ORANGELINE DEVELOPMENT AUTHORITY

REGULAR MEETING
Wednesday, September 10, 2008
Fire Station 21
421 Oak Street
Glendale, CA 91204
Buffet – 6:00 p.m.
Special Meeting – 6:30 p.m.

AGENDA

1. Call to Order

2. Pledge of Allegiance

3. Roll Call and Introduction of Attendees

4. Public Comments

5. Approval of Meeting Minutes of July 9, 2008

6. Adopt a Resolution of the Orangeline Development Authority Board of Directors to Select a Chair and a Vice-Chair

7. Adopt a Resolution of the Orangeline Development Authority Board of Directors to Approve the DBE Race-Neutral Implementation Agreement with Caltrans

8. Consider Executive Committee Report on the legal services agreement with DLA Piper LLP

9. Approval of Warrant Register

10. Communication Items to the Authority Board

11. Communication Items from the Authority Board

12. CLOSED SESSION:
    CONFERENCE WITH LABOR NEGOTIATOR
    Gov't Code sec. 54957.6
    Authority Negotiators: Authority Chair Kirk Cartozian, Authority Vice Chair Bruce Barrows and Authority Auditor Scott A. Larsen.
    Unrepresented employee: Al Perdon, Albert Perdon & Associates
    Position: Executive Director

13. Adjournment – Next meeting October 8, 2008

The Agenda Packet is available for review by contacting the Authority Office at the address shown below and at www.orangeline.calmaglev.org.
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: September 10, 2008

SUBJECT: Approval of Meeting Minutes of July 9, 2008

RECOMMENDATION

That the Authority Board considers for approval the Draft Meeting Minutes for the Authority Board Special Meeting of July 9, 2008.

DISCUSSION

The Authority Board meeting scheduled for August 13, 2008 was cancelled. The Draft Meeting Minutes for the Authority’s Special Board Meeting of July 9, 2008 are attached.

It is recommended that the Authority Board considers the Draft Minutes and approves the Minutes as presented or, if required, as they may be corrected by Authority Board Member comments.

ATTACHMENT

1. Draft Minutes of a Special Meeting of the Orangeline Development Authority of Wednesday, July 9, 2008
CALL TO ORDER

City of Downey Councilman and Authority Board Chair Kirk Cartozian called the meeting to order at 6:45 p.m.

PLEDGE OF ALLEGIANCE

City of Glendale Councilmember Dave Weaver led the assembly in the salute to the flag.

ROLL CALL AND INTRODUCTION OF ATTENDEES

The Chair welcomed everyone, including guests. Attendees introduced themselves and provided brief background information and experience.

Authority Board Members:

- Kirk Cartozian – Authority Chair, Councilmember, City of Downey
- Bruce Barrows – Authority Vice Chair, Mayor Pro Tem, City of Cerritos
- Tony Lima – Mayor Pro Tem, City of Artesia
- Scott Larsen – Councilmember, City of Bellflower
- Frank Gurulé – Mayor, City of Cudahy
- Dave Weaver – Councilmember, City of Glendale
- John Noguez – Councilmember, City of Huntington Park
- Ana Rosa Rizo – Councilmember, City of Maywood (arrived 6:55 p.m.)
- Daryl Hofmeyer – Councilmember, City of Paramount
- Steve Hofbauer – Councilmember, City of Palmdale (arrived 6:55 p.m.)
- W. Michael McCormick – Councilmember, City of Vernon
- Maria Davila – Councilmember, City of South Gate

Others:

- Albert Perdon – Executive Director, Orangeline Development Authority
- Yvette Abich – General Counsel, Colantuono & Levin, PC
- Kyle Leingang – Harvard Law School
- Sharad Mulchand – Transportation Planning Manager, MTA
- Ron Bates – City Manager, City of South Gate
- Rory Burnett – City of Vernon, Orangeline Development Authority Dir. of Finance
- John Perfitt – City of Downey
- Albert H Perdon – Transit Media Consultants
- Mary Ann Maloney – Maryann Maloney & Associates
- Denise Crew – Denise Crew Photography
- Bob Brower – Maryann Maloney & Associates
- Robert Stephens – ARCADIS
- Jason Gremillion – Trammell Crow Company
- Frank Chang – AMCAL
- Richard Ornitz – DLA Piper LLP
- Erich Eisenegger – DLA Piper LLP
- Wesley Scow – DLA Piper LLP
- Harry Lake – Trammell Crow Company
- Maria Shafer – Minute Secretary
PUBLIC COMMENTS

City of Downey Councilmember and Authority Board Chair Kirk Cartozian opened public comments for those in the audience who wished to address the Authority on other than agenda items. There was no response and the public comments section of the meeting was closed.

ITEM 5 - APPROVAL OF MEETING MINUTES OF JUNE 11, 2008

MOTION: City of Cudahy Mayor Frank Gurulé moved to approve the minutes from the meeting of June 11, 2008, as corrected. City of Artesia Councilmember Tony Lima seconded the motion, which carried with City of Glendale Councilmember Dave Weaver, abstaining.

ITEM 6 - ADOPT A RESOLUTION OF THE ORANGLINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO APPROVE THE ADDITION OF THE CITY OF GLENDALE, CA AS A MEMBER OF THE ORANGLINE DEVELOPMENT AUTHORITY

The Chair introduced the item and deferred to Executive Director Al Perdon for a report.

Mr. Perdon presented brief background to the item and announced the City of Glendale had taken action to become a member of the Orangeline Development Authority. He noted that the Glendale City Council passed a motion on April 15th to approve execution of the Joint Powers Agreement with the Orangeline Development Authority.

General Counsel Yvette Abich reported the agreement has been fully executed and received.

The following resolution was presented for consideration.

A RESOLUTION OF THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGLINE DEVELOPMENT AUTHORITY TO APPROVE THE ADDITION OF THE CITY OF GLENDALE, CA AS A MEMBER OF THE ORANGLINE DEVELOPMENT AUTHORITY.

MOTION: City of Palmdale Councilmember Steve Hofbauer moved to approve the resolution and recommendations as stated in the Agenda Report dated July 9, 2008. City of South Gate Councilmember Maria Davila seconded the motion, which carried with City of Glendale Councilmember Dave Weaver, abstaining.

City of Glendale Councilmember Dave Weaver reported the City of Glendale looks forward to being an active member of the Authority.

Members of the Authority Board welcomed the City of Glendale to the Orangeline Development Authority and to its participation on the Authority Board.

ITEM 7 - FEDERAL LEGISLATION RE-DESIGNATES ORANGLINE HIGH SPEED MAGLEV HIGH-PRIORITY PROJECT LIMITS

The Chair read title to the aforementioned item and deferred to Executive Director Al Perdon for a report.
Mr. Perdon reported the Authority has been successful in having the Federal designation of the Orangeline extended to include all of Los Angeles and Orange Counties. He noted the positive impact is that pending Federal grant funding can now be spent on the entire project and not just the shorter segment identified in the original legislation. He added that now all Member Cities are included in the federal designation of the Orangeline High Speed Maglev project.

City of Cerritos Mayor Pro Tem Bruce Barrows provided a brief history noting the process for securing federal funding started with a request from the City of Cerritos working with the Office of Congresswoman Linda Sanchez. He encouraged each Authority Board Member to work with their respective cities and follow in Cerritos' footsteps by requesting the Federal Government to make the Orangeline High Speed Maglev a priority project and request grant monies just as Cerritos has done.

Discussion followed regarding independent lobbyists. It was noted that most Member Cities have lobbyists in Washington and a suggestion was made to direct lobbyists to coordinate and work together for support of the project in Washington.

It was suggested that each Member City forward contact information to the Executive Director regarding their lobbyists.

**MOTION:** City of Bellflower Councilmember Scott Larsen moved to receive and file the report. City of Palmdale Councilmember Steve Hofbauer seconded the motion, which carried, unanimously.

**ITEM 8 - ADOPT A RESOLUTION OF THE ORANGLINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO APPROVE THE LEGAL SERVICES AGREEMENT WITH DLA PIPER LLP**

The Chair read title to the aforementioned item and deferred to General Counsel Yvette Abich for a report.

Ms. Abich reported that after consulting with Executive Director Perdon, it was determined that the Authority should work with a law firm that specializes in transportation projects. A Request for Proposal (RFP) was issued and responses were received from five firms. After review of the proposals and interviews of each firm by a Proposal Evaluation Committee composed of Ms. Abich, Mr. Perdon and Kyle Leingang, Legal Advisor to the Executive Director, it was recommended that the Authority retain DLA Piper LLP since they bring value and expertise to the project and ranked first in the Committee review.

Mr. Perdon explained the rationale for bringing in legal advisors at this time; including the need to focus on attract investors and real estate and infrastructure developers. He added that experts are needed and that DLA Piper LLP is very qualified to assist the Authority in this regard. He deferred to Mr. Leingang.

Mr. Leingang explained that interested firms were provided with a preliminary draft of the infrastructure and real estate developer RFP contained in Authority Board Item on today’s agenda. He addressed review of responses and listed the strengths of the firm that would be of value to the specific needs of the Authority.

Mr. Perdon noted the relationship is a partnership and expressed his excitement over having one of the best legal firms in the world working with the Authority.
Ms. Abich added that the work of DLA Piper as Special Counsel will complement the work of the Authority’s General Counsel, which will continue in accordance with its broad expertise.

Richard Ornitz, Chairman of DLA Piper U.S. Infrastructure Practice, addressed the Authority Board indicating this would be a working partnership and that his firm would add value where needed. He noted the Authority will gain legal expertise and relationship capital.

Authority Chair Kirk Cartozian stated the partnership with DLA Piper will add exponential value as the Authority reaches out to the development community.

City of Glendale Councilmember Dave Weaver commended DLA Piper for joining and felt their actions are evidence that they see value in the Project.

Ensuing discussion pertained to the need for further review by individual City Managers.

City of South Gate representative, Ron Bates raised concerns regarding the issue, and felt the item needs clarification and should be reviewed by City Managers and the Executive Committee.

The Chair reported the agreement has been reviewed by the Authority's General Counsel.

Mr. Bates felt the project may provoke direct conflict with SCAG, OCTA and MTA where possible funding may be put at risk. He added there was no need to rush the agreement.

City of Cerritos Mayor Pro Tem Barrows agreed there was no sense of urgency; that the Orangeline High Speed Maglev Project will need rights-of-way and that it was important to get all Member City Managers on Authority Board. He suggested the item be postponed for action at next month’s meeting.

Discussion followed regarding the need to keep with the timeline before an important initiative for consideration in November and how approval would offend SCAG, OCTA and MTA.

Mr. Bates explained the planning process for transportation projects and that the three agencies (SCAG, OCTA and MTA) have real concerns that the project may not be viable. He suggested meeting with the agencies and various City Managers to make them understand and include them in the process.

Sharad Mulchand, MTA Transportation Planning Manager, briefly explained the MTA process.

Mr. Bates suggested the processes be as parallel as possible and that the Authority work in cooperation with the MTA and OCTA. He reiterated that he felt the item needed further review.

City of Palmdale Councilmember Steve Hofbauer declared he did not see the approval of the DL Piper as putting the Authority in an adversarial role with the other agencies; he felt the partnership would elevate the project and opined to move ahead with approval. He added that DLA Piper has the ability to help facilitate the processes.

Richard Ornitz, DLA Piper, agreed that the cooperation of those involved is needed. He suggested issuing the current infrastructure and developer RFP document (in Item 9) as a
City of Cerritos Councilmember Barrows highlighted the importance of having "buy-in" from City Managers.

City of Bellflower Councilmember Larson concurred with Mr. Bates and Mr. Barrows, adding that it is a very big step but that City Managers and City Councils have legitimate questions that need to be addressed. He felt additional time was needed to review the matter and noted the study needs to be technology neutral.

Discussion continued regarding making approval of the resolution contingent on review by the Executive Committee.

**MOTION:** City of Cerritos Councilmember Bruce Barrows moved to adopt the Resolution unless there are substantive changes made by the Executive Committee. City of Palmdale Councilmember Steve Hofbauer seconded the motion.

City of Glendale Councilmember Weaver commented on the need to be a risk taker and felt there was a need to obtain answers and move ahead.

Discussion followed regarding giving City Managers the opportunity to review the item.

Mr. Hofbauer suggested Executive Director Perdon send emails to City Managers expressing the Authority Board's urgency and the need to move forward with this item. In addition, it was recommended that the matter be brought to the City Managers' attention and brought before the Executive Committee within two weeks time.

The agreement will brought back before the Authority Board at the next meeting.

The motion carried, unanimously.

The Chair and Executive Director will work to engage City Managers and resolve the issue within the next two weeks.

**ITEM 9 - ADOPT A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO APPROVE RELEASE OF THE DEVELOPER CONSORTIA REQUEST FOR PROPOSALS**

The Chair reported reading the proposal and speaking with legal counsel regarding the matter. He added he provided information to management and staff who offered no issues of concern.

Mr. Perdon stated he was glad to have serious discussion on the issue; noting it should not be "rubber stamped". He addressed intent and the need to start moving forward. He felt this was a chance to show that the Authority and its Member Cities want to work with SCAG, OCTA and MTA. He reported that the Authority has received no objections to the Orangeline High Speed Maglev Project from the MTA; he recommended allowing the Executive Director to start the RFP process to bring on investors and developers. He added that approval of the item would allow the Executive Director to work with necessary experts to develop an RFP acceptable by all. He indicated he did not want to send the wrong signals to new members.
and partners and urged the Authority Board to support the recommendations of staff. In addition, Mr. Perdon ensured that nothing would be done that would not allow City Managers to provide input.

Discussion followed regarding the possibility of restructuring language.

General Counsel Yvette Abich presented various options available to the Authority Board.

**MOTION:** City of Cerritos Mayor Pro Tem Barrows moved to send the draft RFP document to Member City Managers and the Executive Steering Committee and that it be brought back for consideration by the Authority Board at the next regular meeting. City of Palmdale Councilmember Steve Hofbauer seconded the motion.

Brief discussion followed regarding the importance of recognizing the need to move forward but also needing to better understand the matter.

The motion carried, unanimously.

**ITEM 10 - APPROVAL OF MODIFICATION AGREEMENT BETWEEN THE ORANGELINE DEVELOPMENT AUTHORITY AND ARCADIS G&M INC.**

Executive Director Perdon requested this item be continued to the August meeting of the Orangeline Development Authority Board.

**MOTION:** City of Palmdale Councilmember Steve Hofbauer moved to continue the item to the Authority Board’s regular meeting in August. City of Artesia Councilmember Tony Lima seconded the motion which carried, unanimously.

**ITEM 11 - APPROVAL OF WARRANT REGISTER**

**MOTION:** City of Huntington Park Councilmember, John Noguez moved to approve the warrant register as presented. City of Paramount Councilmember Daryl Hofmeyer seconded the motion, which carried unanimously.

**ITEM 13 - COMMUNICATION ITEMS TO THE AUTHORITY BOARD**

Executive Director Perdon stated that he had no additional items to present to the Authority Board that have not already been discussed.

**ITEM 13 - COMMUNICATION ITEMS FROM THE AUTHORITY BOARD**

City of Paramount Councilmember Daryl Hofmeyer commented this was one of the most exciting meetings he has attended.

City of Bellflower Councilmember Scott Larsen inquired regarding the budget and audit.

The Chair called for a budget/audit sub-committee meeting and Executive Director Perdon indicated he will work with sub-committee members on the matter.

City of Huntington Park Councilmember John Noguez reported he will be meeting with Suja Lowenthal, candidate to the MTA Authority Board.
The Chair reported he will be meeting with City Council Members from the City of Long Beach.

It was noted the Authority Board meetings for the next three months will be held in the City of Glendale.

**ADJOURNMENT**

There being no further business to come before the Orangeline Development Authority, the meeting was adjourned at 8:45 p.m. The next regularly scheduled meeting will be held on Wednesday, August 13, 2008.

__________________________________
Secretary

Attest: ____________________________

Chair ______________________________

Approved: __________________________
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: September 10, 2008

SUBJECT: Adopt a Resolution of the Orangeline Development Authority Board of Directors to Select a Chair and a Vice-Chair

RECOMMENDATION

That the Authority Board adopts the attached Resolution:

A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO SELECT A CHAIR AND A VICE-CHAIR

DISCUSSION

Authority By-laws specify that, “The Board shall select a Chair and Vice-Chair from among its members at its July meeting in each year and at such other times as the Board may direct. Absent a unanimous vote of the Directors in attendance when the vote is taken, the Chair and Vice-Chair shall represent Members located in different counties.”

Selection of a Chair and Vice-Chair was not included in the agenda for the July 2008 Authority Board Regular Meeting and the August 2008 Regular Meeting was cancelled. It is necessary to select a Chair and Vice-Chair at the September Regular Meeting.

ATTACHMENT

1. A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO SELECT A CHAIR AND A VICE-CHAIR.
RESOLUTION NO. 08-__

A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO SELECT A CHAIR AND A VICE-CHAIR.

WHEREAS, the Orangeline Development Authority By-laws call for the annual election in July each year of a Chair and Vice Chair to serve the Authority Board for a one year term;

NOW, THEREFORE, THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGELINE DEVELOPMENT AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Authority Board elects ______________ to serve as Authority Chair for a ___________ term.

SECTION 2. The Authority Board elects ______________ to serve as Authority Vice Chair for a ___________ term.

APPROVED AND ADOPTED this 10th day of September, 2008.

____________________________
Kirk Cartozian, Chair

ATTEST:

W. Mike McCormick, Secretary/Treasurer

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Authority Board of Directors of the Orangeline Development Authority at a regular meeting held on the 10th day of September 2008, by the following vote, to wit:

AYES: Board Members:
NOES: Board Members:
ABSENT: Board Members:

____________________________
W. Mike McCormick, Secretary/Treasurer
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: September 10, 2008

SUBJECT: Adopt a Resolution of the Orangeline Development Authority Board of Directors to Approve the DBE Race-Neutral Implementation Agreement with Caltrans

RECOMMENDATION

That the Authority Board adopts the attached Resolution:

A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS TO APPROVE THE DBE RACE-NEUTRAL IMPLEMENTATION AGREEMENT WITH CALTRANS

DISCUSSION

The Authority is finalizing preparation of a funding agreement with Caltrans. In a recent meeting with Caltrans staff, the Authority was informed that it is necessary for the Authority to enter into the Disadvantaged Business Enterprise Race-Neutral Implementation Agreement for Local Agencies Agreement with Caltrans.

A copy of the Agreement is shown in Attachment 1. It is recommended that the Authority Board adopt the attached resolution authorizing the Authority Chair to execute the Agreement on behalf of the Orangeline Development Authority.

ATTACHMENT

1. A Resolution of the Orangeline Development Authority Board of Directors to Approve the DBE Race-Neutral Implementation Agreement with Caltrans

info@calmaglev.org • Phone 310.871.1113 • Fax 562.924.0152
16401 Paramount Boulevard • Paramount • California 90723 • USA • www.orangeline.calmaglev.org
RESOLUTION NO. 08-__

A RESOLUTION OF THE ORANGLINE DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TO APPROVE THE DBE RACE-NEUTRAL
IMPLEMENTATION AGREEMENT WITH CALTRANS

WHEREAS, the Orangeline Development Authority intends to enter into a funding agreement with Caltrans for the purpose of receiving federal funds earmarked for the Orangeline High Speed Maglev Corridor Development Project;

WHEREAS, Caltrans procedures for executing the funding agreement require that the Authority enter into the Disadvantaged Business Enterprise Race-Neutral Implementation Agreement for Local Agencies in order to enable Caltrans to execute the Agreement (attached as Exhibit 9-A/B);

WHEREAS, at its Regular Meeting of September 10, 2008, the Authority Board considered the recommendation to enter into the Agreement and determine that it is in the interest of the Authority to enter into the Agreement;

NOW, THEREFORE, THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGLINE DEVELOPMENT AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

The Authority Chair is authorized to execute the Disadvantaged Business Enterprise Race-Neutral Implementation Agreement for Local Agencies with Caltrans.

APPROVED AND ADOPTED this 10th day of September, 2008.

____________________________
Kirk Cartozian, Chair

ATTEST:

_______________________________
W. Mike McCormick, Secretary/Treasurer

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Authority Board of Directors of the Orangeline Development Authority at a regular meeting held on the 10th day of September 2008, by the following vote, to wit:

AYES: Board Members:
NOES: Board Members:
ABSENT: Board Members:

_______________________________
W. Mike McCormick, Secretary/Treasurer
Exhibit 9-A  Disadvantaged Business Enterprise Race-Neutral Implementation Agreement for Local Agencies

DISADVANTAGED BUSINESS ENTERPRISE

RACE-NEUTRAL

IMPLEMENTATION AGREEMENT

FOR

LOCAL AGENCIES
DISADVANTAGED BUSINESS ENTERPRISE RACE-NEUTRAL IMPLEMENTATION AGREEMENT

For the City/County of ____________________________, hereinafter referred to as “RECIPIENT.”

I Definition of Terms

The terms used in this agreement have the meanings defined in 49 CFR § 26.5.

II OBJECTIVE/POLICY STATEMENT (§26/1.  26/23)

The RECIPIENT intends to receive federal financial assistance from the U. S. Department of Transportation (DOT) through the California Department of Transportation (Caltrans), and as a condition of receiving this assistance, the RECIPIENT will sign the California Department of Transportation’s Disadvantaged Business Enterprise Implementation Agreement (hereinafter referred to as Agreement). The RECIPIENT agrees to implement the State of California, Department of Transportation Disadvantaged Business Enterprise (DBE) Program Plan (hereinafter referred to as the DBE Program Plan) as it pertains to local agencies. The DBE Program Plan is based on U.S. Department of Transportation (DOT), 49 CFR, Part 26 requirements.

It is the policy of the RECIPIENT to ensure that DBEs, as defined in Part 26, have an equal opportunity to receive and participate in DOT-assisted contracts. It is also their policy:

• To ensure nondiscrimination in the award and administration of DOT-assisted contracts.
• To create a level playing field on which DBE’s can compete fairly for DOT-assisted contracts.
• To ensure that their annual overall DBE participation percentage is narrowly tailored, in accordance with applicable law.
• To ensure that only firms that fully meet 49 CFR, Part 26 eligibility standards are permitted to participate as DBEs.
• To help remove barriers to the participation of DBEs in DOT-assisted contracts.
• To assist the development of firms that can compete successfully in the market place outside the DBE Program.

III Nondiscrimination (§26.7)

RECIPIENT will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR, Part 26 on the basis of race, color, sex, or national origin. In administering the local agency components of the DBE Program Plan, the RECIPIENT will not, directly, or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE Program Plan with respect to individuals of a particular race, color, sex, or national origin.
IV Annual DBE Submittal Form (§26.21)

The RECIPIENT will provide to the Caltrans District Local Assistance Engineer (DLAE) a completed Local Agency DBE Annual Submittal Form (Exhibit 9-B) by June 1 of each year for the following Federal Fiscal Year (FFY). This form includes an Annual Anticipated DBE Participation Level (AADPL), methodology for establishing the AADPL, the name, phone number, and electronic mailing address of the designated DBELO, and the choice of Prompt Pay Provision to be used by the RECIPIENT for the following FFY.

V Race-Neutral Means of Meeting the Annual DBE Goal (§26.51)

RECIPIENT will assist Caltrans to achieve its Overall Statewide DBE Goal by using race-neutral means of facilitating DBE participation. Race-neutral DBE participation includes any time a DBE wins a prime contract through customary competitive procurement procedures, is awarded a subcontract on a prime contract that does not carry a DBE goal, or even if there is a DBE goal, wins a subcontract from a prime contractor that did not consider its DBE status in making the award (e.g., a prime contractor that uses a strict low-bid system to award subcontracts).

Race-neutral means include, but are not limited to, the following:

1. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses, participation (e.g., unbundling large contracts to make them more accessible to small businesses, requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);

2. Providing assistance in overcoming limitations such as inability to obtain bonding or financing (e.g., by such means as simplifying the bonding process, reducing bonding requirements, eliminating the impact of surety costs from bids, and providing services to help DBEs, and other small businesses, obtain bonding and financing);

3. Providing technical assistance and other services;

4. Carrying out information and communication programs on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists of bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors; provision of information in languages other than English, where appropriate);

5. Implementing a supportive services program to develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses;

6. Providing services to help DBEs, and other small businesses, improve long-term development, increase opportunities to participate in a variety of types of work, handle increasingly significant projects, and achieve eventual self-sufficiency;

7. Establishing a program to assist new, start-up firms, particularly in fields in which DBE participation has historically been low;

8. Ensuring distribution of your DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors; and

9. Assisting DBEs, and other small businesses, to develop their capability to utilize emerging technology and conduct business through electronic media.
VI Quotas (§26.43)

RECIPIENT will not use quotas or set-asides in any way in the administration of the local agency component of the DBE Program Plan.

VII DBE Liaison Officer (DBELO) (§26.25)

RECIPIENT has designated a DBE Liaison Officer. The DBELO is responsible for implementing the DBE Program Plan, as it pertains to the RECIPIENT, and ensures that the RECIPIENT is fully and properly advised concerning DBE Program Plan matters. [Specify resources available to the DBELO; e.g., the DBELO has a staff of two professional employees assigned to the DBE program on a full-time basis and two support personnel who devote a portion of their time to the program.] The name, address, telephone number, electronic mail address, and an organization chart displaying the DBELO’s position in the organization are found in Attachment ______ to this Agreement. This information will be updated annually and included on the DBE Annual Submittal Form.

The DBELO is responsible for developing, implementing, and monitoring the RECIPIENT’s requirements of the DBE Program Plan in coordination with other appropriate officials. Duties and responsibilities include the following:

1. Gathers and reports statistical data and other information as required.
2. Reviews third party contracts and purchase requisitions for compliance with this program.
3. Works with all departments to determine projected Annual Anticipated DBE Participation Level.
4. Ensures that bid notices and requests for proposals are made available to DBEs in a timely manner.
5. Analyzes DBE participation and identifies ways to encourage participation through race-neutral means.
6. Participates in pre-bid meetings.
7. Advises the CEO/governing body on DBE matters and DBE race-neutral issues.
8. Provides DBEs with information and recommends sources to assist in preparing bids, obtaining bonding and insurance.
10. Provides outreach to DBEs and community organizations to fully advise them of contracting opportunities.
VIII Federal Financial Assistance Agreement Assurance (§26.13)

RECIPIENT will sign the following assurance, applicable to and to be included in all DOT-assisted contracts and their administration, as part of the program supplement agreement for each project.

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract, or in the administration of its DBE Program, or the requirements of 49 CFR Part 26. The recipient shall take all necessary and reasonable steps under 49 CFR, Part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient’s DBE Program, as required by 49 CFR, Part 26 and as approved by DOT, is incorporated by reference in this agreement.

Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.). [Note – this language is to be used verbatim, as it is stated in §26.13(a).]

IX DBE Financial Institutions (§26.27)

It is the policy of the RECIPIENT to investigate the full extent of services offered by financial institutions owned and controlled by socially and economically disadvantaged individuals in the community to make reasonable efforts to use these institutions, and to encourage prime contractors on DOT-assisted contracts to make use of these institutions.

Information on the availability of such institutions can be obtained from the DBELO. The Caltrans’ Disadvantaged Business Enterprise Program may offer assistance to the DBELO.

X Directory (§26.31)

RECIPIENT will refer interested persons to the Unified Certification Program DBE directory available from the Caltrans Disadvantaged Business Enterprise Program’s website at www.dot.ca.gov/hq/bep.

XI Required Contract Clauses (§§26.13, 26.29)

RECIPIENT ensures that the following clauses or equivalent will be included in each DOT-assisted prime contract:

A. CONTRACT ASSURANCE

The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as recipient deems appropriate.

[Note – This language is to be used verbatim, as is stated in §26.13(b). See Caltrans Sample Boiler Plate Contract Documents on the Internet at www.dot.ca.gov/hq/LocalPrograms under “Publications.”]
B. PROMPT PAYMENT

Prompt Progress Payment to Subcontractors

A prime contractor or subcontractor shall pay to any subcontractor not later than 10-days of receipt of each progress payment, in accordance with the provision in Section 7108.5 of the California Business and Professions Code concerning prompt payment to subcontractors. The 10-days is applicable unless a longer period is agreed to in writing. Any delay or postponement of payment over 30 days may take place only for good cause and with the agency’s prior written approval. Any violation of Section 7108.5 shall subject the violating contractor or subcontractor to the penalties, sanctions, and other remedies of that Section. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

Prompt Payment of Withheld Funds to Subcontractors

The local agency shall include either (1), (2), or (3) of the following provisions [local agency equivalent will need Caltrans approval] in their federal-aid contracts to ensure prompt and full payment of retainage [withheld funds] to subcontractors in compliance with 49 CFR 26.29.

1. No retainage will be held by the agency from progress payments due to the prime contractor. Prime contractors and subcontractors are prohibited from holding retainage from subcontractors. Any delay or postponement of payment may take place only for good cause and with the agency’s prior written approval. Any violation of these provisions shall subject the violating contractor or subcontractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

2. No retainage will be held by the agency from progress payments due the prime contractor. Any retainage kept by the prime contractor or by a subcontractor must be paid in full to the earning subcontractor in 30 days after the subcontractor’s work is satisfactorily completed. Any delay or postponement of payment may take place only for good cause and with the agency’s prior written approval. Any violation of these provisions shall subject the violating contractor or subcontractor to the penalties, sanctions, and remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.
3. The agency shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by the agency of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by the agency. Any delay or postponement of payment may take place only for good cause and with the agency’s prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of: a dispute involving late payment or nonpayment by the contractor; deficient subcontractor performance; and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

XII Local Assistance Procedures Manual

The RECIPIENT will advertise, award and administer DOT-assisted contracts in accordance with the most current published Local Assistance Procedures Manual (LAPM).

XIII Bidders List (§26.11)

The RECIPIENT will create and maintain a bidders list, consisting of information about all DBE and non-DBE firms that bid or quote on its DOT-assisted contracts. The bidders list will include the name, address, DBE/non-DBE status, age, and annual gross receipts of the firms.

XIV Reporting to the DLAE

RECIPIENT will promptly submit a copy of the Local Agency Bidder-DBE Information (Exhibit 15-G “Local Agency Bidder-DBE (Construction Contracts) – Information” or Exhibit 10-O “Local Agency Proposer/Bidder-DBE (Consultant Contracts)-Information” of the LAPM) to the DLAE at the time of execution of consultant or construction contract award.

RECIPIENT will promptly submit a copy of the Final Utilization of DBE participation to the DLAE using Exhibit 17-F “Final Report – Utilization of Disadvantaged Business Enterprises (DBE), First-Tier Subcontractors” of the LAPM immediately upon completion of the contract for each consultant or construction contract.

XV Certification (§26.83(a))

RECIPIENT ensures that only DBE firms currently certified by the California Unified Certification Program will participate as DBEs on DOT-assisted contracts.
XVI Confidentiality

RECIPIENT will safeguard from disclosure to third parties, information that may reasonably be regarded as confidential business information consistent with federal, state, and local laws.

By ____________________________
(Signature )

Phone Number: __________________

(Print Name and Title) ADMINISTERING AGENCY
(Authorized Governing Body Representative)

This California Department of Transportation’s Disadvantaged Business Enterprise Program Plan Implementation Agreement is accepted by:

__________________________
[Signature of DLAE]

Date: ______________________

__________________________
[Print Name of DLAE]

Distribution: (1) Original – DLAE
(2) Signed copy by the DLAE – Local Agency
Exhibit 9-B  Local Agency DBE Annual Submittal Form

TO: CALTRANS DISTRICT ________
    District Local Assistance Engineer

The amount of the Annual Anticipated DBE Participation Level (AADPL) and methodology are presented herein, in accordance with Title 49 of the Code of Federal Regulations, Part 26, and the State of California, Department of Transportation Disadvantaged Business Enterprise (DBE) Program Plan.

The City/County/Region of ____________________________, submits our AADPL information. We have established an AADPL of _______ % for the Federal Fiscal Year _____/_____, beginning on _______________________, and ending on _______________________.

Methodology

[Please attach the methodology used to determine the AADPL. See Chapter 9, Section 9.7 of the Local Assistance Procedures Manual (LAPM) for guidance in developing the AADPL.]

Disadvantaged Business Enterprise Liaison Officer (DBELO)

[Please provide the name, address, phone number, fax number, and electronic mail address of the DBELO for the coming Federal Fiscal Year.]

Prompt Pay

Federal regulation (49 CFR 26.29) requires one of three methods be used in federal-aid contracts to ensure prompt and full payment of any retainage, kept by the prime contractor or subcontractor, to a subcontractor. (Attached is a listing of the three methods. On the attachment, please designate which prompt payment provision the local agency will use.)

____________________________________                                        _______________
(Signature )                                                                                                                 Date

____________________________________                                        ________________
(Print Name and Title)                                                                                         Phone Number
ADMINISTERING AGENCY
(Authorized Governing Body Representative)

____________________________________                                         _______________
(Signature of Caltrans District Local Assistance Engineer [DLAE])                  Date

Distribution: (1) Original - DLAE
(2) Signed copy by the DLAE – Local Agency

DBE Annual Submittal Form (05/01/06)
Federal regulation (49 CFR 26.29) requires one of the following three methods be used in federal-aid contracts to ensure prompt and full payment of any retainage kept by the prime contractor or subcontractor to a subcontractor.

Please check the box of the method chosen by the local agency to ensure prompt and full payment of any retainage.

- No retainage will be held by the agency from progress payments due to the prime contractor. Prime contractors and subcontractors are prohibited from holding retainage from subcontractors. Any delay or postponement of payment may take place only for good cause and with the agency’s prior written approval. Any violation of these provisions shall subject the violating contractor or subcontractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

- The agency shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by the agency of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by the agency. Any delay or postponement of payment may take place only for good cause and with the agency’s prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor; deficient subcontractor performance and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: September 10, 2008

SUBJECT: Consider Executive Committee Report on the legal services agreement with DLA Piper LLP

RECOMMENDATION

That the Authority Board considers the report of the Executive Committee.

SUMMARY

At its meeting of July 9, 2008, the Authority Board approved the agreement with DLA Piper for legal services aimed at securing private funding for the Orangeline High Speed Maglev Corridor Development Project, subject to review and concurrence of the Executive Committee. Chairman Cartozian held meetings of the Executive Committee on July 23 and July 31 to review the DLA Piper agreement.

Based upon input received at these meetings, the Executive Committee requested that the City Managers attending the July 31 meeting recommend for the Committee’s consideration an alternate mechanism to fund the DLA Piper agreement. On August 20, 2008, South Gate City Manager Ron Bates transmitted by email a letter with recommendations to Chairman Cartozian, with copies to Authority Board members and others.

Authority staff has prepared a report responding to the issues and recommendations presented in the letter transmitted by Mr. Bates. The staff report is attached to this report.

The Executive Committee will report on the current status of the DLA Piper Agreement.

ATTACHMENTS

1. Letter to Kirk Cartozian, dated August 18, 2008 pertaining to DLA Piper Agreement
2. Staff Report to Executive Committee dated August 28, 2008.
August 18, 2008

Kirk Cartozian, Chair
Orangeline Development Authority
Executive Committee
11111 Brookshire Avenue
Downey, California 90241-3898

Dear Chairman Cartozian,

The Orangeline Development Authority’s Executive Committee asked the City Manager’s of Authority Member Cities to recommend a financial mechanism to fund the DLA Piper Attorney Agreement.

A meeting of the City Managers and Gateway COG staff was held in South Gate on August 11, 2008 to consider financial options. Given that many Orangeline Cities are under financial siege with lower property and sales tax revenue, and an uncertain State budget, we concluded that asking cities to pay more was not the answer. By reducing staff and operational costs for the 2008-2009 Orangeline Development Authority, sufficient funds should be available to support the DLA Piper Agreement (Attachment 1). We recognize that by making this major change to the Authority’s budget, a major change in the direction of the Orangeline project will occur. With significant public funding becoming available and support from MTA, OCTA and SCAG for a high-speed transit project on the Pacific Electric Right-of-Way to North County, it is our suggestion that we properly align the Authority’s operation with public funding and leadership and the possibility of a Public-Private partnership for project construction and operation.

Further, to advance a major transit project on the Pacific Electric Right-of-Way, it is suggested that the Authority Board consider approving Guiding Principles for the Development of the Pacific Electric Right-of-Way to North County (Attachment 2) so that Authority and City staff have guidance as to the direction the project should take.

At the last meeting of the Orangeline Development Authority Board, there was discussion regarding the length of time it will take to develop a major transit project. In reviewing schedules for other major transit projects in Southern California and in consultation with the staff of the Gateway Cities COG, a realistic and workable schedule is presented (Attachment 3) for review. This schedule reflects a public/private process designed to minimize the risk of building and operating a major transit project.
August 18, 2008
Kirk Cartozian
Page 2 of 2

We look forward to working with all affected parties to advance construction of high speed transit on the Pacific Electric Right-of-Way to North County.

Sincerely,

[Signatures]

Maria Dadian  Mike Egan  Art Gailucci  Gerald Caton
City Manager  City Manager  City Manager  City Manager
City of Artesia  City of Bellflower  City of Cerritos  City of Downey

Greg Korduner  Linda Benedetti-Leal  Ronald Bates
City Manager  City Manager  City Manager
City of Huntington Park  City of Paramount  City of South Gate
Recommendation for funding DLA Piper Agreement

Revised 2008-09 Orangeline Development Authority Budget

This budget provides for a half-time Executive Director selected by the Authority Board and potentially headquartered at the Gateway COG.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Authority Board Activities</td>
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<td>Executive Director</td>
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<td>Other Administrative</td>
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<td>Meeting Expense</td>
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<td>DLA Piper Agreement</td>
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</tr>
<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

* The $162,000 is derived from Member City dues, and the $402,000 is derived from dues plus a Federal Grant through Caltrans. Dues from new Authority City Members could also be used to fund the DLA Piper Agreement.
Guiding Principles for the Development of the Pacific Electric R.O.W. to North County Transit Corridor Project

1) Develop an environmentally friendly, high speed, grade-separated transit corridor project that will accommodate bicycle and pedestrian uses.

2) Develop a transit corridor project that will encourage transit-oriented land use and pedestrian-friendly environments throughout corridor cities.

3) Utilize a development process that will allow for the use of public (state, local and federal) and private funds for project planning and implementation.

4) The Authority will continue to build upon the regional support garnered through the Orangeline transit corridor process.

5) The Authority will continue to build upon the work done through the Orangeline transit corridor process to raise awareness and acceptance of alternative technology for the development of the transit corridor project.

6) The Authority will continue to build upon the goodwill and momentum generated through the OC/LA Intercounty Transportation Study for continuing to study the use of the P.E. R.O.W. in both Los Angeles and Orange Counties.

7) The Authority will work collaboratively with the two County Transportation Commissions to move the project forward in each respective County.

8) The Authority will work with the Metropolitan Planning Organization to maintain the project within the Regional Transportation Plan.

9) Adopt a more inclusive branding for the project that reflects the increased membership and multi-jurisdictional super-regional project attributes.

10) Maximize regional public and private funding opportunities commensurate with the super-regional nature of the project to minimize financial impact to corridor cities.
<table>
<thead>
<tr>
<th></th>
<th>Projected Timeline</th>
<th>Pacific Electric Right-of-Way to North County Transit Project Milestones</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Orange Alignment Transit Study (OATS)</strong>&lt;br&gt;MTA, OCTA &amp; SCAG supported by Orangeline Authority</td>
<td>2008-2010</td>
</tr>
<tr>
<td>2.</td>
<td>Federal Alternatives Analysis&lt;br&gt;10,000 foot analysis, ridership, segmentation, preferred alignment</td>
<td>2010-2012</td>
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<tr>
<td>3.</td>
<td>EIR Process/Preliminary Engineering&lt;br&gt;(technology selection ± 2014)</td>
<td>2012-2015</td>
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<tr>
<td>7.</td>
<td>Construction Starts – Segment 1 (3 or 4 possible segments)</td>
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<tr>
<td>8.</td>
<td>Segment 1 Complete</td>
<td>2021</td>
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ORANGELINE HIGH SPEED MAGLEV

REPORT TO THE EXECUTIVE COMMITTEE

TO: Members of the Orangeline Development Authority Executive Committee

FROM: Albert Perdon, Executive Director

DATE: August 28, 2008

SUBJECT: Proposal to Restructure the Direction of the Authority’s Program

RECOMMENDATION

That the Executive Committee considers this report and provides direction to staff.

SUMMARY

At its meeting of July 9, 2008, the Authority Board approved the agreement with DLA Piper for legal services aimed at securing private funding for the Orangeline High Speed Maglev Corridor Development Project, subject to review and concurrence of the Executive Committee. Chairman Cartozian held meetings of the Executive Committee on July 23 and July 31 to review the DLA Piper agreement.

Based upon input received at these meetings, the Executive Committee requested that the City Managers attending the July 31 meeting recommend for the Committee’s consideration an alternative mechanism to fund the DLA Piper agreement. On August 20, 2008, South Gate City Manager Ron Bates transmitted by email a letter to Chairman Cartozian, with copies to Authority Board members and others, recommending that the Executive Committee consider a restructuring and re-direction of the Authority’s program.

The recommendation to re-align the Authority’s program with public agency funding and leadership appears to be well intentioned. However, it calls for a major change in direction that does not appear to be consistent with the purpose for which the Authority was created, or with the provisions of the Authority Joint Powers Agreement approved by each of the Authority’s Member Cities.

In considering the recommendations presented in the letter to Chairman Cartozian, the Executive Committee should consider the considerable progress that has been achieved since the Authority’s formation just five years ago.

- Efforts to explore the feasibility of, and local interest in, the development of a high-speed maglev along the Orangeline corridor were initiated by City of Cerritos Mayor Pro-Tem and Authority Vice Chair Bruce Barrows in 2000.
- Discussions with local elected officials and city managers, presentations at city council meetings and initial SCAG-based feasibility studies by IBI Group from
2000 to 2003 led to formation of the Orangeline Development Authority in 2003 for the specific purpose of constructing and maximizing the benefits of the Orangeline High Speed Maglev. Fifteen cities have approved the Authority Joint Powers Agreement expressing their interest in and commitment to the Project.

- Studies by the ARCADIS Team of independent consultants in 2006 confirmed the potential feasibility of the Orangeline High Speed Maglev Corridor Development Project as a primarily privately-funded infrastructure/real-estate improvement project.
- Authority actions to pursue the Orangeline High Speed Maglev Corridor Development Project have been consistent with Southern California Association of Governments policy adopted in December 2000 and with its 2004 Regional Transportation Plan.
- The DLA Piper agreement culminates an 8-year effort to advance the Orangeline High Speed Maglev Corridor Development Project; it offers the most realistic opportunity to implement the Project within the lifetimes of the Authority Board Members.

Staff recommends that the Authority continues its efforts to advance the Orangeline High Speed Maglev Corridor Development Project. The approach is one of commitment and diplomacy – commitment to the ideals and vision that the Authority is founded upon, and has worked hard and relentlessly on to achieve, and diplomacy to demonstrate respect for the public process and gain strengthened support of regional transit agencies.

Rather than “re-aligning” the Authority’s program in a way that abandons the current Project, the Authority should adopt a number of positive recommendations presented in the letter to Chairman Cartozian as “Guiding Principles” that are aimed at working collaboratively with SCAG and the two County Transportation Commissions. They would include stepped-up efforts to gain support of these agencies for the Authority’s Project. Part-time staff could be engaged to assist in coordinating these efforts, which would be funded from the federal grant currently being negotiated with Caltrans or from other outside funding sources.

Authority Board Members should increase efforts to advocate for the Project among policy leaders of the regional agencies, as well as among state and federal representatives of the Authority’s Member Cities. The Authority also needs to engage Member City staff to get them more informed about the Project and to address their concerns.

Staff further recommends that, in parallel with the above efforts to strengthen the already growing public support, the Authority continues current efforts to secure private funding for the Orangeline High Speed Maglev Corridor Development Project. It is recommended that the Authority Board re-affirm and give final approval of the DLA Piper Agreement conditionally approved by the Authority Board on July 9th.

The recommended approach best achieves the overall purpose set out in the Authority’s First Amended Joint Powers Agreement. This approach offers the Authority the best chance to advance the goals and policy direction established by the Authority Board over the past 5 years to “put in place and maximize the benefits of the Orangeline Project”.

Staff has prepared the attached briefing paper to provide further background on this issue.

ATTACHMENT

1. Future Direction of the Orangeline High Speed Maglev Corridor Development Project
Future Direction of the Orangeline High Speed Maglev Corridor Development Project

INTRODUCTION

Recommendations have been presented for consideration by the Authority’s Executive Committee to institute “a major change in the direction of the Orangeline Project,” meaning a major change in the current and planned activities to plan, put in place, maintain and maximize the benefits of, the Orangeline High Speed Maglev, as it is currently envisioned.

Currently, the Orangeline is defined as a high-speed maglev system extending from Palmdale to Irvine. The route follows the I-14 Freeway corridor from Palmdale to Santa Clarita, the I-5/Metrolink rail alignment from Santa Clarita to Burbank, Glendale and downtown Los Angeles, the Salt Lake rail road alignment from downtown Los Angeles to Paramount, the former Pacific Electric Rail Road West Santa Ana Branch alignment from Paramount to Santa Ana, and finally the I-5/Metrolink alignment from Santa Ana to Irvine.

Since the Authority’s inception in 2003, Orangeline Project activities have focused on: 1) organizing and securing participation of all cities along the Orangeline corridor as members of the Authority; 2) completing planning studies to assess the feasibility of the Orangeline as a privately-funded transit improvement; 3) developing a practical and realistic financial plan and implementation plan to put the Orangeline in place; 4) inter-governmental liaison to build public agency support for the Project, and; 5) activities to secure private partners and private investment.

The Project has achieved positive results leading to a current membership of 14 active member cities and over $5 million in private funding investment/commitments, a project plan, and a proposal by DLA Piper to serve as the Authority’s legal adviser and partner in securing the private investment required to put the Orangeline in place. Next Project steps are aimed at securing proposals that are intended to lead to selection of private infrastructure and real estate developer partners. These partners will join with the Authority to complete remaining planning activities and subsequently put the $20 billion Orangeline High Speed Maglev in place, along with station-area, mixed-use, transit-oriented developments at each of the stations along the 105-mile Orangeline High Speed Maglev route.

The recommendations presented to the Executive Committee propose a new project – that is a new set of activities – identified as the, “Pacific Electric R.O.W. to North County Transit Corridor Project.” They also recommend “aligning the Authority’s operation with public funding and leadership, beginning with the Orangeline Alignment Transit Study to be undertaken by regional transit agencies and “supported by” the Orangeline Development Authority, which would serve as a “sounding board” for this study.

This report presents an assessment of the recommendations contained in the August 18th letter, and additional information to assist the Executive Committee in deciding upon a future course of action.

BACKGROUND

At it’s meeting of July 9, 2008, the Orangeline Development Authority Board considered the staff recommendation that the Authority Board adopt a Resolution approving the Legal Services Agreement with DLA Piper LLP entitled:
A RESOLUTION OF THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGELINE DEVELOPMENT AUTHORITY APPROVING THE LEGAL SERVICES AGREEMENT WITH DLA PIPER LLP

Following discussion, Authority Vice Chair and City of Cerritos Councilmember Bruce Barrows moved to adopt the Resolution, unless there are substantive changes made by the Executive Committee. City of Palmdale Councilmember Steve Hofbauer seconded the motion.

City of Glendale Councilmember Weaver commented on the need to be a risk taker and felt there was a need to obtain answers and move ahead.

Discussion followed regarding giving City Managers the opportunity to review the item.

Mr. Hofbauer suggested Executive Director Perdon send emails to City Managers expressing the Authority Board’s urgency and the need to move forward with this item. In addition, it was recommended that the matter be brought to the City Managers’ attention and brought before the Executive Committee within two weeks time. It was indicated that, if the Executive Committee intends to incorporate major changes to the DLA Piper agreement, it would be brought back before the Authority Board at the next meeting. The motion carried, unanimously.

Subsequent to the Authority Board action, Chairman Cartozian held two meetings of the Executive Committee to discuss this matter. The Executive Committee asked the City Managers attending the July 31 meeting to recommend a financial mechanism to fund the DLA Piper agreement. On August 20, 2008, South Gate City Manager Ron Bates transmitted by email to Authority Board members, City Managers and others a letter with attachments proposing a restructuring of the direction the Authority might take to pursue high-speed transit on the Pacific Electric Right-of-way. Limited federal grant funding would be used to fund an agreement with DLA Piper. The letter does not detail the proposed changes to the DLA Piper agreement. The letter goes well beyond proposing a mechanism to fund the DLA Piper agreement – it proposes major changes to the Authority’s program.

DISCUSSION

Staff Response to Recommendations Presented in the August 18, 2008 letter to Chairman Cartozian

The recommendations contained in the letter to Chairman Cartozian raise significant policy issues pertaining to the Authority’s program and future direction. The following discussion identifies potential concerns and risks that the recommendations could impose on the Authority and its Member Cities; also identified are positive benefits that potentially could be derived from the recommendations and a possible course of action for consideration of the Executive Committee.

1. The recommendations presented in the letter appear to be inconsistent with the Authority’s mission and purpose.

The letter to Chairman Cartozian raises a fundamental question about how the recommendations relate to the Authority’s mission and purpose. The question arises as to whether the Authority Board can legally consider and approve the proposal to institute a major change in the Authority’s program as proposed in the letter, in light of the terms set out in the Authority’s enabling legislation approved by each Member City. Implementing the proposed changes would likely require a revision of the First Amended Joint Powers Agreement and adoption of the revised document by each Member City.
The Orangeline Development Authority was created for the specific purpose of implementing the Orangeline High Speed Maglev. The purpose is defined in the First Amended Joint Powers Agreement (JPA) establishing the Orangeline Development Authority. The JPA describes the purpose of the Authority and defines the Orangeline and the Orangeline Project as follows:

“The purpose of the Authority 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 as may be approved by action of the Authority.

“Orangeline” means a high-speed ground transportation service that is provided by an advanced technology, elevated, magnetically levitated (“Maglev”) ground transportation system for moving people and cargo, and comprised of passenger and cargo vehicles, elevated guideways and support columns, power distribution system, vehicle control system, stations, maintenance and operation center, and related facilities.

“Orangeline Project” means the activities required to plan, put in place, maintain and maximize the benefits of, the Orangeline.

The letter to Chairman Cartozian states that the purpose of the proposed re-direction is, “to advance a major transit project on the Pacific Electric Right-of-Way”. The letter does not specifically support advancing the Orangeline Project or support putting in place the Orangeline High Speed Maglev, as it is defined in the Joint Powers Agreement. Its recommendations are thus inconsistent with the purpose for which the Authority was created.

2. The recommendations call for “a major change” in direction to “align the Authority’s operation with public (SCAG, OCTA and MTA) funding and leadership” but does not indicate how the recommendations will maximize the benefits of the Orangeline.

The letter raises a second fundamental concern. The “major change” in direction to “align the Authority’s operation with public funding and leadership” appears to be a return to the status quo, to a public process that relies on substantial public funding and leadership of regional transit agencies, with the Authority used as a “sounding board”. This is distinguished from the Authority’s approach in which local agencies, through the Orangeline Development Authority, are leading the efforts to carry out the Project using Project revenues and private financing. A major advantage of the Authority’s approach is that it maintains Member City control over the Project, it facilitates the integration of Maglev and station-area development and it maximizes the potential benefit of the Orangeline Maglev.

The recommendations call for initiating a new project - that is, a new set of activities – to carry out a “high-speed transit project“. This new project may or may not be intended to cause, or result in, construction and implementation of a high-speed maglev system. According to the proposed schedule, the first segment of this undefined transit system would not be completed until 2021, at the earliest. There is no way to assess the reality of this schedule or of the prospects for securing the public and private funding needed to build the transit system, since there is no project definition, there is no financial analysis and there is no funding plan. Technology selection would not occur until +or- 2014.
Technology selection would likely depend upon the outcome of the proposed “federal alternatives analysis”, thereby indicating a role for the federal government in the technology selection process. Funding and leadership of the project and major decision-making would shift from the Authority and its member cities to regional agencies and the federal government. This shift will result in significant delays to completion of any project along the corridor.

The likely delay in project implementation would increase costs by more than the most optimistic expectations for public funding for the project. By way of example, the $5.2 billion Metrorail extension to Dulles endured years of uncertainty and delay as federal officials questioned its rising costs and required elimination of significant project features to reduce costs. Denver’s FasTracks light rail project has experienced extensive delays and seen its costs jump from a 2004 estimate of $4.7 billion for a 2027 completion to a current estimate of $7.9 billion if it were taken out to a possible 2034 completion date to accommodate public funded constraints.

Aside from likely funding-induced delays are the delays resulting from indecision and lack of consensus on a project definition. It was asserted at the July 31st Executive Committee meeting that, “All other agencies are dead set against maglev, including the federal agencies. No one believes in maglev. The ridership estimate is outlandish.” It was also stated that, “The $3 million study will look at options.” It is a “preliminary study” to develop a recommendation for the corridor. “It may not be maglev.” “There may be 3 sections that are bid separately. There is different ridership – like the IOS maglev being built right now. That will be part of the analysis.” The recommendations, if approved, would instill a major set-back in the consensus that has been achieved to date.

The recommendations appear to unnecessarily rely upon granting leadership of a new transit project to other agencies, one that may not be maglev, with the Authority in a support role. The recommendations, which essentially call for the end to the Authority’s current program, would likely result in the Authority’s Member Cities losing the substantial benefits and income to be generated by the Orangeline High Speed Maglev Corridor Development Project.

The recommendations, therefore, do not appear to be aimed at putting in place the Orangeline High Speed Maglev or of maximizing its benefits to the Member Cities, as called for in the Authority JPA.

3. The recommendations are based upon questionable assumptions and draw conclusions that may not be accurate or reliable.

The letter to Mr. Cartozian raises a third fundamental question relating to the underlying assumptions that form the basis for the recommendations. The letter states that “significant public funding” is becoming available for a “high-speed transit project on the Pacific Electric Right-of-Way to North County”. Note that the letter does not state that significant public funding is becoming available for the Orangeline High Speed Maglev. The assumption that “significant public funding” is likely to be made available for a project on the West Santa Ana Branch right-of-way, and the concern that we not disrupt the public process to deliver this funding, appears to be the primary basis for re-directing the Authority’s program.

At the July 23 Executive Committee meeting, Authority Vice Chair Bruce Barrows asked what Authority Board approval of the July 9 meeting agenda Items #8 - DLA Piper agreement, #9 - Developer RFP and #10 – extending the term of ARCADIS agreement would do to the public process. The response was that, “It would be inconsistent with
actions of SCAG, OCTA and MTA to undertake the $3 million OATS study; it would cause these agencies heartburn.”

It was also stated that, “We’ll never have a public private partnership. It will never happen. No transit project pays for itself.” Also, the question was asked of DLA Piper, “How do you advise us to move the process without alienating the people with the money?”

Thus, the apparent assumptions leading to the recommendations are that the Authority is reliant on public funding from regional transit agencies to cover a significant portion of the cost of a transit project; that these agencies “are dead set against maglev”; that there will never be a public private partnership, and that, if we alienate the regional transit agencies that have the money, “we’ll never move up on” the waiting list for public funds.

The prospect of receiving “significant funding” referenced in the letter appears to be based upon the “Expenditure Plan” for the Proposed One-Half Cent Sales Tax for Transportation ballot measure that the MTA is putting before the voters in November. The measure identifies $240 million in the Expenditure Plan for the West Santa Ana Branch Corridor beginning in 2015-17, or possibly sooner, as a match to other funds needed to cover the total cost of the new transit project serving the Corridor. The amount is approximately the same amount that DLA Piper feels confident can be secured from private sources in 2009 for the Orangeline.

The Authority assumption that the $20 billion needed to build the Orangeline High Speed Maglev will likely not be made available from public sources has proven to be correct, as evidenced in the funding plans and recent actions of regional transit agencies. In contrast to the lack of required financial support for new projects that are dependent upon significant public funding, there is growing support and funding availability for privately-funded projects such as the Orangeline High Speed Maglev.

Governor’s Schwarzenegger’s administration has indicated support for the Project and has requested that the Authority secure private sector proposals for its consideration that show what the private sector is willing to do and what is required of the State. At the Authority’s Investor/Developer conference held in Sacramento earlier this year, Governor Schwarzenegger’s Deputy Chief of Staff and Cabinet Secretary, Dan Dunmoyer, made very positive remarks about the Project, indicating that the Authority’s approach is the approach of the future; he indicated a strong possibility of gaining the Governor’s support if we can present solid evidence of private funding commitments.

The Authority’s private funding approach has been a fundamental assumption in the Authority’s work plan and financial plan, as adopted by Authority Board policy. It is consistent with the region’s public planning process for development of a regional high speed maglev system, and with the premises of the 2004 Southern California Association of Governments (SCAG) Regional Transportation Plan (RTP); the 2004 RTP identifies the Orangeline High Speed Maglev segments from Palmdale to Irvine as part of an adopted regional high-speed maglev network to be funded primarily from private funds. It is also consistent with the MTA Long Range Transportation Plan, which identifies the Orangeline segment along the West Santa Ana Branch corridor as a privately-funded maglev project.

4. **There is no evidence to support the assumption that a public private partnership for construction and operation of the proposed but undefined transit project is a possibility; the assumption is highly speculative.**

At the Executive Committee meeting of July 31, 2008, it was stated that we would “never have a public private partnership” for the Orangeline High Speed Maglev. “It will never happen.” The letter to Chairman Cartozian, never-the-less, asserts “the possibility of a
Public-Private partnership for construction and operation” (of the proposed project). Since the “project” proposed in the letter is undefined, the assumption that a public-private partnership is possible is much more a hope than a potential reality evidenced by analysis and input/commitments from private investors and developers.

According to the letter to Chairman Cartozian, an RFQ/RFP for a “Public – Private Partnership Process” would not be issued until 2013-2015; after the OATS study, Federal Alternatives Analysis and EIR Process/Preliminary Engineering are all completed. Bringing in a private partner after all the critical decisions are made that impact the economic viability of the project, and the viability of a successful public private partnership, is risky at best and will likely not result in a successful project in which the private sector partner is expected to assume significant financial risk.

The Authority’s plan is to bring in the private partner now so that the transit system and related station-area development can be planned and implemented jointly by the Authority, its Member Cities and the private partner. It makes more sense, and it is less risky, to spend $200 million on further planning and environmental studies of a project for which there is a conditional funding commitment, than to spend a similar amount on a project that is yet to be defined and has no plan or commitment for construction funding. The Authority’s approach is a more sound business approach that reduces risk for the regional agencies, for the Authority’s member cities and for the general public.

At the Executive Committee meeting of July 31, 2008, it was asserted that, “No transit project pays for itself, even for operation, let alone capital construction.” This assertion is not correct. No concrete evidence has been presented to repudiate the findings of the independent planning work performed by the ARCADIS Team demonstrating the potential viability of the Orangeline High Speed Maglev Project financial plan.

Privately-funded transit projects do exist throughout the world, including in the U.S. Past and prospective private sector funding commitments verify the veracity of the Authority’s financial plan. The ARCADIS Team has already invested over $1.25 million in the Project. DLA Piper has committed to invest over $2.25 million. Combined with other private risk investment, over $4 million in private funding has already been invested in or committed to the Orangeline Project. Staff is not aware of any other similar project that has been as successful in securing this level of private-sector financial commitment for a project that is at this early stage of development.

The private-sector commitment that has already been secured for the Authority’s Project demonstrates a high level of private-sector confidence in the Project and in the Authority. The Authority risks losing this private-sector confidence, and future private investment, if it adopts the recommendations contained in the letter to Chairman Cartozian. The assumption that private funding can be secured for a new, undefined project on the West Santa Ana Branch is highly speculative. Re-directing the Authority’s program on the basis of this assumption is very risky.

5. The proposed Revised Budget is aimed at a low-level planning study process and is not adequate to administer a $20 billion infrastructure improvement project, integrated with station-area development potentially valued at $40 billion over the next 30 years.

The proposed budget does not provide the means to manage the Orangeline High Speed Maglev Corridor Development Project. At best, it is adequate to only coordinate and provide input to planning studies undertaken by other agencies. The Authority would merely serve as a “sounding board” for the proposed studies by other agencies. The Authority would
Staff Response to Key Concerns that arose at the July 31 Executive Committee Meeting.

The Authority Board Executive Committee meetings raised a number of concerns. Staff responses to key points of view and concerns that have not already been addressed previously are discussed below, particularly the concerns relating to the DLA Piper agreement.

The agreement with DLA Piper provides that fees to be collected from the Infrastructure and Real Estate Developer RFP process will fund DLA Piper costs. While there is no risk to the Authority or its Member Cities to cover DLA Piper’s costs, the agreement assumes that the Authority intends to prepare and, following Authority Board approval, release an RFP to infrastructure and real estate developers. Concerns raised regarding the release of the RFP at this time are described below, along with staff response.

1. We are not sure if the process is legal for giving development rights to the Orangeline Development Authority, as described in the draft RFP presented in the report to the Authority Board on July 9, 2008. The development rights are identified in the RFP as a potential source of funding for the next phase of Project costs. How do we pay DLA Piper to determine if giving the rights to the Authority is legal? Can we get an assessment/contribution from each city to pay DLA Piper to work out the process? Can the transfer of development rights be done?
   a. DLA Piper’s response was that they believe it can be done; that there is a variety of ways to address the concerns raised.
   b. The terms of the agreement with DLA Piper demonstrate that they are willing to take the risk to find a means to come up with a legal solution that is practical and acceptable to the Authority’s Member Cities. They have confidence that this can be done.
   c. No financial contribution is required from Member Cities to undertake the work. Thus, the proposal suggested at the meeting to impose a special assessment on Member Cities is unnecessary.

2. Everything is based upon up-zoning. Value is created. That’s the engine. The legal question is: Who owns the value increase?
   a. DLA Piper responded that the value is likely to be allocated by the Member Cities among various participants. We could begin immediately with the tools that are in place.
   b. Development rights are made possible through up-zoning that is enabled with the Orangeline Maglev. Up-zoning, creating the opportunity to focus a portion of future development into higher-density, station-area, mixed-use development, is the leverage that cities have and that regional transit agencies do not have; it is what gives the Authority and its Member Cities the means to build the Orangeline Maglev that the regional agencies do not have.

3. It will take 2 years to develop the mechanism/model for station-area development. There is no way to pay DLA Piper to perform this work.
   a. The DLA Piper agreement will enable performance of the work using Developer RFP fees and the anticipated $200 million initial private investment in the Project for the preliminary engineering and entitlement phase.

4. We will not get an honest response to the RFP from the construction industry until we take the risk out of the project; that will take 10-to-15 years.
   a. The concern is mere speculation and is not based upon a clear understanding of what is being proposed.
b. Based upon Authority staff investigations and experience and DLA Piper’s experience and contacts in the industry, it is anticipated that there will be positive response from the developer industry.

c. We know that interest exists. We won’t know what the response will be to the RFP unless we issue the RFP. There is no risk in issuing the RFP.

5. We need to find some way to engage DLA Piper. The question is, how do we get them engaged? How do we do the real estate deal?
   a. The DLA Piper agreement provides the way to get the firm engaged. By executing the DLA Piper agreement, work can begin immediately to address the concerns that have been raised and to put in place the mechanism to do the real estate deal. The agreement maintains the Project’s momentum.

6. The opinion was expressed that we will never have a public private partnership.
   a. DLA Piper responded, “If there is a will to do it, there is a way to do it.”

7. It was suggested that we should use DLA Piper as little as possible now – only on critical areas. Also, that we should use DLA Piper during construction of the project. It was suggested that we need DLA Piper now on all levels.
   a. The range of opinions reflects the lack of consensus on when and how best to use DLA Piper.
   b. Staff believes that now is the time to bring DLA Piper on-board. Without the assistance of this outstanding legal firm, the Authority is severally limited in its ability to move the Project forward.
   c. By not approving the DLA Piper agreement, we find ourselves in a “Catch 22” situation. We can’t bring DLA Piper on-board until we resolve all the issues. We can’t resolve all the issues until we bring DLA Piper on-board.

8. The Public Private Partnership (PPP) agreement may make sense in 2015 after a ‘big public monster agency” takes the risk out. Would you rush in?
   a. DLA responded, “We considered the question of should we slow it down? We will get one shot at this. While there are risks, the upside for us is to be involved in the Project. The Orangeline Project is the biggest and best one. We want to be involved. We have top management support.”
   b. Authority staff believes that far from rushing in, the Authority has been very methodical in its approach and that the schedule for moving forward is sound and achievable. Delaying the PPP to 2015 would be a big mistake and offers the Authority no positive value – only added risk and increased costs.

9. The statement was made, “I want to see the Orangeline in operation before we retire.”
   a. Execution of the DLA Piper agreement now is the means for achieving that objective.
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: September 10, 2008

SUBJECT: Warrant Register

RECOMMENDATION

That the Authority Board approves the Warrant Register, as prepared by the Director of Finance and recommended for approval by the Treasurer, for the period July 10, 2008 through September 10, 2008.

ATTACHMENT:

1. Warrant Register July 10, 2008 through September 10, 2008 (will be added to the report or provided at the Board meeting).
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: September 10, 2008

SUBJECT: Communication Items to the Board

RECOMMENDATION

That the Authority Board reviews and discusses the information items and provides possible direction to staff.

INFORMATION ITEMS

Treasurer’s Report

The Finance Director’s September 2008 Report is shown in Attachment 1.

News/Events

- **With Gas Over $4, Cities Explore Whether It's Smart to Be Dense.** Sacramento's 'Blueprint' for Growth Draws National Attention. Between 2004 and 2007, the number of projects with apartments, condominiums and town houses for sale in the region increased by 533%, while the number of subdivisions with homes on lots bigger than 5,500 square feet fell by 21%, according to housing-research firm Hanley Wood Market Intelligence. Source: Ana Campoy Wall Street Journal July 7, 2008; Page A1.

- **Why you want this tax hike.** A sales tax increase, says the mayor, puts us on the road to a better L.A. Our population and economy will only continue to grow. Unless we have a comprehensive plan for improving traffic, the gridlock will continue to get worse. Unfortunately, we can no longer reliably wait on Sacramento or Washington to come through. In this vacuum, the cities of Los Angeles County need to come together and step up. Source: Antonio Villaraigosa, Los Angeles Times, July 24, 2008.

- **Most of transportation sales tax would go elsewhere.** A plan to raise Los Angeles County’s sales tax a half-percent is sparking heated debate over whether it shortchanges the San Fernando, Santa Clarita and Antelope valleys out of billions of dollars for much-needed transportation funds. Home to about 17 percent of the county’s 10 million residents, the Valley gets only 5 percent of the proposed sales-tax money. Source: sue.doyle@dailynews.com. August 02, 2008.

- **Legislature takes aim at urban sprawl and global warming.** A bill calling for financial incentives to target greenhouse gases would be the first in the nation. The legislation, SB 375, would offer incentives to steer public
funds away from sprawled development. The state spends about $20 billion a year on transportation, and under the new law, projects that meet climate goals would get priority. Source: Margot Roosevelt, Los Angeles Times Staff Writer. August 21, 2008.

Meetings

The Executive Director met with representatives of Transrapid International (TRI) from Washington, D.C. and Berlin, Germany. The attached TRI report provides an update on TRI maglev performance and service expansion in Shanghai, China.

ATTACHMENTS

1. Treasurer’s Report for August 2008
2. TRI-USA Shanghai Maglev Project Briefing
# TREASURER'S REPORT
**ORANGELINE DEVELOPMENT AUTHORITY**

**August 2008**

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Mike McCormick
Treasurer
Shanghai Maglev Project Briefing

The first commercial application of high-speed magnetic levitation (maglev) continues successful operation in Shanghai, China. The 19-mile system with operating speeds of 270 miles per hour has been in revenue service seven days per week since early 2004. Final acceptance of the system was achieved in April 2004, officially ending the system commission period. In total, the Transrapid system in Shanghai has carried over 15 million paying passengers, traveled over 3.0 million miles, and achieved an average on-time reliability of 99.98% in daily revenue operation.

Planning is ongoing in China for a phased extension of the Shanghai Airport Connection to the site of the 2010 World Expo, the city's domestic airport, and on to Hangzhou, a large tourist city about 110 miles southwest of Shanghai.

The completion of the Shanghai Project and its upcoming extension continue to present a clear indication that this high-tech transportation technology is fully developed and mature for deployment in the U.S.

Washington DC, June 2008
Background of the Shanghai Maglev Project

- The Project was built as the First Maglev System in the world for commercial use
- The construction time was extremely short – contract award to the German technology companies January 2001, VIP/ Maiden Trip December 31, 2002
- Prestige Project in China, that needed to be completed prior to Premier Zhu Rongji leaving office
- Cost is relatively high due to:
  - First installation
  - Challenging construction schedule
  - Hardware component system all imported from Germany
  - Steep learning curve for Chinese engineers
  - Land acquisition in suburban Shanghai
  - Leading to a total cost of $1.2 billion for the 19 mile system
- Extension to Hangzhou, in final contract negotiations between China and technology companies
- The Hangzhou Extension will connect Pudong Airport via Shanghai to Hongqiao Airport (domestic) and to the City of Hangzhou, 110 miles southwest of Shanghai
- This Project would be built at a 30% reduced capital cost of $40 million per (double track) mile due to:
  - High local content based upon technology transfer from Germany to China
  - Guideway infrastructure is optimized to provide for better and lower cost design
  - Experienced Chinese workforce
- It is expected that the first phase of the Shanghai - Hangzhou project – extending the current operation to the World Expo site, the Shanghai South Railway Station, and the Hongqiao Airport will commence its engineering and construction in early 2009.

Washington DC, June 2008
AGENDA REPORT

TO: Members of the Orangeline Development Authority

DATE: September 10, 2008

SUBJECT: Conference with Labor Negotiator
Closed Session

The Authority Board will meet in closed session, pursuant to Government Code Section 54957.6, to confer with labor negotiator.

Authority Negotiators: Authority Chair Kirk Cartozian, Authority Vice Chair Bruce Barrows, and Authority Auditor Scott A. Larsen.

Unrepresented Employee: Al Perdon, Albert Perdon & Associates
Position: Executive Director.