



## DEVELOPMENT AUTHORITY

### ORANGELINE DEVELOPMENT AUTHORITY BUDGET COMMITTEE MEETING

Wednesday, June 28, 2006

Green Room  
City Hall  
16600 Civic Center Drive  
Bellflower, CA 90706

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

#### REVISED AGENDA

1. Call to Order
2. Introduction of Attendees
3. Public Comments
4. Discussion of Draft FY 2006-2007 Budget
5. Closed Session to discuss contract with Albert Perdon & Associates  
(ADDED AGENDA ITEM)

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



## DEVELOPMENT AUTHORITY

### MEMORANDUM

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: June 28, 2006

SUBJECT: **Orangeline Development Authority Draft FY 2006-2007 Budget and Business Plan**

Attached is the Orangeline Development Authority Draft Budget and Business Plan for FY 2006-2007 that was presented to the Board on June 14, 2006. The Board referred the report to the Budget Committee for consideration and recommendations to the full Board. 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.

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## **Orangeline Development Authority FY05-06 Budget**

June 14, 2006

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- 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 contained in Attachment 1. Budget details are provided in Attachment 2. It is recommended that the Budget Committee recommend Board approval of the Draft FY 2006-2007 Budget and Business Plan or provide direction to staff to enable final consideration and adoption of the Budget by the Board in July 2006.

### **RECOMMENDATION**

The following is recommended to the Budget Committee:

1. Review and discuss the information provided;
2. Approve the Draft FY 2006-2007 Budget and Business Plan or provide direction to staff;
3. Present the Committee's recommendations to the Board at the July meeting.

### **ATTACHMENTS:**

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

**Orangeline Development Authority**

**DRAFT**

**FISCAL YEAR 2006-2007  
BUDGET  
and  
BUSINESS PLAN**

**June 14, 2006**



**DEVELOPMENT AUTHORITY**

June 14, 2006

Honorable Chairman and Members  
of the Board of Directors

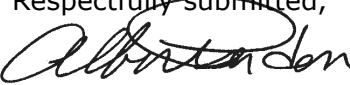
Presented for your consideration is the Orangeline Development Authority Draft Fiscal Year 2006-2007 Budget and Business Plan. The Budget sets new goals and builds upon the Authority's progress during the past year.

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 consideration of the same measure in the Senate. 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 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 of 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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# Orangeline Development Authority

DRAFT

## Fiscal Year 2006-2007 Budget and Business Plan

### 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:

<b>KEY PROGRAM MILESTONES</b>		
	FY 2006-2007 MILESTONES	BUDGET
	YEAR 1 (PROPOSED BUDGET)	\$1,345,847
A.	Complete Phase 1 Preliminary Engineering with ARCADIS and the financial plan and solicitation package for private funding	
B.	Secure private funding to enable initiation of Phase 2 Preliminary Engineering	
C.	Secure passage of state legislation in support of the Orangeline Maglev	
D.	Secure participation of additional cities along the corridor	
E.	Secure local, state and federal grants to support the FY 06-07 work program	
	FY 2007-2008 MILESTONES	
	YEAR 2 (PROJECTED BUDGET)	\$25,000,000
F.	Undertake more detailed Phase 2 Preliminary Engineering and financial planning and complete the draft EIR/EIS	
G.	Initiate pursuit of construction financing for initial segment	
H.	Secure state legislation to facilitate station-area development	
I.	Initiate preparation of final station area master plans	
J.	Initiate entitlement processing for development around Orangeline stations	

FY 2007-2008 MILESTONES		
YEAR 3 (PROJECTED BUDGET)		\$25,000,000
K.	Complete Final EIR/EIS and Record of Decision	
L.	Complete Phase 2 Preliminary Engineering and financial planning	
M.	Secure construction financing for initial segment	
N.	Initiate Phase 3 Final Design, Manufacture and Construction Phase, with a 2012 target completion date for the initial segment	
O.	Complete final station area master plans and secure entitlements for development around Orangeline stations	
FY 2008-2009 TO FY 2012-2013 MILESTONES		
YEARS (4-8)		
P.	Construct initial segment	\$4,000,000,000
Q.	Complete detailed engineering and financial plan for initial segment extension; Secure construction financing for segment extension	\$100,000,000
R.	Complete final design of initial segment extension	\$400,000,000

**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 undertaken to secure 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 spurred 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 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 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 over-all 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 exclusive authority 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. It is anticipated that the Senate Local Government Committee will consider the bill in early June and that if passed there, the bill would be considered by the full Senate a few weeks later. 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 corridor. All Los Angeles County cities along the Orangeline 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. The City of Los Alamitos was the first and only Orange County City 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 goal to secure participation of other north Los Angeles County cities within the influence area of the proposed corridor continues 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 approach and 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 grant:	\$150,000 (Caltrans)
Local grant:	\$100,000 (LAWA, AQMD, MTA, OCTA, POLA, POLB)
Private grants:	\$250,000 (Foundations)

Success in obtaining additional funding for FY 06-07 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 needed 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 to guide 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 include:

- Assessing the opportunities for Orangeline Maglev station-area development, reviewing the 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 describes, 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 agreements for stations.

***i. 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 of the 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.

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 the staff of member cities on matters of how the Orangeline Maglev can 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 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 centered in Southern California with potential for exporting the knowledge and experience gained in developing the Orangeline. 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 the public. The Orangeline has its own home page and can be reached directly 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.

<b>FY 2006-2007 BUDGET</b>						
	BOARD	AUTHORITY PROGRAM MANAGERS	GENERAL COUNSEL	ARCADIS	OTHER	TOTAL
Policy and Administration						
Board Activities	24,000	10,000			16,000	50,000
Executive Management		12,000				12,000
Legal			17,000			17,000
Insurance					10,000	10,000
Other Administrative		30,000				30,000
Organizational Development						0
Increase Authority Membership		50,000				70,000
Secure Operating Revenues		30,000				30,000
Project Development						0
Complete Phase 1 Pre. Engr.		28,000		927,847		935,847
Secure Phase 2 Funding		36,000		121,000		157,000
Secure State Legislation		19,000	1,000	24,000		44,000
Public Funding	24,000	185,000	18,000	196,919	26,000	449,919
Private In-kind	0	30,000	0	865,927	0	895,927
Grand Total	24,000	215,000	18,000	1,062,847	26,000	1,345,847

### *Revenues*

The proposed Budget is predicated on the anticipated revenues from existing sources. These sources include anticipated current member investments of \$156,872.15.

Additional revenues would be realized if the Authority is successful 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.



Anticipated/Potential Revenues				
Anticipated Revenues				
1	Beginning Balance			\$367,851.38
2				
3	Current Member Investments			\$156,872.00
4			Subtotal	\$524,723.38
5				
6	Development Partner In-kind			\$865,927.47
7	Other In-kind			\$30,000.00
8			Subtotal	\$895,927.47
9				
10			<b>FY 2006-2007 Revenue Base</b>	<b>\$1,420,650.85</b>
11				
12			Potential Revenues	
13				
14	New Member Investments*			\$31,960.53
15	Federal Grant			\$150,000.00
16	Other Grants			\$250,000.00
17			Subtotal	\$431,960.53
18				
19			Total Anticipated/Potential Public Investments	\$956,683.91
20			Total Anticipated Private In-kind Investments	\$895,927.47
21				
22			<b>Total Anticipated and Potential Revenues</b>	<b>\$1,852,611.38</b>
23				
24			Source of Revenues	
25				
26	Current Members	Annual Investment	Matching Funds*	Total
27				
28	City of Artesia	\$4,945.63	(\$1,334.37)	\$3,611.25
29	City of Bell	\$4,000.58	(\$1,078.55)	\$2,922.03
30	City of Bellflower	\$14,526.30	(\$3,918.29)	\$10,608.01
31	City of Cerritos	\$13,858.00	(\$3,738.07)	\$10,119.93
32	City of Cudahy	\$4,558.18	(\$1,229.33)	\$3,328.85
33	City of Downey	\$8,290.20	(\$2,236.41)	\$6,053.79
34	City of Huntington Park	\$8,464.45	(\$2,282.72)	\$6,181.73
35	City of Los Alamitos	\$1,537.50	(\$414.47)	\$1,123.03
36	City of Maywood	\$2,840.28	(\$765.69)	\$2,074.58
37	City of Palmdale	\$26,024.75	(\$7,020.22)	\$19,004.53
38	City of Paramount	\$11,548.68	(\$3,115.44)	\$8,433.24
39	City of Santa Clarita	\$31,388.58	(\$8,466.93)	\$22,921.64
40	City of South Gate	\$19,249.50	(\$5,192.14)	\$14,057.36
41	City of Vernon	\$5,639.55	(\$1,520.67)	\$4,118.88
42		Subtotal	\$156,872.15	(\$42,313.29)
				\$114,558.86

\*Credit if Glendale and San Fernando join the Authority

Anticipated/Potential Revenues (cont'd)				
Item				
43	Potential New Members			
44	City of Glendale	\$25,450.75	\$33,694.84	\$59,145.59
45	City of San Fernando	\$6,509.78	\$8,618.44	\$15,128.22
46	Subtotal	\$31,960.53	\$42,313.29	\$74,273.81
47				
48	Potential New Members (Not Included in Budget)			
49	City of Burbank	\$22,808.30		
50	City of Lancaster	\$25,317.50		
51	County of Los Angeles	\$188,448.30		
52	City of Los Angeles	\$169,125.00		
53	La Palma	\$4,551.00		
54	Cypress	\$13,371.13		
55	Buena Park	\$9,482.28		
56	Anaheim	\$38,226.35		
57	Orange	\$18,569.80		
58	Stanton	\$9,724.18		
59	Garden Grove	\$37,610.33		
60	Santa Ana	\$50,795.93		
61	Tustin	\$22,865.70		
62	Irvine	\$23,722.60		
63	Subtotal	\$634,618.38		

***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 a return on their 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, 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 likely 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 grant 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.

## FY 06-07 Budget Details

### Board Activities

The Board will hold 12 regular meetings to provide oversight and direction, be an advocate for the project, help secure additional cities and favorable legislation, maintain active member involvement and support for the project. One trip to inspect the Shanghai Maglev is budgeted to enable remaining Board members and other state and local officials to see maglev in operation. The Executive Director will coordinate the meetings and provide support to the Board and carry out Board direction.

Meeting stipends	12 meetings x 1200 per mtg =	\$14,000.00
Recording Secretary	12 mtgs x \$100 per mtg =	\$1,200.00
Food	12 mtgs x \$700 per mtg =	\$8,400.00
Travel (China trip)	8 x 2050 each =	\$16,400.00
Executive Director	12 mtgs x \$833 per mtg	* \$10,000.00
		<b>\$50,000.00</b>

### Executive Management

The Executive Director will manage the activities of the staff and development partner relationship, provide direction to the management team, work with other officers (Legal Counsel, Treasurer, Secretary), maintain relations with member agencies, coordinate with other agencies, undertake research, prepare and distribute/post meeting notices and Board reports, prepare and manage the budget, and negotiate agreements.

Hours expended \* **\$12,000.00**

### Legal

General Counsel (Yvette Abich) attendance at 12 Board meetings and providing other as-needed legal advice regarding contracting issues and agency legal issues

Meeting attendance	12 at \$800 per mtg	\$9,600.00
Other legal advice		\$7,400.00
		<b>\$17,000.00</b>

### Insurance

General and Director liability insurance. Contact has been made with a potential provider. This insurance would cover general liability (such as accidents or injuries) as well as errors by Directors that could result in claims against the Authority

Annual premium (estimate) **\$10,000.00**

### Other Administrative

Maintenance of the Orangeline Maglev Website and general office expenses, hours pertaining to general administrative tasks and increased public outreach and publicity

Website (In-kind)		* \$18,000.00
Hours expended (In-kind)		* \$12,000.00
		<b>\$30,000.00</b>

### Increase Authority Membership

Executive Director activities in preparing meeting material, attending meetings and making presentations to city council and staff. Goal is to add City of Los Angeles, City of Burbank, Glendale, San Fernando, County of Los Angeles and one or more Orange County cities.

Hours expended \* **\$50,000.00**

### Secure Operating Revenues

Executive Director activities in researching grant opportunities, preparing grant applications, processing grant agreements, including a \$150,000 grant for SAFETEA-LU funding.

Hours expended \* **\$30,000.00**

### Complete Phase 1 Pre. Engr.

Executive Director and Arcadis activities in completing current work tasks under Authority-ARCADIS agreement, including expanded outreach program.

Executive Director hours expended \* \$28,000.00  
ARCADIS Team \$917,847.00  
**\$945,847.00**

### Secure Phase 2 Funding

Executive Director and Arcadis activities in securing private funding, preparing solicitation package, meetings with prospective investors.

Executive Director hours expended \* \$36,000.00  
ARCADIS Team \$121,000.00  
**\$157,000.00**

### Secure State Legislation

Executive Director and Arcadis activities in lobbying state legislators to secure favorable legislation

Executive Director hours expended \* \$19,000.00  
ARCADIS Team \$24,000.00  
General Counsel \$1,000.00  
**\$44,000.00**

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* Note:	Contract with Albert Perdon & Associates	Cash	\$185,000.00
		In-kind	\$30,000.00
		Total	\$215,000.00

Costs identified with an \* would be included in the contract with Albert Perdon & Associates, which would provide for total compensation to cover full time direct and indirect salary expense of the Executive Director (including holiday/vacation/sick leave, state and federal income taxes, including self-employment taxes, retirement/pension, and medical insurance premiums) as well as all office expenses and the cost of purchased goods and services, including the expense of professional staff support, office space, leases, utilities, materials, printing (including printing of monthly Board packets and information/publicity brochures and presentation materials), telephone and Internet access and usage fees, mailing, website hosting and maintenance services, local travel, taxes, and other costs.)