



Board Report

File #: 2015-1717, File Type: Program

Agenda Number: 55.

REGULAR BOARD MEETING
DECEMBER 3, 2015

**SUBJECT: METRO’S SHARE OF THE SOUTHERN CALIFORNIA REGIONAL RAIL
AUTHORITY’S (METROLINK) PURCHASE OF 2 NEW LOCOMOTIVES AND THE
LEASE OF BNSF RAILWAY’S (BNSF) LOCOMOTIVES**

ACTION: APPROVE FUNDING ACTIONS

RECOMMENDATION

AUTHORIZE AND APPROVE the appropriation of:

- A. \$3.0 million in Measure R 3% - Metrolink Capital funds as match to \$9.9 million in State grant funds for the **procurement of 2 locomotives**; and
- B. an amount not to exceed \$3.3 million of Proposition C 10% - Commuter Rail funding in support of **Metrolink’s temporary lease of up to 40 BNSF locomotives**.

ISSUE

Metrolink has requested Metro share for the purchase of two new locomotives and the temporary lease of up to 40 BNSF Locomotives (Attachment A).

DISCUSSION

Locomotive Procurement

During 2015, Metrolink received Metro supported grants from the State of California in the amount of \$41 million in Transit and Intercity Rail Capital Program (TIRCP) funds and up to \$58.85 million in Carl Moyer funds from the Southern California Air Quality Management District (SCAQMD) for the procurement of up to 20 new low emission Tier 4 locomotives.

The action requested in recommendation A provides the necessary local match to the State TIRCP funds for 2 Metro requested locomotives to provide the necessary equipment capacity for future service expansion in Los Angeles County.

The total cost of the two locomotives, including necessary inspections and project management is \$12.9 million. With the leveraging of State funding, Metro’s contribution requirement is reduced to

\$3.0 million, or 23% of the costs of the 2 locomotives. Metrolink has previously exercised an option for 17 of 20 locomotives and the remaining option on 3 locomotives expires on January 31, 2016.

Lease of BNSF Locomotives

Metrolink currently operates, in accordance with standard industry practice, in a Push/Pull configuration. In one direction the locomotive is the lead vehicle and “pulls” the train while in operation. In the reverse direction the locomotive “pushes” the train set which is operated by the Engineer in a specially configured cab car at the opposite end of the train. In September 2015, Metrolink determined that, temporarily, pending a review of the cab cars in their fleet, and in an abundance of caution, a locomotive should be the lead vehicle in both directions of operation. In October, Metrolink entered into a lease agreement with the BNSF to lease 40 General Electric (GE) AC4400CW Locomotives in order to equip their fleet accordingly.

Metrolink’s original request of Metro was for a total of \$9.8 million in new FY16 authority. Under the direction of the Chief Executive Officer, Metro staff has met on multiple occasions with our colleagues at Metrolink to review all options available to address this extraordinary funding request including: an extensive review of the cost estimates provided by Metrolink, other non-Metro funding sources that might be available, capacity within the FY16 approved Metrolink budget, and the availability of previously Board approved but unused Metro funding to Metrolink.

Since the receipt of the vehicles, Metrolink has been engaged in extensive field testing of the equipment in order to refine their initial cost estimates. Based on this testing, available operations data have identified costs savings in several areas that are anticipated to reduce costs to the member agencies.

The revised proposed funding of Metro’s FY16 participation in the lease and operation of the locomotives is:

Original Request:	\$ 9.8 million
Identified Savings:	\$(3.5) million
Application of Previously Approved But Unused Funding:	\$(3.0) million
Revised Request:	\$ 3.3 million

DETERMINATION OF SAFETY IMPACT

Both the procurement of new locomotives and the lease of BNSF locomotives will increase the safety of Metrolink passengers.

FINANCIAL IMPACT

The adoption of staff recommendations outlined above would increase Metro's FY16 contribution to Metrolink by a total of \$6.3 million. As Metro's membership in the Joint Powers Authority represents a multi-year commitment, future contributions will be addressed during the Board's consideration of the FY17 Budget.

Funding for this item consists of \$3.3 million in Proposition C 10% Commuter Rail funds and \$3.0 million in Measure R 3% Metrolink Rail Capital funds.

ALTERNATIVES CONSIDERED

The Board could choose not to support Recommendation A above to procure new locomotives. This alternative is not recommended as Metro supported the Metrolink application for funding; the new locomotives provide significant environmental benefits compared to the current fleet; and additional equipment would be needed to address future service expansion in Los Angeles County.

The Board could also choose not to support Recommendation B above for the temporary lease of 40 additional BNSF locomotives. This alternative is not recommended as the addition of the locomotives within the operating cycle will provide an increased measure of safety for our passengers until a final determination has been made on the operating capacities of the current fleet of Cab cars.

NEXT STEPS

Metro staff continues to meet with Metrolink staff to address outstanding funding issues, including all previously approved and appropriated funds for Capital Expansion, Rehabilitation, or Operations, and ensure the highest current priorities are being addressed.

Metro staff continues to develop a policy for Board approval on future funding and operations planning for Metrolink.

Staff is in the process of developing the Cost/Benefit analysis as directed by the Board.

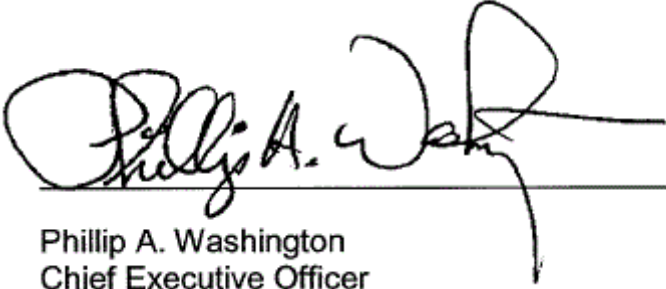
Metrolink has committed to provide Metro with a financial plan in February demonstrating their commitment to the return of Metro's \$18 million loan to Metrolink.

ATTACHMENTS

Attachment A - Letter from Metrolink requesting additional funding

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