

CV Link - Measure 3 Argument

Measure 3 assumes that with or without the approval of Rancho Mirage, the CV Link gets constructed. Do the Operations and Maintenance (O&M) expenses appear reasonable, if the city were to consider joining?

Coachella Valley Association of Governments (CVAG) leadership still has not settled on a plan or formula that lays out the amount of annual O&M each city would be responsible for paying. One plan was recommended by the CVAG Executive Director on April 6, 2015, but it has not yet been voted on by the CVAG Executive Committee. That plan is the progressive bed tax formula which projects Rancho Mirage's share, as of the 9th year of operation, to be between \$110,300 and \$251,800. It would increase annually based on that formula. This plan has five cities (Palm Springs, Palm Desert, Indian Wells, Rancho Mirage and La Quinta) paying about 90% of the entire O&M expense.

Another approach is based on CV Link miles in a given city. CVAG's retained experts calculated that "Total Per Mile" cost of O&M amounts to \$33,600 per mile of CV Link. Thus, a city with 5 miles of CV Link within it, its O&M expense would be \$168,000 per year. Few cities are capable of absorbing such a long-term financial burden.

The financial problem is further exacerbated; What happens if the nine jurisdictions agreed on the amount of O&M expense each would assume, and later a city decides it can no longer tolerate the financial burden? How would that affect Rancho Mirage's annual amount? Or, if a city files for bankruptcy and leaves the program, who picks up that financial slack? Or if some private LLC or other business entity contracted to assume some or all of the O&M burden but later quit paying for any of a number of reasons?

We recommend a "No" vote on Measure 3.