



Board Report

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**2<sup>nd</sup> REVISED  
FINANCE, BUDGET AND AUDIT COMMITTEE  
JUNE 20, 2018**

**SUBJECT: FY 2018-19 METROLINK ANNUAL WORK PROGRAM BUDGET**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

- A. APPROVING the Los Angeles County Metropolitan Transportation Authority’s (LACMTA) share of the Southern California Regional Rail Authority’s (SCRRA) FY 2018-19 Budget Transmittal dated April 30, 2018, Annual Work Program totaling \$125,508,211 for programs as detailed in Attachment A;
- B. REPROGRAMMING the use of \$10,360,333 in Deferred Revenue to fund LACMTA’s share of costs detailed in Attachment A;
- C. REPROGRAMMING the use of \$5,000,000 in TVM funds to fund a portion of LACMTA’s share of costs detailed in Attachment A;
- D. APPROVING the Conceptual Design Study for Tunnel 25 in the amount of \$750,000.
- E. EXTENDING the lapsing dates for funds previously allocated to SCRRA for the Rehabilitation and Renovation Program as follows:
  - 1. FY 2013-14 from June 30, 2018 to June 30, 2019 - \$28,750
  - 2. FY 2014-15 from June 30, 2018 to June 20, 2019 - \$1,177,032
- F. APPROVING the FY19 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
- G. 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 of Powers Agreement (JPA) requires the member agencies to annually approve their individual share of the Southern California Regional Rail Authority’s budget (Please refer to Attachment B - SCRRA FY 2018-19 Budget Transmittal dated April 30, 2018).

**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’s share of the SCRRA FY19 Metrolink budget totaling \$125,508,211 for programs detailed in Attachment A. The SCRRA overall FY19 Budget request for new programming from all Member Agencies consists of \$150.6 million for Commuter Rail operations, \$200.8 million for Rehabilitation and Renovation projects and \$24.5 million for New Capital projects (Refer to Attachment B).

It should be noted that within the FY19 Budget request for Rehabilitation and Renovation projects, SCRRA identified \$5,833,686 for 12 projects which were included in the FY 18 and FY 19 All Share and River Subdivision projects. LACMTA staff agrees with this assessment, contribution share, the need for these projects and that they should be programmed through SCRRA’s annual work program, but they should be coordinated and executed through the LINK Union Station project.

Metrolink Operations:

For FY 19, LACMTA’s share of SCRRA’s Operations is \$75,119,645 which is a projected increase of \$3.5 million (4.8%) over FY18 levels (refer to Table 1). This increase is attributable to reduced dispatch and rail freight traffic revenues, increased costs for train operations and equipment maintenance, contractual escalation and the new marketing initiative as well as potential costs due to legal claims. The FY19 SCRRA budget anticipates the operation of 172 weekday and 90 weekend trains, no new service and no fare increase.

LACMTA staff continues to work with SCRRA to control and maintain an efficient level of operating and maintenance costs.

| <b>TABLE 1 - METROLINK OPERATIONS BUDGET SUMMARY (\$000)</b> |             |             |              |                 |
|--|-------------|-------------|--------------|-----------------|
|  | <b>FY18</b> | <b>FY19</b> | <b>DIFF.</b> | <b>CHANGE *</b> |
| Expenses   | \$ 243,045  | \$ 251,356  | \$ 8,311     | 3.4%            |
| Revenues   | \$ 100,646  | \$ 100,806  | \$ 160       | 0.2%            |
| Member Agency  | \$ 142,399  | \$ 150,550  | \$ 8,151     | 5.7%            |
| Metro Subsidy  | \$ 71,659   | \$ 75,120   | \$ 3,461     | 4.8%            |
| Metro Share of   | 50.3%       | 49.9%       |              |                 |

\* Numbers may be subject to minor rounding

**KEY HIGHLIGHTS OF THE PROPOSED FY 19 BUDGET ARE AS FOLLOWS:**

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Right-of-Way (ROW) Security Services Provided by L.A. Sheriffs (LASD) - \$2,449,478

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 funding to SCRRA for 9.5 LASD full time equivalents (FTEs) to provide a dedicated LASD presence along LACMTA owned ROW resulting in quicker LASD responses to incidents along the ROW within Los Angeles County.

Regional Rail has been meeting with LACMTA's Systems Security and Law Enforcement Chief and SCRRA to determine the feasibility of including the 9.5 ROW FTE function in LACMTA's LASD contract to realize a more efficient deployment of LASD officers along LACMTA owned ROW since the LASD officers for both LACMTA and SCRRA are from the same LASD command. These combined efficiencies would also assist with deterring homeless encampments and reduce incidents as a result of the enhanced security presence. Although Regional Rail would fund these services, Regional Rail staff is proposing that LACMTA's Security and Law Enforcement administer this program to provide oversight, coordination and collaboration of SCRRA's Metrolink's security and law enforcement services.

Antelope Valley Line Contract Security & LASD Program - \$1,657,895

Working with SCRRA, LACMTA modified the former AVL 100% Fare Enforcement Program due to Amtrak not being able to fully staff the program. As a result, 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 is lower, down an estimated 3.5% from prior to the program's implementation. The new security officer deployments supplement the existing LASD and Amtrak conductor security and fare enforcement functions.

Special Event Services - \$250,000

An additional \$250,000 in funding to provide commuter rail service for these large scale events which usually occur during peak commuter hours is requested for the following special events:

1. Los Angeles County Fair Trains
2. L.A. Rams Games
3. CicLAvia Events
4. Dodgers/Angels Trains
5. Any other special services/events which may occur.

Additional Funds for Enhanced LACMTA ROW Maintenance - \$2,500,000

LACMTA owns approximately 150 miles of ROW in Los Angeles County which is maintained by SCRRA. This SCRRA is responsible for maintenance includes the within first 20 feet of from the centerline of each side of the Metrolink tracks LACMTA ROW and is funded through LACMTA's

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operating subsidy outlined in Attachment A. Anything beyond the 20 feet of the ROW is also maintained by SCRRA but is funded and managed by LACMTA's Operations department under a separate MOU. The LACMTA Operations department maintenance MOU with SCRRA includes all LACMTA ROW clean up beyond 20 feet and any requests originating from customer, resident and city official complaints. However, each year SCRRA demands exceed the allotted budget provided by LACMTA resulting in maintenance delays and deferrals until new funding becomes available in the next fiscal year. With the increase of safety concerns which sometimes result in trespasser fatalities on LACMTA owned ROW, Regional Rail is requesting that the LACMTA Board approve augmenting the LACMTA Operations department MOU funding of \$2 million with \$500,000 of Deferred Revenue surplus funds already in SCRRA's possession to enhance safety and accessibility and keep LACMTA ROW properly maintained. An additional one-time request of up to \$500,000 for homeless encampment enforcement to include dedicated law enforcement deputy personnel to work homeless encampment issues along the ROW and mental health practitioners to assist in providing reentry services to this at risk population. ~~In addition, a one-time \$1,500,000 will go towards ROW clean up within the LACMTA ROW to enhance safety and accessibility to complete State of Good Repair projects.~~

#### Rehabilitation & Capital - \$41,731,193

SCRRA's FY 2018-19 LACMTA budget request is \$124M for LACMTA FY 18 back log state of good repair and new FY19 rehabilitation and capital requests (Refer to Attachment B). To aid LACMTA in becoming familiar and understand the asset condition of the rehabilitation projects, LACMTA along with our consultant WSP partnered with SCRRA to conduct site visits on 20 projects that were a representative sampling of the range of rehabilitation projects consisting of Tunnel 25, culverts, rail and ties, signals/communications, trenching, draining and grading projects. On the Metrolink San Bernardino Line projects, San Bernardino County Transportation Authority staff joined us on the site visits as well. In general, staff is working with SCRRA to prioritize state of good repair projects especially on tracks and structures to maintain safety and service. In the last two years, LACMTA has provided at total of \$48.5 million for over 71 rehabilitation and capital projects in FY 17 and FY 18. Of the FY 17 and FY 18 rehabilitation projects, SCRRA staff was able to achieve a cost savings of at least 25% mainly due to the economy of scale factor by lumping groups of culvert projects together. Therefore, LACMTA staff is requesting SCRRA to consider redirecting these cost savings to more urgent track and structure projects listed in Attachment D. Attachment D is a representative sampling of tracks and structure rehabilitation projects.

Staff is recommending programming funds in the amount of \$41,731,193 for up to 72 rehabilitation projects that consists of FY 18 and FY 19 All Share, FY 18 and FY 19 River, FY 18 and FY 19 Line Specific and FY 19 Special projects listed in Attachment C. In addition, some rehabilitation projects in the FY 18 and FY 19 All Share and River include tracks, turnouts, signals and communications at Los Angeles Union Station which is a part of the Link Union Station Project and therefore, funding for approximately 12 rehabilitation projects will be covered under the Link Union Station project.

SCRRA requested of \$10,792,750 for rehabilitation of Tunnel 25. Tunnel 25 is a 1.3 mile long section

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in North Los Angeles County within the City of Santa Clarita on the Antelope Valley Line. The tunnel was built in 1875 with a timber support structure and retrofitted in 1921 with a concrete liner. LACMTA staff joined a site condition assessment conducted by SCRRA staff on April 29 - 30, 2018. Upon review, staff identified \$750,000 of immediate rehabilitation work based on the existing conditions of the drainage system and track structure in the tunnel. SCRRA and LACMTA staff concur that the immediate rehabilitation work on the drainage system, tracks and ties should be funded through the annual work program and long term improvements will be determined through a conceptual design study led by LACMTA staff as highlighted in recommendation D above.

Since SCRRA's project delivery schedule of completing these projects is approximately 4 years with a projected cash flow of 5 % first year, 30% second year, 30% third year and 35% the final year, LACMTA staff will budget accordingly on an annual basis.

#### Metrolink Infrastructure Rehabilitation Plan (MIRP)

SCRRA embarked upon an age based 25 year comprehensive infrastructure rehabilitation plan that did not include rolling stock or facilities. Per the Federal Transit Administration (FTA) latest update dated March 6, 2018, FTA's Transit Asset Management (TAM) is a business model that prioritizes funding based on the condition of transit assets (rolling stock, equipment, facilities and infrastructure) in order to achieve or maintain a state of good repair. As such, the age of an asset does not necessarily mean the asset is in poor condition that is in need of immediate repair. SCRRA staff is working on updating their MIRP to exclude projects that Metro already programmed for funding.

#### Extend Lapsing Date of Rehabilitation/Renovation Funds

This recommended board action extends SCRRA's FY 2013-14 and FY 2014-15 funding in the amount of \$1,205,782 from expiring on June 30, 2018 to June 30, 2019. 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.

#### Reprogramming TVM funds

SCRRA awarded Innovation in Transportation Inc. \$12,650,000 on March 23, 2018 (in lieu of SCRRA's estimated cost of \$30,700,000 in May 2015) to proceed with implementation of their TVM replacement project of which Metro's share of the cost is approximately up to \$8,100,000. Since Metro's share has been reduced from \$13,100,000 to up to \$8,100,000, ~~the original LACMTA board approved programmed amount was \$31,074,000, there~~ staff is requesting to reprogram an identified surplus excess of \$5,000,000 for SCRRA's FY 19 tracks and structure rehabilitation projects (listed in Attachment C) ~~available for LACMTA reprogramming during this implementation process.~~

#### 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 FY19, staff is recommending the reimbursement rate remain at \$1.10, the same as for FY18, 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**

LACMTA's total FY19 Annual Work Program programming authority recommendation is \$125,508,211 for programs which consist of funding from \$75,116,685 Prop C 10%/ Measure M 1%, \$35,031,193 Measure R 3%, \$5,000,000 Previous Programming and \$10,360,333 Deferred Revenue funds as described in Attachment A.

SCRRA has a delivery schedule of four years and if it exceeds the projected cash flow of 5 % first year, 30% second year, 30% third year and 35% the final year, LACMTA will need to consider other funding sources which may include debt service against Measure R 3%.

Although LACMTA staff is recommending funding SCRRA's closed session claims, LACMTA will pay remit payment on a reimbursable basis upon receiving proper documentation of proof of payment once claim are actually paid. Therefore, LACMTA will not include \$1,565,250 in the quarterly Operations subsidy payments.

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

### **ALTERNATIVES CONSIDERED**

As a member of the JPA, LACMTA is required to approve its annual share of the SCRRA budget. However, the LACMTA Board could elect to authorize a higher capital/rehabilitation budget amount. LACMTA staff does not recommend this option since the recently completed APTA Peer Review on Metrolink Infrastructure Rehabilitation Plan initiated by SCRRA identified an annual average rehabilitation budget of \$57 million with LACMTA's share estimated at approximately \$30 million. Staff is recommending an FY19 LACMTA funding allocation of \$41 million.

### **NEXT STEPS**

Staff is working collaboratively with SCRRA staff to prioritize urgent track and structure rehabilitation projects to maintain safety and service. Staff will provide progress reports on SCRRA's rehabilitation and capital projects through the Regional Rail Quarterly Report. The SCRRA Board is scheduled to adopt its FY19 Budget on June 29, 2018. LACMTA staff will monitor implementation of SCRRA's budget and report back to the LACMTA Board with any issues requiring Board action.

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Staff will continue to work with SCRRA to determine a long term capital rehabilitation approach towards bringing Tunnel 25 to an optimized State of Good Repair.

**ATTACHMENTS**

Attachment A - LACMTA Share of Metrolink Programming for FY 19

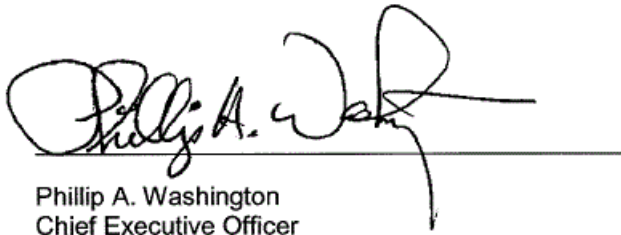
Attachment B - SCRRA FY 2018-19 Budget Transmittal dated April 30, 2018

Attachment C - FY 19 List of Programming Funds for Rehabilitation and Capital Projects

Attachment D - List of Representative Sampling of Tracks and Structures

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