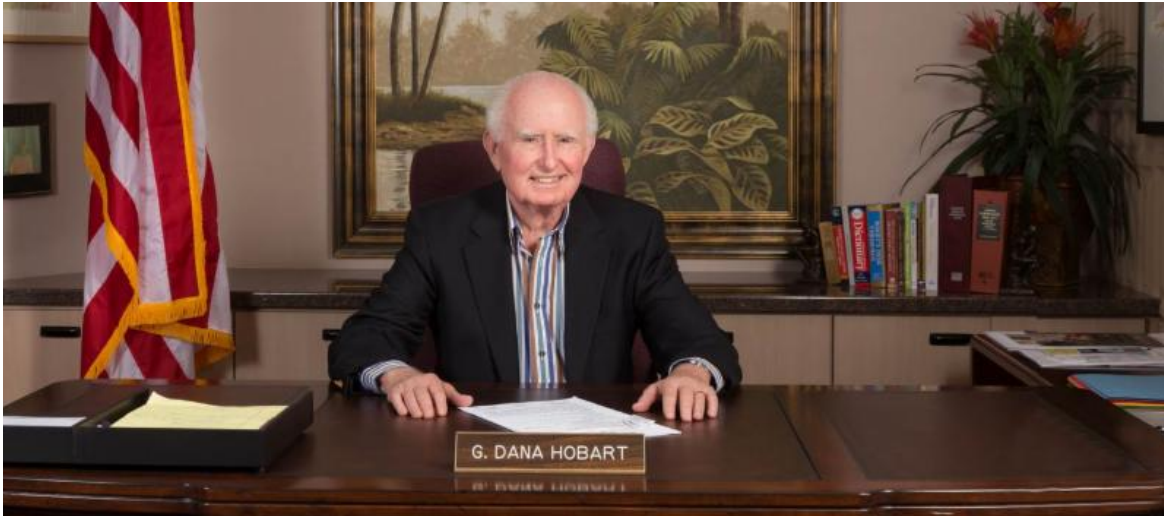


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MAYOR'S MESSAGE

CV LINK UPDATE

June 16, 2015

During our council meeting of June 4, 2015, I discussed the status of current CV Link issues. Linking you to my 24-minute council statement might update you as well or better than sending you a written report. That link appears below. Issues covered include:

I

The Coachella Valley Association of Governments (CVAG) controls CV Link in every respect. CVAG's complete indifference to the potential disruption of Rancho Mirage residents and businesses erupts again. They are now advocating that Gerald Ford Drive be the route through our city (from Date Palm to Monterey). A vote to Approve or Prohibit that route is on our council's June 18, 2015 agenda with a Recommendation to Prohibit.

II

Measure "A" funds are tax dollars coming from a ½ cent sales tax increase approved by county voters in 1988 and extended by voters in 2002 through year 2039. Voters clearly intended their tax dollars would be used to repair Riverside County's failing road system. Regardless, CV Link argues that over 40% of their projected \$1.6 million in the future annual Operations & Maintenance ("O&M") costs can be paid from our regional Measure "A" Fund. We question the legality of raiding these funds by CV Link. Rather than agree to Rancho Mirage's request for an independent legal opinion, the CVAG leadership chooses to rely on a legal opinion written by the long time General Counsel of Riverside County Transportation Committee ("RCTC").

RCTC administers the allocation of Measure "A" Funds to CVAG. Many of the same local city council members serve on both boards. Both are public organizations. Thus, the RCTC General Counsel is virtually the same as legal counsel representing CVAG and CV Link. Suffice it to say, this legal opinion contains numerous assertions that are easily challenged and contains controversial self-serving assumptions required to reach the conclusion that CV Link is "likely eligible" to obtain Measure "A" funds. I will address their legal opinion in detail at a later time.

Because they are intending to spend millions of Measure "A" tax dollars on CV Link, it is imperative that we secure a legal opinion from a completely disinterested, reputable law firm. If a court later holds that Measure "A" cannot be used for operations and/or maintenance, then that annual half-million dollars CV Link is counting on from Measure "A" will doubtlessly have to become the responsibility of the 9 cities! Few cities, if any, could handle such a surcharge. We must have reliable legal advice before we begin to consider raiding this fund.

Beyond the legality issue is the ethical issue. Even if legal, should we siphon money from our road repair funding source (Measure "A" funds) in favor of the CV Link project? As it is, we have 247 projects valley-wide already approved for Measure "A" funds and nowhere near enough Measure "A" money available to address most of these projects. Every dime spent on CV Link diminishes the potential of those projects being addressed. Is that what voters intended?

III

For three years, CV Link leadership has told the cities "**OPERATIONS AND MAINTENANCE WILL NOT REQUIRE LOCAL FUNDING.**" They have yet to explain why they are pivoting 180 degrees and now tell us 100% of the O&M costs will come from city coffers and our regional Measure "A" fund. Both are sources of "local funding."

IV

To me, it appears that CV Link's current "review" of O&M costs is a tactical maneuver to allow for an announcement that O&M costs for the coming decades will be lower than the annual \$1.6 million their experts have repeatedly justified. Because of the ad hoc process they are using, any O&M figure less than \$1.6 million for the first year, and continuing indefinitely with at least an annual 2% inflation factor, would be suspect and unreliable. CV Link officials now recognize that \$1.6 million in the first year calculates to over \$200 million in 63 years, assuming 2% annual CPI increases. That is a lot of money drained from the Valley for a 50-mile bike, pedestrian and golf cart path that will be in virtual disuse about half the time.

V

On the day of the Executive Committee's June 1, 2015 meeting, there mystically appeared a "Dear Tom" letter of same date from Goldenvoice indicating an "interest" in funding 100% of the O&M of CV Link because they "believe there are opportunities to monetize aspects of the CV Link..." Of course, we will listen to their proposal but we cannot allow this "letter of interest" to become an impediment to resolving the O&M issues on an expedited basis. CV Link is currently budgeting \$5,255,787 for FY 2015-16. We should not spend this money if there is nothing more than hope that somehow, some day, a solution to the O&M issues might fall into our laps.



**Mayor Hobart's Report of the 6/1/15
CVAG Exec. Committee Meeting
Excerpt from 6/4/15 City Council meeting**

VI

Conclusion

I have continued these "CV Link Updates" because of the interest so many of you have communicated to me. I believe we are making progress because at the June 1, 2015 Executive Committee meeting we had considerable support from Indian Wells, Desert Hot Springs, and Coachella. One motion made by Cathedral City was virtually identical to a motion we placed on the agenda. The gist was to convene all city councils and their finance directors and city managers together, to discuss the long-term financial issues. The motion passed 6-4. Your continued interest in this matter is essential and deeply appreciated.

As always, I will continue to keep you updated on the CV Link and the issues at hand. To share your views and/or comments, please email me at:

MayorHobart@RanchoMirageCA.gov

Best Regards,

Mayor Dana Hobart

NOTE: If you are having trouble viewing the embedded video, please click on the link below to go directly to the YouTube video:

<https://www.youtube.com/watch?v=6WSrLFbq-5A>

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If you are having trouble locating past Mayor's Messages, please contact the City's Website Coordinator at loril@RanchoMirageCA.gov for assistance.

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