



Board Report

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Agenda Number: 53.

AD-HOC REGIONAL RAIL COMMITTEE JANUARY 20, 2016

SUBJECT: SCOPE AND OBJECTIVES - COST/BENEFIT ANALYSIS OF METRO'S SUBSIDY TO METROLINK

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report and provide guidance on the **scope and objective of staff's proposed Cost/Benefit Analysis of Metro's subsidy to Metrolink.**

ISSUE

At its meeting of December 3, 2015 Metro's Board adopted Motion 40 recommending:

- A. The CEO assign staff to complete a comprehensive Cost/Benefit analysis for the Los Angeles County subsidy to Metrolink; and
- B. That until such analysis is completed and approved by the board, any and all funding requests from Metrolink that increase, or have the potential to increase the Metro contribution above the FY16 approved budget, or affect Los Angeles County residents/riders negatively, shall come to the MTA board for approval prior to Metrolink full board approval; and
- C. That the Chair of the MTA board create an ad hoc committee to convene, as required, to vote on Los Angeles County Metrolink issues and to direct the cost/benefit analysis. Said study shall include MTA staff, including, at a minimum, finance and innovation executives, to oversee a cost/benefit analysis to look at innovative ways the MTA can best serve the Los Angeles County constituency; and
- D. That the ad hoc Metrolink committee be convened beginning January 2016; and
- E. That staff complete the cost/benefit analysis and report back to the board in March 2016.

DISCUSSION

Through the initiation of a Cost/Benefit Study of LA Metro's subsidy of Metrolink, staff will seek to provide information that allows the Committee and Metro's Board to examine, review, and make recommendations based on the following:

Costs

- Metrolink's cost structure and performance in relation to Commuter Rail industry standards; and
- Metrolink's performance in key categories in comparison to Metro's other modes of transportation cost and performance; and
- An examination of Metro's contributions in relation to the other Member Agencies
- Other Information as requested by the committee

Benefits

- Measure of the benefit of Metrolink services to and within Los Angeles County including:
 - Los Angeles County residents utilization of the system
 - Potential congestion relief on parallel freeways
 - Economic benefits to Los Angeles County including Downtown Los Angeles
 - Potential avoided costs of alternative service provisions (ie Long Distance Commute)
 - Direct funding benefits such as Federal and State Formula funds.

Finally, in light of the ongoing space planning study efforts here at Metro's Gateway headquarters building, we will highlight the cost and revenue effects of continuing to retain Metrolink as a tenant within the building compared to the costs of leasing alternative space for Metro activities.

Staff's objective is to provide sufficient information to the Committee and the Board to:

- Determine if the current Metro contribution to Metrolink is commensurate with identified benefits; and
- Ensure alignment of Metro's priorities with services and funding provided; and
- Identify opportunities for improvement in Metro's relationship, oversight and participation in Metrolink policy decisions; and
- Seek innovative solutions that advance the regional mobility of Los Angeles County residents.

FINANCIAL IMPACT

The completion of a Cost/Benefit analysis of Metro's subsidy to Metrolink will provide the Board a clearer understanding of Metro's investment in commuter rail in Los Angeles County and identify potential cost savings opportunities..

Impact to Budget

There is currently no budget impact in the initiation of a Cost/Benefit Analysis of Metro's subsidy to Metrolink

ALTERNATIVES CONSIDERED

None. This action implements a Board directive.

NEXT STEPS

Staff is currently engaged in the identification, collection, and analysis of available data. We will return to the Committee to:

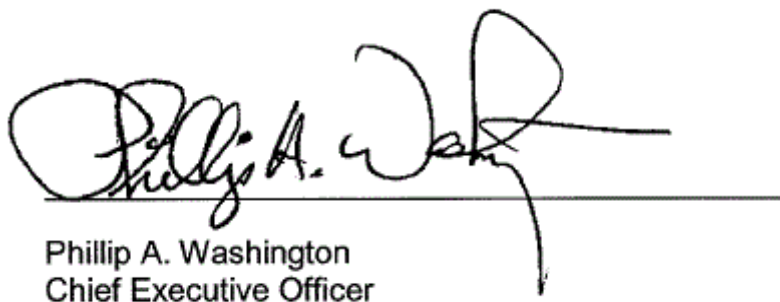
- Identify potential data gaps and seek out the latest research relating to Commuter Rail industry operations; and
- Provide for Committee review the factors that lead to the subsidy share calculations among the member agencies; and
- Provide an update of preliminary data trend analysis; and
- Continue to report back to the Committee on an ongoing basis.

ATTACHMENTS

Attachment A - Motion 40 as adopted December 3, 2015

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