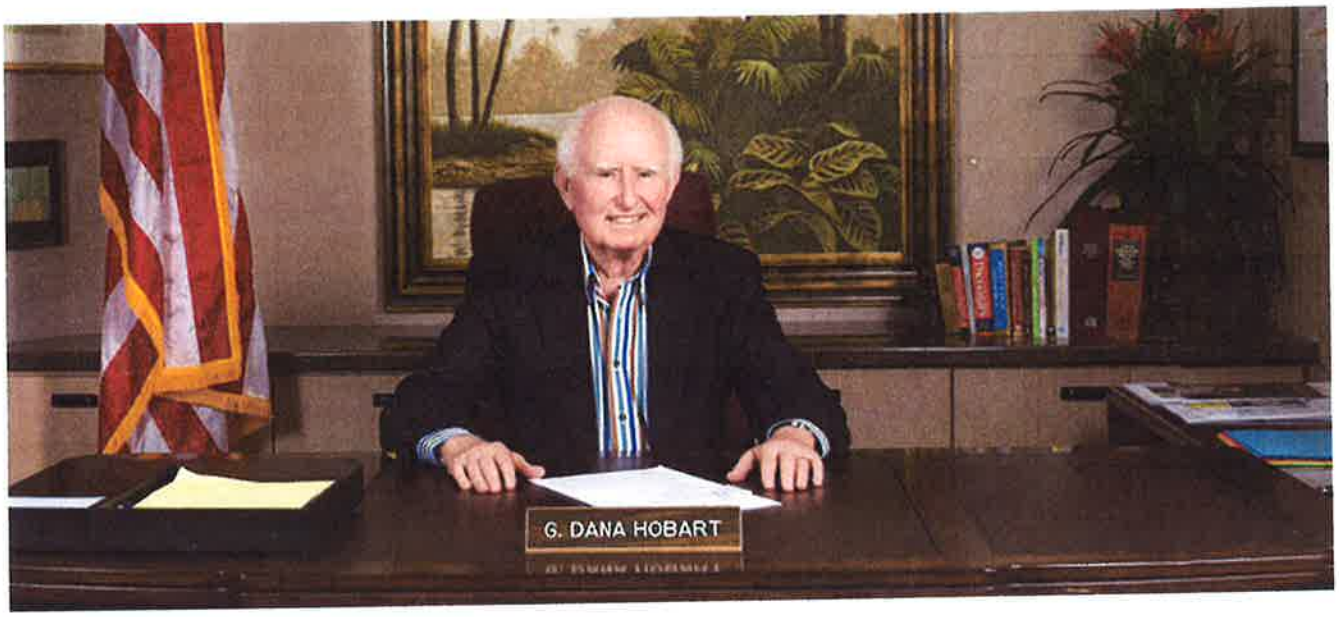
- Who will purchase parking lots/cover O&M..??

- To think this will fight obesity is ludicrous…!!
  This will not be "People's Highway" or "monument to health & fitness"

- Careless cyclist traveling at unsafe speeds, electric vechiles, bicyclists, skate boarders, etc. swerves to avoid pedestrians. People assuming they have the right-of way… including wheelcharis, strollers, joggers.

  ►Suppose to mitigate combustion pollution by products produced by the natural gas fired Sentinel – Salton Sea (more from planes, busses, cars and tourism)

From: **Sylvia Niño** sylvian@RanchoMirageCA.gov
Subject: REPORT ON THE RCTC MEETING 9/3/15 (Concerning CV Link)
Date: September 10, 2015 at 11:41 AM
To: tpeabody@indianwells.com



What follows is dry and somewhat complicated. But to understand what is going on behind the scenes, these details are essential. I apologize in advance.

REPORT ON THE RCTC MEETING 9/3/15 (Concerning CV Link)

The 9/6/15 Desert Sun headline: "Rancho Mirage mayor crashes summit on transportation."

"Crashes?" Hardly! I and all of the public were expressly *invited* to this 9/3/15 meeting called by the Riverside County Transportation Commission (RCTC) in Palm Desert. In the RCTC Press Release they said they were "seeking public input to guide the County's transportation planning process." The next paragraph stated, *"Public input is critical ... in identifying the public's desire for current and future transportation needs."* (CV Link defines itself as a future transportation component.)

The Press Release explicitly referred to RCTC's "responsibility [for] overseeing ... the voter-approved half-cent sales tax called Measure A [which funds] projects throughout Riverside County." CV Link is calling itself a "roadway" to justify its claim to a sizable portion of voter-approved Measure A funds. If those running the CV Link program called it a bike/jogger/pedestrian path, they know with certainty they will never receive Measure A funds. So, they add Electric Vehicles (NEVs) and call it a roadway.

RCTC apparently sought to limit attendance to members of the public who did not know that CV Link is calling itself a roadway and therefore claiming an entitlement to our Coachella Valley's Regional Measure A funds.

Much of the public attending the meeting were those who received my request urging them to attend the

meeting to ensure all sides of the Measure A issue were represented. It was clear that the RCTC group was not pleased to see so many people in attendance who actually understood the Measure A issue.

As RCTC well knows, the Coachella Valley Association of Governments (CVAG), is trying to build, operate and maintain their proposed CV Link with Regional Measure A funds. They have been spending hundreds of thousands of dollars trying to convince the public that this is simply another form of transportation in the Valley, and therefore qualifies for some of the Regional Measure A funds voters approved in 2002. In fact, RCTC has been encouraging this CVAG effort.

The Measure A Election of November 2002

In 2002 Riverside County voters approved a ½ cent increase in our sales tax (through year 2039) on the express promise the money would only be spent improving our rundown and debilitated interchanges, local streets, intersections and arterial roads. A portion of the Preamble to Ordinance 02-001 identified the urgency of the need for additional funds because of the broken roadway infrastructure in Riverside County:

"The transportation system in Riverside County is rapidly deteriorating ... Without additional funds, the system will bog down and pavement will crumble into permanent disrepair. State highway funds are inadequate ... Local governments must either generate revenues to expand our system and maintain our investments or watch the system collapse..."

The "system" they are talking about is our automobile and public transportation system. Nothing in Measure A suggested that this tax would or could be used for recreational alternatives like the CV Link – a path for bikes, joggers, and those large Neighborhood Electric Vehicles with their 5'10" height and 7-feet "operating width[1]."

The Measure A Distribution Method

Per the direction of the 2002 Measure A Ordinance #02-001, the ½ cent increase in sales tax in Riverside County (begun in 1988) was continued through 2039. The amount projected to be raised in FY 2015-2016 is about $170,000,000, countywide. Of that sum Western Riverside County will receive $126,514,000. Palo Verde Valley (Blythe) will receive about $1,164,000.

The Coachella Valley is projected to receive $39,322,000 which will be divided as follows: Local governments (i.e. cities and county) will share in $13,763,000 based on a formula. Sunline Transit Agency will receive $5,898,000 for public transit purposes. The balance of $19,661,000 is known as Regional Measure A funds, which goes to repair Coachella Valley roads, interchanges and bridges that have made it to the list referred to as the Transportation Project Prioritization Study (TPPS), which is under the management of CVAG.

It is from this $19 million infusion that CVAG is laying the groundwork to claim entitlement for CV Link. Normally that money would be distributed according to the highest ranked roadway projects currently

identified on CVAG's "TPPS" priority list. However, CV Link, a brand new project, is literally saying it wants some of those Measure A funds that would normally go to the high priority debilitated roadway projects. (And they might get it because they are rewriting the rules as we speak!)

Many of our residents who attended the RCTC meeting wanted others in attendance to be aware of the subtleties on the agenda which affect the effort to secure wider use of Measure A funds than currently allowed. If such changes are made, our deteriorating roadways will only degenerate further, with all of the attendant by-products that come with a dangerous unrepaired roadway infrastructure.

Because the voters created Measure A, a vote of the people should be considered, rather than leaving everything to an Executive Committee vote.

The RCTC Press Release and Agenda

The RCTC Press Release clearly brought Measure A funding into the conversation by the following reference to Measure A:

"Another major responsibility [of RCTC] includes overseeing ... the voter-approved half-cent sales tax called Measure A."

Additionally, in RCTC's 2014 Annual Report one section is entitled: " **RCTC/Measure A projects.**" Part way down that list under **NEAR TERM** it states: "**CV Link** - *48 mile network of pedestrian, bicycle and neighborhood electric vehicle paths.*"

It sounds like RCTC has already approved misusing our Measure A funds to the benefit of a brand new project over our failing roadway system. We did not know this. This meeting was the only way local residents could make their concerns known to the RCTC cadre of visitors. Their attempt to stifle the voices of people concerned about the loss or potential loss of Regional Measure A funds is noted.

Why Cities Are Concerned About Losing Measure A Funds

In 2011 the CVAG Executive Committee gave permission for CV Link to use $20 million of Regional Measure A funds[2] to be applied to constructions costs, effective when and if the rules are changed to allow such a move. (This cannot be consummated the way the rules are currently written - but CVAG is now urging changes in the rules.)

Make no mistake about it, CVAG leadership is working diligently to redefine the limited use of Measure A funds by expanding its scope of permissible spending to include the Operations and Maintenance expenses of

the CV Link project. Furthermore, CVAG has an incomprehensible, skewed set of bylaws that allows Blythe and all five county supervisors to vote on the CVAG Executive Committee. The structure of CVAG seems to deny our city councils a right to override action taken by the CVAG Executive Committee. The voters of Riverside County, on the other hand do have the authority to modify the Measure A ordinance.

CV Link's Master Plan makes it clear that they expect to receive "over 40%" of the future operations and maintenance expenses from this fund. CVAG's experts projected the first year of O&M will run $1.6 million, increasing by 3% per annum thereafter. That amounts to about $600,000 of Measure A funds the first year. That reduces our ability to repair roadways by an amount close to $7million over the first ten years.

As mentioned above, CVAG is in the process of changing the rules concerning qualifying for Regional Measure A funds. When that happens they will claim entitlement to Measure A funds heretofore limited to repairing the Valley's dilapidated roadways.

What Is the Condition of Riverside County Roadways?

Supervisor John Benoit and the Mayor of Corona recently co-authored an article published in the Riverside Press Enterprise (8/26/15) which should awaken many to our need to keep our roadway repairs funds intact. Read the Article

"Roads in Riverside County rank as some of the worst in the country. Our infrastructure is riddled with aging bridges, crumbling asphalt and potholes ..."

"The backlog of maintenance and repairs to the state's Transportation infrastructure has been well documented."

"We believe every dime we're paying for transportation should go to transportation projects... A constitutional guarantee that keeps transportation funds in transportation accounts is very much needed."

An August 23, 2015, Desert Sun article asked if the I-10 Bridge collapse "is a sign of what's to come?" The article continued, "It's no secret that the state's 50,000 miles of highways and nearly 13,000 bridges consistently rank among the worst in the nation [and] are in need of widespread repair." The problem is so acute that Assemblyman Chad Mayes "is co-authoring a constitutional amendment that would ensure vehicle fees and taxes go only to transportation purposes." Measure A is a tax!

Like any public agency, CVAG must show restraint in fiscal management but sliding our cities' Regional Measure A funds over to the CV Link is not an example of fiscal discipline. CVAG has already identified and ranked over $3 *billion* worth of dilapidated Coachella Valley roadways, intersections and bridges that are badly in need of repair. Yet, CVAG is trying to change the language governing the expenditure of Regional Measure A funds to make it broad enough to include paying for operations, maintenance and construction of the CV Link project.

Let Voters Decide

On two separate occasions (1988 and 2002) county voters provided local government with tax increases to create the Measure A fund. They did so because they saw clearly the menacing problem facing our Coachella Valley roadways, bridges and intersections.

On a date agreed upon, if each city called a special election to decide whether CV Link should or should not gain access to some portion of our Regional Measure A funds, the democratic process would settle the issue. What the voters created they alone have the right to amend.

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Footnotes

[1] "Operating width" is not the NEV's physical width. That figure is 4.6 feet.

[2] I was one of those who, out of ignorance and incomplete information, supported that vote. The 9/6/15 newspaper article quoted above covers my comment regarding this point to some extent. Read the Article At the time nobody said or suggested this project carried a cost of $100 million to construct and $1.6 million annually to operate and maintain it

Respectfully,

Dana Hobart
Mayor, Rancho Mirage

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