



Board Report

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Agenda Number: 38.

FINANCE, BUDGET AND AUDIT COMMITTEE MAY 15, 2019

SUBJECT: FY 2019-20 METROLINK ANNUAL WORK PROGRAM BUDGET

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING the Los Angeles County Metropolitan Transportation Authority's (Metro) share of the Southern California Regional Rail Authority's (SCRRA operated as "Metrolink") FY 2019-20 Budget Transmittal dated April 22, 2019, in the amount of \$111,341,440 along with Metro's enhanced operations programs in the amount of \$6,546,563 as listed in Attachment A for a totaling programming amount of \$117,888,003;
- B. REPROGRAMMING the use of \$3,237,526 in FY 2017-18 Operating Surplus to fund a portion of Metro's share of Metrolink's operating costs detailed in Attachment A;
- C. REPROGRAMMING up to \$3,900,000 in surplus FY17 state of good repair funds to fund a portion of Metro's share of Metrolink's FY 20 rehabilitation and capital program listed in Attachment A;
- D. APPROVING additional funding for the San Bernardino Line 25% discount program in the amount of \$2,190,969 to establish the life of project budget of \$4,190,969;
- E. EXTENDING the lapsing dates for funds previously allocated to Metrolink for the Rehabilitation and Renovation Program as follows:
 - FY 2013-14 from June 30, 2019 to June 30, 2020 - \$73,298
 - FY 2014-15 from June 30, 2019 to June 30, 2020 - \$2,663,905;
- F. APPROVING the FY20 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
- G. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements between Metro and the SCRRA for the approved funding.

ISSUE

The Southern California Regional Rail Authority (SCRRA operated as “Metrolink”) Joint Exercise of Powers Agreement (JPA) requires the member agencies to approve their individual share of the Metrolink budget on an annual basis (please refer to Attachment B - Metrolink Transmittal of the Proposed Fiscal Year 2019-20 Budget dated May 1, 2019). The total Metrolink FY 2019-20 Budget request from all JPA Member Agencies is \$224.216 million consisting of \$157.445 million for Commuter Rail operations, \$63.731 million for Rehabilitation and \$3.040 million for capital projects. Staff is recommending the approval of \$117,880,003 for Metro’s share of Metrolink’s FY2019-20 Budget and Metro’s enhanced operations programs detailed in 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 is firmly supportive and committed to be a strategic partner with Metrolink. Metro’s share of Metrolink’s FY 2019-20 Budget totals \$111.342 million consisting of \$77.989 million for commuter rail operations, \$31.964 million for rehabilitation projects and \$1.389 million for new capital projects as further described below.

Metrolink Operations

Metrolink’s total Budget request from all JPA Member Agencies is \$157.445 million for Commuter Rail operations. Metro’s share of the Metrolink commuter rail operations is \$77.989 million (of the \$157.445 million) which is a \$2,869 million increase (3.8%) over FY19 levels (please refer to Table 1 below). The increase in commuter rail operations is attributable to the contract escalation costs for train operations and equipment maintenance, salaries and benefits with an increase of five (5) new full time equivalent positions, administrative costs and the addition of new Metrolink services. The new Metrolink services consists of two additional roundtrips on the Orange County Line, two additional round trips on the 91/Perris Valley Line, one Saturday round trip on the Ventura County Line and one mid-day roundtrip to the Hollywood Burbank Airport. Metrolink has no fare increases for FY 20. Staff continues to work with SCRRA to control and maintain an effective level of operating and maintenance costs.

	FY19	FY20	DIFFERENCE	CHANGE %*
Expenses	\$251,356	\$262,869	\$11,505	4.6%
Revenues	\$100,806	\$105,423	\$4,683	4.6%
Member Agency	\$150,550	\$157,445	\$6,822	4.5%
Metro Subsidy	\$75,120	\$77,989	\$2,869	3.8%
Metro Share of Subsidy	49.9%	49.5%		

*Numbers may be subject to minor rounding

Rehabilitation and Capital - \$33,352,440

MetroLink’s FY 2019-20 total rehabilitation and capital budget request from all the JPA member agencies was revised on the April 22, 2019 budget transmittal to \$66.771 million (which includes \$63.731 million for rehabilitation and \$3.040 million for capital). Metro’s share is \$33.353 million (out of \$66.771 million) for the FY 2019-20 rehabilitation and capital projects. Staff is recommending programming funds in the amount of \$31.964 million for rehabilitation projects and \$1.389 for capital projects as listed on Attachment B-MetroLink Transmittal of the Proposed Fiscal Year 2019-20 Budget dated May 1, 2019.

Metro has been working collaboratively with the other four JPA members and MetroLink to review MetroLink’s FY20 rehabilitation and capital program in detail since November 2018 where MetroLink’s original rehabilitation and capital program totaled approximately \$87.816 million consisting of \$84.776 million for rehabilitation and \$3.040 million for capital. Based on Metro’s review of the project readiness of the MetroLink rehabilitation and capital program, Metro estimated approximately \$29.9 million in programming authority for FY 20 (refer to Attachment C-Metro’s Update on MetroLink FY 2019-20 Budget dated March 21, 2019). After further coordination with MetroLink and in support of the other JPA member’s subsidy share of the MetroLink rehabilitation and capital program, Metro increased the programming authority of MetroLink’s FY 20 rehabilitation and capital budget program from \$29.9 million to \$33.353 million to fund the all-share and line specific rehabilitation and capital programs shared with the other JPA members. Subsequently, on April 22, 2019, MetroLink revised their FY 20 budget request for their rehabilitation and capital program to \$66.771 million (from \$84.776 million) which aligns with all the JPA member agencies’ funding commitments.

Staff is working with MetroLink to prioritize urgent tracks, bridges, culverts and structures state of good repair projects to maintain safety and service. In the last three years, Metro has provided a total of \$90.2 million consisting of over 130 rehabilitation and capital projects from FY17 through FY19. In the last ten years, Metro’s largest singular year contribution to MetroLink’s rehabilitation and capital program is approximately \$41.7 million which occurred in FY 19.

MetroLink’s project delivery of rehabilitation and capital projects has significantly improved since FY17 especially on 29 High Priority State of Good Repair Projects with an initial cost savings of approximately \$4.922 million (refer to Attachment D-MetroLink’s High Priority SOGR Program dated April 2019). Since MetroLink uses a four (4) year project delivery schedule for their rehabilitation and capital program, as of April 23, 2019, MetroLink has completed a total of 12 projects totaling \$12.917 million with a cost savings of approximately \$4.922 million with 42 projects in process and 76 projects have not commenced yet. Metro anticipates additional cost savings will be incurred for the remaining 118 projects. However, at this time, with the cost savings incurred to date, staff is proposing to reprogram \$3.9 million from the FY17 High Priority SOGR Projects to fund \$3.9 million of Metro’s share of MetroLink’s FY 2019-20 rehabilitation and capital program. The current total of outstanding MetroLink funding is approximately \$75.4 million for rehabilitation and capital project work dating from FY14 through FY18.

TABLE 2-Metro Funds for MetroLink Rehab/Capital		
Fiscal Year	Number of Projects	Total

FY 17	55	\$41,678,525
FY 18	1	\$6,819,000
FY 19	74	\$41,731,193
Subtotal	130	\$90,228,718
Proposed FY 20	26	\$33,352,440
GRAND TOTAL	156	\$123,581,158

KEY HIGHLIGHTS OF THE PROPOSED FY 20 BUDGET ARE AS FOLLOWS:

Right-of-Way (ROW) Security Services Provided by L.A. Sheriffs (LASD) - \$2,522,962

MetroLink contracts with the LASD to provide core security and fare enforcement services on board trains and at stations. In addition to core security services, Metro provides additional funding to MetroLink for 9.5 LASD full time equivalents (FTEs) to provide a dedicated LASD presence along Metro owned ROW resulting in quicker LASD responses to incidents along the ROW within Los Angeles County.

Although the Regional Rail department funds these services, Metro's Security and Law Enforcement department oversees the MetroLink's Sheriff's program in conjunction with the Regional Rail department to realize more efficiencies, to maximize deployment of LASD deputies, assist with deterring homeless encampments, reduce incidents as a result of enhanced security presence, provide oversight, coordination and collaboration of MetroLink's security and law enforcement services.

Antelope Valley Line Contract Security & LASD Program - \$1,707,632

The Antelope Valley Line (AVL) Contract Security and LASD Program (formerly the AVL 100% Fare Enforcement Program) was implemented in October 2017. The new blended approach of utilizing security officer deployments to achieve an increased security presence and enhanced fare enforcement coverage along the AVL has been very successful. SCRRA is reporting that fare evasion has decreased since the program's implementation. The new security officer deployments supplement existing LASD and Amtrak conductor security and fare enforcement functions.

San Bernardino Line 25% Fare Subsidy Program - \$2,190,969

In January 2018, Directors Solis, Najarian, Krekorian and Fasana submitted Motion #44 directing the Chief Executive Officer to work with SCRRA and the San Bernardino County Transportation Authority (SBCTA) to develop a strategic plan to implement a Fare Discount Pilot Program and report back in 90 days. In partnership with SBCTA, in April 2018 staff recommended a 25% fare discount pilot program "across the board" which began in July 2018. The Board approved programming up to \$2 million in prior year Proposition C 10% surplus funds to fund the fare reduction pilot. In October 2018 SCRRA conducted a Title 6 study and SCRRA made the new service part of their permanent fare structure. As of October 2018 ridership was up 10% and the pilot was considered very successful. However, the total anticipated cost for the life of the program is estimated to be \$4,190,969. As such, staff is recommending additional funding in the amount of \$2,190,969 to fund the new service

through FY 2022 at which point the program is expected to break even.

Special Events - \$125,000

SCRRA has begun including recurring special events (L.A. County Fair, L.A. Rams Games, etc.) in their FY20 operating budget based on the history of past events. However, to ensure that in the event additional Metro sponsored special events occur, staff is recommending an additional \$125,000 to fund these costs such as for CicLa Via, Dodgers Express, etc., just to name a few.

Extend Lapsing Dates of Rehabilitation / Capital Funds

This recommended Board action extends SCRRA's FY 2013-14 and FY 2014-15 funding in the amount of \$2,737,203 from expiring on June 30, 2019 to June 30, 2020. Metrolink rehabilitation and capital projects span over a 4 year project delivery program to take advantage of matching federal funds. As a result, funds programmed over multiple years may not be completely invoiced prior to the funds lapsing and Metro does not recognize project completion until we are invoiced. In FY15, Metro extended the lapsing period to four years and extended the lapsing dates of several MOUs. Metrolink indicated that their work is in progress, close to completion and will be completed and invoiced by fiscal year end 2020.

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 Pass Program. For FY20, staff is recommending that the reimbursement rate remain at \$1.10, the same as for FY19, 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 FY20 Metrolink Annual Work Program programming authority recommendation is \$117,888,003 as outlined in Attachment A. Operations funding consists of \$81,298,037 in new Proposition C 10% / Measure M1% funds and reprogramming \$3,237,526 of FY18 operating surplus for a total of \$84,535,563; Rehabilitation and Capital consists of \$29,334,355 in new Measure R 3% funds, \$3,900,000 of FY17 surplus rehabilitation and capital funds and \$118,085 from Metro's funding contribution already allocated to the LINK US project.

This is a programming action and the Cost Center Manager will be responsible for annual budget funding allocations.

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 Southern California Regional Rail Authority (SCRRA) to provide more frequent and reliable Metrolink services, improve customer satisfaction, and support better transit connections throughout the network.

ALTERNATIVES CONSIDERED

As a member of the JPA, Metro is required to approve its annual share of the SCRRA budget. However, the Metro Board could elect to authorize a higher capital/rehabilitation budget amount. Metro staff does not recommend this option due to Metrolink's progress on their project delivery and current unspent funds in the amount of \$75.4 million consisting of previously approved Metro funding during the period of FY14 through FY18.

NEXT STEPS

Staff is working collaboratively with Metrolink staff to prioritize urgent track and structure rehabilitation projects to maintain safety and service. Staff will provide progress reports on Metrolink rehabilitation and capital projects through the Regional Rail Quarterly Report.

The Metrolink Board is scheduled to adopt its FY20 Budget on June 14, 2019. Metro staff will monitor implementation of SCRRA's budget and report back to the Metro Board with any issues requiring Board action.

ATTACHMENTS

Attachment A - Metro Share of Metrolink Programming for FY 2019-20

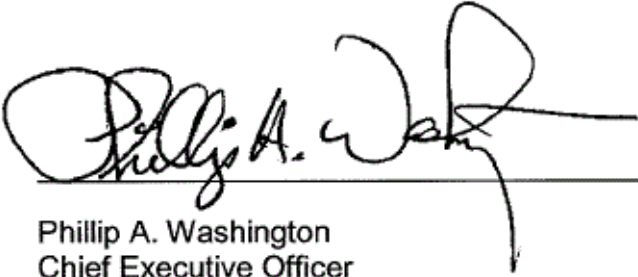
Attachment B - Metrolink Transmittal of Proposed FY 2019-20 Budget dated 4/22/19

Attachment C - Metro's Update on Metrolink FY 2019-20 Budget dated 3/21/19

Attachment D - Metrolink High Priority SOGR Program, April 2019

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