

**SOUTHERN CALIFORNIA
REGIONAL RAIL AUTHORITY**

**FINAL ADOPTED
BUDGET
FISCAL YEAR
2012-2013**

June 22, 2012

Los Angeles County Metropolitan Transportation Authority

Orange County Transportation Authority

Riverside County Transportation Commission

San Bernardino Associated Governments

Ventura County Transportation Commission

This page intentionally left blank

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 ADJUSTED BUDGET

EXECUTIVE SUMMARY
Proposed Changes to FY 2012-13 Budget

Southern California Regional Rail Authority (SCRRA) presented a FY 13 Proposed Budget to the SCRRA Board on April 13, 2012 and was authorized to submit the Proposed Budget to the Member Agencies by May 1, 2012, for approval. The Joint Powers Agreement states that the SCRRA Proposed Budget must be approved by June 30, 2012. The FY 13 Proposed Budget consists of an Operating Budget of \$194.0 million and Revenues of \$99.9 million, resulting in Member Agency subsidies of \$94.1 million. *(See Table A, Line A)*

On May 30, 2012, at a special meeting of the Board, **the SCRRA Board approved a 7% fare increase effective July 1, 2012.** This action resulted in \$4.5 million in additional revenues in the FY 13 Budget. This reduced Member Agency subsidies by the same amount.

After the fare increase, the FY 13 Revised Proposed Budget consists of an Operating Budget of \$194 million and Revenues of \$104.4 million, resulting in Member Agency subsidies of \$89.6 million. *(See Table A, Line A)*

Board approval is pending for Member Agency requests for two additional changes to the FY 13 Revised Proposed Budget: Three new services and a cost sharing reallocation between three member agencies on shared operating lines.

The three services include:

1. A 5th Peak IEOC/MSEP service that would deliver \$688 thousand in revenues with a cost of \$1,252 thousand. This results in a net incremental cost of \$1,385 thousand. (see Table A, line
2. Year Round Weekend for OC line that would deliver \$285 thousand in revenues with a cost of \$469 thousand. This results in a net incremental cost of \$184 thousand.
3. Year Round Weekend for IEOC/MSEP line that would deliver \$37 thousand in revenues with a cost of \$352 thousand. This results in a net incremental cost of \$315 thousand.

The total new services result in increased expenses of \$2.1 million, partially offset by increased revenues of \$1.0 million. The net impact to the budget is \$1.1 million increased

costs. This increases Member Agency subsidies by the same amount. *(See Table A, Line E)*

The cost sharing reallocation between three member agencies on shared operating lines results in a transfer of subsidy from Orange County Transportation Authority (OCTA) for a reduction of \$151 thousand, and San Bernardino Associated Governments (SANBAG) for a reduction of \$571 thousand to Los Angeles County Metropolitan Transportation Authority (LACMTA) for an increase of \$722 thousand. Net impact to the total SCRRA budget is zero. *(See Table A, Lines C and D)*

The two additional changes to the FY 13 Proposed Budget will be presented to the SCRRA Board at the June 22, Special Board Meeting. AT that time, the SCRRA FY 13 Adjusted Proposed Budget will consist of an Operating Budget of \$196.1 million and Revenues of \$105.4 million, resulting in Member Agency subsidies of \$90.7 million. *(See Table A, Line F)*

Pending approval by the SCRRA Board and Member Agencies, these values represent the SCRRA FY 13 Adjusted Budget.

NOTE

The following pages represent the SCRRA FY 13 Base Budget prior to adjustments based on the fare increase, new services and the cost sharing reallocation between three member agencies on shared operating lines.

TABLE A

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FISCAL YEAR 2012-13 BUDGET -ADJUSTED BUDGET
OPERATING SUBSIDY ALLOCATION BY MEMBER AGENCY
(\$000s)**

	Total FY 12-13	LACMTA Share	OCTA Share	RCTC Share	SANBAG Share	VCTC Share
Expenses - Base Proposed Budget	194,020	102,234	42,522	13,895	24,810	10,559
Revenues - Base Proposed Budget	99,874	54,435	22,424	5,996	13,468	3,551
A Subsidy - Before Fare Increase	94,146	47,799	20,098	7,898	11,343	7,008
Expenses - Base Proposed Budget	194,020	102,234	42,522	13,895	24,810	10,559
Revenues - Base Proposed Budget	99,874	54,435	22,424	5,996	13,468	3,551
7% Fare Increase	4,538	2,400	1,000	333	641	164
Revenues - Revised Proposed Budget	104,412	56,835	23,424	6,330	14,109	3,715
B Subsidy - After Fare Increase	89,608	45,399	19,098	7,565	10,702	6,844
Expenses for New Service						
5th Peak IEOC/MSEP	1,252	(57)	1,044	229	36	-
OC Year Round Weekend	469	10	467	(7)	(2)	-
IEOC Year Round Weekend	352	(7)	243	92	25	-
C Shared Line Cost Re-Allocation	-	1,283	(439)	-	(845)	-
<i>Proposed Change in Budget Expenses</i>	<i>2,073</i>	<i>1,229</i>	<i>1,316</i>	<i>314</i>	<i>(786)</i>	-
Revenues for New Services						
5th Peak IEOC/MSEP	688	-	458	228	2	-
OC Year Round Weekend	285	-	285	-	-	-
IEOC Year Round Weekend	37	-	26	9	2	-
D Shared Line Cost Re-Allocation	-	562	(288)	-	(274)	-
<i>Proposed Change in Budget Revenue</i>	<i>1,010</i>	<i>562</i>	<i>481</i>	<i>237</i>	<i>(270)</i>	-
E Net Change in Member Subsidy	1,063	667	835	77	(516)	-
F Revised Member Subsidy	90,670	46,066	19,933	7,642	10,186	6,844
FY 2011-12 Budget	81,151	40,064	18,230	7,145	9,552	6,161
Increase/(Decrease)	9,519	6,002	1,703	498	634	683
Percentage Change	11.7%	15.0%	9.3%	7.0%	6.6%	11.1%

This page intentionally left blank

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY 2012-13 BUDGET
SUMMARY
TABLE OF CONTENTS

1.0	Executive Summary	9
2.0	Introduction to the Budget	15
3.0	Budget Summary	21
4.0	Operating Revenues and Funding	43
5.0	Operating Expenses	57
6.0	Capital Program Budget	77
7.0	General and Administrative Budget	101
8.0	Appendix	111

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

TABLE OF CONTENTS

1.0	Executive Summary	9
1.1	Introduction	9
1.2	Administrative Requirements	10
1.3	Budget Development and Assumptions	11
1.4	Summary of Operating Revenues and Subsidy Funding	11
1.5	Summary of Operating Expenses	12
1.6	Summary of Capital Program	
2.0	Introduction to the Budget	15
2.1	Introduction	15
2.2	SCRRA Services	15
2.3	Board Governance	17
2.4	SCRRA Background	18
2.5	Exhibits	19
2.5.1	<i>Exhibit 2.1: Metrolink Systemwide Map</i>	20
3.0	Budget Summary	21
3.1	Budget Policy	21
3.1.1	Budget Authorization	21
3.1.2	Budgetary Control and Reporting	22
3.1.3	Accounting Methodology	23
3.1.4	Budget Components	23
3.1.5	Budget Assumptions	24
3.2	Total Operating Budget	24
3.3	Operating Revenues and Subsidy Funding	24
3.4	Operating Expenses	25
3.5	Capital Program	26
3.6	Summary of the Total FY 2012-13 Budget	27
3.7	FY 2012-13 Summary Exhibits	27
3.7.1	<i>Exhibit 3.1a : Summary of FY 2012-13 Statistics by Line</i>	30
	<i>Exhibit 3.1b : Summary of FY 2012-13 Statistics by Line</i>	31
	<i>Exhibit 3.1c : Summary of FY 2012-13 Statistics by Line</i>	32
	<i>Exhibit 3.1d : Summary of FY 2012-13 Statistics by Line</i>	33

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

TABLE OF CONTENTS

3.0	Budget Summary (continued)	
3.7	FY 2012-13 Summary Exhibits (continued)	
3.7.2	<i>Exhibit 3.2: Performance Data (FY 93 through FY 13)</i>	34
	<i>Exhibit 3.3: Performance Data (FY 93 through FY 13)</i>	35
	<i>Exhibit 3.4: Performance Data (FY 93 through FY 13)</i>	36
	<i>Exhibit 3.5: Performance Data (FY 93 through FY 13)</i>	37
3.7.3	<i>Exhibit 3.6: FY 2012-13 Annual Operating Budget Distribution by Cost Component</i>	38
3.7.4	<i>Exhibit 3.7: FY 2012-13 Annual Operating Budget Distribution by Cost Component and Distribution to Member Agency</i>	39
3.7.5	<i>Exhibit 3.8: FY 2012-13 Revenue Sources and Comparison to FY 2008-09 through FY 2012-13</i>	40
3.7.6	<i>Exhibit 3.9: FY 2012-13 Budget Revenue Sources and Use by Member Agency</i>	41
4.0	Operating Revenues and Funding	43
4.1	Introduction	43
4.2	Farebox Revenues	43
4.2.1	Commuter Program	44
4.2.2	Corporate Partner Program	44
4.2.3	Destination Weekday	45
4.2.4	Destination Weekend	46
4.2.5	Metro Orange Line Opening	47
4.2.6	Access IEOC Rider Elimination	47
4.2.7	Customer Retention Program	48
4.2.8	Other Marketing Plans and Initiatives	48
4.3	Maintenance of Way (MOW) Revenues	49
4.4	Dispatching Revenues	50
4.5	Other Miscellaneous Revenues	50
4.6	Member Agency Funding	50
4.7	Exhibits	50
4.7.1	<i>Exhibit 4.1: FY 2012-13 Fare Revenue and Ridership</i>	52
4.7.2	<i>Exhibit 4.2: FY 2012-13 Maintenance of Way (MOW) Revenue</i>	53
4.7.3	<i>Exhibit 4.3: FY 2012-13 Dispatching Revenue</i>	54
4.7.4	<i>Exhibit 4.4: FY 2012-13 Other Operating Revenue</i>	55
4.7.5	<i>Exhibit 4.5: FY 2012-13 Operating Funding Allocation by Member Agency</i>	56

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

TABLE OF CONTENTS

5.0	Operating Expenses	57
5.1	Introduction	57
5.2	Operating Budget Assumptions	57
5.2.1	<i>Service Levels</i>	57
5.2.2	<i>Key Component Assumptions</i>	57
5.2.3	<i>Cost Allocations</i>	58
5.3	Train Operations	58
5.3.1	<i>Train Operations Components</i>	59
5.3.2	<i>Train Operations Note</i>	64
5.4	Maintenance of Way	64
5.4.1	Assumptions	64
5.4.2	Conditions and Trends in the MOW Budget	65
5.4.3	MOW Statistics	66
5.4.4	MOW Expenditure Components	67
5.4.5	MOW Net Revenue, Expenditures and Member Agency Funding	67
5.4.6	MOW Projections by Line	68
5.4.7	Extraordinary Maintenance of Way	68
5.5	Risk Management	69
5.6	Exhibits	69
5.6.1	<i>Exhibit 5.1: FY 2012-13 Service Assumptions</i>	72
5.6.2	<i>Exhibit 5.2: FY 2012-13 Revenue Train Miles</i>	72
5.6.3	<i>Exhibit 5.3: FY 2012-13 FY 2012-13 Maintenance of Way Expenditures and Revenue Offsets</i>	73
5.6.4	<i>Exhibit 5.4: FY 2012-13 Maintenance of Way Expenditures by Line Segment/Territory – Operating Lines</i>	74
5.6.5	<i>Exhibit 5.5: FY 2012-13 Maintenance of Way Expenditures by Line Segment/Territory – Non-Operating Lines and Total</i>	75

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

TABLE OF CONTENTS

6.0	Capital Program Budget	77
6.1	Introduction	77
6.2	Rehabilitation Program	77
6.2.1	Railroad Rehabilitation Cycles	78
6.2.2	Rehabilitation Elements	79
6.2.3	Consequences of Deferred Rehabilitation	81
6.3	FY 2012-13 Ongoing Rehabilitation Projects	82
6.4	FY 2012-13 New Rehabilitation Projects	88
6.5	FY 2012-13 Ongoing New Capital Projects	93
6.6	FY 2012-13 New Capital Projects	95
6.7	Exhibits	96
6.7.1	<i>Exhibit 6.1: FY 2012-13 Rehabilitation Carryover Projects</i>	97
6.7.2	<i>Exhibit 6.2: FY 2012-13 Rehabilitation New Authority Projects</i>	98
6.7.3	<i>Exhibit 6.3: FY 2012 -13 New Capital Carryover Projects</i>	99
7.0	General and Administrative Budget	101
7.1	General and Administrative Expenses	101
7.2	Indirect Cost Allocation Plan (ICAP)	101
7.2.1	Pool One	101
7.2.2	Pool Two	102
7.2.3	Pool Three	102
7.3	Allocation of Indirect Costs	102
7.4	Future Revision in ICAP Rate(s)	102
7.5	Organizational Summary	102
7.6	Exhibits	104
7.6.1	<i>Exhibit 7.1: FY 2012-13 General Administrative Expenses</i>	105
7.6.2	<i>Exhibit 7.2: FY 2012-13 Indirect Cost Allocation Plan Rates</i>	106
7.6.3	<i>Exhibit 7.3a: FY 2012-13 Roster of Positions</i>	107
	<i>Exhibit 7.3b: FY 2012-13 Roster of Positions</i>	108
	<i>Exhibit 7.3c: FY 2012-13 Roster of Positions</i>	109
	<i>Exhibit 7.3d: FY 2012-13 Roster of Positions</i>	110

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

TABLE OF CONTENTS

8.0	Appendix	111
8.1	Introduction	111
8.2	Revenue and Cost Allocation Methodology Detail	111
8.2.1	Formulae for Allocation to Members	111
8.2.2	Formulae for Allocation to Lines	111
8.2.3	Allocation of Revenues	112
8.2.4	Allocation of Expenses	112
8.3	SCRRA Policy on Debt	112
8.4	SCRRA Leveraged Lease Transactions	113
8.4.1	Agreement One	113
8.4.2	Agreement Two	113
8.4.3	Agreement Three	114
8.5	Description of GASB 34 Condition Assessment Ratings	114
8.6	SCRRA Information	115
8.6.1	Date of Formation	115
8.6.2	Form of Government	115
8.6.3	Purpose	115
8.6.4	Member Agencies	115
8.6.5	Counties Serves	115
8.7	SCRRA Statistical Information	116
8.8	Glossary of Budget Terms	118
8.9	Key Acronyms associated with Southern California Regional Rail	119
8.10	Exhibits	121
8.10.1	<i>Exhibit 8.1: FY 2012-13 Formulae Used to Allocate Expenses by Member Agency</i>	122
8.10.2	<i>Exhibit 8.2: FY 2012-13 Formulae Used to Allocate Expenses by Line</i>	123

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

SECTION 1 Executive Summary

1.1 Introduction

During Fiscal Year 2012-13 (FY 13), the Southern California Regional Rail Authority (SCRRA) will celebrate its 20th year of providing Metrolink commuter rail service in southern California.

The following objectives are included in the FY 13 Proposed Budget:

- Enhance the overall safety and security of the system
- Increase train reliability
- Growth in ridership and revenues
- Sustain fuel conservation program
- Inclusion of previously non-budgeted post employment benefits
- Absorption of \$6.5 million in incremental costs

Today, SCRRA operates service over 512 route miles on seven lines, serving 55 stations in six counties of Southern California: Ventura, Los Angeles, Orange, Riverside, San Bernardino and northern San Diego. For FY 13, Metrolink commuter rail will operate over 2.6 million revenue train miles and generate 12.3 million individual passenger trips system-wide.

During FY 13, Metrolink will operate 163 trains (165 including two Amtrak code share trains on the Ventura County Line) each weekday, and provide weekend service operations with 76 weekend trains. Average weekday ridership is projected at 44,706 daily one-way trips. Saturday and Sunday services are provided on the Antelope Valley, Inland Empire-Orange County, Orange County and San Bernardino Lines.

The SCRRA dispatches and maintains over 60% of the territory over which it operates. Daily, SCRRA will dispatch 163 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, rolling stock and expansion of the commuter rail system through the acquisition and construction of new assets.

The FY 13 Proposed Budget consists of an Operating Budget of \$194.0 million, an increase of 8.0% over the FY 12 Budget and a Capital Program of \$27.8 million in new authority, for a total of \$221.8 million. Total SCRRA revenues are \$99.9 million, or an increase of 1.4% over the FY 12 Budget, and Member Agency subsidies are \$94.1 million, or a 16% increase over FY 12.

The FY 13 Proposed Budget highlights include:

- Operating expenses (excludes MOW extraordinary maintenance) per train mile are \$73.44 (9.6% increase over FY 12)
- Subsidy per passenger mile equals \$0.20 (12.2% increase over FY 12)
- Operating expense per passenger mile is \$0.41 (4.4% increase over FY 12)
- Total revenue recovery is projected to equal 51.5% (6.2% decrease from FY 12)
- Farebox recovery is projected at 42.6% (6.4% decrease from FY 12)
- Member Agency subsidies are estimated to provide 48.5% of the required operating revenues in FY 13 (7.5% increase over FY 12)
- Amtrak contractual costs, based on a comprehensive nationwide labor agreement, is estimated to increase \$3.2 million in FY13 due to the negotiated settlement of a national wage contract
- Diesel Fuel price is estimated at \$3.75 per gallon average for the fiscal year, compared to \$3.40 per gallon in FY 12, representing a 10.3% increase. In addition, fuel usage per mile has increased by 8% due to the introduction of heavier Guardian fleet rolling stock and longer train sets. Overall Metrolink's fuel budget has increased by 60% over the past two years.
- Transit transfer costs for Metrolink riders to provide seamless ridership across the rail system are planned to increase \$1.3 million
- To support the rail reliability program and increased car cleaning costs associated with the additional rolling stock fleet additions, Bombardier contractual costs will increase \$1.0 million
- Inclusion of \$2.5 million in Other Post Employment Benefits, specifically retiree medical costs previously not reflected in the budget

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 1st 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 preliminary FY 13 Budget on April 13, 2012 and the document was submitted to the Member Agencies on April 20, 2012.

Decisions dealing with capital and operating fund allocations, as well as annual approval of each Member Agencies share of SCRRA's annual budget requires approval by the Member Agencies. The Board shall adopt the annual budget no later than June 30, 2012.

1.3 Budget Development and Assumptions

The development of SCRRA's FY 13 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 13 Proposed Budget assumes ridership of 12.3 million passengers will generate Fare Revenues equal to \$82.7 million, an increase of \$1.0 million or 1.2% from FY 12.

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 rates increases. Due to the elimination of North County Transit District (NCTD) in December, 2011, the total dispatching revenues are projected at \$2.8 million, or a 5.9% reduction from FY 12 revenues in this area.

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 \$13.7 million, an increase of \$0.7 million over FY 12, due to increased freight traffic in the region.

Other Revenues – Miscellaneous income sources include interest income, Amtrak reimbursement related to use of SCRRA’s ticket vending machines at Metrolink stations, and sponsorship revenues related to the annual Holiday Toy Express train.

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 FY 13 Proposed Budget is \$194.0 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 leases payments, security sheriff and guard services, 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 \$147.7 million, or a 9.2% increase over FY 12.

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 \$27.7 million or an increase of 4.3% over FY 12.

Insurance/Claims

Liability, property and auto insurance, and claims/administration is estimated at \$18.6 million, or a 4.2% increase over FY 12.

1.6 Summary of Capital Program

SCRRA’s overall Capital Budget consists of two major components. These are the agency’s Rehabilitation (rehab) and New Capital programs, which total . These budgets amount to \$79.5 million and \$294.9 million, respectively, for a total of \$374.4 million. Included in this budget is the proposed incremental rehab investment authority requested in the FY 13 Proposed Budget is \$27.8 million. No 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 such items as sidings, additional track, material upgrades of signals and communication system, and new rolling stock.

Key rehab projects included in the FY 13 Proposed Budget's Capital Program:

- Track and structures for \$7.4 million
- Signal and communications for \$7.9 million
- Information Technology for \$2.9 million
- Central maintenance facility for \$1.6 million
- Tier 4 locomotive rehab for \$4.9 million
- Rolling stock for \$0.7 million
- Other projects for \$2.5 million

This page intentionally left blank

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**FY 2012-13 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, 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.

**The Heart of Metrolink
Mission to Excellence**

To provide an outstanding passenger experience on every ride with safe, clean, dependable and on-time operations.

2.2 SCRRA Services

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 2.1*.

During Fiscal Year 2012-13 (FY13) Metrolink will operate 163 trains each weekday, and provide weekend service operations with 76 weekend trains. Average weekday ridership is projected to equal 44,706 daily one-way trips for the Fiscal Year. Saturday and Sunday services are provided on the Antelope Valley (AVL), Inland Empire-Orange County (IEOC), Orange County and San Bernardino lines.

The SCRRA dispatches and maintains in excess of 60% of the territory over which it operates. Daily, SCRRA projects dispatching 163 Metrolink trains, up to 44 Amtrak trains, and up to 80 freight trains. SCRRA is also responsible for the maintenance of the adjacent right of way owned by SCRRA member agencies that extends over 363 track-miles.

SCRRA's Capital Program includes the ongoing rehabilitation of the railroad right of way, agency facilities, equipment and rolling stock.

2.3 Board Governance

The SCRRA Board Roster, as of June 22, 2012, consists of the following eleven voting members:

County	Votes	Members	Alternates
Los Angeles	4	Richard Katz (Chair) Member, Metro Board or Directors City of Los Angeles Mayor Appointee Michael Antonovich Supervisor, 5 th District County of Los Angeles Vice-Chair, Metro Board of Directors Don Knabe Supervisor, 4 th District County of Los Angeles Metro Board of Directors Ara Najarian Council Member City of Glendale	Jaime de la Vega General Manager, City of Los Angeles Department of Transportation Robert T. Bartlett Appointed by Metro Beatrice Proo Appointed by Metro Maureen Micheline Transportation Deputy Metro
San Bernardino	2	Patrick Morris (<i>Vice-Chair</i>) Mayor City of San Bernardino Paul Eaton Mayor City of Montclair	Larry McCallon* Mayor City of Highland Alan D. Wapner* Council Member City of Ontario
Orange	2	Paul Glaab Mayor City of Laguna Niguel Carolyn Cavecche Mayor City of Orange	Michael Hennessey* Appointed by OCTA
Riverside County	2	Ron Roberts Council Member City of Temecula Daryl Busch Mayor City of Perris	Greg Pettis* Council Member Cathedral City Karen Spiegel* Council Member City of Corona
Ventura County	1	Keith Millhouse Council Member City of Moorpark	Brian Humphrey Commission Member VCTC

* Alternates represent either member

Ex-officio members of SCRRA:

Agency	Ex – Officio Members
Southern California Association of Governments (SCAG)	Michelle Martinez Council Member City of Santa Ana
San Diego Association of Governments	<i>Currently awaiting appointment</i> Contact: Linda Culp Principal Planner - Rail
The State of California Department of Transportation (Caltrans)	Michael Miles Director Caltrans District 7

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

- Executive Office: John E. Fenton, Chief Executive Officer
- Operations Office: Dennis Marzec, Chief Operating Officer
- Strategy Office: Gray Crary, Chief Strategic Officer
- Administration Office: Robert Turnauckas, Chief Administrative Officer
- Human Resources Office: Janelle Strohmeier, Director Human Resources
- Finance Office: Nancy Weiford, Chief Financial Officer

The FY 13 Budget of the SCRRA proposes 246 authorized positions, or no net change from the adopted FY 12 budget.

2.4 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 (LACMTA), 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 to its passengers.

2.5 Exhibits

2.5.1 *Exhibit 2.1: Metrolink Systemwide Map*

This exhibit is the Metrolink Systemwide Map across the five counties area served that displays the Metrolink stations, Metrolink/Rail 2 Rail Stations, and Union Station for Metrolink, Amtrak and Metro.

Exhibit 2.1

Metrolink Systemwide Map



SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

SECTION 3 Budget Summary

3.1 Budget Policy

3.1.1 *Budget Authorization*

Under the Joint Exercise of Powers Agreement (JPA) the charter of the SCRRA, the Chief Executive Officer is required to submit to the SCRRA Board of Directors, by May 1st of each year, a Preliminary Budget for the following fiscal year. The submitted Budget includes separate components for administrative, operations, and capital costs as well as the Member Agency contributions necessary to carry out the purposes and powers of the Authority. Decisions dealing with operating and capital allocations, as well as approval of each member agency's share of the Authority's annual Budget must be approved by each member agency.

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 30th 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

The Operating Budget details both operating revenues, including fare revenue, maintenance of way (MOW) revenue, and member agency contributions; and operating expenses, including train operations, equipment maintenance, fuel, security, passenger transfers to other operators, maintenance of way, administrative costs, and insurance.

The Capital Budget includes all new projects proposed for the coming fiscal year, along with any remaining project authority from previously approved budgets. The Board

approves individual Rehabilitation (rehab) and New Capital projects, including total project cost and scope. Approved project funds are reserved for the duration of the project unless amended by the Board.

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

Further, by approving the Budget, the Board authorizes the Chief Executive Officer to take necessary action to adjust the salary structure and associated ranges based on market trends within the scope of available resources.

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 87 as of June 30, 2009. In accordance with GASB 34, the next system-wide condition assessment is due for the year ending June 30, 2012. 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 of agency's rail infrastructure to ensure a three year cycle of valuation is maintained.

3.1.4 Budget Components

SCRRA generates operating revenue from four principal sources: Fares, Dispatching, Maintenance of Way, and Other Income. Member Agency subsidies represent the additional revenue necessary to operate the Metrolink Commuter Rail System.

SCRRA's operating expenses include Train Operations, Maintenance of Way, and Insurance/Claims.

SCRRA's capital budget program is comprised of Rehabilitation (rehab) projects and New Capital projects. New Capital projects include equipment and non-equipment items.

3.1.5 Budget Assumptions

SCRRA's FY13 Proposed Budget supports 163 trains each weekday and 76 trains for weekend service. No incremental service over FY 12 is included in the base budget.

Calendar year 2011 experienced the initial turnaround of the recessionary impacts in Southern California. The economic outlook is optimistic for California and the southern region in particular. According to the 2012-2013 Economic Forecast and Industry Outlook of the Los Angeles Economic Development Council created by the Kyser Center for Economic Research, the 2012 and 2013 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 has turned positive after two consecutive years of decline. Most trends indicate that 2012 will continue to improve over 2011 and 2010 as the economic recovery is slowly taking hold across multiple industries and county regions.

3.2 Total Operating Budget

SCRRA's FY 13 Budget operating expense component is \$194.0 million, an increase of \$14.3 million, or 8.0% over the adopted FY12 Budget. Total operating revenues are expected to equal \$99.9 million, an increase of \$1.4 million or 1.4%. Member Agency Operating Contributions for the year are estimated to equal \$94.1 million, an increase of \$13.0 million, or 16.0% over FY 12.

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, Amtrak reimbursement related to use of SCRRA's ticket vending machines at Metrolink stations, and sponsorship revenues related to the annual Holiday Toy Express train. 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 13 represents the incorporation of the eighth annual phase of the ten year implementation plan. Prior to FY 2004-2005, 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 44,706. Total ridership, including all weekend services, is expected to equal 12.3 million passenger trips. The FY 13 budget assumes 254 weekday operating days, three less than FY 12 at 257 days.

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 \$82.7 million, an increase of \$1.0 million or 1.2% over FY12. This increase includes marketing initiatives such as the Commuter Program, Corporate Partnership Program, Destination Weekend and Weekday, the Orange Line Opening, and a Retention Campaign.

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 \$2.8 million; a decline of 5.9% from FY12 due to the return of NCTD operated services to NCTD dispatching responsibility beginning in January 2012.

Maintenance of way revenues are estimated at \$13.7 million, an increase of 5.5% over adopted FY12 levels. The total is the result of the increased index of cost reimbursement rates under various operating agreements for cost recovery purposes and increased recovery of railroad freight traffic.

Other revenues include contributions from Amtrak to support Ticket Vending Machine (TVM) functionality of \$225 thousand, sponsorship of the annual Holiday Toy Express of \$75 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 13 Proposed budget includes a train operations budget of \$147.7 million, maintenance of way budget of \$27.7 million, and insurance/claims budget of \$18.6 million. The total of \$194.0 million is an increase of \$14.3 million or 8% over FY 12.

For equipment maintenance and maintenance of way (MOW) SCRRA performs ordinary maintenance sufficient to maintain the safety and reliability of the railroad, prevent any loss of service quality. The Agency budgets separately for rehabilitation programs at sufficient intervals to prevent the on-going needed repairs or replacements from overwhelming the Annual Operating Budget.

For FY 13, total systemwide service levels assume 163 weekday trains operating on seven lines, and 76 regular weekend trains operating on four lines. Total revenue Train Miles are expected to equal 2.6 million miles, a decrease of 1.4% from FY 12 due to three fewer days and the elimination of one weekday train.

The operating expense increase of \$14.3 million is composed of several key areas. SCRRA costs for major outsourced vendor services increased \$3.9 million, or 5.5% over FY 12. Diesel fuel costs continue to escalate year-over-year, with a \$0.35/gallon increase over FY12, or \$2.6 million. As the FY 13 operating train sets include more of the heavier *crash energy management* Guardian fleet, the additional usage in fuel to operate the increased tonnage is \$2.1 million.

In providing seamless ridership for Metrolink passengers who must connect with other transit sources across the rail system to reach their final destination, the additional cost for transfer costs over FY 12 is \$1.5 million, or an increase of 25.7%.

First time budget item for post employment benefits include \$2.5 million, which represents 1.3% of the FY 13 Metrolink Operating Expense Budget. In addition, increased insurance premium costs for overall property damage and claims litigation increased \$0.8 million over FY 12.

In order to absorb and offset other increases of \$6.5 million in various services to support the on-going operations of the railroad, Metrolink aggressively worked to assess efficiencies, work with our contractor partners to reduce costs, and reexamine each line of the budget to ensure all planned work was necessary, in alignment with agency priorities, and was planned to be completed within the time and resources available.

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. In 2012, the agency's first comprehensive five year strategic capital program plan was created and reviewed with Member Agencies. Rehabilitation projects included in FY 13, represented by year one of the five year plan, are also 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

Federal Funds	\$ 15.0
State Funds	179.4
Member Agency Local Funds	169.9
Other Local Funds	10.1
	<u>\$ 374.4</u>

3.6 Summary of the Total FY 2012-13 Budget

The \$568.4 million proposed FY13 Budget consists of an Operating Budget of \$194.0 million, an increase of 8.0% from the FY12 Budget, and a Capital Program of \$374.4 million. The Operating Budget includes Train Operations of \$166.3, million and a Maintenance-of-Way (MOW) budget of \$27.7 million. The Capital Program Budget contains a Rehabilitation Budget of \$79.5 million, which includes \$27.8 of new authority, and a New Capital Budget of \$294.9, which represents all carryover authority.

3.7 Exhibits

3.7.1 *Exhibit 3.1a – 3.1d: Summary of FY 2012-13 Statistics by Line*

Exhibit 3.1a, b, c and d provide the estimated operating statistics by line for FY 13 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 13 is projected at 38 miles. Dependent on ridership and revenues received, individual line operating statistics vary considerably. The Orange County and San Bernardino Lines have the highest revenue recovery rates at 74% and 59% respectively. The Riverside Line revenue recovery is estimated at 58%, the 91 line at 46%, and the Antelope Valley, Ventura County, and IEOC lines have revenue recovery rates of 45% and 39% and 34% respectively.

3.7.2 Exhibit 3.2 – 3.5: Performance Data (FY 93 through FY 13)

Exhibits 3.2 through 3.5 provide a summary of the projected annual operating performance data as represented in the FY 13 Budget and compared with historical data since FY 1992-93. Closely related to *Exhibit 3.1.a-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 2012-13 Annual Operating Budget Distribution by Cost Component*

Exhibit 3.6 includes the line items that comprise the FY 13 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 13 includes a 1.2% increase over the FY 12 Budget.
- Dispatching Revenues include fees for dispatching freight and Amtrak intercity. NCTD Coaster trains dispatching are completely discontinued in FY 13, representing a 5.9% decrease to FY 12.
- 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 subject to significant annual variations. These are estimated to equal \$0.7 million. FY 13 shows a decline in interest revenues due to regional economic stresses.
- 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 13 is projected at \$13.7 million, or a 5.5% increase over FY 12.

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 13 Proposed Budget assumes Member Agency contributions at \$94.1 million, a 16% increase over FY 12.

Exhibit 3.6 also breaks out projected expenses for SCRRA's FY 13 Proposed Budget and compares these with budgeted and actual expenses for the fiscal years FY 10 through FY 12. The total FY 13 Proposed Budget for operating expenses is \$194.0 million, or 8% over FY 12. 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 2012-13 Annual Operating Budget Distribution by Cost Component and Distribution to Member Agency*

Exhibit 3.7 includes the line items that comprise the FY 13 Proposed Budget and includes both Revenues and Expenses, with each line broken out by key components and distributed across the five Member Agencies.

FY 13 total Member Agency subsidy of \$94.1 million represents a \$13.0 million, or 16%, increase over FY 12.

	FY 11-12	FY 12-13	\$ Increase	% Increase
LACMTA	\$ 40,064	\$ 47,799	\$ 7,735	19.3%
OCTA	\$ 18,230	\$ 20,098	\$ 1,868	10.2%
RCTC	\$ 7,145	\$ 7,898	\$ 754	10.6%
SANBAG	\$ 9,552	\$ 11,343	\$ 1,791	18.7%
VCTC	\$ 6,161	\$ 7,008	\$ 847	13.7%
	<u>\$ 81,151</u>	<u>\$ 94,146</u>	<u>\$ 12,994</u>	16.0%

Note: Numbers may not foot due to rounding.

3.7.5 Exhibit 3.8: FY 2012-13 Revenue Sources and Comparison to FY 2009-10 through FY 2011-12

Exhibit 3.8 provides a summary of the FY 13 Budget revenue for operating expenses of \$194.0 million and capital program authority of \$374.4 million. Operating Budget expenses represent FY 13 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 13 Proposed Budget detailed allocations are compared to budgeted and actual funding sources for the fiscal years FY 10 through FY 12.

3.7.6 Exhibit 3.9: FY 2012-13 Budget Revenue Sources and Use by Member Agency

Exhibit 3.9 provides a summary of the FY 13 Budget revenue for operating expenses of \$194.0 million and capital program authority of \$374.4 million by Member Agency. Operating Budget expenses represent FY 13 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.

Exhibit 3.1a

Summary of FY 2012-13 Statistics by Line

LINE	San Bernardino	Ventura County	Antelope Valley	Burbank	Riverside	Orange County	Orange County MSEP	Inland Empire Orange Co.	91 Line	Total
Service Levels (1)										
Weekday Train Trips - FY 11 Actual	42	22	30	12	12	19	0	14	9	160
Weekend Train Trips - FY 11 Actual	34	0	18	0	0	8	0	8	0	68
Total Train Trips - FY 11 Actual	76	22	48	12	12	27	0	22	9	228
Weekday Train Trips - FY 12 Budget	42	22	30	12	12	19	6	14	9	166
Weekend Train Trips - FY 12 Budget	34	0	18	0	0	16	0	8	0	76
Total Train Trips - FY 12 Budget	76	22	48	12	12	35	6	22	9	242
Weekday Train Trips - FY 13 Budget	42	22	30	11	12	19	6	14	9	165
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	11	12	35	6	22	9	241
Passenger Boardings										
FY 11 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 12 Budget	3,496,119	1,001,043	1,985,146		1,356,687	2,314,550		1,110,973	579,250	11,843,768
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
% Change - FY 11 Actual to FY 13 Budget	9.5%	8.5%	8.7%		6.3%	9.9%		9.8%	8.0%	8.9%
% Change - FY 12 Budget to FY 13 Budget	1.8%	14.9%	(5.7%)		3.4%	8.8%		2.6%	9.4%	3.7%
Train Miles (1)										
FY 11 Actual	628,601	267,610	496,553		185,167	396,079	10,886	268,035	141,064	2,393,995
FY 12 Budget	720,187	283,985	583,064		184,209	402,926	61,063	284,460	145,351	2,665,245
FY 13 Budget	715,713	281,068	569,532		182,059	392,206	60,350	282,281	143,654	2,626,864
% Change - FY 11 Actual to FY 13 Budget	13.9%	5.0%	14.7%		(1.7%)	(1.0%)		5.3%	1.8%	9.7%
% Change - FY 12 Budget to FY 13 Budget	(0.6%)	(1.0%)	(2.3%)		(1.2%)	(2.7%)		(0.8%)	(1.2%)	(1.4%)
Passenger Miles										
FY 11 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 12 Budget	131,803,674	35,837,345	85,162,776		53,317,802	87,258,544		37,550,871	21,200,543	452,131,557
FY 13 Budget	134,223,209	41,183,097	80,322,403		55,107,182	94,937,166		38,509,916	23,186,492	467,469,465
% Change - FY 11 Actual to FY 13 Budget	14.3%	13.9%	12.4%		11.1%	7.3%		16.7%	8.6%	12.0%
% Change - FY 12 Budget to FY 13 Budget	1.8%	14.9%	(5.7%)		3.4%	8.8%		2.6%	9.4%	3.4%
Average Weekday Ridership										
FY 11 Actual	11,416	3,575	5,773		5,205	7,047		3,825	2,265	39,107
FY 12 Budget	12,443	4,033	7,070		5,279	8,802		4,142	2,254	44,023
FY 13 Budget	12,434	4,476	6,492		5,456	9,310		4,073	2,465	44,706
% Change - FY 11 Actual to FY 13 Budget	8.9%	25.2%	12.5%		4.8%	32.1%		6.5%	8.8%	14.3%
% Change - FY 12 Budget to FY 13 Budget	(0.1%)	11.0%	(8.2%)		3.4%	5.8%		(1.7%)	9.4%	1.6%
Average Trip Length (Miles) (2)										
	37.7	35.8	42.9		39.3	37.7		33.8	36.6	38.1

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 2010 O n-Board Survey.

Exhibit 3.1b

Summary of FY 2012-13 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 11 Actual	40,602	21,629	34,796		15,188	27,306	-	20,009	8,685	168,217
FY 12 Budget	43,363	22,708	37,647		16,315	28,148	2,221	19,759	9,515	179,676
FY 13 Budget	47,228	23,886	40,940		17,415	29,711	3,650	20,675	10,515	194,020
% Change - FY 11 Actual to FY 13 Budget	16.3%	10.4%	17.7%		14.7%	8.8%	N/A	3.3%	21.1%	15.3%
% Change - FY 12 Budget to FY 13 Budget	8.9%	5.2%	8.7%		6.7%	5.6%	64.4%	4.6%	10.5%	8.0%
Operating Cost (w/o MOW Extraordinary Maint) (1)										
FY 11 Actual	40,298	21,404	34,094		15,170	27,162	-	19,885	8,674	166,684
FY 12 Budget	43,114	22,523	37,338		16,294	28,026	2,221	19,655	9,505	178,676
FY 13 Budget	46,956	23,685	40,603		17,392	29,579	3,650	20,561	10,504	192,930
% Change - FY 11 Actual to FY 13 Budget	16.5%	10.7%	19.1%		14.7%	8.9%	N/A	3.4%	21.1%	15.7%
% Change - FY 12 Budget to FY 13 Budget	8.9%	5.2%	8.7%		6.7%	5.5%	64.4%	4.6%	10.5%	8.0%
Operating Cost (w/o MOW)										
FY 11 Actual	33,195	17,684	28,449	-	12,418	22,325	-	16,359	7,101	137,530
FY 12 Budget	35,695	18,214	31,317		15,538	24,037	1,546	17,477	9,316	153,140
FY 13 Budget	38,782	19,244	34,097		16,706	25,668	3,057	18,448	10,333	166,334
% Change - FY 11 Actual to FY 13 Budget	16.8%	8.8%	19.9%		34.5%	15.0%	N/A	12.8%	45.5%	20.9%
% Change - FY 12 Budget to FY 13 Budget	8.6%	5.7%	8.9%		7.5%	6.8%	97.7%	5.6%	10.9%	8.6%
Subsidy (w/MOW)										
FY 11 Actual	15,126	12,642	17,491	-	5,977	7,848	-	13,556	4,021	76,661
FY 12 Budget	15,166	13,427	18,807		6,486	7,340	2,221	13,036	4,668	81,151
FY 13 Budget	19,191	14,621	22,677		7,342	7,658	3,366	13,618	5,673	94,146
% Change - FY 11 Actual to FY 13 Budget	26.9%	15.6%	29.6%		22.8%	(2.4%)	N/A	0.5%	41.1%	22.8%
% Change - FY 12 Budget to FY 13 Budget	26.5%	8.9%	20.6%		13.2%	4.3%	51.6%	4.5%	21.5%	16.0%
Farebox Revenue										
FY 11 Actual	21,861	5,933	11,550		8,847	15,464		5,900	4,549	74,105
FY 12 Budget	24,554	6,589	13,516		9,517	16,643		6,187	4,733	81,739
FY 13 Budget	24,333	6,580	12,821		9,773	17,726	230	6,548	4,739	82,749
% Change - FY 11 Actual to FY 13 Budget	11.3%	10.9%	11.0%		10.5%	14.6%	N/A	11.0%	4.2%	11.7%
% Change - FY 12 Budget to FY 13 Budget	(0.9%)	(0.1%)	(5.1%)		2.7%	6.5%	N/A	5.8%	0.1%	1.2%
Other Revenues (2)										
FY 11 Actual	3,615	3,053	5,755		364	3,995		554	116	17,451
FY 12 Budget	3,643	2,692	5,323		312	4,165		536	114	16,785
FY 13 Budget	3,704	2,685	5,442		299	4,328	54	509	103	17,125
% Change - FY 11 Actual to FY 13 Budget	2.5%	(12.1%)	(5.4%)		(17.7%)	8.3%	N/A	(8.0%)	(10.9%)	(1.9%)
% Change - FY 12 Budget to FY 13 Budget	1.7%	(0.3%)	2.2%		(4.1%)	3.9%	N/A	(4.9%)	(9.7%)	2.0%

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.

Exhibit 3.1c

Summary of FY 2012-13 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 Per Passenger										
FY 11 Actual	\$6.72	\$5.60	\$6.71		\$6.71	\$6.75	\$8.00	\$5.69	\$7.76	\$6.58
FY 12 Budget	\$7.02	\$6.58	\$6.81		\$7.01	\$7.19	\$8.00	\$5.57	\$8.17	\$6.90
FY 13 Budget	\$6.83	\$5.72	\$6.85		\$6.97	\$7.04	\$8.00	\$5.75	\$7.48	\$6.74
% Change - FY 11 Actual to FY 13 Budget	1.7%	2.2%	2.1%		3.9%	4.3%	0.0%	1.1%	(3.6%)	2.5%
% Change - FY 12 Budget to FY 13 Budget	(2.7%)	(13.1%)	0.6%		(0.6%)	(2.1%)	0.0%	3.2%	(8.5%)	(2.3%)
Op Cost/Passenger (w/o MOW Extraordinary Maint)										
FY 11 Actual	\$12.37	\$20.21	\$20.02		\$11.41	\$11.80	N/A	\$19.11	\$14.68	\$14.79
FY 12 Budget	\$12.33	\$22.50	\$18.81		\$12.01	\$12.11	N/A	\$17.69	\$16.41	\$15.09
FY 13 Budget	\$13.19	\$20.59	\$21.69		\$12.40	\$11.75	N/A	\$18.05	\$16.58	\$15.72
% Change - FY 11 Actual to FY 13 Budget	6.6%	1.9%	8.3%		8.7%	(0.5%)	N/A	(5.6%)	13.0%	6.3%
% Change - FY 12 Budget to FY 13 Budget	6.9%	(8.5%)	15.3%		3.3%	(3.0%)	N/A	2.0%	1.0%	4.2%
Op Cost/Passenger Mile (w/o MOW Extraordinary Maint)										
FY 11 Actual	\$0.34	\$0.59	\$0.48		\$0.30	\$0.31	N/A	\$0.60	\$0.40	\$0.40
FY 12 Budget	\$0.33	\$0.63	\$0.44		\$0.31	\$0.32	N/A	\$0.52	\$0.45	\$0.40
FY 13 Budget	\$0.35	\$0.58	\$0.51		\$0.32	\$0.31	N/A	\$0.53	\$0.45	\$0.41
% Change - FY 11 Actual to FY 13 Budget	2.1%	(3.0%)	4.8%		4.0%	1.9%	N/A	(11.1%)	12.4%	3.4%
% Change - FY 12 Budget to FY 13 Budget	6.9%	(8.5%)	15.3%		3.3%	(3.0%)	N/A	2.0%	1.0%	4.4%
Subsidy/Passenger										
FY 11 Actual	\$4.66	\$11.97	\$10.18		\$4.56	\$3.44	N/A	\$13.10	\$6.90	\$6.83
FY 12 Budget	\$4.34	\$13.41	\$9.47		\$4.78	\$3.17	N/A	\$11.73	\$8.06	\$6.85
FY 13 Budget	\$5.39	\$12.71	\$12.11		\$5.24	\$3.04	N/A	\$11.95	\$8.96	\$7.67
% Change - FY 11 Actual to FY 13 Budget	15.6%	6.2%	18.9%		14.8%	(11.5%)	N/A	(8.7%)	29.9%	12.4%
% Change - FY 12 Budget to FY 13 Budget	24.3%	(5.2%)	27.8%		9.5%	(4.1%)	N/A	1.9%	11.1%	11.9%
Subsidy/Passenger Mile										
FY 11 Actual	\$0.13	\$0.35	\$0.24		\$0.12	\$0.09	N/A	\$0.41	\$0.19	\$0.18
FY 12 Budget	\$0.12	\$0.37	\$0.22		\$0.12	\$0.08	N/A	\$0.35	\$0.22	\$0.18
FY 13 Budget	\$0.14	\$0.36	\$0.28		\$0.13	\$0.08	N/A	\$0.35	\$0.24	\$0.20
% Change - FY 11 Actual to FY 13 Budget	11.0%	1.5%	15.4%		10.6%	(9.1%)	N/A	(13.9%)	29.9%	9.7%
% Change - FY 12 Budget to FY 13 Budget	24.3%	(5.2%)	27.8%		9.5%	(4.1%)	N/A	1.9%	11.1%	12.2%
Op Cost/Train Mile (w/o MOW Extraordinary Maint)										
FY 11 Actual	\$64.11	\$79.98	\$68.66		\$81.92	\$68.58	\$0.00	\$74.19	\$61.49	\$69.63
FY 12 Budget	\$59.87	\$79.31	\$64.04		\$88.45	\$69.56	\$36.37	\$69.09	\$65.39	\$67.04
FY 13 Budget	\$65.61	\$84.27	\$71.29		\$95.53	\$75.42	\$60.48	\$72.84	\$73.12	\$73.44
% Change - FY 11 Actual to FY 13 Budget	2.3%	5.4%	3.8%		16.6%	10.0%	N/A	(1.8%)	18.9%	5.5%
% Change - FY 12 Budget to FY 13 Budget	9.6%	6.2%	11.3%		8.0%	8.4%	66.3%	5.4%	11.8%	9.6%

Exhibit 3.1d

Summary of FY 2012-13 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 11 Actual	\$52.81	\$66.08	\$57.29		\$67.06	\$56.36	\$0.00	\$61.03	\$50.34	\$57.45
FY 12 Budget	\$49.56	\$64.14	\$53.71		\$84.35	\$59.66	\$25.32	\$61.44	\$64.09	\$57.46
FY 13 Budget	\$54.19	\$68.47	\$59.87		\$91.76	\$65.45	\$50.65	\$65.35	\$71.93	\$63.32
% Change - FY 11 Actual to FY 13 Budget	2.6%	3.6%	4.5%		36.8%	16.1%	N/A	7.1%	42.9%	10.2%
% Change - FY 12 Budget to FY 13 Budget	9.3%	6.8%	11.5%		8.8%	9.7%	100.1%	6.4%	12.2%	10.2%
Subsidy/Train Mile										
FY 11 Actual	\$24.13	\$47.42	\$35.33		\$32.51	\$19.88	\$0.00	\$50.70	\$28.67	\$32.13
FY 12 Budget	\$21.06	\$47.28	\$32.26		\$35.21	\$18.22	\$36.37	\$45.83	\$32.11	\$30.45
FY 13 Budget	\$26.81	\$52.02	\$39.82		\$40.33	\$19.52	\$55.78	\$48.24	\$39.49	\$35.84
% Change - FY 11 Actual to FY 13 Budget	11.1%	9.7%	12.7%		24.1%	(1.8%)	N/A	(4.9%)	37.8%	11.5%
% Change - FY 12 Budget to FY 13 Budget	27.3%	10.0%	23.4%		14.5%	7.2%	53.4%	5.3%	23.0%	17.7%
Farebox Recovery (1)										
FY 11 Actual	54.0%	27.5%	33.3%		58.5%	56.7%	0.0%	29.5%	52.4%	44.2%
FY 12 Budget	56.7%	29.1%	35.9%		58.5%	59.2%	0.0%	31.3%	49.7%	45.5%
FY 13 Budget	51.5%	27.5%	31.3%		56.1%	59.7%	6.3%	31.7%	45.1%	42.6%
% Change - FY 11 Actual to FY 13 Budget	(4.5%)	0.2%	(5.8%)		(4.1%)	5.2%	N/A	7.3%	(14.0%)	(3.4%)
% Change - FY 12 Budget to FY 13 Budget	(9.1%)	(5.2%)	(12.9%)		(4.0%)	0.8%	N/A	1.1%	(9.4%)	(6.4%)
Revenue Recovery (2)										
FY 11 Actual	62.8%	41.4%	49.7%		60.6%	71.3%	0.0%	32.1%	53.4%	54.4%
FY 12 Budget	65.1%	40.9%	50.1%		60.4%	74.0%	0.0%	34.0%	50.9%	54.9%
FY 13 Budget	59.4%	38.8%	44.6%		57.8%	74.2%	7.8%	34.1%	46.0%	51.5%
% Change - FY 11 Actual to FY 13 Budget	(5.4%)	(6.4%)	(10.2%)		(4.6%)	4.1%	N/A	6.3%	(13.8%)	(5.4%)
% Change - FY 12 Budget to FY 13 Budget	(8.8%)	(5.2%)	(10.9%)		(4.2%)	0.3%	N/A	0.3%	(9.6%)	(6.2%)

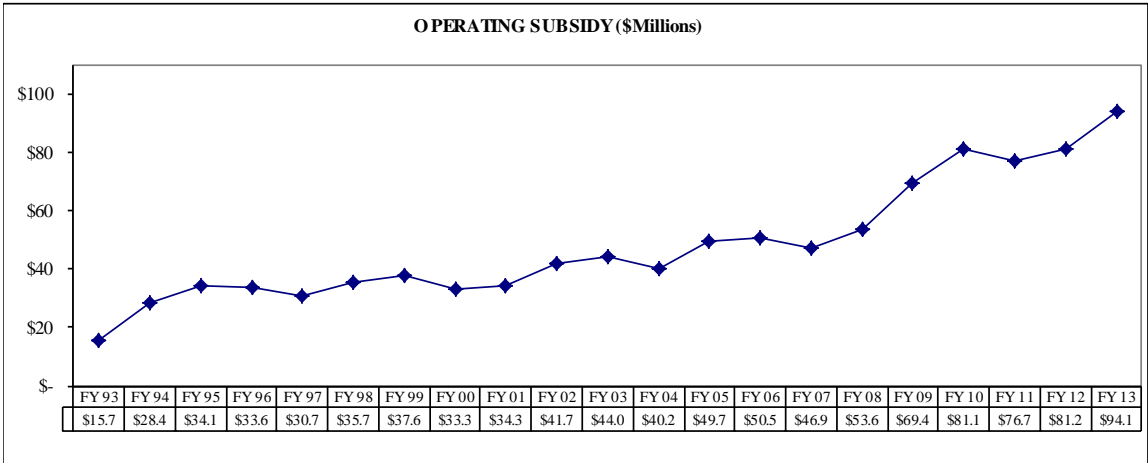
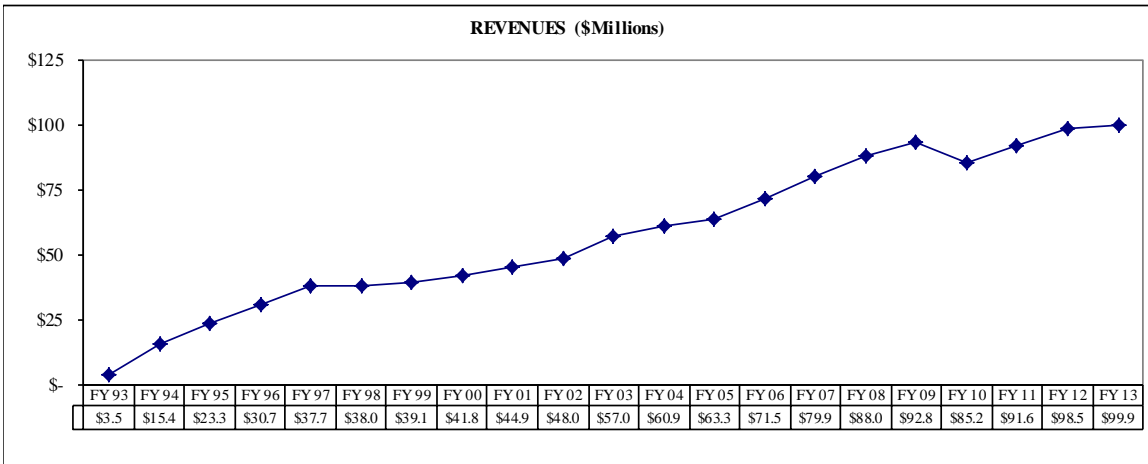
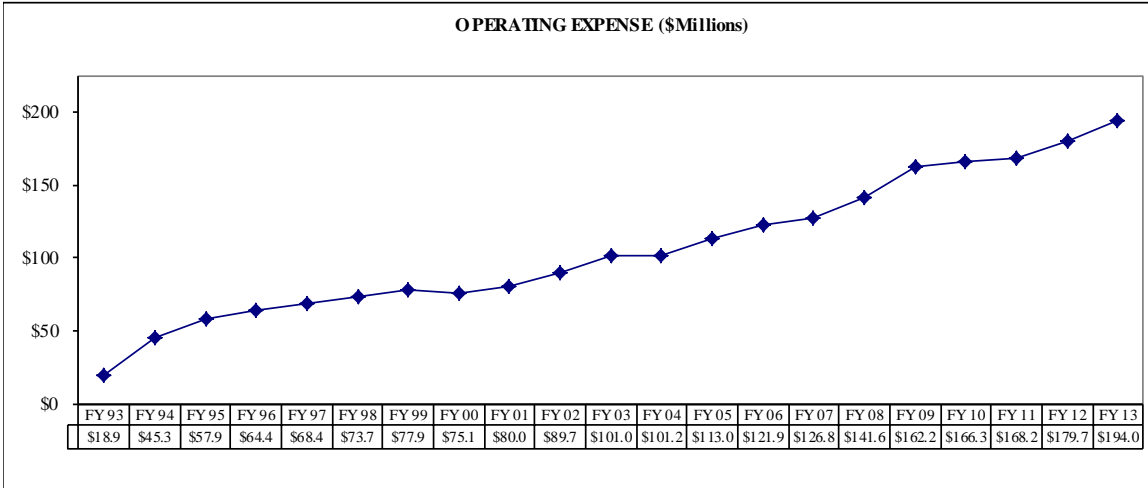
Notes:

(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.

Exhibit 3.2

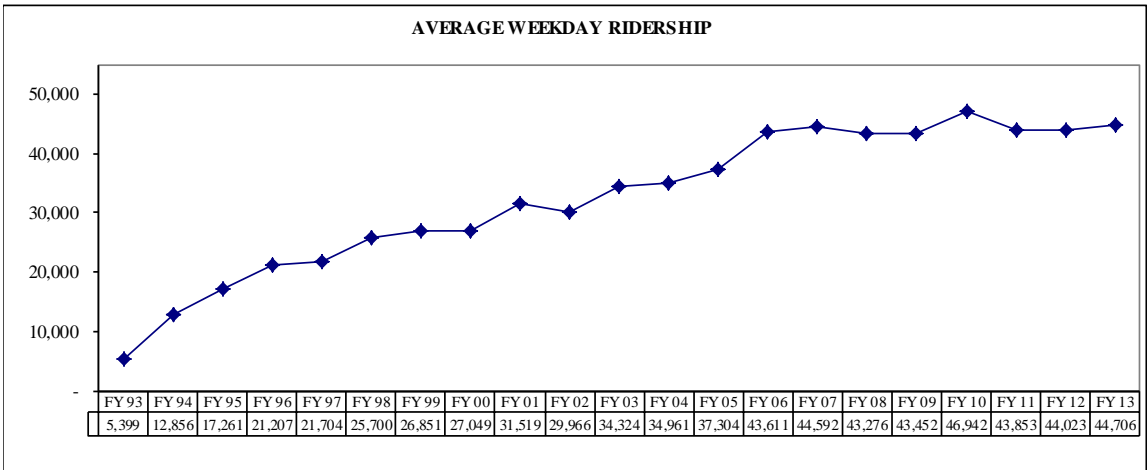
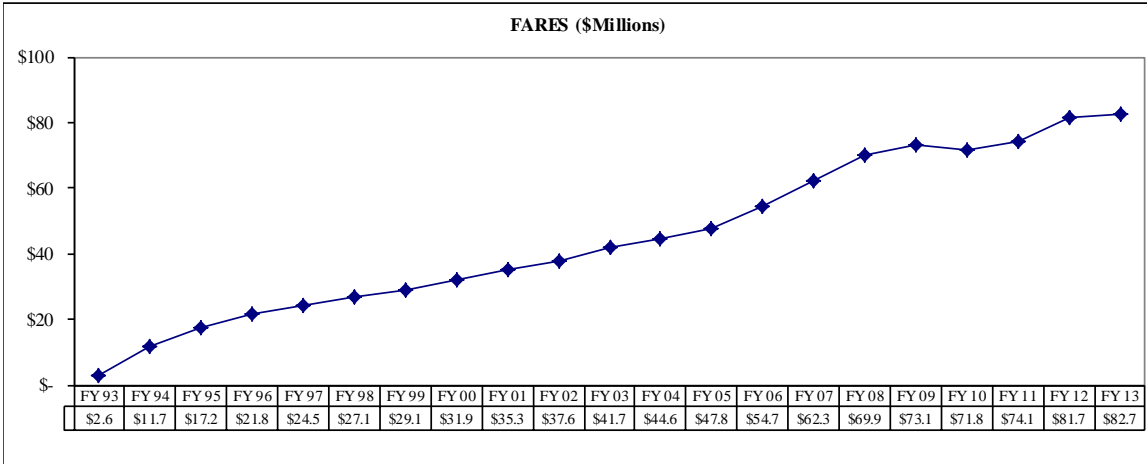
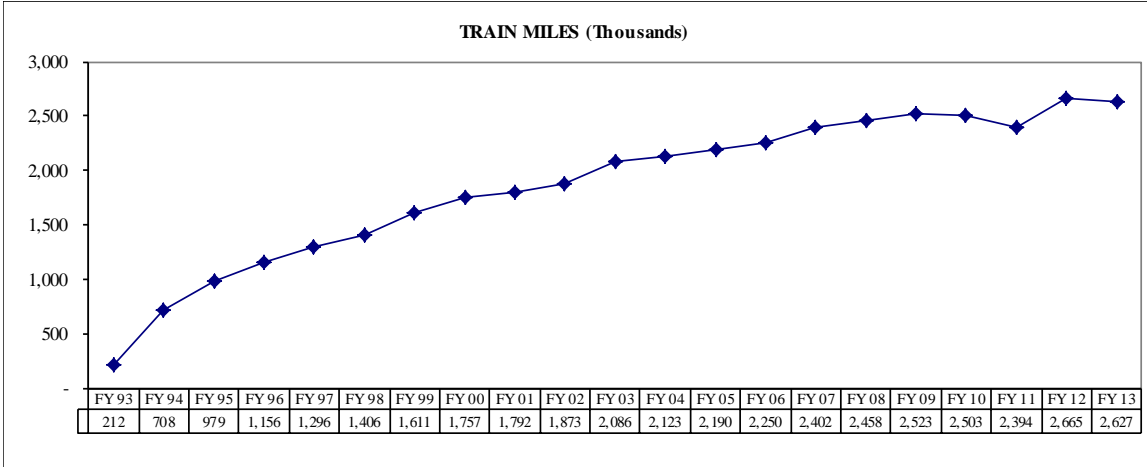
Operating Expense, Revenues and Operating Subsidy



Actuals to FY 11, Budget for FY 12 and FY 13

Exhibit 3.3

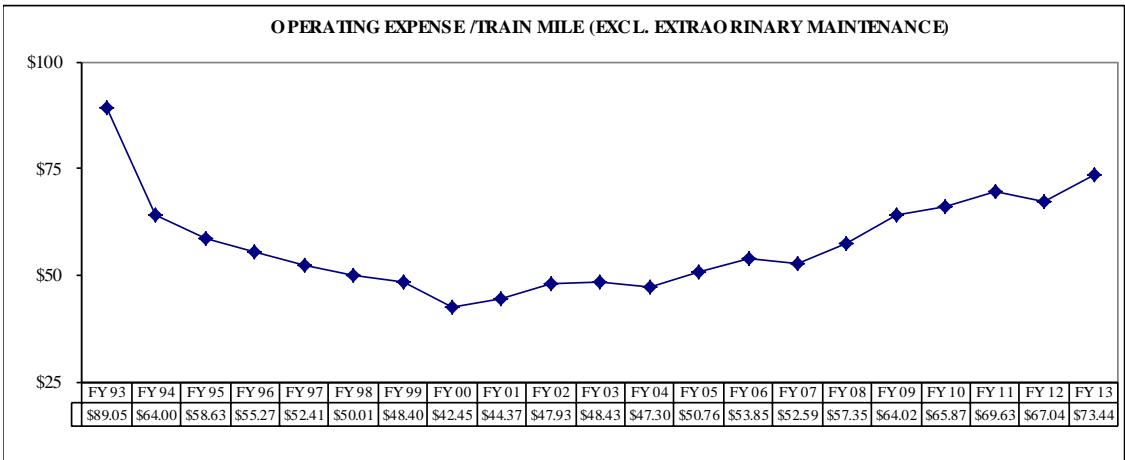
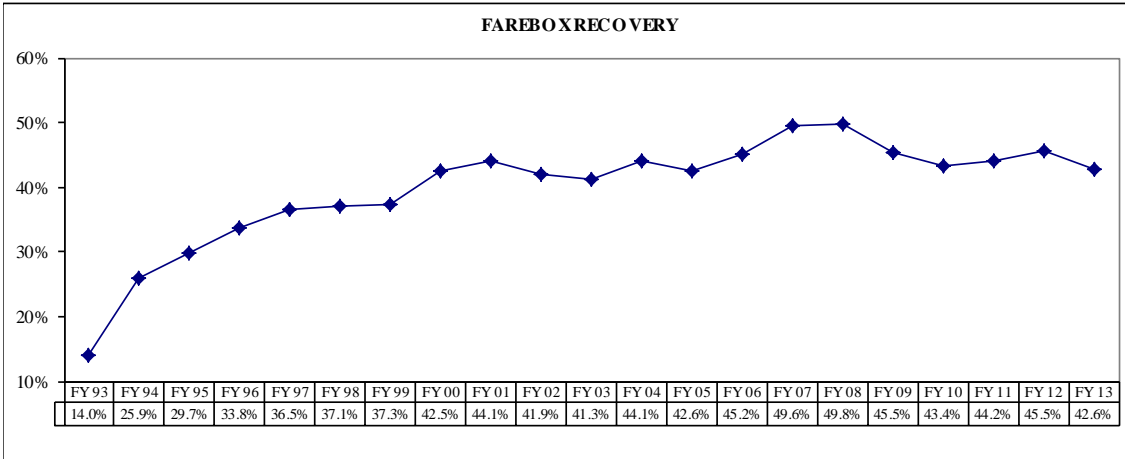
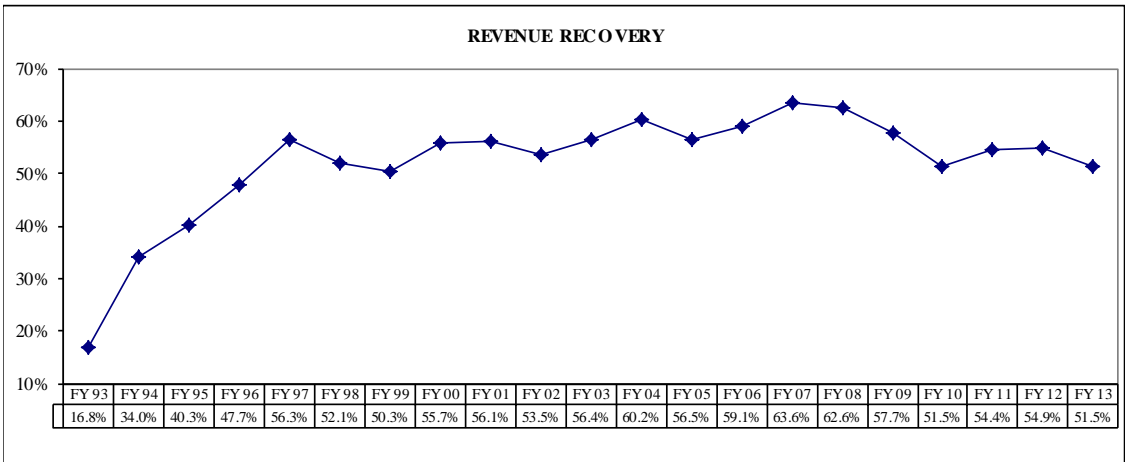
Train Miles, Fares and Average Weekday Ridership



Actuals to FY 11, Budget for FY 12 and FY 13

Exhibit 3.4

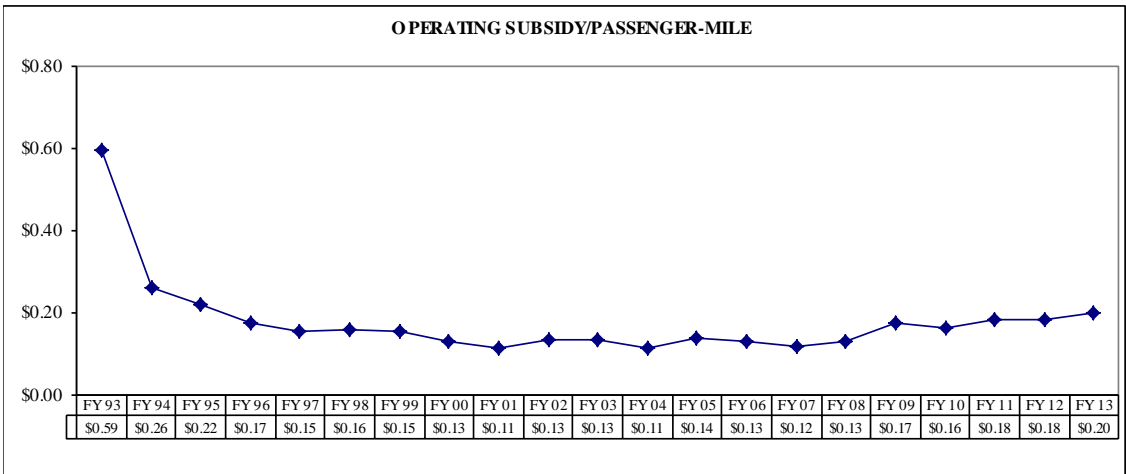
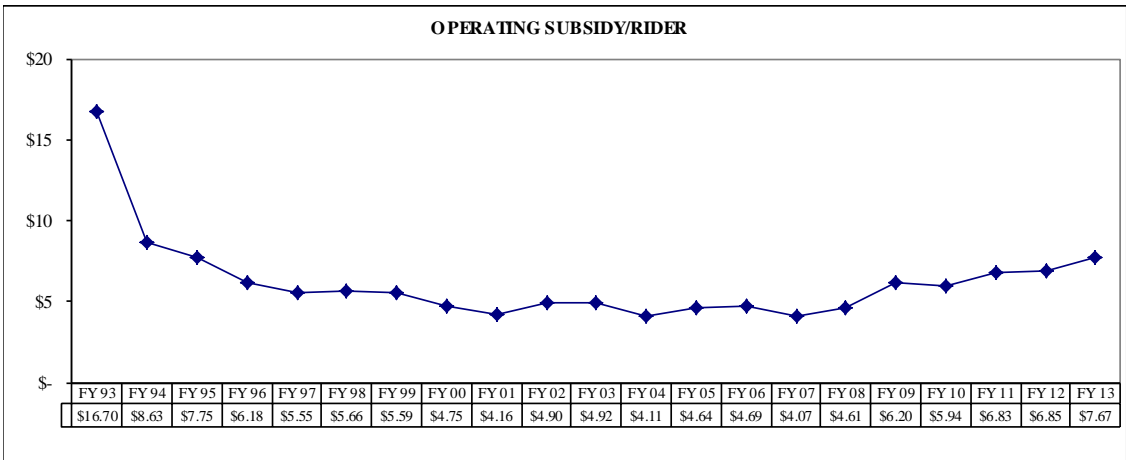
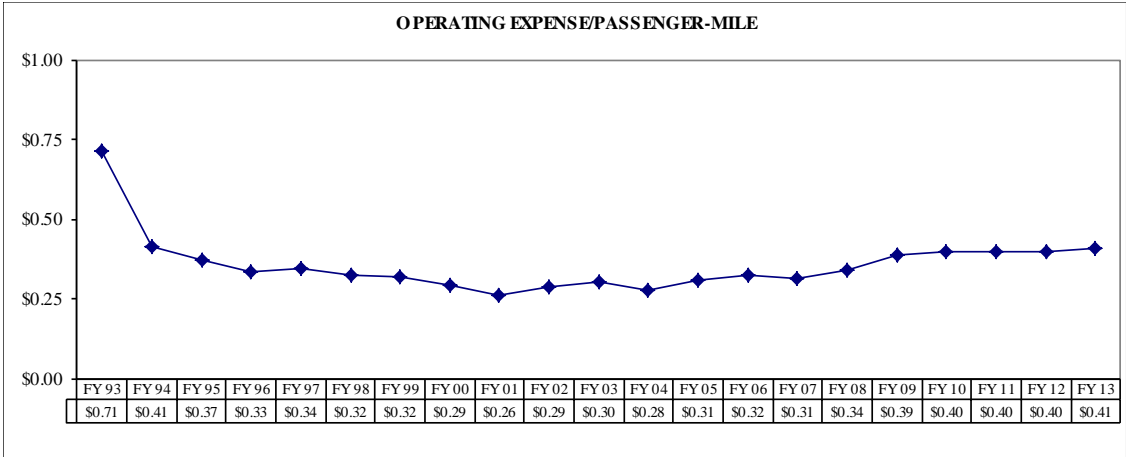
Revenue Recovery, Farebox Recovery and Operating Expense per Train Mile



Actuals to FY 11, Budget for FY 12 and FY 13
 Revenue Recovery = Operating Revenues/Operating Expenses Net of Rolling Stock Lease Payments
 Farebox Recovery = Farebox Revenue/Operating Expenses Net of Rolling Stock Lease Payments

Exhibit 3.5

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



Actuals to FY 11, Budget for FY 12 and FY 13

Exhibit 3.6 - FY 2012-13 Annual Operating Budget Distributions by Cost Component

	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	Proposed FY 12-13 Budget	FY12-13 Budget vs. FY11-12 Budget Increase %	
EXPENSES	166,283	168,217	179,676	194,020	14,344	8.0%
REVENUES	88,294	91,556	98,524	99,874	1,350	1.4%
NET LOCAL SUBSIDY	77,989	76,661	81,151	94,146	12,994	16.0%

OPERATIONS

Revenues						
Farebox Revenue	69,343	74,105	81,739	82,749	1,010	1.2%
Dispatching	3,071	3,079	2,935	2,763	(172)	(5.9%)
Other Revenues	3,599	1,334	872	670	(202)	(23.2%)
MOW Revenues	12,106	12,930	12,978	13,692	715	5.5%
Member Agency Revenues	59,840	60,613	63,301	75,546	12,244	19.3%
Total Revenues	144,890	151,797	161,826	175,420	13,594	8.4%
Operations & Services						
Train Operations	29,507	29,603	34,045	36,531	2,485	7.3%
Equipment Maintenance	23,857	22,471	22,509	23,036	527	2.3%
Contingency (Train Ops)	35	(1)	-	-	-	0.0%
Fuel	12,670	17,116	22,537	27,250	4,713	20.9%
Non-Scheduled Rolling Stock Repairs	52	1	100	100	-	0.0%
Operating Facilities Maintenance	836	707	900	1,064	164	18.3%
Other Operating Train Services	477	364	416	713	297	71.4%
Rolling Stock Lease	912	371	225	-	(225)	(100.0%)
Security - Sheriff	5,628	5,250	5,046	5,248	202	4.0%
Security - Guards	946	857	1,095	1,095	-	0.0%
Supplemental Additional Security	605	562	613	621	8	1.2%
Public Safety Program	550	250	360	196	(164)	(45.6%)
Passenger Relations	1,477	1,449	1,428	1,445	17	1.2%
Holiday Trains	275	198	301	350	49	16.2%
TVM Maintenance/Revenue Collection	3,915	3,887	4,090	4,198	108	2.6%
Marketing	880	696	1,247	1,257	10	0.8%
Media & External Communications	537	680	433	538	105	24.3%
Utilities/Leases	2,932	3,519	4,166	3,553	(613)	(14.7%)
Transfers to Other Operators	5,702	4,384	5,821	7,315	1,494	25.7%
Amtrak Transfers	1,272	1,173	1,367	1,367	-	0.0%
Station Maintenance	735	980	920	940	20	2.1%
Rail Agreements	4,248	3,762	4,572	4,415	(157)	(3.4%)
Subtotal Operations & Services	98,046	98,278	112,189	121,229	9,041	8.1%
Maintenance-of-Way						
MoW - Line Segments	22,883	28,835	25,536	26,596	1,060	4.2%
MoW - Extraordinary Maintenance	1,405	1,532	1,000	1,090	90	9.0%
Subtotal Maintenance-of-Way	24,288	30,687	26,536	27,686	1,150	4.3%
Administration & Services						
Salaries & Fringe Benefits	9,342	9,679	11,218	10,686	(532)	(4.7%)
Non-Labor Expenses	1,153	1,185	1,300	1,648	348	26.8%
Indirect Administrative Expenses	10,894	11,399	9,472	11,753	2,281	24.1%
Professional Services	998	530	611	1,917	1,306	213.9%
Subtotal Administration & Services	22,387	22,794	22,601	26,004	3,403	15.1%
Contingency (Non-Train Ops)	169	38	500	500	-	0.0%
Total Expenses Including MoW	144,890	151,797	161,826	175,420	13,594	8.4%

RISK MANAGEMENT

Revenues						
Member Agency Revenues	21,217	16,312	17,850	18,600	750	4.2%
PL/PD Revenues	175	108	-	-	-	0.0%
Total Revenues	21,392	16,419	17,850	18,600	750	4.2%
Insurance						
Liability/Property/Auto	14,293	14,771	14,800	16,020	1,220	8.2%
Claims	6,333	391	1,750	1,000	(750)	(42.9%)
Claims Administration	766	1,257	1,300	1,580	280	21.5%
Subtotal Insurance	21,392	16,419	17,850	18,600	750	4.2%
Total Expenses	21,392	16,419	17,850	18,600	750	4.2%

Exhibit 3.7 - FY 2012-13 Annual Operating Budget Distributions to Member Agency

	Proposed FY 12-13 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
EXPENSES	194,020	102,234	42,522	13,895	24,810	10,559
REVENUES	99,874	54,435	22,424	5,996	13,468	3,551
NET LOCAL SUBSIDY	94,146	47,799	20,098	7,898	11,343	7,008

OPERATIONS

Revenues						
Farebox Revenue	82,749	43,681	18,519	5,931	12,078	2,539
Dispatching	2,763	1,481	908	-	47	328
Other Revenues	670	349	145	65	84	28
MOW Revenues	13,692	8,925	2,852	0	1,259	656
Member Agency Revenues	75,546	37,853	16,196	6,468	8,723	6,305
Total Revenues	175,420	92,289	38,620	12,465	22,190	9,857
Operations & Services						
Train Operations	36,531	19,448	8,687	2,207	4,840	1,348
Equipment Maintenance	23,036	11,900	4,988	1,825	3,177	1,145
Contingency (Train Ops)	-	-	-	-	-	-
Fuel	27,250	14,210	6,542	1,827	3,755	916
Non-Scheduled Rolling Stock Repairs	100	53	21	8	14	4
Operating Facilities Maintenance	1,064	569	223	82	150	40
Other Operating Train Services	713	359	130	73	75	75
Rolling Stock Lease	-	-	-	-	-	-
Security - Sheriff	5,248	2,880	1,111	339	773	145
Security - Guards	1,095	552	200	112	115	116
Supplemental Additional Security	621	328	139	44	91	19
Public Safety Program	196	99	36	20	21	21
Passenger Relations	1,445	729	341	106	220	50
Holiday Trains	350	183	76	26	51	13
TVM Maintenance/Revenue Collection	4,198	1,975	882	564	494	282
Marketing	1,257	652	275	93	191	45
Media & External Communications	538	271	98	55	57	57
Utilities/Leases	3,553	1,791	648	364	374	375
Transfers to Other Operators	7,315	4,260	1,395	413	962	285
Amtrak Transfers	1,367	434	869	-	-	63
Station Maintenance	940	562	139	50	142	48
Rail Agreements	4,415	1,665	1,210	875	342	322
Subtotal Operations & Services	121,229	62,921	28,008	9,085	15,846	5,369
Maintenance-of-Way						
MoW - Line Segments	26,596	15,387	5,506	653	3,429	1,622
MoW - Extraordinary Maintenance	1,090	622	262	17	118	70
Subtotal Maintenance-of-Way	27,686	16,009	5,768	669	3,547	1,693
Administration & Services						
Salaries & Fringe Benefits	10,686	5,383	1,959	1,091	1,130	1,123
Non-Labor Expenses	1,648	831	301	169	174	174
Indirect Administrative Expenses	11,753	5,926	2,143	1,204	1,239	1,242
Professional Services	1,917	967	350	196	202	203
Subtotal Administration & Services	26,004	13,107	4,752	2,659	2,745	2,742
Contingency (Non-Train Ops)	500	252	91	51	53	53
Total Expenses Including MoW	175,420	92,289	38,620	12,465	22,190	9,857

RISK MANAGEMENT

Revenues						
Member Agency Revenues	18,600	9,945	3,903	1,430	2,620	702
PL/PD Revenues						
Total Revenues	18,600	9,945	3,903	1,430	2,620	702
Insurance						
Liability/Property/Auto	16,020	8,566	3,361	1,232	2,257	605
Claims	1,000	535	210	77	141	38
Claims Administration	1,580	845	332	121	223	60
Subtotal Insurance	18,600	9,945	3,903	1,430	2,620	702
Total Expenses	18,600	9,945	3,903	1,430	2,620	702

Exhibit 3.8

FY 2012-13 Revenue Sources and Comparison to FY 2009-10 through FY 2011-12

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Budget	FY 2012-13 Budget	Change from FY 12 Budget
Operating Revenues					
Farebox	\$69,343	\$74,105	\$81,739	\$82,749	1.2%
Dispatching Agreements	3,071	3,079	2,935	2,763	(5.9%)
Other Operating (1)	3,774	1,442	872	670	(23.2%)
Maintenance-of-Way	12,106	12,930	12,978	13,692	5.5%
Local Funds for Operating	77,989	76,925	81,151	94,146	16.0%
Subtotal Operating Revenues	\$166,283	\$168,480	\$179,676	\$194,020	8.0%
Percent of Total Revenues	50.7%	51.8%	24.2%	34.1%	
Capital Revenues					
State	\$25,652	\$41,505	\$260,715	\$179,398	(31.2%)
Federal	21,531	9,991	19,362	14,141	(27.0%)
Interest on Lease Proceeds	740	174	1,650	1,926	16.7%
Union Pacific Railroad/BNSF	586	216	445	75	(83.2%)
Amtrak	0		236	235	(0.2%)
Other Non-Member (includes insurance recoveries)	0		22,224	7,850	(64.7%)
Local Funds for Capital	113,095	104,654	258,452	170,730	(33.9%)
Subtotal Capital Revenues	\$161,603	\$156,542	\$563,083	\$374,356	(33.5%)
Percent of Total Revenues	49.3%	48.2%	75.8%	65.9%	
Total Revenues	\$327,885	\$325,022	\$742,759	\$568,376	(23.5%)
Local Revenues as a Percent of Total	58.3%	55.9%	45.7%	46.6%	

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

Note: Numbers may not foot due to rounding.

Exhibit 3.9

FY 2012-13 Budget Revenue Sources and Use by Member Agency

	Total FY 2012-13	% of Total	LACMTA	OCTA	RCTC	SANBAG	VCTC	Systemwide
Operating Budget								
Local Funds For Operating	\$94,146	48.5%	\$47,799	\$20,098	\$7,898	\$11,343	\$7,008	\$0
Operations	80,152	41.3%	40,715	17,182	7,229	9,055	5,971	0
Maintenance-of-Way	13,994	7.2%	7,084	2,916	669	2,288	1,036	0
Other Operating Revenues	\$99,874	51.5%	\$54,435	\$22,424	\$5,996	\$13,468	\$3,551	\$0
Farebox Revenue	82,749	42.6%	43,681	18,519	5,931	12,078	2,539	0
Non-Fare Operating Revenue	3,433	1.8%	1,829	1,053	65	130	355	0
MOW Revenues	13,692	7.1%	8,925	2,852	0	1,259	656	0
Total Funding Sources For Operating	\$194,020	\$1	\$102,234	\$42,522	\$13,895	\$24,810	\$10,559	\$0
Total Operating Expenditures	\$194,020	100.0%	\$102,234	\$42,522	\$13,895	\$24,810	\$10,559	\$0
Operating Expenditures (Excludes MOW)	166,334	85.7%	86,225	36,754	13,225	21,263	8,866	0
Maintenance-of-Way	27,686	14.3%	16,009	5,768	669	3,547	1,693	0
Capital Budget								
Local Funds For Capital	\$170,730	45.6%	\$69,435	\$68,775	\$12,753	\$13,685	\$6,082	\$0
New Capital	95,561	25.5%	32,765	53,185	3,723	3,893	1,995	0
Rehabilitation/Renovation	75,169	20.1%	36,670	15,590	9,030	9,792	4,087	0
Other Capital Revenues	\$203,626	54.4%	\$0	\$0	\$0	\$0	\$0	\$203,626
Interest on Lease Proceeds	1,926	0.5%	0	0	0	0	0	1,926
Other Non-Member (includes insurance recoveries)	7,850	2.1%	0	0	0	0	0	7,850
State Funds	179,398	47.9%	0	0	0	0	0	179,398
Federal funds	14,141	3.8%	0	0	0	0	0	14,141
Amtrak Funds	235	0.1%	0	0	0	0	0	235
UPRR Funds	75	0.0%	0	0	0	0	0	75
Total Funding Sources For Capital	\$374,356	100.0%	\$69,435	\$68,775	\$12,753	\$13,685	\$6,082	\$203,626
Total Capital Expenditures	\$374,356	100.0%	\$69,435	\$68,775	\$12,753	\$13,685	\$6,082	\$203,626
New Capital	294,880	78.8%	32,765	53,185	3,723	3,893	1,995	199,319
Rehabilitation	79,476	21.2%	36,670	15,590	9,030	9,792	4,087	4,307
Total Proposed Expenditures	\$568,376		\$171,669	\$111,297	\$26,648	\$38,496	\$16,641	\$203,626

Note: Numbers may not foot due to rounding.

This page intentionally left blank

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

**SECTION 4
Operating Revenues and Funding**

4.1 Introduction

SCRRA’s operating revenues and funding requirements for FY 13 Proposed Budget are \$194.0 million. These revenues include farebox, dispatching, maintenance of way, Member Agency Subsidy and miscellaneous revenue sources. The total FY 13 Proposed Budget is a \$14.3 million, or 8% increase over FY 12.

SCRRA generated revenues are \$99.9 million, up \$1.4 million over FY 12. This represents an increasing year over year trend over the past four fiscal years. Member Agency subsidies in FY 13 are \$94.1 million, up \$13.0 million over FY 12. In FY 13, total revenues are represented as follows:

	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>\$ Increase</u>	<u>% Increase</u>
Farebox	\$ 81,739	\$ 82,749	\$ 1,010	1.2%
MOW	\$ 12,978	\$ 13,692	\$ 714	5.5%
Dispatching	\$ 2,935	\$ 2,763	\$ (172)	-5.9%
Other Revenue	\$ 872	\$ 670	\$ (202)	-23.2%
<i>Sub-total</i>	\$ 98,524	\$ 99,874	\$ 1,350	1.4%
Member Agencies	\$ 81,151	\$ 94,146	\$ 12,995	16.0%
	<u>\$ 179,675</u>	<u>\$ 194,020</u>	<u>\$ 14,345</u>	8.0%

Note: Numbers may not foot due to rounding.

4.2 Farebox Revenues

Farebox revenues represent cash or credit payment from riders across the seven operating lines of the rail system. They include individual rider purchases, as well as corporate partner sales, student and group sales. SCRRA’s FY 12 Budget estimated an aggressive farebox revenue increase of 7.5%, partially based on increased service levels. FY 13 projected farebox revenue is \$82.7 million, up \$1.0 million over FY 12. These revenues are estimated to cover 42.6% of total operating expenses for FY 13.

In addition to increasing revenues, the FY 13 Budget includes an overall ridership increase of 1.6%. FY 13 passenger boardings are estimated to increase 3.7%. Average

weekday ridership is projected to total 44,706. Total ridership, including all weekend services, is expected to exceed 12.3 million passenger trips.

The FY 13 revenue increases of \$1.0 million are supported by marketing and sales plans, in addition to \$0.1 million increase resulting from the Orange Line opening to provide increased transfer connectivity for passengers. These increases are slightly offset by two reductions in current farebox revenues of \$49 thousand resulting from the elimination of Access IEOC rider revenue loss.

Farebox Revenues

	<u>FY 12-13</u>
FY 12 Base Revenue	\$ 81,739
Commuter	\$ 300
Corporate Pass Program	\$ 300
Destination Weekday	\$ 125
Destination Weekend	\$ 220
Orange Line Opening	\$ 114
Access IEOC Rider Elimination	\$ (49)
FY 13 Proposed Revenue	<u><u>\$ 82,749</u></u>

SCRRA Marketing staff identify the Metrolink passenger, and determine how to satisfy and retain that rider as an on-going commuter rail passenger. Marketing creates and evaluates the most effective and cost-efficient methods through key marketing campaigns to create value for customers and build strong customer relationships.

4.2.1 Commuter Program

Metrolink serves commuters and leisure travelers in the five-county area as well as northern San Diego County ending at the Oceanside station. Weekday trains operate on seven rail lines on a combination of public agency and private freight railroad owned tracks in six counties with over 44,000 daily average weekly riders. Weekend service is operated on four of the seven routes. FY 13 customer focus on the commuter passenger experience estimates an increase of \$0.3 million in fare revenues.

4.2.2 Corporate Partnership Program

This program includes corporate clients purchasing multiple tickets per month (5 or more). Staff continues to identify potential work clusters within the catchment areas of the SCRRA’s services. Specific sales teams have been created in an effort to expand additional corporate partners and ridership.

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

131 corporate accounts to 148, or a 13% increase. The FY 13 Budget includes an increase in corporate account partnerships by an additional 20% 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 to our current clients is maintained, strengthened, and expanded.

Specifically, SCRRA will incorporate several key initiatives for the Corporate Partner Program (CPP) in FY 13 to increase \$0.3 million in fare revenues. These include:

1. Develop CPP sales/information Tool Kit
 - a) Distribute to companies in service area
 - b) Promote Corporate Partner Program and employee benefits
 - c) Utilize Human Resources and transportation staff distribution channels to employees
 - d) Share messages of tax savings, benefits of program: environmental reasons, cost savings, convenience, etc.
2. Promote the recently branded Metrolink Corporate Quick Card to generate a sense of exclusivity for members (passengers)
 - a) Used to redeem Metrolink tickets/passes only
 - b) Loadable online by the Employer Transportation Coordinator's (ETC) employers or employees
 - c) Works with existing Ticket Vending Machines (TVM)
3. Reach Human Resources and transportation managers at corporate partners via use of consistent email blasts, e-newsletters
4. Use social networking and blogging with links to corporate sites
5. Please Post Immediately Direct Mail Campaign to corporations in catchment areas
6. Direct marketing including telemarketing and direct sales through Alta Resources, the contracted vendor for Metrolink call center, and direct mail campaigns
7. Develop promotional items in support of the CPP
8. Target younger riders which represent the fastest growing ridership segment. Study overall pricing options to maximize revenue (yield)

4.2.3 Destination Weekday

In FY 13, SCRRA Customer Engagement will target the primary audience, the corporate partner and commuter, to increase ridership incrementally across the region by expanding new and developing commuter markets, raising the level of awareness of potential riders,

and developing partnerships with new corporations along existing rail lines. Program Through the following efforts, SCRRA will continue to reach out to the regions' commuters:

1. Increase trial rides for colleagues/friends/family of corporate pass members: allow two Round Trip Special Tickets monthly (for that particular month) for each pass holder
2. Educate corporate partners and their employees via the agency's website devoted to the corporate program
3. Offer on-train marketing opportunities for Corporate Partners along specific rail lines through our Revenue Advertising Vendor
4. Campaign development for Improved Connectivity to make it easier for the commuter to trip plan
5. On-board marketing to build awareness among current riders so that they can complete their trips to final destinations with ease
6. FlyAway promotion directed at airport traveler (currently \$7 one-way from Union Station to LAX and \$25 one-way from John Wayne Airport)
7. Leverage the iShuttle as an additional opportunity to cross promote connectivity. The iShuttle operates in Orange County.

4.2.4 Destination Weekend

In FY 12, SCRRA introduced a promotional \$10 Weekend Pass that met phenomenal success in increased ridership. The launch of the wildly popular \$10 Weekend Pass has seen ridership and revenue growth of 20% on the weekend. Metrolink spent \$175,000 to advertise this campaign and saw an impressive response. For FY 12, an estimated \$1.0 million will be garnered through Weekend Pass sales.

For FY 13, SCRRA plans a strategy that continues to target the secondary & tertiary audiences to increase ridership and frequency across the region, raising the level of awareness to potential riders, and improving brand position of Metrolink among day-to-day commuters. Strategy involves review of current pricing and ticketing opportunities:

1. Target riders showing greatest potential to increase ride frequency
2. 12-month marketing campaign to include:
 - a) Website: Incorporate online 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)
 4. Develop integrated media campaign to reach potential, current and former riders with weekend promotion, encourage trial, and leverage seasonality of special events
 5. 91 Freeway Construction Project: The 91 Freeway will be under construction in 12-18 months. A campaign to get people out of their cars/congestion and on the 91 line could bring additional riders.
 6. Advertising at RCTC stations. RCTC has reserved 10% of their advertising space for their use, which Metrolink can utilize. Review advertising opportunities and placements.
 7. Develop partnerships to promote capacity to discretionary riders (casinos, events, amusement parks, etc)

4.2.5 Metro Orange Line Opening

The Metro Orange Line Extension will extend four miles north from Canoga Station to the Chatsworth Metrolink Station. This dedicated busway will offer improvements to north-south mobility in the western San Fernando Valley by connecting activity centers along the corridor and connecting the Metro Orange Line with Metrolink.

The construction of the Metro Orange Line Extension will offer faster travel times, improved bus connections, and provide better access to destinations throughout LA County.

The extension of the Orange Line offers an opportunity for Metrolink to gain new riders due to the increased connectivity. Research has identified businesses along the Orange Line catchment area and the Sales Manager will be deployed to the appropriate regions. A direct mail campaign will proceed shortly after the opening to promote the connectivity between Metrolink and Metro.

4.2.6 Access IEOC Rider Elimination

SCRRA partners with Access Services, the agency responsible for the administering of Access, 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, and SCRRA seeks reimbursement from Access Services only for the ADA rider.

Of the seven rail routes operated by Metrolink, only one line, the Inland Empire/Orange County Line, does not have an origin/destination station pairing that does not also include stations located within Los Angeles County. The IEOC Line operates between San Bernardino and Oceanside and does not cross Los Angeles County. In FY 12, SCRRA and Access modified their agreement to exclude Access reimbursement for ADA riders on the IEOC/Orange County Line.

4.2.7 *Customer Retention Program*

To focus on continued retention of the valued Metrolink passenger, marketing strives to maintain ridership and increase frequency of rides among the rider base to keep Metrolink top-of-mind. By developing a hybrid campaign of brand awareness and direct response to each targeted sub-group, Metrolink will maintain ridership and increase frequency of rides among rider base to keep Metrolink top-of-mind.

Marketing will utilize the following strategy to achieve FY 13 retention goals:

1. *Potential riders*: Brand/response message, measurable and trackable via unique identifiers, such as promo codes, unique URLs, specific Calls-To-Action
2. *Current riders*: Appreciation message, encouragement to join Loyalty/Rewards Program to entice increased frequency of ride, increased tenure of ride; measurable and trackable by increase in loyalty program membership. This will be accomplished through the development of the Corporate Quick Card.
3. *Former riders*: Incentive message to “try Metrolink again” and invite them back for a new, improved experience; measurable and trackable through specific offer
4. Introduce new seasonal promotions
5. 2 for 1 promotional fares
6. Promotions to encourage mid-day weekday travel
7. Include friendly online orientation to “first riders” with follow up programs to promote continued ridership

4.2.8 *Other Marketing Plans and Initiatives*

In FY 13, SCRRA will continue to develop and implement new branding opportunities. In addition, Marketing plans include the development of online ticketing, rewards program and “refer a friend” program.

In the Fall of 2011, Metrolink implemented a Student School Trip program for Southern California Schools K through 12th grade. In the first year, the program attracted just over 9,000 students, and FY 2011-12 shows continued growth. The promotion included a direct mail outreach to all schools, PTA's and school districts within 2 miles of Metrolink operating lines. Posters, a toll free line to book reservations, and escorted customer service field representatives to assist the travelers continue to improve school participation. In FY 2012-13, the program will be augmented with tours of Los Angeles Union Station (LAUS) and train safety.

During FY 2011-12, Metrolink advanced its promotional train service with several programs developed to specific reach out to seasonal and regional events. In addition to supporting special Angels train service to Orange County, Metrolink developed a partnership with Anschutz Entertainment Group (AEG) for downtown Los Angeles events at Staples Center. These included professional sporting events with the Kings and the Clippers. The introduction of the Bicycle Train supports biking events in Los Angeles and Orange Counties. FY 13 marketing outreach includes service expansion via the development of relationships with theme parks along operating lines, such as Disney, LEGOLAND, Knott's Berry Farm. Other opportunities identified are North County San Diego hotels for getaway packages, arts events in Los Angeles, a surfboard train to beach cities, annual Train Day events, concerts and city wide conventions.

The Interstate 5 Corridor improvement Project, which extends between the 91 Freeway to the 605 Freeway, will begin construction in August, 2012. This expansion will add a carpool lane and a standard lane in each direction – north and south. According to the Environmental Impact Report for this project, Caltrans will partner with the Southern California Regional Rail Authority to provide "incentives for commuters to use Metro transit service and Metrolink service during the construction period of the Interstate 5 (I-5) Corridor Improvement Project.

The I-5 construction is planned in five phases. In order to mitigate the disruption to the commuting population in the region and encourage current drivers to utilize alternative forms of transportation, Caltrans has developed a mainline construction traffic mitigation plan. Caltrans has dedicated funds for each phase to increase awareness of mode shift options through a commuter incentive program. The total amount of funds dedicated to this initiative is not to exceed \$5 million. Caltrans will provide Metrolink with funds to mitigate the impacts of the construction project to commuters who are traveling across the I-5 corridor between the 91 and 605 Freeway.

4.3 Maintenance of Way (MOW) Revenues

Maintenance of way (MOW) revenue is projected at \$13.7 million, or \$0.7 million, over FY 12. 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 \$5.7 million, Pasadena Subdivision Shared Use for \$2.5 million, San Diego and Olive Subdivision Shared Use for \$2.0 million, and Amtrak Intercity for \$1.3 million. The remaining MOW revenue of \$2.2 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 \$2.8 million, down \$0.2 million from FY 12. The increase in freight is offset by the transfer of dispatching responsibilities in North San Diego County to North County Transit District (NCTD) beginning in January 2012.

4.5 Other Miscellaneous Revenues

Total other revenues for FY 13 Proposed Budget are estimated at \$0.7 million, down \$0.2 million from FY 12. These revenues include Amtrak revenues for use of SCRRA owned Ticket Vending Machines (TVM), interest and sponsorship for the annual Holiday Toy Express. The primary reduction in revenue is due to lower interest revenues. SCRRA continues to seek improved return on investment funds to maximize income in this area.

4.6 Member Agency Funding

For FY 13, total Member Agency contributions are projected at \$94.1 million. This represents an increase of \$13 million over FY 12 member agency funding levels. Member Agency contributions are calculated to provide the funding gap between total SCRRA expenses and total SCCRA generated revenues.

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>
Subsidy	\$ 77,989	\$ 76,661	\$ 81,151	\$ 94,146
% Increase		-1.7%	5.9%	16.0%

4.7 Exhibits

The following exhibits are included to provide detailed component information in summary, by member agency and by

4.7.1 Exhibit 4.1: FY 2012-13 Fare Revenue and Ridership

Exhibit 4.1 provides average daily ridership, total fare revenue and revenue per rider for weekend and weekdays. Calculations are based on 257 weekdays and 50 weekends per year. Data is provided for each operating line.

4.7.2 Exhibit 4.2: FY 2012-13 Maintenance of Way (MOW) Revenue

Exhibit 4.2 provides a listing of the various maintenance of way revenue agreements by territory with annual actual costs for FY 2009-10 and FY 2010-11, and budgeted costs for FY 2011-12 and FY 2012-13.

4.7.3 Exhibit 4.3: 2012-13 Dispatching Revenue

Exhibit 4.3 provides a listing of the various dispatching revenue agreements by territory with annual actual costs for FY 2009-10 and FY 2010-11, and budgeted costs for FY 2011-12 and FY 2012-13.

4.7.4 Exhibit 4.4: FY 2012-13 Other Operating Revenue

Exhibit 4.4 provides a listing of the various revenue sources such as marketing (holiday train sponsorship), Amtrak TVM, and interest with annual actual costs for FY 2009-10 and FY 2010-11, and budgeted costs for FY 2011-12 and FY 2012-13.

4.7.5 Exhibit 4.5: FY 2012-13 Operating Funding Allocation by Member Agency

Exhibit 4.5 provides a listing of the proposed FY 2012-13 total SCRRA expenses and total SCRRA generated revenues and identifies the net operating funding and allocation by member agency.

Exhibit 4.1

FY 2012-13 Fare Revenue and Ridership

(\$000)

Operating Line	Average Daily Ridership					Revenue/Rider (\$'s)		Fare Revenue (\$000's)					
	FY10-11	FY11-12	FY12-13	% Incr From		FY11-12	FY12-13	FY10-11	FY11-12	FY12-13	% Incr From		
	Actual	Budget	Budget	FY11 Act	FY12 Bud	Budget	Budget	Actual	Budget	Budget	FY11 Act	FY12 Bud	
San Bernardino													
Weekday	11,785	12,443	12,434	5.5%	(0.1%)	6.98	6.98	20,073	22,879	22,305	11.1%	(2.5%)	
Weekend	5,863	5,907	7,223	23.2%	22.3%	5.50	5.56	1,789	1,676	2,028	13.4%	21.0%	
Ventura County	4,008	4,033	4,476	11.7%	11.0%	6.01	5.72	5,933	6,589	6,580	10.9%	(0.1%)	
Antelope Valley													
Weekday	6,187	7,070	6,492	4.9%	(8.2%)	7.40	6.94	10,387	12,474	11,579	11.5%	(7.2%)	
Weekend	3,314	3,330	4,037	21.8%	21.2%	6.06	6.09	1,163	1,042	1,242	6.8%	19.2%	
Riverside	5,143	5,279	5,456	6.1%	3.4%	6.96	6.97	8,847	9,517	9,773	10.5%	2.7%	
Orange County													
Weekday	8,596	8,802	9,310	8.3%	5.8%	7.07	7.03	15,039	16,072	16,821	11.8%	4.7%	
Weekend	1,483	2,020	3,200	115.8%	58.4%	5.00	5.60	425	571	905	113.0%	58.4%	
OC MSEP	-	-	-							230			
IEOC													
Weekday	4,003	4,142	4,073	1.7%	(1.7%)	5.45	5.98	5,624	5,939	6,260	11.3%	5.4%	
Weekend	875	921	1,834	109.6%	99.2%	5.51	3.11	276	249	288	4.3%	15.8%	
91	2,187	2,254	2,465	12.7%	9.4%	8.23	7.48	4,549	4,733	4,739	4.2%	0.1%	
Totals													
Weekday	41,909	44,023	44,706	6.7%	1.6%			70,452	78,202	78,286	11.1%	0.1%	
Weekend	11,535	12,177	16,293	41.3%	33.8%			3,653	3,537	4,463	22.2%	26.2%	
Total								74,105	81,739	82,749	11.7%	1.2%	

Exhibit 4.2

FY 2012-13 Maintenance of Way (MOW) Revenue

(\$000)

Agreement/Territory	FY09-10 Actual	FY10-11 Actual	FY11-12 Budget	FY12-13 Budget	Change from FY12 Budget
Amtrak Intercity	1,237	1,253	1,271	1,293	1.8%
LAUS Rail Yard Operations & Maintenance (Amtrak)	592	718	600	625	4.2%
Azusa Branch Shared Use (UPRR/SPTC)	114	121	135	155	14.8%
Baldwin Park Branch Shared Use (UPRR/SPTC)	225	272	245	245	0.0%
Coast & Saugus Shared Use (UPRR/SPTC)	4,973	5,527	5,425	5,706	5.2%
East Bank Joint Facility (UPRR/SPTC)	716	891	755	825	9.3%
Mission Tower (UPRR/SPTC)	76	80	86	86	0.0%
San Diego & Olive Subdivision Shared Use (BNSF)	1,508	1,548	1,750	1,975	12.9%
Pasadena Subdivision Shared Use (BNSF)	2,271	2,330	2,432	2,500	2.8%
State Grade Crossing (CPUC)	162	164	162	166	2.3%
Federal Funds/Other Revenue	231	27	117	117	0.0%
Total	12,106	12,930	12,978	13,692	5.5%

Exhibit 4.3

FY 2012-13 Dispatching Revenue

(\$000)

Agreement/Territory	FY09-10 Actual	FY10-11 Actual	FY11-12 Budget	FY12-13 Budget	Change from FY12 Budget
Amtrak Intercity	1,924	1,949	1,951	1,960	0.5%
Coast & Saugus Shared Use (UPRR/SPTC)	257	257	257	262	1.8%
East Bank Joint Facility (UPRR/SPTC)	90	90	91	92	0.9%
Mission Tower (UPRR/SPTC)	321	281	347	350	0.7%
San Diego & Olive Subdivision Shared Use (BNSF)	42	44	45	46	1.5%
Pasadena Subdivision Shared Use (BNSF)	51	59	52	54	4.6%
North County Transit District (NCTD)	386	399	193	-	(100.0%)
Total	3,071	3,079	2,935	2,763	(5.9%)

Exhibit 4.4

FY 2012-13 Other Operating Revenue (\$000)

(\$000)

Revenue Source	FY09-10 Actual	FY10-11 Actual	FY11-12 Budget	FY12-13 Budget	Change from FY12 Budget
Marketing Revenues	31	114	75	75	0.0%
ARRA 5307 - VCTC		582			
Federal Funds	52	-	-	-	N/A
Amtrak TVM Revenues	385	217	227	225	(0.9%)
Prior Years Supplemental Security Surplus	84	-	-	-	N/A
Lease Proceeds	2,485	-	-	-	N/A
Insurance Recoveries	175	108	-	-	N/A
Interest	499	264	500	300	(40.0%)
Miscellaneous Revenues	62	158	70	70	0.0%
Total	3,774	1,442	872	670	(23.2%)

Exhibit 4.5:

FY 2012-13 Operating Funding Allocation by Member Agency

(\$000)

	Total FY 12-13	LACMTA Share	OCTA Share	RCTC Share	SANBAG Share	VCTC Share
Expenses						
Train Operations & Services	\$121,229	\$62,921	\$28,008	\$9,085	\$15,846	\$5,369
Maintenance-of-Way	27,686	16,009	5,768	669	3,547	1,693
Administration & Services	26,504	13,359	4,843	2,711	2,797	2,795
Insurance	18,600	9,945	3,903	1,430	2,620	702
Maintenance-of-Way Mobilization	-	-	-	-	-	-
Total Expenses Incl. MOW	\$194,020	\$102,234	\$42,522	\$13,895	\$24,810	\$10,559
Revenues						
Gross Farebox	82,749	43,681	18,519	5,931	12,078	2,539
Dispatching	2,763	1,481	908	-	47	328
Other Operating	670	349	145	65	84	28
Maintenance-of-Way	13,692	8,925	2,852	0	1,259	656
Total Revenues	\$99,874	\$54,435	\$22,424	\$5,996	\$13,468	\$3,551
Total County Allocation	\$94,146	\$47,799	\$20,098	\$7,898	\$11,343	\$7,008
FY 2011-12 Budget	81,151	40,064	18,230	7,145	9,552	6,161
Increase/(Decrease)	12,994	7,735	1,868	754	1,791	847
Percentage Change	16.0%	19.3%	10.2%	10.6%	18.7%	13.7%

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 BUDGET

**SECTION 5
Operating Expenses**

5.1 Introduction

SCRRA’s Operating Expenses for FY 13 is projected at \$194.0 million. This cost includes three key budgetary components: Train Operations, Maintenance of Way, and Risk Management.

Train operations costs are \$147.7 million, or 76.1 % of the total operating budget. Maintenance of way costs are \$27.7 million, or 14.3% of the total operating budget. Risk Management costs are \$18.6 million or 9.6% of the total operating budget.

Exhibit 3.6 - FY 2012-13 Annual Operating Budget Distribution by Cost Component identifies the total proposed operating expenses by line item within each of three budgetary components of SCRRA’s operating expenses.

5.2 Operating Budget Assumptions

5.2.1 *Service Levels*

The FY13 budget reflects the operation of 163 weekday trains operating on seven lines, and 76 regular weekend trains operating on four lines. Currently, weekend services, both Saturday and Sunday, are operated on the San Bernardino, Orange County and IEOC, and Antelope Valley Lines. Total revenue service miles are expected to decrease by 1.4%. The FY 13 Proposed Budget contains the same service levels as FY 12, except for the reduction of one LAUS/Burbank Airport train.

Service levels as of July 1, 2012

Weekday Services:	163 trains operated
Weekend Services:	76 trains operated

5.2.2 *Key Component Assumptions*

In projecting expenses for major vendors, agreement-related increases built into existing contracts are assumed. These increases range from a low of 1.9% to a high of 10.2%. The average cost of diesel fuel is estimated to be \$3.75 per gallon in the FY 13 Budget, up from \$3.40 per gallon in FY 12.

5.2.3 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 utilized to apply SCRRA operating costs to the various line segments and Member Agencies. Key formula types include allshare, 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, holiday trains 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

Train operations expenses of \$147.7 million have increased \$12.4 million, or 9.2%, over FY 12. 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 outsources a significant portion of its operational crews. One key factor increasing the budget is due to the Amtrak contract, which provides crews for the operation of the weekday and weekend trains. The recently negotiated National Labor Wage Settlement Agreement initiates an 8.5% increase in labor costs passed through to the Agency.

Diesel fuel costs continue to escalate year-over-year, with a \$.35/gallon increase over FY12, or \$2.6 million. 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 an increased fuel usage per mile in FY 13. As the FY 13 operating train sets include more of the heavier *crash energy management* Guardian fleet, the additional usage in fuel to operate the increased tonnage is \$2.1 million, or 8%.

In providing seamless ridership for Metrolink passengers who must connect with other transit sources across the rail system to reach their final destination, the additional cost for transfer costs over FY 12 is \$1.5 million, or an increase of 25.7%. The FY 13 rate per passenger increase of \$0.21/rider for Los Angeles County Metropolitan Transit Authority (LACMTA) increased 23.6% over FY 12.

First time budget item for post employment benefits include \$2.5 million, which represents 1.3% of the FY 13 Metrolink Operating Expense Budget.

In order to absorb and offset other increases of \$6.5 million in various services to support the on-going operations of the railroad, Metrolink aggressively worked to assess efficiencies, work with our contractor partners to reduce costs, and reexamined each line of the budget to ensure all planned work was necessary, in alignment with agency priorities, and was planned to be completed within the time and resources available.

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

Included in the Operating budget is the cost of crews supplied under agreement with Amtrak, an increase of approximately \$3.2 million, or 10.8%. In addition to the 8.5% increase resulting from the negotiated settlement of the Labor Wage Agreement, fringe rates and overhead costs were also increased in the total costs of this vendor. Savings in crew allocation/utilization and associated costs assisted in savings of \$.3 million to offset the Amtrak rate increases.

SCRRA Dispatching

The costs of SCRRA provided dispatching services over the right of way territories owned by the SCRRA’s Member Agencies decreased \$0.4 million, or 10.3%.

Equipment Maintenance

The budget for FY 13 totals \$23.0 million, an increase of \$0.5 million, or 2.3% from FY 12 level. Increases in the Bombardier contract to cover services related to the locomotive reliability program and increased car washing expenses were partially offset by reductions in inventory part cost reductions. In addition, the assumption of a reduced fleet size maintenance requirement continues as new Guardian cars are introduced in the fleet. Currently operated Bombardier cars are expected to be stored in serviceable condition but not required to undergo the same rigorous process as if in daily operation. Lower parts requirements are forecast due to warranty coverage.

Fuel

Usage of approximately 7.2 million gallons is based on the projected consumption levels assumed in the proposed schedule. In FY 13, fuel prices are assumed to average \$3.75 per gallon, an increase from \$3.40 in FY 12, resulting in an operating budget impact of \$2.6 million for price. As the train consists increase to additional five and six car sets, and the incremental 40,000 pounds on each newly introduced Guardian fleet rolling stock, the fuel utilization rate increases from 2.5 gallons per mile to 2.7 gallons per mile in FY 13. This represents an increase of \$2.1 million in the FY 13 Proposed Budget.

Non-Scheduled Rolling Stock Repairs

Repairs to accommodate medium scaled unforeseen damage to rolling stock remains at \$0.1 million, with no increase over FY 12.

Operating Facilities Maintenance

The cleaning, maintenance, and hazardous materials compliance at the Central Maintenance Facility and other outlying SCRRA facilities costs \$1.1 million in FY13. This is an increase of \$0.2 million over FY 12.

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 are \$0.7 million, an increase of \$.3 million due to increased bus bridges expenses based on historical requirements.

Rolling Stock Lease

These costs have previously represented the full year costs of 15 passenger coach leased vehicles from New Jersey Transit. The lease was terminated in FY 12, resulting in zero expense for FY 13.

Security – Sheriff

The negotiated contract with the Los Angeles County Sheriff Department resulted in an increase of \$0.2 million. Services to SCRRA will come from a pool of sheriffs.

Security – Guards

FY 13 Proposed Budget contains no increase over current levels with All Nations, the vendor that provides this service.

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 the funding of 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 grow at a rate equal to the rate of growth in fare revenues.

Public Safety Program

The FY 13 program decreases by 45.6% from FY 12 as a result of \$0.1 million reductions made in the areas of promotional materials in order to preserve the agency's core education function. Training of \$0.1 million that was budgeted in this category and externally provided in FY12 has been budgeted in-house for FY 13.

Passenger Relations

This line includes the agency's Telephone Information Services contractor, the Customer Promise program in which the SCRRA will guarantee to passengers the ability to reach their final destination, and other minor customer service related expenses. FY 13 Budget projections are relatively flat to FY 12.

Holiday Trains

The amount projected for the holiday trains in FY 13 is an increase of 16.2%, or \$49 thousand. However this increase is expected to be largely offset by contributions to the operation of the train of \$75 thousand, which is budgeted in miscellaneous revenues. The budget includes labor charges by Bombardier for support at the CMF during the decoration of the train, the costs of actual train operations, security, and community outreach, support and marketing costs for the live entertainment during the station stops.

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 approximately 2.6% from the FY 12 Budget due to cost escalations included in the contract. 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.

Marketing/Market Research

There is an increase of .8%, or \$10 thousand, compared with the FY 12 Budget through the introduction of new programs outlined in Section 4, Operating Revenues and Funding. This line also includes general marketing costs, the agency's Weekend

programs, as well as the agency's ongoing market research program including data collection and analysis.

Media/External Relations

This line item includes media and public relations, community relations, web site maintenance and programming, and the production of the agency's printed schedules and Ride Guides, and is increased by \$0.1 million or 24.3% over FY 12.

Utilities/Leases

Utility and lease costs are estimated at current monthly average costs. This line item is to decrease 14.7% from the FY 12 Budget due to the final contract negotiations for the Gateway Offices which yielded significant savings in FY 12. The total reduction to this line item is \$0.6 million. During FY 13, SCRRA will work with a consultant to seek opportunities for reductions in utility costs.

Transfers to Other Operators

The costs of transit transfers paid to other operators is increased by \$1.5 million as a result of three key factors: Increased expected ridership resulting in increased passenger transfer requirements; a proposed increase in the rate charged for transfers by LA Metro from \$0.90 to \$1.10 per boarding to reflect Metro's recent fare increase average; and an increase from 34% to 39% for SCRRA passenger transitions to connecting transportation at LAUS.

Amtrak Transfers

These funds represent the costs to the agency of 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 holding valid Metrolink monthly passes or Amtrak tickets.

Station Maintenance

This item represents the costs of common area maintenance at LAUS and outlying points. The FY 13 Budget of \$0.9 million is a 2.1% increase over FY 12.

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 a decrease of \$0.2 million from FY 12.

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 63%. The primary cost increase in this area is due to Workers Compensation premium adjusted based on a reclassification of certain position types into a higher per \$100 of payroll rate structure. This increase is offset by the labor redistribution of SCRRA staff to rehabilitation, recollectables and new capital projects. Total reduction in this line item is \$0.5 million from FY 12. *Exhibits 7.3a-d* show the complete roster of SCRRA's current 246 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

Costs included in this line consist of direct non-allocated Information Technology (IT) expenses including programming and maintenance of the agency's train dispatching software, travel and lodging expenses, gasoline for operating department vehicles, and additional minor miscellaneous expenses. FY 13 is \$0.3 million increase over FY 12.

Indirect Administrative Expenses

Costs allocated to Train Operations represent this budget's share of the agency's General and Administrative costs. FY 13 includes a new budget item, the "Other Post Employment Benefits" (OPEB) totaling \$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. OPEB is slightly offset by decreases in other general and administrative expenses.

Professional Services

Professional Services includes contracted services for: performance audit of operators; equipment engineering assistance; signage design; and other consultant/legal services. This item is estimated to increase significantly by \$1.3 million in FY 13 due to higher legal costs associated with SCRRA's diversity of claims. It is expected that FY 14 will offer a reduction in the dollar value of this line item as the newly established in-house legal team works to consolidate work required of specialized legal firms.

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 so as to avoid unnecessary increases to member agency subsidies in the event short term negative expense impacts are realized during the fiscal year. It

represents the primary general reserve fund of the budget and equals 0.3% of FY 13 total budgeted expenses.

5.3.2 Train Operations Note

For FY 13 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

Maintenance of way expenses of \$27.7 million have increased \$1.2 million, or 4.3%, over FY 12. 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 inspection of track, signals, structures and repairs.

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 and safety of the public.

The adopted MOW philosophy of SCRRA is: *to perform ordinary maintenance sufficient to prevent any loss of service quality and to budget for Rehabilitation at practical intervals to utilize the full life cycle of components/elements*. This will prevent 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, and bridges, and the performance of repairs to any exceptions found in those inspections. The Federal Railroad Administration (FRA) has minimum inspection schedules, standards for track and signal conditions, qualifications of inspectors and repairers, and documentation requirements for most of these inspections. In order to assure high quality track and signal operation, SCRRA performs a higher level than 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 decay, before they become "defects" 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. GASB-34 policy also requires a triennial rating (SCRRA rates 1/3 of the property each year) of the quality of the infrastructure to assure that the adopted rehabilitation investments/expenses are actually maintaining the state of 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 on the number of contractors 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 13 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. Total MOW budget for these two vendors yielded a net decrease of \$0.3 million.

Labor is budgeted with a percentage for overtime to support vacancies in headcount while recruitment efforts occur and to recover from unusual situations. Due to the number of commuter and freight trains operated mid-day there is a trend for some MOW work to be performed at night. Most contracts and labor agreements permit scheduled night work at straight time 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 and crossings, 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.

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 to highs of 110/110.

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 and monitoring over 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 San Bernardino and Ventura 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 and 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, while the Ventura County line has only light to moderate curves and grades.

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 projection of labor on inspections/repair of the extensive SCRRA track.

Signal & Communications includes payments to the signal and communications contractor for projection of labor on inspections/repair of signal and communication systems.

Structures include payments to the maintenance of way contractor for projection of labor on inspections/repair of bridges, tunnels and other structures.

Procurement includes payments for items needed in repair of track, signals, communications, 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 2012-13 maintenance of way expenditures of \$27.7 million are funded by SCRRA generated maintenance of way revenue and member agency contributions. For FY 2012-13, SCRRA revenues are estimated at \$13.7 million and member agency contributions are estimated at \$14.0 million.

These costs and revenues are allocated over operating line and member agency. *Exhibit 5.3 FY 2012-13 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.

Included in the agency’s pool of general engineering are a small set of funds for the purpose of conceptual engineering and capital planning to better identify scope and construction concerns prior to the submission of grant applications.

5.4.6 MOW Projections by Line

The FY 13 MOW Budget of \$27.7 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

	<u>FY 12-13</u>
Operating Lines	\$ 26,187
Non-Operating Lines	\$ 1,500
FY 13 Proposed Revenue	<u>\$ 27,687</u>

Exhibit 5.4 Maintenance of Way Expenditures by Line Segment/Territory – Operating Lines and *Exhibit 5.5 FY 2012-13 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, 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 (i.e., a wooden bridge would be replaced with a steel/concrete bridge), so that these funds are not used to rebuild an 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 and communication equipment are made to comply with current 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 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 liable party is identifiable (e.g., derailment caused by freight railroad or damage caused by a motorist covered with insurance), or an emergency funding source (e.g., FEMA, which has strict eligibility conditions) is identified and proper procedures are followed, and SCRRA insurance coverage (limited to specific structures and with policy deductibles).

For FY 13, the budget equals \$1.1 million. The FY 13 value adjusts to currently estimated-actual expenses. It should be noted that neither extraordinary maintenance nor agency costs are included in the calculation of MOW expense per track mile.

5.5 Risk Management

Risk Management expenses of \$18.6 million have increased \$0.8 million, or 4.2% over FY 12. These costs include public liability and property damage insurance premiums, settlement claims and claims administration

For FY 13, there is an expected return to pre-2008 historic patterns of claims expenditures as a result of the resolution of the majority of cases related to Glendale and Chatsworth. The agency's operating liability coverage is set at \$275 million.

5.6 Exhibits

5.6.1 *Exhibit 5.1: FY 2012-13 Service Assumptions*

This exhibit provides details on the operating service assumptions for weekday, Saturday and Sunday trains by operating line. FY 2012-13 includes 163 weekday trains and 76 weekend trains.

5.6.2 *Exhibit 5.2: FY 2012-13 Revenue Train Miles*

This exhibit provides the revenue train miles by operating line.

5.6.3 *Exhibit 5.3: FY 2012-13 FY 2012-13 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 2012-13 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 2012-13 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 2012-13 Service Assumptions

	Number of Trains		
	Weekday	Saturday	Sunday
San Bernardino Line			
San Bernardino-LAUS	42	16	10
Riversid-SB-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	6
Riverside Line			
Riverside-LAUS	12		
91 Line			
Riverside-LAUS	9		
Orange County Line			
Irvine-LAUS	3		
Laguna Niguel-LAUS	6		
San Juan Capistrano-LAUS	0		
Oceanside-LUS	10	4	4
Oceanside-LAUS (Seasonal)		4	4
Fullerton-Laguna Niguel (MSEP)	4		
Fullerton-Oceanside (MSEP)	2		
IEOC Line			
San Bernardino-Irvine	3		
San Bernardino-Laguna Niguel	3		
San Bernardino-San Juan Capistrano	1		
San Bernardino-Oceanside	2	2	2
San Bernardino-Oceanside (Seasonal)	0	2	2
Riverside-Laguna Niguel	2		
Riverside-San Juan Capistrano	1		
Riverside-Oceanside	2		
Burbank/Bob Hope Airport			
Burbank-LAUS	0		
Burbank Airport-LAUS	11		
Total	163	44	32

Exhibit 5.2

FY 2012-13 Revenue Train Miles

Line	FY12 Budget	FY13 Proposed	Increase/ (Decrease)	% Change
San Bernardino Line	720,187	715,713	(4,474)	(0.62%)
Ventura County Line	283,985	281,068	(2,917)	(1.03%)
Antelope Valley Line	583,064	569,532	(13,532)	(2.32%)
Riverside Line	184,209	182,059	(2,150)	(1.17%)
91 Line	145,351	143,654	(1,697)	(1.17%)
Orange County Line (incl MSEP)	463,990	452,557	(11,433)	(2.46%)
Inland Empire/Orange County Line	284,460	282,281	(2,179)	(0.77%)
Total Revenue Train Miles	2,665,245	2,626,864	(38,381)	(1.44%)

Exhibit 5.3

FY 2012-13 Maintenance of Way Expenditures and Revenue Offsets
\$000

Revenue Forecast Allocation

Line Segment/Territory	FY 12-13 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	12,340	7,598	2,852	0	1,233	656
LA - San Bernardino	1,655	421	-	-	1,233	-
LA - Ventura (Burbank Jct to Moorpark)	1,657	1,000	-	-	-	656
LA - Lancaster	4,618	4,618	-	-	-	-
Fullerton - San Diego County Line	2,665	-	2,665	-	-	-
Olive Subdivision	187	-	187	-	-	-
Riverside Layover Facility	1	0	0	0	0	0
River Corridor	1,558	1,558	-	-	-	-
Extraordinary Maintenance (Derailments, Storm Damage)	-	-	-	-	-	-
Non-Operating Lines	1,353	1,327	-	-	26	-
Sierra Madre - Claremont (Pasadena Sub)	1,327	1,327	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	26	-	-	-	26	-
Total	13,692	8,925	2,852	0	1,259	656

Net Subsidy Allocation

Line Segment/Territory	FY 12-13 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	13,872	7,067	2,916	669	2,159	1,036
LA - San Bernardino (1)	3,983	2,383	-	-	1,600	-
LA - Ventura (Burbank Jct to Moorpark) (2)	2,095	1,286	-	-	-	783
LA - Lancaster	1,137	1,137	-	-	-	-
Fullerton - San Diego County Line	2,608	406	1,914	241	47	-
Olive Subdivision	360	-	226	112	22	-
Riverside Layover Facility (3)	64	28	12	18	6	-
River Corridor (4)	2,534	1,204	502	281	365	182
Extraordinary Maintenance (5) (Derailments, Storm Damage)	1,090	622	262	17	118	70
Non-Operating Lines	147	17	-	-	129	-
Sierra Madre - Claremont (Pasadena Sub)	17	17	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	129	-	-	-	129	-
Total	14,019	7,084	2,916	669	2,288	1,036

Total Expenditure Forecast

Line Segment/Territory	FY 12-13 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	26,187	14,665	5,768	669	3,392	1,693
LA - San Bernardino	5,638	2,804	-	-	2,834	-
LA - Ventura (Burbank Jct to Moorpark)	3,727	2,287	-	-	-	1,440
LA - Lancaster	5,755	5,755	-	-	-	-
Fullerton - San Diego County Line	5,273	406	4,579	241	47	-
Olive Subdivision	547	-	413	112	22	-
Riverside Layover Facility	65	29	12	18	6	0
River Corridor	4,092	2,762	502	281	365	182
Extraordinary Maintenance (Derailments, Storm Damage)	1,090	622	262	17	118	70
Non-Operating Lines	1,500	1,344	-	-	155	-
Sierra Madre - Claremont (Pasadena Sub)	1,344	1,344	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	155	-	-	-	155	-
Total	27,686	16,009	5,768	669	3,547	1,693

- (1) MoW net subsidy split by route miles (59.82% LACMTA and 40.18% SANBAG).
- (2) MoW net subsidy split by train miles (61.41% LACMTA and 38.59% 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) Split is assumed All Share for derailments (\$20,000) and percent of route miles owned (57.55% LACMTA, 24.27% OCTA, 1.07% RCTC, 10.69% SANBAG, and 6.41% VCTC) for storm damage, gate knockdowns, and vandalism (\$480,000).

Exhibit 5.4

FY 2012-13 Maintenance of Way Expenditures by Line Segment/Territory – Operating Lines

\$000

Line Segment/Territory	FY 09-10 Expenditure Actual	FY 10-11 Expenditure Actual	FY 11-12 Expenditure Budget	FY 12-13 Expenditure Budget	Variance FY12-13 vs FY11-12 Budget (Over)/Under	Variance FY11-12 vs FY10-11 Budget %
Operating Lines	\$23,308	\$29,567	\$25,410	\$26,187	(\$777)	(3.1%)
LA - San Bernardino	5,004	6,258	5,152	5,638	(486)	(9.4%)
Track	1,083	1,366	1,038	918	120	11.6%
Signal & Communications	2,054	1,805	2,308	2,116	192	8.3%
Structures	210	225	155	200	(44)	(28.5%)
Procurement	250	1,024	236	384	(148)	(62.6%)
Other	793	1,112	816	1,227	(411)	(50.4%)
Agency Costs	615	725	598	793	(195)	(32.6%)
LA - Ventura (Burbank Jct to Moorpark)	3,234	4,050	3,524	3,727	(203)	(5.8%)
Track	963	859	969	774	195	20.1%
Signal & Communications	1,056	996	1,252	1,187	64	5.1%
Structures	93	126	112	140	(28)	(25.0%)
Procurement	155	734	170	157	13	7.5%
Other	542	817	589	895	(306)	(51.9%)
Agency Costs	427	518	432	573	(141)	(32.6%)
LA - Lancaster	5,241	6,852	5,195	5,755	(560)	(10.8%)
Track	1,416	1,531	1,266	1,155	111	8.8%
Signal & Communications	1,774	1,664	1,606	1,417	189	11.8%
Structures	148	229	200	329	(130)	(64.9%)
Procurement	291	1,277	303	204	99	32.7%
Other	912	1,290	1,050	1,628	(579)	(55.1%)
Agency Costs	700	862	770	1,021	(251)	(32.6%)
Fullerton - San Diego County Line	3,936	5,455	5,390	5,273	117	2.2%
Track	892	952	1,265	1,059	205	16.2%
Signal & Communications	1,571	1,764	2,319	1,911	408	17.6%
Structures	167	219	155	205	(50)	(31.9%)
Procurement	136	931	236	169	67	28.2%
Other	578	932	816	1,135	(318)	(39.0%)
Agency Costs	592	656	599	794	(195)	(32.6%)
Olive Subdivision	424	504	575	547	28	4.8%
Track	118	153	97	74	22	23.0%
Signal & Communications	148	112	345	291	55	15.8%
Structures	3	12	11	19	(7)	(64.1%)
Procurement	37	47	17	17	0	1.2%
Other	52	112	60	88	(28)	(45.8%)
Agency Costs	64	68	44	59	(14)	(32.6%)
Riverside Layover Facility	68	71	73	65	8	11.1%
Track	29	12	22	16	7	29.5%
Signal & Communications	12	9	11	6	5	45.3%
Structures	2	0	3	2	1	41.6%
Procurement	2	18	5	1	4	74.2%
Other	11	16	18	22	(4)	(23.9%)
Agency Costs	12	16	13	17	(4)	(32.6%)
River Corridor	3,996	4,845	4,502	4,092	409	9.1%
Track	926	958	959	790	169	17.6%
Signal & Communications	2,277	2,318	2,679	2,095	584	21.8%
Structures	23	77	74	69	5	6.9%
Procurement	167	539	113	226	(113)	(100.3%)
Other	349	610	390	533	(142)	(36.5%)
Agency Costs	254	344	286	380	(93)	(32.6%)
Extraordinary Maintenance	\$1,405	\$1,532	\$1,000	\$1,090	(\$90)	(9.0%)

Exhibit 5.5

FY 2012-13 Maintenance of Way Expenditures by Line Segment/Territory – Non-Operating Lines and Total

\$000

Line Segment/Territory	FY 09-10 Expenditure Actual	FY 10-11 Expenditure Actual	FY 11-12 Expenditure Budget	FY 12-13 Expenditure Budget	Variance FY12-13 vs FY11-12 Budget (Over)/Under	Variance FY11-12 vs FY10-11 Budget %
Non-Operating Lines	\$979	\$1,119	\$1,126	\$1,500	(\$373)	(33.2%)
Sierra Madre - Claremont (Pasa. Sub.)	876	983	973	1,344	(371)	(38.2%)
Track	111	60	248	269	(22)	(8.7%)
Signal & Communications	440	305	270	373	(103)	(38.3%)
Structures	3	32	39	109	(70)	(178.0%)
Procurement	20	221	59	46	14	23.1%
Other	158	205	206	347	(141)	(68.7%)
Agency Costs	144	160	151	200	(49)	(32.6%)
Baldwin Park Branch (San Bernardino Co.)	103	137	153	155	(2)	(1.4%)
Track	24	22	38	35	2	6.3%
Signal & Communications	42	39	57	36	21	36.6%
Structures	-	0	5	10	(5)	(93.3%)
Procurement	2	31	8	6	2	21.5%
Other	18	27	26	42	(16)	(61.5%)
Agency Costs	18	18	19	26	(6)	(32.6%)

Line Segment/Territory	FY 09-10 Expenditure Actual	FY 10-11 Expenditure Actual	FY 11-12 Expenditure Budget	FY 12-13 Expenditure Budget	Variance FY12-13 vs FY11-12 Budget (Over)/Under	Variance FY11-12 vs FY10-11 Budget %
Total Maintenance-of-Way	\$24,288	\$30,687	\$26,536	\$27,686	(\$1,150)	(4.3%)
Track	5,562	5,911	5,902	5,092	810	13.7%
Signal & Communications	9,374	9,013	10,847	9,433	1,414	13.0%
Structures	649	921	756	1,082	(327)	(43.2%)
Procurement	1,060	4,822	1,148	1,211	(63)	(5.5%)
Other	3,412	5,120	3,971	5,916	(1,945)	(49.0%)
Extraordinary Maintenance	1,405	1,532	1,000	1,090	(90)	(9.0%)
Agency Costs	2,825	3,367	2,913	3,861	(949)	(32.6%)

This page intentionally left blank

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 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 \$79.5 million and \$294.9 million, respectively, for a total of \$374.4 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 FY13.

Total Capital Program

	<u>FY 12-13</u>
Rehabilitation Carryover Projects	\$ 51,640
Rehabilitation New Authority Projects	\$ 27,836
Total Rehabilitation Projects	<u>\$ 79,476</u>
New Capital Carryover Projects	<u>\$ 294,880</u>
Total FY 2012-13 Capital Program	<u>\$ 374,356</u>

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 13 Budget. As funds become available and, after review and approval by the Board and Member Agencies, these projects will be amended into the 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 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, Wheel Trucks, Heating/Ventilation/Air Conditioning (HVAC), Traction Motors, and Head End Power Engine.

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.

The SCRRA Board adopted, during 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 for the condition of the SCRRA's infrastructure network is 87, as of June 30, 2010. For a complete description of the rating values and their meanings, please see Section 8 - Appendix.

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, and standards or assets that are functionally obsolete and no longer commercially supported. These worn out or functionally obsolete assets or replaced, repaired or otherwise modified with new assets that preserve and extend the useful life of these capital assets. Rehabilitation recommendations are based upon tolerating only the most minimal and manageable risks of failure. Rehabilitation projects and programs are also sometimes known as "State of Good Repair" or "capital reinvestment" projects and programs. The Federal Transit Administration provides 5307 and 5309 formula funds for State of Good Repair or capital reinvestment.

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 large groups of assets are replaced when they are close to failure using economically large workforces and machines to achieve 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 of rail consists of periodic grinding to restore the original contour, replacement of thermite field welds in some cases with flash butt welds 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 there are 2,640 concrete ties, spaced at 24 inches.

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, and are usually maintained in a cycle method whereby 25-35% (800-1000 per mile) of the wood ties are replaced every seven to ten 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.

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 of \$79.5 million are summarized by project type in *Exhibit 6.1 FY 2012-13 Rehabilitation Carryover Projects* and *Exhibit 6.2 FY 2012-13 Rehabilitation New Authority Projects*. Rehabilitation projects that will not be completed in FY 12 are identified as on-going carryover rehabilitation projects, as outlined in Section 6.3. They amount to \$51.6 million. The new projects seeking initial authority in FY 13 amount to \$27.8 million and are presented in Section 6.4.

6.3 FY 2012-13 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.

The following projects are ongoing projects authorized in FY 12 or earlier and are anticipated to be ongoing beyond the fiscal year ending June 30, 2012. The following figures represent staff's estimate of the outstanding authorized balance on each project as of the adoption of the fiscal year budget. These estimations in no way alter the funding authority 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. Structures Programs (*512012*)

This program will 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.

B. Track Program (*512011*)

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

2. Ventura Line Improvements Program (Los Angeles Co.)

The programs on this portion of the Ventura Line are funded by LACMTA.

A. Signal and Communication Program (*510023/511023/512013/512014*)

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.

B. Track Program (*510096*)

This project is to rehabilitate Buena Vista/Van Owen crossing as part of a street and traffic signal improvement by the City of Glendale.

3. Antelope Valley Improvements Program

The programs on this line are all within Los Angeles County and are funded by LACMTA.

- A. Signal and Communication Program (510033/511033/512033)
This Program will complete 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.
- B. Track Program (512031)
This program will fund transposition of rail on curve 98 to improve rail longevity.

4. San Gabriel Improvements Program

Funding for most projects on the San Gabriel line is provided by both LACMTA and SANBAG unless otherwise noted.

- A. System(s) Improvements including Fiber, Microwave and Control Center System Programs (509045 & 509046)
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). Scope development on both projects is ongoing with the completion of the engineering phase and the identification of the system components. Some MOC control center system components have been replaced and brought to a state of good repair
- B. 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 a new Electronic Passenger Information System (EPIS). 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.
- C. Track Program (512041)
This project is for rail replacement on curves 24 and 25.
- D. Structures (512042)
This funding is to verify ratings on various bridges in accordance with new FRA requirements.
- E. Signal and Communication Program (511044/512043/512044)

This program is for the upgrade of Control Point Vernon and detectors @ MPs 32.9, 48.2, and 54.9. 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; and 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. Signage/Lighting (512049)

This project will install LCD/LED lighting upgrades at various stations on the San Bernardino Line

5. Pasadena Sub Improvements Programs

The programs on this line segment are funded by LACMTA.

A. Signal Program (510045)

The program is to continue the rehabilitation and state of good repair work on the signals and grade crossing active warning devices.

6. Olive Line Subdivision Improvements Programs

A. Signal and Communication Program (512053/512054)

This project provide 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. Communication Rehabilitation including Fiber and Digital Microwave Program (509064)

This project is part of a multiyear program on the Orange subdivision to upgrade communication, signal and IT systems to meet current and future technologies. The planned increase in traffic frequencies associated with the Orange County Service and connect the Orange County network with the Metrolink control centers in Pomona. Expansion, passenger information systems, along with data transfer between system servers necessitates fiber optic and digital microwave communication technologies.

B. Communication Track Program (511061)

The Track Program on the Orange County Line segment is:

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

C. Structures Program (511062/511064/512062)

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. Additional work required to move and improve the functionality of the Sand Canyon MOW facility which is not part of the Sand Canyon Grade separation project. The Grade Separation project will utilize the current MOW site.
3. Renewal of the bridge structural components at M.P. 200.2.
4. Verify ratings on various bridges in accordance with new FRA requirements
5. Improve grading, drainage and install fencing at various locations on the Orange County Line

D. 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. 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 (511074)

This program will renew the No. 10 Turnout at M.P. 484.7, install 2,000 ft. of continuous welded rail on Main Track 1 and 2 at Curve 39, M.P. 482.1.

B. Signal and Communication Program (512073/512074)

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

1. Install VHLC technology at Control Point Mission to accommodate LED lights
2. 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.

C. Structures Program (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.

9. System Improvements Programs

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

A. System Communications Design in Riverside County (510095)

This project is funded 100% by RCTC. The Project is for engineering studies and construction of SCRRA System Communication Improvements to link and better integrate existing SCRRA facilities in Riverside County with the rest of SCRRA 's System Communication Network.

B. L.A. Union Station Canopy Rehabilitation (507092)

This project involves the minor rehabilitation of Los Angeles Union Station platform fixtures and major rehabilitation of the station canopies and replacement of the customer information signage and public address systems. Minor rehabilitation work has been completed. The rehabilitation of the canopies will be performed over several years and will be initiated when additional funding becomes available.

C. 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. The remaining funds will be used for tenant improvements to the existing office/warehouse building and site to allow occupancy for office personnel and warehousing of materials.

D. Facilities Rehabilitation (510093/510097/512091)

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. FY12 funds will support ground power and air compressor rehab at outlying points.

E. 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.

F. Rolling Stock Rehab/Renovation (585xx/5125xx)

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.

1. Rail car projects include ongoing rehabilitation of the car HVAC units and door control units, upgrade of the passenger emergency communications system, and preparation of a specification for the rail car mid-life overhaul.
2. Locomotive projects include ongoing rehabilitation of the traction motors and upgrade to narrowband radios. Also included are two key projects: 1) 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, and 2) a project to rehabilitate the locomotive main engines to improve reliability and reduce engine emissions.

G. 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 start up 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 at 45 to 47 stations with new equipment that utilizes current technology. This item also provides for development and implementation of a centralized integrated information server. The information server will accept train location inputs from a number of sources including the new ARINC CAD and PTC systems and will be integrated with the advanced global positioning and train location systems and will be integrated into the PTC System. The server will distribute detailed train arrival and departure outputs to the above mentioned new audio and video equipment, a public web page and to email subscribers.

H. Passenger Signage Rehabilitation (507090/508090/509090)

These projects are 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. A portion of these projects are funded by Federal Homeland Security funds.

I. Signal System (509083/512083)

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.

J. Rubber Tired Vehicle Replacement (510085/510086/511086)

This program funds the ongoing replacement of portions of the agency's fleet of non-revenue, rubber tired vehicles for administrative and field personnel.

- K. Track Surfacing/Rail Grinding/Track Geometry (511080/511081/511082)
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.

- L. TVM Rehab & Replacement (510089/511089/512089)
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.

- M. MOW Equipment (511094)
Procurement of a hi-rail bucket truck to support the agency's rehabilitation program.

- N. System Communications (511096/511097)
These projects are 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.

- O. FRA Bridge & Tunnel assessments (511087)
This program is to provide for systemwide bridge and structures capacity ratings to ensure compliance with FRA requirements.

- P. Lighting at LAUS (512092)
This project will upgrade the lighting at platforms and lead tracks at LAUS, including lighting at CP Mission and CP Terminal Tower areas.

6.4 FY 2012-13 New Rehabilitation Projects

The following new projects are proposed for Rehabilitation in FY 2012-13:

- 1. Ventura Line Improvements Program (Ventura Co.)**
 - A. Track Program
This program will rehabilitate the turnout at CP Strathearn in Ventura County.

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

 - C. Signal Program

This project will rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at two crossings in Ventura County.

D. Communications Program

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 (LA County)

A. Track Program

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

This program will fund 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

This program will renew 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

This project will upgrade 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.

3. Antelope Valley Improvements Programs

A. Track Program

This program will rehabilitate the turnout at CP Saugus, and rehabilitate rail on curves 107, 108, 112, 113, 116, 117.

B. Structures Program

This program will fund 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

This program will replace four switches at CP Taylor, and rehabilitate/replace crossing gates, gate savers, predictors, batteries and other crossing equipment at 12 crossings.

4. San Gabriel Line Improvements Program

A. Track Program

This project will rehabilitate turnouts at CP Barranca, CP Irwin and CP Bassett, as well as replace selected transition rails and insulated joints.

B. Signal Program

This program will rehabilitate 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 17 crossings.

C. Communications Program

This project will 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.

5. Pasadena Subdivision Improvements

A. Signal Program

This program will rehabilitate crossing gates, gate savers, and predictors at four crossings to replace obsolete or worn components and assure safety and reliability at the crossings.

6. Rialto Subdivision Improvements

A. Signal Program

This program will rehabilitate crossing gates, gate savers, and predictors at two crossings.

7. Orange Line Segment Improvement Programs

A. Track Program

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

B. Structures Program

This program will fund rehabilitation design analysis of the San Juan Creek bridge, replace four wood box culverts at MP 203.43, 203.21, 202.35, 202.31, fund FRA-required capacity ratings on bridges or culverts, right-of-way grading, hydrology design and rehabilitation study of the structures at MP 176.6.

C. Signal Program

This program will rehabilitate electologic at CP Capistrano, renew cables, upgrade 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.

C. Signage Program

This project will replace faded and damaged signage at 13 stations in Orange County (including Oceanside).

8. River Line Segment Improvements Program

A. Track Program

This program will replace transition rails and insulated joints at selected locations, and rehabilitate the turnouts at CP Taylor.

B. Structures Program

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

C. Signal Program

This program will replace batteries at CP Terminal and CP Mission, rehabilitate electologic 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

This project will establish 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.

9. System Improvements Programs

A. Facilities Program

This project adds 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.

B. MOW Facility

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.

C. Information Technology Program

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, implementation of a long term project management and scheduling solution, and a comprehensive financial planning and forecasting solution.

D. Rolling Stock Rehab/Renovation

This item is composed of rehabilitation and renovation programs on SCRRA rolling stock including passenger cars and locomotives. The following programs are *proposed for FY13*:

- 1.Passenger Cars: the ongoing overhaul of HVAC units and door control units
- 2.Locomotives: ongoing program of Traction Motor overhauls

E. System Track Program

This project is for on-going systemwide track measurement and testing, operation of the track geometry car, and operation of the rail detector.

F. System Signal

This project will fund 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.

G. System Communications

This project will fund installation of communications shelters alarms and alarm system, upgrade wayside detectors, upgrade VHF radios to narrowband, and update and enhance wayside communications sites.

H. Vehicles

These funds will be used to procure two hy-rail bucket trucks and 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.

I. TVM Parts & Replacement

These funds will be used to upgrade the user interface to touch-screen technology, and update tactile signage.

J. Locomotive Tier-4 or Service Life Extension

These funds are for the Member Agency contribution toward a program to improve current non-tier EMD locomotive emissions and reliability by upgrading the main engines to Tier-4 status, and analyzing and overhauling key components to improve locomotive reliability.

6.5 FY 2012-13 Ongoing New Capital Projects

New Capital projects are those projects that enhance or expand the system rather than rehabilitate existing systems. Examples are sidings, double track, upgrade of the signal system, and new rolling stock. The Board approves the total funding and scope of the projects in the year in which they are approved. The figures listed below represent the estimated outstanding or newly authorized project balances as of July 1, 2012. For the FY 13 Budget, as shown in Exhibit 6.3, the agency's New Capital program of new projects and outstanding project balances amount to \$294.9 million.

1. Mail Dock and Platform 7 at LAUS (406002)

This project will reinstate passenger service on Platform 7 from the existing Track 13 and future Track 14 at Los Angeles Union Station. The scope of the project includes demolition of the mail dock and reconstruction of Platform 7 to match the other existing historic platforms. The addition of Platform 7 will provide greater operational capacity and flexibility at LAUS.

2. Orange County Service Expansion (407001-407010)

As part of this project, Metrolink service in Orange County between Fullerton Station and Laguna Niguel Station, on the Orange Subdivision, will be expanded. The first phase will increase service with an additional 6 trips daily. The project includes improvements, modifications and expansion of station platforms, tracks, and signals.

3. Conduit Installation – San Bernardino 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.

-
- 4. Fiber Installation (408004)**
The project would extend SCRRA's underground fiber optic backbone for railroad operations communications and station communication link on the River Subdivision toward Redondo Junction and north toward the Central Maintenance Facility (CMF).
 - 5. Tunnel 25 Intrusion Detection (408005)**
Tunnel 25 is a 7,000 foot tunnel located on the Antelope Valley Line in Sylmar at MP 28.5. The project is to improve security at the tunnel by installing interior lighting within the tunnel as well as lighting, cameras, wayside train detection and intrusion detection at the tunnel portals and enhanced communications links to support the detection equipment.
 - 6. Antelope Valley Improvements (409001)**
This project is for the construction of an up to 7000-ft passing siding south of Vincent Grade/Acton Station and north of Lang Siding on the Antelope Valley Line to increase freight capacity and reduce travel times on this line
 - 7. Positive Train Control (409004) (see also # 18 Train Control Facility)**
Positive Train Control (PTC) is a federally mandated program, included in the Rail Safety Improvement Act, to install 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. PTC must be installed on the SCRRA system and all Passenger Inter-City Freight Railroads by 2015 with an earlier SCRRA goal of Fall 2013.
 - 8. Empire Avenue (409006)**
This project is to accommodate Caltrans I-5 HOV Project by (1) constructing a 7,500 feet single track shoofly; (2) constructing a 3-track wide raised retained railroad embankment; (3) constructing new railroad bridges over Buena Vista and Empire Avenue; (4) closing San Fernando Road underpass; (5) constructing new permanent main track and 7,500 feet siding.
 - 9. Fencing, Access Control and Intrusion Detection @ 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 in Tunnel 26 on Metrolink's Ventura County Line in Los Angeles and Ventura Counties. The project will improve security at the tunnels by installing camera and intrusion detection at the tunnel portals and enhanced communications links to support the detection equipment.
 - 10. EMF Hardening (411001)**
This project will provide for additional security at the agency's Eastern Maintenance Facility (EMF) through the installation of 11 security cameras, 800 Lf of wire mesh fencing, and 4100 feet of existing fencing intrusion detection.

- 11. Fiber and Communications – Antelope Valley Line (411003)**
Install communication improvements including but not limited to fiber, secure microwave, and wireless and other related technologies along the Antelope Valley Line right of way of the Metrolink system.
- 12. Fencing at Key Locations (411004)**
This project is to provide for the design and first phase installation of fencing and a security soundwall at CMF.
- 13. CP Stadium (412008)**
This project is part of the Metrolink Service Enhancement Project (MSEP) and will construct a universal crossover at a CP Stadium.
- 14. Sealed Corridor (Project # TBD)**
This project currently consists of the design of comprehensive corridor safety enhancement program. Funding is from state FY 10-11 PTMISEA.
- 15. Rolling Stock Procurement (604001/611001)**
This project includes funds committed through the SCRRA's Member Agencies for the current procurement of 137 CEM rail cars called the *Guardian* fleet.
- 16. PROP 1B – Rolling Stock Spare Parts (608003)**
These spare parts would be built at the same time as the components for the rolling stock SCRRA currently has on order and would allow for repair and replacement as needed once the rolling stock is delivered.
- 17. PROP 1B – SANBAG Rail Cars (608004)**
This funding is for the procurement of three rail cars for use along the San Bernardino Line to accommodate expected ridership growth.
- 18. Train Control Facility (Part of the overall PTC Program) (450050)**
This project funds construction of a new 2-story office building of approx. 28,000 square feet called the Train Control Operations Support Facility (TCOSF). The building will be designed and built to the California Essential Service Building Standards and will achieve LEED Silver Certification. The TCOSF will be the new location for railroad dispatching and operations, PTC and CIS equipment, and will house SCRRA staff and LA County Sheriff personnel.

6.6 FY 2012-13 New Capital Projects

There are no new capital projects proposed for FY 2012-13.

The Board approves the total funding and scope of the projects in the year in which they are approved. Projects for which funding is currently being pursued but not yet received are not listed in the budget. At such time that funds to complete a project scope have been identified, and against which the SCRRA has the right to obligate expenditures, projects are amended into the fiscal year budget.

6.7 Exhibits

6.7.1 *Exhibit 6.1: FY 2012-13 Rehabilitation Carryover Projects*

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

6.7.2 *Exhibit 6.2: FY 2012-13 Rehabilitation New Authority Projects*

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

6.7.3 *Exhibit 6.3: FY 2012 -13 New Capital Carryover Projects*

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

Exhibit 6.1

FY 2012-13 Rehabilitation Carryover Projects

(\$ Thousands)

Subdivision	Project Category	Remaining Project Authority FY13	LACMTA	OCTA	RCTC	SANBAG	VCTC	Lease	UPRR	State	Federal	Amtrak
Ventura (Ven County)	Track	369					369					
Ventura (Ven County)	Signal	130					130					
Ventura (Ven County)	Bridge	215					215					
Ventura (LA County)	Track	1,304	1,304									
Ventura (LA County)	Signal	533	533									
Valley	Track	1,119	1,119									
Valley	Signal	2,173	2,173									
San Gabriel	Signage/Lights	995	597			398						
San Gabriel	Track (PY Carryover)	160	26			135						
San Gabriel	Track (New in FY12)	240	144			96						
San Gabriel	Signal (PY Carryover)	3,100	1,476			1,623						
San Gabriel	Signal (New in FY12)	1,144	686			458						
San Gabriel (SBCo)	Bridge	98				98						
Pasadena	Signal	122	122									
Olive	Signal	183		183								
Orange	Track	555		555								
Orange	Bridge	363		363								
Orange	Structures	781		781								
Orange	Facilities	150		150								
Orange	Signal	6,144		6,144								
River	Track	334	123	51	29	37	19		75			
River	Signal	2,239	1,064	443	249	322	161					
River	Bridge	848	291	121	68	88	44					235
System	Signage	2,700	469	212	110	253	84				1,573	
System	Facilities (PY Carryover)	2,976	613	809	454	588	294			218		
System	Facilities - (New in FY12)	720	342	142	80	104	52					
System	Finance	1,814	1,814									
System	Signal	467	89	37	21	27	13				280	
System	Signal	1,365			1,365							
System	Vehicles	698	332	138	78	101	50					
System	TVM	204	97	40	23	29	15					
System	Track	690	328	136	77	99	50					
System	Maint. Information	200	95	40	22	29	14					
System	Rolling Stock (PY Carryover)	7,745	3,312	1,378	774	1,003	501	776				
System	Rolling Stock (New in FY12)	7,200	3,066	1,276	717	928	464	750				
System	MOW IS Support	200	95	40	22	29	14					
System	Structures	141	67	28	16	20	10					
System	IT System Solutions	1,050	499	208	117	151	75					
System	Signal/Communications	176	83	35	20	25	13					
Sub-total Carryover Projects		51,640	20,958	13,309	4,239	6,641	2,587	1,526	75	218	1,853	235

Exhibit 6.2

FY 2012-13 Rehabilitation New Authority Projects

(\$ Thousands)

Subdivision	Project Category	Total Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC	Lease	UPRR	State	Federal	Amtrak
Ventura (Ven County)	Track	207					207					
Ventura (Ven County)	Structures	20					20					
Ventura (Ven County)	Signal	78					78					
Ventura (Ven County)	Communication	164					164					
Ventura (LA County)	Track	543	543									
Ventura (LA County)	Structures	197	197									
Ventura (LA County)	Signal	593	593									
Ventura (LA County)	Communications	400	400									
Valley	Track	336	336									
Valley	Structures	373	373									
Valley	Signal	694	694									
San Gabriel	Track	497	298			199						
San Gabriel	Signal	1,252	751			501						
San Gabriel	Communications	776	466			311						
Pasadena	Signal	155	155									
Rialto	Signal	78				78						
Orange	Track	3,246		3,246								
Orange	Structures	1,242		1,242								
Orange	Signal	1,424		1,424								
Orange/Olive	Signage	832		832								
River	Track	311	148	62	35	45	22					
River	Structures	155	74	31	17	22	11					
River	Signal	540	257	107	60	78	39					
River	Communications	455	216	90	51	66	33					
System	Facilities	1,507	716	298	167	217	109					
System	Track	311	148	62	35	45	22					
System	Information Technology	2,846	1,352	564	316	410	205					
System	Signal/Veh	311	148	62	35	45	22					
System	MOW	273	130	54	30	39	20					
System	Communications	531	252	105	59	76	38					
System	Signal	550	261	109	61	79	40					
System	Vehicles	207	98	41	23	30	15					
System	Vehicles	415	197	82	46	60	30					
System	TVM (140 ea)	714	339	141	79	103	51					
System	Mechanical. Locomotive traction overhaul	381	146	61	34	44	22	74				
System	Mechanical. Car HVAC overhaul (12 cars)	246	-	-	-	-	-	246				
System	Mechanical. Car Door Operator Overhaul (12 cars)	81	-	-	-	-	-	81				
System	Mechanical. Locomotives overhaul (Tier 4)	4,899	2,327	970	544	706	353	-	-	-	-	-
System	OCTA Rotem Car Settlement	-	4,100	(7,300)	3,200							
Total FY2012-13 New Funding Request		27,836	15,712	2,281	4,791	3,151	1,500	400	-	-	-	-
Total FY2012-13 Authority Including Carryforward		79,476	36,670	15,590	9,030	9,792	4,087	1,926	75	218	1,853	235

Exhibit 6.3

FY 2012 -13 New Capital Carryover Projects

(\$ Thousands)

Project Description	Total Budget	Remaining Budget as of 6/30/2012	LACMTA	OCTA	RCTC	SANBAG	VCTC	Federal	State	Other
LA Union Station Platform 7-Mail Dock	24,300	13,658		928					12,730	
Metrolink Service Expansion Program	95,000	12,259		12,259						
Communication Improvement Including Fiber Optic (Claremont to San Bernardino)	1,788	1,493				1,493				
San Gabriel - Swing	1,000	133				133				
Fiber Installation	7,024	936					202	734		
Swing Gates and Fencing	1,489	31							31	
Antelope Valley Line Siding Between Lang & Ravenna	14,350	3,183	1,424						1,759	
MSEP Start Up	815	320		320						
Positive Train Control	199,943	113,682	31,211	21,546	2,093	2,267	1,295	4,345	50,926	-
Empire Avenue/15 Widening Burbank	99,991	92,890							92,890	
Intrusion Detection at Tunnels 26, 27 and 28	2,250	1,874						1,874		
Intrusion Detection at Tunnels 18 and 19	1,100	937						937		
EMF Hardening	490	451						451		
Tunnels 26, 27, and 28 Fencing and Access Control	500	490						490		
Fencing at Key Locations	2,101	2,092						2,092		
Sealed Corridor - Ventura County Line	50	50	50							
Fiber and Communications Improvements on Antelope Valley Line	2,101	1,898						1,898		
Purchase/Rehab MPI Locomotives	48,279	682	80	602						
Hyundai-Rotem Rail Car Procurement	269,519	46,012		17,531	1,630		700		18,301	7,850
Purchase Rolling Stocks Spare Parts	2,500	1,808							1,808	
Total New Capital Projects Authority	774,589	294,880	32,765	53,185	3,723	3,893	1,995	12,289	179,180	7,850

This page intentionally left blank

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2012-13 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 2012-13, the proposed SCRRA G&A budget, using the compilation of costs as described above, is \$16.6 million or an increase of \$18.3% over FY 12. *Exhibit 7.1* identifies the key elements of this budget by expenditure type.

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 12, approval was granted for SCRRA's FY 2007-08 and FY 2008-09 by the FTA.

FY 13 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 as 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.

7.2.1 *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.

7.2.1 *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 Financial Officer, SCRRA manages 246 full time equivalent (FTE) headcounts.

Agency FTE Headcount

	<u>FY 12-13</u>
Executive Office	14
Operations Office	112
Administration Office	73
Strategy Office	21
Human Resources	6
Finance Office	<u>20</u>
FY 13 Total FTE Headcount	<u><u>246</u></u>

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 2012-13 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 2012-13 Indirect Cost Allocation Plan Rates*

This exhibit illustrates the proposed SCRRA business modes and the cost allocations that support the FY 2012-13 ICAP rates.

7.6.3 *Exhibit 7.3a, b, c, d: FY 2012-13 Roster of Positions*

This exhibit provides a roster of FY 2012-13 FTE headcount identified by specific positions within each Executive Office and Department.

Exhibit 7.1

FY 2012-13 General and Administrative Expenses (\$000)

Expenditure Description	Total FY 11-12 Budget	Fiscal Year 2012-13			Total FY 12-13 Budget	FY 12-13 Budget vs. FY 11-12 Budget	
		Federally Eligible	Local Funding	Admin Capital		Increase	%
Agency Costs							
Consultants	181	17	-	-	17	164	90.6%
Recruitment Services	100	100	8	-	108	(8)	(8.0%)
Office Equip Maint & Repair	40	35	-	-	35	5	12.5%
Outside Temporary Help	100	150	-	-	150	(50)	(50.0%)
Document Management & Storage	40	50	-	-	50	(10)	(25.0%)
In-House Training Services	100	200	-	-	200	(100)	(100.0%)
Bank Service Charges	125	125	-	-	125	-	0.0%
Materials & Supplies	184	99	0	-	100	85	46.0%
Office Equipment	78	84	-	60	144	(67)	(85.8%)
Printing & Reproduction	56	43	2	-	45	11	19.3%
Postage & Messenger	62	85	-	-	85	(23)	(37.0%)
Other Misc Expense	93	454	11	-	466	(373)	(401.7%)
Total Agency Costs	1,159	1,443	21	60	1,524	(366)	(31.6%)
Staff Labor							
SCRRA Wages & Salaries	5,094	4,270	596	-	4,866	228	4.5%
Wages Interns	100	100	-	-	100	-	0.0%
Allocated Fringe Benefits	2,883	2,670	372	-	3,042	(159)	(5.5%)
OPEB - GASB45	-	-	2,500	-	2,500	(2,500)	N/A
Total Staff Labor	8,078	7,040	3,468	-	10,509	(2,431)	(30.1%)
Professional Services							
Legal Services	90	-	-	-	-	90	100.0%
Auditing & Accounting	165	75	-	-	75	90	54.5%
Consultants	660	738	3	-	741	(81)	(12.3%)
Lobby Services	310	-	456	-	456	(146)	(47.1%)
Total Professional Services	1,225	813	459	-	1,272	(47)	(3.8%)
MIS							
Consultants	740	740	-	-	740	-	0.0%
Computer S/W / H/W Maintenance	752	590	-	170	760	(9)	(1.1%)
Office Equip Maint & Repair	20	20	-	-	20	-	0.0%
Document Management & Storage		20	-	-	20	(20)	N/A
Materials & Supplies	62	62	-	-	62	-	0.0%
Office Equipment	30	18	-	-	18	12	40.3%
Computer H/W	200	202	-	-	202	(2)	(1.0%)
Computer S/W	108	160	-	-	160	(52)	(48.1%)
License & Registration Fees	-	5	-	-	5	(5)	N/A
Total MIS	1,912	1,817	-	170	1,987	(75)	(3.9%)
Employee Recognition							
Misc Expenses	3	-	27	-	27	(24)	(783.3%)
Total Employee Recognition	3	-	27	-	27	(24)	(783.3%)
Utilities/Leases							
Office Space Rental	1,500	1,192	-	-	1,192	308	20.6%
Other Utilities/Leases	55	1	0	-	1	54	98.4%
Total Utilities/Leases	1,555	1,192	0	-	1,193	362	23.3%
Board Related Items							
Board Travel/Meeting Expenses	20	-	13	-	13	6	32.7%
Board Per Diem	76	-	78	-	78	(2)	(2.8%)
Board Development Program	35	-	35	-	35	0	1.3%
Total Board Related Items	130	-	125	-	125	5	3.6%
Total G&A Expenses	14,061	12,306	4,101	230	16,636	(2,575)	(18.3%)

Exhibit 7.2

FY 2012-13 Indirect Cost Allocation Plan (ICAP) Cost Calculations (\$000)

Tier 1 Compilation and Distribution of SCRRA G&A Expenses

General & Administrative Expenses FY 2012-13

Federally Eligible G&A	12,306
Non-Federal Eligible G&A	
Locally Funded G&A	4,101
Administrative Capital	230
Total G&A Expenses	\$16,636

Tier 1 Cost Distribution	Operating			Capital				Recollectable	Grand Total
	Train Operations	MOW	Subtotal Operating	New Capital	Equipment Procurement	Rehabilitation	Subtotal Capital		
SCRRA Labor Distribution (%)	64.02%	7.53%	71.54%	11.78%	3.80%	7.50%	23.08%	5.38%	100.00%
Federally Eligible G&A Allocation	7,878	926	8,804	1,449	468	923	2,840	662	12,306
Non-Federal Eligible Labor Distribution (%)	90.27%	9.73%	100.00%						100.00%
Non-Federal Eligible G&A Allocation	3,909	421	4,331	-	-	-	-	-	4,331
Total G&A Expense Allocation	\$11,787	\$1,348	\$13,134	\$1,449	\$468	\$923	\$2,840	\$662	\$16,636

Tier 2 Allocation and Calculation of Direct Rates

Collector Pool Expenses									
Salaries & Wages	4,415	416	4,831	369	208	486	1,062	106	5,999
Fringe Benefits	2,730	43	2,773	231	130	304	664	66	3,504
Other Expenses	7,847	1,048	8,895	375	10	275	660	235	9,790
Subtotal - Indirect Expenses	14,991	1,507	16,499	974	347	1,064	2,386	408	19,292
G&A Expense Allocation	11,787	1,348	13,134	1,449	468	923	2,840	662	16,636
Total Indirect and Allocable Expenses	\$26,778	\$2,855	\$29,633	\$2,424	\$815	\$1,987	\$5,226	\$1,070	\$35,929
Direct Expenses									
Salaries & Wages	4,545	596	5,142	1,215	304	523	2,043	617	7,801
Fringe Benefits	2,662	590	3,252	760	190	327	1,277	386	4,915
Other Expenses	132,382	23,611	155,993	241,978	47,194	76,638	365,810	2,373	524,176
Total Direct Expenses	139,590	24,797	164,386	243,954	47,687	77,489	369,130	3,376	536,892
Grand Total	\$166,368	\$27,652	\$194,020	\$246,377	\$48,503	\$79,476	\$374,356	\$4,445	\$572,821
Total Indirect and Allocable Expenses as % of Direct Labor	589%	479%		199%	268%	380%		173%	

Exhibit 7.3a

FY 2012-13 Roster of Positions

Cost Center	FTE Count	Department Name	Job title
Executive Office			
1100	5	Executive Office	Chief Executive Officer
			Chief of Staff
			Executive Office Assistant
			Chief Auditor
			Board Secretary
1105	2	Government Affairs	Government + Regulatory Affairs Manager Government Relations Administrator
1115	3	Legal Affairs	General Counsel
			Associate General Counsel
			Legal Assistant
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 and Development
			HR Assistant
			Learning and Development Coordinator
			Human Resources Representative
Finance Office			
4100	20	Finance Office	Chief Finance Officer
			Executive Assistant
			FIS Oracle Liaison
			Manager, General Accounting Management
			Manager, Financial Information Management
			Manager, Grants Administration & Fiscal Management
			Senior Financial Analyst
			Business Analyst
			Accounting Assistant
			Accounting Specialist - Payroll
			Accountant
			Financial Analyst (2)
			Department Administrative Assistant
			Senior Budget Analyst
			Assistant Budget Analyst
			Capital Budget Analyst
Grants Reporting & Compliance Coordinator			
Grants and Strategic Development Planner			
Accounting Specialist - Receivables			

Exhibit 7.3b

FY 2012-13 Roster of Positions

Cost Center	FTE Count	Department Name	Job title
Strategy Office			
1550	6	Strategy Office	Chief Strategic Officer
			Executive Assistant
			Department Assistant
			Strategic Programming + Development Manager
			Strategic Communications Manager
			Planning Manager
2150	1	Risk Management	Risk Manager
4220	14	Contracts and Procurement	Assistant Director, Contracts (2)
			Manager, Diversity and Labor Compliance
			Labor Compliance Analyst (2)
			Sr. Contract + Compliance Administrator (4)
			Contract + Compliance Administrator (3)
			Buyer
			Contract Review Analyst
Administrative Office			
1500	5	Administrative Office	Chief Administrative Officer
			Public Affairs Officer
			Assistant Public Affairs Officer
			Communications Representative
			Executive Assistant
3050	2	Customer Engagement	Director, Customer Engagement Manager, Corporate Accounts
3100	2	Research and Planning	Manager, Research + Planning GIS Analyst
3200	6	Sales and Marketing	Manager, Sales and Marketing
			Sales and Marketing Coordinator
			Marketing + Sales Program Manager
			Corporate Sales Manager
			CRM Applications Administrator
			Web Content Administrator
3300	35	Customer Relations	Field Services Manager (2)
			Customer Relations Supervisor (4)
			Lead, Customer Services Representative (8)
			Customer Services Representative (12)
			Field Services Representative (9)
3400	7	Communications	Communications Manager
			Station Administrator
			Communications Administrator
			Communications Coordinator (4)
3600	2	Fare Collection Services	Manager, Fare Collection Services Fare Collections Services Administrator
4230	1	Information Technology	Chief Information Officer
4235	6	Technical Services	Technical Services Manager
			Database Administrator - Software Support
			Web Programmer Analyst
			Senior Network Engineer
			Network Administrator
			Senior Oracle Applications DBA
4240	6	Business Systems	Director, Business System
			Oracle Lead, Finance & Procurement (2)
			Functional Lead, Customer Engagement & Communications
			Functional Lead, Oracle Reporting
			Functional Lead, Data Warehousing & Reporting
4245	1	Help Desk	Information Systems Supervisor

Exhibit 7.3c

FY 2012-13 Roster of Positions

Cost Center	FTE Count	Department Name	Job title
Operations Office			
2175	2	Operating Office	Chief Operating Officer Executive Assistant
2200	5	Operations + Security Division	Director, Operations Joint Facilities Manager Security Manager Business Administrator Department Assistant
2210	5	System Safety Department	Manager, System Safety Public Safety + Environment Manager Systems Safety Officer Training Compliance Administrator Contract Compliance Administrator
2215	29	Dispatching Services Department	Director, Dispatching Operations Manager, Dispatching Operations Supervisor, Dispatching Operations (6) Train Dispatcher (21)
2250	7	Field Operations Management Dept	Field Operations Manager Operations Compliance Officer (5) Field Operations Administrator
2300	8	Equipment Division	Director, Maintenance of Equipment Business Administrator Business Analyst Equipment Maintenance & Compliance Mgr Program Manager Mechanical Compliance Officer (2) Administrative Assistant
2305	2	Equipment, Capital	Rail Vehicle Capital Program Administrator Mechanical Systems Integrator
2310	6	Facilities + Fleet Maintenance	Facilities and Fleet Maintenance Manager Fleet Maintenance Coordinator Lead, Maintenance Technician Maintenance Technician (3)
2800	3	Engineering + Construction Division	Director, Engineering + Construction Business Administrator Department Assistant
2820	4	T+S Rehabilitation	Assistant Director, T+S Rehabilitation Track Maintenance Engineer ROW Maintenance Coordinator District T & S Maintenance Supervisor
2840	4	C+S Rehabilitation & Maintenance	Assistant Director, C&S Rehabilitation & Maintenance District C+S Supervisor (2) Signal Standards Compliance Officer
2860	5	Civil Engineering	Assistant Director, Standards & Design Senior Civil Engineer Civil Engineer Civil Design CADD Operator ROW Crossings Coordinator

Exhibit 7.3d

FY 2012-13 Roster of Positions

Cost Center	FTE Count	Department Name	Job title
Operations Office (continued)			
2870	3	C+S Engineering	Assistant Director, Communications + Signals
			Telecommunication Systems Manager
			Manager, Communications + Dispatch Systems
2875	6	PTC, C+S Systems	Director, PTC + C & S Systems
			Business Administrator
			Office Engineer
			Project Engineer
			Manager, PTC Network Architecture
			PTC Office System Engineer
2880	5	Public Projects	Assistant Director, Public Projects
			Senior Civil Engineer
			Civil Engineer (2)
			Senior Public Projects Specialist
2890	2	CPM Department	Assistant Director, Capital Construction and Rehabilitation
			Project Manager
4223	12	Materials Mgmt & Warehouse	Dir, Materials Management & Warehousing
			Inventory Control Manager
			Inventory Control Analyst
			Material Management Supervisor
			Materials Mgt Supervisor
			Material Handler (2)
			Material Handler
			Material Handler/Operator (4)
4350	4	Program Management	Assistant Director, Program Management Office
			Program Management Analyst (2)
			Program Management Administrator

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**FY 2012-13 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 13 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.

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 will mature 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 fiscal year 1999, 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 \$63.5 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.

8.4.3 *Agreement Three*

In fiscal year 2003, 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 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.

SCRRA meets both qualifications #1 and #2 for the modified approach and therefore does not depreciate assets as an annual operating expense.

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 (LACMTA), 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	10.4 million
	Orange County	3.2 million
	Riverside County	2.1 million
	San Bernardino County	2.1 million
	San Diego County	3.2 million
	Ventura County	<u>.8 million</u>
	Total Population:	21.8 million
	California Population	37.3 million
	% of State Population located within SCRRA Service Area	58.4%
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	<u>39</u>
	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	<u>39</u>
	Total Miles:	388
Available Equipment	Locomotives	52
	Cab Cars	54
	Coaches	142
Stations	Los Angeles County	26
	Orange County	11
	Riverside County	5
	San Bernardino	7
	Northern San Diego County	1
	Ventura County	<u>5</u>
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		8,588,702
Percent of Freeway Traffic Removed on Regional Freeways		
<i>Each Peak Hour</i>		2.9%
Percent of Freeway Traffic Removed on I-10 and SR 60 corridor		
<i>Each Peak Hour</i>		up to 25%
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		65.0%
Percent of Minority Riders by Line Corridor		
	San Bernardino Line	69%
	Riverside Line	73%
	Antelope Valley Line	57%
	Ventura County Line	41%
	Orange County Line	50%

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

(LACMTA), 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.

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
LACMTA	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
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 21 st 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 2012-13 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 2012-13 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 2012-13 Formulae Used to Allocate Expenses by Member Agency

Allocation	MTA	OCTA	RCTC	SANBAG	VCTC
Allshare	47.5%	19.8%	11.1%	14.4%	7.2%
Train Miles FY 12-13 Budget	53.7%	22.6%	7.6%	12.2%	3.9%
Train Miles Lagged (FY 10-11 Actual)	53.5%	21.0%	7.7%	14.1%	3.8%
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	64.0%	12.4%	4.0%	15.8%	3.7%
Unduplicated Stations	47.3%	21.8%	9.1%	12.7%	9.1%
TVM's	47.1%	21.0%	13.4%	11.8%	6.7%
Ridership FY 12-13 Excluding IEOC & MSEP	58.3%	17.9%	4.9%	15.0%	4.0%
Ridership Lagged (FY 10-11 Actual)	51.9%	21.9%	7.4%	15.2%	3.6%
75% Train Miles Lagged / 25% Unduplicated Stations	51.9%	21.2%	8.0%	13.7%	5.1%
San Bernardino Line Weekday	59.8%	0.0%	0.0%	40.2%	0.0%
San Bernardino Line Weekend	56.4%	0.0%	2.0%	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 Weekday	30.5%	69.5%	0.0%	0.0%	0.0%
Orange County Line Weekend	0.0%	100.0%	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 2012-13 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 12-13 Budget	25.0%	10.2%	20.8%	8.4%	15.8%	2.7%	11.5%	5.6%
Train Miles Lagged (FY 10-11 Actual)	26.9%	9.9%	21.6%	7.6%	15.6%	-	12.3%	6.0%
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	31.6%	12.8%	23.8%	9.7%	15.8%	0.0%	0.0%	6.4%
Unduplicated Stations	21.2%	18.5%	16.7%	10.0%	11.2%	4.5%	11.8%	6.1%
TVM's	20.9%	15.8%	16.7%	10.9%	10.2%	4.5%	12.6%	8.4%
Ridership FY 12-13 Excluding IEOC & MSEP	32.0%	10.3%	16.8%	12.6%	22.6%	-	-	5.7%
Ridership Lagged (FY 10-11 Actual)	28.9%	9.4%	15.3%	11.7%	20.3%	-	9.2%	5.2%
75% Train Miles Lagged / 25% Unduplicated Stations	25.4%	12.5%	19.4%	8.4%	15.3%	1.1%	12.5%	5.4%
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 Weekday	-	-	-	-	100.0%	-	-	-
Orange County Line Weekend	-	-	-	-	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%