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SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

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ITEM ID: 2020-530-0

TRANSMITTAL DATE: October 15, 2021

MEETING DATE: October 22, 2021

TO: Board of Directors

FROM: Darren Kettle, Chief Executive Officer

SUBJECT: Amendment to FY22 Adopted Budget to include Mobilization Expense and Service Restoration

Issue

On February 26, 2021, the Board of Directors approved the awarding of a contract for Track, Structure and Signal Maintenance (Mini Bundle) to Herzog. That contract included an amount of \$3,517,751.00 for Mobilization related to this new vendor. The portion of this Mobilization due in FY2020-21 (879,437.75) was covered by savings in the FY2020-21 Budget. At that time, Members were informed that we would not include the balance of the Mobilization (\$2,638,313.25) in the Budget, but that the Authority would instead use CARES Act funds to cover this cost.

Staff is adding the expense associated with Service Restoration into the FY22 Budget.

Recommendation

AUDIT AND FINANCE COMMITTEE RECOMMENDED (5-0) the Board:

- 1) Adopt the Amendment to the FY22 Budget for Mobilization Expense and
- 2) Adopt Service Restoration to the FY22 Budget

Strategic Commitment

This report aligns with the Strategic Commitments of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Consolidating Track, Structure and Signal Maintenance in a single agreement has efficiencies in work product and cost savings.
- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to delight them. The restoration of these services, and the trains selected, are the result of customer feedback and information received regarding services from the Title VI review of the services suspended as a result of the COVID-19 national emergency. Meeting the needs of the customer, being responsive to customer comments, closing gaps in service, and improving connectivity, were the factors used to determine the services to be restored.

Background

Mobilization Expense

At the time of the decision to use CARES Act funding to cover the Mobilization costs, funding for SCRRRA operational activities was provided by a combination of Member Agencies Subsidies and CARES Act funds. With the continuing effects of the COVID-19 pandemic, many Member Agencies have decided that they wish to use CARES Act funds to cover all required operational funding amounts for FY2021-22 which are eligible under the CARES Act grants.

Service Restoration

In July 2021, in response to customer comments, and increasing ridership on some trains, staff was requested to explore restoring some train services that had been suspended due to the COVID-19 national emergency.

Discussion

As a result of the change in funding circumstance, which makes use of CARES Act funding for all expenses eligible under that grant, the Mobilization cost and Service Restoration estimated to be incurred in FY2021-22, should be included with all other expenses in the FY2021-22 Budget. This action is in keeping with best accounting practices.

The allocation method used for Mobilization expense is Route miles owned. The allocation used for Service Restoration will be train miles.

Budget Impact

Mobilization Expense

Upon approval of this request by the Board, the FY2021-22 Adopted Budget will be amended to include an additional \$2,638,313.25.

Service Restoration

Upon approval of this request by the Board, the FY2021-22 Adopted Budget will be amended to include an additional \$85,645 per week for the remainder of FY22. If service is restored beginning December 1st, the cost is estimated to total \$2,398,048.96 through June 30. This does not include the farebox revenue associated with the restored service.

Next Steps

Determine the revenue and expense break out by member agency for Service Restoration. Breakout by Member Agency will be determined by the October 22, 2021 Board Meeting.

Anticipated future Budget amendments: Arrow Service Budget and FY22 Expenses and San Clemente Emergency Track Work.

Prepared by: Christine Wilson, Senior Manager, Finance

Approved by: Alex Barber, Interim Chief Financial Officer

Attachment(s)

[Presentation - Mobilization Amendment](#)

Effect of Service Restoration on FY22 Budget

FY22 Adopted Budget	METRO	OCTA	RCTC	SBCTA	VCTC	Total
Revenue	29,213,825	15,604,054	5,044,779	7,252,509	2,244,130	59,359,297
Expense	127,593,263	54,756,602	26,519,363	29,770,267	14,394,215	253,033,710
Funding Required	98,379,438	39,152,549	21,474,584	22,517,758	12,150,085	193,674,413

Change in Budget	METRO	OCTA	RCTC	SBCTA	VCTC	Total	<i>Change</i>
Revenue <i>(estimated)</i>	710,121	28,674	96,641	127,907	93,776	1,057,119	1.8%
Expense	2,237,053	(416,513)	293,719	510,112	328,766	2,953,138	1.2%
Funding Required <i>(estimated)</i>	1,526,932	(445,187)	197,078	382,205	234,990	1,896,018	1.0%

FY22 Budget with Restored Service as of December	METRO	OCTA	RCTC	SBCTA	VCTC	Total
Revenue	29,923,946	15,632,728	5,141,420	7,380,415	2,337,906	60,416,416
Expense	129,830,316	54,340,089	26,813,082	30,280,379	14,722,981	255,986,847
Funding Required	99,906,370	38,707,362	21,671,662	22,899,963	12,385,075	195,570,432

FY22 Service Restoration - Train Miles

	By Member Agency					
	METRO	OCTA	RCTC	SBCTA	VCTC	Total
Train Miles - FY22 Adopted Budget	1,083,609	543,967	227,075	255,052	75,286	2,184,988
Added Miles for Restored Service	117,931	14,437	18,137	27,289	11,672	189,466
Train Miles with Restored Service	1,201,540	558,404	245,212	282,341	86,957	2,374,454
<i>Share of added train miles</i>	62%	8%	10%	14%	6%	100%
<i>% Increase in train miles</i>	11%	3%	8%	11%	16%	9%

	By Line								
	San Bernardino	Ventura County	Antelope Valley	Riverside	Orange County	IEOC	91/PVL	Deadhead Miles	Total
Train Miles - FY22 Adopted Budget	520,798	193,274	413,712	107,489	389,891	305,311	233,688	20,826	2,184,988
Added Miles for Restored Service	51,810	21,273	45,675	35,441	16,202	0	19,065	0	189,466
Train Miles with Restored Service	572,609	214,546	459,387	142,930	406,093	305,311	252,752	20,826	2,374,454
<i>Share of added train miles</i>	27%	11%	24%	19%	9%	0%	10%	0%	100%
<i>% Increase in train miles</i>	10%	11%	11%	33%	4%	0%	8%	0%	9%
<i># Trains restored</i>	6	2	6	4	2	0	2	0	22