The Orangeline Development Authority is a joint powers agency formed to pursue deployment of the Orangeline Maglev system in Southern California. The Authority is composed of the following public agencies:

City of Artesia
City of Bell
City of Bellflower
City of Cerritos
City of Cudahy
City of Downey
City of Huntington Park
City of Los Alamitos
City of Maywood
City of Palmdale
City of Paramount
City of Santa Clarita
City of South Gate
City of Vernon

Chairman
Scott Larsen
Councilmember, City of Bellflower

Secretary
Art Gallucci
City Manager, City of Cerritos

General Counsel
Michael Colantuono
Colantuono & Levine, PC

Treasurer/Auditor
Jack Joseph
Gateway Cities COG

Executive Director
Albert Perdon, PE

Supporting Agencies:
Gateway Cities Council of Governments
Southern California Association of Governments
City of Garden Grove
City of Huntington Beach
City of Long Beach
City of Stanton

ORANGELINE DEVELOPMENT AUTHORITY
REGULAR MEETING

Wednesday, June 14, 2006

Cerritos Sheriff’s Station/Community Center
Community Meeting Room
18135 Bloomfield Avenue
Cerritos

Buffet Dinner – 6:00 p.m.
Special Meeting – 6:30 p.m.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Introduction of Attendees
4. Public Comments
5. Approval of Meeting Minutes of May 10, 2006
7. Second Consideration of Milestone 7 – Station Area Development – Progress Report by ARCADIS
8. Preliminary Report on Results of Ridership Modeling Runs - ARCADIS
10. Status of State Legislation – AB 2882
11. Approval of Warrants
12. Communication Items to the Board
13. Communication Items from the Board

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CALL TO ORDER

City of Bellflower Councilmember and Board Chair Scott Larsen called the meeting to order at 6:40 p.m.

PLEDGE OF ALLEGIANCE

City of South Gate Mayor Maria Davila led the assembly in the salute to the flag.

INTRODUCTION OF ATTENDEES

Albert Perdon – OLDA Executive Director
Scott Larsen – Councilmember, City of Bellflower
Fred Freeman – Mayor, City of Los Alamitos
Yvette Abich – Legal Counsel, Colantuono & Levin
Marsha McLean – Mayor Pro Tem, City of Santa Clarita
Debbie Helbig – Project Development Coordinator, City of Santa Clarita
Robert A. Lopez – Advance Planning/Redevelopment Manager, City of Cerritos
Paul Bowlen – Mayor, City of Cerritos
Michael McCormick – Councilmember, City of Vernon
Maria Davila – Mayor, City of South Gate
Jack Joseph – Deputy Executive Director, Gateway Cities COG
Prasoon Kumar – Gruen Associates
Elaine Carbrey – Gruen Associates
Mahmoud Ahmadi – MMA
Jose Hernandez – Assistant Planner, City of Artesia
Sergio Calderon – Councilmember, City of Maywood
Viggen Davidian – Principal, MMA
Kirk Cartozian – Councilmember, City of Downey
Sharad Mulchand – Transportation Planning Manager, MTA
Gregory Nord – Transportation Analyst, OCTA
Laura Biery – Administrative Analyst II, City of Palmdale
Steve Hofbauer – Councilmember, City of Palmdale
Charlene Palmer – Area Manager/Vice President, ARCADIS
Kevin Chun – Deputy City Manager, City of Bellflower
Daryl Hofmeyer – Mayor, City of Paramount
Frank Sherkow – Aztec/AGSCE
Pamela Mendoza – Administrative Assistant, City of Cerritos
Maria Shafer – Minute Secretary, City of Cerritos

PUBLIC COMMENTS

City of Bellflower Councilmember and OLDA Chair Scott Larsen opened public comments for those in the audience who wished to address the Authority. There was no response and the public comments section of the meeting was closed.
APPROVAL OF MEETING MINUTES OF MARCH 8, 2006
APPROVAL OF MEETING MINUTES OF APRIL 19, 2006

MOTION: City of Los Alamitos Mayor Fred Freeman moved to approve the meeting minutes of March 8, 2006, as submitted and April 19, 2006 as corrected. City of Santa Clarita Mayor Pro Tem Marsha McClean seconded the motion, which carried unanimously.

CONSIDERATION OF MILESTONE 5 – SYSTEM OPERATIONS DRAFT REPORT (CARRIED OVER FROM APRIL 19TH MEETING)

OLDA Executive Director Albert Perdon presented background of the item noting that there was no quorum at the last meeting and subsequently the item is being carried over. He reported the Milestone 5 report identifies operating parameters and would provide the basis for further engineering, cost and ridership analyses as well as for financial planning.

It was noted that the report is the basis for the model runs and engineering analyses including operating hours and typical operating envelope.

MOTION: City of Los Alamitos Mayor Fred Freeman moved to approve and file the report. City of South Gate Mayor Maria Davila seconded the motion, which carried, unanimously.

City of Downey Councilmember Kirk Cartozian arrived at this juncture (6:45 p.m.).

FIRST CONSIDERATION OF MILESTONE 7 – STATION AREA DEVELOPMENT: ORAL REPORT BY ARCADIS

Mr. Perdon introduced Milestone 7 – Station Area Development, noting that progress is being made toward completion of the 10 milestone reports. He deferred to Charlene Palmer of ARCADIS and Elaine Carbrey of Gruen Associates for a report.

Ms. Palmer reported that this is a two-phase report which includes transit-oriented development in proposed station areas as well as potential development areas. She noted that it is a preliminary look at what potentials are in station areas. She reported that various scenarios were reviewed including Palmdale and Cerritos/Artesia station development based on the opposing characteristics of the two. Ms. Palmer defined Transit-Oriented Development (TOD) and Ms. Carbrey, its characteristics. Ms. Palmer addressed the economic, environmental and social benefits of TOD, potential demand levels for various stations, overall goals and objectives, station design characteristics and types of stations.

In addition, Ms. Palmer referenced previous studies relative to TOD and addressed existing conditions as well as specific opportunities and constraints for each scenario presented.

It was noted that the Palmdale station allows a high-speed transit component.

Mr. Perdon explained that Maglev will give cities an opportunity to evaluate the system when planning future developments. He noted that it is not a recommendation as to what to do around the stations, but rather it is a look at the possibilities. In addition he reported that the report will attract financing as inventors see the demand and development possibilities.
Discussion followed regarding property acquisitions, eminent domain, market-driven development process, needing to evaluate zoning and land use development plans, accommodating growth in a way that minimizes negative impacts of growth.

It was noted that what the cities do has a direct connection with the viability of the Maglev project. Each Member should discuss the plans with their City Planners, Councils, etc. and keep an open-line of communication with ARCADIS.

Mr. Perdon reported that projections for growth are based on each city’s current general plan and emphasized that cities should begin looking now at the possibilities available because of the Maglev.

Ms. Palmer described the Artesia/Cerritos scenario as an example of the opportunities that may exist at this and similar stations, and addressed opportunities including re-development at the existing shopping center using structured parking to free up land.

Discussion followed regarding sidewalks across arterial streets, people movers connecting to the Maglev, clarification of the “circle of influence”, transit linkage and communicating accurate information.

**MOTION:** City of Cerritos Mayor Paul Bowlen moved to receive and file the report. City of Vernon Councilmember Michael McCormick seconded the motion, which carried, unanimously.

**STATUS OF RIDERSHIP ESTIMATING – PRELIMINARY RESULTS OF INITIAL MODEL RUNS: ORAL REPORT BY ARCADIS**

Viggen Davidian of MMA presented the preliminary results of the initial model runs and addressed the methods, working with a regional, fully-integrated multi-dimensional model, forecasts for the different modes of transportation, ridership estimates for various alternatives, assumptions, sensitivity and testing. In addition, Mr. Davidian addressed headway differences and capacity adjustments and reported that the goal is to determine the “sweet spot” for increasing revenue at the least cost.

City of South Gate Mayor Maria Davila departed at this juncture (7:50 p.m.).

Mr. Davidian continued his presentation addressing speed sensitivity, using a conservative set of modeling assumptions, evaluating peak versus non-peak ridership and forecasting. He emphasized that the system is not being designed at this point to maximize ridership, but rather to ensure that costs are covered and that the project will be a good investment opportunity.

**MOTION:** City of Vernon Councilmember Michael McCormick moved to receive and file the report. City of Cerritos Mayor Paul Bowlen seconded the motion, which carried, unanimously.

The following item was presented out of order.

**APPROVAL OF WARRANTS**

In response to a previous request from the Board, Mr. Perdon presented a summary of key activities and accomplishments during the reporting period for each of the invoices presented for payment approval. He described the process for recording expenditures.
Discussion followed relative to showing constituents that the Cities are getting a value and itemizing expenses.

Legal Counsel Yvette Abich suggested that Mr. Perdon and Cerritos City staff develop a system and report back to the Board with alternatives.

**MOTION:** City of Los Alamitos Mayor Fred Freeman moved to approve payment on the invoices presented as well as the above action suggested by Ms. Abich. City of Vernon Councilmember Michael McCormick seconded the motion, which carried, unanimously.

**FIRST CONSIDERATION OF MILESTONE 10 – FINANCIAL PLAN: POTENTIAL FINANCING SOURCES FOR PHASE 2 BY ARCADIS**

Mr. Perdon introduced the item noting that the goal is to finalize the Milestone 10 report August, however, he wanted to offer the opportunity for Board Members to provide feedback over the next few months with the intent of obtaining private funding for the project.

ARCADIS Representative Charlene Palmer reviewed the assessment of financial funding sources for Phase 2. She addressed financing efforts to date which includes development of a report to run a financial model. She added that Wedbush Morgan, Financial Advisors, have been retained through a subcontractor agreement and addressed private financing including offers for financial participation, public financing including grants. Ms. Palmer reported on a grant strategy meeting and legislative efforts and stated that additional detailed information will be provided within the coming months.

Discussion followed regarding the importance of public support when obtaining private funding.

Mr. Perdon reported that a new infrastructure bond to appear on the November ballot must be explored and emphasized the need to minimize risks in order to encourage private investors.

Discussion continued regarding the scope of Phase 2 and identifying risk issues and requirements.

Mr. Perdon noted the need to focus on equity investments, funding partners and sponsorships and increasing dialogue with individual communities regarding the MAGLEV.

Cerritos Mayor Paul Bowlen departed at this juncture (8:45 p.m.).

Discussion followed regarding opportunities offered under DBA's.

**MOTION:** City of Palmdale Councilmember Steve Hofbauer moved to receive and file the report. City of Paramount Mayor Daryl Hofmeyer seconded the motion, which carried, unanimously.

**STATUS OF STATE LEGISLATION – AB 2882**

Mr. Perdon reported on his recent visit to Sacramento and presented a status update on AB2882. He added that the bill identifies the Orangeline Development Authority and will allow Orangeline Maglev cities to create infrastructure financing districts which will enable tax increment financing. Mr. Perdon added that he will give a more thorough
analysis of the bill at the next Board meeting and requested input from Member cities. He further added that this will be a tool/vehicle for future legislative support and that, it may be amended before final approval.

**CONSENSUS:** There was consensus by the Board to receive and file the report.

**COMMUNICATION ITEMS TO THE BOARD**

Mr. Perdon presented communication items to the Board including the Treasurer’s Report, Member and Financial Status and recent and upcoming meetings. He reported that he appeared recently before the City of Artesia City Council which voted to continue participation in the Authority. In addition, he referenced an extract of the MTA long-range financial forecasting noting that part of the Maglev line is in the forecast. He asked for direction from the Board allowing him to meet with MTA officials to discuss the matter. He will review the issue with the cities and return to the Board with a report at the next meeting.

**CONSENSUS:** There was consensus by the Board to direct Mr. Perdon to meet with MTA officials.

**COMMUNICATION ITEMS FROM THE BOARD**

Discussions pertained to availability of media information, adding "bookends" to the Maglev DVD developed by MBI Media, the need to work on next year's budget and retaining an assistant for Executive Director Al Perdon, if funds are available.

These issues will be brought before the Board in subsequent meetings.

**ADJOURNMENT**

There being no further business to come before the Orangeline Development Authority, the meeting was adjourned at 9:15 p.m. to the next scheduled meeting of June 14, 2006.

Art Gallucci, Secretary

Attest:

__________________________________
Scott Larsen, Chair

Approved:
DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: June 14, 2006

SUBJECT: Consideration of Draft FY06-07 Budget

Attached is the Orangeline Development Authority Draft Budget and Business Plan for FY 2006-2007. The Plan outlines the Authority’s goals and objectives for the coming year and the project milestones for the two following years.

The Draft FY 2006-2007 Budget assumptions were presented to the Board on March 8, 2006 and forwarded to all member cities for review and comment. Board and member agency comments have been considered in preparing the Draft Budget. Input was also obtained from the Authority’s development partner, ARCADIS.

The Draft Budget re-affirms the Authority’s goal to place the initial Orangeline Maglev segment into operation by 2012 and the entire 110-mile system by 2016. The near-term objective is to complete pre-deployment planning within the next two years and begin construction within three years.

During the previous fiscal year, the Authority accomplished the following key objectives:

- Entered into a $1.35 million partnership agreement with ARCADIS, and its team of 21 local, national and international firms that are investing $1.1 million of private funds to advance the Orangeline Maglev Corridor Development Project.
- Approved the first six of ten Milestone Reports, which define the proposed Orangeline Maglev system and establish policy direction for completion of the Phase 1 Preliminary Engineering work program.
- Held a series of meetings with cities to encourage their participation as members of the Authority; the cities of San Fernando and Glendale are actively considering the Authority’s invitation to become members.
- Maintained inclusion of the Orangeline Maglev as a national High Priority Project in federal transportation legislation, with an earmark of $250,000.
- Organized two delegation visits to the Shanghai Maglev that gave Board members and legislators first-hand experience riding maglev and observing it in operation, and included meetings with Chinese government and business officials to discuss transportation and land use planning and development.
- Gained passage of state legislation designed to support the Orangeline Maglev in the State Assembly; the bill is currently under review in the Senate.
- Maintained the Orangeline Maglev website, to keep project stakeholders informed and to broaden public interest in the project.
The Draft FY 2006-2007 Budget and Business Plan is attached (Attachment 1). It is recommended that the Board approve the Draft FY 2006-2007 Budget and Business Plan or provide direction to staff to enable final consideration and adoption of the Budget in July 2006.

RECOMMENDATION

The following is recommended to the Board:

1. Review and discuss the information provided;
2. Approve the Draft FY 2006-2007 Budget and Business Plan or provide direction to staff;
3. File report

ATTACHMENTS:

1. Orangeline Development Authority Draft FY 2006-2007 Budget and Business Plan
Orangeline Development Authority

DRAFT

FISCAL YEAR 2006-2007
BUDGET
and
BUSINESS PLAN

June 14, 2006
Honorable Chairman and Members of the Board of Directors

Presented for your consideration is the Orangeline Development Authority Draft Fiscal Year 2006-2007 Budget and Business Plan. The Budget sets new goals and builds upon the Authority’s progress during the past year.

During the current fiscal year, the Authority focused on securing private investments in the Orangeline Maglev project and on performing Phase 1 Preliminary Engineering work through an agreement with its development partner, the ARCADIS Team. Effort was also focused on gaining membership of additional corridor cities, as well as on securing State legislative support. These efforts resulted in the passage of AB 2882 in the California State Assembly and in the Senate Local Government Committee. The City of San Fernando and the City of Glendale are actively considering joining the Authority. We are hopeful that both cities will elect to join the Authority soon.

During the latter part of 2005, the federal transportation bill SAFETEA-LU was enacted with a $250,000 earmark for the Orangeline Maglev. In January and April of 2006, two delegations composed of Authority Board members and other local and state legislators visited the Shanghai Maglev to get first hand experience in the operation of the 19-mile maglev line connecting Shanghai City with its new Pudong International Airport. The visits provided valuable insights into the planning, development and operation of a maglev system.

Our focus during the coming year will be on completing the Phase 1 Preliminary Engineering work program and on securing funding for the next phase of project development. We will also continue efforts to expand membership in the Authority and expand outreach to broaden public awareness and support.

It has been a pleasure working with the Board and with representatives of the Authority’s member cities during the past year. The support of the City of Cerritos, which has hosted our monthly meetings and provided staff support since the Authority’s inception, has been instrumental to our successes to date. So too has been the staff support provided by many or our other cities. Foremost has been the interest and commitment of the Board Chairman and members in overseeing our work and providing guidance, and in being strong advocates for the Orangeline Maglev. I look forward to working with you during the coming year to bring the vision of the Orangeline Maglev another step closer to reality.

Respectfully submitted,

Albert Perdon, P.E.

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- City of Artesia
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- City of Santa Clarita
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I. Summary

The Orangeline Development Authority FY 2006-2007 Budget and Business Plan describes the Authority’s goals and objectives for the next three to five years and the work plan for FY 2006-2007. The Authority’s vision is to place into operation a high-speed maglev system to serve its member cities. As currently defined, the Orangeline Maglev spans a 110-mile development corridor from north Los Angeles County to Orange County. Efforts continue to secure the membership of all cities along the proposed corridor. As additional cities join the Authority, the scope of the corridor development program could expand. The Orangeline Maglev is expected to support the development goals of member cities and address both near- and long-term mobility needs of the corridor and the region.

Initial results of Phase 1 Preliminary Engineering cost analyses and ridership modeling work indicate that the Orangeline Maglev will be financially feasible as a largely privately-funded improvement. These results need to be confirmed with the completion of current work tasks during the first half of the coming fiscal year. However, the early indications appear to confirm results of initial maglev project feasibility studies completed in 2002. The Draft Budget has been developed based on the positive early results of current work efforts and in anticipation that continued investment in the project is warranted.

The Authority set a goal in the prior year Budget to place the initial Orangeline Maglev segment into operation by 2012 and the entire 110-mile system by 2016. This year’s Budget retains that goal. During the coming Budget year and the years that follow, Authority activities will focus on achieving the following objectives:

<table>
<thead>
<tr>
<th>KEY PROGRAM MILESTONES</th>
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<tbody>
<tr>
<td>FY 2006-2007 MILESTONES</td>
</tr>
<tr>
<td>YEAR 1 (PROPOSED BUDGET)</td>
</tr>
<tr>
<td>A. Complete Phase 1 Preliminary Engineering with ARCADIS and the financial plan and solicitation package for private funding</td>
</tr>
<tr>
<td>B. Secure private funding to enable initiation of Phase 2 Preliminary Engineering</td>
</tr>
<tr>
<td>C. Secure passage of state legislation in support of the Orangeline Maglev</td>
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<tr>
<td>D. Secure participation of additional cities along the corridor</td>
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<tr>
<td>E. Secure local, state and federal grants to support the FY 06-07 work program</td>
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<tr>
<td>FY 2007-2008 MILESTONES</td>
<td></td>
</tr>
<tr>
<td>YEAR 2 (PROJECTED BUDGET)</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>F. Undertake more detailed Phase 2 Preliminary Engineering and financial planning and complete the draft EIR/EIS</td>
<td></td>
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<tr>
<td>G. Initiate pursuit of construction financing for initial segment</td>
<td></td>
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<tr>
<td>H. Secure state legislation to facilitate station-area development</td>
<td></td>
</tr>
<tr>
<td>I. Initiate preparation of final station area master plans</td>
<td></td>
</tr>
<tr>
<td>J. Initiate entitlement processing for development around Orangeline stations</td>
<td></td>
</tr>
</tbody>
</table>
FY 2006-2007 Draft Budget

<table>
<thead>
<tr>
<th>FY 2007-2008 MILESTONES</th>
<th>YEAR 3 (PROJECTED BUDGET)</th>
</tr>
</thead>
<tbody>
<tr>
<td>K.</td>
<td>$25,000,000</td>
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<tr>
<td>K. Complete Final EIR/EIS and Record of Decision</td>
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<tr>
<td>L.</td>
<td></td>
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<tr>
<td>L. Complete Phase 2 Preliminary Engineering and financial planning</td>
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<tr>
<td>M.</td>
<td></td>
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<tr>
<td>M. Secure construction financing for initial segment</td>
<td></td>
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<tr>
<td>N.</td>
<td></td>
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<tr>
<td>N. Initiate Phase 3 Final Design, Manufacture and Construction Phase, with a 2012 target completion date for the initial segment</td>
<td></td>
</tr>
<tr>
<td>O.</td>
<td></td>
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<tr>
<td>O. Complete final station area master plans and secure entitlements for development around Orangeline stations</td>
<td></td>
</tr>
</tbody>
</table>

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<tr>
<th>FY 2008-2009 TO FY 2012-2013 MILESTONES</th>
<th>YEARS (4-8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. Construct initial segment</td>
<td>$4,000,000,000</td>
</tr>
<tr>
<td>Q. Complete detailed engineering and financial plan for initial segment extension; Secure construction financing for segment extension</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>R. Complete final design of initial segment extension</td>
<td>$400,000,000</td>
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**Development Partner**

In August 2005, the Authority entered into an agreement with ARCADIS, a global infrastructure development firm headquartered in the Netherlands and with offices throughout the United States. ARCADIS is a knowledge-driven service provider active in the fields of infrastructure, buildings, environment and communications. The firm is leading a consortium of 21 local, national and international companies, which together have agreed to invest $1.1 million in the current Orangeline Maglev Phase 1 Preliminary Engineering work program.

**Budget Assumptions**

The proposed Budget for FY 2006-2007 is $1,345,847. This budget, which supports the Authority’s administrative costs and completion of Phase 1 Preliminary Engineering work tasks, is predicated on anticipated revenues from current members, which are based on prior year annual investments plus 2.5%. Also included is the carry-over of ARCADIS private in-kind investments from the prior (current) year and carry-over in-kind match provided by the Authority’s member cities. A portion of the budget is to cover work completed by the ARCADIS team in the current fiscal year but not yet billed to the Authority until the next fiscal year. No new matching funds are required or being requested from member cities.

During the coming year, efforts will be focused on securing additional funding from public and private funding sources:

Completion of milestones in Years 2 and 3 will require substantial additional resources. It is estimated that completion of predeployment planning for the entire 110-mile line will require a budget of up to $150 million, or up to about $1.5 million per mile. Therefore, the primary objective during the coming year will be to secure the additional investments needed to perform the required predeployment tasks.
II. Background Information.

Authority Background and Profile

The Orangeline Development Authority was organized as an association of local cities beginning in March 2003 with a vision of building a high-speed “maglev” transportation system to serve its member cities. Called the Orangeline Maglev, the advanced magnetic levitation technology transport system is intended to support the realization of each member city’s general plans for future growth, and to address current transportation, housing, environmental and economic issues.

The cities of Bell and South Gate became the first to adopt the Orangeline Development Authority Joint Exercise of Powers Agreement, effectively establishing the Authority in June 2003. The Authority initiated activities as a fully constituted joint powers agency (JPA) in November 2003 with ten member cities. By November 2004, with the addition of the City of Santa Clarita, the Authority was comprised of 14 cities along a 110-mile corridor stretching from north Los Angeles County to south Orange County California.

The Gateway Cities Council of Governments completed a study in April 2002 that indicated the potential feasibility of the Orangeline Maglev as a viable transportation system. The high-speed maglev line, as proposed at that time, extended from downtown Los Angeles to central Orange County and would serve as the initial segment of an intra-regional, privately funded maglev line extending from Palmdale to Irvine.

A parallel study of transit solutions in western Orange County, initiated by the Western Orange County Cities Association, identified the potential benefits of a rail transit system along the Orange County portion of the corridor. The Southern California Association of Governments (SCAG) completed a separate study that demonstrated the potential feasibility of a high speed maglev line from Palmdale to Downtown Los Angeles/LAX in December 2001.

Following completion of these initial studies, fourteen cities in both Los Angeles and Orange counties passed resolutions indicating support for the formation of the Orangeline Development Authority. The effort to bring these cities together is what spurned formation of the Authority as the legal public entity organized to move the Orangeline Maglev through its rigorous deployment process.

Discussions were held with the city councils and staff of the cities of San Fernando and Glendale in Los Angeles County during the past year in order to explore their interest in pursuing maglev deployment and in joining the Authority. As of June 2006, both cities indicated that they are actively considering joining the Authority.

The Authority has been created pursuant to Section 6502 of the Joint Exercise of Powers Act of the State of California, California Government Code sections 6500-6599.2, inclusive. The purpose of the Authority, as outlined in the Authority Agreement, is to pursue its stated objective to use the common powers of its members to enter into one or more public-private partnerships to finance, acquire, design, construct, reconstruct, improve, and operate the facilities and improvements to the Orangeline Maglev as may be approved by action of the Authority.

The Authority is governed by a Board of Directors composed of one person designated as a Director by the governing body of each of the members. Each member also appoints one
Alternate Director. The Board has appointed Cerritos City Manager Art Gallucci as Secretary. Michael Colantuono of Colantuono & Levin serves as Legal Counsel. Jack Joseph of the Gateway Cities Council of Governments serves as Treasurer. The Board approved selection of a team of consulting firms identified as Authority Program Managers to serve as staff to the Authority, and appointed Albert Perdon as Executive Director of the Authority. In November 2004, the Board elected Bellflower City Councilmember Scott Larsen as Chairman of the Authority, and elected Los Alamitos Councilmember Fred Freeman as Vice-Chairman. The Authority meets regularly on the second Wednesday of the month at the Cerritos Civic Center.

Agencies that have passed resolutions or expressed support for the Orangeline include: Gateway Cities Council of Governments, Southern California Association of Governments, City of Garden Grove, City of Huntington Beach, City of Long Beach and City of Stanton.

III. Accomplishments during FY 2004-2005

During the previous fiscal year, the Authority accomplished the following key objectives:

- Entered into a $1.35 million public private partnership agreement with ARCADIS, and its team of 21 local, national and international firms that are investing $1.1 million of private funds to advance the Orangeline Maglev Corridor Development Project.
- Approved the first six of ten Milestone Reports, which define the proposed Orangeline Maglev system and establish policy direction for completion of the Phase 1 Preliminary Engineering work program.
- Held a series of meetings with cities to encourage their participation as members of the Authority; the cities of San Fernando and Glendale are actively considering the Authority’s invitation to become members.
- Maintained inclusion of the Orangeline Maglev as a national High Priority Project in federal transportation legislation, with an earmark of $250,000.
- Organized two delegation visits of the Shanghai Maglev to give Board members and legislators first-hand experience riding maglev and observing it in operation, and included meetings with high-level Chinese government and business officials.
- Gained passage of state legislation designed to support the Orangeline Maglev in the California State Assembly; the bill has been approved by the Senate Local Government Committee and is currently under review in the full Senate.
- Maintained the Orangeline Maglev website, to keep project stakeholders informed and to broaden public interest in the project throughout Southern California.

These accomplishments set the stage for taking the Orangeline to the next development stage as described in the Strategic Plan.

IV. Strategic Plan

The Authority’s vision is to build and put into operation a high-speed maglev system – called the Orangeline Maglev – that will provide to Authority member cities’ residents, businesses and visitors a safe, high quality transportation service. The system would foster moderate- to high-density housing, commercial and retail development around stations located along the Orangeline Maglev development corridor, as envisioned in the general plans of each city.

Since its inception, the Authority’s mission has been to study the feasibility of building and operating the Orangeline Maglev system as a primarily privately funded enterprise, and upon approving its implementation, to bring the Orangeline Maglev into fruition as quickly as possible.
The Authority is nearing completion of Phase 1 Preliminary Engineering that is expected to confirm the project's financial viability. Activity will now focus on using the results of prior work to secure funding for the next phase.

Development of the Orangeline Maglev is being accomplished in phases. Phase 1 consists of engineering and financial planning to establish the overall project definition and verify project viability. Also included are additional tasks to secure funding and prepare for Phase 2. Phase 2 consists of more detailed design engineering and financial planning to enable the project to obtain private construction financing, to ensure public and member agency support of the proposed project, to comply with all environmental review requirements, and to secure project construction financing. Phase 3 consists of building the system and placing it into operation. Phase 4 consists of providing safe, reliable high-speed maglev service and assisting member cities in achieving station-area development goals.

The Authority's strategies for achieving its vision and for carryout out the Orangeline Maglev Corridor Development Project are defined in the following series of Near-term and Longer-term Actions.

Near-term Actions

a. Complete Phase 1 Preliminary Engineering
The Authority and ARCADIS initiated the Phase 1 Preliminary Engineering work program following execution of their public private partnership agreement in August, 2005. The work builds upon results of initial feasibility studies undertaken in 2002 that indicated the Orangeline Maglev had the potential to be implemented as a privately funded transportation improvement. To date, the first six of ten Milestone Reports have been submitted to and approved by the Authority Board of Directors. During the coming fiscal year, the team will complete the Phase 1 engineering work and prepare the financial plan and solicitation package for securing private funding for Phase 2.

The Phase 1 Preliminary Engineering work scope includes the following tasks:

- Assess the feasibility of the Orangeline Maglev as a commercially viable transportation service for moving passengers and cargo in the designated corridor. The assessment shall take into account ridership estimates, freight/cargo estimates and any other revenues determined to be relevant to the operation of the Orangeline Maglev system.
- Perform preliminary planning and prepare a Project Definition Report to identify guideway and alignment design solutions and costs, right-of-way requirements, potential passenger and freight usage, potential operating revenues, preliminary station sites and layouts, operations scenarios, other fixed facilities sites and layouts and preliminary structural elements.
- Produce a report on the feasibility assessment in sufficient detail that the Authority and ARCADIS can decide whether to move ahead into Phase 2.
- Develop a preliminary Deployment Plan for Phases 2-4, based on tradeoff studies and analyses, to describe the deployment concept to be employed.
- Develop a Financial Analysis Model incorporating all aspects of the Project including configuration and alignments, capacity and construction costs, ridership, fare structure, revenues and any related resources. Using this model, determine the financial viability of the Project. Develop and produce a report in sufficient detail so that the Authority and ARCADIS can make an informed decision whether to proceed into Phase 2.
• Develop a funding plan, based on feasibility studies and analyses to validate the financial viability of the Orangeline Maglev. The plan shall provide sufficient detail so that the Authority and ARCADIS can determine jointly what funding sources (public, private or a combination thereof) best meet Orangeline Maglev development needs.

b. Secure Additional Private and Public Investments
The Authority has established a goal of securing up to $150 million to complete predeployment planning for the 110-mile, $13 billion Orangeline Maglev project. To date, the Authority has relied primarily on member investments to pursue public and private financing for the project. The ARCADIS Team investment of $1.1 million is the primary, but not only, source of private funding to date.

In 2005, the U.S. Congress passed SAFETEA-LU, the 6-year transportation reauthorization bill. This bill designates the Orangeline Maglev segment from downtown Los Angeles to Orange County as a national “High Priority Project” with an earmark of $250,000 for continued planning. Earlier versions of SAFETEA-LU included as much as $3 billion in funding for maglev deployment in the U.S. The final bill that was enacted into law contained a mere $90 million in authorizations and was thus a major disappointment for all the maglev project sponsors. While other projects around the country rely heavily on federal subsidies, the Orangeline Maglev was conceived from the beginning as a privately-funded project, but one that would take full advantage of any federal money that might become available. During the next fiscal year, the Authority will focus on securing a grant for the $250,000 SAFETEA-LU authorization and continue to explore the potential for additional federal funding.

The primary activity during FY 2006-2007 will be to secure private funding for Phase 2 Preliminary Engineering. The Authority will take the results of the Phase 1 engineering work to prepare a financial plan and funding package. Private investors will be solicited to participate as equity partners or otherwise invest in the project. The Authority will also pursue smaller grants from state and local agencies to help fund the current year work program. If the state infrastructure bond passes, there may be an opportunity to secure funding from this new source.

c. Secure passage of state legislation in support of the Orangeline Maglev
The Authority initiated steps to secure favorable state legislation during the current fiscal year. These efforts resulted in the introduction of AB 2882 by the Authority’s first Board Chairman and now Assembly Member Hector De La Torre.

AB 2882 was introduced by Assembly Member Hector De La Torre in response to the Authority’s proposal for state legislation that would provide loan guarantees to cover borrowing the Authority would undertake to finance the next phase of project development. The need for such legislation has become apparent as a result of initial discussions with potential investors who have shown an interest in investing in the Orangeline Maglev project. A primary investor concern is the risk associated with the potential lack of continued local and state government support required to complete the project. Without loan guarantees or other solid commitments to ensure that the investments have an appropriate level of security, private investors will be reluctant to finance the project.

In its current form, AB 2882 would enable the Authority’s member cities to establish Infrastructure Financing Districts and to make some or all of the derived revenues available to the Authority to support the development of the Orangeline Maglev project.
On May 18, 2006 the Assembly passed the bill (70-0) and forwarded it to the Senate. The Senate Local Government Committee approved the bill on June 7, 2006 (4-0). The bill is now under consideration by the full Senate. The Authority will continue to work with Assembly Member De La Torre and other legislators to secure enactment of AB 2882 and other legislation favorable to the Orangeline Maglev project.

The Authority will expand its outreach efforts during the coming year and establish an advocacy group to communicate the benefits that will accrue from the Orangeline Maglev and to advocate for the project at local, state and national levels in order to obtain legislation favorable to the Orangeline Maglev.

d. Secure Membership Participation of Additional Cities

Since its inception, the Authority’s strategy has been to secure participation of all cities along the Orangeline Maglev corridor. All Los Angeles County cities along the corridor from Vernon to Cerritos have joined the Authority. To date, the City of Los Angeles has not yet taken action to join the Authority. With the addition in 2004 of the north Los Angeles County cities of Palmdale and Santa Clarita as members of the Authority, the current year focus on securing participation of other north Los Angeles County cities within the influence area of the proposed corridor will continue into the next fiscal year. Targeted cities include: Lancaster, San Fernando, Burbank and Glendale, as well as the City and County of Los Angeles.

Previous discussions with Orange County cities indicated positive interest in the Orangeline; however, only the City of Los Alamitos has joined the Authority to date. At the time of initial discussions with Orange County cities, the Orange County Transportation Authority (OCTA) was focused on planning the CenterLine light rail transit project from Irvine to Santa Ana. Cities located along the Orangeline Corridor generally expressed the desire to follow the progress of the Orangeline Maglev but were reluctant to join the Authority, pending results of the CenterLine studies. Subsequently, OCTA halted CenterLine development and has developed a new plan that focuses on improving Metrolink services. During the coming year, the Authority will continue to encourage Orange County cities to join the Authority.

e. Secure Local, State and Federal Grants to Support the FY 2006-2007 Work Program

The budget for the coming fiscal year is funded from two sources, member city contributions and the ARCADIS team private investments. In order to broaden the level of funding support for the FY 2006-2007 work program, during the coming year efforts will be undertaken to secure additional funding from the following public and private sources:

- Federal grant: $150,000 (Projected available funding from SAFETEA-LU authorization)
- State grants: $150,000 (Caltrans)
- Local grants: $100,000 (LAWA, AQMD, MTA, OCTA, POLA, POLB)
- Private grants: $250,000 (Foundations)

Success in obtaining additional funding for FY 2006-2007 would enable the Authority to undertake an expanded program that would include the following tasks:

f. Secure Rights-of-Way Agreements

This task was included in the FY 2005-2006 Expanded Budget but was not performed due to funding limitations. It is carried forward into the coming fiscal year Budget as a task to be performed if additional funding is obtained.
A key assumption in the initial studies to assess the feasibility of the Orangeline Maglev was that the system would be located primarily on or above existing public rights-of-way, such as railroad and freeway corridors. Furthermore, the studies assumed that the public rights-of-way would be made available at no charge to the Authority. Thus, to eliminate a potential risk factor that could impact the success of the project, and to protect the public and private investments to be made in the project, it is imperative that the Authority enter into agreements as soon as possible with the agencies controlling the public rights-of-way required for the project.

The Authority already has a letter from the Executive Director of the LACMTA indicating the agency will likely make the P.E. right-of-way available if the Authority decides to proceed with the project. A legally binding agreement would give the Authority, member cities and other investors in the project the security needed to protect their early investments in the project. These agreements would be written to ensure that if the Authority decides to implement the Orangeline Maglev, the necessary rights-of-way will be available when they are needed. The agreements would have the effect of protecting the rights-of-way from conflicting uses and enable the Authority or its member cities to implement interim uses that are compatible with the Orangeline Maglev.

g. **Conduct Follow-up Maglev Freight Study**
Initial maglev feasibility studies identified the potential for carrying freight, particularly high value of time air cargo. No serious study was undertaken at that time to determine the size of the potential freight market, the practicality of a maglev line designed primarily for passenger service to carry freight, or the potential for maglev to carry sea-borne container freight. The Authority completed an initial maglev freight study for the Center for the Commercial Deployment of Transportation Technologies (CCDoTT). The study indicated the potential feasibility of maglev technology to carry container cargo from the sea ports in Los Angeles and Long Beach to inland intermodal facilities in Palmdale and Victorville. An anticipated follow-on study with CCDoTT to further analyze the feasibility of a maglev freight system and assess the relationship between such a system and the Orangeline Maglev was not realized. The Authority may contact other agencies, such as the Ports of Long Beach and Los Angeles and the freight railroads to pursue grant funding for additional maglev freight studies.

h. **Develop Preliminary Station-Area Master Plans**
The Authority’s underlying objective for the Orangeline Maglev is to support the long-term development goals of member cities. The Phase 1 Preliminary Engineering Milestone 7 report addresses the issue of station area development. The report is scheduled for review by the Board in July 2006. The recommendations will be based on meetings with member cities during the past year and on reviews of current general plans and other land use documents. It will include an assessment of market potential for new station area development.

The Milestone 7 report begins to describe the potential for station area improvements that could include new housing, commercial, retail and public spaces. Ultimately, each member city will decide what type of improvements will be approved around Orangeline Maglev stations, and what type of actions it wants to undertake and policies it wants to put in place to influence station area developments.

The Authority will encourage cities to undertake a review of potential station area improvements and propose that cities adopt station area master plans and land use entitlements to guide and
facilitate future desired development. In order to achieve that objective, the Authority will continue coordination with member cities to review their general plan and zoning regulations and determine how the Orangeline Maglev can best support each cities’ general plan goals. The work will build on the work done for Milestone 7 and include:

- Assessing opportunities for Orangeline Maglev station-area development, reviewing general plans, zoning and other land use plans of each city along the Orangeline Maglev corridor, and meeting with the development directors of each city to understand the goals, opportunities and constraints to station area development.
- Developing Orangeline Maglev station-area development concepts for each station that describe, through renditions, photomontage and other means, what future station areas might look like, with new mixed-use developments, housing, commercial and retail space, public spaces, etc.
- Developing policy recommendations and possible regulations or procedures to foster integration of stations with surrounding areas. Actively seeking land use entitlements and agreements for stations area developments.

1. Conduct Inspection of Operating Maglev System
   The Authority organized two inspection trips to gather information on the Shanghai Maglev system. These tours enabled some but not all Board Members and other invited guest participants to obtain first-hand knowledge of and experience in a working maglev system, and provided an opportunity to learn about the issues and challenges of planning, building and operating a maglev system. One or more additional tours would be organized to enable the remaining Board members to visit the Shanghai Maglev, along with state legislators and local officials and community representatives.

j. Implement expanded outreach
   Additional revenues will enable increased advocacy efforts to secure greater government support and broader public awareness and support. The work under this task would include:
   - Prepare public information material such as fact sheets, answers to questions asked, and meeting presentation materials, including Power Point presentations, video and other materials for distribution to the media and to the public.
   - Display the Transrapid Maglev along with other display material at conferences and high-traffic locations that provide maximum exposure for the project.
   - Obtain public input for consideration in project development and in preparation of the project development plan. Improve the website for greater public outreach.

Longer-term Actions

The Authority anticipates that the Phase 1 Preliminary Engineering work will validate the results of the initial feasibility studies completed in April 2002. On that basis, the activities for the following two years and beyond are expected to result in the following milestones leading to the initiation of maglev service by 2012.

**FY 2007-2008 MILESTONES**

k. Complete more detailed engineering and financial plans and the draft EIR/EIS
l. Initiate pursuit of construction financing for an initial operating segment
m. Secure state legislation to facilitate station-area development
n. Initiate preparation of final station area master plans
o. Initiate entitlement processing for development around Orangeline stations
FY 2007-2008 MILESTONES

p. Complete Final EIR/EIS and Record of Decision
q. Complete more detailed engineering and financial plans
r. Secure construction financing for initial segment
s. Initiate final design, manufacture and construction phase, with a 2012 target completion date for the initial operating segment
t. Complete final station area master plans and secure entitlements for development around Orangeline stations

FY 2008-2009 TO FY 2012-2013 MILESTONES

u. Construct initial segment
v. Complete detailed engineering and financial plan for initial segment extension; Secure construction financing for initial segment extension
w. Complete final design of initial segment extension

As stated in the prior year Budget, the Orangeline Maglev has been proposed as part of a city building and revitalizing process. The Orangeline Maglev is not an end unto itself. It is a means for cities along the corridor to achieve multiple goals. Therefore, Authority staff will continue to consult with Authority Board Members and staff of member cities on matters of how the Orangeline Maglev can best fulfill broader goals for enhancing cities along the corridor. These goals could include improving the amenities of cities by attracting new investments and increasing economic activity, jobs, public tax revenues and opportunities for local residents to enjoy a better quality life. Future development work will be undertaken with this view in mind.

At the Authority’s inception, there was an interest in having the Authority collaborate with local universities. Two university partners, Cal-State Long Beach and University of California Irvine, were identified. A key objective is to create a new industry and technical expertise centered in Southern California, with potential for exporting the knowledge and experience gained in developing the Orangeline Maglev. During the coming fiscal year, staff will explore means to begin a collaborative effort with the university partners.

Communication

The Authority’s website is the center point in facilitating distribution of information to and among Authority members, the entire project team and interested members of the public. The Orangeline Maglev has its own website at http://orangeline.calmaglev.org. The website is being used to post all Board meeting notices, agendas, information reports, meeting minutes, and other communication to the Board and the public. During the coming year, the Authority will continue its efforts to enhance the features of the website. Efforts will also be undertaken to distribute information to the public through other means, such as through the print and broadcast media. Greater effort will be placed at ensuring the Orangeline Maglev is represented at conferences and trade shows where stakeholders and potential project supporters are in attendance.
V. Budget

**Expenditures**

Projected expenditures are shown in the table below. Expenditures are tied to achieving the objectives and major milestones discussed in the previous sections.

<table>
<thead>
<tr>
<th>FY 2006-2007 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOARD</td>
</tr>
<tr>
<td>Authority Program Managers</td>
</tr>
<tr>
<td>Policy and Administration</td>
</tr>
<tr>
<td>Executive Management</td>
</tr>
<tr>
<td>Legal</td>
</tr>
<tr>
<td>Insurance</td>
</tr>
<tr>
<td>Other Administrative</td>
</tr>
<tr>
<td>Organizational Development</td>
</tr>
<tr>
<td>Increase Authority Membership</td>
</tr>
<tr>
<td>Secure Operating Revenues</td>
</tr>
<tr>
<td>Project Development</td>
</tr>
<tr>
<td>Complete Phase 1 Pre. Engr.</td>
</tr>
<tr>
<td>Secure Phase 2 Funding</td>
</tr>
<tr>
<td>Secure State Legislation</td>
</tr>
<tr>
<td>Public Funding</td>
</tr>
<tr>
<td>Private In-kind</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
</tbody>
</table>

**Revenues**

The proposed Budget is predicated on the anticipated revenues from existing sources. These sources include anticipated current member investments of $156,872.

Additional revenues would be realized if the Authority is successful in securing grants and in attracting additional cities to become members of the Authority. A list of potential new members and the annual member investments for each are shown in the following table.
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Anticipated Revenues</th>
<th>Total Anticipated and Potential Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beginning Balance</td>
<td>$367,851.38</td>
<td>$1,852,611.38</td>
</tr>
<tr>
<td>2</td>
<td>Current Member Investments</td>
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<tr>
<td>3</td>
<td>Development Partner In-kind</td>
<td>$865,927.47</td>
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</tr>
<tr>
<td>4</td>
<td>Other In-kind</td>
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<td>5</td>
<td>FY 2006-2007 Revenue Base</td>
<td>$1,420,650.85</td>
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<tr>
<td>6</td>
<td>New Member Investments*</td>
<td>$31,960.53</td>
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</tr>
<tr>
<td>7</td>
<td>Federal Grant</td>
<td>$150,000.00</td>
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</tr>
<tr>
<td>8</td>
<td>Other Grants</td>
<td>$250,000.00</td>
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<tr>
<td>9</td>
<td>Total Anticipated/Potential Public Investments</td>
<td>$956,683.91</td>
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<tr>
<td>10</td>
<td>Total Anticipated Private In-kind Investments</td>
<td>$895,927.47</td>
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<tr>
<td>11</td>
<td>Total Anticipated and Potential Revenues</td>
<td>$1,852,611.38</td>
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</tr>
</tbody>
</table>

### Source of Revenues

<table>
<thead>
<tr>
<th>Current Members</th>
<th>Annual Investment</th>
<th>Matching Funds*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Artesia</td>
<td>$4,945.63</td>
<td>($1,334.37)</td>
<td>$3,611.25</td>
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<tr>
<td>City of Bell</td>
<td>$4,000.58</td>
<td>($1,078.55)</td>
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<td>City of Bellflower</td>
<td>$14,526.30</td>
<td>($3,918.29)</td>
<td>$10,608.01</td>
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<tr>
<td>City of Cerritos</td>
<td>$13,858.00</td>
<td>($3,738.07)</td>
<td>$10,119.93</td>
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<tr>
<td>City of Cudahy</td>
<td>$4,558.18</td>
<td>($1,229.33)</td>
<td>$3,328.85</td>
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<td>City of Downey</td>
<td>$8,290.20</td>
<td>($2,236.41)</td>
<td>$6,053.79</td>
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<td>City of Huntington Park</td>
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<td>($2,282.72)</td>
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<tr>
<td>City of Maywood</td>
<td>$2,840.28</td>
<td>($765.69)</td>
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<td>City of Palmdale</td>
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<td>City of Paramount</td>
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<td>($3,115.44)</td>
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<td>City of Santa Clarita</td>
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<td>($8,466.93)</td>
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<td>City of South Gate</td>
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<td>($5,192.14)</td>
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<td>City of Vernon</td>
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<td>($1,520.67)</td>
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<tr>
<td>Subtotal</td>
<td>$156,872.15</td>
<td>($42,313.29)</td>
<td>$114,558.86</td>
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</table>

*Credit if Glendale and San Fernando join the Authority
## Anticipated/Potential Revenues (cont’d)

<table>
<thead>
<tr>
<th>Item</th>
<th>Potential New Members</th>
<th>City of Glendale</th>
<th>City of San Fernando</th>
<th>City of San Fernando Subtotal</th>
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<tr>
<td>43</td>
<td>City of Glendale</td>
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<td>City of San Fernando</td>
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<td>$74,273.81</td>
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<td>46</td>
<td>Subtotal</td>
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<td>$42,313.29</td>
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<td>47</td>
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<td>City of Burbank</td>
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<td>City of Lancaster</td>
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<td>County of Los Angeles</td>
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<td>City of Los Angeles</td>
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<td>La Palma</td>
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<td>Cypress</td>
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<td>Buena Park</td>
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<td>Anaheim</td>
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<td>Orange</td>
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<td>Stanton</td>
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<td>Garden Grove</td>
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<td>Santa Ana</td>
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<td>60</td>
<td>Tustin</td>
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<td>Irvine</td>
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<tr>
<td>62</td>
<td>Subtotal</td>
<td>$634,618.38</td>
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</tbody>
</table>

### Return on Investments

Revenues from member cities and in-kind contributions are considered as investments in the Orangeline Maglev Corridor Development Project, as opposed to donations or grants to the Authority. The Authority anticipates that the Project will generate sufficient revenues from operation of the Orangeline Maglev system and from station area development to cover Project capital and operating costs, and to generate a return on investments in the Project.

It is anticipated that government loans and private financing would be secured following Phase 1 Preliminary Engineering as described in previous sections. These revenues would be used to fund Phase 2 studies. At the conclusion of Phase 2, bonds would be sold and other loans would be secured to finance construction of the Orangeline Maglev system.

Investments by member cities and in-kind contributions could remain with the Authority to cover the Project’s funding needs through construction and beyond, or be withdrawn at an earlier date, plus an interest earning on the investments. The return on investment would be based on each party’s equity in the Project. The financial plan to be prepared in Phase 1 would describe these opportunities.
Potential Additional Revenue Sources

As indicated in the Anticipate/Potential Revenue table, the FY 2006-2007 Budget is predicated on a balance carry-over from FY 2005-2006 plus anticipated new revenues from existing sources. These sources include anticipated current member investments of $156,872. Additional potential revenue sources are also identified. The likelihood of securing additional resources is described below. If the Authority is successful in securing additional resources during the fiscal year, the Board would be given an opportunity to consider one or more Budget amendments to decide on the use of these additional funds.

The following potential revenues sources have been identified:

1. New Member Investments
   - The cities of Glendale and San Fernando are considering joining the Authority. Based on positive meetings with elected officials and staff of both cities, the possibility of these cities joining the Authority appears very promising.

2. Federal Grant
   - This source of funding is derived from the SAFETEA-LU authorization of $250,000 for the Orangeline Maglev project. Based on discussions with representatives of Congresswoman Linda Sanchez and Caltrans staff, it is reasonable to expect that $150,000 or major portion thereof would be made available to the Authority.

3. Other Grants
   - These funding sources are more speculative. They include Los Angeles World Airports, the Ports of Long Beach and Los Angeles, the South Coast Air Quality District, Caltrans and a small number of private foundations. Some initial research has been completed to assess the potential for funding from these sources; however more work is required to determine if meaningful funding can be obtained during the fiscal year.
   - The infrastructure bond bill on the November ballot would, if passed by the voters in November, bring billions of dollars into transportation during the coming years, including directly to member cities. It is unlikely that significant funding from this source would be made available to the Orangeline Maglev; however it is worth it for the Authority to pursue grants from this source.
   - LACMTA and OCTA are additional potential funding sources. Considerable advocacy on the part of member cities would be required to secure funding support from these sources.
   - FRA/FTA – The Authority could pursue additional funding from the FRA or FTA, or from other federal sources. Discussions with key agency representatives and a review of potential funding programs and the process for securing one or more grants from these agencies suggests that it would be difficult to secure near-term funding from these sources.
   - SCAG has been a strong supporter of maglev deployment in Southern California. SCAG is currently focused on the West Los Angeles-to-Ontario Airport maglev project. At its meeting of December 5, 2002, the SCAG Regional Council approved a motion calling for the SCAG Maglev Task force to advance planning on Segment #33 (LAX – Palmdale) and Segment #28 (LA – Orange County) Orangeline Maglev project and to assist and secure federal, state, and local funds. It is likely that gaining SCAG support will require advocacy at the SCAG policy Board level, including at the Maglev Task Force, the Transportation and Communications Committee and at the Regional Council.

4. Development Partner and other private Investments
   - The potential of additional development partner investments will also be explored, as well as investments from other private sources.
The Orangeline Development Authority is a joint powers agency formed to pursue deployment of the Orangeline Maglev system in Southern California. The Authority is composed of the following public agencies:

- City of Artesia
- City of Bell
- City of Bellflower
- City of Cerritos
- City of Cudahy
- City of Downey
- City of Huntington Park
- City of Los Alamitos
- City of Maywood
- City of Palmdale
- City of Paramount
- City of Santa Clarita
- City of South Gate
- City of Vernon

Chairman  
Scott Larsen  
Councilmember, City of Bellflower

Secretary  
Art Gallucci  
City Manager, City of Cerritos

General Counsel  
Michael Colantuono  
Colantuono & Levine, PC

Treasurer/Auditor  
Jack Joseph  
Gateway Cities COG

Executive Director  
Albert Perdon, P.E.

Supporting Agencies  
Gateway Cities Council of Governments
Southern California Association of Governments
City of Garden Grove
City of Huntington Beach
City of Long Beach
City of Stanton

The Board received a report prepared by ARCADIS Team member Gruen Associates at the May 10, 2002 meeting. That report was the first work product pertaining to Milestone 7 – Station Area Development. It described urban design concepts for typical stations along the Orangeline Maglev corridor.

The second work product pertaining to Milestone 7 will be presented by ARCADIS Team member Shapery Enterprises. This report describes smart growth analysis & impact of land development for mid & low demand maglev station sizes.

The final draft Milestone 7 – Station Area Development report will be presented to the Board in July for possible adoption.

RECOMMENDATION

The following is recommended to the Board:

1. Review and discuss the information provided;
2. Provide direction to staff;
3. File this report

Attachment

1. SMART GROWTH ANALYSIS & IMPACT OF LAND DEVELOPMENT FOR MID & LOW DEMAND MAGLEV STATION SIZES by Shapery Enterprises
“Smart Growth” Development

A. Mixed Land Uses.

1. Smart growth supports the integration of mixed land uses into communities as a critical component of achieving better places to live. By putting uses in close proximity to one another, alternatives to driving, such as walking or biking, once again become viable. A mixed land use also provides a more diverse and sizable population and commercial base for supporting viable public transit. It can enhance the vitality and perceived security of an area by increasing the number and attitude of people on the street. It helps streets, public spaces and pedestrian-oriented retail again become places where people meet, attracting pedestrians back onto the street and helping to revitalize community life.

2. Mixed land uses can convey substantial fiscal and economic benefits. Commercial uses in close proximity to residential areas are often reflected in higher property values, and therefore help raise local tax receipts. Businesses recognize the benefits associated with areas able to attract more people, as there is increased economic activity when there are more people in an area to shop. In today's service economy, communities find that by mixing land uses, they make their neighborhoods attractive to workers who increasingly balance quality of life criteria with salary to determine where they will settle. Smart growth provides a means for communities to alter the planning context which currently renders mixed land uses illegal in most of the country.

B. Take advantage of compact building design.

1. Smart growth provides a means for communities to incorporate more compact building design as an alternative to conventional, land consumptive development. Compact building design suggests that communities be designed in a way which permits more open space to preserved, and that buildings can be constructed which make more efficient use of land and resources. By encouraging buildings to grow vertically rather than horizontally, and by incorporating structured rather than surface parking, for example, communities can reduce the footprint of new construction, and preserve more greenspace. Not only is this approach more efficient
by requiring less land for construction. It also provides and protects more open, undeveloped land that would exist otherwise to absorb and filter rain water, reduce flooding and stormwater drainage needs, and lower the amount of pollution washing into our streams, rivers and lakes.

2. Compact building design is necessary to support wider transportation choices, and provides cost savings for localities. Communities seeking to encourage transit use to reduce air pollution and congestion recognize that minimum levels of density are required to make public transit networks viable. Local governments find that on a per-unit basis, it is cheaper to provide and maintain services like water, sewer, electricity, phone service and other utilities in more compact neighborhoods than in dispersed communities.

3. Research based on these developments has shown, for example, that well-designed, compact New Urbanist communities that include a variety of house sizes and types command a higher market value on a per square foot basis than do those in adjacent conventional suburban developments. Perhaps this is why increasing numbers of the development industry have been able to successfully integrate compact design into community building efforts. This despite current zoning practices – such as those that require minimum lot sizes, or prohibit multi-family or attached housing – and other barriers - community perceptions of “higher density” development, often preclude compact design.

C. Create range of housing opportunities and choices.

1. Providing quality housing for people of all income levels is an integral component in any smart growth strategy. Housing is a critical part of the way communities grow, as it constitutes a significant share of new construction and development. More importantly, however, is also a key factor in determining households’ access to transportation, commuting patterns, access to services and education, and consumption of energy and other natural resources. By using smart growth approaches to create a wider range of housing choices, communities can mitigate the environmental costs of auto-dependent development, use their infrastructure resources more efficiently, ensure a better jobs-housing balance, and generate a strong foundation of support for neighborhood transit stops, commercial centers, and other services.

2. No single type of housing can serve the varied needs of today’s diverse households. Smart growth represents an opportunity for
local communities to increase housing choice not only by modifying their land use patterns on newly-developed land, but also by increasing housing supply in existing neighborhoods and on land served by existing infrastructure. Integrating single- and multi-family structures in new housing developments can support a more diverse population and allow more equitable distribution of households of all income levels across the region. The addition of units -- through attached housing, accessory units, or conversion to multi-family dwellings -- to existing neighborhoods creates opportunities for communities to slowly increase density without radically changing the landscape. New housing construction can be an economic stimulus for existing commercial centers that are currently vibrant during the work day, but suffer from a lack of foot traffic and consumers in evenings or weekends. Most importantly, providing a range of housing choices allow all households to find their niche in a smart growth community – whether it is a garden apartment, a rowhouse, or a traditional suburban home – and accommodate growth at the same time.

D. Create walkable communities

1. Walkable communities are desirable places to live, work, learn, worship and play, and therefore a key component of smart growth. Their desirability comes from two factors. First, walkable communities locate within an easy and safe walk goods (such as housing, offices, and retail) and services (such as transportation, schools, libraries) that a community resident or employee needs on a regular basis. Second, by definition, walkable communities make pedestrian activity possible, thus expanding transportation options, and creating a streetscape that better serves a range of users -- pedestrians, bicyclists, transit riders, and automobiles. To foster walkability, communities must mix land uses and build compactly, and ensure safe and inviting pedestrian corridors.

2. Walkable communities are nothing new. Outside of the last half-century communities worldwide have created neighborhoods, communities, towns and cities premised on pedestrian access. Within the last fifty years public and private actions often present created obstacles to walkable communities. Conventional land use regulation often prohibits the mixing of land uses, thus lengthening trips and making walking a less viable alternative to other forms of travel. This regulatory bias against mixed-use development is reinforced by private financing policies that view mixed-use development as riskier than single-use development. Many communities -- particularly those that are dispersed and largely
auto-dependent -- employ street and development design practices that reduce pedestrian activity.

3. As the personal and societal benefits of pedestrian friendly communities are realized – benefits which include lower transportation costs, greater social interaction, improved personal and environmental health, and expanded consumer choice -- many are calling upon the public and private sector to facilitate the development of walkable places. Land use and community design plays a pivotal role in encouraging pedestrian environments. By building places with multiple destinations within close proximity, where the streets and sidewalks balance all forms of transportation, communities have the basic framework for encouraging walkability.

E. Foster distinctive, attractive communities with a strong sense of place.

1. Smart growth encourages communities to craft a vision and set standards for development and construction which respond to community values of architectural beauty and distinctiveness, as well as expanded choices in housing and transportation. It seeks to create interesting, unique communities which reflect the values and cultures of the people who reside there, and foster the types of physical environments which support a more cohesive community fabric. Smart growth promotes development which uses natural and man-made boundaries and landmarks to create a sense of defined neighborhoods, towns, and regions. It encourages the construction and preservation of buildings which prove to be assets to a community over time, not only because of the services provided within, but because of the unique contribution they make on the outside to the look and feel of a city.

2. Guided by a vision of how and where to grow, communities are able to identify and utilize opportunities to make new development conform to their standards of distinctiveness and beauty. Contrary to the current mode of development, smart growth ensures that the value of infill and greenfield development is determined as much by their accessibility (by car or other means) as their physical orientation to and relationship with other buildings and open space. By creating high-quality communities with architectural and natural elements that reflect the interests of all residents, there is a greater likelihood that buildings (and therefore entire neighborhoods) will retain their economic vitality and value over time. In so doing, the infrastructure and natural resources used to create these areas will provide residents with a distinctive and beautiful place that they can call “home” for generations to come.
F. Attention needs to be paid to the live-work-play “smart growth” strategy that encourages a marriage between development and transit, thereby reducing traffic congestion and parking woes.

G. Sensitivity must be given to existing and future needs of each community on the maglev transportation route.

H. Recognize that smart growth is not a “one size fits all” proposition.
   1. Smart growth development ranges from the “metropolitan center” to the “rural village”.

I. Encourage major institutions such as universities, hospitals, military facilities, and other facilities to consider smart growth solutions.

J. Match transportation investments and existing/planned land uses.

K. Encourage public/private partnerships for integrating transportation and land uses.

L. Institute an incremental approach to development based on the opportunities and constraints present in different transportation corridors.

M. Measure smart growth benefits and impacts in comparison to current community plans.

N. Analyze data through the use of transportation and growth forecasting models.

II. Transit Oriented Development

A. Transit Oriented Developments include a variety of residential types (condominiums, townhouses, apartments) combined with retail, employment centers, offices, parks, public and civic areas, and other services.

B. The transit station is surrounded by high-density development with lower-density development gradually spreading outwards.

C. Parking is usually limited to encourage the use of public transportation.
   1. Parking should be designed and managed to encourage shared parking thus reducing the land devoted to parking.
D. Pedestrian friendly to discourage automobiles.

E. Bicycle paths and street bike lanes to encourage commuting to transit station by bicycle.

F. Special attention to design of buildings to enhance pedestrian environment.

G. Design to maximize stimulation of economic development.

H. Design to improve access and mobility.

I. Design to promote environmental quality and mitigation.

J. Aesthetic design of structures; incorporate community themes and art.

K. Exemplify unique community qualities.

L. Design to ensure feeling and realization of secure environment.

III. Local Community Plan Analysis.

A. Mid-level demand stations.

1. One thousand car parking facility.

2. Retail, office, and housing development.
   a. Retail – 50,000 square feet
   b. Office – 75,000 square feet
   c. Housing (condominiums, townhouses, apartments) – 275,000 square feet

3. Minimum residential target – 60 dwelling units per acre

4. Minimum employment target – 50 employees per acre

B. Low-level demand stations.

1. Five hundred car parking facility

2. Retail office and housing development.
   a. Retail – 15,000 square feet
b. Office – 35,000 square feet

c. Housing (condominiums, townhouses, apartments) – 100,000 square feet

3. Minimum residential target – 45 dwelling units per acre.

4. Minimum employment target 30 employees per acre.

IV. Financial Analysis.

A. As an optimal design concept is created for a specific station, it will be analyzed against a financial matrix which will include the following considerations:

1. Comparable rents

2. Local lease considerations and concessions

3. Capitalization rates

4. Comparable sales prices

5. Local sales receipts

6. Demographic considerations

7. Net income and applicable sales prices of the for-sale components

B. Data is currently being compiled which is expected to be analyzed and implemented for the next milestone report.
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: June 14, 2006

SUBJECT: Preliminary Report on Results of Ridership Modeling Runs - ARCADIS

At its May 10, 2006 meeting, the Board received an oral report from ARCADIS Team member Meyer, Mohaddes regarding the status of computer-based ridership estimating work. The early results have been reviewed and updated to reflect the latest available information.

ARCADIS and Meyer Mohaddes will present the preliminary report on the Orangeline Maglev ridership estimates produced from the first two model runs. A copy of the written report is attached.

Plans for the remaining modeling work will be described.

RECOMMENDATION

The following is recommended to the Board:

1. Review and discuss the information provided;
2. Provide direction to staff;
3. File this report

Attachment

1. Orangeline Ridership Estimates (June 8, 2006) – by ARCADIS
# Orangeline Ridership Estimates (June 8, 2006)

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Work and Non-work Trips</th>
<th>Airport Connection Via Maglev</th>
<th>Induced Demand</th>
<th>Special Event</th>
<th>Total Ridership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alt. 1 (MS 3 Report)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>187,298</td>
</tr>
<tr>
<td>• SCAG 2004 RTP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No other MagLev</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No Smart Shuttle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 10 min. headway</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MS 3 Stations and Alignment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 25% Reduction in Speed from original timetable</td>
<td>165,750</td>
<td>13,260</td>
<td>6,630</td>
<td>1,658</td>
<td></td>
</tr>
<tr>
<td><strong>Alt. 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>177,782</td>
</tr>
<tr>
<td>• SCAG 2004 RTP</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>• No Other MagLev</td>
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<tr>
<td>• No Smart Shuttle</td>
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</tr>
<tr>
<td>• 10 min. headway</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• JWA and SR-55/I-405 Alignment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 25% Reduction in Speed from original timetable</td>
<td>151,950</td>
<td>18,234</td>
<td>6,078</td>
<td>1,520</td>
<td></td>
</tr>
</tbody>
</table>

**Headway Sensitivity**
- Same as Alt 2, except for 5 min. headway (instead of 10 min.)
  - 17% increase in riders

**Speed Sensitivity**
- Same as Alt2 except 25% faster speeds
  - 8% increase in riders

**No-Build Sensitivity**
- Same as Alt 1 except for no Orangeline Maglev
- Still analyzing the impact on specific Metrolink routes
  - 20% Reduction on Metrolink riders without the Orangeline; in other words, Metrolink adds riders with the Orangeline Maglev being in place

**Fare Sensitivity**
- Same as Alt 1 except for doubling the fare structure
  - TBD

**Parking Cost**
- Add parking cost at several stations that do not currently have parking
  - TBD

**Shuttle Bus System**
- Adding shuttle system specifically for the Orangeline
  - ~10 to 15% increase in riders

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1. Airport Connection Via Maglev estimated at 4% of work and non-work trips per Airport
2. Induced demand was estimated at 4% of work and non-work trips
3. Special Events was estimated at 1% of work and non-work trips
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: June 14, 2006

SUBJECT: Report on International Maglev Developments – ARCADIS and Transrapid International

Representatives of Transrapid International will be in Southern California on June 14th and have offered to provide the Board an update on international maglev developments. Transrapid, a member of the ARCADIS Team, is the marketing arm of Siemens and Thyssen, the German firms that developed the Transrapid maglev technology now in operation in Shanghai.

In addition to describing the status of the project to extend the Shanghai Maglev to Hangzhou in the southern part of China, the presentation will also provide a report on the maglev projects in Munich, Germany and elsewhere.

RECOMMENDATION

The following is recommended to the Board:

1. Review and discuss the information provided;
2. Provide direction to staff;
3. File this report
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: May 10, 2006

SUBJECT: Status of State Legislation – AB 2882

On May 18, 2006, the Assembly passed AB 2882 (70-0). The Senate Local Government Committee considered and approved the bill (4-0) on June 7, 2006.

Existing law authorizes the legislative body of a city to designate one or more proposed infrastructure financing districts. This bill would enable a city to provide some or all funding from such a district to the Orangeline Development Authority for the purposes of furthering public transit facilities within the Orangeline Development Authority, including maglev facilities.

On May 19, 2006, staff spoke with the Senate Local Government Committee consultant regarding the bill. The consultant’s general assessment of the bill was that it has a number of limitations. These limitations were discussed with the author’s staff. Proposed amendments to help overcome these limitations were proposed but not adopted.

Despite its limitations, the author feels that AB 2882 does offer benefits to the Authority and its member cities. He has pledged to work with the Authority to secure the additional support required to attract private financing. He feels there are other opportunities, both in legislation and through other means, for the Legislature to support the project. The Author sees this as a first step in getting the Legislature fully on board in support of the project.

A copy of the current bill and the analyses of both the Assembly and Senate Local Government committees are attached. Staff will provide a status report on any further action taken on the bill, which now goes to the Senate.

RECOMMENDATION

The following is recommended to the Board:

1. Review and discuss the information provided; and,
2. Provide further direction to staff; and
3. Receive and file the report.

ATTACHMENTS

1. AB2888 as amended in the Assembly
2. Bill Analysis Assembly Third Reading
3. Bill Analysis Senate Local Government Committee
BILL NUMBER: AB 2882

BILL TEXT

AMENDED IN ASSEMBLY MAY 3, 2006
AMENDED IN ASSEMBLY APRIL 25, 2006

INTRODUCED BY Assembly Member De La Torre

FEBRUARY 24, 2006

An act to amend Section 53395.1 of the Government Code, relating to infrastructure financing districts.

LEGISLATIVE COUNSEL’S DIGEST

AB 2882, as amended, De La Torre Infrastructure financing districts.

Existing law authorizes the legislative body of a city to designate one or more proposed infrastructure financing districts and prescribes the procedures, including elections, necessary to establish those districts. For the purposes of this law, "city" is defined to include a city, a county, or a city and county.

This bill would expand that definition of "city" to also include a joint exercise of powers authority consisting of cities, counties, or any combination of cities and counties provide that if a city that is a member of the Orangeline Development Authority establishes an infrastructure financing district for the purpose of providing funding for public transit facilities, that city may provide some or all of this funding to the Orangeline Development Authority for the purposes of furthering public transit facilities within the Orangeline Development Authority, including those facilities related to magnetic levitation.


THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53395.85 is added to the Government Code, to read:

53395.85. If a city that is a member of the Orangeline Development Authority establishes an infrastructure financing district pursuant to this chapter for the purpose of providing funding for public transit facilities, that city may provide some or all of this funding to the Orangeline Development Authority for the purposes of furthering public transit facilities within the jurisdiction of the authority, including facilities related to magnetic levitation.
SEC. 2. Due to the unique circumstances concerning funding for the Orangeline Development Authority, the Legislature finds and declares that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the Constitution. Therefore, the special legislation contained within Section 1 of this act is necessarily applicable only to the Orangeline Development Authority.

SECTION 1. Section 53395.1 of the Government Code is amended to read:

53395.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Affected taxing entity" means any governmental taxing agency that levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city, a county, a city and county, or a joint exercise of powers authority, consisting of cities, counties, or any combination of cities and counties.

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city engineer or other appropriate official designated pursuant to Section 53395.13.

(e) (1) "District" means an infrastructure financing district.

(2) An infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Infrastructure financing district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing public facilities.

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council or board of supervisors.
BILL ANALYSIS
ASSEMBLY THIRD READING
AB 2882 (De La Torre)
As Amended May 3, 2006
Majority vote

LOCAL GOVERNMENT    7-0

-----------------------------------------------------------------
| Ayes: | Salinas, Emmerson, De La Torre, Houston, Lieber, Nation, Hancock |
-----------------------------------------------------------------

SUMMARY: Provides that, if a city that is a member of the Orangeline Development Authority establishes an infrastructure financing district for the purpose of providing funding for public transit facilities, that city may provide some or all of this funding to the Orangeline Development Authority for the purposes of furthering public transit facilities within the Orangeline Development Authority, including those facilities related to magnetic levitation.

EXISTING LAW:

1) Authorizes cities and counties to create infrastructure financing districts and issue bonds to pay for community scale public works: highways, transit, water systems, sewer projects, flood control, child care facilities, libraries, parks, and solid waste facilities.

2) Authorizes an infrastructure financing district to pay for the construction, expansion, improvement, seismic retrofit, or rehabilitation of public capital facilities of communitywide significance.

3) Authorizes, under the Joint Exercise of Powers Act, two or more public agencies (i.e., federal government, any state, any state department or agency, county, county board of education, county superintendent of schools, city, public corporation, public district, and regional transportation commission in any state) to enter into a joint powers authority (JPA) to exercise jointly any power common to the contracting agencies that it can do by itself.

FISCAL EFFECT: None

COMMENTS:

1) The Orangeline Development Authority (Authority) is a joint powers agency in Los Angeles County. Its member agencies are local cities located along the Orangeline corridor. The Authority’s mission is to attract quality development and improve the economy and environment of its member cities through the deployment of the high-speed Orangeline maglev system. The Authority has set a goal of initiating Orangeline service by 2012.
2) Current investment opportunities exist in financing the pre-deployment planning studies leading to a detailed project definition and completion of environmental reviews. The next investment opportunity will be in the purchase of project revenue bonds for construction. The Authority hopes to sell bonds to finance Construction during 2008 to 2011. Bonds sales will be predicated on investment-grade ridership and revenue estimates. It is anticipated that financing will include tax-exempt bonds and other credit instruments. State and federal loan guarantees are being sought to help reduce investor risk and thus lower borrowing costs.

3) According to the Authority, it is pursuing federal, state, and local investment contributions, as well as private investments. The potential state, federal, and private investment levels for planning, construction, and station area development have been identified for the implementation of the 110-mile transportation corridor development project. State and federal participation in financing the Orangeline could be at the total levels indicated or at lesser levels depending upon the level of local and private investments in the project. State and federal investment in the planning phase will assist in securing private investment, due to the private sector's higher perceived risks associated with the completion of environmental and government approvals leading to construction.

4) The author is seeking to assist the Orangeline Development Authority in financing local transportation projects. Often local entities have difficulty financing transportation projects that will be of long-term benefit to the area's population, but require a large investment at the onset of the project. According to the author's office, this bill will facilitate in the establishment of infrastructure financing districts (IFDs) by cities in the Orangeline area to allow them to transfer funds derived from IFDs to the Authority. Funds that are transferred to the Authority will be available for use in financing the projects it was created to undertake. This step will make the process of financing local transportation projects easier.

REGISTERED SUPPORT / OPPOSITION:

Support
None on file

Opposition
None on file

Analysis Prepared by: Katie Kolitsos / L. GOV. / (916) 319-3958
BILL ANALYSIS

SENATE LOCAL GOVERNMENT COMMITTEE
Senator Christine Kehoe, Chair

BILL NO: AB 2882 HEARING: 6/7/06
AUTHOR: De La Torre FISCAL: No
VERSION: 5/3/06 CONSULTANT: Detwiler

INFRASTRUCTURE FINANCE DISTRICTS FOR THE ORANGELINE

Background and Existing Law

Cities and counties can create Infrastructure Financing Districts (IFDs) and issue bonds to pay for community scale public works: highways, transit, water systems, sewer projects, flood control, child care facilities, libraries, parks, and solid waste facilities. To repay the bonds, IFDs divert property tax increment revenues from other local governments --- but not from school districts --- for 30 years (SB 308, Seymour, 1990).

Forming an IFD is cumbersome. The city or county must develop an infrastructure plan, send copies to every landowner, consult with other local governments, and hold a public hearing. Every local agency that will contribute its property tax increment revenue to the IFD must approve the plan. Once the other local officials approve, the city or county must still get the voters' approval to:

- Form the IFD (requires 2/3-voter approval).
- Issue bonds (requires 2/3-voter approval).
- Set the IFD's appropriations limit (requires majority-voter approval).

Unlike redevelopment, the property in an IFD doesn't have to be blighted, but an IFD cannot overlap a redevelopment project area.

The Orangeline Development Authority is a joint powers agency made up of 14 cities in Los Angeles and Orange counties. The Authority wants to build a high-speed magnetic levitation train line from Palmdale to Irvine.

One way to finance some of the $13 billion construction costs would be for the Authority's member cities to form IFDs and divert property tax increment revenues. The Authority wants statutory permission for its cities to contribute their IFD revenues towards public transit facilities.
Proposed Law

Assembly Bill 2882 allows a city that is a member of the Orangeline Development Authority and that establishes an infrastructure financing district to provide funding to the Authority for public transit facilities, including magnetic levitation related facilities. AB 2882 contains legislative declarations supporting its special provisions.

Comments

1. **Fiscal bootstraps**. Unlike redevelopment agencies, infrastructure financing districts don't benefit from state subsidies. By diverting other local governments' property tax increment revenues, IFDs rely on locally generated revenues and not an indirect subsidy from the State General Fund. That, plus the complicated approval requirements, explains why local officials have formed only one IFD since the Legislature authorized IFDs more than 15 years ago. The IFD statute isn't for everyone, but where local circumstances fit the statutory requirements the law may be useful. AB 2882 adjusts the IFD statute so that some Southern California cities can spend their IFD revenues on an intraregional maglev commuter train line.

2. **Daunting**. Forming an IFD may be tough, but building a maglev commuter train line may be tougher. No one has built an operational maglev line in North America, let alone a commuter line that would run through some of the most densely settled older suburbs of Los Angeles and Orange counties. All but one of the Orangeline Development Authority's 14 member cities already use redevelopment, capturing $91 million in property tax increment revenues in 2003-04. Because IFDs can't overlap redevelopment project areas, it's hard to see how new IFDs in these cities can divert significant amounts of additional property tax increment revenues to help pay for the maglev line.

3. **Beyond Legoland**. For many years, local officials were reluctant to form IFDs because they worried about the constitutionality of using tax increment revenue from property that was not within a redevelopment project area. When a 1998 Attorney General's opinion allayed those concerns, the City of Carlsbad formed an IFD to fund the public works for a new hotel located adjacent to the Legoland theme park. That small project is the only example of local officials' use of the 1990 IFD law. The Orange Line Development Authority's proposal to have IFDs to pay for its ambitious maglev train may attract more attention and the appellate courts may be asked to determine whether it's constitutional to divert property tax increment to IFDs.
4. Sometimes a great notion. AB 2882 is not the first bill to tailor the IFD law to specific local circumstances. Legislators have passed three special bills to help pay for public works:

- SB 207 (Peace, 1999): border development zone IFD.
- SB 223 (Kelley, 1999): Salton Sea Authority IFD.
- SB 1085 (Migden, 2005): San Francisco waterfront IFD.

San Diego and Salton Sea officials never formed IFDs, but San Francisco may form its IFD later this year. The Committee may wish to consider if the Orangeline city officials will really use the authority they seek under AB 2882.

On June 7, the Committee will also consider AB 2346 Oropeza) which adapts the IFD law for the Port of Los Angeles.

Assembly Actions

Assembly Local Government Committee: 7-0
Assembly Floor: 70-0

Support and Opposition (6/1/06)

Support: Cities of Bellflower, Cerritos, Los Alamitos, Maywood, Paramount, South Gate.

Opposition: Unknown.
DEVELOPMENT AUTHORITY

AGENDA REPORT

TO: Members of the Orangeline Development Authority
FROM: Albert Perdon, Executive Director
DATE: June 14, 2006
SUBJECT: Approval of Warrants

Staff recommends that the Board approve payment of the following invoices:

1. ARCADIS - $75,503.70.
   Progress payment for April 3, 2006 to April 30, 2006 ($34,490.74) and for
   May 1, 2006 to May 28, 2006 ($41,012.96) for Phase 1 Preliminary
   Engineering project development work scope

   For professional management and administrative services rendered to
   support the Authority as Executive Director for the month of May 2006

In previous meetings, the Board has discussed interest in receiving the warrant register in a form similar to that used by member cities. The City of Santa Clarita has provided a sample warrant register used by that city (see attached).

Staff is working with Craig Accountancy in establishing a new financial reporting system and Authority checking account. The new system will enable the Authority to move its funds and accounting system from the Gateway Cities Council of Governments, which has been providing this service to the Authority since its inception, to the Authority’s own system.

Once the new Authority financial reporting system is in place, the warrant register submitted to the Board for review will look almost exactly as the sample register provided by the City of Santa Clarita.

Attachment:

1. City of Santa Clarita sample warrant register
<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>DESCRIPTION</th>
<th>PAYEE</th>
<th>ACCOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,666.88</td>
<td>State Payroll Taxes</td>
<td>EDD</td>
<td>5/1/2006</td>
<td>001-2023</td>
</tr>
<tr>
<td>184.23</td>
<td>Federal Payroll Taxes</td>
<td>IRS</td>
<td>5/1/2008</td>
<td>001-2022</td>
</tr>
<tr>
<td>4,937.52</td>
<td>State Payroll Taxes</td>
<td>EDD</td>
<td>4/28/2006</td>
<td>001-2032</td>
</tr>
<tr>
<td>360.00</td>
<td>Savings Bonds</td>
<td>Federal Reserve</td>
<td>4/28/2006</td>
<td>001-2022</td>
</tr>
<tr>
<td>780.84</td>
<td>Federal Payroll Taxes</td>
<td>IRS</td>
<td>4/28/2006</td>
<td>001-2022</td>
</tr>
<tr>
<td>2,666.88</td>
<td>Deferred Compensation</td>
<td>ICMA-401</td>
<td>4/28/2006</td>
<td>001-2026</td>
</tr>
<tr>
<td>4,937.52</td>
<td>Deferred Compensation</td>
<td>ICMA-457</td>
<td>4/28/2006</td>
<td>001-2026</td>
</tr>
<tr>
<td>167.78</td>
<td>Retirement Benefits</td>
<td>PERA</td>
<td>4/28/2006</td>
<td>001-2024</td>
</tr>
</tbody>
</table>

TOTAL $ 247,901.31

For the Period 04/28/06 through 05/04/06
Electronic Funds Transfers
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

MEETING DATE: June 14, 2006

SUBJECT: Communication Items to the Board

Treasurer’s Report

The Treasurer’s Report for the month of May 2006 is shown in Attachment 1.

Member and Financial Status

The Member and Financial Status Report is shown as Attachment 2.

Meetings

The Executive Director participated in, or will attend, the following meetings:

- **Public Works Officials** – May 11, 2006; presentation to Southeast Los Angeles County public works officials.
- **Santa Clarita** – May 31, 2006; meeting with City staff and ARCADIS representatives to discuss Milestone 7 – Station Area Development
- **Bellflower** – June 5, 2006; presentation to Bellflower Planning Commission.
- **Sacramento** – June 7, 2006; attended Senate Local Government Committee hearing on AB2882; meeting with Assembly Member De La Torre and staff and with staff of Senator George Runner and other legislative offices.
- **GCCOG** – June 12, 2006; Bellflower, Paramount, Artesia, Cerritos bike trail meeting.
- **Caltrans** – June 22, 2006; Transportation Improvement Program, federal funding.
- **City of Los Angeles** – June 26, 2006; meeting with Council Member Wendy Greuel, Chair Transportation Committee.

RECOMMENDATION

The following is recommended to the Board:

1. Review and discuss the information provided; and
2. Receive and file the report.

ATTACHMENTS

1. Treasurer’s May 2006 Report
2. Member and Financial Status Report as of June 7, 2006
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance (5-1-06)</td>
<td>$381,957.42</td>
</tr>
<tr>
<td>Receipts</td>
<td>0.00</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
</tr>
<tr>
<td>Albert Perdon &amp; Associates (Mar. Services))</td>
<td>13,607.37</td>
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<tr>
<td>ARCADIS (Progress Payment #5)</td>
<td>8,783.34</td>
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<tr>
<td>Board Stipends (April &amp; May Meetings)</td>
<td>1,700.00</td>
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<tr>
<td></td>
<td>24,090.71</td>
</tr>
<tr>
<td>Ending Balance (5-31-06)</td>
<td>$357,866.71</td>
</tr>
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</table>

Jack M. Joseph  
Treasurer
Currently, there are fourteen cities that have adopted the Orangeline Development Authority Joint Exercise of Powers Agreement, effectively forming the joint powers authority. The Authority’s administrative operations are funded from member agency investment contributions, as shown in the table below. A portion of the amounts received from member cities during FY2005-2006 is used to match a $1.1 million in-kind investment contribution by the Authority’s development partner. The Authority is seeking additional funding from both public and private sources.

**Authority Member Agency Investment Contributions**

for FY 2005-2006

(as of June 7, 2006)

<table>
<thead>
<tr>
<th>Member Cities</th>
<th>Total Amount Due</th>
<th>Amount Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artesia</td>
<td>$12,707</td>
<td>$12,707</td>
</tr>
<tr>
<td>Bell</td>
<td>$10,277</td>
<td>$10,277</td>
</tr>
<tr>
<td>Bellflower</td>
<td>$37,322</td>
<td>$37,322</td>
</tr>
<tr>
<td>Cerritos</td>
<td>$35,604</td>
<td>$35,605</td>
</tr>
<tr>
<td>Cudahy</td>
<td>$11,711</td>
<td></td>
</tr>
<tr>
<td>Downey</td>
<td>$21,300</td>
<td>$21,300</td>
</tr>
<tr>
<td>Huntington Park</td>
<td>$21,747</td>
<td>$21,747</td>
</tr>
<tr>
<td>Los Alamitos</td>
<td>$3,950</td>
<td>$3,950</td>
</tr>
<tr>
<td>Maywood</td>
<td>$7,296</td>
<td>$7,296</td>
</tr>
<tr>
<td>Palmdale</td>
<td>$66,865</td>
<td>$66,865</td>
</tr>
<tr>
<td>Paramount</td>
<td>$29,671</td>
<td>$29,671</td>
</tr>
<tr>
<td>Santa Clarita</td>
<td>$80,645</td>
<td>$80,645</td>
</tr>
<tr>
<td>South Gate</td>
<td>$49,456</td>
<td>$49,456</td>
</tr>
<tr>
<td>Vernon</td>
<td>$14,488</td>
<td>$14,489</td>
</tr>
<tr>
<td><strong>Total Member Cities</strong></td>
<td><strong>$403,039</strong></td>
<td><strong>$391,332</strong></td>
</tr>
</tbody>
</table>