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TRANSPORTATION MEASURE I

■ San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Supplemental Material Agenda Item No. 17

Board of Directors Meeting

November 6, 2013
10:30 a.m.

Location:
San Bernardino Associated Governments
Santa Fe Depot
1170 W. 3rd Street, 1st Floor Lobby
San Bernardino, CA

CONSENT CALENDAR

Transit/Commuter Rail

17. Amendment of Financial Commitment to the Southern California Regional Rail Authority for Fiscal Year 2013/2014

1. Approve an increase to the Fiscal Year 2013/2014 Southern California Regional Rail Authority operating assistance allocation in the amount of $19,000 from $11,442,000 to $11,461,000 using Valley Local Transportation Funds.

2. Approve deferring disbursement of Fiscal Year 2013/2014 Valley Local Transportation Funds to the Southern California Regional Rail Authority in an amount equal to the State Transit Assistance Funds being withheld by the State as a result of Southern California Regional Rail Authority not submitting their Fiscal Year 2011/2012 State Controller's Report in a timely manner.

Attached is the Southern California Regional Rail Authority Adopted Budget for Fiscal Year 2013/2014.

METROLINK.

Southern California Regional Rail Authority
Fiscal Year 2013-14 Budget

SOUTHERN CALIFORNIA
REGIONAL RAIL AUTHORITY

FISCAL YEAR 2013-14 ADOPTED BUDGET

June 28, 2013

Los Angeles County Metropolitan Transportation Authority

Orange County Transportation Authority

Riverside County Transportation Commission

San Bernardino Associated Governments

Ventura County Transportation Commission

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SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

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SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 1: Executive Summary

1.1 Introduction

In its 21st year of operations, the SCRRA continues to add service and refine its administrative functions. FY 2012-13 was characterized by completing work on Positive Train Control (PTC) and the Rotem car purchase, and improving administrative efficiencies. The most critical administrative step was the implementation of Oracle 12, which gives the agency a grants module integrated with other financials for the first time which will allow the tracking of funds received and spent.

The following objectives are included in the FY 14 Proposed Budget:

- Enhance the overall safety and security of the system
- Increase train service on the 91 line by two round-trips
- Increase Sunday service on the Antelope Valley Line by three round-trips
- Promote growth in ridership and revenues
- Improve fare enforcement by adding additional security guards
- Begin utilization of the Eastern Maintenance Facility
- Incorporate PTC operation costs

The SCRRA is a Joint Exercise of Powers Authority (JPA) created to plan, design, build and operate the Metrolink commuter rail service in the Southern California region. Metrolink provides service on 7 routes to 55 stations over 512 route miles. The system map is provided as *Exhibit 1.1.*

During FY 14, Metrolink will operate 169 weekday trains (including 2 Amtrak code share trains on the Ventura County Line) and 82 weekend trains. Average weekday ridership is projected at 45,190 daily one-way trips. Additionally, we estimate 20,185 riders will take advantage of Saturday and Sunday services provided on the Antelope Valley, Inland Empire-Orange County, Orange County and San Bernardino lines. The FY 14 Proposed Budget includes two additional round-trips on the 91 Line and three additional round-trips on the Antelope Valley Line on Sundays.

The SCRRA dispatches and maintains over 60% of the territory over which it operates. Daily, SCRRA will dispatch 169 Metrolink trains, up to 44 Amtrak trains and up to 80 freight trains. SCRRA is also responsible for the maintenance of right-of-way owned by SCRRA Member Agencies that extends over 363 track miles.

SCRRA's Capital Program includes ongoing rehabilitation of this right-of-way, facilities, equipment and rolling stock, and expansion of the commuter rail system through the acquisition and construction of new assets.

The FY 14 Proposed Budget consists of an Operating Budget of $211.4 million, an increase of 7.8% over the FY 13 Budget and a Capital Program of $33.8 million in new authority, for a total of $245.3 million. Total SCRRA revenues are $110.4 million, or an increase of 4.8% over the FY 13 Budget, and Member Agency subsidies are $101.0 million, or an 11.4% increase over FY 13.

The FY 14 Proposed Budget highlights include:

- Included in this year's budget are costs of $8.3 million associated with operating Positive Train Control. These costs include 20 new staff positions, additional costs to our maintenance vendors and additional system utilities, license, warranties and technical support. These costs are ongoing and will be incorporated into future budgets.
- SCRRA will begin servicing trains at the Eastern Maintenance Facility (EMF) in FY 14. When the EMF goes into service due to the closure of the San Bernardino storage facility, an additional $1.2 million will be needed for train crews to move equipment from the EMF to San Bernardino. An additional $0.4 million in additional costs related to guards, utilities and facility maintenance are also associated with the EMF.
- The addition of 4 new weekday trips on the 91 Line and 6 Sunday trips on the Antelope Valley Line to mirror Saturday service.
- Operating expenses (excludes MOW extraordinary maintenance) per train mile are $73.94 (3.4% increase over FY 13)
- Subsidy per passenger mile equals $0.20 (8.5% increase over FY 13)
- Operating expense per passenger mile is $0.41 (5.2% increase over FY 13)
- Total revenue recovery is projected to equal 52.3% (2.8% decrease from FY 13)
- Farebox recovery is projected at 44.1% (2.0% decrease from FY 13)
- Member Agency subsidies are estimated to provide 47.7% of the required operating revenues in FY 14.
- Diesel fuel price is estimated at a $3.43 per gallon average for the fiscal year, compared to $3.75 per gallon in FY 13, representing an 8.5% decrease. This budget also reflects an average of 2.6 gallons per mile, which is a reduction from 2.7 gallons per mile in FY 13.
- During the March 2013 Board meeting, six months of TAP-compatible ticket stock was approved to be purchased. The production of the various ticket types requires a 10- to 12-week lead time from the order placement to the delivery of the production tickets. Once the order was placed, six months' worth of ticket stock was produced, delivered and installed in Metrolink's Ticket Vending Machines. The tickets are functioning as expected during the initial stages of this period. The budget impact in FY 14 for the purchase of TAP-enabled tickets is approximately $860 thousand.
- EZ Pass - With the implementation of the TAP-enabled tickets, the Metro portion of the transfer cost has been capped by Metro as we begin to understand the true transfers of our ridership onto the Metro light rail system.

1.2 Administrative Requirements

Under the terms of the Joint Exercise of Powers Agreement (JPA) establishing SCRRA, the Chief Executive Officer submits a Preliminary Fiscal Year Budget for the following fiscal year to the SCRRA Board of Directors no later than May 1 of each year. The Preliminary Budget includes administrative and operating costs, as well as projected agency revenues and capital projects. The net of agency revenues and expenses represents the anticipated Member Agency contributions required to carry out the purposes of the authority.

The SCRRA Board of Directors approved the transmittal of a preliminary FY 14 Budget on April 26, 2013, and the document was submitted to the Member Agencies on May 3, 2013.

Decisions dealing with capital and operating fund allocations, as well as annual approval of each Member Agency's share of SCRRA's annual budget, requires approval by the Member Agencies. The Board shall adopt the annual budget no later than June 30, 2013.

1.3 Budget Development and Assumptions

The development of SCRRA's FY 14 Proposed Budget is based on the operating costs, revenues and capital investment required to provide a safe, efficient and reliable commuter rail operation.

The SCRRA budget is made up of two principle components: the Operating Budget (train operations and Maintenance of Way) and the Capital Program (new capital projects and rehabilitation projects). Funding for these costs is derived from SCRRA fare revenue and other income, with the balance provided by subsidies paid by the five Member Agencies.

Under the terms of the JPA, each Member Agency approves its individual Operating and Capital contributions for an upcoming fiscal year. These contributions are based on a series of formulated allocations that distribute revenue and costs across Operating Line Segments and Member Agencies.

1.4 Summary of Operating Revenues and Subsidy Funding

SCRRA generates operating revenue from four principal sources: Fares, Dispatching, Maintenance of Way and Other Income.

Fare Revenues – The FY 14 Proposed Budget assumes ridership of 12.6 million passengers will generate Fare Revenues equal to $93.2 million, an increase of $4.9 million or 5.6% from FY 13. Included in the fare estimate is a 5.0% average fare

adjustment, a change to a weekend day pass, fare changes for Personal Care Attendants (PCA) and the continued implementation of the Fare Policy restructuring.

Dispatching Revenue – As the operating administrator of its member-owned right-of-way, SCRRA receives revenues from freight railroads and Amtrak Intercity services for the right to operate through and over its territories. These revenues are volume-based, and individual rates are contained in existing agreements that govern rate increases. The total dispatching revenues are projected at $2.7 million, $0.1 million less than FY 13.

Maintenance of Way (MOW) Revenue – Member Agency contributions for ordinary maintenance are partially offset by revenues received from the freight railroads and Amtrak Intercity services. These revenue rates were negotiated based on the historical expenditures on Maintenance of Way by freight railroads prior to the purchase of these right-of-way properties by the Member Agencies. Consequently, these revenue rates do not completely offset the escalating costs of maintaining a higher standard of quality for passenger rail service. MOW revenues are projected to equal $13.9 million, an increase of $0.2 million over FY 13, due to little change in freight traffic.

Other Revenues – Miscellaneous income sources include interest income, Amtrak reimbursement related to use of SCRRA's Ticket Vending Machines at Metrolink stations, gains on disposal of assets, and other minor reimbursements to the agency.

Member Agency subsidies represent the additional revenue necessary to operate the Metrolink commuter rail system.

1.5 Summary of Operating Expenses

SCRRA's operating expenses include Train Operations, Maintenance of Way and Insurance/Claims. The combined total for the FY 14 Proposed Budget is $211.2 million.

Train Operations
A variety of components are included in Train Operations, including operating crews, dispatching, equipment maintenance, fuel, non-scheduled rolling stock repairs, operating facilities maintenance, rolling stock lease payments, sheriffs and security guards, public safety programs, passenger relations, Ticket Vending Machine maintenance and revenue collection, marketing and market research, media/external relations, utilities and leases, passenger transfers to other operators, Rail 2 Rail program, station maintenance, freight rail agreements and general administrative costs that support the agency operation. Total costs are $157.6 million, or a 5.2% increase over FY 13.

Maintenance of Way
Ordinary and extraordinary maintenance of Member Agency-owned track, signals, bridges, road crossings and other elements of the infrastructure and rights-of-way total $36.2 million. This is a significant increase as a large portion of PTC costs hits these line items. The total increase in Maintenance of Way expenses in FY 14 is approximately 31.0% over FY 13.

Insurance/Claims
Risk Management expenses of $17.3 million have decreased by nearly $1.3 million or 7.0% less than FY 13. The decrease was due to locking in a two-year contract that included a 5% rate reduction and increased competition on the general liability program, offset, in part, by an increase in premium for employment practices liability coverage.

1.6 Summary of Capital Program

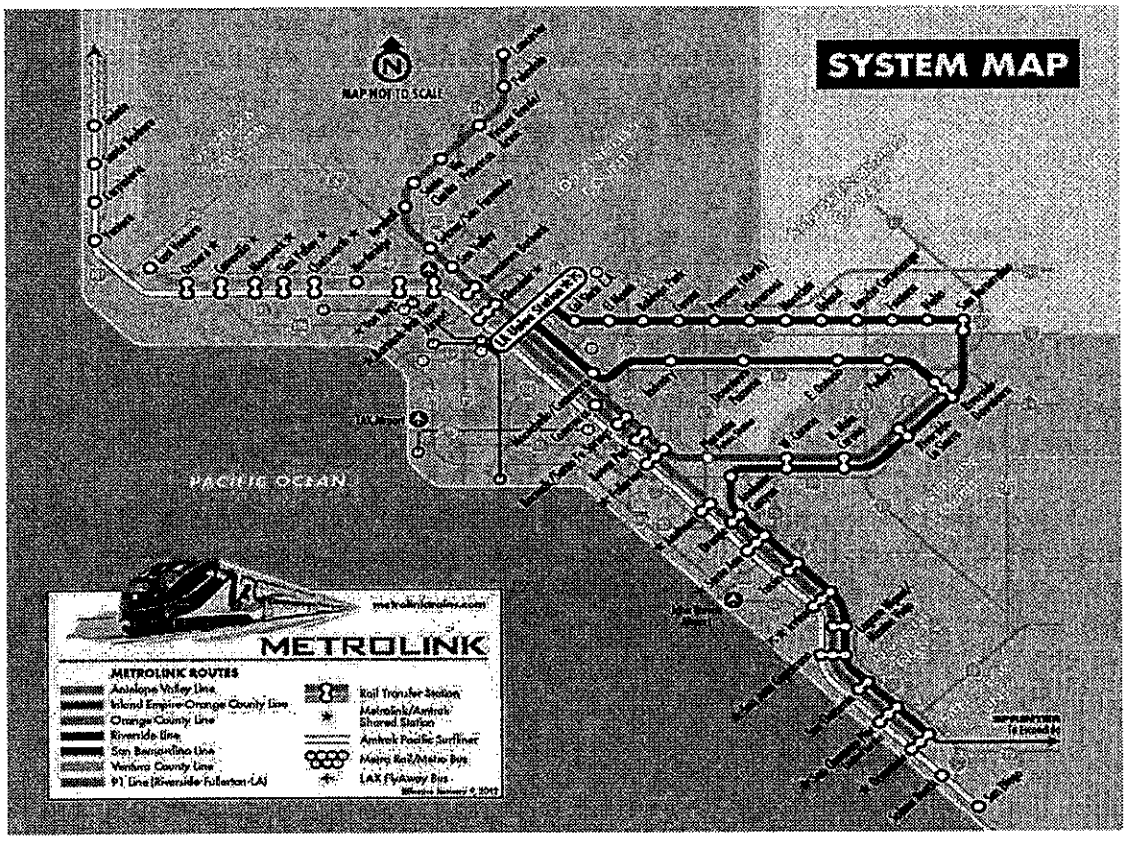
SCRRA's overall Capital Budget consists of two major components: Rehabilitation (rehab) and New Capital programs. These components amount to $85.4 million and $260.7 million, respectively, for a total of $346.1 million. The proposed incremental rehab investment authority requested in the FY 14 Proposed Budget is $33.8 million. No additional new capital projects were identified for inclusion in the budget.

Rehab projects within the program renovate or remanufacture worn-out assets to preserve and/or extend the useful life of the asset. New Capital projects expand the railroad infrastructure and include items such as sidings, additional track, material upgrades of the signals and communication system and new rolling stock.

1.7 Exhibits

1.7.1 Exhibit 1.1: Metrolink Systemwide Map

This exhibit shows the six-county area served. It displays Metrolink stations, Rail 2 Rail stations shared by Metrolink and Amtrak, as well as Union Station, which is shared by Metrolink, Amtrak and Metro.



SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 2: Introduction to the Budget

2.1 Mission Statement

Metrolink is a premier regional rail system, including commuter and other passenger services, linking communities to employment and activity centers. Metrolink provides reliable transportation and mobility for the region, leading toward more livable communities. Metrolink accomplishes its mission by providing technically superior and safe operations, customer focus and accessibility, dependable, high quality service, cost-effective and high-value service, a strategically located network of lines and stations, integration with other transit modes, environmental sensitivity and community involvement and partnerships with both public and private sectors.

> *Our mission is to provide an outstanding passenger experience on every ride with safe, clean, dependable and on-time operations.*

2.2 Board Governance

The SCRRA Board Roster, as of June 28, 2013, consists of 11 voting members and 10 alternates:

County	Votes	Members	Alternates
San Bernardino	2	Patrick Morris (*Chair*) Mayor City of San Bernardino Paul Eaton Mayor City of Montclair	Larry McCallon[1] Mayor City of Highland Alan D. Wapner[1] Council Member City of Ontario
Orange	2	Michael Hennessey *(Vice-Chair)* OCTA Public Member Shawn Nelson Supervisor, 4th District County of Orange Vice-Chair, OCTA Board of Directors	Carolyn Cavecche[1] OCTA Appointee
Riverside County	2	Daryl Busch *(2nd Vice-Chair)* Mayor City of Perris Karen Spiegel Chair, RCTC Board of Directors Council Member City of Corona	Andrew Kotyuk[1] Council Member City of San Jacinto Adam Rush[1] Mayor Pro Tem City of Eastvale
Ventura County	1	Keith Millhouse Council Member City of Moorpark	Brian Humphrey Commission Member VCTC
Los Angeles	4	Richard Katz Member, Metro Board of Directors Metro Appointee Michael Antonovich Supervisor, 5th District County of Los Angeles Chair, Metro Board of Directors Don Knabe Supervisor, 4th District County of Los Angeles Metro Board of Directors Mark Ridley-Thomas Supervisor, 2nd District County of Los Angeles Metro Board of Directors	Jaime de la Vega General Manager, City of Los Angeles Department of Transportation Metro Appointee Robert T. Bartlett Appointed by Metro Beatrice Proo Appointed by Metro Tom Lackey Mayor Pro Tem City of Palmdale

[1] Alternates represent either member

Ex-officio members of SCRRA:

Agency	Ex – Officio Members
Southern California Association of Governments (SCAG)	Ron Roberts Councilmember City of Temecula
San Diego Association of Governments	*Currently awaiting appointment* Contact: Linda Culp Principal Planner - Rail
State of California: Department of Transportation (Caltrans)	Michael Miles Director Caltrans District 7 Alternate: *Currently awaiting appointment*

SCRRA has organized the agency into cost centers under business unit offices to support core functionalities, institute best practices and increase overall efficiency. These business unit offices include:

Executive Office:	Michael P. DePallo, Chief Executive Officer
Operations Office:	Gary Lettengarver, Chief Operating Officer
Strategy Office:	Gray Crary, Chief Strategic Officer
Administration Office:	Robert Turnauckas, Chief Administrative Officer
Human Resources Office:	Janelle Strohmeyer, Director, Human Resources
Finance Office:	Patricia Kataura, Interim Chief Finance Officer

The FY 14 Budget of the SCRRA proposes 267 authorized positions. The majority of the increase represents new PTC positions.

2.3 SCRRA Background

In June 1990, the California Legislature enacted Senate Bill 1402, Chapter 4 of Division 12 of the Public Utilities Code. This bill required each transportation commission of the counties of Los Angeles, Orange, Riverside and San Bernardino to jointly develop a plan for regional transit services within the multi-county region.

In August 1991, the Southern California Regional Rail Authority (SCRRA), a regional Joint Powers Agency (JPA), was formed. Voting members with their respective number of votes are: Los Angeles County Metropolitan Transportation Authority (Metro), four votes; Orange County Transportation Authority (OCTA), two votes; Riverside County Transportation Commission (RCTC), two votes; San Bernardino Associated

Governments (SANBAG), two votes; and Ventura County Transportation Commission (VCTC), one vote. These five county transportation commissions are defined as SCRRA's Member Agencies. Ex-officio members of the SCRRA include the Southern California Association of Governments (SCAG), the San Diego Association of Governments and the State of California Department of Transportation (Caltrans).

The purpose of the newly formed SCRRA was to plan, design, construct and administer the operation of regional passenger rail lines serving the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. The SCRRA named the regional commuter rail system "Metrolink." The first three lines - San Bernardino, Santa Clarita (now Antelope Valley) and Ventura County - began operation in October 1992. The Riverside Line was added in June 1993, and the Orange County Line (which extends 19 miles into northern San Diego County) was added in April 1994. The sixth line, Inland Empire-Orange County, the nation's first suburb-to-suburb commuter rail line, was added in October 1995. In May of 2002, the 91 Line was added to provide an alternative to Inland Empire and western Orange County commuters traveling through Fullerton.

SCRRA continues to support the Metrolink commuter rail system as the Southern California commute of choice through the provision of safe, high quality, efficient, reliable and timely service options for its passengers.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 3: Budget Summary

3.1 Budget Policy

3.1.1 Budget Authorization

The primary objective of the SCRRA Budget is to provide the financial road map that leads to the achievement of the agency's priorities and objectives consistent with its provision of safe, reliable, high quality commuter rail service under the Metrolink banner. The Board must adopt a final Budget no later than June 30 of each year. The Capital Budget approves individual projects that may proceed within the approved funding level.

The Budget shall contain a financial plan that includes:

- Goals and objectives for the new fiscal year
- Assumptions underlying revenue and expense projections
- Planned service for the following fiscal year
- Summarized Revenue Budget
- Summarized Operating Budget
- Revenue sources by line item
- Expenses by summary line item
- Authorized headcount position roster

In approving the proposed budget and any Board-initiated amendments, the Board authorizes SCRRA to expend funds under the direction of the Chief Executive Officer consistent with:

- Total amount appropriated for train operations and Maintenance of Way
- Total amount appropriated for each capital rehabilitation and new capital project
- Individual Member Agency funding commitments
- Total number of authorized positions

3.1.2 Budgetary Control and Reporting

Budgetary control refers to SCRRA's approved procedures for monitoring actual expenses against planned expenditures as adopted in the annual Budget. By adopting an annual Budget, the Board of Directors delegates to the Chief Executive Officer the authority to manage the annual Budget within the following parameters:

A budget transfer represents changes in projected expenses between line items within or across departments in the Budget. The Office of Finance shall review the impact of any requested budget transfer and make recommendations to the Chief Executive Officer.

Certain budget transfers may require Board approval and result in Budget Amendments. Budget Amendments will be submitted to the Board as required and include:

- A budget transfer that negatively impacts Member Agency funding commitments
- A budget transfer that negatively impacts the total operating budget or individual capital projects
- A budget transfer that increases the total authorized level of personnel

The Board, by approving a Budget Amendment, amends the Adopted Budget for the fiscal year. Budget Amendments that require an increase in a Member Agency's funding commitments additionally require the approval of that Member Agency.

The Adopted Budget, or a subsequently Amended Budget, is the baseline for all comparisons to actual revenue and expenditures during a fiscal year. Quarterly budget status reports are presented to the Board of Directors. Internal performance reporting, periodic forecasting and the preparation of the Comprehensive Annual Financial Report (CAFR) also provide tools for managing and reporting agency activities compared to the budget plan.

3.1.3 Accounting Methodology

The SCRRA reports its financial position and activities as a special-purpose governmental entity engaged in business-type activities and presents financial statements required for enterprise funds. The accrual basis of accounting is utilized. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The SCRRA, as part of its implementation of Government Accounting Standards Board Pronouncement 34 (GASB34), has elected to use the Modified Approach for the Metrolink Railroad Infrastructure.

Under the Modified Approach, infrastructure assets that are part of a network, or subsystem of a network, are not required to be depreciated as long as two requirements are met:

1) The government manages the eligible infrastructure assets using a qualified asset management system
2) The government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government

The SCRRA Board adopted a minimum condition rating of 75 points (of a maximum of 100) as the minimum acceptable Railroad Condition Index (RCI) for the entire railroad network, including all subsystems. The actual index value of the condition of the SCRRA's infrastructure network was 86 as of June 30, 2012. In accordance with GASB 34, the next systemwide condition assessment is due for the year ending June 30, 2015. At the end of the three-year period, the results of the cumulative assessments will be utilized to determine the year-end condition level. For a complete description of the rating values and their meanings, please see Section 8 - Appendix. The agency expects to annually update 1/3 of the agency's rail infrastructure to ensure a three-year cycle of valuation is maintained.

3.1.4 Budget Assumptions

Although ridership has not recovered to pre-recession levels, Metrolink experienced increased economic growth during FY 13 with momentum from an accelerated labor market in Southern California. The economic outlook is optimistic for California and the southern region in particular. According to the 2013-2014 Economic Forecast and Industry Outlook of the Los Angeles Economic Development Council created by the Kyser Center for Economic Research, the 2013 and 2014 landscape will experience continued improvement through reduced unemployment and increased industry. Given the agency's base commuter ridership and job growth's tradition as a lagging indicator of economic recovery, the agency's ridership outlook continues to remain positive after turning the corner in 2012 and maintaining stability in 2013. Most trends indicate that 2013 and 2014 will continue to improve over the experience of the past few years as employment recovery has taken hold of all parts of the private sectors of the economy and looks to accelerate slightly through the end of 2013 and maintain a similar pace into 2014.

3.2 Total Operating Budget

SCRRA's FY 14 Budget operating expense component is $211.2 million, an increase of $15.1 million, or 7.8% over the adopted FY 13 Budget. Total operating revenues are expected to equal $110.4 million, an increase of $5.0 million or 4.8%. Member Agency Operating contributions for the year are an estimated $100.8 million, an increase of $10.1 million, or 11.2% over FY 13.

3.3 Operating Revenues and Subsidy Funding

The agency's operating revenue is derived from four principal sources: Fares, Dispatching, Maintenance of Way and Other Revenues, which include interest income and Amtrak reimbursement related to use of SCRRA's Ticket Vending Machines at Metrolink stations. In order to minimize the impact to Member Agency contribution

requirements, the agency continues to pursue, wherever available, other potential revenue enhancements.

During FY 2003-04, the agency developed and approved a Fare Policy restructuring plan. The restructure provides a more equitable fare payment methodology in which all travel is comparably priced. FY 14 represents the incorporation of the ninth annual phase of the 10-year implementation plan. Prior to FY 2004-05, the fare structure was predicated on a zone basis under which a passenger's fare was determined by the number of fare zones traveled. The approved Fare Policy is based on the station-to-station driving mileage.

Average weekday ridership is projected to total 45,190. Total ridership, including all weekend services, is expected to be 12.6 million passenger trips.

Fare revenues are calculated by operating line segment through the use of an applied statistical methodology driven by historical passenger usage. Farebox Revenue is projected to equal $93.2 million, an increase of $4.9 million or 5.6% over FY 13. This increase includes marketing initiatives that are expected to increase revenue by $1.7 million. Included in the fare revenue projection is a fare increase of 5.0% and fare policy changes related to weekend service and Personal Care Attendants (PCA).

Freight railroads and Amtrak Intercity services operating over territory owned by SCRRA Member Agencies provide dispatching and Maintenance of Way revenues, based upon existing agreements. Dispatching Revenues are estimated to equal approximately $2.7 million, which is a 2.3% decrease from FY 13.

Maintenance of way revenues are estimated at $13.9 million, an increase of 1.3% over adopted FY 13 levels. Other revenues include contributions from Amtrak to support Ticket Vending Machine (TVM) functionality of $225 thousand, Operating Interest of $300 thousand and other miscellaneous reimbursements totaling $70 thousand.

3.4 Operating Expenses

Total operating expenses include train operations, maintenance of Member Agency-owned rights-of-way and insurance/claims. The FY 14 Proposed Budget includes a train operations budget of $157.6 million, Maintenance of Way budget of $36.2 million and insurance/claims budget of $17.3 million. The total of $211.2 million is an increase of $15.1 million or 7.7% over FY 13.

FY 14 assumes the addition of 4 weekday trains on the 91 Line and 6 Sunday trains on the Antelope Valley Line, bringing the train service totals to 173 weekday trains operating on seven lines, and 82 regular weekend trains operating on four lines. Total revenue Train Miles are expected to equal 2.8 million miles, an increase of 4.3% from FY 13.

The operating expense increase is composed of several key areas. SCRRA costs for major outsourced vendor services increased by $2 million over FY 13. The annual cost of TAP is estimated at $870 thousand over last fiscal year. The cost is due to the development of TAP-enabled tickets that allow seamless transfer to the Metro system. Positive Train Control has an $8.3 million cost impact on the budget, which represents the cost for operating Positive Train Control for a portion of FY 14. The Eastern Maintenance Facility will be opened during FY 14, and costs related to its operations increased by $1.6 million. On a positive note, this budget of $25.9 million for fuel represents a reduction in fuel prices, which has saved the agency 8.5% over FY 13.

3.5 Capital Program

SCRRA is responsible for the safety and performance of the railroad system and right-of-way and all that travel upon it. Projects are selected based on the principle of minimizing and managing the risk of failure among system components. A rolling five-year plan was created in 2012. Rehabilitation projects included in FY 14 are evaluated to balance the availability of funds from the five Member Agencies. Selected projects are chosen from a larger field SCRRA staff believe can be safely and responsibly deferred to future years. Additionally, the proposed projects ensure that the SCRRA rail infrastructure condition rating will continue to substantially exceed the minimum condition standard as established by the Board. New Capital projects are identified and only included in the budget when the specific local, state and federal funding has been identified.

Capital funding revenues consist of federal, state and local agency funds, as well as contributions from third parties, namely freight railroads, in the form of direct grants and participation in specific projects. Funding for the Capital Budget is provided by the following sources:

Funding Sources (000's)

Federal Funds	$ 15,143
State Funds	205,755
Member Agency Local Funds	109,380
Other Local Funds	15,870
	$ 346,147

Note: Numbers may not foot due to rounding.

3.6 Summary of the Total FY 2013-14 Budget

The $557.3 million proposed FY 14 Budget consists of an Operating Budget of $211.2 million, an increase of 7.7% from the FY 13 Budget, and a Capital Program of $346.1 million. The Operating Budget includes Train Operations of $174.9 million and a Maintenance-of-Way (MOW) budget of $36.3 million. The total Capital Program Budget is $346.1 million. It contains a $85.4 million Rehabilitation component, which includes

$33.8 million of new authority. It also contains a $260.7 million New Capital component, which represents all carryover authority.

3.7 Exhibits

3.7.1 Exhibit 3.1a – 3.1d: Summary of FY 2013-14 Statistics by Line

Exhibit 3.1a, b, c and d provide the estimated operating statistics by line for FY 14 and the calculation of various performance ratios. Revenues and expenses are allocated to lines using formulae that associate rail operational statistics appropriately. Detailed listings of allocation categories and the methodology of their use is detailed in Sections 7 - General and Administrative Budget. In Section 8 – Appendix, *Exhibit 8.2* illustrates the percentages utilized to allocate by rail line.

Average trip length for FY 14 is projected at 40.3 miles. Dependent on ridership and revenues received, individual line operating statistics vary considerably. The Orange County Line has the highest revenue recovery rate at 83%. The Riverside Line revenue recovery is estimated at 59%, the San Bernardino Line at 58%, the 91 and Antelope Valley lines at 46% and the Ventura County and IEOC lines at 37%.

3.7.2 Exhibit 3.2 – 3.5: Performance Data (FY 93 through FY 14)

Exhibits 3.2 through 3.5 provide a summary of the projected annual operating performance data as represented in the FY 14 Budget and compared with historical data since FY 1992-93. Closely related to *Exhibit 3.1a-d*, the information is displayed graphically with a 20-year history for illustrative and trending purposes.

Exhibit 3.2:	Operating Expense, Revenues and Operating Subsidy
Exhibit 3.3:	Train Miles, Fares and Average Weekday Ridership
Exhibit 3.4:	Revenue Recovery, Farebox Recovery and Operating Expense per Train Mile
Exhibit 3.5:	Operating Expense per Passenger Mile, Operating Subsidy per Rider and Operating Subsidy per Passenger Mile

3.7.3 Exhibit 3.6: FY 2013-14 Annual Operating Budget Distribution by Cost Component

Exhibit 3.6 includes the line items that comprise the FY 14 Proposed Operating Budget and includes both Revenues and Expenses, with each line broken out by key components.

- Actual farebox revenues experienced their first decline in FY 10 as a result of the economic recession. FY 14 includes a 5.6% increase over the FY 13 Budget.
- Dispatching Revenues include fees for dispatching freight and Amtrak intercity.
- Other revenues include a contribution from Amtrak for use of SCRRA-owned TVMs, and other miscellaneous revenues. These funds include one-time or other non-recurring revenues and are subject to significant annual variations. FY 14 decreases

11.2% from FY 13 due to the decision not to run the Holiday Train in FY 14. The elimination of the Holiday Train results in a $75 thousand reduction in budgeted sponsorships.

- Maintenance of Way (MOW) revenues rates were negotiated based on the historical expenditures on Maintenance of Way by the freight railroads prior to the purchase of these rights-of-way by the Member Agencies. Total MOW revenue in FY 14 is projected at $13.9 million, or a 1.3% increase over FY 13.

Local funds from the five Member Agencies for the Operating Budget vary from year to year, depending on SCRRA estimated revenue sources and operating expenses. The FY 14 Proposed Budget assumes Member Agency contributions at $100.8 million, an 11.2% increase over FY 13.

Exhibit 3.6 breaks out projected expenses for SCRRA's FY 14 Proposed Budget and compares these with budgeted and actual expenses for the fiscal years FY 11 through FY 13. The total FY 14 Proposed Budget for operating expenses is $211.2 million, or 7.7% over FY 13. Operating expenses include all costs required to operate the Metrolink system including train operations, maintenance of equipment, fuel, security, utilities, transfer payments to other transit operators, revenue collection, payments to freight railroads for dispatching, station maintenance, passenger services, Maintenance of Way, general and administrative expenses, professional services and insurance.

3.7.4 Exhibit 3.7: FY 2013-14 Annual Operating Budget Distribution by Cost Component and Distribution to Member Agency

Exhibit 3.7 includes the line items that comprise the FY 14 Proposed Budget and includes both Revenues and Expenses, with each line broken out by key components and distributed across the five Member Agencies.

FY 14 total Member Agency subsidy of $101.0 million represents a $10.3 million, or 11.3%, increase over FY 13.

	FY12-13	FY13-14	$ Increase	% Increase
Metro	$ 46,066	$ 52,602	$ 6,536	14.2%
OCTA	$ 19,933	$ 20,527	$ 594	3.0%
RCTC	$ 7,642	$ 8,609	$ 967	12.7%
SANBAG	$ 10,186	$ 11,461	$ 1,275	12.5%
VCTC	$ 6,844	$ 7,604	$ 760	11.1%
Total	$ 90,670	$ 100,803	$ 10,133	11.2%

Note: Numbers may not foot due to rounding.

3.7.5 Exhibit 3.8: FY 2013-14 Revenue Sources and Comparison to FY 2010-11 through FY 2012-13

Exhibit 3.8 provides a summary of the FY 13 Budget revenue for operating expenses of $211.4 million and capital program authority of $346.1 million. Operating Budget expenses represent FY 14 expenditures, while the Capital Program Budget includes both current year and carryover Board approved authority. Total dollars are separated into funding categories, including state and federal grants, interest on lease proceeds, freight railroad and local funds. The FY 14 Proposed Budget detailed allocations are compared to budgeted and actual funding sources for FY 11 through FY 13.

3.7.6 Exhibit 3.9: FY 2013-14 Budget Revenue Sources and Use by Member Agency

Exhibit 3.9 provides a summary of the FY 14 Budget revenue for operating expenses of $211.4 million and capital program authority of $346.1 million by Member Agency. Operating Budget expenses represent FY 14 expenditures, while the Capital Program Budget includes both current year and carryover Board approved authority. Total dollars are separated into funding categories including state and federal grants, interest on lease proceeds, freight railroad and local funds.

3.7.1a Exhibit 3.1a

Summary of FY 2013-14 Statistics by Line

LINE	San Bernardino	Ventura County	Antelope Valley	Burbank	Riverside	Orange County	Orange Co MSEP	Inland Empire Orange Co.	91 Line	Total
Service Levels (1)										
Weekday Train Trips - FY 12 Actual	42	22	30	12	12	19	0	14	9	160
Weekend Train Trips - FY 12 Actual	34	0	18	0	0	8	0	8	0	68
Total Train Trips - FY 12 Actual	76	22	48	12	12	27	0	22	9	228
Weekday Train Trips - FY 13 Budget	42	22	30	12	12	19	10	14	9	170
Weekend Train Trips - FY 13 Budget	34	0	18	0	0	16	0	8	0	76
Total Train Trips - FY 13 Budget	76	22	48	12	12	35	10	22	9	246
Weekday Train Trips - FY 14 Budget	42	22	30	11	12	19	10	14	13	173
Weekend Train Trips - FY 14 Budget	34	0	24	0	0	16	0	8	0	82
Total Train Trips - FY 14 Budget	76	22	54	11	12	35	10	22	13	255
Passenger Boardings										
FY 12 Actual	3,252,182	1,060,220	1,722,424		1,319,157	2,292,243		1,037,633	586,410	11,270,269
FY 13 Budget	3,560,297	1,150,366	1,872,317		1,402,218	2,518,227		1,139,347	633,511	12,276,283
FY 14 Budget	3,564,361	1,083,167	1,987,927		1,289,222	2,644,307	25,430	1,204,021	780,586	12,579,020
% Change - FY 12 Actual to FY 14 Budget	9.6%	2.2%	15.4%		(2.3%)	15.4%		16.0%	33.1%	11.6%
% Change - FY 13 Budget to FY 14 Budget	0.1%	(5.8%)	6.2%		(8.1%)	5.0%		5.7%	23.2%	2.5%
Train Miles (1)										
FY 12 Actual	717,602	282,588	574,873		182,717	382,041	59,752	278,234	143,973	2,621,779
FY 13 Budget	715,713	281,068	569,532		182,059	418,018	89,624	326,892	143,654	2,726,560
FY 14 Budget	726,880	286,850	597,766		186,359	425,821	91,050	332,686	195,095	2,842,508
% Change - FY 12 Actual to FY 14 Budget	1.3%	1.5%	4.0%		2.0%	11.5%		19.6%	35.5%	8.4%
% Change - FY 13 Budget to FY 14 Budget	1.6%	2.1%	5.0%		2.4%	1.9%		1.8%	35.8%	4.3%
Passenger Miles										
FY 12 Actual	117,403,754	36,153,498	71,480,581		49,600,306	88,480,590		32,996,733	21,345,342	417,460,803
FY 13 Budget	142,273,572	39,112,438	87,296,411		57,490,954	100,784,552		44,514,051	23,439,897	494,911,875
FY 14 Budget	142,435,970	36,827,662	92,686,703		52,858,096	105,830,517	432,313	47,040,856	28,881,682	506,993,800
% Change - FY 12 Actual to FY 14 Budget	21.3%	1.9%	29.7%		6.6%	19.6%		42.6%	35.3%	21.4%
% Change - FY 13 Budget to FY 14 Budget	0.1%	(5.8%)	6.2%		(8.1%)	5.0%		5.7%	23.2%	2.4%
Average Weekday Ridership										
FY 12 Actual	11,416	3,575	5,773		5,205	7,047		3,825	2,265	39,107
FY 13 Budget	12,434	4,476	6,492		5,456	9,310	-	4,073	2,465	44,706
FY 14 Budget	12,299	4,248	6,511		5,056	9,555	100	4,385	3,037	45,190
% Change - FY 12 Actual to FY 14 Budget	7.7%	18.8%	12.8%		(2.9%)	35.6%		14.6%	34.1%	15.6%
% Change - FY 13 Budget to FY 14 Budget	(1.1%)	(5.1%)	0.3%		(7.3%)	2.6%		7.7%	23.2%	1.1%
Average Trip Length (Miles) (2)	40.0	34.0	46.6		41.0	40.0	17.0	39.1	37.0	40.3

Notes:

(1) Service levels and train miles include 2 Amtrak code share trains on the Ventura County Line.

(2) Average trip length taken from the 2012 On-Board Survey.

3.7.1b Exhibit 3.1b

Summary of FY 2013-14 Statistics by Line

LINE	San Bernardino	Ventura County	Antelope Valley	Burbank	Riverside	Orange County	Orange Co MSEP	Inland Empire Orange Co.	91 Line	Total
Operating Cost (w/ MOW) (1)										
FY 12 Actual	42,266	21,506	36,494		16,055	26,198	2,630	18,730	9,400	173,278
FY 13 Budget	47,226	23,885	40,939	-	17,415	28,793	5,593	21,726	10,515	196,093
FY 14 Budget	51,333	25,863	44,508		18,008	30,700	5,429	22,677	12,648	211,166
% Change - FY 12 Actual to FY 14 Budget	21.5%	20.3%	22.0%		12.2%	17.2%	N/A	21.1%	34.6%	21.9%
% Change - FY 13 Budget to FY 14 Budget	8.7%	8.3%	8.7%		3.4%	6.6%	(2.9%)	4.4%	20.3%	7.7%
Operating Cost (w/o MOW Extraordinary Maint) (1)										
FY 12 Actual	41,939	21,263	36,082		16,035	26,042	2,630	18,596	9,387	171,974
FY 13 Budget	46,955	23,684	40,602	-	17,392	28,661	5,593	21,613	10,504	195,003
FY 14 Budget	51,082	25,677	44,192		17,993	30,581	5,429	22,574	12,638	210,167
% Change - FY 12 Actual to FY 14 Budget	21.8%	20.8%	22.5%		12.2%	17.4%	N/A	21.4%	34.6%	22.2%
% Change - FY 13 Budget to FY 14 Budget	8.8%	8.4%	8.8%		3.5%	6.7%	(2.9%)	4.4%	20.3%	7.8%
Operating Cost (w/o MOW)										
FY 12 Actual	35,095	17,525	30,532		15,386	22,571	2,046	16,776	9,221	149,151
FY 13 Budget	38,780	19,244	34,095	-	16,705	25,053	4,685	19,512	10,332	168,407
FY 14 Budget	40,356	19,887	35,515		17,160	25,749	4,181	19,641	12,419	174,909
% Change - FY 12 Actual to FY 14 Budget	15.0%	13.5%	16.3%		11.5%	14.1%	N/A	17.1%	34.7%	17.3%
% Change - FY 13 Budget to FY 14 Budget	4.1%	3.3%	4.2%		2.7%	2.8%	(10.8%)	0.7%	20.2%	3.9%
Subsidy (w/MOW)										
FY 12 Actual	14,820	12,867	17,815		6,546	4,814	2,576	11,909	5,213	76,560
FY 13 Budget	17,855	14,259	21,973	-	6,806	5,470	5,258	13,636	5,413	90,670
FY 14 Budget	21,370	16,251	24,178		7,407	5,223	5,187	14,366	6,820	100,803
% Change - FY 12 Actual to FY 14 Budget	44.2%	26.3%	35.7%		13.1%	8.5%	N/A	20.6%	30.8%	31.7%
% Change - FY 13 Budget to FY 14 Budget	19.7%	14.0%	10.0%		8.8%	(4.5%)	(1.4%)	5.4%	26.0%	11.2%
Farebox Revenue										
FY 12 Actual	23,764	6,375	12,477		9,266	17,583		6,405	4,115	79,986
FY 13 Budget	25,667	6,941	13,524	-	10,309	18,995	281	7,581	4,999	88,297
FY 14 Budget	26,372	7,293	14,003		10,335	21,414	191	7,860	5,734	93,203
% Change - FY 12 Actual to FY 14 Budget	11.0%	14.4%	12.2%		11.5%	21.8%	N/A	22.7%	39.3%	16.5%
% Change - FY 13 Budget to FY 14 Budget	2.7%	5.1%	3.5%		0.2%	12.7%	N/A	3.7%	14.7%	5.6%
Other Revenues (2)										
FY 12 Actual	3,682	2,263	6,202		243	3,801		416	72	16,678
FY 13 Budget	3,704	2,685	5,442	-	299	4,328	54	509	103	17,125
FY 14 Budget	3,590	2,319	6,327		266	4,063	51	450	94	17,161
% Change - FY 12 Actual to FY 14 Budget	(2.5%)	2.5%	2.0%		9.7%	6.9%	N/A	8.3%	30.5%	2.9%
% Change - FY 13 Budget to FY 14 Budget	(3.1%)	(13.6%)	16.3%		(11.1%)	(6.1%)	N/A	(11.6%)	(9.2%)	0.2%

Notes:

(1) Costs include all expenses for Metrolink and MOW on operating and non-operating lines

(2) Other revenues include dispatching fees and MOW revenues from freight and Amtrak due to individual member agencies.

3.7.1c Exhibit 3.1c

Summary of FY 2013-14 Statistics by Line

LINE	San Bernardino	Ventura County	Antelope Valley	Burbank	Riverside	Orange County	Orange Co MSEP	Inland Empire Orange Co.	91 Line	Total
Average Fare/Passenger										
FY 12 Actual	$6.72	$5.60	$6.71		$6.71	$6.75	$8.00	$5.69	$7.76	$7.10
FY 13 Budget	$7.02	$6.58	$6.81	$0.00	$7.01	$7.19	$8.00	$5.57	$8.17	$7.19
FY 14 Budget	$7.40	$6.73	$7.04		$8.02	$8.10	$8.00	$6.53	$7.35	$7.41
% Change - FY 12 Actual to FY 14 Budget	10.1%	20.3%	5.0%		19.5%	20.0%	0.0%	14.8%	(5.3%)	4.4%
% Change - FY 13 Budget to FY 14 Budget	5.3%	2.3%	3.5%		14.3%	12.6%	0.0%	17.2%	(10.1%)	3.0%
Op Cost/Passenger (w/o MOW Extraordinary Maint)										
FY 12 Actual	$12.37	$20.21	$20.02		$11.41	$11.80	N/A	$19.11	$14.68	$15.26
FY 13 Budget	$13.19	$20.59	$21.69		$12.40	$11.75	N/A	$18.05	$16.58	$15.88
FY 14 Budget	$14.33	$23.71	$22.23		$13.96	$11.56	N/A	$18.75	$16.19	$16.71
% Change - FY 12 Actual to FY 14 Budget	15.8%	17.3%	11.1%		22.3%	(2.0%)	N/A	(1.9%)	10.3%	9.5%
% Change - FY 13 Budget to FY 14 Budget	8.7%	15.1%	2.5%		12.5%	(1.6%)	N/A	3.9%	(2.3%)	5.2%
Op Cost/Passenger Mile (w/o MOW Extraordinary Maint)										
FY 12 Actual	$0.34	$0.59	$0.48		$0.30	$0.31	N/A	$0.60	$0.40	$0.41
FY 13 Budget	$0.33	$0.61	$0.47		$0.30	$0.28	N/A	$0.49	$0.45	$0.39
FY 14 Budget	$0.36	$0.70	$0.48		$0.34	$0.29	N/A	$0.48	$0.44	$0.41
% Change - FY 12 Actual to FY 14 Budget	4.7%	17.6%	(1.2%)		12.2%	(5.5%)	N/A	(20.1%)	8.5%	0.6%
% Change - FY 13 Budget to FY 14 Budget	8.7%	15.1%	2.5%		12.5%	1.6%	N/A	(1.2%)	(2.3%)	5.2%
Subsidy/Passenger										
FY 12 Actual	$4.66	$11.97	$10.18		$4.56	$3.44	N/A	$13.10	$6.90	$6.79
FY 13 Budget	$5.01	$12.40	$11.74		$4.85	$2.17	N/A	$11.97	$8.54	$7.39
FY 14 Budget	$6.00	$15.00	$12.16		$5.75	$1.98	N/A	$11.93	$8.74	$8.01
% Change - FY 12 Actual to FY 14 Budget	28.6%	25.4%	19.4%		25.9%	(42.5%)	N/A	(8.9%)	26.7%	18.0%
% Change - FY 13 Budget to FY 14 Budget	19.6%	21.0%	3.6%		18.4%	(9.1%)	N/A	(0.3%)	2.3%	8.5%
Subsidy/Passenger Mile										
FY 12 Actual	$0.13	$0.36	$0.25		$0.13	$0.05	N/A	$0.36	$0.24	$0.18
FY 13 Budget	$0.13	$0.36	$0.25		$0.12	$0.05	N/A	$0.31	$0.23	$0.18
FY 14 Budget	$0.15	$0.44	$0.26		$0.14	$0.05	N/A	$0.31	$0.24	$0.20
% Change - FY 12 Actual to FY 14 Budget	18.9%	24.0%	4.7%		6.2%	(9.3%)	N/A	(15.4%)	(3.3%)	8.4%
% Change - FY 13 Budget to FY 14 Budget	19.6%	21.0%	3.6%		18.4%	(9.1%)	N/A	(0.3%)	2.3%	8.5%
Op Cost/Train Mile (w/o MOW Extraordinary Maint)										
FY 12 Actual	$58.44	$75.24	$62.76		$87.76	$68.17	$44.01	$66.84	$65.20	$65.59
FY 13 Budget	$65.61	$84.26	$71.29		$95.53	$68.56	$62.41	$66.12	$73.12	$71.52
FY 14 Budget	$70.28	$89.51	$73.93		$96.55	$71.82	$59.63	$67.85	$64.78	$73.94
% Change - FY 12 Actual to FY 14 Budget	20.2%	19.0%	17.8%		10.0%	5.4%	N/A	1.5%	(0.6%)	12.7%
% Change - FY 13 Budget to FY 14 Budget	7.1%	6.2%	3.7%		1.1%	4.7%	(4.4%)	2.6%	(11.4%)	3.4%

3.7.1d Exhibit 3.1d

Summary of FY 2013-14 Statistics by Line

LINE	San Bernardino	Ventura County	Antelope Valley	Burbank	Riverside	Orange County	Orange Co MSEP	Inland Empire Orange Co.	91 Line	Total
Operating Cost/Train Mile (w/o MOW)										
FY 12 Actual	$48.91	$62.01	$53.11		$84.21	$59.08	$34.24	$60.29	$64.04	$56.89
FY 13 Budget	$54.18	$68.47	$59.87		$91.76	$59.93	$52.27	$59.69	$71.93	$61.77
FY 14 Budget	$55.52	$69.33	$59.41		$92.08	$60.47	$45.92	$59.04	$63.65	$61.53
% Change - FY 12 Actual to FY 14 Budget	13.5%	11.8%	11.9%		9.4%	2.4%	N/A	(2.1%)	(0.6%)	8.2%
% Change - FY 13 Budget to FY 14 Budget	2.5%	1.3%	(0.8%)		0.4%	0.9%	(12.2%)	(1.1%)	(11.5%)	(0.4%)
Subsidy/Train Mile										
FY 12 Actual	$24.13	$47.42	$35.33		$32.51	$19.88	$0.00	$50.70	$28.67	$29.20
FY 13 Budget	$21.06	$47.28	$32.26		$35.21	$18.22	$36.37	$45.83	$32.11	$33.25
FY 14 Budget	$29.40	$56.65	$40.45		$39.74	$12.27	$56.97	$43.18	$34.96	$35.46
% Change - FY 12 Actual to FY 14 Budget	21.9%	19.5%	14.5%		22.3%	(38.3%)	N/A	(14.8%)	21.9%	21.4%
% Change - FY 13 Budget to FY 14 Budget	39.6%	19.8%	25.4%		12.9%	(32.7%)	56.6%	(5.8%)	8.9%	6.6%
Farebox Recovery (1)										
FY 12 Actual	54.0%	27.5%	33.3%		58.5%	56.7%	0.0%	29.5%	52.4%	46.2%
FY 13 Budget	54.3%	29.1%	33.0%		59.2%	66.0%	5.0%	34.9%	47.5%	45.0%
FY 14 Budget	51.4%	28.2%	31.5%		57.4%	69.8%	3.5%	34.7%	45.3%	44.1%
% Change - FY 12 Actual to FY 14 Budget	(4.8%)	2.5%	(5.4%)		(1.9%)	22.9%	N/A	17.5%	(13.4%)	(4.4%)
% Change - FY 13 Budget to FY 14 Budget	(5.5%)	(3.0%)	(4.8%)		(3.1%)	5.7%	N/A	(0.7%)	(4.6%)	(2.0%)
Revenue Recovery (2)										
FY 12 Actual	62.8%	41.4%	49.7%		60.6%	71.3%	0.0%	32.1%	53.4%	55.8%
FY 13 Budget	62.2%	40.3%	46.3%		60.9%	81.0%	6.0%	37.2%	48.5%	53.8%
FY 14 Budget	58.4%	37.2%	45.7%		58.9%	83.0%	4.5%	36.6%	46.1%	52.3%
% Change - FY 12 Actual to FY 14 Budget	(7.0%)	(10.3%)	(8.0%)		(2.9%)	16.4%	N/A	14.2%	(13.8%)	(6.3%)
% Change - FY 13 Budget to FY 14 Budget	(6.1%)	(7.8%)	(1.4%)		(3.4%)	2.4%	N/A	(1.6%)	(5.0%)	(2.8%)

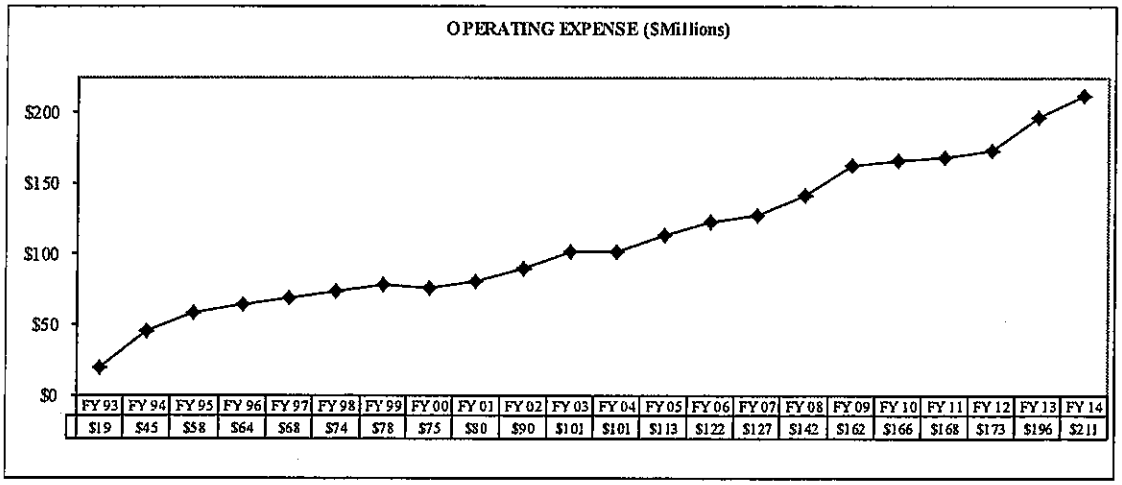
Notes:

(1) Farebox recovery is the ratio of farebox revenue to total expenses net of rolling stock lease payments.

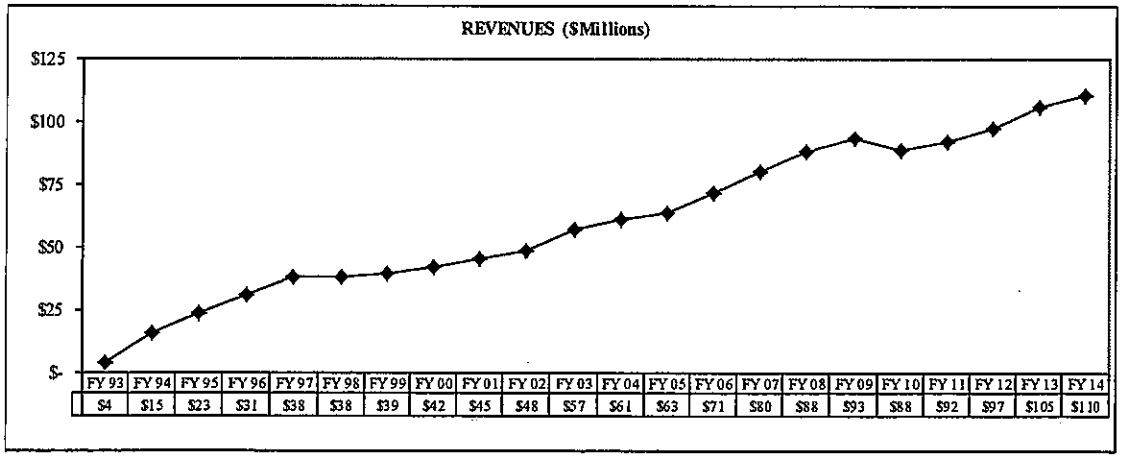
(2) Revenue recovery is the ratio of operating revenues to operating expenses net of rolling stock lease payments.

3.7.2 Exhibit 3.2

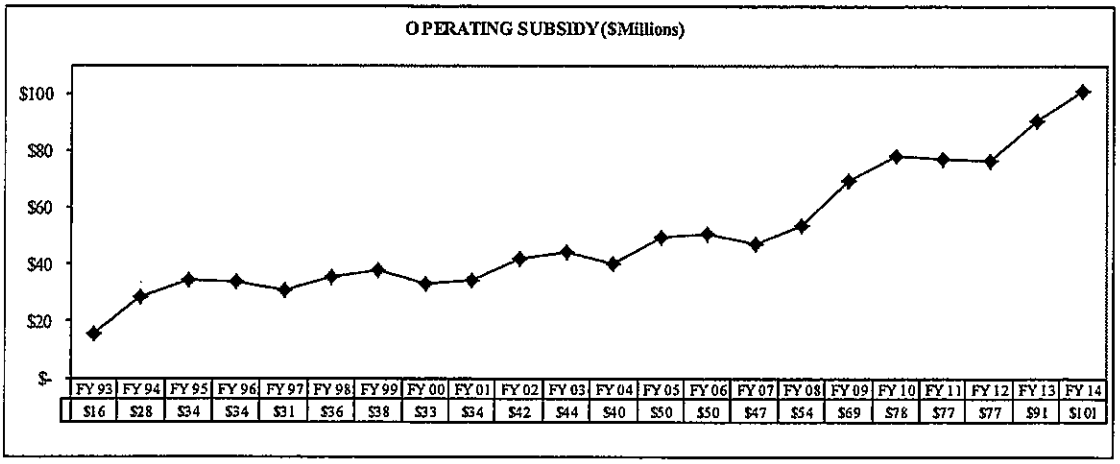
Operating Expense, Revenues and Operating Subsidy



FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
$19	$45	$58	$64	$68	$74	$78	$75	$80	$90	$101	$101	$113	$122	$127	$142	$162	$166	$168	$173	$196	$211



FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
$4	$15	$23	$31	$38	$38	$39	$42	$45	$48	$57	$61	$63	$71	$80	$88	$93	$88	$92	$97	$105	$110

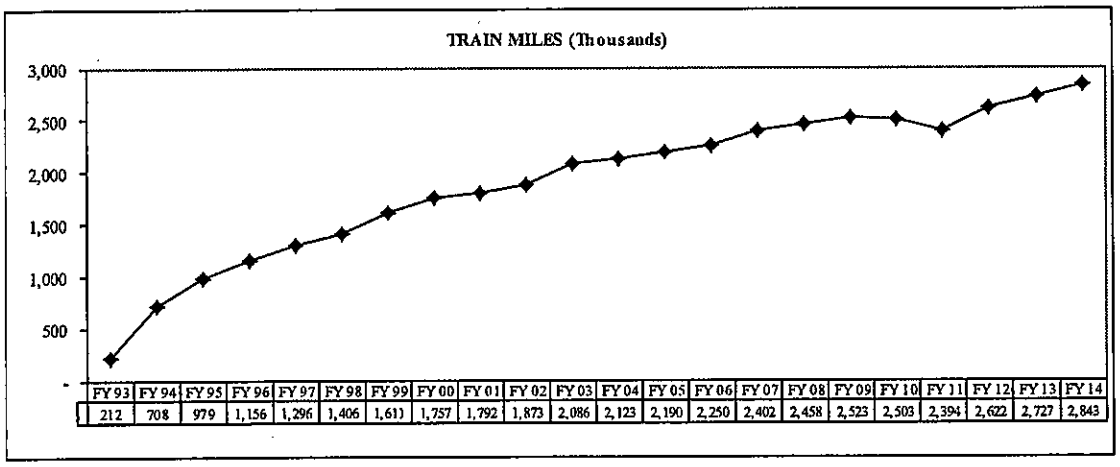


FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
$16	$28	$34	$34	$31	$36	$38	$33	$34	$42	$44	$40	$50	$50	$47	$54	$69	$78	$77	$77	$91	$101

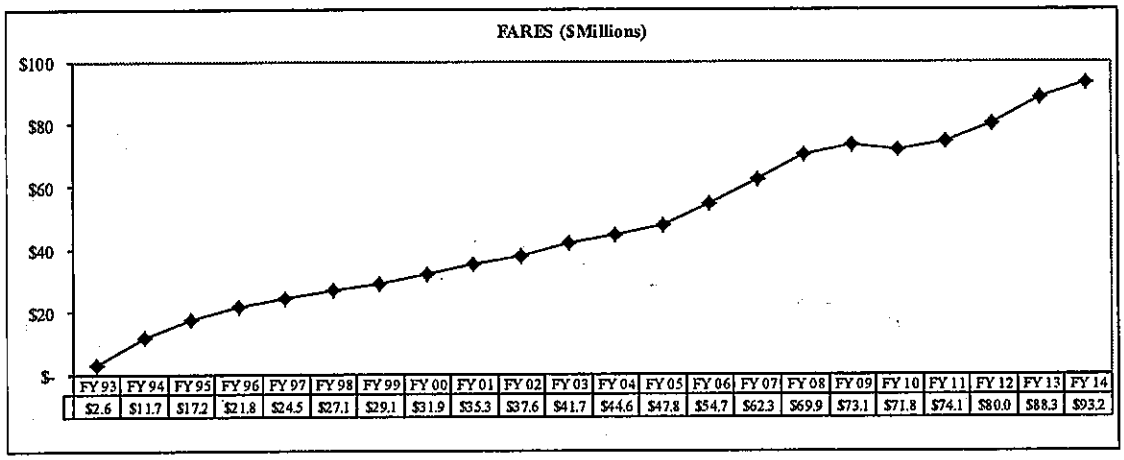
Actuals to FY 12, Budget for FY 13 and FY 14

3.7.3 Exhibit 3.3

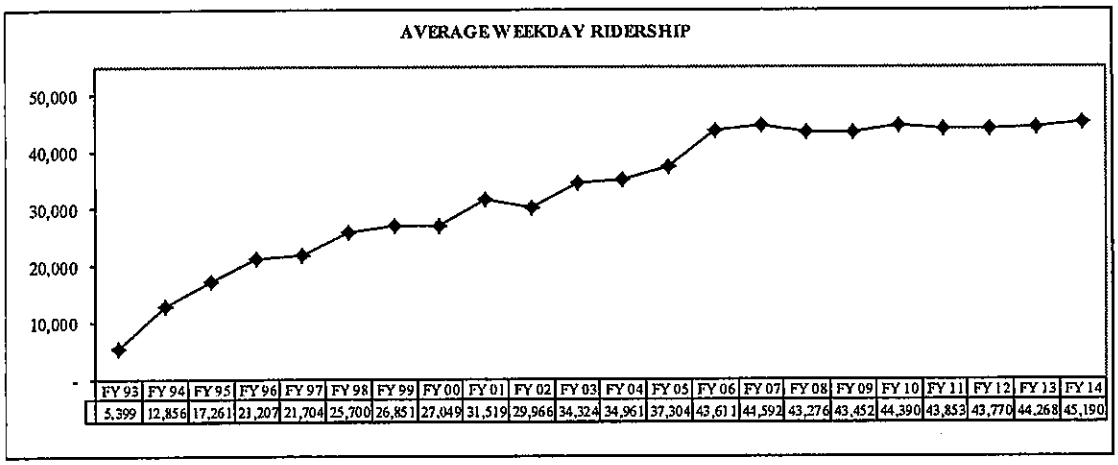
Train Miles, Fares and Average Weekday Ridership



FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
212	708	979	1,156	1,296	1,406	1,611	1,757	1,792	1,873	2,086	2,123	2,190	2,250	2,402	2,458	2,523	2,503	2,394	2,622	2,727	2,843



FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
$2.6	$11.7	$17.2	$21.8	$24.5	$27.1	$29.1	$31.9	$35.3	$37.6	$41.7	$44.6	$47.8	$54.7	$62.3	$69.9	$73.1	$71.8	$74.1	$80.0	$88.3	$93.2

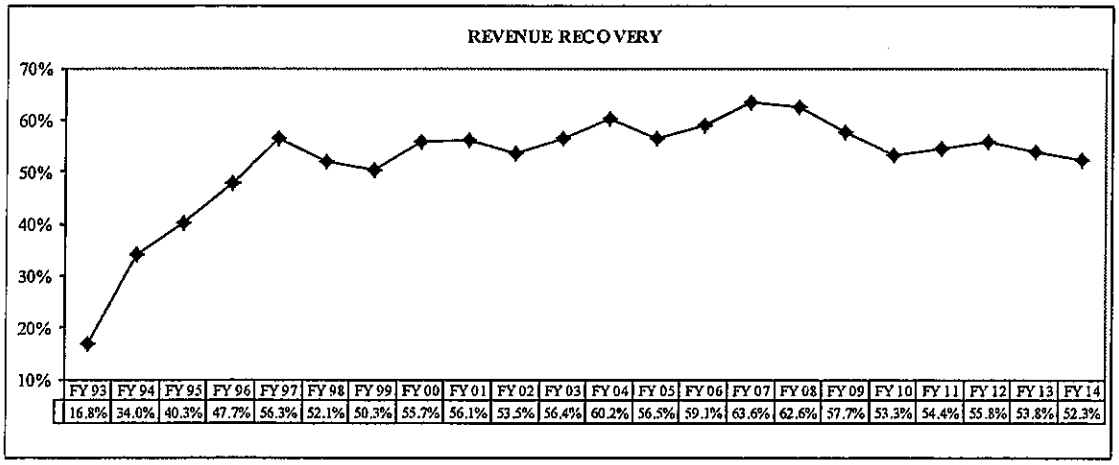


FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
5,399	12,856	17,261	21,207	21,704	25,700	26,851	27,049	31,519	29,966	34,324	34,961	37,304	43,611	44,592	43,276	43,452	44,390	43,853	43,770	44,268	45,190

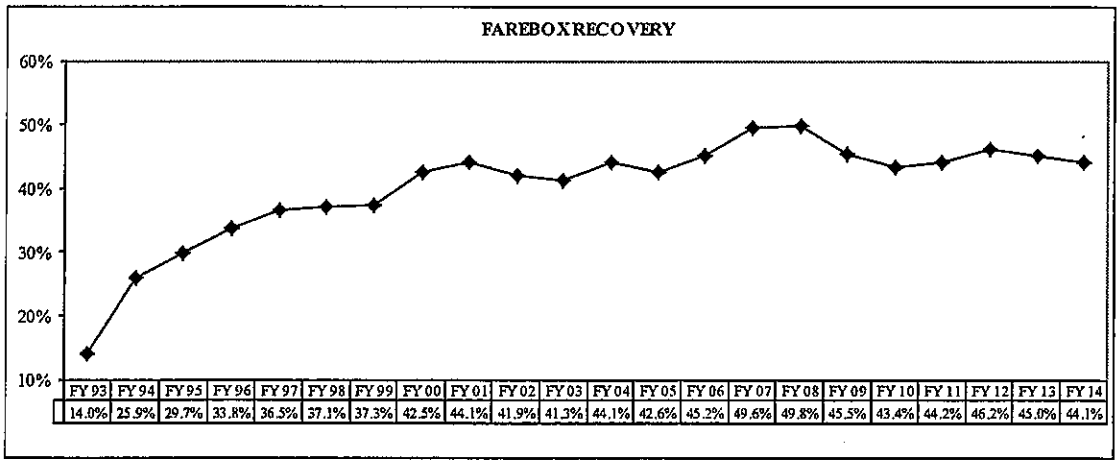
Actuals to FY 12, Budget for FY 13 and FY 14

3.7.4 Exhibit 3.4

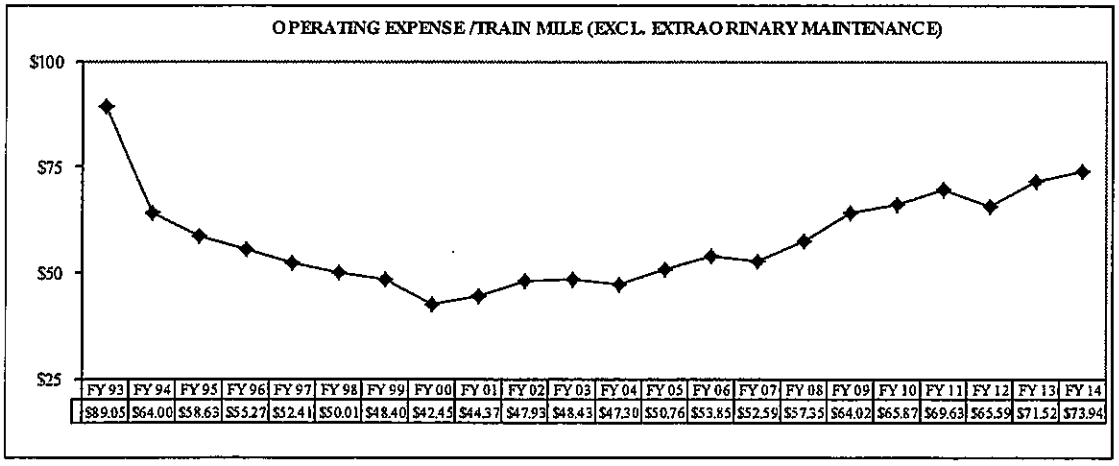
Revenue Recovery, Farebox Recovery and Operating Expense per Train Mile



FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
16.8%	34.0%	40.3%	47.7%	56.3%	52.1%	50.3%	55.7%	56.1%	53.5%	56.4%	60.2%	56.5%	59.1%	63.6%	62.6%	57.7%	53.3%	54.4%	55.8%	53.8%	52.3%



FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
14.0%	25.9%	29.7%	33.8%	36.5%	37.1%	37.3%	42.5%	44.1%	41.9%	41.3%	44.1%	42.6%	45.2%	49.6%	49.8%	45.5%	43.4%	44.2%	46.2%	45.0%	44.1%

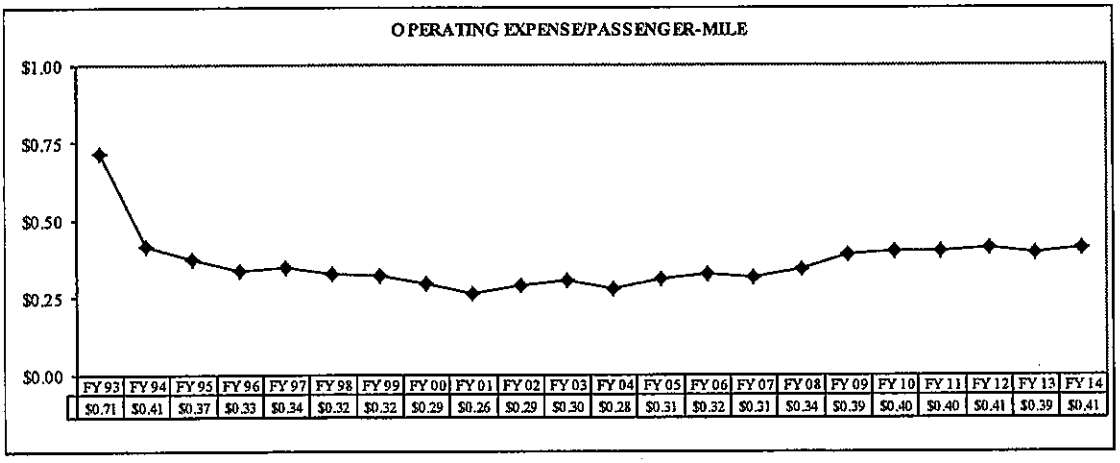


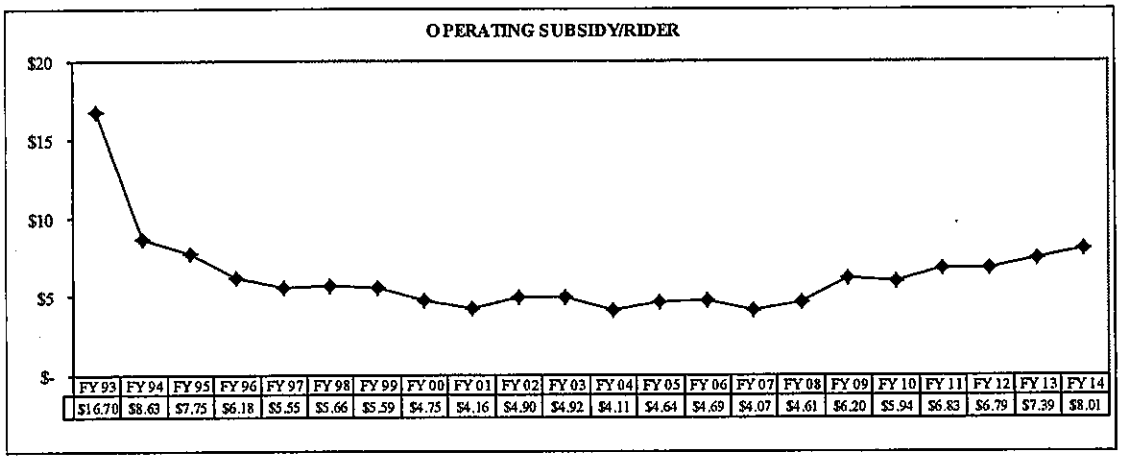
FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
$89.05	$64.00	$58.63	$55.27	$52.41	$50.01	$48.40	$42.45	$44.37	$47.93	$48.43	$47.30	$50.76	$53.85	$52.59	$57.35	$64.02	$65.87	$69.63	$65.59	$71.52	$73.94

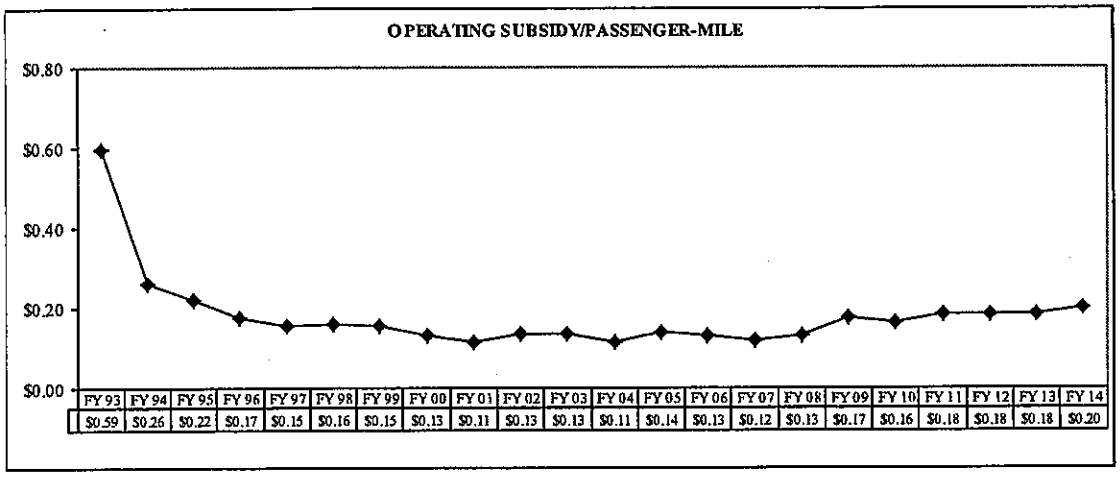
Actuals to FY 12, Budget for FY 13 and FY 14
Revenue Recovery = Operating Revenues/Operating Expenses Net of Rolling Stock Lease Payments
Farebox Recovery = Farebox Revenue/Operating Expenses Net of Rolling Stock Lease Payments

3.7.5 Exhibit 3.5

Operating Expense per Passenger Mile, Operating Subsidy per Rider and Operating Subsidy per Passenger Mile







Actuals to FY 12, Budget for FY 13 and FY 14

3.7.6 Exhibit 3.6 - *FY 2013-14 Annual Operating Budget Distributions by Cost Component*

	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	Proposed FY 13-14 Budget	FY13-14 Budget vs. FY12-13 Budget Increase	%
EXPENSES	168,217	173,278	196,093	211,166	15,074	7.69%
REVENUES	91,556	96,718	105,422	110,363	4,941	4.69%
NET LOCAL SUBSIDY	76,661	76,560	90,671	100,803	10,132	11.18%

OPERATIONS

Revenues						
Farebox Revenue	74,105	79,986	88,297	93,203	4,906	5.6%
Dispatching	3,079	2,957	2,763	2,699	(64)	(2.3%)
Other Revenues	1,334	308	670	595	(75)	(11.2%)
MOW Revenues	12,930	13,434	13,692	13,867	175	1.3%
Member Agency Revenues	60,613	57,296	74,678	83,501	8,823	11.8%
Total Revenues	151,797	153,982	180,100	193,864	13,764	7.6%
Operations & Services						
Train Operations	29,603	32,447	37,195	41,081	3,886	10.4%
Equipment Maintenance	22,471	19,416	23,078	25,023	1,945	8.4%
Contingency (Train Ops)	(1)	-		-	-	0.0%
Fuel	17,116	22,945	28,265	25,857	(2,409)	(8.5%)
Non-Scheduled Rolling Stock Repairs	1	0	100	50	(50)	(50.0%)
Operating Facilities Maintenance	707	972	1,064	1,063	(1)	(0.1%)
Other Operating Train Services	364	511	713	641	(72)	(10.1%)
Rolling Stock Lease	371	-	-	-	-	0.0%
Security - Sheriff	5,250	4,862	5,248	4,466	(782)	(14.9%)
Security - Guards	857	956	1,095	1,870	775	70.7%
Supplemental Additional Security	562	176	621	699	78	12.6%
Public Safety Program	250	203	196	270	74	37.9%
Passenger Relations	1,449	1,411	1,445	1,620	175	12.1%
Holiday Trains	198	227	350	-	(350)	(100.0%)
TVM Maintenance/Revenue Collection	3,887	3,939	4,198	4,947	749	17.8%
Marketing	696	927	1,297	954	(342)	(26.4%)
Media & External Communications	680	404	538	620	82	15.3%
Utilities/Leases	3,519	2,729	3,553	2,677	(876)	(24.7%)
Transfers to Other Operators	4,384	6,069	7,315	7,269	(46)	(0.6%)
Amtrak Transfers	1,173	1,030	1,367	1,367	-	0.0%
Station Maintenance	980	692	940	1,307	367	39.1%
Rail Agreements	3,762	4,019	4,726	5,494	768	16.3%
Subtotal Operations & Services	98,278	103,934	123,302	127,275	3,973	3.2%
Maintenance-of-Way					-	
MoW - Line Segments	28,835	22,823	26,596	35,258	8,662	32.6%
MoW - Extraordinary Maintenance	1,532	1,304	1,090	999	(91)	(8.3%)
Subtotal Maintenance-of-Way	30,687	24,127	27,686	36,257	8,571	31.0%
Administration & Services					-	
Salaries & Fringe Benefits	9,679	10,405	10,686	10,696	10	0.1%
Non-Labor Expenses	1,185	2,233	1,648	5,436	3,788	229.8%
Indirect Administrative Expenses	11,399	11,857	11,753	12,398	646	5.5%
Professional Services	530	912	1,917	1,301	(616)	(32.1%)
Subtotal Administration & Services	22,794	25,406	26,004	29,832	3,828	14.7%
Contingency (Non-Train Ops)	38	547	500	500	-	0.0%
Total Expenses Including MoW	151,797	154,014	177,493	193,864	16,372	9.2%

RISK MANAGEMENT

Revenues						
Member Agency Revenues	16,312	19,264	18,600	17,302	(1,298)	(7.0%)
PL/PD Revenues	108	32			-	0.0%
Total Revenues	16,419	19,296	18,600	17,302	(1,298)	(7.0%)
Insurance						
Liability/Property/Auto	14,771	14,797	16,020	14,590	(1,430)	(8.9%)
Claims	391	3,534	1,000	1,000	-	0.0%
Claims Administration	1,257	933	1,580	1,712	132	8.4%
Subtotal Insurance	16,419	19,264	18,600	17,302	(1,298)	(7.0%)
Total Expenses	16,419	19,264	18,600	17,302	(1,298)	(7.0%)

3.7.7 Exhibit 3.7 - *FY 2013-14 Annual Operating Budget Distributions to Member Agency*

	Proposed FY 13-14 Budget	Metro	OCTA	RCTC	SANBAG	VCTC
EXPENSES	**211,166**	**112,606**	**46,181**	**15,473**	**25,607**	**11,299**
REVENUES	**110,363**	**60,004**	**25,654**	**6,864**	**14,147**	**3,695**
NET LOCAL SUBSIDY	**100,803**	**52,602**	**20,527**	**8,609**	**11,461**	**7,604**

OPERATIONS

Revenues						
Farebox Revenue	93,203	48,774	22,007	6,805	12,802	2,814
Dispatching	2,699	1,412	904	-	56	326
Other Revenues	595	310	130	59	71	25
MOW Revenues	13,867	9,508	2,612	0	1,217	530
Member Agency Revenues	83,501	43,301	16,746	7,428	9,021	7,006
Total Revenues	**193,864**	**103,304**	**42,399**	**14,292**	**23,168**	**10,701**
Operations & Services		0.5530	0.2218	0.0691	0.1189	0.0372
Train Operations	41,081	22,716	9,112	2,839	4,883	1,530
Equipment Maintenance	25,023	12,927	5,645	1,917	3,368	1,166
Contingency (Train Ops)	-	-	-	-	-	-
Fuel	25,857	13,710	6,242	1,940	3,130	835
Non-Scheduled Rolling Stock Repairs	50	27	11	3	7	2
Operating Facilities Maintenance	1,063	572	232	73	150	37
Other Operating Train Services	641	323	117	66	68	68
Rolling Stock Lease	-	-	-	-	-	-
Security - Sheriff	4,466	2,619	924	251	566	106
Security - Guards	1,870	943	341	191	197	198
Supplemental Additional Security	699	366	165	51	96	21
Public Safety Program	270	136	49	28	28	29
Passenger Relations	1,620	828	384	116	242	51
Holiday Trains	-	-	-	-	-	-
TVM Maintenance/Revenue Collection	4,947	2,308	1,072	660	577	330
Marketing	954	499	209	69	145	32
Media & External Communications	620	313	113	64	65	66
Utilities/Leases	2,677	1,350	488	274	282	283
Transfers to Other Operators	7,269	4,077	1,460	422	1,041	269
Amtrak Transfers	1,367	434	869	-	-	63
Station Maintenance	1,307	797	193	73	178	67
Rail Agreements	5,494	1,980	1,642	1,169	369	334
Subtotal Operations & Services	**127,275**	**66,924**	**29,269**	**10,204**	**15,392**	**5,485**
Maintenance-of-Way						
MoW - Line Segments	35,258	20,353	7,272	1,056	4,407	2,171
MoW - Extraordinary Maintenance	999	575	243	11	107	64
Subtotal Maintenance-of-Way	**36,257**	**20,928**	**7,514**	**1,067**	**4,514**	**2,235**
Administration & Services						
Salaries & Fringe Benefits	10,696	5,391	1,960	1,092	1,129	1,125
Non-Labor Expenses	5,436	2,902	1,068	474	637	355
Indirect Administrative Expenses	12,398	6,251	2,261	1,270	1,307	1,310
Professional Services	1,301	656	237	133	137	137
Subtotal Administration & Services	**29,832**	**15,200**	**5,525**	**2,969**	**3,210**	**2,928**
Contingency (Non-Train Ops)	**500**	**252**	**91**	**51**	**53**	**53**
Total Expenses Including MoW	**193,864**	**103,304**	**42,399**	**14,292**	**23,168**	**10,701**

RISK MANAGEMENT

Revenues						
Member Agency Revenues	17,302	9,302	3,782	1,181	2,439	598
PL/PD Revenues						
Total Revenues	**17,302**	**9,302**	**3,782**	**1,181**	**2,439**	**598**
Insurance						
Liability/Property/Auto	14,590	7,844	3,189	996	2,057	504
Claims	1,000	538	219	68	141	35
Claims Administration	1,712	920	374	117	241	59
Subtotal Insurance	**17,302**	**9,302**	**3,782**	**1,181**	**2,439**	**598**
Total Expenses	**17,302**	**9,302**	**3,782**	**1,181**	**2,439**	**598**

3.7.8 Exhibit 3.8

FY 2013-14 Revenue Sources and Comparison to FY 2010-11 through FY 2012-13

	FY2010-11 Actual	FY2011-12 Actual	FY2012-13 Budget	FY2013-14 Budget	Change from FY13 Budget
Operating Revenues					
Farebox	$74,105	$81,739	$88,297	$93,203	5.6%
Dispatching Agreements	3,079	2,935	2,763	2,699	(2.3%)
Other Operating (1)	1,442	872	670	595	(11.2%)
Maintenance-of-Way	12,930	12,978	13,692	13,867	1.3%
Local Funds for Operating	76,925	81,151	94,146	100,803	7.1%
Subtotal Operating Revenues	**$168,480**	**$179,676**	**$199,568**	**$211,166**	**5.8%**
Percent of Total Revenues	**51.8%**	**24.2%**	**34.8%**	**37.9%**	
Capital Revenues					
State	$41,505	$260,715	$179,398	$205,755	14.7%
Federal	9,991	19,362	14,141	15,143	7.1%
Interest on Lease Proceeds	174	1,650	1,926	2,169	12.6%
Union Pacific Railroad/BNSF	216	445	75	273	263.3%
Amtrak	0	236	236	0	(100.0%)
Other Non-Member (includes insurance recoveries)	0	22,224	7,850	13,427	71.0%
Local Funds for Capital	104,654	258,452	170,730	109,380	(35.9%)
Subtotal Capital Revenues	**$156,542**	**$563,083**	**$374,356**	**$346,147**	**(7.5%)**
Percent of Total Revenues	**48.2%**	**75.8%**	**65.2%**	**62.1%**	
Total Revenues	**$325,022**	**$742,759**	**$573,925**	**$557,512**	**(2.9%)**
Local Revenues as a Percent of Total	**55.9%**	**45.7%**	**46.2%**	**37.7%**	

(1) Other Revenues include one-time and other non-recurring sources.

Note: Numbers may not foot due to rounding.

3.7.9 Exhibit 3.9

FY 2013-14 Budget Revenue Sources and Use by Member Agency

Operating Budget	Total FY2013-14	% of Total	Metro	OCTA	RCTC	SANBAG	VCTC	System
Local Funds For Operating	**$100,803**	**47.7%**	**$52,602**	**$20,527**	**$8,609**	**$11,461**	**$7,604**	**$0**
Operations	78,412	37.1%	41,182	15,625	7,542	8,164	5,899	-
Maintenance-of-Way	22,391	10.6%	11,420	4,902	1,067	3,296	1,705	-
Other Operating Revenues	**$110,363**	**52.3%**	**$60,004**	**$25,654**	**$6,864**	**$14,147**	**$3,695**	**$0**
Farebox Revenue	93,203	44.1%	48,774	22,007	6,805	12,802	2,814	-
Non-Fare Operating Revenue	3,294	1.6%	1,722	1,034	59	127	351	-
MOW Revenues	13,867	6.6%	9,508	2,612	0	1,217	530	-
Total Funding Sources For Operating	**$211,166**	**100.0%**	**$112,606**	**$46,181**	**$15,473**	**$25,607**	**$11,299**	**$0**

Total Operating Expenditures	**$211,166**	**100.0%**	**$112,606**	**$46,181**	**$15,473**	**$25,607**	**$11,299**	**$0**
Operating Expenditures (Excludes MOW)	174,909	82.8%	91,678	38,667	14,406	21,094	9,064	0
Maintenance-of-Way	36,257	17.2%	20,928	7,514	1,067	4,514	2,235	0

Capital Budget	Total FY2013-14	% of Total	Metro	OCTA	RCTC	SANBAG	VCTC	System
Local Funds For Capital	**$109,380**	**31.6%**	**$54,982**	**$16,739**	**$13,205**	**$17,515**	**$6,939**	**$0**
New Capital	32,952	9.5%	17,456	4,890	7,383	2,184	1,039	-
Rehabilitation/Renovation	76,428	22.1%	37,525	11,850	5,822	15,331	5,900	-
Other Capital Revenues	**$236,767**	**68.4%**	**$0**	**$0**	**$0**	**$0**	**$0**	**$236,767**
Interest on Lease Proceeds	2,169	0.6%	-	-	-	-	-	2,169
Other Non-Member (includes insurance recoveries)	13,427	3.9%	-	-	-	-	-	13,427
State Funds	205,755	59.4%	-	-	-	-	-	205,755
Federal finds	15,143	4.4%	-					15,143
UPRR Funds	273	0.1%	-	-	-	-	-	273
Total Funding Sources For Capital	**$346,147**	**100.0%**	**$54,982**	**$16,739**	**$13,205**	**$17,515**	**$6,939**	**$236,767**

Total Capital Expenditures	**$346,147**	**100.0%**	**$54,982**	**$16,739**	**$13,205**	**$17,515**	**$6,939**	**$236,767**
New Capital	260,729	75.3%	17,456	4,890	7,383	2,184	1,039	227,777
Rehabilitation/Renovation	85,418	24.7%	37,525	11,850	5,822	15,331	5,900	8,991

Total Proposed Expenditures	**$557,313**		**$167,587**	**$62,920**	**$28,678**	**$43,122**	**$18,238**	**$236,767**

Note: Numbers may not foot due to rounding.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 4: Operating Revenues and Funding

4.1 Introduction

SCRRA's operating revenues and funding requirements for the FY 14 Proposed Budget are $211.2 million. These revenues include farebox, dispatching, Maintenance of Way, Member Agency subsidy and miscellaneous revenue sources. The total FY 14 Proposed Budget is a $15.1 million, or a 7.7% increase over FY 13.

SCRRA generated revenues are $110.4 million, up $4.9 million over FY 13. Member Agency subsidies in FY 14 are $100.8 million, up $10.1 million over FY 13. In FY 14, total revenues are represented as follows:

	FY12-13	FY13-14	$ Increase	% Increase
Farebox	$ 88,297	$ 93,203	$ 4,906	5.6%
MOW	$ 13,692	$ 13,867	$ 175	1.3%
Dispatching	$ 2,763	$ 2,699	$ (64)	(2.3%)
Other Revenue	$ 670	$ 595	$ (75)	(11.2%)
Subtotal	$105,422	$110,363	$ 4,941	4.7%
Member Agencies	$ 90,671	$100,803	$ 10,132	11.2%
Total	$196,093	$211,166	$ 15,074	7.7%

Note: Numbers may not foot due to rounding.

4.2 Farebox Revenues

Farebox revenues represent cash or credit payments from riders across the seven operating lines of the rail system. They include individual rider purchases, as well as corporate partner, student and group sales. FY 14 budget projects farebox revenue of $93.2 million, up $4.9 million over FY 13. These revenues are estimated to cover 44.1% of total operating expenses for FY 14.

In addition to increasing revenues, the FY 14 Budget includes an average weekday ridership increase of 1.1%. FY 14 passenger boardings are estimated to increase 2.5%. Average weekday ridership is projected to total 45,190. Total ridership, including all weekend services, is expected to be 12.6 million passenger trips.

Farebox Revenues

	FY 13-14
FY 13 Base Revenue	$ 85,297
Base Growth	1,706
ADA Subsidy Reduction	(758)
Marketing Campaigns	1,683
Fare Changes	
5% Fare Increase	3,185
Weekend Day Pass	606
PCA Fare Revenue	170
New Service	
91 Line Weekday	1,022
AV Line Sunday	291
FY14 Proposed Fare Revenue	$ 93,203

4.2.1 Corporate Partner Program

This program includes corporate clients purchasing multiple tickets/passes per month (Monthly Passes, 7-Day Passes and Round-Trip Tickets). Staff continues to identify potential work clusters within the catchment areas of SCRRA's services.

Corporate partnerships have grown in the past year with a refocus on securing new accounts. Since launching a direct sales program in FY 12, Metrolink has grown from 120 corporate accounts to 144, or a 20% increase. The FY 14 Budget includes an increase in corporate account partnerships by an additional 10% by fiscal year end.

The Corporate Quick Card was introduced in late FY 12 to streamline the administrative support for both the corporate partner and SCRRA staff. Additionally, staff has been assigned to ensure the ongoing relationship with our current clients is maintained, strengthened and enhanced.

Specifically, SCRRA will incorporate several key initiatives for the Corporate Partner Program (CPP) in FY 14 to increase fare revenues. These include:

1. Distribute CPP sales information
   a) Promote Corporate Partner Program and employee benefits
   b) Utilize Human Resources and transportation staff distribution channels to employees
   c) Share messages of tax savings, benefits of program: environmental reasons, cost savings, convenience, etc.

2. Reach Human Resources and transportation managers at corporate partners via use of consistent email blasts, e-newsletters and video messages

3. Educate corporate partners and their employees via the agency's web page devoted to the corporate program

4. Direct marketing through direct mail campaigns

5. Develop "Customer Connect" program for LAUS where customers have direct contact with Metrolink staff. This program will help identify corporate riders who can participate in the Rider Advisory Group.

4.2.2 Weekday Commuter

In FY 14, SCRRA Customer Engagement will target the commuter market to increase ridership across the region. This will be achieved by expanding and developing commuter markets, raising the level of awareness of potential riders and developing partnerships. Through the following efforts, SCRRA will continue to reach out to the region's commuters:

1. Offer trial rides for colleagues/friends/family: allow two special Round-Trip Tickets monthly (for that particular month) for each pass holder

2. Collaboration with service area transit operators for improved connectivity for commuters (successful examples include the TRANSporter, ART shuttle and iShuttle)

3. Onboard marketing to build awareness among current riders

4. Metrolink will continue the successful direct mail campaign to new residents who move into a station catchment area. Previous campaigns have a return on investment of 150%

5. Station area marketing to include a variety of tactics (e.g., billboard, direct mail, door hanger, local publication, social media) to grow the market around identified stations in each Member Agency county

4.2.3 Destination Weekend

In FY 12, SCRRA introduced a promotional $10 Weekend Pass that met with phenomenal success in increased ridership. The launch of the wildly popular $10 Weekend Pass has generated ridership and revenue growth of 20% on the weekend. In June 2013, the SCRRA Board approved changes from the $10 Weekend Pass to a $10 Weekend Day Pass. The change to a Weekend Day Pass is expected to generate an additional $606 thousand in weekend fare revenue.

For FY 14, SCRRA must develop a strategy that continues to target the weekend commuter to increase ridership and frequency across the region, raise the level of awareness among potential riders and improve the brand position of Metrolink. Strategy involves review of current pricing and ticketing opportunities:

1. Target riders showing greatest potential to increase ride frequency, youth and Latin markets

2. 12-month marketing campaign to include:
   a) Website: Incorporate mobile ticketing and integrated social networking/blogging
   b) Internet Marketing: Online advertising, viral marketing and email marketing
   c) Broadcast Advertising: Limited tactical use of radio and/or television to reach target audience in drive time, prime time, special programming, etc. Details to be determined based on budget and media usage habits of target audience
   d) Education (via collateral materials): Rack brochures, posters promoting the benefits of rail travel vs. car/other

3. Establish partnerships with regional venues to capitalize on event travel (e.g., Los Angeles Angels of Anaheim, Auto Club Speedway, baseball games, trade shows citywide conventions)

4. Develop integrated media campaign to reach potential, current and former riders with weekend promotion, encourage trial rides and leverage seasonality of special events

4.2.4 Personal Care Attendant Policy Change

SCRRA partners with Access Services, the agency responsible for administering the Americans with Disabilities Act (ADA) mandated paratransit transportation program for Los Angeles County. The partnership is committed to improving the mobility on public transit of persons with disabilities. ADA riders and their Personal Care Attendant (PCA) ride Metrolink without charge. SCRRA seeks reimbursement from Access Services only for the ADA rider.

Metrolink will amend the PCA policy by charging each PCA accompanying an ADA rider for an ID card. The annual ID card will be issued at a cost of $25. If a rider has multiple PCAs, each additional PCA will be charged $10 for the ID card. The PCA policy change is expected to generate $170 thousand in revenue.

4.2.5 Customer Retention Program

Marketing strives to maintain ridership and increase frequency of rides among the rider base. This is done by implementing a hybrid campaign of brand awareness and direct response to each targeted subgroup.

Marketing will use the following strategy to achieve FY 14 retention goals:

1. *Potential riders*: Brand/response message measurable and trackable via unique identifiers, such as promo codes, unique URLs, specific calls-to-action and mobile-based ticket sales, if approved

2. *Current riders*: Appreciation message, adding value to the Monthly Pass and offering additional incentives.

3. *Former riders*: Incentive message to "try Metrolink again" and invite them back for a new, improved experience; measurable and trackable through a specific offer

4.2.6 Other Marketing Plans and Initiatives

In FY 14, SCRRA will continue to develop and implement new branding opportunities. In addition, Marketing plans include the proposed development of mobile ticketing, an enhanced rewards program and "brand advocate" program.

In the fall of 2011, Metrolink implemented a Student School Trip program for Southern California K-12 schools. In the first year, the program attracted just over 9,000 students, and FY 2012-13 shows continued growth. The promotion included a direct mail outreach to all schools, Parent-Teacher Associations and school districts within five miles of Metrolink operating lines.

FY 14 marketing outreach includes service expansion via the development of relationships with theme parks along operating lines, such as Disney and LEGOLAND. Other opportunities identified are North County San Diego hotels. An MOU is under review with NCTD for cross-county service expansion.

4.3 Maintenance of Way (MOW) Revenues

Maintenance of Way (MOW) revenue is projected at $13.9 million, or $0.2 million, over FY 13. The increase is based on increased freight traffic projections. The primary agreements and territories that provide MOW revenues are Coast and Saugus shared use for $6.3 million, Pasadena Subdivision shared use for $2.4 million, San Diego and Olive Subdivision shared use for $1.7 million and Amtrak Intercity for $1.3 million. The remaining MOW revenue of $2.1 million is provided by the East Bank Joint Facility, LAUS Rail Yard Operations and Maintenance (Amtrak), Baldwin Park Branch, State Grade Crossing (CPUC), Azusa Branch, Mission Tower and federal funding.

4.4 Dispatching Revenues

Freight railroads and Amtrak Intercity services operating over territory owned by SCRRA Member Agencies provide dispatching revenues based upon existing

agreements. Dispatching Revenues are estimated to equal approximately $2.7 million, down $0.1 million from FY 13.

4.5 Other Miscellaneous Revenues

Total other revenues for the FY 14 Proposed Budget are estimated at $0.6 million. These revenues include Amtrak revenues for use of SCRRA-owned Ticket Vending Machines (TVMs), interest and other minor reimbursements. The budget is $75 thousand less than FY 13 due to the lack of Holiday Train sponsorships resulting from the decision to not run the Holiday Train in FY 14.

4.6 Member Agency Funding

For FY 14, total Member Agency contributions are projected at $100.8 million. This represents an increase of $10.1 million over FY 13. Member Agency contributions are calculated to provide the funding gap between total SCRRA expenses and total SCCRA generated revenues.

	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Subsidy	$ 76,661	$ 76,560	$ 90,671	$ 100,803
% Increase		(0.1%)	18.4%	11.2%

4.7 Exhibits

4.7.1 Exhibit 4.1: FY 2013-14 Fare Revenue and Ridership

Exhibit 4.1 provides average daily ridership, total fare revenue and revenue per rider for weekend and weekdays. Data is provided for each operating line.

4.7.2 Exhibit 4.2: FY 2013-14 Maintenance of Way (MOW) Revenue

Exhibit 4.2 provides a listing of the various Maintenance of Way revenue agreements by territory with annual actual revenues for FY 2010-11 and FY 2011-12, and budgeted revenues for FY 2012-13 and FY 2013-14.

4.7.3 Exhibit 4.3: 2013-14 Dispatching Revenue

Exhibit 4.3 provides a listing of the various dispatching revenue agreements by territory with annual actual revenues for FY 2010-11 and FY 2011-12, and budgeted revenues for FY 2012-13 and FY 2013-14.

4.7.4 Exhibit 4.4: FY 2013-14 Other Operating Revenue

Exhibit 4.4 provides a listing of the various revenue sources such as Amtrak TVM and interest with annual actual revenues for FY 2010-11 and FY 2011-12 and budgeted revenues for FY 2012-13 and FY 2013-14.

4.7.5 Exhibit 4.5: FY 2013-14 Operating Funding Allocation by Member Agency

Exhibit 4.5 provides a listing of the proposed FY 2013-14 total SCRRA expenses and total SCRRA generated revenues and identifies the net operating funding and allocation by Member Agency.

Exhibit 4.1

FY 2013-14 Fare Revenue and Ridership

($000)

Operating Line	Average Daily Ridership			Revenue/Rider ($'s)		Fare Revenue ($000's)		
	FY12-13 Budget	FY13-14 Budget	% Incr FY13 Bud	FY12-13 Budget	FY13-14 Budget	FY12-13 Budget	FY13-14 Budget	% Incr FY13 Bud
San Benardino								
Weekday	12,256	12,299	0.4%	7.47	7.62	23,528	23,882	1.5%
Weekend	7,120	8,235	15.7%	5.95	5.81	2,139	2,490	16.4%
Ventura County	4,413	4,248	-3.7%	6.12	6.73	6,941	7,293	5.1%
Antelope Valley								
Weekday	6,474	6,511	0.6%	7.43	7.36	12,214	12,218	0.0%
Weekend	3,977	6,299	58.4%	6.52	5.45	1,310	1,786	36.3%
Riverside	5,279	5,056	-4.2%	7.46	8.02	10,309	10,335	0.2%
Orange County								
Weekday	9,285	9,555	2.9%	7.52	8.30	17,743	20,222	14.0%
Weekend	3,180	3,998	25.7%	7.72	5.74	1,240	1,192	-3.8%
OC MSEP	166	100	-39.8%	7.00	7.50	294	191	-35.0%
IEOC								
Weekday	4,142	4,385	5.9%	6.40	6.64	7,240	7,423	2.5%
Weekend	2,026	1,653	-18.4%	3.33	5.09	341	438	28.4%
'91	2,254	3,037	34.8%	8.23	7.35	4,999	5,734	14.7%
Totals								
Weekday	44,268	45,190	2.1%			83,268	87,297	4.8%
Weekend	16,303	20,185	23.8%			5,029	5,905	17.4%
Total						**88,297**	**93,203**	**5.6%**

Exhibit 4.2

FY 2013-14 Maintenance of Way (MOW) Revenue

($000)

Agreement/Territory	FY10-11 Actual	FY11-12 Actual	FY12-13 Budget	FY13-14 Budget	Change from FY13 Budget
Amtrak Intercity	1,253	1,223	1,293	1,271	(1.7%)
LAUS Rail Yard Operations & Maintenance (Amtrak)	718	503	625	500	(20.0%)
Azusa Branch Shared Use (UPRR/SPTC)	121	185	155	135	(12.9%)
Baldwin Park Branch Shared Use (UPRR/SPTC)	272	412	245	295	20.2%
Coast & Saugus Shared Use (UPRR/SPTC)	5,527	6,201	5,706	6,350	11.3%
East Bank Joint Facility (UPRR/SPTC)	891	765	825	780	(5.5%)
Mission Tower (UPRR/SPTC)	80	89	86	92	7.0%
San Diego & Olive Subdivision Shared Use (BNSF)	1,548	1,553	1,975	1,750	(11.4%)
Pasadena Subdivision Shared Use (BNSF)	2,330	2,338	2,500	2,432	(2.7%)
State Grade Crossing (CPUC)	164	161	166	162	(2.3%)
Federal/Other Funds	27	3	117	100	(14.2%)
Total	**12,930**	**13,434**	**13,692**	**13,867**	**1.3%**

Exhibit 4.3

FY 2013-14 Dispatching Revenue

($000)

Agreement/Territory	FY10-11 Actual	FY11-12 Actual	FY12-13 Budget	FY13-14 Budget	Change from FY13 Budget
Amtrak Intercity	1,949	1,904	1,960	1,951	(0.5%)
Coast & Saugus Shared Use (UPRR/SPTC)	257	257	262	257	(1.8%)
East Bank Joint Facility (UPRR/SPTC)	90	90	92	90	(2.0%)
Mission Tower (UPRR/SPTC)	281	281	350	290	(17.0%)
San Diego & Olive Subdivision Shared Use (BNSF)	44	48	46	48	5.1%
Pasadena Subdivision Shared Use (BNSF)	59	63	54	63	15.8%
North County Transit District (NCTD)	399	315	-	-	N/A
Total	**3,079**	**2,957**	**2,763**	**2,699**	**(2.3%)**

Exhibit 4.4

FY 2013-14 Other Operating Revenue ($000)

($000)

Revenue Source	FY10-11 Actual	FY11-12 Actual	FY12-13 Budget	FY13-14 Budget	Change from FY13 Budget
Marketing Revenues	114	52	75	-	(100.0%)
ARRA 5307 - VCTC	582				N/A
FY07 Security Grant	(0)				N/A
Amtrak TVM Revenues	217	230	225	225	0.0%
Insurance Recoveries	108	32	-	-	N/A
Interest	264		300	300	0.0%
Miscellaneous Revenues	158	26	70	70	0.0%
Total	**1,442**	**340**	**670**	**595**	**(11.2%)**

Exhibit 4.5:

FY 2013-14 Operating Funding Allocation by Member Agency

($000)

	Total FY 13-14	Metro Share	OCTA Share	RCTC Share	SANBAG Share	VCTC Share
Expenses						
Train Operations & Services	$127,275	$66,924	$29,269	$10,204	$15,392	$5,485
Maintenance-of-Way	36,257	20,928	7,514	1,067	4,514	2,235
Administration & Services	30,332	15,452	5,616	3,020	3,262	2,980
Insurance	17,302	9,302	3,782	1,181	2,439	598
Total Expenses Incl. MOW	**$211,166**	**$112,606**	**$46,181**	**$15,473**	**$25,607**	**$11,299**
Revenues						
Gross Farebox	93,203	48,774	22,007	6,805	12,802	2,814
Dispatching	2,699	1,412	904	-	56	326
Other Operating	595	310	130	59	71	25
Maintenance-of-Way	13,867	9,508	2,612	0	1,217	530
Total Revenues	**$110,363**	**$60,004**	**$25,654**	**$6,864**	**$14,147**	**$3,695**
Total County Allocation	**$100,803**	**$52,602**	**$20,527**	**$8,609**	**$11,461**	**$7,604**
FY 2012-13 Budget	90,670	46,066	19,933	7,642	10,186	6,844
(Over)/Under	10,133	6,536	594	967	1,275	760
Percentage Change	**11.2%**	**14.2%**	**3.0%**	**12.7%**	**12.5%**	**11.1%**

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 5: Operating Expenses

5.1 Introduction

SCRRA's Operating Expenses for FY 14 are projected at $211.2 million. This cost includes three key budgetary components: Train Operations, Maintenance of Way and Risk Management.

Train operations costs are $157.6 million, or 74.6 % of the total operating budget. Maintenance of Way costs are $36.3 million, or 17.2% of the total operating budget. Risk Management costs are $17.3 million or 8.2% of the total operating budget.

Exhibit 3.6 - FY 2013-14 Annual Operating Budget Distribution by Cost Component identifies the total proposed operating expenses by line item within each of the three budgetary components of SCRRA's operating expenses.

5.2 Operating Budget Assumptions

5.2.1 Service Levels

The FY 14 budget reflects the operation of 173 weekday trains operating on seven lines, and 82 regular weekend trains operating on four lines. Currently, weekend services, both Saturday and Sunday, are operated on the San Bernardino, Orange County, IEOC and Antelope Valley lines. Total revenue service miles are expected to increase by 4.3%. The FY 14 Proposed Budget includes two additional round-trips on the 91 Line and three additional round-trips on the Antelope Valley Line on Sundays. New services are anticipated to start on October 1, 2013 or later.

5.2.2 Cost Allocations

Operations expenses are distributed to the lines (and subsequently to Member Agencies) based on several formulae approved by the Member Agencies. Multiple allocation categories are used to apply SCRRA operating costs to the various line segments and Member Agencies. Key formula types include train miles, train miles lagged, ridership, route miles dispatched, track miles and unduplicated stations.

These allocation categories are specifically applied to budget line item components based on Member Agency agreement. Examples include current budget year train miles allocation to allocate train operations, fuel and operating contingency funds. More

complex allocations are used to apply direct to line segments or territories are used for rail agreements, Maintenance of Way, transfer payments and Amtrak passenger transfers. Items such as direct Train Operations expenses and fuel are distributed based on train miles, while payments to freight railroads are charged directly to operating lines associated with the specific freight lines. These allocation formulae are described in Sections 8 – Appendix.

5.3 Train Operations

Excluding PTC, EMF, TAP and proposed new service expenses, the SCRRA FY 14 budget increased approximately $1.8 million over FY 13. This represents an increase of 0.9%.

	FY 12-13 Budget	FY 12-13 Increase	New Service	PTC	EMF/ TAP	Total FY 13-14
Train Operations	$ 149,807	$ (434)	$ 2,485	$ 3,273	$ 2,476	$ 157,607
Maintenance of Way	$ 27,686	$ 3,548		$ 5,023		$ 36,257
Risk Management	$ 18,600	$ (1,298)				$ 17,302
Total Expenses	$ 196,093	$ 1,816	$ 2,485	$ 8,296	$ 2,476	$ 211,166
% Increase		0.9%	1.3%	4.2%	1.3%	7.7%

The SCRRA will become the first commuter rail agency in the country to initiate operations of a Positive Train Control system. This budget represents the project and management estimates of the first-year operating expenses associated with maintaining this system in good, reliable fashion. These expenses represent $8.3 million in the proposed budget, which reflects the phasing in of these services over the course of the fiscal year.

Positive Train Control Expenses

PTC Licenses	$ 983
Vendor Maintenance & Support	1,825
Telecommunications (1)	1,121
Warranties	105
Management/Tech Supt/ODC	1,388
MECC	1,366
VTMI	321
S&C Labor Shift to Op Budget	345
New Staff Positions (Op Budget)	842
Total PTC Expenses	$ 8,296

Train operations expenses of $157.6 million have increased $7.8 million, or 5.2%, over FY 13. These costs include multiple functional sub-components, which are provided to permit allocation to operating line segments and to Member Agencies.

This portion of the Operating Budget includes expenses required to operate the Metrolink system, including rail operations, maintenance of equipment, fuel, security, utilities, transfer payments to other transit operators, revenue collection, payments to freight railroads for dispatching services, station maintenance, passenger services, general and administrative expenses and professional services.

SCRRA took advantage of decreasing diesel fuel costs to secure its fuel needs at an average price of $3.43 per gallon. This provided $2.4 million in cost savings over FY 13. SCRRA exercises its Board-approved authority to hedge fuel purchases up to 18 months in the future to minimize increases in costs. Based on a 2011 internal fuel utilization study, SCRRA projects a decreased fuel usage per mile in FY 14.

5.3.1 Train Operations Components

There are several key groupings of costs associated with train operations. These categories adhere to groupings that are then allocated to Member Agencies.

Train Operations - Crews

Amtrak crew costs increased $3.1 million over FY 13. Included is the cost of two new crews with the opening of EMF at a cost of approximately $1.2 million, along with new crews for the 91 Line weekday and Antelope Valley Line Sunday service at $1.0 million. In addition, the contractual wage increase for the crews amounts to $741 thousand.

Train Operations - SCRRA Dispatching

The costs of SCRRA-provided dispatching services over the right-of-way territories owned by the SCRRA's Member Agencies increased $0.6 million over FY 13. The increased costs are attributed to the addition of two new dispatchers to ensure coverage on all of the subdivision desks 24 hours a day. The Dispatching Department will use the new AIRINC system in FY 14.

Equipment Maintenance

The budget for FY 14 totals $25.0 million, an increase of $1.9 million, or 8.4% from FY 13 level. Increases in the Bombardier contract are due to contractual annual cost-of-living increases. Bombardier cars will be stored as Rotem cars are placed into service. Parts are forecast to be $1.0 million higher than FY 13 due to lower parts availability in previous years.

Fuel

Usage of approximately 7.5 million gallons is based on the projected consumption levels assumed in the proposed schedule, including new 91 Line weekday and Antelope Valley Line Sunday service. In FY 14, fuel prices have been locked in with future purchase agreements at a rate of approximately $3.43 a gallon. This is a decrease from the $3.75 per gallon that was in the FY 13 budget. Based on review of actual fuel usage, this budget also reflects a reduction in the fuel utilization rate of 2.7 gallons per mile in FY 13 to 2.6 gallons per mile in FY 14. The FY 14 fuel budget is $25.9 million, a $2.4 million decrease from FY 13.

Non-Scheduled Rolling Stock Repairs/Modifications

Repairs to accommodate medium-scaled unforeseen damage to rolling stock or rolling stock modifications decreased from $100 thousand to $50 thousand.

Operating Facilities Maintenance

The cleaning, maintenance and hazardous materials compliance at the Central Maintenance Facility and other outlying SCRRA facilities cost remains unchanged at $1.1 million.

Other Operating Train Services

There are a number of miscellaneous items directly related to operating the rail system. Weather data forecast and earthquake reporting services, publications, uniforms, emergency bus services and FRA required training are all items considered in this category. Total expenditures decreased 10.1% to $640 thousand from FY 13.

Security – Sheriff

The negotiated contract with the Los Angeles County Sheriff's Department has been reduced by $780 thousand for FY 14. This represents a reduction of four sheriff personnel.

Security – Guards

The addition of 25 guards resulted in a $775 thousand increase over FY 13. This increase will be offset by the decrease in the number of sheriffs. The guards will be deployed on revenue service trains and at facilities throughout the system. The goal is that their presence will reduce fare evasion on the Metrolink system.

Supplemental Additional Security

This program is funded through an increment on fare revenues originally implemented in FY 2002-03, currently estimated at 0.75%. These funds provide for specific non-recurring security-related expenses, such as improvements to agency storage facilities, cameras at stations, fencing, lighting and other improvements. The availability of these funds grows at a rate equal to the rate of growth in fare revenues.

Public Safety Program

The FY 14 safety program increased by $0.1 million from FY 13. This increase is attributed to an interior safety train wrap and printing and reproduction of materials for community outreach.

Passenger Relations

The Passenger Relations budget consists of the Alta customer call center, station call box maintenance and the implementation of a new service agreement with Amtrak so their LAUS Redcap service will provide ADA assistance to Metrolink passengers. The overall expense increases by $0.2 million due to an increase in the call center contract and the new shuttle service.

Holiday Trains

Due to budget constraints, the Board elected to not run the Holiday Train in FY 14 resulting in a $350 thousand savings compared to FY 13. The Board will determine whether to reinstate the Holiday Train in FY 15 during the FY 15 budget development.

Ticket Vending Machine (TVM) Maintenance/Revenue Collection

This item includes TVM and validator maintenance, revenue collection, ticket stock, fare change programming and merchant fees for credit and debit card usage. This line item increased by $0.7 million. This 17.8% increase is related to TAP ticket stock, which is forecast at $867 thousand. During previous years, ticket stock was forecast at $100 thousand. The expenses associated with activities related to Amtrak ticket sales through SCRRA-owned TVMs are assumed to be fully reimbursable and are budgeted in miscellaneous revenues.

Sales and Marketing

The Marketing budget includes general marketing costs, the agency's weekend program, corporate partner program marketing, new resident direct mail campaign and advertising campaigns on board and at stations.

The Research and Planning section is responsible for the Customer Satisfaction Survey, Title VI compliance and systems performance analysis, and ridership and revenue forecasts for the annual budget.

$300 thousand from the Marketing and Sales budget has been reallocated to other budgets in the agency. Specifically, $150 thousand has been allocated for website maintenance to Information Technology and $150 thousand has been allocated to Communications for timetable design and reprinting.

Media/External Communications

This line item includes media and public relations, community relations, website content development and the production of the agency's printed timetable schedules and Ride Guides. This line item increased by $82 thousand over FY 13 after $150 thousand was transferred from Marketing.

Utilities/Leases

Utility and lease costs are estimated at current monthly average costs. The total reduction to this line item is $876 thousand or 24.7%. $1.0 million in expenses related to PTC were transferred to the MOW and Direct Non-Labor budgets in order to track the PTC costs more effectively.

Transfers to Other Operators

The cost of transfers paid to other transit operators remains the same as FY 13 at $7.3 million. The largest share of these costs, $5.3 million, goes to Metro, which has agreed to cap its transfer costs for FY 14 while SCRRA analyzes transfer rates with the new TAP program.

Amtrak Transfers

These funds represent the costs to the agency for the "Rail 2 Rail" program. Under this program, SCRRA, Amtrak, and Caltrans agreed to work together to allow passengers on those lines where complementary service exists to choose the service provider most convenient to their travel needs if they hold valid Metrolink Monthly Passes or Amtrak tickets. The budget remains unchanged from FY 13.

Station Maintenance

This item has increased by nearly $370 thousand or 39.1%. The majority of this represents anticipated increases in common area expenses related to Union Station. Metro purchased Union Station during FY 13 and intends to make long overdue improvements to the station, which will increase station maintenance obligations under our existing easements.

Rail Agreements

This line item represents payments to freight railroads, the Union Pacific and the Burlington Northern Santa Fe, for dispatching and other operating-related services over property owned by these railroads. The amount budgeted shows an increase of $768 thousand from FY 13. The new service on the 91 Line added $489 thousand with the balance of the increase related to rate increases on the railroad agreements.

Salaries and Fringe Benefits

Salaries and fringe benefits are projected based on the actual salary rate of each position charging directly to the Train Operations Budget and assumes a fringe benefit additive of approximately 60%. $660 thousand in labor costs related to PTC are included in this budget line item. A 3% merit increase is included in the FY 14 labor budget. The total salary and fringe benefit budget for train operations is essentially unchanged from FY 13 due to positions budgeted against other budget modes such as general & administrative (G&A) and recollectables. *Exhibits 7.3a-e* shows the complete roster of SCRRA's current 267 Full Time Equivalent (FTE) headcount positions by department.

SCRRA's departmental structure is grouped under senior management responsibilities to support the operations of the commuter railroad.

Direct Non-Labor Costs

This item shows an increase of $3.8 million over FY 13. The increase is related to the implementation of Positive Train Control. Approximately $2.6 million of the increase is for license, data lines, vendor maintenance and warranty expenses related to operating Positive Train Control. An additional $757 thousand in utility costs related to data lines was transferred to this line item in order to consolidate all PTC related expenses. Other costs included in this line item consist of operations related Information Technology (IT) expenses, including programming and maintenance of the agency's train dispatching software, travel and lodging expenses, gasoline and maintenance for operating department vehicles and additional minor miscellaneous expenses.

Indirect Administrative Expenses

Costs allocated to Train Operations represent this budget's share of the agency's General and Administrative (G&A) costs. Please refer to Section 7 for a discussion of G&A costs and its allocation to the various budget pools. "Other Post-Employment Benefits" (OPEB) will total $2.5 million. These benefits represent the funding of retiree medical costs based on the FY 2008-09 Actuarial Report projecting funding requirement based on then staffing.

Professional Services

Professional Services were reduced in total by $0.6 million. The majority of the reductions were related to a reduction in legal expenses of nearly $0.8 million to more accurately reflect FY 13 actuals. An additional contract under professional services is for the Operating Department, which budgeted $0.2 million for outside scheduling support to accommodate longer operating times when an engineer changes ends to operate the train in the opposite direction.

Contingency

This line item has been traditionally budgeted at $0.5 million. It is included in the budget to be utilized under authority of the Chief Executive Officer to deflect any unanticipated increase in expenses to avoid unnecessary increases to Member Agency subsidies in the event that short-term negative expense impacts are realized during the fiscal year. It represents the primary general reserve fund of the budget and equals 0.2% of FY 14 total budgeted expenses.

5.3.2 Train Operations Note

For FY 14 line item expenditure summary tables for train operations, see Exhibit *3.6 Annual Distribution by Cost Components* and *Exhibit 3.7 Annual Distribution by Cost Components allocated to Member Agencies.*

5.4 Maintenance of Way (MOW)

Maintenance of Way expenses of $36.3. million have increased $8.6 million, or 31.0%, over FY 13. These costs also include multiple functional sub-components, which are provided to permit allocation to operating line segments and to Member Agencies.

This portion of the Operating Budget represents ordinary maintenance of the rights-of-way owned by SCRRA Member Agencies and includes routine maintenance, inspection and repairs of track, structures, signal system, grade crossing warning system and the communication infrastructure. $5.0 million of these cost increases are due to Positive Train Control, $736 thousand due to the escalation on the VTMI and MECC contracts, $1.1 million in overhead allocation due to a larger labor base in MOW and, to a lesser extent, utility leases.

Maintenance-of-Way expenses are developed by SCRRA to ensure the level of ordinary maintenance is sufficient to prevent any loss of service quality. Levels of maintenance required on individual lines are dependent on the condition of the infrastructure, levels of commuter and freight train traffic, the number of road crossings, the number of curves and exposure to weather conditions.

5.4.1 Assumptions

Maintenance of Way expenses are those expenditures that provide ordinary maintenance of Member Agency-owned track, signals, bridges, road crossings and other elements of the infrastructure and rights-of-way.

Expenses under a Rehabilitation program and ordinary maintenance budgets are somewhat interchangeable in the long run. Because the most economical methods of replacement of railroad elements (rail, ties, crossings, etc.) are through large specialized operations, railroad owners usually arrange for periodic replacement of elements as they approach the end of their life cycle using rehabilitation budgets and use their operating budgets to perform the inspections and repairs needed to assure the reliable, safe operation of trains.

The MOW philosophy of SCRRA is to perform ordinary maintenance sufficient to meet regulatory requirements. Additionally, to prevent loss of service quality and to budget for Rehabilitation at practical intervals, we strive to utilize the full life cycle of components/elements. This will substantially reduce the needed repairs/replacements from overwhelming the ordinary MOW budget. This philosophy is consistent with what is practiced by all of the successful freight railroads on their main routes.

The core of the ordinary maintenance effort is a perpetual cycle of inspections and reports on the condition of the track, signals, grade crossings and bridges, and the performance of ordinary adjustments and/or repairs of any exceptions found in those inspections. The Federal Railroad Administration (FRA) has minimum inspection schedules, standards for track, signal and grade crossing conditions, qualifications of inspectors and repairers, and documentation requirements for most of these inspections. In order to assure a high level of safety and quality track and signal operation, SCRRA, in some cases, performs a higher level, or frequency, of inspections as compared to that of the FRA minimum level of inspections. Under this methodology, SCRRA's historical results show that most conditions are discovered and repaired at an early stage of degradation before they become "defects" or violations under the FRA regulations.

The GASB-34 method of accounting for maintenance of infrastructure includes a requirement to plan, budget and expend a level of rehabilitation so as to preserve the infrastructure at an agency-adopted level of utility. The SCRRA has adopted a level of utility that specifies no loss-of-service performance and an irreducible risk to safety of train operations, assuming a certain level of rehabilitation funding is received. GASB-34 policy also requires a triennial rating (SCRRA rates 1/3 of the property each year) of the quality of the infrastructure to facilitate the adopted rehabilitation investments/expenses are actually maintaining the State of Good Repair consistent with the adopted policy.

5.4.2 Conditions and Trends in the MOW Budget

Current year MOW budgets are developed annually to maintain the infrastructure in a state of high reliability and safety. They are based on assumptions for the actual number

of units comprising the physical infrastructure, the number of contracted and agency maintenance personnel (technicians, supervisors, inspectors, and managers/support) needed to perform the inspections and repairs, plus amounts for material purchases, vehicles, supplies and support activities.

Labor costs of the agency's contracted service providers are the largest component of the MOW budget. The labor rates are bid rates under competitively bid maintenance contracts. They are underpinned by California Department of Labor Statistic prevailing wages for railroad maintenance operations and adjusted annually by indexes specified in the contract.

The proposed FY 14 Budget for MOW is the result of continuing negotiations between the two key MOW support contractors, VTMI (track and structures) and MECC (signal and communications), and SCRRA management to provide safe and cost-efficient contracting support. The total MOW budget for these two vendors increased by $736 thousand due to contract escalators this year. Additionally, the VTMI contract includes approximately $350 thousand for geometry car and approximately $100 thousand for additional bridge inspections.

Labor is budgeted with a percentage for overtime to support system failures, repair of systems caused by outside forces and vacancies in personnel headcount while recruitment efforts occur and to recover from unusual situations. Due to the number of commuter and freight trains operated mid-day, a large majority of MOW work is being performed at night or during non-revenue service hours. Most contracts and labor agreements permit scheduled night work at premium straight time shift rates, if sufficient advance notice is given for a change of shift starting time. The MOW labor budget includes two-shift coverage of track maintenance to assure that ordinary operations are pursued with minimum disruption to peak-period commuter rail operations.

5.4.3 MOW Statistics

Various factors are considered when developing the SCRRA MOW budget. Consideration is given to track type, number of turnouts; control points, grade crossings and added infrastructure improvements, construction elements of the track, track geometry, traffic, operating speeds and prevailing weather conditions. Through discussions with the contracted vendors, MOW activity plans are outlined and cost estimated to manage the work safely, consistently and efficiently. Included are seven new MECC positions and two VTMI positions related to PTC-required maintenance services.

Track Types include main track, branch track, yard track and siding.

Turnouts include main track power, main track manual, yard track power, yard track manual, siding and industry.

Construction elements of the track include type of tie, rail section, ballast section, ballast type, subgrade type and condition.

Track geometry includes curvature, grade, gauge and surface.

Traffic includes an analysis of annual million gross ton miles for sole freight, sole passenger and mixed freight/passenger.

Operating speeds range from lows of 10/15 mph to highs of 50/90 mph.

Prevailing weather conditions include rain, snow, flooding, freezing and thaw cycles, extreme heat or cold.

Other factors that can impact the annual cost of MOW include increased Federal Railroad Administration (FRA) inspection and reporting requirements, continuous training requirements including increased training under PTC regulations and monitoring of employees working near tracks ("roadway worker safety"), increased rehabilitation programs to improve track, signals and switches, heavier freight car axle loads, more freight traffic and inflation in some supply and material costs (e.g., fuel, steel, crushed rock, etc.). To offset increases in costs, SCRRA seeks opportunities to reduce expenditures with better quality power tools, trucks and roadway machines, ongoing replacement of older, more trouble-prone track, bridge and signal elements under the rehabilitation/renovation programs, improved right-of-way security (fencing and enforcement) and continuous emphasis on safety and efficiency training of MOW workers.

With so many factors impacting costs, the actual operating allocations per line vary considerably. For example, on the Orange County, San Bernardino and Ventura County lines, there are high densities of passenger train traffic and road crossings, while the River Corridor segment of tracks on both sides of the Los Angeles River from Redondo Junction on the south to CP Taylor on the north carries heavy freight in addition to the passenger traffic, including all SCRRA non-revenue movements in and out of the Central Maintenance Facility (CMF). The Antelope Valley Line is a high curve and grade territory, which equated to an increased maintenance and inspection effort. The Ventura County line has only light to moderate curves and grades but with older, for the most part, unimproved signal and grade crossing warning systems.

5.4.4 MOW Expenditure Components

The Maintenance of Way category includes six primary cost areas. In coordination and collaboration with contracted vendors, SCRRA works to provide safe and cost-efficient services in each.

Track includes payments to the Maintenance of Way contractor for costs of providing labor, equipment and some of the materials required to perform inspections mandated by the FRA, as well as additional special inspections and routine maintenance of SCRRA track..

Signal & Communications includes payments to the signal and communications contractor for costs of providing labor, equipment and some of the materials required to perform inspections mandated by the FRA, as well as additional special inspections and routine maintenance of SCRRA signal and communication systems.

Structures include payments to the Maintenance of Way contractor for costs of providing labor, equipment and some of the materials required to perform inspections mandated by the FRA, as well as additional special inspections and routine maintenance of SCRRA bridges, tunnels and other structures.

Procurement includes payments for items needed in repair of track, signals, grade crossing warning and communication systems, or structures which are allocated to segments and counties on the basis of track miles.

Agency Costs include SCRRA labor, overhead and non-labor costs allocated to the Maintenance of Way budget that are subsequently allocated to specific line segments on the basis of track miles.

In addition, *Miscellaneous Costs* include payments for vegetation control, vehicle and equipment expense, rail flaw detection and engineering, which are also allocated to segments and counties on the basis of track miles.

5.4.5 MOW Net Revenue, Expenditure and Member Agency Funding

The total FY 2013-14 Maintenance of Way expenditures are projected at $36.3 million and are funded by SCRRA generated Maintenance of Way revenue and Member Agency contributions. For FY 2013-14, SCRRA Maintenance of Way revenues are estimated at $13.9 million and Member Agency contributions are estimated at $22.4 million.

These costs and revenues are allocated over operating line and Member Agency. *Exhibit 5.3 FY 2013-14 Maintenance of Way Expenditures and Revenue Offsets* shows the operating and non-operating line allocation.

Since FY 1997-98, SCRRA has had an arrangement to exchange MOW revenues for an equal amount of Orange County Gas Tax Funds. These funds are reflected outside the ordinary MOW budget and have zero net budget impact.

5.4.6 MOW Projections by Line

The FY 14 MOW Budget of $36.3 million is allocated across the various line segments of SCRRA. These include the following segments: Los Angeles – San Bernardino, Los Angeles – Ventura (Burbank Junction to Moorpark), Los Angeles – Lancaster, Fullerton – San Diego County Line, Olive Subdivision, Riverside – Layover Facility, River Corridor, and Extraordinary Maintenance. Non-operating lines include Sierra Madre – Claremont (Pasadena Subdivision) and Baldwin Park Branch (San Bernardino County).

Maintenance of Way

	FY 13-14
Operating Lines	$ 34,361
Non-Operating Lines	$ 1,896
FY 14 Proposed Expenses	$ 36,257

Exhibit 5.4 Maintenance of Way Expenditures by Line Segment/Territory – Operating Lines and *Exhibit 5.5 FY 2013-14 Maintenance of Way Expenditures by Line Segment/Territory – Non-Operating Lines and Total* show the allocation for Maintenance of Way expenditures by line segment and member agency.

5.4.7 Extraordinary Maintenance of Way

This category covers damages due to vandalism, theft, crossing gate knockdowns, accidents, derailments, fires, storm damage and other expenses related to promptly restoring the railroad to operation following accidents or disasters. Immediate repairs are then followed by making permanent repairs.

Repairs to damages are made to comply with current engineering standards and design criteria (i.e., a wooden bridge would be replaced with a steel/concrete bridge), so that these funds are not used to rebuild obsolete infrastructure. Such repairs may be in two stages. The quickest way to repair track may be with wood ties and jointed rail in order to minimize the disruption to the use of the track by commuter or freight trains. This safe interim repair would be replaced with welded rail. If the surrounding track has concrete ties, then the repair would not be complete until replacement concrete ties were installed.

Repairs to signal grade crossing warning and communication equipment are made to comply with current FRA/CPUC/OSHA regulatory requirements as well as engineering and safety standards (i.e., steel antenna structure would replace an antenna mounted on a wooden pole), thus eliminating personnel safety concerns and hazardous materials issues while enhancing the operational flexibility to obtain a consistent system operation. Additionally, needed repairs to signal, grade crossing warning and communications equipment and systems are made with consideration to current technologies. The rapid pace of changing technologies and regulatory requirements, and the lack of vendor support for obsolete equipment as these technologies change, require that we make repairs with current (not obsolete) products and technology.

Where possible, reimbursement for expenditures is sought if a responsible party is identifiable (e.g., derailment caused by freight railroad or damage caused by a motorist covered with insurance). The authority will also look to emergency funding if available (e.g., FEMA). After deductibles are met, SCRRA insurance coverage may reimburse the Agency for these costs.

For FY 14, this budget equals $1.0 million, an 8.3% reduction from the previous year.

5.5 Risk Management

Risk Management expenses of $17.3 million have decreased by nearly $1.3 million or 7% less than FY 13. The decrease was due to locking in a two-year contract that included a 5% rate reduction on general liability premiums. These costs include public liability and property damage insurance premiums, settlement claims and claims administration

5.6 Exhibits

5.6.1 Exhibit 5.1: FY 2013-14 Service Assumptions

This exhibit provides details on the operating service assumptions for weekday, Saturday and Sunday trains by operating line. FY 2013-14 includes 169 weekday trains and 82 weekend trains.

5.6.2 Exhibit 5.2: FY 2013-14 Revenue Train Miles

This exhibit provides the revenue train miles by operating line.

5.6.3 Exhibit 5.3: FY 2013-14 Maintenance of Way Expenditures and Revenue Offsets

This exhibit provides the projection of Maintenance of Way expenditures and funding sources. The revenues and expenditures are allocated by territory and member agency.

5.6.4 Exhibit 5.4: FY 2013-14 Maintenance of Way Expenditures by Line Segment/Territory – Operating Lines

This exhibit provides the cost of Maintenance of Way for operating lines allocated across operating lines and member agencies.

5.6.5 Exhibit 5.5: FY 2013-14 Maintenance of Way Expenditures by Line Segment/Territory – Non-Operating Lines and Total

This exhibit provides the cost of Maintenance of Way for non-operating lines and the total costs allocated across operating lines and member agencies.

Exhibit 5.1

FY 2013-14 Service Assumptions

	Number of Trains		
	Weekday	Saturday	Sunday
San Bernardino Line			
San Bernardino-LAUS	42	16	10
Riverside-San Bernardino-LAUS		4	4
Ventura County Line			
Chatsworth-LAUS	6		
Moorpark-LAUS	8		
East Ventura-LAUS	6		
Antelope Valley Line			
Santa Clarita-LAUS	6		
Via Princessa-LAUS	4		
Palmdale-LAUS	2		
Lancaster-LAUS	18	12	12
Riverside Line			
Riverside-LAUS	12		
91 Line			
Riverside-LAUS	13		
Orange County Line			
Irvine-LAUS	3		
Laguna Niguel-LAUS	6		
Oceanside-LAUS	10	8	8
Fullerton-Laguna Niguel (MSEP)	8		
Fullerton-Oceanside (MSEP)	2		
IEOC Line			
San Bernardino-Irvine	2		
San Bernardino-Laguna Niguel	3		
San Bernardino-San Juan Capistrano	1		
San Bernardino-Oceanside	2	4	4
Riverside-Irvine	1		
Riverside-Laguna Niguel	4		
Riverside-San Juan Capistrano	1		
Riverside-Oceanside	2		
Burbank/Bob Hope Airport			
Burbank Airport-LAUS	11		
Total	173	44	38

Exhibit 5.2

FY 2013-14 Revenue Train Miles

Line	FY12 Actual	FY13 Budget	FY14 Proposed	Increase	% Change
San Bernardino Line	720,187	715,713	726,880	11,168	1.6%
Ventura County Line	283,668	280,619	287,248	6,629	2.4%
Antelope Valley Line	583,064	569,532	597,766	28,234	5.0%
Riverside Line	184,209	182,059	186,359	4,301	2.4%
91 Line	145,351	143,654	195,095	51,441	35.8%
Orange County Line (incl MSEP)	463,990	507,642	516,871	9,229	1.8%
Inland Empire/Orange County Line	284,460	326,892	332,686	5,794	1.8%
Total Revenue Train Miles	2,664,928	2,726,110	2,842,906	116,795	4.3%

Exhibit 5.3

FY 2013-14 Maintenance of Way Expenditures and Revenue Offsets
$000

Revenue Forecast Allocation

Line Segment/Territory	FY 13-14 Budget	Metro	OCTA	RCTC	SANBAG	VCTC
Operating Lines	12,555	8,216	2,612	0	1,197	530
LA - San Bernardino	1,651	454	-	-	1,197	-
LA - Ventura (Burbank Jct to Moorpark)	1,337	808	-	-	-	530
LA - Lancaster	5,561	5,561	-	-	-	-
Fullerton - San Diego County Line	2,451	-	2,451	-	-	-
Olive Subdivision	161	-	161	-	-	-
Riverside Layover Facility	0	0	0	0	0	0
River Corridor	1,392	1,392	-	-	-	-
Extraordinary Maintenance (Storm Damage, Vandalism, Gate Knockdowns)	-	-	-	-	-	-
Non-Operating Lines	1,312	1,292	-	-	20	-
Sierra Madre - Claremont (Pasadena Sub)	1,292	1,292	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	20	-	-	-	20	-
Total	13,867	9,508	2,612	0	1,217	530

Net Subsidy Allocation

Line Segment/Territory	FY 13-14 Budget	Metro	OCTA	RCTC	SANBAG	VCTC
Operating Lines	21,806	11,012	4,902	1,067	3,120	1,705
LA - San Bernardino (1)	5,945	3,557	-	-	2,389	-
LA - Ventura (Burbank Jct to Moorpark) (2)	3,605	2,214	-	-	-	1,391
LA - Lancaster	2,222	2,222	-	-	-	-
Fullerton - San Diego County Line	4,828	747	3,557	445	79	-
Olive Subdivision	626	-	396	196	35	-
Riverside Layover Facility (3)	109	48	20	30	10	-
River Corridor (4)	3,472	1,649	688	385	500	250
Extraordinary Maintenance (5) (Storm Damage, Vandalism, Gate Knockdowns)	999	575	243	11	107	64
Non-Operating Lines	584	408	-	-	176	-
Sierra Madre - Claremont (Pasadena Sub)	408	408	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	176	-	-	-	176	-
Total	22,391	11,420	4,902	1,067	3,296	1,705

Total Expenditure Forecast

Line Segment/Territory	FY 13-14 Budget	Metro	OCTA	RCTC	SANBAG	VCTC
Operating Lines	34,361	19,228	7,514	1,067	4,317	2,235
LA - San Bernardino	7,597	4,011	-	-	3,586	-
LA - Ventura (Burbank Jct to Moorpark)	4,942	3,021	-	-	-	1,921
LA - Lancaster	7,783	7,783	-	-	-	-
Fullerton - San Diego County Line	7,279	747	6,008	445	79	-
Olive Subdivision	787	-	556	196	35	-
Riverside Layover Facility	109	48	20	30	10	0
River Corridor	4,865	3,042	688	385	500	250
Extraordinary Maintenance (Storm Damage, Vandalism, Gate Knockdowns)	999	575	243	11	107	64
Non-Operating Lines	1,896	1,700	-	-	196	-
Sierra Madre - Claremont (Pasadena Sub)	1,700	1,700	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	196	-	-	-	196	-
Total	36,257	20,928	7,514	1,067	4,514	2,235

(1) MoW net subsidy split by route miles (59.82% LACMTA and 40.18% SANBAG).
(2) MoW net subsidy split by train miles (62.08% LACMTA and 37.92% VCTC).
(3) Net subsidy split by train miles of trains using the Riverside Layover, excluding San Diego County (46.98% LACMTA, 17.93% OCTA, 25.72% RCTC and 9.36% SANBAG).
(4) Split is assumed All Share (47.5% LACMTA, 19.8% OCTA, 14.4% SANBAG, 7.2% VCTC, and 11.1% RCTC) of cost in excess of revenues.
(5) Allocation based on percent of route miles owned (57.55% LACMTA, 24.27% OCTA, 1.07% RCTC, 10.69% SANBAG, and 6.41% VCTC)

Exhibit 5.4

FY 2013-14 Maintenance of Way Expenditures by Line Segment/Territory – Operating Lines

$000

Line Segment/Territory	FY 10-11 Expenditure Actual	FY 11-12 Expenditure Actual	FY 12-13 Expenditure Budget	FY 13-14 Expenditure Budget	Variance FY13-14 vs. FY12-13 Increase	%
Operating Lines	**$29,567**	**$23,529**	**$26,187**	**$34,361**	**$8,174**	**31.2%**
LA - San Bernardino	**6,258**	**5,033**	**5,638**	**7,597**	**1,959**	**34.7%**
Track	1,366	857	918	1,318	400	43.6%
Signal & Communications	1,805	1,949	2,116	2,568	452	21.3%
Structures	225	187	200	195	(5)	(2.3%)
Procurement	1,024	321	384	269	(115)	(29.9%)
Other	1,112	937	1,227	1,404	177	14.4%
Agency Costs	725	782	793	1,843	1,049	132.2%
LA - Ventura (Burbank Jct to Moorpark)	**4,050**	**3,120**	**3,727**	**4,942**	**1,215**	**32.6%**
Track	859	732	774	946	171	22.1%
Signal & Communications	996	1,012	1,187	1,359	172	14.5%
Structures	126	73	140	129	(11)	(8.0%)
Procurement	734	110	157	175	18	11.1%
Other	817	598	895	1,003	109	12.1%
Agency Costs	518	595	573	1,330	757	132.2%
LA - Lancaster	**6,852**	**4,934**	**5,755**	**7,783**	**2,028**	**35.2%**
Track	1,531	1,162	1,155	1,198	43	3.7%
Signal & Communications	1,664	1,465	1,417	1,887	470	33.2%
Structures	229	192	329	288	(42)	(12.7%)
Procurement	1,277	142	204	306	102	49.8%
Other	1,290	983	1,628	1,734	106	6.5%
Agency Costs	862	989	1,021	2,370	1,350	132.2%
Fullerton - San Diego County Line	**5,455**	**4,780**	**5,273**	**7,279**	**2,007**	**38.1%**
Track	952	1,051	1,059	1,476	417	39.4%
Signal & Communications	1,764	1,823	1,911	2,275	363	19.0%
Structures	219	214	205	194	(11)	(5.4%)
Procurement	931	161	169	227	57	33.9%
Other	932	779	1,135	1,265	130	11.5%
Agency Costs	656	751	794	1,843	1,049	132.2%
Olive Subdivision	**504**	**423**	**547**	**787**	**240**	**43.8%**
Track	153	83	74	59	(16)	(21.1%)
Signal & Communications	112	222	291	444	153	52.7%
Structures	12	7	19	20	1	5.5%
Procurement	47	6	17	19	2	11.9%
Other	112	31	88	109	21	23.9%
Agency Costs	68	74	59	137	78	133.5%
Riverside Layover Facility	**71**	**75**	**65**	**109**	**44**	**68.8%**
Track	12	35	16	11	(5)	(30.5%)
Signal & Communications	9	7	6	10	4	74.1%
Structures	0	-	2	3	1	50.6%
Procurement	18	1	1	4	3	228.1%
Other	16	15	22	40	18	79.7%
Agency Costs	16	17	17	41	23	132.2%
River Corridor	**4,845**	**3,861**	**4,092**	**4,865**	**772**	**18.9%**
Track	958	856	790	862	72	9.2%
Signal & Communications	2,318	1,992	2,095	2,265	170	8.1%
Structures	77	43	69	54	(15)	(21.8%)
Procurement	539	177	226	111	(115)	(51.1%)
Other	610	455	533	691	158	29.7%
Agency Costs	344	339	380	882	502	132.2%
Extraordinary Maintenance	**$1,532**	**$1,304**	**$1,090**	**$999**	**($91)**	**(8.3%)**
(Derailments, Storm Damage, Gate Knockdowns, Vandalism)						

Exhibit 5.5

FY 2013-14 Maintenance of Way Expenditures by Line Segment/Territory – Non-Operating Lines and Total

$000

Line Segment/Territory	FY 10-11 Expenditure Actual	FY 11-12 Expenditure Actual	FY 12-13 Expenditure Budget	FY 13-14 Expenditure Budget	Variance FY13-14 vs. FY12-13 Increase	%
Non-Operating Lines	**$1,119**	**$926**	**$1,500**	**$1,896**	**$397**	**26.5%**
Sierra Madre - Claremont (Pasa. Sub.)	**983**	**815**	**1,344**	**1,700**	**356**	**26.5%**
Track	60	94	269	186	(83)	(30.8%)
Signal & Communications	305	309	373	435	62	16.6%
Structures	32	25	109	123	15	13.4%
Procurement	221	22	46	58	12	26.5%
Other	205	180	347	432	86	24.7%
Agency Costs	160	184	200	464	264	132.2%
Baldwin Park Branch (San Bernardino Co.)	**137**	**111**	**155**	**196**	**41**	**26.6%**
Track	22	24	35	24	(11)	(32.6%)
Signal & Communications	39	38	36	53	17	45.9%
Structures	0	2	10	10	0	2.7%
Procurement	31	3	6	9	3	49.8%
Other	27	21	42	41	(1)	(3.1%)
Agency Costs	18	23	26	60	34	133.8%

Line Segment/Territory	FY 10-11 Expenditure Actual	FY 11-12 Expenditure Actual	FY 12-13 Expenditure Budget	FY 13-14 Expenditure Budget	Variance FY13-14 vs. FY12-13 Increase	%
Total Maintenance-of-Way	**$30,687**	**$24,456**	**$27,686**	**$36,257**	**$8,571**	**31.0%**
Track	5,911	4,894	5,092	6,081	989	19.4%
Signal & Communications	9,013	8,817	9,433	11,296	1,863	19.7%
Structures	921	743	1,082	1,016	(67)	(6.2%)
Procurement	4,822	944	1,211	1,178	(33)	(2.8%)
Other	5,120	3,999	5,916	6,719	803	13.6%
Extraordinary Maintenance	1,532	1,304	1,090	999	(91)	(8.3%)
Agency Costs	3,367	3,754	3,861	8,969	5,107	132.3%

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SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 6: Capital Program Budget

6.1 Introduction

The Capital Program Budget consists of two major components: SCRRA's Rehabilitation and New Capital programs. These budgets amount to $136.6 million and $178.1 million, respectively, for a total of $314.7 million. Both the New Capital and Rehabilitation budgets include projects authorized in prior years but incomplete as of the end of a fiscal year, as well as new project authority requested in FY14.

	FY 13-14
Rehabilitation Carryover Projects	$ 51,582
Rehabilitation New Authority Projects	$ 33,837
Total Rehabilitation Projects	$ 85,418
New Capital Carryover Projects	$ 260,729
Total FY 2013-14 Capital Program	$ 346,147

SCRRA continues to seek local, state or federal funds for additional New Capital projects. However, projects for which funds are not available for commitment are not included in the FY 14 Budget.

6.2 Rehabilitation Program

Rehabilitation (rehab) projects are those that extend the useful life of existing capital assets through activities such as the replacement of worn ties and rail, replacement of worn or outdated signal system components, rehabilitation of tunnels and bridges, and the programmed replacement and rehabilitation of the following rolling stock components, such as Car Door Operators, Heating/Ventilation/Air Conditioning (HVAC), and Locomotive Traction Motors.

The SCRRA, as part of its implementation of Government Accounting Standards Board Pronouncement 34 (GASB34), has elected to use the Modified Approach for the Metrolink Railroad Infrastructure.

Under the Modified Approach, infrastructure assets that are part of a network, or subsystem of a network, are not required to be depreciated as long as two requirements are met:

1) The government manages the eligible infrastructure assets using a qualified asset management system; and
2) The government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government.

During FY 2002-03, the SCRRA Board adopted a minimum condition rating of 75 points (of a maximum of 100) as the minimum acceptable Railroad Condition Index (RCI) for the entire railroad network, including all subsystems. The actual index value for the condition of the SCRRA's infrastructure network is 86, as of June 30, 2012. For a complete description of the rating values and their meanings, please see Appendix Section 8.

Rehabilitation projects are those projects that replace worn-out assets, assets that have reached the end of their useful life, assets not in compliance with current codes, systems and standards or assets that are functionally obsolete and no longer commercially supported. These worn-out or functionally obsolete assets are replaced, repaired or otherwise modified with new assets that preserve and extend the useful life of these capital assets. Rehabilitation projects and programs are also sometimes known as "State of Good Repair" or "capital reinvestment" projects and programs. In 2012, Congress enacted a federal transportation program known as *Moving Ahead for Progress in the 21st Century*, or MAP-21. This legislation replaced section 5309 formula funds with section 5337 funds specifically for State of Good Repair projects, underscoring the federal government's commitment to maintaining transportation infrastructure.

6.2.1 Railroad Rehabilitation Cycles

Railroad infrastructure deteriorates due to traffic, time, environmental conditions (weather) and wear. Railroad infrastructure, especially systems hardware and software with time and changes in technology, can become functionally obsolete or unsupported. At the minimum, a Rehabilitation program is required to overcome this deterioration and maintain a state of good repair. A Rehabilitation program typically incorporates state of the art or state of the industry components to support service levels and replace older designs, resulting in reduced operating maintenance expense, improved operations or improved reliability.

Rehabilitation is performed when the infrastructure has worn or deteriorated to a level that does not yet impair serviceability, yet the assets are close to being consumed. In order to extract exactly 100% of the service life of assets, their replacement would be performed on the day of failure, which would require very close inspection procedures, many disruptions to train service, and very labor intensive replacements of small amounts of assets. In lieu of this approach, the railroad industry has adopted a "cycle" of

rehabilitation whereby groups of assets are replaced when they are nearing in the end of useful life using workforces and machines to achieve economies of scale and relatively low unit costs of performing the work and to minimize disruption of train service.

6.2.2 Rehabilitation Elements

A. Rails

Rails are subject to head and gauge face wear and metal fatigue due to traffic loadings as well as expansion and contraction due to changes in temperatures and corrosion. Rehabilitation and renovation of rail consists of periodic grinding to restore the original contour, replacement of welds, replacement of insulated joints, transposing rail on curves and replacement of the entire rail when limits of wear or fatigue are reached.

B. Crossties

The rail is supported on crossties of either wood or concrete. Wood ties have steel tie plates beneath the rail to spread the weight of the rail. Concrete ties have elastomeric pads to separate the steel rail from the ties. Both ties have fasteners to hold the track together, either cut or screw spikes on the wood ties, and some form of proprietary spring steel clip on concrete ties. There are 3,250 wood ties per mile, spaced at 19-1/2 inches, and concrete ties are spaced at 24 inches, for 2640 per mile.

1. Wood Ties

   Creosote treated wood ties have a service life of between 30 and 35 years. Wood ties deteriorate by organic decay and by mechanical abrasion and crushing from the spikes and the tie plates supporting the rail. Wood ties also deteriorate faster in curves because the centrifugal force of turning trains pushes the rail and spikes. Weak ties in curves are a serious safety consideration. They are usually maintained in a cycle method whereby 25-35% (800-1000 per mile) of the wood ties are replaced every seven to 10 years, depending upon specific local conditions

2. Concrete Ties

   Concrete crossties are more resistant to wear and decay; however they can be affected by fouled ballast. Severely fouled ballast creates an abrasive paste of rock particles, which grind away the concrete surface, which exposes the reinforcing strands and can cause the tie to break. Though concrete ties last longer than wood ties, the elastic clips and the bearing pads require changing when rail is replaced on about 10-12 year intervals. Concrete ties are expected to last at least 50 years.

C. Ballast

The crushed rock ballast that supports the track deteriorates through weathering and abrasion. The fine particles eroded from the stone, plus fine soil particles that are blown or washed into the track, or migrate upward from underlying soil, cause the ballast to retain water, which has two adverse effects. The moisture degrades the ties and softens the subgrade, leading to settlement of the whole track structure.

D. Special Track work

Two areas of the track structure, turnouts and road crossings, have higher levels of stress and require additional investment.

1. Turnouts and Crossing Diamonds

   Turnouts ("switches") are the special track work which divert trains from one track to another. They consist of a set of movable "point" rails to divert the wheels, a "frog" to cross the rails, and special braces, supports, tie plates, guard rails, gauge plates, and long timber ties to support these components. Due to the impacts of wheels being steered to diverging routes by the points and of crossing the open flangeway at the frog, these components require special attention. Even with careful maintenance they wear out in about one fourth the time of the general track structure.

2. Road Crossings

   Road Crossings have precast concrete or rubber blocks set on top of the crossties to permit roadway vehicles to cross the rails. Due to the deflection of the rails under passing trains and large trucks, there is movement in the crossing structure. This motion can cause the adjoining roadway surface to become broken, or can cause the track profile to become irregular and require repair. Rehabilitation of road crossings is difficult due to the need to establish detour routes for highway traffic and to halt train traffic while the crossing is under repair. Rehabilitation includes a periodic removal of the crossing surface to raise and tamp the track (at about 6-year intervals) and a complete renewal of the crossing, track, and subgrade (at about 20-year intervals).

E. Bridges

Railroad bridges have steel, concrete, and timber elements, all of which have differing, and generally very long life cycles. The critical elements are the timber parts: the decks and stringers. Timber elements in railroad bridges typically last 50-60 years. Since the 1980s, they have generally been replaced with concrete or steel elements.

F. Signal, Communication, Train Traffic Control, Electrical Systems

Railroad signal, communication, train traffic control (dispatch), and electrical systems termed here as Systems generally experience wear of moving parts in equipment such as switch machines and grade crossing gate mechanisms, exposure to the environment, and have electronic and power supply components with specific lifespans. These Systems also become obsolete due to changes in the Federal

regulations or in the state of the art of the industry. Virtually all Systems are microprocessor, computer, or server-based and are subject to hardware and software obsolescence due to changes in technology or changes in commercial arrangements that lead to loss of support. Rehabilitation of these Systems consists of unit exchange replacement of components at some point short of their maximum life or a software upgrade or patch in order to avoid service disruptions or regulatory infractions or replacement of outdated or unsupported hardware and software with current industry standard hardware and software. Some components can be returned to manufacturing plants for rebuilding, and reused on a cyclical basis of maintenance.

G. Embankment

The embankment supporting the railroad erodes under the action of rain. In cut sections this deposits mud and silt near or in the track structure, causing water to be blocked from draining away from the track. This results in saturation of the track bed, deterioration of the ties (both wood and concrete ties are adversely affected by muddy track), and settlement of the track into a rough profile.

H. Rolling Stock

As of June 2013, the Metrolink rolling stock fleet consists of 52 diesel locomotives and 274 rail cars, of which approximately 30 are stored serviceable. Rolling stock directly affects the passenger experience, and must be maintained in a state of good repair to ensure safety, reliability and comfort. Rolling stock goes through regular preventative maintenance on a cyclical basis as part of normal operations. Additional rehabilitation is performed on key subsystems such as the traction motors on locomotives, and heating, ventilation, air conditioning (HVAC) system and door control systems on the rail cars.

For depreciation purposes, SCRRA has established a useful life of 30 years for revenue rolling stock. Initial locomotive and rail car purchases occurred in 1992-1993, making the vehicles 20-21 years old. To date, these vehicles have not undergone comprehensive midlife overhauls and funding future vehicle replacement or rebuild will be necessary to prevent service degradation.

I. Facilities

SCRRA office space, warehouses, maintenance shops and rail yards are used to operate and maintain the system. The Central Maintenance Facility (CMF) is Metrolink's largest facility and it contains specialized machinery such as a wheel true machine, drop table, overhead cranes and train wash to service and repair rail rolling stock. Yard equipment such as ground power stations, locomotive sanders, and fuel dispensing systems is also critical for service. All items must be maintained in a state of good repair to ensure safe and efficient operation.

6.2.3 *Consequences of Deferred Rehabilitation*

There are five consequences of deferred maintenance: reduced train speeds and headways, reduced operational reliability, higher cost of ordinary maintenance, regulatory fines and sanctions, and ultimately accidents and loss of mission capability.

Absent a Rehabilitation program, the safety of train operations is assured by the actions of the inspectors who perform ordinary maintenance. If they recognize deterioration beyond safe limits they have the authority (codified in federal regulations) to halt train operations or to reduce the speed of trains in some circumstances.

The track structure has considerable amount of redundancy, and weakness in specific elements can be carried by the stronger elements. Thus a few decayed or split wood ties, if scattered throughout the length of the track, do not cause any of these problems. If there are many weak ties at one location, then the track as a whole is weak and the above consequences become inevitable.

The proposed Rehabilitation Expenditures have been selected to meet projected funding available and are chosen from a larger field that SCRRA staff believes can be deferred until future years, but will have to be addressed eventually.

Rehabilitation projects are summarized in Tables 6.1 and 6.1. A number of the projects will not be completed in FY 13, and will be carried forward into the 2014 fiscal year.. They amount to $51.6 million and are described in the Ongoing Rehabilitation Projects section. The new projects seeking initial authority in FY 14 amount to $33.8 million and are also discussed in the New Rehabilitation Projects section below.

6.3 FY 2013-14 Ongoing Rehabilitation Projects

The following projects are ongoing projects authorized in FY 12 or earlier and are not anticipated to be completed prior to June 30, 2012. The following figures represent staff's estimate of the outstanding authorized balance on each project as of the adoption of the FY 13 fiscal year budget. These estimations in no way alter the actual project authority as approved by the Board of Directors.

1. **Ventura Line Improvements Program (Ventura Co.)**
   The programs on this segment of the Ventura Line are funded by VCTC, unless otherwise noted.

   a. Track Program
   (513006) This project is to rehabilitate the turnout at CP Strathearn in Ventura County.

   (512011) This project will rehabilitate the crossing at Erringer Road in Ventura County.

b. Structures Program
(513007) This project is to perform FRA-required capacity ratings on five bridges or culverts in Ventura County.

(512012) This program is to improve grading, drainage and install fencing at various locations on the Ventura County Line in Ventura County; Prepare a hydrology design and study at MPs 433.57, 438.62, 438.89; and verify ratings on various bridges in accordance with new FRA requirements

c. Signal Program (513008)
This project entails rehabilitation/replacement of crossing gates, gate savers, predictors, batteries and other crossing equipment at two crossings in Ventura County.

d. Communications Program (513009)
This project will upgrade wayside communications sites and remote monitors at selected locations in Ventura County including hardening of various wayside communication sites, performing state of good repair work to fill in gaps in the communication network, or replacement of obsolete communication system components.

2. Ventura Line Improvements Program (Los Angeles Co.)
The programs on this portion of the Ventura Line are funded by Metro.

a. Track Program (513010)
Projects in this track program will rehabilitate turnouts at CP Woodman, CP Bernson and CP Raymer, as well as replace selected transition rails and insulated joints.

b. Structures Program (513011)
This program funds right-of-way grading to control erosion and runoff, tunnel vacuuming, and FRA-required capacity ratings on 8 bridges or culverts in Los Angeles County.

c. Signal Program (513012)
This program renews cables and switch machines, upgrade Electrocode 4 to newer generation Electrocode 5 at two high-priority locations, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at five crossings in Los Angeles County.

d. Communications Program (513013)
This project upgrades wayside communications sites and remote monitors at selected locations in Los Angeles County including hardening of various wayside communication sites, performing state of good repair work to fill in gaps in the communication network, or replacement of obsolete communication system components.

e. Signal and Communication Program (512013/512014)
This Program will complete the program of LED signal light installations, renew wayside detectors @ MPs 444.5 and 451.4 as well as implement hardening enhancements at multiple wayside communications sites to fill in gaps in the communication network coverage, and to improve communication system reliability, security and safety.

3. **Antelope Valley Improvements Program**
The programs on this line are all within Los Angeles County and are funded by Metro.

a. Track Program (513014)
This program will rehabilitate the turnout at CP Saugus, and rehabilitate rail on curves 107, 108, 112, 113, 116, 117.

b. Structures Program (513015)
This program funds right-of-way grading to control erosion and runoff, tunnel vacuuming, and FRA-required capacity ratings on bridges or culverts on the Valley Line.

c. Signal Program
(513016) This FY 13 program is to replace four switches at CP Taylor, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at 12 crossings.

(512033) This Program funds the replacement of LED signal lights along the subdivision, and implement hardening enhancements at multiple wayside communications sites to fill in gaps in the communication network coverage, and to improve communication system reliability, security and safety.

4. **San Gabriel Line Improvements Program**
Funding for most projects on the San Gabriel line is provided by both Metro and SANBAG unless otherwise noted.

a. Track Program (513017)
This project rehabilitates turnouts at CP Barranca, CP Irwin and CP Bassett, as well as replaces selected transition rails and insulated joints.

b. Signal Program
(513018) The FY 13 program rehabilitates electrologic at one high-priority control point, renew cables, upgrade Electrocode 4 to newer generation Electrocode 5 at one high-priority location, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at various crossings.

(512043 / 512044) The FY 12 funds will perform the following improvements on the San Bernardino Line:

- Renew wayside detectors at MPs 32.90 and 48.80
- Installation of PTC compliant derail devices
- Hardening enhancements of various wayside communication sites or performing state of good repair work to fill in gaps in the communication network or replace obsolete components.

(511044) This project funds replacement of the power switch machines at Kaiser and Rancho, and dragging equipment detector @ MP 32.9.

c. Communications Program

(509046) This project installs fiber optic and other communication improvements including microwave, MPLS, VHF, ATCS and performs electrical, communication, and other building modifications and repairs at MOC.

(513019) This project is to upgrade/enhance communications equipment and wayside communications sites including from MOC to the new TCOSF building including hardening of various wayside communication sites, performing state of good repair work to fill in gaps in the communication network, or replacement of obsolete communication system components.

d. System(s) Improvements including Fiber, Microwave and Control Center System Programs (509045)

The first project, between Claremont and San Bernardino is funded 100 % by SANBAG. The second project between Pomona and Claremont are part of a continuing program along the San Gabriel subdivision to bring to a state of good repair or upgrade communication, signal, electrical and IT systems to meet current and future technologies and to fill in gaps in the communication network. The increase in traffic frequencies, passenger information systems, along with data transfer between system servers necessitates digital microwave, ethernet, or fiber optic technologies and improvements to harden (improve reliability) the system elements control centers (MOC).

e. Station CMS Signs (508091)

This project is part of a multi-year program to replace the outdated Public Address/ Changeable Message Sign System at stations with Customer Information System (CIS). New LCD and LED signs will be purchased and installed at Covina, El Monte, Baldwin Park and Upland Stations to provide real-time schedule and train location information.

f. Signage/Lighting (512049)
This project is to upgrade electronic signage components at Cal State LA, Rancho Cucamonga, Fontana and Rialto stations on the San Bernardino Line

5. **Pasadena Sub Improvements Programs**
The programs on this line segment are funded by Metro.

a. Signal Program (513020)
This program funds rehabilitation of crossing gates, gate savers, and predictors at four crossings to replace obsolete or worn components and assure safety and reliability at the crossings.

6. **Olive Line Subdivision Improvements Programs**

a. Signal and Communication Program (512053/512054)
This project provides for the installation of gate keepers at 11 locations on the subdivision serving the IEOC line and to provide for hardening enhancements of various wayside communication sites.

7. **Orange Line Segment Improvements Programs**
All programs within this line segment are funded 100% by OCTA, unless otherwise noted.

a. Track Program
(513022) This program is to replace selected transition rails and insulated joints, rehabilitate the turnout at CP Capistrano, install diamonds at CP College, and replace wood crossties from MP 173 – 184 (year 1 of a 2-year project).

(511061) Procure and replace frogs for the rail crossing at C.P. College, M.P. 169.8.

b. Structures Program
(513023/513024) This program funds rehabilitation design analysis of the San Juan Creek bridge, replacement of four wood box culverts at MP 203.43, 203.21, 202.35, 202.31, funds FRA-required capacity ratings on bridges or culverts, right-of-way grading, hydrology design and a rehabilitation study of the structures at MP 176.6.

(511062/) The Structures Programs on the Orange County Line segment are:
1. Upgrade and reinforce existing bridge piers with pressure grouting at M.P. 197.9.
2. Install concrete boxes at three locations in San Clemente. Replace end girder at MP 200.2
3. Improve grading, drainage and install fencing at various locations on the Orange County Line

c. Signal Program (513025)
This program funds rehabilitation of electrologic at CP Capistrano, renews cables, upgrades Electrocode 4 to newer generation Electrocode 5 at four high-priority locations, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at 10 crossings.

d. Signage Program
(513002) This project will provide electronic signage and public address improvements at Surfliner stations.

(513026) This project will rehabilitate changeable message signage and public address systems at high priority stations on the Orange sub, including Laguna Niguel, Anaheim Canyon and San Clemente.

e. Communications Program (509064)
This program provides fiber backbone with digital microwave system and radio base station upgrades in Orange County.

f. Signal and Communication Program (511063/512063/512064)
The Signal Programs on the Orange County Line segment are:

1. Renew signal detectors and signal ladders.
2. Upgrade three intermediate signals to ECS and improve shunting capability
3. Renew the communications shelter @ San Clemente due to erosion and mold
4. Installation of PTC compliant derail devices
5. Hardening enhancements of various wayside communication sites or performing state of good repair work to fill in gaps in the communication network or replace obsolete components.

8. Rialto Subdivision Improvement

a. Signal Program (513021)
This program rehabilitates crossing gates, gate savers, and predictors at two crossings.

9. River Line Segment Improvements Program

Programs within the line segment are funded by all Member Agencies using the revised All-Share formula, unless otherwise noted.

a. Track Program
(510071) This program will procure frogs at Dayton, install a #10 turnout and relocate a signal on the East Bank

(513027) This program replaces transition rails and insulated joints at selected locations, and rehabilitates the turnouts at CP Taylor.

b. Structures Program

(513028) This program funds right-of-way grading to control erosion and runoff, and FRA-required capacity ratings on bridges or culverts in the River corridor.

(512072) This project will fund assessment and repair of bridges and tunnels at LAUS, and will repair spalling concrete on the underside of the Cesar Chavez bridge leading into LAUS

c. Signal Program (513029)

This program is to replace batteries at CP Terminal and CP Mission, rehabilitate electrologic at CP Taylor, upgrade Electrocode 4 to newer generation Electrocode 5 at one high-priority location, and rehabilitate/replace crossing gates, gate savers, predictors, and other crossing equipment at one crossing.

d. Communications Program (513030)

This project establishes communications path diversity at CP locations using a combination of technologies including microwave, MPLS, Ethernet and fiber and hardening of various wayside communication sites, performing state of good repair work to fill in gaps in the communication network, or replacement of obsolete communication system components.

e. Signal and Communication Program (512074)

This program is to provide for the following communications and signal improvements on the River Subdivision:

- Hardening enhancements of various wayside communication sites or performing state of good repair work to fill in gaps in the communication network or replace obsolete components.

f. LAUS Signage (513001)

This program is funded by the State, and will install hardware and software components for customer information signage at LAUS. The signage will be installed on existing platforms, tunnels and east and west portals, and will serve both Metrolink and Amtrak customers.

10. System Rehabilitation Programs

Systemwide programs are funded by all Member Agencies using the All-Share formula, unless otherwise noted.

a. Facilities Program (513031)

This program funds a number of facilities rehabilitation projects including upgrading ground power and sanding systems at CMF, replacing lighting in the CMF progressive and car shops, additional upgrades to the fuel management system, and roof repair at MOC.

MoW Facility (513040)
This is new funding added to complete the MoW warehouse. The project will provide support offices and secure warehouse space for storage and inventory control of high value signal and communication equipment. Included in this project are funds to relocate equipment and inventory from leased facilities to the new space.

Facilities Rehabilitation (512091)
Funding is for the rehabilitation of the Central Maintenance Facility (CMF) building and equipment. The activity will consist of rehabilitating the CMF roof and HVAC system, and initial upgrades to the fueling system, and rehabilitation of the train wash and locomotive shop lighting system, and upgrade HVAC at MOC. FY12 funds will support ground power and air compressor rehab at outlying points.

MOW Facility (510084) This funding will allow several track, signal and related yards and warehouses to be consolidated into a more centrally located facility with adequate parking, that can be improved to fit Metrolink's needs. The property has been acquired for both the MOW facility and the site for the new Network Operations Building and Technical Training Center to provide a redundant hardened building for Dispatch, Train Traffic Control, PTC and Operations and related operations support. Funds will also be used for tenant improvements to the existing office/warehouse building and site to allow occupancy for office personnel and warehousing of materials.

b. Information Technology Program
(513033/513034/513035/513036/513037/513038)
This program will continue to build upon previous work in order to address a number of system needs related to the agency's IT infrastructure and the Oracle Financial information System. Specific projects include the implementation of a customer relationship management system, and order management system to support ticket sales, inventory management system enhancements, a disaster recovery system which is required to address an audit finding, and implementation of an enterprise project management and scheduling solution.

FIS Upgrade (508001/512001)
This is a multi-year program to re-implement the agency's current Oracle financial system and upgrade it to Release 12. With an upgrade to the latest version, re-implementation of the entire package will allow for the system to support SCRRA's business processes and information reporting requirements, more efficiently, accurately and timely. The project will include integration of key software packages such Oracle, Assetworks and Salesforce.com and will implement a data warehousing/reporting function to capture key business data elements for business user inquiry and analysis.

c. Rolling Stock Rehabilitation (513004 / 513005)
This item is an ongoing effort to rehabilitate SCRRA rail car components such as heating, ventilation and air conditioning (HVAC) units, and door control units.

Rolling Stock Rehab/Renovation (585004/585008/585046)

This item is composed of rehabilitation and renovation projects on SCRRA rolling stock partially funded by interest on proceeds from the U.S. Leveraged Lease Transaction on SCRRA rolling stock, and member agency funds. Member agency funding is shared between the counties using the All-Share formula.

- Rail car projects include ongoing rehabilitation of the car HVAC units and door control units.
- Locomotive projects include ongoing rehabilitation of the traction motors. Also included is the Locomotive Service Life Program which was implemented to improve locomotive service life by assessing critical reliability components on each locomotive and rehabilitating as required.

d. System Track Program (513032)
This project is for on-going systemwide track measurement and testing, operation of the track geometry car, and operation of the rail detector.

Track Surfacing/Rail Grinding/Track Geometry (511081)
This is a continuing program of the surveying/testing and grinding the rail to restore the original profile and remove surface defects. The Program will be concentrated in areas based on post rail scan data.

e. System Signal (513042)
This project funds installation of additional signal heads and signal equipment at high priority locations to achieve state of good repair, or improved PTC compatibility by converting to microprocessor technology, upgrading electrocode and upgrading securing of key signal and communication houses.

System Signal (512083)
This project is to complete the procurement and installation of replacement and non-compliant radios, provide for the upgrade of the NAS monitoring system, and provide for the transitioning the communication link to the MPLS system

f. System Communications (513041)
This project funds installation of communications shelters alarms and alarm system, upgrade wayside detectors, upgrade VHF radios to narrowband, and update and enhance wayside communications sites.

System Communications (511096)
This project is to provide for the upgrade of Mountain Top and Wayside signal and communication upgrades; replace non-compliant wayside signal hardware

and radio upgrades, perform state of good repair work and replace the obsolete Voice Radio Control Console with a state of the industry system.

g. Vehicles (511086/511094/513039 / 513043 / 513044)
These funds are used to procure three hy-rail bucket trucks, renew brush truck generators, continue the ongoing replacement of rubber-tire vehicles used for field operations, and replace the current rail car mover with a newer low-emissions unit.

h. TVM Parts & Replacement (513045)
This project upgrades the user interface to touch-screen technology, and updates tactile signage.

TVM Rehab & Replacement (512089)
These funds will be used to upgrade and replace various internal TVM components. This is a continuation of a multi-year ticket vending machine rehabilitation cycle.

i. Customer Information System (CIS) (506085)
The Public Address / Changeable Message Sign (PA/CMS) system provides on-time train status information to Metrolink riders waiting for trains at stations. The current system dates to the startup of Metrolink; it is obsolete and in need of replacement. The customer information system (CIS) will replace the current obsolete and no longer supported audio and video software and equipment. This project will also allow passengers to receive alerts and messages to their mobile device or email account, display real-time train status and messages at Metrolink stations on LCD monitors and LED signs, provide a public web page where passengers can check real-time train status, and make audio announcements through PA systems at Metrolink stations.

Passenger Signage Rehabilitation (508090)
This project is part of a multi-year program to replace the outdated Public Address/Changeable Message Sign System at stations with a new Customer Information System (CIS). New LCD and LED signs will be purchased and installed at various stations to provide real-time schedule and train location information.

j. Behavior Awareness Training (513003)
This project will fund training on heightened security awareness, particularly at Los Angeles Union Station for SCRRA staff and consultants.

6.4 FY 2013-14 New Rehabilitation Projects

The following new projects are proposed for Rehabilitation in FY 2013-14:

1. Ventura Line Rehabilitation Program (Ventura Co.) $ 2,371,903

a. Track Program $ 300,000
This project will rehabilitate the crossing at Sequoia Avenue, MP 436.1 in Ventura County.

b. Structures Program $ 120,000
This project is to perform hydraulic studies and design for future replacement of two high-priority bridges located at MP 438.62 and 438.89 in Ventura County.

c. Signal Program $ 1,004,000
This project is part of an ongoing program to rehabilitate signal equipment in Ventura County. Specific tasks include cable renewal, switch machine renewal, upgrading EC4 to EC5 at one location, installation of a HB/HW/DE combo AEI wayside detector near the entrance to tunnel 26, rehabilitation of aging signal control system electronics and rehabilitation or replacement of crossing gates, gate savers, predictors, batteries and other signal equipment.

d. Communications Program $ 480,000
This project will Renew or replace obsolete or deficient fiber, microwave, ATCS, VHF, PBX or MPLS communication equipment (hardware and software), antennas and wayside comm shelters. Will also replace or renew batteries, standby power, air conditioning, and fill gaps and correct poor communication coverage at stations, crossings, control points or microwave end points (East Ventura, Moorpark, or Ventura mountain top sites.) Repair deficient communication paths from the Ventura Sub to TCOSF and MOC.

e. Facilities Improvement $ 100,000
This project will replace aging light fixtures at the Moorpark outlying point with brighter, energy efficient induction lighting.

f. Signage Improvement $ 367,903
This project rehabilitates changeable message signs and public address systems at high priority stations on the Ventura Line. Stations to be addressed in FY 14 are East Ventura, Camarillo and Simi Valley.

2. Ventura Line Rehabilitation Program (LA County) $ 1,250,113

a. Track Program $ 118,750
Projects in this track program will replace selected transition rails and insulated joints, and replace rail on curve 130 (main track 2).

b. Structures Program $ 59,600
This program will fund right-of-way grading to control erosion and runoff in Los Angeles County.

c. Signal Program $ 531,000
This program will renew cables and switch machines, upgrade Electrocode 4 to newer generation Electrocode 5 at one high-priority location, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at eight crossings in Los Angeles County.

d. Communications Program $ 400,000
This program will renew or replace obsolete or deficient fiber, microwave, ATCS, VHF, PBX or MPLS communication equipment (hardware and software), antennas and wayside comm shelters. Will also replace or renew batteries, standby power, air conditioning, and fill gaps and correct poor communication coverage at stations, crossings, control points or microwave end points (Burbank, and LA mountain top sites.) Repair deficient communication paths from the Ventura-LA Sub to TCOSF and MOC.

e. Signage Improvement $ 140,763
This project rehabilitates changeable message signs and public address systems at high priority stations on the Ventura Line in Los Angeles County. Signage will be replaced at Northridge station in FY 14.

3. Antelope Valley Rehabilitation Programs $ 3,750,221

a. Track Program $ 1,225,000
This program will replace rail from MP 3.65 to 4.9 (MT 1 & 2), and rehabilitate rail on curves 36, 37, 38, 39, 84, 97 and 98 over two years in FY 2013-14 and FY 2014-15.

b. Structures Program $ 500,000
This program will fund right-of-way grading to control erosion and runoff, tunnel vacuuming. Also, the program includes culvert/bridge design and hydrology study for structures located at MP 26.42, 28.39 and 35.73 on the Valley Line. These structures will be replaced in a subsequent fiscal year.

c. Signal Program $ 297,000
This program will rehabilitate one electrologic location, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at four crossings.

d. Communications Program $ 700,000
This program will renew or replace obsolete or deficient fiber, microwave, ATCS, VHF, PBX or MPLS communication equipment (hardware and software), antennas and wayside comm shelters. Will also replace or renew

batteries, standby power, air conditioning, and fill gaps and correct poor communication coverage at stations, crossings, control points or microwave end points or Valley mountain top sites. Repair deficient communication paths from the Valley Sub to TCOSF and MOC.

e. Safety Improvements $ 350,000
This project will rehabilitate the Downtown Burbank pedestrian crossing with in-ground flashing crossing warning lights to improve passenger safety. Project also improves right-of-way fencing at two high priority locations.

f. Signage Improvement $ 678,221
This project rehabilitates changeable message signs and public address systems at high priority stations on the Antelope Valley line. Stations to be addressed in FY 14 are Palmdale, Newhall, Sylmar/San Fernando and Downtown Burbank.

4. San Gabriel Line Rehabilitation Programs $ 3,481,096

a. Track Program $ 1,300,000
This project will rehabilitate rail on curves 2, 14, 24, 25, 63, 69, 70, 99 & 100, as well as replace selected transition rails and insulated joints.

b. Structures Program $ 40,000
This budget will fund right-of-way grading and ditching on the San Gabriel Subdivision.

c. Signal Program $ 887,500
This program will upgrade outdated Electrologic-1A to VHLC at CP Marengo, CP Central and CP Vista. Also will fund battery replacement, cable renewal, switch machine conversion, head block tie renewal, and convert EC4 to EC5 at high priority locations.

d. Communications Program $ 500,000
This program will renew or replace obsolete or deficient fiber, microwave, ATCS, VHF, PBX or MPLS communication equipment (hardware and software), antennas and wayside comm shelters. Will also replace or renew batteries, standby power, air conditioning, and fill gaps and correct poor communication coverage at stations, crossings, control points or microwave end points (EMF and San Bernardino mountain top sites.) Repair deficient communication paths from the San Gabriel Sub to TCOSF and MOC

e. Safety Program $ 25,000
This project will fund the installation of 500 feet of fencing Fontana to Beech, MP 47.6 to deter trespassing, and placement of debris on the track.

f. Signage Improvement $ 728,596

This project rehabilitates changeable message signs and public address systems at high priority stations on the San Bernardino line. Stations to be addressed in FY 14 are Covina, Claremont, Upland and Rancho Cucamonga.

5. Pasadena Subdivision Rehabilitation $ 1,125,000

a. Track Program $ 1,125,000

This program will rehabilitate five grade crossings with ties and paving, and will replace approximately 3,000 wood crossties. The tie replacement is the first part of an anticipated 2 year program to replace worn and deteriorated ties on the Pasadena Sub.

6. Orange Line Seg. Rehabilitation Programs $ 5,583,416

a. Track Program $ 3653,416

This program will replace wood crossties from MP 173 – 184 (year 2 of a 2-year project), rehab rail on curves 17, 39, 40, 46 and 53, and install transition rails and insulated joints at selected locations.

b. Structures Program $ 155,000

This program will fund rehabilitation design analysis of the Trabuco Creek bridge (MP 173.6), right-of-way grading and hydrology design.

c. Signal Program $ 750,000

This program will rehabilitate electologic at two locations, renew batteries, cables and switch machines, rehab electrolic with VHLC and, upgrade Electrocode 4 to newer generation Electrocode 5 at high-priority locations. Also, selectively replace corroded signal and grade crossing equipment along the beach from CP Serra to the County Line, and rehabilitate/replace/add crossing gates, gate savers, predictors, batteries and other crossing equipment at 10 crossings.

d. Communications Program $ 500,000

This program will renew or replace obsolete or deficient fiber, microwave, ATCS, VHF, PBX or MPLS communication equipment (hardware and software), antennas and wayside comm shelters. Will also replace or renew batteries, standby power, air conditioning, and fill gaps and correct poor communication coverage at stations, crossings, control points or microwave end points (MP 207.4) or OC mountain top sites. Repair deficient communication paths from the Orange County Sub to TCOSF and MOC.

e. Safety Program $ 25,000

This project will fund the installation of 500 feet of fencing at San Clemente State Park to deter trespassers and reduce vandalism.

f. Signage Program $ 500,000

This project rehabilitates changeable message signs and public address systems at high priority stations on the Orange County line. Stations to be addressed in FY 14 are Orange, Tustin, Irvine and San Clemente Pier.

7. Olive Subdivision Rehabilitation Programs $ 307,936

a. Track Program $ 307,936

This project will rehabilitate approximately 1400 wood crossties on the Olive Subdivision.

8. River Subdivision Rehabilitation Programs $ 1,055,000

a. Track Program $ 100,000

This program will replace transition rails and insulated joints at selected locations.

b. Structures Program $ 100,000

This program will fund right-of-way grading to control erosion and runoff in the River corridor.

c. Signal Program $ 430,000

This program will rehabilitate CP First Street, upgrade electrocode, selectively rehab outdated Electrologic 1A with VHLC, upgrade Electrocode 4 to newer generation Electrocode 5 at a high-priority location, rehab M23A switches, and rehabilitate/replace crossing gates, gate savers, predictors, and other crossing equipment..

d. Communications Program $ 400,000

This program will renew or replace obsolete or deficient fiber, microwave, ATCS, VHF, PBX or MPLS communication equipment (hardware and software), antennas and wayside comm shelters. Will also replace or renew batteries, standby power, air conditioning, and fill gaps and correct poor communication coverage at stations, crossings, control points or microwave end points (MTA building). Repair deficient communication paths from the River Sub to TCOSF and MOC, or relocated MOC to LAUS core site.

e. Safety Program $ 25,000

This program will extend fencing near 9th street by 500 feet to deter trespassers and reduce vandalism.

9. SYSTEM REHABILITATION PROGRAMS $14,515,193

a. Facilities Program $1,217,000

This program will fund a number of facilities rehabilitation projects including rehabilitating the drop table and wheel true machine at CMF, repairing the fuel tanker truck, installation of a bulk fuel loading arm to improve fueling efficiency at EMF.

b. MoW Facility $ 500,000

This funding will be used to purchase and install storage racks, containers, material handling equipment and material handling software and hardware to securely store communications, signal, track and TVM equipment in the Melbourne warehouse.

c. Information Technology Program $ 2,650,000

- This program continues to build upon previous work on the Oracle Financial and Data Warehouse systems, and improves several key systems within the agency including: Electronic Ticket Sales – online ticket sales via the internet. This project is the first phase of a two-year effort to implement bar-code enabled tickets and on-board sales.
- Transit Asset Management System
- Design/analysis for replacement of the current TVM system in future years
- Enhanced Customer Information System – automated customer self-service information system

d. Rolling Stock Rehab/Renovation $ 5,721,193

This item is composed of system and component rehabilitation programs on SCRRA passenger cars and locomotives. The following projects are proposed for FY14:

Passenger Cars

- The ongoing overhaul of HVAC units $ 264,895
- The ongoing overhaul of door control units $ 88,298

Locomotives

- Ongoing program of Traction Motor overhauls $ 368,000
- Member Agency funding increment for Tier-4 Locos $ 5,000,000

In addition to the rolling stock rehabilitation projects listed above, SCRRA anticipates initiating the funding process for a comprehensive midlife overhaul of the Bombardier Generation 1 rail car fleet. Member agency funding contributions will be included in future-year rehabilitation budgets. The application process for State Prop 1A High Speed Rail bond funds is expected to commence in FY 2013-14.

e. System Track Program $ 1,677,000

This project is for rehabilitation of the CMF west access tail track and crossing, as well as for on-going systemwide track measurement and testing (ballast scanning, rail stress testing, machine tie inspection, ENSCO) and system rail grinding

f. System Signal $ 375,000

This project will replace dwarf signal heads with LED and PTC compliant signal heads, and improve signal system and grade crossing security by installing remote card readers and video cameras inside equipment shelters.

g. System Communications $ 1,800,000

This project will renew or replace UPS, batteries, electrical systems, cooling, standby power and other critical support systems at MOC. Will also consolidate and centralize existing remote monitoring/CCTV and NMS systems at TCOSF, and refresh technology to hardware and software for CAD, NMS, CIS, PTC, or other MOC/TCOSF train traffic control data center systems to maintain compliance with ITC and federal requirements.

h. Vehicles $ 575,000

These funds will be used to procure three general pool vehicles, three MoW trucks for field operations, and light-duty trucks for PTC maintenance staff.

10. 91-LA LINE PROJECTS $ 396,696

a. This project rehabilitates changeable message signs and public address systems at high priority stations on the 91-LA Line. Stations to be addressed in FY 14 are Montebello/Commerce, and Norwalk/Santa Fe Springs.

6.5 FY 2013-14 New Capital Carryover Projects

1. CONDUIT INSTALLATION – SB COUNTY ROW (408001)

This project consists of communications infrastructure improvements, including fiber optic for train control, wayside UHF and VHF base stations, crossing event recorder collector sites and station passenger information systems along SANBAG owned right of way in San Bernardino County.

2. POSITIVE TRAIN CONTROL (409004, 450015, 450020, 450040, 450090)

Positive Train Control is a federally mandated program for installation of a predictive collision avoidance system that will first provide a warning to train operators and then intervene and stop a train before a collision or other hazardous train movement can occur. This system must be installed on the SCRRA system and all other intercity and freight lines by 2015. The go live target timeframe for SCRRA is late 2013.

3. COMMUNICATIONS BACKHAUL (408001)
This project consists of installing fiber optics for train control, wayside and base communications, as well as event recorders at selected grade crossings and some customer signage.

4. EMPIRE AVENUE (409006)
This project is to accommodate Caltrans I-5 HOV Project by constructing a 7,500 foot single track shoofly, a 3-track wide raised and retained railroad embankment, new railroad bridges over Buena Vista and Empire Avenue, closing San Fernando Road underpass and constructing new permanent main track and 7,500 foot siding.

5. FENCING, ACCESS CONTROL and INTRUSION DETECTION AT TUNNELS 26 & 27 (410003)
This project would provide fencing, additional security access gates and intrusion detection at Tunnels 26 and 27, and some minor repairs to existing lighting and power generation in Tunnel 26. Both tunnels are on the Antelope Valley line, only a portion of Tunnel 26 in Ventura County. The remainder of Tunnel 26 and all of Tunnel 27 is located in Los Angeles County.

6. EMF HARDENING (411001)
This project will provide for additional security at SCRRA's Eastern Maintenance Facility through installation of intrusion detection systems including security cameras and fencing.

7. FENCING AT KEY LOCATIONS (411004)
This project consists of installing fencing at various points on the right of way to reduce access and secure communication and signal systems.

8. PROP 1B – ROLLNG STOCK SPARE PARTS (608003)
These spare parts will be used for repair and replacement on the 137 CEM cars.

9. ROLLING STOCK PROCUREMENT (604001/611001)
This project consists of the procurement of 137 crash energy management rail cars.

10. TIER 4 LOCOMOTIVE REPLACEMENT PROGRAM (613001)
This program will replace up to 20 Tier 0 locomotives with new Tier 4 locomotives. In addition to lower emission levels, these locomotives will have higher powered engines which will allow trains to run for longer periods. These locomotives are planned to be part of the additional service and longer train sets needed to support high speed rail.

6.6 Exhibits

6.6.1 Exhibit 6.1: FY 2013-14 Rehabilitation Carryover Projects

This exhibit provides a listing of the rehabilitation carryover authority by subdivision and project category.

6.6.2 Exhibit 6.2: FY 2013-14 Rehabilitation New Authority Projects

This exhibit provides a listing of the proposed rehabilitation projects for new authorization by subdivision and project category.

6.6.3 Exhibit 6.3: FY 2013 -14 New Capital Carryover Projects

This exhibit provides a listing of the new capital carryover authority by project.

Exhibit 6.1

FY 2013-14 Rehabilitation Carryover Projects

($ Thousands)

Subdivision	Project Category	Remaining Project Authority FY14	Metro	OCTA	RCTC	SANBAG	VCTC	LEASE	UPRR and OTHER	STATE	FEDERAL
Ventura VC	Track	622	-	-	-	-	622	-	-	-	-
Ventura VC	Bridge	57	-	-	-	-	57	-	-	-	-
Ventura VC	Signal & Comm	239	-	-	-	-	239	-	-	-	-
Ventura LA	Track	627	627	-	-	-	-	-	-	-	-
Ventura LA	Structures	194	194	-	-	-	-	-	-	-	-
Ventura LA	Signal & Comm	1,361	1,361	-	-	-	-	-	-	-	-
Valley	Track	335	335	-	-	-	-	-	-	-	-
Valley	Structures	369	369	-	-	-	-	-	-	-	-
Valley	Signal	1,198	1,198	-	-	-	-	-	-	-	-
San Gabriel	Track	497	298	-	-	199	-	-	-	-	-
San Gabriel	Signal & Comm	5,216	2,157	-	921	2,138	-	-	-	-	-
San Gabriel	Signage	407	141	-	-	15	-	-	-	-	250
San Gabriel	Signage/Lights	466	280	-	-	186	-	-	-	-	-
Pasadena	Signal	155	155	-	-	-	-	-	-	-	-
Olive	Signal & Comm	175	-	175	-	-	-	-	-	-	-
Orange	Track	3,781	-	582	-	3,199	-	-	-	-	-
Orange	Structures	1,855	431	1,424	-	-	-	-	-	-	-
Orange	Signal & Comm	3,704	-	3,704	-	-	-	-	-	-	-
Orange	Signage	1,771	832	-	-	-	-	-	-	939	-
Rialto	Signal	78	-	-	-	78	-	-	-	-	-
River	Track	751	264	40	57	74	43	-	273	-	-
River	Structures	925	362	108	77	100	51	-	227	-	-
River	Signal & Comm	1,369	850	72	151	196	99	-	-	-	-
River	Signage	4,236	-	-	-	-	-	-	-	4,236	-
System	Facilities	2,800	1,595	228	323	437	218	-	-	-	-
System	IT	3,597	2,211	176	415	538	256	-	-	-	-
System	Rolling Stock	10,131	748	2,624	1,536	1,953	556	1,893	-	822	-
System	Track	310	209	-	34	45	22	-	-	-	-
System	Signal & Comm	1,525	944	83	170	216	110	-	-	-	-
System	Vehicles	1,328	806	81	160	193	88	-	-	-	-
System	TVM	764	504	10	85	110	55	-	-	-	-
System	Engineering & Const	146	-	-	146	-	-	-	-	-	-
System	Signage	443	141	66	17	20	-	-	-	-	200
System	Training	150									150
Sub-total Carry Over Projects		**51,582**	**17,014**	**9,374**	**4,093**	**9,695**	**2,415**	**1,893**	**500**	**5,997**	**600**

Exhibit 6.2

FY 2013-14 Rehabilitation New Authority Projects

($ Thousands)

Subdivision	Project Category	Total Budget	Metro	OCTA	RCTC	SANBAG	VCTC	Lease	UPPR & Other	State	Federal
Ventura VC	Track	300	-	-	-	-	300	-	-	-	-
Ventura VC	Structures	120	-	-	-	-	120	-	-	-	-
Ventura VC	Signal & Comm	1,484	-	-	-	-	1,484	-	-	-	-
Ventura VC	Facilities	100	-	-	-	-	100	-	-	-	-
Ventura VC	Signage	368	-	-	-	-	368	-	-	-	-
Ventura LA	Track	119	119	-	-	-	-	-	-	-	-
Ventura LA	Structures	60	60	-	-	-	-	-	-	-	-
Ventura LA	Signal & Comm	931	931	-	-	-	-	-	-	-	-
Ventura LA	Signage	141	141	-	-	-	-	-	-	-	-
Valley	Track	1,225	1,225	-	-	-	-	-	-	-	-
Valley	Structures	500	500	-	-	-	-	-	-	-	-
Valley	Signal & Comm	997	997	-	-	-	-	-	-	-	-
Valley	Safety	350	350	-	-	-	-	-	-	-	-
Valley	Signage	678	678	-	-	-	-	-	-	-	-
San Gabriel	Track	1,300	780	-	-	520	-	-	-	-	-
San Gabriel	Structures	40	24	-	-	16	-	-	-	-	-
San Gabriel	Signal & Comm	1,388	833	-	-	555	-	-	-	-	-
San Gabriel	Safety	25.0	15	-	-	10	-	-	-	-	-
San Gabriel	Signage	728.6	437	-	-	291	-	-	-	-	-
Pasadena	Track	1,125	1,125	-	-	-	-	-	-	-	-
Orange	Track	3,653	-	3,653	-	-	-	-	-	-	-
Orange	Structures	155	-	155	-	-	-	-	-	-	-
Orange	Signal & Comm	1,250	-	1,250	-	-	-	-	-	-	-
Orange	Safety	25	-	25	-	-	-	-	-	-	-
Orange	Signage	500	-	500	-	-	-	-	-	-	-
Olive	Track	308	-	308	-	-	-	-	-	-	-
River	Track	100	48	20	11	14	7	-	-	-	-
River	Structures	100	48	20	11	14	7	-	-	-	-
River	Signal & Comm	830	394	164	92	120	60	-	-	-	-
River	Safety	25	12	5	3	4	2	-	-	-	-
Systemwide	Facilities	1,717	820	342	192	249	115	-	-	-	-
Systemwide	IT	2,650	1,259	525	294	382	191	-	-	-	-
Systemwide	Rolling Stock	5,721	2,718	1,133	635	824	412	-	-	-	-
Systemwide	Track	1,677	797	332	186	242	121	-	-	-	-
Systemwide	Signal & Comm	2,175	1,033	431	241	313	157	-	-	-	-
Systemwide	Vehicles	575	273	114	64	83	41	-	-	-	-
91-LA	Signage	397	397	-	-	-	-	-	-	-	-
OCTA Rotem Settlements (Year 2)		-	4,500	(6,500)	-	2,000	-	-	-	-	-
Total FY2013-14 New Funding Request		**33,837**	**20,511**	**2,476**	**1,729**	**5,636**	**3,484**	-	-	-	-
Total FY2013-14 Authority Including Carry Forward		**85,418**	**37,525**	**11,850**	**5,822**	**15,331**	**5,900**	**1,893**	**500**	**5,997**	**600**

Exhibit 6.3

FY 2013 -14 New Capital Carryover Projects

($ Thousands)

Project Description	Total Budget	Remaining Budget as of 06/30/2013	Metro	OCTA	RCTC	SANBAG	VCTC	Lease	UPPR & Other	State	Federal
Conduit Install - S.B. County	1,788	418	-	-	-	104	-	-	-	-	314
Positive Train Control	228,413	78,904	8,945	-	-	-	-	-	-	58,026	11,933
Empire Ave./I5 Widng Burbank	19,834	11,450	-	-	-	-	-	-	-	11,450	-
Tunnel 26-28 Intrusion Detection	4,416	2,244	-	-	-	-	-	-	-	466	1,778
EMF Hardening	490	272	-	-	-	-	-	-	-	-	272
Fencing At Key Locations	250	245	-	-	-	-	-	-	-	-	245
Prop 1B-RS Spare Parts	2,500	1,706	-	-	-	-	-	-	-	1,706	-
Hyundai-Rotem Rail Car Procurement	273,936	32,819	1,648	2,030	5,779	-	-	-	13,200	10,162	-
T4 Locomotives	132,670	132,670	6,863	2,859	1,604	2,080	1,039	276	-	117,948	-
Total New Capital Projects Authority	**664,297**	**260,729**	**17,456**	**4,890**	**7,383**	**2,184**	**1,039**	**276**	**13,200**	**199,758**	**14,543**

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SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 7: General and Administrative Budget

7.1 General and Administrative Expenses

Indirect costs are those costs incurred in an organization for common or joint objectives that cannot be readily or specifically identified with a particular cost grouping. SCRRA accounts for agency costs that cannot be directly attributed to any specific agency program or mode, and therefore serve to benefit the agency as a whole, or benefit *at least three of the agency's business modes* by grouping them in the General and Administrative (G&A) Budget. SCRRA business modes are train operations, Maintenance of Way (MOW), new capital, rehabilitation and recollectables.

For FY 2013-14, the proposed SCRRA G&A budget, using the compilation of costs as described above, is $18.6 million or an increase of $2.0 million or 12.1% over FY 13. *Exhibit 7.1* identifies the key elements of this budget by expenditure type. The largest cost driver after labor increases was approximately $600 thousand for upgrading system hardware and software and increased IT maintenance.

7.2 Indirect Cost Allocation Plan (ICAP)

Funding for a significant portion of SCRRA costs for its various business modes is derived from grantor funding sources. Indirect costs are usually charged to the grantor by project based on a percentage of some or all of the direct cost items in the agency's budget. This chargeable percentage is called the indirect cost rate. As part of the Indirect Cost Allocation Plan (ICAP), SCRRA developed a cost allocation placed primarily on labor costs, in partnership with the agency's former cognizant grant approving agency CALTRANS. To obtain an approved indirect cost rate from its new cognizant agency, SCRRA submitted its FY 2007-08 and FY 2008-09 to the Federal Transit Authority (FTA). During FY 13, approval was granted for SCRRA's FY 2009-10 and 2010-11 by the FTA.

FY 14 contains a specific ICAP rate for each business mode, as indicated on *Exhibit 7.2.* SCRRA further divides costs within General and Administrative into three distinct cost collector pools.

7.2.1 Pool One

The first grouping of expenses consists of specified costs, as identified in Office of Management and Budget Circular A-87 (OMB A-87), which are authorized for allocation to federal grant funding sources. Items included in the G&A budget include the lease costs of the agency's administrative headquarters, general administrative items such office supplies, postage and the lease of office equipment, the labor costs of non-project, non-operational staff such as the Financial Information Management and General Accounting, certain financial services and the Internal Audit function, and the costs of operating and maintaining the agency's Information Technology infrastructure.

7.2.2 Pool Two

The second grouping of expenses is made up of costs that, while benefiting three or more of the agency's business modes, are specifically excluded from allocation by federal regulation and therefore funded locally. Examples of costs recognized within this group include the costs of the Chief Executive Officer and legislative advocacy.

7.2.3 Pool Three

The third grouping of expenses represent Administrative Capital costs, treated as depreciable assets according GAAP guidelines. Costs in this pool are primarily related to the procurement of Information Technologies equipment and other administrative equipment purchases.

7.3 Allocation of Indirect Costs

The allocation of eligible G&A expenses to SCRRA programs is a two-step process categorized as Tier 1 and Tier 2. As part of the Tier 1 allocation, G&A costs are allocated to the expense groupings based on the ratio of labor costs within each of the agency's principal business modes relative to the pool of labor as a whole, excluding G&A labor. Under Tier 2 is the allocation of all indirect costs, allocated G&A and modal overhead, to direct projects for cost accounting and revenue recovery purposes.

For the remaining G&A expenses ineligible for federal reimbursement, allocation is made to the various operating budget modes based on the modal labor distribution.

7.4 Future Revision in ICAP Rate(s)

SCRRA is in the process of reviewing its current ICAP rate in order to determine the viability of multiple allocation items, at the recommendation of the FTA.

7.5 Organizational Summary

Under the leadership of the Chief Executive Officer, Chief Operations Officer, Chief Strategic Officer, Chief Administrative Officer, Human Resources Director, and Chief Finance Officer, SCRRA manages 267 full time equivalent (FTE) headcounts.

Agency FTE Headcount

	FY 13-14
Executive Office	16
Operations Office	130
Administration Office	74
Strategy Office	20
Human Resources	6
Finance Office	21
FY 14 Total FTE Headcount	267

Key executive branches within SCRRA support all operational and administrative safety initiatives across the agency and manage a wide and diverse group of departments performing various functions for the agency.

The *Executive Office* includes direct reports to the Chief Executive Officer, government affairs, legal affairs (in house and external counsel), internal audit, Board support and administrative services.

The *Operations Office* includes train operations, equipment maintenance, transportation, dispatching, mechanical, Maintenance of Way, facilities and fleet maintenance, field operations, major vendor contract management (e.g., outsourced operations and maintenance activities), asset and materials management, fuel, security, holiday train operations, rail corridor crossings and encroachment, engineering, station maintenance, and the execution of rehabilitation and new capital projects.

The *Strategy Office* includes grants development and acquisition, rehabilitation and new capital planning, risk management, strategic sourcing & contracts, and the Disadvantaged Business Enterprises (DBE) program.

The *Administration Office* includes customer engagement, marketing, research and market research, customer relations, media and external communications, ticket vending machine maintenance, fare collection services, and information technology.

Human Resources includes employee orientation, employee handbook, training, employee development, job descriptions, harassment and discrimination, workers compensation, employee benefits, regulatory compliance, compensation, and recruitment and retention.

The *Finance Office* includes budget development, forecasting, financial analysis, treasury, payroll, vendor payables, revenue billing, grants administration, cash management, fixed assets, compliance and other general accounting functions.

Exhibits 7.3a-d identify the specific job classifications currently budgeted under each executive department, for a total of 246 FTE headcounts. Total agency labor and fringe costs are allocated across the business modes.

7.6 Exhibits

7.6.1 Exhibit 7.1: FY 2013-14 General Administrative Expenses

This exhibit identifies the individual cost components included in the general and administrative cost grouping.

7.6.2 Exhibit 7.2: FY 2013-14 Indirect Cost Allocation Plan Rates

This exhibit illustrates the proposed SCRRA business modes and the cost allocations that support the FY 2013-14 ICAP rates.

7.6.3 Exhibit 7.3a, b, c, d, e: FY 2013-14 Roster of Positions

This exhibit provides a roster of FY 2013-14 FTE headcount identified by specific positions within each Executive Office and Department.

Exhibit 7.1

FY 2013-14 General and Administrative Expenses ($000)

Expenditure Description	Total FY 12-13 Budget	Fiscal Year 2013-14 Federally Eligible	Local Funding	Admin Capital	Total FY 13-14 Budget	FY 13-14 Budget vs. FY 12-13 Budget Increase	%
Agency Costs							
Consultants	17	10	-	-	10	(7)	(41.2%)
Recruitment Services	108	115	20	-	135	27	25.0%
Office Equip Maint & Repair	35	1	-	-	1	(35)	(98.6%)
Outside Temporary Help	150	150	-	-	150	-	0.0%
Document Management & Storage	50	62	-	-	62	12	24.0%
In-House Training Services	200	-	-	-	-	(200)	(100.0%)
Bank Service Charges	125	130	-	-	130	5	4.0%
Materials & Supplies	100	127	0	-	128	28	28.3%
Office Equipment	144	84	-	-	84	(60)	(41.7%)
Printing & Reproduction	45	33	4	-	37	(8)	(18.3%)
Postage & Messenger	85	91	-	-	91	6	6.6%
Other Misc Expense	466	404	38	-	442	(24)	(5.1%)
Total Agency Costs	**1,524**	**1,207**	**62**	**-**	**1,269**	**(256)**	**(16.8%)**
Staff Labor							
SCRRA Wages & Salaries	4,866	5,105	722	-	5,827	961	19.7%
Wages Interns	100	110	-	-	110	10	10.0%
Allocated Fringe Benefits	3,042	3,015	428	-	3,443	401	13.2%
OPEB - GASB45	2,500	-	2,500	-	2,500	-	0.0%
Total Staff Labor	**10,509**	**8,230**	**3,650**	**-**	**11,880**	**1,371**	**13.1%**
Professional Services							
Auditing & Accounting	75	75	-	-	75	-	0.0%
Consultants	741	1,313	1	-	1,314	573	77.3%
Lobby Services	456	-	456	-	456	-	0.0%
Total Professional Services	**1,272**	**1,388**	**457**	**-**	**1,845**	**573**	**45.0%**
MIS							
Consultants	740	900	-	-	900	160	21.6%
Computer S/W / H/W Maintenance	760	641	-	-	641	(119)	(15.7%)
Office Equip Maint & Repair	20	85	-	-	85	65	325.0%
Document Management & Storage	20	25	-	-	25	5	25.0%
Materials & Supplies	62	62	-	-	62	-	0.0%
Office Equipment	18	20	-	-	20	2	11.7%
Computer H/W	202	400	-	-	400	198	98.0%
Computer S/W	160	272	-	-	272	112	70.0%
License & Registration Fees	5	10	-	-	10	5	100.0%
Total MIS	**1,987**	**2,415**	**-**	**-**	**2,415**	**428**	**21.5%**
Employee Recognition							
Misc Expenses	27	-	28	-	28	2	6.8%
Total Employee Recognition	**27**	**-**	**28**	**-**	**28**	**2**	**6.8%**
Utilities/Leases							
Office Space Rental	1,192	1,171	-	-	1,171	(20)	(1.7%)
Other Utilities/Leases	1	-	-	-	-	(1)	(100.0%)
Total Utilities/Leases	**1,193**	**1,171**	**-**	**-**	**1,171**	**(21)**	**(1.8%)**
Board Related Items							
Board Travel/Meeting Expenses	13	-	18	-	18	4	32.6%
Board Per Diem	78	-	78	-	78	-	0.0%
Board Development Program	35	-	50	-	50	16	44.9%
Total Board Related Items	**125**	**-**	**145**	**-**	**145**	**20**	**15.8%**
Total General & Administrative Expenses	**16,636**	**14,411**	**4,342**	**-**	**18,753**	**2,117**	**12.7%**

Exhibit 7.2

FY 2013-14 Indirect Cost Allocation Plan (ICAP) Cost Calculations ($000)

Tier 1 Compilation and Distribution of SCRRA G&A Expenses

	FY 2013-14
General & Adminstrative Expenses	
Federally Eligible G&A	14,411
Non-Federal Eligible G&A	4,342
Total G&A Expenses	**18,753**

Tier 1 Cost Distribution	Operating			Capital					
	Train Operations	MOW	Subtotal Operating	New Capital	Equipment Procurement	Rehabilitation & Renovation	Subtotal Capital	Recollectable	Grand Total
SCRRA Labor Distribution (%)	60.9%	12.2%	73.1%	8.4%	4.0%	9.2%	21.5%	5.3%	100.0%
Federally Eligible G&A Allocation	8,781	1,760	10,541	1,204	580	1,319	3,102	768	14,411
Non-Federal Eligible Labor Distribution (%)	83.3%	16.7%	100.0%						100.0%
Non-Federal Eligible G&A Allocation	3,617	725	4,342	-	-	-	-	-	4,342
Total G&A Expense Allocation	12,398	2,484	14,883	1,204	580	1,319	3,102	768	18,753

Tier 2 Allocation and Calculation of Direct Rates

Collector Pool Expenses									
Salaries & Wages	4,228	300	4,528	328	46	449	823	132	5,483
Fringe Benefits	2,431	172	2,603	196	27	268	491	79	3,173
Other Expenses	10,796	1,834	12,630	75	10	50	135	120	12,885
Subtotal - Indirect Expenses	17,455	2,306	19,761	599	83	767	1,449	330	21,540
G&A Expense Allocation	12,398	2,484	14,883	1,204	580	1,319	3,102	768	18,753
Total Indirect and Allocable Expenses	29,853	4,791	34,644	1,802	663	2,086	4,552	1,098	40,293
Direct Expenses									
Salaries & Wages	5,222	1,633	6,856	992	304	523	1,819	702	9,377
Fringe Benefits	3,177	975	4,152	599	353	594	1,547	419	6,118
Other Expenses	136,657	28,859	165,515	91,847	164,169	82,215	338,230	2,500	506,245
Total Direct Expenses	145,056	31,467	176,523	93,438	164,826	83,332	341,596	34,000	521,740
Grand Total	**174,909**	**36,257**	**211,166**	**95,240**	**165,489**	**85,418**	**346,147**	**35,098**	**562,033**
Total Indirect and Allocable Expenses as % of Direct Labor	**572%**	**293%**		**182%**	**218%**	**399%**		**156%**	

Exhibit 7.3a

FY 2013-14 Roster of Positions

Cost Center	FTE Count	Department Name	Job Title
Executive Office			
1100	4	Executive Office	Chief Executive Officer Chief of Staff Board Secretary Executive Office Assistant
1105	2	Government & Regulatory Affairs	Government & Regulatory Affairs Manager Government Relations Administrator
1110	2	Internal Audit	Chief Auditor General Auditor
1115	3	Legal	General Counsel Associate General Counsel Legal Assistant
2150	1	Risk Management	Senior Counsel, Risk Manager
4210	4	Administrative Services	Administrative Services Supervisor Administrative Services Coordinator Records Management Specialist Receptionist
Human Resources Office			
1130	6	Human Resources	Director, Human Resources Manager, Human Resources Manager, Learning & Development Assistant Manager, Human Resources Learning and Development Coordinator HR Assistant
Finance Office			
4100	21	Finance	Chief Financial Officer Executive Assistant FIS Oracle Liaison Manager, Financial Planning & Analysis Manager, General Accounting Manager, Grants Admin & Fiscal Mngmt Grants & Strategic Development Planner Grants Reporting & Compliance Coordinator Financial Analyst II Financial Analyst I Business Analyst Cash Management Analyst I Cost Accountant I (2) Cash Management Analyst I Payroll Accountant I Accountant (2) Accounting Assistant Assistant Budget Analyst Accounting Specialist - Receivables

Exhibit 7.3b

FY 2013-14 Roster of Positions

Cost Center	FTE Count	Department Name	Job Title
Stategy Office			
1550	5	Chief Strategic Office	Chief Strategic Officer Executive Assistant Planning Manager Strategic Communications Manager Strategic Programming & Development Manager
4220	15	Purchasing, Contracts & Contract Compliance	Assistant Director, Contracts (2) Manager, Diversity & Labor Compliance Senior Contract & Compliance Administrator (4) Contract & Compliance Administrator Labor Compliance Analyst II Labor Compliance Analyst Contracts Data Analyst I Buyer Department Assistant
Administrative Office			
1500	2	Chief Administrative Office	Chief Administrative Officer Executive Assistant
3050	3	Customer Engagement	Director, Customer Engagement Manager, Corporate Accounts Department Assistant
3100	2	Research and Planning	Manager, Research & Planning GIS Analyst
3200	4	Marketing & Sales	Manager, Sales & Marketing Marketing Manager Corporate Sales Manager Sales & Marketing Coordinator
3300	35	Customer Relations	Field Services Manager (2) Customer Relations Supervisor (4) Lead, Customer Engagement Representative (8) Customer Engagement Representative (20) Associate Customer Engagement Representative
3400	8	Communications	Social Media Specilialist Station Administrator Communications Coordinator (5) Department Assistant
3450	3	Public Affairs	Director, Public Affairs Assistant Public Affairs Officer Communications Representative
3600	2	Fare Collection Services	Manager, Fare Collection Services Fare Collections Services Administrator

Exhibit 7.3c

FY 2013-14 Roster of Positions

Cost Center	FTE Count	Department Name	Job Title
Administrative Office (continued)			
4230	15	Information Technology	Chief Information Officer Director, Business Systems Functional Lead, Customer Engmnt & Comm Functional Lead, Operations and Engineering Lead, Oracle Finance & Procurement (2) Lead, Oracle Finance & Procurement Information Systems Supervisor Senior Network Engineer Technical Services Manager Business Intelligence Architect PTC Database Administrator/Applications DBA Information Technology Associate Salesforce.com Administrator Web Content Administrator
Operations Office			
2175	2	Chief Operating Office	Chief Operating Officer Executive Assistant
2200	4	Operations & Security	Director, Operations Security Manager Business Administrator Department Assistant
2210	5	System Safety	Director, System Safety Safety & Configuration Manager Public Safety & Environment Manager Training Compliance Administrator Business Administrator
2215	31	Dispatching Services	Director, Dispatching Operations Dispatching Manager (2) Supervisor, Dispatching Operations (4) Supervisor, Dispatching Operations, ARINC (2) Train Dispatcher (22)
2250	8	Field Operations Management	Field Operations Manager Assistant Manager, Field Operations Operations Compliance Officer (4) Field Operations Administrator Service Design & Compliance Administrator
2300	8	Equipment - Maintenance	Director, Maintenance of Equipment Program Manager Equipment Maintenance & Compliance Manager Mechanical Compliance Officer (2) Business Administrator Business Analyst Equipment & Vehicles Assistant

Exhibit 7.3d

FY 2013-14 Roster of Positions

Cost Center	FTE Count	Department Name	Job Title
Operations Office (continued)			
2305	8	Equipment - CAPITAL	Equipment PTC On Board Technical Specialist (4) PTC Mechanical Compliance Officer (2) Mechanical Systems Integrator Rail Vehicle Capital Program Administrator
2310	6	Facilities & Fleet Maintenance	Facilities and Fleet Maintenance Manager Lead, Maintenance Technician Fleet Maintenance Coordinator Maintenance Technician (3)
2800	3	Engineering & Construction	Director, Engineering & Construction Business Administrator Department Assistant
2820	5	Track	Assistant Director, T&S Rehabilitation District T & S Maintenance Supervisor Track Maintenance Engineer ROW Maintenance Coordinator ROW Crossings Coordinator
2840	4	Signal Maintenance & Rehab	Asst. Dir., C & S Rehabilitation & Maint. District C & S Supervisor Project Engineer Signal Standards Compliance Officer
2860	3	Civil Engineering	Assistant Director, Standards & Design Project Engineer Civil Design CADD Operator
2870	9	C&S Engineering	Assistant Director, Communications & Signals Manager, Signal Rehabilitation & Maintenance Manager, Communications & Dispatch Systems Telecommunication Systems Manager District Supervisor, Communications Network (2) Network Control Architect CAD PTC Senior Network Control Systems Engineer CAD PTC Signal /Comm PTC Records Engineer
2875	11	PTC, C&S Systems	Director, PTC, C & S Systems Business Administrator Business Analyst Manager, PTC Network Architecture Lead, Rail Network Control Systems (2) Senior Engineer, Communications Systems Project Engineer, Communications Systems Senior Engineer, Signal Systems Project Engineer, Signal Systems Project Engineer

Exhibit 7.3e

FY 2013-14 Roster of Positions

Cost Center	FTE Count	Department Name	Job Title
Operations Office (continued)			
2880	4	Public Projects	Assistant Director, Public Projects Sr. Public Project Specialist Senior Civil Engineer Project Engineer
2890	4	Capital Construction & Rehabilitation	Assistant Director, Capital Construction & Rehabilitation Project Engineer (3)
4223	11	Materials Management	Director, Materials Management & Warehousing Inventory Control Manager Assistant Manager, Inventory Control Inventory Control Analyst Material Scheduler Analyst Material Handler/Operator (6)
4530	4	Project Management Oversight	Assistant Director, Program Management Office Program Management Analyst II (2) Grants Reporting & Compliance Coordinator

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SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2013-14 BUDGET

SECTION 8: Appendix

8.1 Introduction

Supplementary descriptions and information are provided on SCRRA allocations methodology, policy on debt, GASB 34 Condition Assessment Ratings, agency information and statistics, glossary of budget terms, and key acronyms associated with Southern California Regional Rail Authority.

8.2 Revenue and Cost Allocation Methodology Detail

8.2.1 Formulae for Allocation to Members

Under the terms of the JPA governing the actions of the SCRRA, each Member Agency shall approve its individual Operating and Capital contributions for an upcoming fiscal year. As a result of its structure as a JPA, the SCRRA utilizes a number of formulae for the purposes of allocating costs to both Member Agencies and Operating Line Segments. The goal is to allocate or assign the costs based on the root causes of the common costs instead of merely spreading the costs

Subsidies for each Member Agency are determined each budgeting cycle based on a series of previously agreed allocations for each budget component line item. This includes both revenues and expenses. *Exhibit 8.1* provides detailed information on allocation percentages.

8.2.2 Formulae for Allocation to Lines

Besides preparing allocations by Member Agency, the FY 14 Proposed Budget also is allocated across operating rail lines to provide the costs associated with providing systemwide services across the counties served.

The lines are defined as San Bernardino, Ventura County, Antelope Valley, Burbank, Riverside, Orange County, Orange County MSEP, Inland Empire/Orange County and the 91 Line.

Exhibit 8.2 provides detailed information on allocation percentages by line. This allocation is used to provide operating expenses, revenues, subsidies and statistics by line.

8.2.3 Allocation of Revenues

Farebox revenues are received by each operating line based on point of sale origin/destination pairs, and allocated to member agencies (counties) on the basis of train-miles for each line or county. Dispatching/Other revenues are allocated directly to those line segments that are subject to agreements with freight railroads and Amtrak. These revenues are allocated to the counties that own the particular segments, and to the lines that are made up of these segments. At the end of each fiscal year, the interest on fares and other funds received in advance for operations and capital projects is assigned to counties based upon a calculation of funds on account throughout the year which were provided by each member agency.

8.2.4 Allocation of Expenses

Operating expenses are allocated using a variety of railroad metrics. Fuel and Amtrak services related to the operation of trains are allocated to operating lines and counties on the basis of train-miles for each line or county. Dispatching is allocated directly to operating lines and counties on the basis of the ownership of line segments over which the agency has dispatching authority. Also allocated directly to line segments are Transfers to Other Operators, Rail Agreements, Maintenance-of-Way expenses. Most other expenses in the Operating Budget are allocated on a combination of allocation and tier applications.

Maintenance-of-Way (expenditure and revenue) net subsidies on lines shared by more than one operating line segment are split to the counties by the respective share of train miles in each county of the respective lines segments. There are specific expenditures related to particular lines. One example are the expenditures related to the Riverside Layover Facility are allocated to lines with services originating or terminating at the layover and subsequently to counties based train miles on the participating line segments. In contrast, the River Corridor is shared by all lines, thus the expenditures in excess of revenues on this segment are split to lines and counties on the basis of the "Allshare" formula. Extraordinary Maintenance expenses for derailments are split on the Allshare formula, and for storm damage, gate knockdowns and vandalism using the formula representing route-miles owned by county.

8.3 SCRRA Policy on Debt

The purpose of issuing debt is to finance essential capital facilities and equipment. The issuance of debt spreads the cost of the facilities and equipment over their useful life. Historically, SCRRA has not issued debt for the development of facilities or the purchase of equipment. Rather, the capital has been funded by a combination of federal, state, member agency, and other local sources. In the absence of the need to issue debt, SCRRA has not adopted a formal debt policy.

State law defines the process under which a joint powers authority may issue debt. The Marks-Roos Local Bond Pooling Act (Government Code, sec. 6584) provided flexibility to a JPA in permitting the identification of future revenues for the maintenance of debt. Under this statute, a JPA is given powers to issue bonds to pay for the cost of capital, including facilities and equipment. The statute requires the establishment of a new joint powers authority for the exclusive purpose of financing capital projects or acquisitions for its members. If future capital funding requirements ever require the issuance of debt, the member agencies and Board may be asked to review and adopt a debt policy incorporating the established of a joint powers authority as permitted in the Marks-Roos Local Bond Pooling Act.

8.4 SCRRA Leveraged Lease Transactions

Although SCRRA has never issued debt for the construction of facilities or acquisition of equipment, three U.S. leveraged lease transactions have been completed. The deferred benefit of the three lease transactions was approximately $31.4 million. However, since these funds were available, the Board has authorized specific expenditures that have reduced the amount of funds currently on deposit at the SCRRA.

8.4.1 Agreement One

In Fiscal Year 1995-96, the SCRRA Board entered into an agreement to lease 94 coach and cab cars (cars) and 31 locomotives and simultaneously entered into a sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately $193.9 million of which it used approximately $152.3 million to prepay future lease payments and defease part of its obligation. In addition, the Board invested approximately $21.2 million in U.S. Zero Coupon Treasury strips. The Treasury strips have matured at values sufficient to cover all remaining lease payments due under the lease agreement as well as amounts necessary to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance.

8.4.2 Agreement Two

In FY 1998-99, SCRRA entered into a second agreement to lease 25 bi-level commuter rail cars and 2 diesel locomotives and simultaneously entered into sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately $36.5 million of which it used $24.7 million and $7.7 million for debt and equity defeasance, respectively. This amount is sufficient to cover all lease payments due under the agreements and to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance. It is anticipated that the SCRRA will exercise its purchase option to remove two locomotives from this deal in FY 14.This is anticipated to cost $75,000, which will come not from the Operating Budget but from the funds received by this transaction.

8.4.3 Agreement Three

In FY 2002-03, SCRRA entered into a third agreement to lease 27 bi-level commuter rail cars and 4 diesel locomotives and simultaneously entered into sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately $93.8 million of which it used $75.3 million and $11.2 million for debt and equity defeasance, respectively. This amount is sufficient to cover all lease payments due under the agreements and to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance.

8.5 Description of GASB 34 Condition Assessment Ratings

SCRRA, as part of its implementation of Government Accounting Standards Board Statement 34 (GASB34), has elected to use the Modified Approach for the Metrolink Railroad Infrastructure.

Under the modified approach, infrastructure assets that are part of a network, or subsystem of a network, *are not required to be depreciated as long as two requirements are met:*

1. The government manages the eligible infrastructure assets using a qualified asset management system; and
2. The government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government.

The SCRRA Board adopted, in FY 2002-03, a minimum condition rating of 75 points (of a maximum of 100) as the minimum acceptable Railroad Condition Index (RCI) for the entire railroad network, including all subsystems. The actual index value of the condition of the SCRRA's infrastructure network at the time of adoption is 86.

The following ratings values are utilized to describe the asset condition of various railroad infrastructure components:

- *Excellent* (90+) – An asset that exhibits no conditions of wear or degradation and is suitable for continued use for 5 plus years with only routine inspection and repair; essentially a "like new" condition.
- *Good* (80 to 89) – An asset rated as good has some components that will require repair or replacement within the next 5 years, but is expected to be fully serviceable for the next 5 years.
- *Fair* (70 to 79) – An asset rated as fair will be in serviceable condition at the time of the rating, but will require rehabilitation of two or more components within 5 years.
- *Poor* (60 to 69) – An asset that is operating at less than full capacity (e.g. a speed restriction is imposed) due to maintenance conditions and will require rehabilitation of at least one component before becoming fully operational.

- *Critical* (59 or below) – An asset that is operating at less than full capacity and must have repairs or rehabilitation within the year in order to continue operating.

SCRRA's selection of a 75 rating standard places the agency in the *Fair* category. The describes the agency's fixed assets as in serviceable condition at the time of the rating, but will require rehabilitation of two or more components within 5 years. This is the basis on which SCRRA's annual rehabilitation plan is determined.

8.6 SCRRA Information

8.6.1 Date of Formation

SCRRA was formed through a Joint Powers Agreement in August 1991.

8.6.2 Form of Government

SCRRA operates as a Joint Exercise of Powers Authority.

8.6.3 *Purpose*

The purpose of SCRRA is to plan, design, create and administer the operation of regional passenger rail lines.

8.6.4 Member Agencies

There are five member agencies associated with SCRRA: Los Angeles County Metropolitan Transportation Authority (Metro), Orange County Transportation Authority (OCTA), Riverside County Transportation Commission (RCTC), San Bernardino Associated Governments (SANBAG), Ventura County Transportation Commission (VCTC)

8.6.5 Counties Served

SCRRA serves Los Angeles County, Northern San Diego County, Orange County, Riverside County, San Bernardino County and Ventura County.

8.7 SCRRA Statistical Information

Population by County	Los Angeles County	9.9 million
	Orange County	3.1 million
	Riverside County	2.3 million
	San Bernardino County	2.1 million
	San Diego County	3.2 million
	Ventura County	.8 million
	Total Population:	21.4 million
	California Population	38.0 million
	% of State Population located within SCRRA Service Area	56.3%
Route Miles in System ***(Duplicated)***	Los Angeles County	220
	Orange County	117
	Riverside County	59
	San Bernardino County	39
	Northern San Diego County	38
	Ventura County	39
	Total Miles:	512
Route Miles ***(Unduplicated)***	Los Angeles County	186
	Orange County	67
	Riverside County	38
	San Bernardino County	39
	Northern San Diego County	19
	Ventura County	39
	Total Miles:	388
Available Equipment	Locomotives	52
	Cab Cars	57
	Coaches	148
Stations	Los Angeles County	26
	Orange County	11
	Riverside County	5
	San Bernardino	7
	Northern San Diego County	1
	Ventura County	5
	Total Stations:	55

Ticket Vending Machines	Installed TVMs	129
	Test TVMs	2
	Validators Installed	144
	Ticket Office Machines	4

Number of Annual Weekday Auto Trips Removed	8,714,497
Percent of Freeway Traffic Removed on Regional Freeways *Each Peak Hour*	up to 2.3%
Percent of Freeway Traffic Removed on I-10 and SR 60 corridor *Each Peak Hour*	up to 22%
Average Metrolink weekday Trip Length	38 miles
Percent of Metrolink Riders Formerly Driving Alone	68.9%
Percent of Riders with Los Angeles Union Station Destination	67.8%

Percent of Minority Riders by Line Corridor	San Bernardino Line	70%
	Riverside Line	78%
	Antelope Valley Line	55%
	Ventura County Line	39%
	Orange County Line	51%

8.8 Glossary of Budget Terms

Approved Budget: The official budget as approved by the five member agencies and the SCRRA Board.

Amended Budget: The approved budget as amended by the SCRRA Board during a fiscal year.

Appropriation: Legal authorization to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time it may be expended.

Budget: A plan of financial operations comprised of estimated expenditures for a given period (one fiscal year) and the proposed means of revenue generation to finance the expenditures.

Contracted Services: Services rendered in support of SCRRA operations and other activities by external parties. These are generally based upon formal contracts or purchase orders.

Cost Center: The accounting designated summary of all expenditures related to an individual SCRRA department.

Department: An organizational subgroup of SCRRA.

Expenditures/Expenses: Decreases in net financial resources during a specific period.

Extraordinary Maintenance: The expenditures related to repairing damages due to vandalism, crossing gate knockdowns, accidents, derailments, fires, storm and other severe weather conditions.

Farebox Revenue: Fares received from passengers for travel on Metrolink trains.

Farebox Recovery: Ratio of farebox revenue to total expenses net of rolling stock lease and extraordinary maintenance.

Fiscal Year: A 12-month period to which the annual budget applies and at the end of which SCRRA determines its financial position, the results of its operations and capital program, and adopts a budget for the coming fiscal year. The SCRRA's fiscal year is from July 1 through June 30.

Full Time Equivalent (FTE): The conversion of full-time and part-time employee hours to the equivalent of a full-time position.

Member Agency: The designated and defined five county entities in the Joint Powers of Authority agreement: Los Angeles County Metropolitan Transportation Authority

(Metro), Orange County Transportation Authority (OCTA), Riverside County Transportation Commission (RCTC), San Bernardino Associated Governments (SANBAG), and Ventura County Transportation Commission (VCTC)

Modes: Discrete business units of operation within an organization. SCRRA business modes are train operations, MOW, new capital, rehabilitation and recollectables

Operating Budget: A financial forecast that focuses on everyday operating activities and programs. For SCRRA, the Operating Budget includes train operations, Maintenance of Way and risk management.

Positive Train Control (PTC): GPS-based safety technology capable of preventing train-to-train collisions, overspeed derailments, unauthorized incursion into work zones and train movement through switches left in the wrong position. PTC monitors and, if necessary, controls train movement in the event of human error. PTC may also bring trains to a safe stop in the event of a natural disaster.

Proposed Budget: A budget in its preliminary preparation stage prior to adoption by the SCRRA Board.

Rehabilitation Expenditure: Those expenditures that replace worn-out assets with like or improved assets and thus extend the useful life of these capital assets. Such costs are generally capitalized.

Revenue: Monies that SCRRA receives as income in the form of farebox revenue, payments from other railroads, local funds for operating or capital, grants, and interest.

Revenue Recovery: The ratio of operating revenues to operating expenses net of rolling stock lease payments and extraordinary maintenance.

Ridership: The number of one-way trips carried on Metrolink trains.

Salary and Fringe Benefit Expenses: Compensation paid to or on behalf of SCRRA employees for salaries, wages, overtime, and benefits.

8.9 Key Acronyms associated with Southern California Regional Rail

ADA	Americans with Disabilities Act
Amtrak	National Railroad Passenger Corporation (intercity rail service)
APTA	American Public Transportation Association
AQMD	Air Quality Management District
ARRA	American Recovery and Reinvestment Act
BNSF	Burlington Northern Santa Fe Railroad
CAFR	Comprehensive Annual Financial Report
Caltrans	California Department of Transportation

CEQA	California Environmental Quality Act
CMAQ	Congestion Mitigation Air Quality
CMF	Central Maintenance Facility
CTC	California Transportation Commission
DBE	Disadvantaged Business Enterprises
DOL	Federal Department of Labor
DOT	Federal Department of Transportation
EIR	Environmental Impact Report
EIS	Environmental Impact Study
EPA	Federal Environmental Protection Agency
ETC	Employer Transportation Coordinator
FCR	Flexible Congestion Relief
FHWA	Federal Highway Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
IEOC	Inland Empire to Orange County Line
ISTEA	Intermodal Surface Transportation Efficiency Act
ITS	Intelligent Transportation System
JPA	Joint Powers Authority
Metro	Los Angeles County Metropolitan Transportation Authority
MOC	Metrolink Operations Center
MOW	Maintenance of Way
LNG	Liquefied Natural Gas
MOU	Memorandum of Understanding
MTA	Los Angeles County Metropolitan Transportation Authority
OCTA	Orange County Transportation Authority
PA/CMS	Public Address/Changeable Message Sign
PERS	Public Employees Retirement System
PRESS	Passenger Rail Equipment Safety Standards
PTC	Positive Train Control
RCTC	Riverside County Transportation Commission
ROW	Right of Way
RTIP	Regional Transportation Improvement Program
RTPA	Regional Transportation Planning Agency
SANBAG	San Bernardino Associated Governments
SCAG	Southern California Associated Governments
SCAQMD	South Coast Air Quality Management District
SCRRA	Southern California Regional Rail Authority
SHA	State Highway Account
SPRR	Southern Pacific Railroad
STA	State Transit Assistance
STIP	State Transportation Improvement Plan
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TCI	Transit Capital Improvement (funds/program)
TDA	Transportation Development Act

TEA-21	Transportation Equity Act for the 21st Century
TIP	Transportation Improvement program
TSM	Transportation Systems Management
TVM	Ticket Vending Machine
UP	Union Pacific Railroad
VCTC	Ventura County Transportation Commission

8.10 Exhibits

8.10.1 *Exhibit 8.1:* FY 2013-14 Formulae Used to Allocate Expenses by Member Agency

This exhibit provides a listing of the allocation categories and the percentages allocated for each across member agencies.

8.10.2 Exhibit 8.2: FY 2013-14 Formulae Used to Allocate Expenses by Line

This exhibit provides a listing of the allocation categories and the percentages allocated for each across the operating rail lines.

8.10.1 *Exhibit 8.1*

FY 2013-14 Formulae Used to Allocate Expenses by Member Agency

Allocation	Metro	OCTA	RCTC	SANBAG	VCTC
Allshare	47.5%	19.8%	11.1%	14.4%	7.2%
Train Miles FY 13-14 Budget	55.2%	20.5%	7.8%	12.5%	4.1%
Train Miles Lagged (FY 11-12 Actual)	53.8%	21.9%	6.8%	14.1%	3.5%
Unduplicated Route Miles (Excl. San Diego Co. Miles)	50.4%	18.2%	10.2%	10.5%	10.6%
Route Miles Dispatched	64.2%	19.3%	0.2%	10.2%	6.0%
LAUS Revenue Moves	65.7%	12.3%	4.4%	13.9%	3.8%
Unduplicated Stations	47.3%	21.8%	9.1%	12.7%	9.1%
TVM's	46.7%	21.7%	13.3%	11.7%	6.7%
Ridership FY 13-14 Excluding IEOC & MSEP	57.8%	19.0%	5.0%	14.5%	3.7%
Ridership Lagged (FY 11-12 Actual)	52.3%	21.9%	7.2%	15.2%	3.4%
75% Train Miles Lagged / 25% Unduplicated Stations	52.1%	21.8%	7.4%	13.8%	4.9%
San Bernardino Line Weekday	59.8%	0.0%	0.0%	40.2%	0.0%
San Bernardino Line Weekend	56.5%	0.0%	1.9%	41.6%	0.0%
Ventura Line Weekday	61.4%	0.0%	0.0%	0.0%	38.6%
Antelope Valley Line Weekday & Weekend	100.0%	0.0%	0.0%	0.0%	0.0%
Riverside Line Weekday	60.5%	0.0%	23.1%	16.3%	0.0%
Orange County Line	30.5%	69.5%	0.0%	0.0%	0.0%
Orange County MSEP Weekday	0.0%	100.0%	0.0%	0.0%	0.0%
Inland Empire-Orange County Line Weekday	0.0%	62.0%	32.2%	5.9%	0.0%
Inland Empire-Orange County Line Weekend	0.0%	69.2%	24.2%	6.6%	0.0%
91 Line Weekday	34.3%	32.1%	33.3%	0.3%	0.0%

8.10.2 *Exhibit 8.2*

FY 2013-14 Formulae Used to Allocate Expenses by Line

Allocation	San Bernardino	Ventura County	Antelope Valley	Riverside	Orange County	Orange Co MSEP	IEOC	91 Line
Allshare	21.9%	15.1%	15.9%	13.8%	16.9%	-	13.4%	2.9%
Train Miles FY 13-14 Budget	25.6%	10.5%	21.4%	8.6%	16.3%	0.0%	11.9%	5.8%
Train Miles Lagged (FY 11-12 Actual)	27.5%	9.5%	22.2%	7.3%	15.2%	2.4%	10.9%	4.9%
Unduplicated Route Miles (Excl. San Diego Co. Miles)	15.2%	17.6%	19.2%	15.8%	8.2%	2.9%	12.1%	8.9%
Route Miles Dispatched	31.4%	16.6%	28.7%	2.3%	7.0%	6.2%	7.0%	0.9%
LAUS Revenue Moves	32.7%	12.9%	22.2%	8.4%	15.6%		0.0%	8.4%
Unduplicated Stations	21.2%	18.5%	16.7%	10.0%	11.2%	4.5%	11.8%	6.1%
TVM's	20.7%	15.7%	16.5%	10.8%	10.4%	4.7%	12.8%	8.3%
Ridership FY 13-14 Excluding IEOC & MSEP	31.4%	9.5%	17.5%	11.4%	23.3%	0.0%	0.0%	6.9%
Ridership Lagged (FY 11-12 Actual)	29.2%	9.3%	15.6%	11.0%	20.6%		9.0%	5.2%
75% Train Miles / 25% Unduplicated Stations	25.9%	11.8%	20.8%	8.0%	14.2%	2.9%	11.2%	5.2%
San Bernardino Line Weekday	100.0%	-	-	-	-	-	-	-
San Bernardino Line Weekend	100.0%	-	-	-	-	-	-	-
Ventura Line Weekday	-	100.0%	-	-	-	-	-	-
Antelope Valley Line Weekday & Weekend	-	-	100.0%	-	-	-	-	-
Riverside Line Weekday	-	-	-	100.0%	-	-	-	-
Orange County Line	-	-	-	-	100.0%	-	-	-
Orange County MSEP Weekday	-	-	-	-	-	100.0%	-	-
Inland Empire-Orange County Line Weekday	-	-	-	-	-	-	100.0%	-
Inland Empire-Orange County Line Weekend	-	-	-	-	-	-	100.0%	-
91 Line Weekday	-	-	-	-	-	-	-	100.0%