



Board Report

File #: 2022-0255, File Type: Budget

Agenda Number: 18.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 15, 2022**
SUBJECT: FY 2022-23 METROLINK ANNUAL WORK PROGRAM BUDGET**ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

CONSIDER:

- A. APPROVING programming the Los Angeles County Metropolitan Transportation Authority's ("Metro") share of the Southern California Regional Rail Authority's (SCRRA) FY 2022-23 Operating, Rehabilitation, and Capital Budget in the amount of \$171,180,124;
- B. EXTENDING the lapsing dates for funds previously allocated to Metrolink for the Rehabilitation and Renovation Program and Capital projects as follows:
- FY 2014-15 extended from June 30, 2023 to June 30, 2024 - \$3,423
 - FY 2016-17 extended from June 30, 2023 to June 30, 2024 - \$286,000
 - FY 2018-19 extended from June 30, 2023 to June 30, 2025 - \$1,651,187
 - 94SCRALINK extended from June 30, 2023 to June 30, 2024 - \$245,242
 - 94-DORANSCRRA extended from June 30, 2022 to June 30, 2023 - \$137,029
 - 94SCRRAMRLUS extended from June 30, 2022 to June 30, 2023 - \$69,725
 - MRBRIGHTRX extended from June 30, 2022 to June 30, 2023 - \$226,990;
- C. APPROVING the FY23 Transfers to Other Operators' payment rate of \$1.10 per boarding to Metro and an EZ Pass reimbursement cap to Metro of \$5,592,000; and
- D. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements between Metro and the SCRRA for the approved funding.

ISSUE

The SCRRA (operating as "Metrolink") Joint Exercise of Powers Agreement (JPA) requires the member agencies to approve their share of the Metrolink budget on an annual basis. The total Metrolink FY 2022-23 Budget request for all JPA Member Agencies is \$441,616,694 consisting of \$232,549,743 for Commuter Rail Operations, \$94,445,000 for Rehabilitation Projects and \$114,621,951 for New Capital Projects. Staff is recommending approval of Metro's share of the Metrolink FY 2022-23 Budget in the amount of \$171,180,124. Metrolink is providing this proposed

budget to obtain member agency approval before adopting their FY 2022-23 budget in June. Metrolink transmitted their final FY 2022-23 budget on May 27, 2022, pursuant to the JPA guidelines (ATTACHMENT A).

DISCUSSION

The SCRRA operates and provides the Metrolink commuter rail service within Los Angeles County and between Los Angeles County and the surrounding counties of Orange, Riverside, San Bernardino and Ventura, and up to the northern San Diego County line. Metro’s JPA member agency share of Metrolink’s FY 2022-23 Budget totals \$171,180,124 consisting of \$120,454,841 for Commuter Rail Operations, \$42,455,125 for Rehabilitation Projects and \$8,270,158 for New Capital Projects.

Metrolink Operations - \$120,454,841

Metrolink’s total FY 2022-23 Budget request for Commuter Rail Operations from all JPA Member Agencies is \$232,549,743. Metro’s share of Metrolink Commuter Rail Operations is \$120,454,841 (of the total \$232,549,743) which is a \$20,527,239 increase (20.5%) over FY22 funding levels (please refer to Table 1 below). The increase in Commuter Rail Operations is attributable to costs related to increased fuel, annual fixed operating contract escalators of 3% to 5%, increased equipment maintenance, system security, and maintenance of way as well as a 90% reduction in ridership due to the COVID pandemic resulting in substantial revenue loss. In addition, pursuant to Metrolink Board direction, Metrolink is restoring service to 100% service levels in October 2022 and adding new weekend service on the Ventura County Line consisting of two roundtrips on Saturday and Sunday. Metrolink has no fare increase for FY23. Staff continues to work collaboratively with SCRRA to ensure equitable and adequate service levels are implemented as we recover from the COVID pandemic as well as maintain an effective level of operating and maintenance costs.

TABLE 1 – METROLINK OPERATIONS BUDGET SUMMARY (\$000)				
	FY22	FY23	DIFFERENCE	CHANGE %*
Expenses	\$253,033,710	\$296,573,224	\$43,539,514	17.2%
Revenues	\$59,359,297	\$64,023,481	\$4,664,184	7.9%
Member Agencies	\$193,674,413	\$232,549,743	\$38,875,330	20.1%
Metro Subsidy	\$99,927,602	\$120,454,841	\$20,527,239	20.5%
Metro Share of Subsidy	51.6%	51.8%		

* Numbers may be subject to minor rounding.

Rehabilitation and Capital Projects - \$50,725,283

Metrolink submits Rehabilitation and Capital project funding requests to the JPA member agencies on an annual basis to maintain the Metrolink commuter rail system in a state of good repair, to ensure safety, and improve service. Metrolink’s FY 2022-23 total Rehabilitation and Capital budget request from all the JPA member agencies is \$209,066,951, consisting of \$94,445,000 for Rehabilitation/State of Good Repair and \$114,621,951 for New Capital Projects (see Rehabilitation and Capital Project List in ATTACHMENT A). Metro’s share is a total of \$50,725,283 (of the total \$209,066,951) for the FY 2022-23 Rehabilitation and Capital projects consisting of the following:

- \$35,955,125 for systemwide projects shared by all the JPA member agencies comprised of primarily rebuilding and rehabilitating Bombardier rail cars and rolling stock as a whole, track rehabilitation, positive train control enhancements, back-office communications, replacing MOW vehicles and equipment and rehabilitating building facilities
- \$6,500,000 for line specific projects on the Antelope Valley Line to rehabilitate bridges, culverts and tunnels, track, ties, ballast and crossing replacements, and signal, crossing and communication systems
- \$5,502,875 for systemwide New Capital Projects shared by all member agencies
- \$2,767,283 for systemwide New Locomotive Replacement shared by all member agencies*

* Metrolink has been very proactive by obtaining a \$51,696,093 Carl Moyer Grant and has requested \$45,000,000 in RAISE Grant funding (\$96,696,093 total Grant funding) to minimize member agency funding requirements to purchase new locomotives (totaling \$102,521,051) that will modernize the Metrolink fleet and lower emissions. Metro’s \$50,725,283 share assumes receipt of these grant funds. Metro staff will keep the Board apprised of next steps if the RAISE Grant funding is not awarded.

Metro staff has been working collaboratively with Metrolink and the other member agencies to review Metrolink’s FY23 rehabilitation and capital program, which aligns with all the JPA member agencies’ funding commitments. Staff is also working with Metrolink to prioritize urgent tracks, bridges, culverts and structures state of good repair projects to maintain safety and service.

Between FY17 through FY22, Metro has provided a total of approximately \$227 million in funding for 213 rehabilitation and capital projects.

TABLE 2 - Metro Funds for Rehab and Capital		
Fiscal Year	Number of Projects	Funding Amount
FY17	55	\$41,678,525
FY18	1	\$6,819,000
FY19	74	\$41,731,193
FY20	26	\$33,352,440
FY21	13	\$19,124,456
FY22	27	\$33,349,794
Subtotal	196	\$176,055,408
Proposed for FY23	17	\$50,725,283
GRAND TOTAL	213	\$226,780,691

EXTEND LAPSING DATES OF REHABILITATION / CAPITAL FUNDS

Metrolink rehabilitation and capital projects maintain system safety, ensure state of good repair and modernize the Metrolink system span over a five-year project delivery program for most projects. This recommended Board action extends SCRRA's various rehabilitation and capital project MOU funding in the amount of \$2,619,596 as outlined from expiring on June 30, 2022. Due to the unprecedented COVID pandemic, unforeseen material supplier delays, and project work delays, a time extension is being requested. Metrolink indicated that their work is in progress, some projects are close to completion and will be completed and invoiced by the requested extension date.

TRANSFERS TO OTHER OPERATORS' PAYMENT RATE TO METRO

Metrolink reimburses Metro for Metrolink riders who transfer to and from Metro services for free, including the rail system at Union Station, through the EZ Transit Program. For FY23, staff is recommending that the reimbursement rate remain at \$1.10, the same as for FY22, and that the existing EZ Transit Pass cap of \$5,592,000 be honored.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Metro's total FY 2022-23 Metrolink Annual Work Program programming authority recommendation is \$171,180,124. This is a programming action where capital expenditures can occur over multiple years and the Cost Center Manager will be responsible for annual budget funding allocations.

Metro's share of Commuter Rail Operations will be funded with \$120,454,841 in new Proposition C 10% / Measure M 1% funds and Rehabilitation and Capital may be funded with \$50,725,283 in new Measure R 3% funds to be expended over a five-year period through FY 2027. In July 2021, the Metro Board approved \$82.8 million in supplemental ARPA funds which can be allocated to eligible Metrolink operating expenses.

EQUITY PLATFORM

Advancing the implementation of key railroad projects to improve Metrolink service speeds, reliability and connectivity will provide enhanced transit opportunities for transit riders on the entire Metrolink system to access employment, education, healthcare, and recreation. Additionally, improved Metrolink service will allow commuters to make the modal shift from driving through impacted communities to taking transit, thus improving safety, mobility, and air quality for residents in Equity Focus Communities adjacent to freeway facilities. Metro's programming share will also help fund transit service outside of Metro's service area.

Metrolink projects are designed and implemented with the requirement for community engagement to ensure that additional service levels on existing right-of-way, as well as potential construction impacts, are understood by local disadvantaged communities to help prevent disparities and provide benefits. Regional rail investments create dislocated benefits for more distant communities and

impacts for communities along the corridor where projects and increased train volumes are felt.

Metro will work collaboratively with Metrolink to seek opportunities to engage local communities to understand these equity issues prior to implementing projects as part of its process to work with local stakeholders to support better transit opportunities. Metro will review Metrolink's evaluation criteria to ensure it will be developed to include equity and benefits to disadvantaged communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Staff's recommendation supports Strategic Plan Goal #1.2 to improve L.A. County's overall transit network and assets. Metro will work with the SCRRA to provide more frequent and reliable Metrolink service, improve customer satisfaction, and better transit connections throughout the network.

ALTERNATIVES CONSIDERED

As a member of the SCRRA JPA, Metro is required to approve its annual share of the SCRRA budget. The Metro Board could elect to authorize a different budget amount. However, staff does not recommend an alternate budget amount since Metro is funding Metrolink's full funding request.

NEXT STEPS

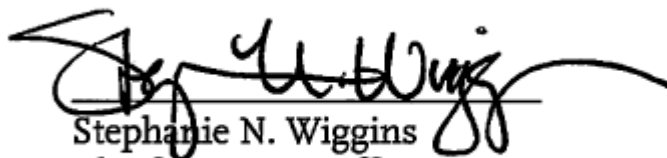
The Metrolink Board is scheduled to adopt their FY 2022-23 budget on June 24, 2022. Metro staff will monitor the implementation of SCRRA's budget and report back to the Metro Board with any issues requiring Metro Board action. Metro is firmly supportive and committed to being a strategic partner with Metrolink.

ATTACHMENTS

Attachment A - Metrolink FY 2022-23 Budget Transmittal

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