

**Subject:** High Desert Community Advisory Group (HD CAG) Meeting #4  
 I-10 and I-15 Corridor Projects, San Bernardino County

**Date:** October 16, 2013

**Location:** Victorville City Hall, Conference Room D, Victorville, CA

**Participants:** A total of 6 CAG Members participated in the meeting.

<b>HD CAG Members in Attendance</b>	<b>Organization</b>
Rick Danzey	Self-Employed
Raghada Khoury	Commercial Building Owner
Holly Noel	Mojave Desert Air Quality Management District
Michele Spears	Victor Valley Chamber of Commerce
Sophie Steeno	Steen Design Studio
<b>Other CAG Members in Attendance (non-HD CAG)</b>	<b>Organization</b>
Gail M. McCarthy (EV CAG)	Mojave Desert Air Quality Management District
<b>HD CAG Members not in Attendance</b>	<b>Organization</b>
Muhammad A. Bari	US Army, Fort Irwin
Debbie A. Cannon	Academy for Grassroots Organizations/HD Resource Center
Oliver Chi	City of Barstow
Kevin Kane	Victor Valley Transit Authority
Thomas J. Kerman	Hesperia Unified School District
Jim Oravets	County of San Bernardino, Special Districts Department
Bob R. Tinsley	BR Tinsley Inc., R.E. & Construction
Niru Vangala	Foremost Senior Campus
Ann Vanino	Moving Forward Coaching and Consulting
Carol Whitton	Hesperia Unified School District
<b>Other (non-CAG Members)</b>	<b>Organization</b>
Virant Sangham	Parsons Brinckerhoff
Srikanh Konerv	Parsons Brinckerhoff
<b>San Bernardino Associated Governments (SANBAG) and Consultants</b>	
Garry Cohoe	Director of Project Delivery, SANBAG
Chad Costello	Project Manager, SANBAG
Tim Watkins	Public Information Analyst
David Speirs	Parsons
Nancy Pfeffer	Network Public Affairs
Cissy Kulakowski	CDM Smith
Craig Hoshijima	PFM
Jason Lombard	Lee Andrews Group, Inc.
Annette Gutierrez	Lee Andrews Group, Inc.
Tito Corona	Lee Andrews Group, Inc.

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## MEETING NOTES

### ***I. Welcome***

CAG Members were greeted by Jason Lombard, Lee Andrews Group.

### ***II. CAG Member Reports***

Mr. Jason Lombard asked the CAG members for reports and any feedback received from their efforts in disseminating project information. Below is a brief overview of the information reported by the members:

- Michelle Spears opened the comments by stating that the Victor Valley Chamber of Commerce would be supporting the project on the I-10 and I-15.
- Rick Danzey announced that Apple Valley Chamber is hosting Gary Cohoe as a speaker this time next month and the Chamber board will meet the following day and possibly endorse.
- Rick Danzey stated the biggest feedback he received from community was that nobody knew about the project.
- Michelle Spears commented that people ask her if our project is the same as the Devore Project currently under construction.
- Michelle Spears asked what would be the next steps after the SANBAG Board approval in December. She said her group would like a presentation after the December Board date. *Chad Costello: The December Board decision would be to keep considering Express Lanes along with the HOV lanes for I-10, and to whether to proceed with the next phase of project development for the I-15 Express Lanes Alternative (note: funding is not available for an HOV Alternative on I-15). The December 4<sup>th</sup> Board Meeting is a critical decision point for both I-10 and I-15.*

***PowerPoint Presentation*** – Following the CAG Member reports, the remaining agenda items were discussed with the use of a PowerPoint presentation (a hard copy of the presentation was given to each of the CAG Members), which included the following discussion topics outlined in the sections below.

### ***III. SANBAG Board Updates – Presented by Chad Costello, SANBAG***

Mr. Costello provided an update of the recent SANBAG Board Workshop (10/10/13). Mr. Costello explained to the CAG members that the team would be presenting the Express Lanes Studies Findings as they were presented at the Board Workshop on October 10, 2013.

Mr. Costello began by providing the group with a recap of the project. His summary included the following items:

- I-10 & I-15 Corridor Project boundaries
- I-10 & I-15 Corridor Project challenges
- SR-91 Eastbound video (recorded on May 3, 2013 at 5:15pm)
- A list of recent Board presentations
- A map showing Express Lanes in the US
- A map showing the location of current Express Lane accounts

The following questions were asked at the end of Mr. Costello's presentation:

- Rick Danzey asked if the traffic flow from Sierra to Devore currently drops off or if it is projected to drop. *Chad Costello responded by saying there's data showing traffic dropping there under the I-15 Express Lanes Alternative.*
- Rick Danzey followed up by saying the actual data shows, that area is not a drop. He said there's a major bottleneck on the 15 between Sierra and Devore. He stated that the current weaving there is more of a safety hazard. *Chad Costello said that projections show traffic flow to drop once the Devore project is completed.*
- Michelle Spears asked if the Express Lanes are required to maintain a minimum 45mph speeds to maintain use of federal funds. *Response: Yes.*

#### ***IV. I-10& I15 Project Information – Design – Presented by David Speirs, PM Parsons***

Mr. Speirs provided an overview of the Project’s Information including the three project alternatives being studied for the I-10 Corridor and the two project alternatives being considered for the I-15 Corridor. Mr. Speirs’ presentation included maps identifying project limits, ingress and egress locations and schedules for the I-10 & I-15 Corridors (Environmental through End of Construction).

##### **I-10 Alternatives**

- Alternative 1: No Build
- Alternative 2: HOV Lane Alternative - One High Occupancy Vehicle Lane (HOV) in Each Direction
- Alternative 3: Express Lanes Alternative - Two Express Lanes in Each Direction

Mr. Speirs indicated that the revised I-10 Express Lanes Alternative would utilize the original configuration of two Express Lanes from the Los Angeles/San Bernardino county line to SR-210, and one Express Lane from SR-210 to Ford Street in Redlands.

##### **I-15 Alternatives**

- Alternative 1: No Build
- Alternative 2: Two Express Lanes in Each Direction

The revised Express Lanes Alternative for I-15 would maintain two Express Lanes from SR-60 to US-395, except between Sierra Avenue and the Devore interchange where it would be reduced from two Express Lanes to one.

The following questions were asked at the end of Mr. Speirs’ presentation:

- Holly Noel asked is the EIR would be calculating for any lawsuits.  
*Response: No, we can’t add for that but can have extensive outreach to provide information to all in regards to the project.*

#### ***V. Public Outreach – Presented by Jason Lombard, Lee Andrews Group***

Mr. Lombard of the Lee Andrews Group, SANBAG’s Outreach Consultants, briefly discussed the Public Outreach Activities. Public outreach for I-10 and I-15 is categorized by Conventional, “Real Time” and CEQA/NEPA outreach.

Mr. Lombard restated the objectives of the CAGs:

- Provide project staff with input
- Convey unbiased information to stakeholder groups
- Encourage community participation

Mr. Lombard’s presentation also included a review of the briefings and canvassing conducted throughout the project corridors. He reported that the team has conducted 63 briefings and visited 641 sites. In total 704 stakeholder groups have been briefed and provided project information

The CAG members did not have any questions on the Public Outreach presentation.

#### ***VI. Equity Study – Presented by Nancy Pfeffer, Network Public Affairs***

Ms. Pfeffer began her presentation by stating that it is best to study equity early in the process. She began her presentation by stating the goals of the Equity Assessment:

- Identify fairness issues and devise solutions
- Address elected official’ and residents’ concerns and perceptions

Ms. Pfeffer continued by presenting literature findings in over 40 papers and reports and also discussed key questions suggested by the literature review.

##### **Literature Findings:**

- Express Lane usage is optional
- Opinions improve with experience
- Surveys find users and supporters across all income levels
- Projects that increase the choices available to travelers are helpful to low-income residents

##### **Key Questions:**

- Who is affected, whether positively or negatively?

- Who makes direct payments?
- How will project revenues be spent?
- What project benefits and impacts will be experienced?
- Are there viable travel alternatives?

Ms. Pfeffer reviewed the elements of the equity assessment which were based on the following:

- Demographic data for affected area
- Project finance plans
- Value of time
- Time savings in general purpose lanes
- Transponder issues
- Review of transit service (travel alternatives)
- Interviews with both San Bernardino County Stakeholders and experts in toll and equity.

Ms. Pfeffer illustrated the San Bernardino County demographic data along the I-10 and I-15 corridors, and the household income survey results in relation to peak work trips and all trip types. Ms. Pfeffer presented the equity findings and the project financial plans which identified the following sources:

- Toll is paid by user for specific benefit
- Gas tax may be paid by non-users of I-10 & I-15 toll lanes
- Sales tax may be paid by non-users

The overview of the funding sources was as follows:

- Toll revenue - To be used to pay back bonds and TIFIA loan
- SANBAG Measure I funds (42% of I-10 funding and 4% of I-15 funding)
- State and Federal Funds

Ms. Pfeffer presented the Value of Time (VOT) savings as an indicator as to whether drivers would choose Express Lanes which showed that some low-income drivers could choose to use the Express Lanes when the toll fell within their value of time. Ms. Pfeffer presented the overall projected I-10 and I-15 travel time savings, and indicated that the projected time savings shows that general purpose lanes are predicted to be less congested with Express Lanes than without them, increasing travel time savings to both Express Lanes users and General Purpose lanes users.

Next Ms. Pfeffer presented the transponder options with the Express Lanes and the issues identified with each:

- Transponder deposit and account maintenance costs can be burdensome for low-income households.
- Video license plate recognition for toll collection would be helpful to low-income residents but would increase operating costs for SANBAG.

Ms. Pfeffer provided a brief example on elements of the Los Angeles Metro Express Lanes equity program which included the following:

- initial account credit, which may be used for transponder deposit or tolls; and
- account maintenance fee waived permanently on equity accounts

Ms. Pfeffer presented the following “next steps”:

- Peer review of draft Equity Study report
- Refining equity recommendations for SANBAG
- Providing the final report to the SANBAG Board in November 2013.

The following questions were asked at the end of Ms. Pfeffer’s presentation:

- Michelle Spears asked if the reason the Measure I funds for the I-15 is low was because the High Desert decides what to do with the Measure I money. *Response: most of the funds on the Cajon pass Measure I were being used by the Devore project.*
- Sophie Steeno asked if there were additional numbers of population aside from just income levels. She also asked what the gross numbers were and who is being serviced more: people down the hill or here. She asked if they were

equally distributing all the monies based on the population. *Response: Our traffic number is based on the SCAG model.*

- Sophie Steeno followed up by saying she's seen the counties grow over the year. *Nancy Pfeffer responded by saying that the model is based on the SCAG RTP (regional transportation plan). Most of the commuting pattern is still from the High Desert into the valley and most of what is noted in growth is in the residential markets.*
- Chad Costello stated the I-10 and the I-15 are major lifelines for transportation here.
- Michelle Spears asked if the project plans looked beyond 2080 because the High Desert has more room for growth. *Response: the project plans project through approximately 2070.*
- Holly Noel asked how future VOT (value of time) was determined. *Nancy Pfeffer responded by saying the numbers were with today's numbers not COLA, the calculation was by adjusting at 2.8% per year.*

### **VII. Traffic & Revenue Study Results, Presented by Cissy Kulakowski, CDM Smith**

Ms. Kulakowski began her presentation by stating the goals of the Traffic & Revenue Study Process.

- Forecast traffic and toll revenue as input to financial feasibility analysis of constructing Express Lanes on I-10 and I-15.
- Develop models that can be used to test and improve traffic operations at access areas.

Ms. Kulakowski illustrated the process used in the study. The detailed process had multiple areas of data collection and model development that generated the output.

- Data Collection: Traffic Counts, Vehicle Class and Occupancy Counts, Travel Time Surveys.
- SCAG Regional Model: Travel Patterns and Corridor Growth.
- VISSIM Simulation Model: Sensitivity of speed/travel time to variations in shift to express lanes.
- Market Share Model: Trip Tables by: SOV, HOV2, HOV3+, AM Peak, AM Shoulder, Midday, PM Peak, PM Shoulder and Night.
- Economic Review: looked and adjusted the growth inherent within the San Bernardino Transportation Analysis Model (SBTAM) model.
- Output: Toll rate sensitivity, Traffic in Express Lanes, Toll revenue by segment, Speed and time savings by segment.
- Stated Preference Surveys: Willingness to pay tolls (Value of Time).

Ms. Kulakowski presented a graph curve generated by responses to the Stated Preference Survey from the 3,400 drivers surveyed. The graph illustrated the following:

- Approximately 7 percent of drivers have a value of time equal to \$10 per hour.
- Average value of time was \$13.60 per hour.
- A small group of drivers are willing to pay any amount to use Express Lanes almost under any circumstance.

Next Ms. Kulakowski discussed the Traffic and Revenue Market Share Model and illustrated a snapshot of the traffic model that covered the entire I-10 and I-15 Corridors as well as parallel roads on either side. The model splits traffic data into six vehicle occupancy and class categories, and analyzed traffic on an hourly basis.

- The project configuration was coded to a high level of detail (number of lanes and access points)
- Tested different tolling structures
- Tested range of toll rates

Ms. Kulakowski showed a graph model designed to recognize the sensitive equilibrium between usage of the Express Lanes and the speed in the general purpose lanes, manifested as travel time savings. At the start of the model, when the Express Lanes are empty, travel time in the general purpose lanes are the lowest and there is a very high time savings. This causes a lot of traffic to shift into the express lanes. If that much traffic shifted into the express lanes, the speeds in the general purpose lanes would improve. With higher speeds, less traffic would use the Express Lanes, altering the time savings. The model goes back and forth, shifting traffic back and forth until the amount of time savings is balanced against the cost of the toll.

Ms. Kulakowski presented the average daily traffic trends on the I-10 and I-15 Corridors.

#### I-10 Corridor

- East end showed higher growth rates, eventually reaching levels which would be almost as high as the West end.

#### I-15 Corridor

- Higher growth in general with the South end slightly lower than the growth in the North end.

Ms. Kulakowski also presented samples of the projected toll rate for both the I-10 and I-15 Express Lanes.

#### I-10 Corridor

- PM Peak Eastbound cost per minute saved is \$0.35
- Total cost for a Through Trip is \$7.15

#### I-15 Corridor

- PM Peak Eastbound cost per minute saved is \$0.35
- Total cost for a Through Trip is \$15.02 (the cost is more than the I-10 because it has higher traffic volume)

Higher rates would be needed to manage the demand to maintain free flow through the Cajon Pass given the projected longer term growth in the North end of the corridor. The tolls are set to manage traffic movement and toll rates increase as traffic congestion increases.

Ms. Kulakowski concluded her presentation by comparing the toll rates and revenues for the I-10 and I-15 Corridor Projects against 8 existing projects. The revenues for the existing projects were from 2012 while the revenue from the I-10 and I-15 Corridor Projects is the 2035 forecast. The comparison chart showed that the forecasted revenue for the I-10 and I-15 Corridor Projects are higher than what some projects are earning today.

The following questions were asked at the end of Ms. Kulakowski's presentation:

- Michelle Spears asked if they surveyed businesses for their value of time (VOT). *Cissy Kulakowski responded by saying they did not specifically identify businesses for their value of time.*
- Sophie Steeno asked who owns the right of way in the proposed area. *Chad Costello said much of the proposed I-15 project is within the existing Caltrans right of way.*
- Sophie Steeno asked why there's a different price between the I-10 and the I-15. *Cissy Kulakowski stated the I-10 has more alternative routes and therefore, less congestion.*
- Sophie Steeno followed up by saying she sees it as unfair because it appears it penalizes people for living in the High Desert. She said the High Desert has lower income and more of a need to go down the hill. *Response: The toll rates are driven by projected volumes, which for I-15 are largely driven by the projected growth in the High Desert area. The toll rates increase as needed to maintain optimal volume in the Express Lanes.*
- Rick Danzey said the perception is that it looks like they are "sticking" this to the High Desert. Perception is going to be unfair and said an aggressive approach with answer would be needed to respond to the perception. *Response: the toll rates are based on the projected growth of the High Desert area as noted above.*
- Holly Noel asked if the higher price would be because there's concern to build more lanes on the 15. *Garry Cohoe: No.*
- Rick Danzey asked how the team would be planning to overcome that perception that the High Desert is being treated as a step child. *Cissy Kulakowski said that the I-15 value per minute (.35) is essentially the same as on the I-10.*
- Holly Noel noted the perception is that many in the High Desert don't have salaries as high as those living down the hill. She said the team is going to have to demonstrate the minute saved to show that it isn't being unfair.

**VIII. Financial Analysis Results, Presented by Craig Hoshijima, PFM**

Mr. Hoshijima began his presentation stating key findings:

- I-10 & I-15 are financially feasible
- Cushion for a downside scenario
- Public finance superior to a P3 delivery model

Mr. Hoshijima provided the financial strategy options for the Project which included 2 options:

- Public finance strategy
- Private finance strategy

Mr. Hoshijima presented the steps towards determining financial viability which include:

- Preparing financial plans
- Identifying available funding in a 10-year plan
- Comparing SANBAG and P3 Financing plans

He then illustrated the flow of funds model which occurred in the following sequence:

- Toll revenue plus fees and penalties
- Less: O&M expenses
- Net Revenue
- Plus: Bond reserve and debt service fund interest
- Less: Toll revenue bond debt service
- Less: Debt service reserve fund deposits
- Less: TIFIA debt service
- Less: R&R deposits
- Less: Repayment of sales tax contributions
- Residual Cash Flows (to SANBAG)

Mr. Hoshijima next presented the public funding assumption model which highlighted the following:

- Toll debt paid solely from toll revenues
- Toll debt includes tax-exempt bonds and federal TIFIA loan
- Interest rate on debt based on 10-year historical average
- Amount of debt is limited by minimum “debt service coverage”

Mr. Hoshijima briefly discussed the results of the public financing model and followed by showing the sensitivity analysis on the I-10 and I-15 respectively which highlighted the debt services and the projected net revenues. Mr. Hoshijima followed this by presenting the P3 assumptions which were:

- Concessionaire toll debt paid solely from toll revenues
- Toll debt includes private activity bonds and federal TIFIA loan
- Interest rate on debt based on 10-year historical average
- Amount of debt is limited by minimum “debt service coverage”
- Developer receives a return on equity investment, accounting for depreciation deductions and income tax payments
- Revenue sharing to SANBAG after payment to the developer

Next Mr. Hoshijima presented the P3 Financing Plans for the I-10 and I-15 corridors and followed it by presenting the comparison funding sources of Public versus P3 Financing options. This was followed by the Value for Money Analysis which stated:

- Purpose of the value for money analysis is to provide a financial comparison of delivery models – Public vs. P3
- The value for money analysis compares project expenditures and net revenues anticipated for both a public and P3 delivery
- There are no differences in capital or operating costs between the public and P3 delivery

Following the Value for Money results, Mr. Hoshijima presented the Public Finance Pros and Cons which were the following:

**Pros**

- Retain control over setting toll rates
- Public “System” Enterprise:
  - Set toll rates on a regional basis as opposed to single project considerations

- Provides funding for future projects

### Cons

- Retain toll revenue risk
- Requires additional Measure I upfront

Mr. Hoshijima concluded his presentation by presenting the key findings to his analysis which are: the I-10 and I-15 are financially feasible and the public finance option provides much more upside than the P3 model.

The following questions were asked at the end of Mr. Hoshijima's presentation:

- Holly Noel asked about the length of the Measure I bonds. *Craig Hoshijima stated the bonds will end at the expiration of Measure I in 2040.*
- Sophie Steeno asked if the construction costs would be lower on the I-15 because of all the construction currently going on. *Response: Current construction will reduce the amount of future required construction in some cases.*
- Michelle Spears asked if the cities in the High Desert had a vote to give up their funds for the project. *Response: The allocation of Measure I funds is ultimately a SANBAG Board decision, which includes representatives of the High Desert community.*
- Michelle Spears asked when they would start seeing excess revenue on the I-10. *Garry Cohoe stated the cushion is all excess revenue and yes, with excess revenue beginning to appear after approximately 6 years of operation.*
- Michelle Spears asked if they have to pay off debt in full before they could use revenue elsewhere. *Craig Hoshijima responded that all O&M and annual financing requirement before excess revenue could be contemplated for use elsewhere.*
- Sophie Steeno asked what were key factors that made the public funding more profitable than private. *Craig Hoshijima said the private investor would expect a significant portion of the toll revenue in exchange for the project capital provided upfront and overall project risk.*

### ***IX. Summary, Presented by Garry Cohoe, SANBAG***

Mr. Cohoe providing a recap of the key issues which were:

- Resources are not available to build our way out of congestion
- R/W for only 2 more lanes
- Financial studies have found that there are not adequate projected funds to build the needed improvements:
  - One lane each direction on I-10
  - No lanes on I-15
- Optimize the resources by implementing traffic management

Additionally Mr. Cohoe recapped by stating Express Lanes would provide a reliable high speed option which is sustainable for the long term. He also stated that both corridors are financially feasible and the public finance option would provide a higher value for money than the P3 option and would keep control of the facilities in the public's hands.

Mr. Cohoe provided the next steps which included requesting direction on the project from the SANBAG board in December 2013.

### ***X. Public Outreach Update – Presented by Jason Lombard, Lee Andrews Group***

Mr. Lombard began by announcing and thanking the CAG for identifying the following briefings: 1) Victorville Chamber of Commerce, October 10<sup>th</sup>, 2) Fontana Chamber of Commerce, October 16<sup>th</sup>, 3) Apple Valley Chamber of Commerce, November 20<sup>th</sup>, Rotary Club of Fontana, October 21<sup>st</sup> and City of Fontana Council, November 26<sup>th</sup>.

Mr. Lombard reported that the project website ([www.i10corridorproject.org](http://www.i10corridorproject.org)) has been viewed 1000 times and that the Facebook page has over 89 "Likes". Mr. Lombard encouraged the CAG to continue sharing the project website, Facebook page and SANBAG Twitter.

Mr. Lombard asked that the CAG to review, share/collect input from affiliated groups on the findings presented on Equity, Traffic & Revenue and Financial Analysis. He added that the CAGs would be contacted by the outreach team to request feedback and comments collected from affiliated groups.

Mr. Lombard announced the following schedule for CAG Meetings #5:

- EV CAG – Tuesday, November 19<sup>th</sup> at Gonzalez Community Center, Colton
- HD CAG – Wednesday, November 20<sup>th</sup> at Victorville City Hall, Victorville
- WV CAG – Thursday, November 21<sup>st</sup> – Location TBD

***XI. Action Items for CAG members (to be conducted prior to CAG Meeting #5)***

- Provide updates to affiliated groups – share information presented at CAG Meeting #4 and seek input.
- Email feedback and comments received to [SANBAG@leeandrewsgroup.com](mailto:SANBAG@leeandrewsgroup.com).
- Identify briefings opportunities for SANBAG.
- Encourage people to visit the Project Website
- Recruit people to “Like” our Facebook page and to “Follow” us on Twitter (@SANBAGnews)

***XII. Additional Questions and Comments.***

Below is an overview of the questions and comments that were raised by CAG Members.

**Project Material Distributed**

The following Project materials were provided to each CAG Member in attendance:

- Meeting Agenda
- Comment Card
- CAG Meeting #4 PowerPoint presentation copy
- Updated I-15 Corridor Project Fact Sheet (English and Spanish)
- I-10 Corridor Project Fact Sheet (English and Spanish)
- Copies of the Board Workshop binder information and presentation were available upon request.

**Next CAG Meeting**

- ***HD CAG Meeting #5*** will be held on Wednesday, November 20, 2013 at 5:30 PM at the Victorville City Hall conference room D. CAG Members will receive updates and additional meeting details via email.
  - CAG Members with scheduling conflicts are welcome to attend any of the other meetings as long as they provide advance notice of which other meeting they plan to attend in lieu of their assigned CAG meeting.

**Questions and Comments Included in Comment Forms Submitted by CAG Members:**

- Michelle Spears asked for clarification on the HOV option for the two projects. *Response: The I-10 Corridor Project has always included an HOV option. The I-15 Corridor Project does not have sufficient traditional funding to carry an HOV Alternative.*
- Michelle Spears asked if the Board voted to move forward if it would be voting on the EIR on the I-10. *Response: The Board decision in December is whether to continue study of an Express Lanes Alternative for I-10. The actual Public Hearings pertaining to EIR, and subsequent selection of a Preferred Alternative, is targeted for late 2015/early 2016.*
- Michelle Spears commented on the need to have younger CAG members because they will be utilizing these more when they're completed.