

## Nevada, California delay bond decisions for high-speed rail project



Nevada and California officials have delayed decisions regarding hundreds of millions of dollars worth of private activity bonds for a \$4.8 billion high-speed rail line between Las Vegas and Southern California. (Photo provided)

By [Mick Akers](#) Las Vegas Review-Journal



February 5, 2020 - 2:46 pm

Don't miss the big stories. Like us on Facebook. Like 240K

Updated February 5, 2020 - 7:16 pm

Nevada and California officials have delayed decisions regarding hundreds of millions of dollars worth of private activity bonds for a \$4.8 billion high-speed rail line between Las Vegas and Southern California.

The hold comes as Virgin Trains and the two states await information from the Federal Railroad Administration regarding an environmental impact study of the train's proposed path.

The administration approved plans for the project in 2011 [when it was proposed by XpressWest](#), but Virgin Trains has proposed design modifications that required the federal agency to take another look to ensure further environmental review is not needed.

If additional environmental review is required, the project's timeline would change, possibly pushing the start of construction into next year and beyond.

"If they do (need more environmental review), this would take this project out awhile, as much as a year to 18 months," said Terry Reynolds, director of the Nevada Department of Business and Industry.

Representatives from Virgin Trains could not be reached for comment.

The Railroad Administration told the Las Vegas Review-Journal that it continues to work with Virgin Trains and relevant state and federal agencies to advance the analysis of the project. The administration said there were no additional updates on environmental planning and review activities. Administration spokeswoman Desiree French told the Review-Journal in January that the agency expects to have its "record of decision" on the project sometime this year.

Virgin Trains is seeking \$600 million in bonding authority from California through its debt limit allocation. IRS guidelines would

allow Virgin to market up to four times that amount, or \$2.4 billion, in tax-exempt, private activity bonds. The company also is seeking \$850 million from the U.S. Department of Transportation's bond program.

The company is seeking \$200 million in bonds from Nevada's debt limit allocation, which would allow the company to market \$800 million in bonds. It's also seeking \$150 million through the U.S. Department of Transportation's bond program.

Virgin Trains would be responsible for the debt payments related to the bonds.

Reynolds said the state prepared for the possible delay last year, filing with the Internal Revenue Service for permission to carry over the cap tied to the proposed bonds into the 2020-2021 cycle.

"Because Desert Xpress (Virgin Trains) has not been able to finalize on several issues, the allocation slips to '20 and '21 for us," Reynolds said.

California Treasurer Fiona Ma also decided Tuesday to push the possible bond decision slated to occur at a Feb. 12 meeting to at least March, as the state awaits the federal decision, according to Mark DeSio, spokesman for the treasurer's office. It is the second time California postponed the bond decision.

The 170-mile track, including 35 miles in Nevada, would link a Victor Valley station to a Las Vegas station, which is slated to be constructed on Las Vegas Boulevard between Blue Diamond and Warm Springs roads.

Initial plans call for the track running between the northbound and southbound lanes of I-15 through Southern California, shifting to the east side of I-15 after the track reaches the Nevada border.

The tracks would continue to run on the east side of I-15 until it reaches the planned Las Vegas station. There the track would either go over or under the highway interchanges, limiting chances for vehicle or pedestrian interactions.

If there are no delays, the rail line is expected to be operational toward the end of 2023.

Phase two of the project, stretching the rail line to Palmdale, California, would begin in 2029, which would open up the possibility of extending to Los Angeles sometime thereafter.

Aside from the federal decision, Nevada also is waiting to hear from the state Department of Transportation on a pair of other issues.

NDOT wants to ensure the proposed path of Virgin Trains' tracks along I-15 doesn't pose any potential conflicts with [a planned Ivanpah airport](#). What would be Southern Nevada's second commercial airport is slated to be built on 6,000 acres of land along I-15 between Jean and Primm 32 miles south of Las Vegas but probably won't be operational until around 2040.

"The impacts and issues with the future development of Ivanpah airport are being considered to be sure those are resolved or there is a process to get them resolved," Reynolds said.

NDOT is also looking into the impacts of using right of way along I-15 for Virgin's tracks to ensure there are no conflicts there, Reynolds said.

Contact Mick Akers at [makers@reviewjournal.com](mailto:makers@reviewjournal.com) or 702-387-2920. Follow [@mickakers](https://twitter.com/mickakers) on Twitter.