



Board Report

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Agenda Number: 14.

**FINANCE, BUDGET, AND AUDIT COMMITTEE
JUNE 14, 2017**

SUBJECT: FY 2017-18 METROLINK ANNUAL WORK PROGRAM BUDGET

ACTION: APPROVE METROLINK’S FY 2017-18 ANNUAL WORK PROGRAM AND RELATED ACTIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING the Southern California Regional Rail Authority’s (SCRRA) FY 2017-18 (FY18) Annual Work Program pursuant to their revised May 16, 2017, budget transmittal (Attachment A);
- B. APPROVING the Los Angeles County Metropolitan Transportation Authority’s (LACMTA) share of SCRRA FY18 Metrolink funding totaling \$84,260,839 for programs detailed in Table 1;
- C. APPROVING increasing the Antelope Valley Line 100% Fare Enforcement program’s FY17 funding contribution from \$1,700,000 to \$2,005,573;
- D. EXTENDING the lapsing dates for funds previously allocated to SCRRA for the Rehabilitation and Renovation Program as follows:
 - FY 2013-14 from June 30, 2017 to June 30, 2018 - \$955,790;
- E. APPROVING the FY18 Transfers to Other Operators payment rate of \$1.10 per boarding to LACMTA and an EZ Pass reimbursement cap to LACMTA of \$5,592,000; and
- F. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements between LACMTA and the SCRRA for the approved funding.

ISSUE

The SCRRA Joint Exercise Powers Agreement (JPA) requires the member agencies to annually approve their individual share of Metrolink funding.

DISCUSSION

The Metrolink system provides commuter rail service within Los Angeles County and between Los Angeles County and the surrounding counties of Orange, Riverside, San Bernardino, and Ventura, as well as northern San Diego County.

Staff is recommending an approval of LACMTA share of SCRRA FY18 Metrolink funding totaling \$84,260,839 for programs detailed in Table 1 below. The SCRRA overall FY18 Budget request for new programming from all Member Agencies consists of \$243.0 million for Commuter Rail operations, \$89.6 million for Rehabilitation and Renovation projects and \$5.3 million for New Capital projects.

LACMTA Contribution

**TABLE 1
Requested FY18 LACMTA Share of Metrolink Programming**

Proposition C 10% - Operations	Recommended Amount
Commuter Rail Operations	\$71,659,000
Enhanced L.A. County ROW Security	2,360,550
Antelope Valley Line Fare Reduction Program	1,262,000
Antelope Valley Line 100% Fare Enforcement Program	1,910,289
One-Time Special Events	250,000
Subtotal Proposition C 10%	\$77,441,839
Measure R 3% - Capital	
Rail Car Overhaul	\$6,819,000
Subtotal Measure R 3%	\$6,819,000
Total New Metrolink Programming	\$84,260,839

Proposition C 10% Funds:

For FY 18, LACMTA’s share of SCRRA’s Operations is \$71,659,000 which is a projected decrease of \$0.8 million (.3%) over FY17 levels (refer to Table 2). This decrease is attributable to reduced fuel and equipment maintenance costs. The FY18 SCRRA’s budget anticipates the operation of 172 weekday and 90 weekend trains, the addition of Sunday Service on Holidays and no fare increase.

It is important to note that the SCRRA' operating subsidy request has dramatically increased over the past five years with an 88 percent increase in Metro’s subsidy since FY12. This trend is not sustainable and exceeds LACMTA’s Long Range Transportation Plan projection. Staff continues to work with SCRRA to control and reduce SCRRA’s operating costs.

TABLE 2- METROLINK OPERATIONS BUDGET SUMMARY (\$000)

	FY17	FY18	DIFF.	CHANGE *
Expenses	\$ 243,815	\$ 243,045	\$ (770)	(0.3%)
Revenues	\$ 102,246	\$ 100,646	\$(1,600)	(1.6%)
Member Agency	\$ 141,569	\$ 142,399	\$ 830	0.6%
Metro Subsidy	\$ 71,794	\$ 71,659	\$ (135)	(0.2%)
Metro Share of	50.7%	50.3%		

* Numbers may be subject to minor rounding

Right-of-Way (ROW) Security Services to Be Provided by L.A. Sheriffs (LASD) - \$2,360,550

SCRRA contracts with the LASD to provide core security and fare enforcement services on board trains and at stations. In addition to core security services, LACMTA provides additional subsidy to SCRRA for supplemental LASD services on SCRRA ROW owned by LACMTA. The budget amount for 9.5 full time equivalents (FTEs) is to provide a dedicated security presence along LACMTA owned ROW, and to more quickly respond to incidents along the ROW within Los Angeles County.

Antelope Valley Line Fare Reduction Program - \$1,262,000

The Antelope Valley Line 25% Fare Reduction Program has been successful in attracting riders to the Metrolink system. The results through March 2017 show that the ridership is up 23% over FY16. SCRRA is requesting \$1,262,000 to continue this program for FY18. This program was initially estimated to cost \$2,500,000 for FY16 and the actual costs have resulted in a \$1.2M savings.

Antelope Valley Line 100% Fare Enforcement Program - \$1,910,289

Along with the Fare Reduction program, the 100% Fare Enforcement program has also been successful. The L.A. County Sheriff's report that fare evasion is lower, down from the estimated 3.5% prior to the programs implementation. However, there are concerns that Amtrak has not been able to fully staff the program. Metro staff is working with Metrolink to assess whether a blended approach of utilizing security guards to supplement the Amtrak vacancies to perform fare enforcement duties is an option.

Metrolink is requesting \$1,910,289 to continue this program for FY18. If the blended approach is implemented this will result in substantial cost reductions to Metro.

Additional FY17 Funding Request for the Antelope Valley Line 100% Fare Enforcement Program - \$305,573

On July 29, 2016, SCRRA received the final Amtrak operating budget detailing the costs to provide the AVL Fare Enforcement program. Although efforts had been made to receive this information well in advance of finalizing the respective agency budgets, the information was received after Metro's and Metrolink's boards approved their budgets.

On March 7, 2017, via email, Metrolink requested additional FY17 funding in the amount of \$305,573 for the AVL Fare Enforcement program increasing the FY17 funding commitment from \$1,700,000 to \$2,005,573. Staff is seeking authority to apply FY16 surplus operating funds to cure this shortfall due to Metrolink's FY16 and FY17 budget under runs alleviating the need to increase FY17 budget authority.

Special Event Services - \$250,000

An additional \$250,000 in funding is requested for the following special events:

- Los Angeles County Fair Trains
- L.A. Rams Games
- Cic La Via Events
- Dodgers/Angels Trains
- Any other special services/events which may occur.

These services provide alternate transportation and reduce congestion for these large scale events which usually occur during peak commuter hours.

Measure R 3% Funds:

Staff is requesting \$6,819,000 to overhaul 28 in service Sentinel/Bombardier passenger cars in order to comply with current standards and regulations. The scope of the overhaul will include the remanufacture, refurbishment, renewal, replacement and reconditioning of existing hardware, components, equipment, systems and apparatus to extend the useful life of these passenger rail vehicles which are original equipment of SCRRA's fleet.

The total cost to overhaul these cars is \$40,500,000. SCRRA was awarded State Proposition 1A grant in the amount of \$20,207,000 and Public Transportation Modernization Improvement and Service Enhancement grant in the amount of \$4,774,000. In addition, SCRRA will use approximately \$1,162,776 of insurance funds which overall reduces the member agencies' contribution to \$14,356,224. Metro's share (of the \$14,356,224) is \$6,819,000. SCRRA has delayed this project several years and may lose the grant funds if this project is not completed.

Extend Lapsing Date of Rehabilitation/Renovation Funds

This recommended board action extends SCRRA's FY 2013-14 funding in the amount of \$955,790 from expiring on June 30, 2017 to June 30, 2018. SCRRA rehabilitation and renovation projects span over multiple years to maximize economy of scale and take advantage of matching federal funds. As a result, funds programmed over multiple years may not be completely invoiced prior to lapsing and LACMTA does not recognize project completion until we are invoiced. In FY15 LACMTA extended the lapsing period to four years and extended the lapsing dates of several MOUs. SCRRA has reassured staff that their work is in progress and will be completed and invoiced within a year.

Transfers to Other Operators Payment Rate to LACMTA

SCRRA reimburses LACMTA for Metrolink riders who transfer to and from LACMTA services for free,

including the rail system at Union Station, through the EZ Transit Pass Program. For FY18, staff is recommending the reimbursement rate remain at \$1.10, the same as for FY17, 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

SCRRA has requested \$84,260,839 for LACMTA's total FY18 Annual Work Program programming authority consisting of \$77,441,839 in Proposition C 10% and \$6,819,000 in Measure R 3% funding. The Metro Board approved the FY18 Budget on May 25, 2017, consisting of \$76,926,500 in Proposition C 10% funding. This shortfall of \$515,365 along with the additional funding request of \$305,573 for the Antelope Valley 100% Fare Enforcement program totaling \$820,938 will be deducted from surplus FY16 operating funds already in Metrolink's possession.

ALTERNATIVES CONSIDERED

There is no alternative to the recommendations if SCRRA is to operate the recommended service levels and maintain the railroad in a state of good repair.

NEXT STEPS

LACMTA staff working collaboratively with SCRRA staff will:

- Continue to review and analyze Metrolink's rehabilitation and renovation program including project priorities, costs and schedules.
- Provide ongoing updates to the Board.

The SCRRA Board is scheduled to adopt its FY18 Budget on June 23, 2017. LACMTA staff will monitor implementation of SCRRA's budget and report back to the LACMTA Board with any issues requiring Board action.

ATTACHMENTS

Attachment A - A) SCRRA FY 2017-18 Revised Budget Transmittal dated May 6, 2017

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