

Metro

*Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
3rd Floor Board Room*



Metro

Agenda - Final Revised

Wednesday, February 17, 2016

11:30 AM

**One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room**

Ad-Hoc Regional Rail Committee

Directors/Alternates:

Paul Krekorian, Chair / Doug Mensman

Michael Antonovich, Vice Chair / Roxana Martinez / Jennifer Brogin / Michael Cano

Sheila Kuehl / Nicole Englund

Ara Najarian / Maureen Micheline

Hilda Solis / Joseph Gonzalez

Carrie Bowen, non-voting member

Phillip A. Washington, Chief Executive Officer

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The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

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- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

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TDD line (800) 252-9040

NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER**ROLL CALL**

5. RECEIVE oral report on **Metrolink Operational Update.** [2016-0136](#)

6. RECEIVE AND FILE report providing an **overview of the size and scale of Metro's Investment in Commuter Rail Operations in Los Angeles County, which will help guide the Cost/Benefit Analysis of Metro's Subsidy to Metrolink.** [2016-0059](#)

7. RECEIVE AND FILE report on the Metrolink Short Range Transit Plan and Ten Year Strategic Plan. [2016-0146](#)
Attachments: [Attachment A - Strengthening the Core of Metrolink](#)

Adjournment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.



Board Report

File #: 2016-0059, File Type: Informational Report

Agenda Number: 6.

AD-HOC REGIONAL RAIL COMMITTEE FEBRUARY 17, 2016

**SUBJECT: COST/BENEFIT ANALYSIS OF METRO'S SUBSIDY TO METROLINK - UPDATE 1 -
COMMUTER RAIL OPERATIONS IN LOS ANGELES COUNTY**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report providing an **overview of the size and scale of Metro's Investment in Commuter Rail Operations in Los Angeles County, which will help guide the Cost/Benefit Analysis of Metro's Subsidy to Metrolink.**

ISSUE

At its meeting of January 20, 2016, staff provided the Committee with the proposed scope of a Cost/Benefit Analysis of Metro's Subsidy to Metrolink (CBA) that outlined four areas surrounding Metro's investment in commuter rail operations in Los Angeles County and the Southern California Region:

1. The nature of Metro's mobility investment in commuter rail operations in Los Angeles County
2. The size and scale of the that investment
3. The determination and basis of calculating that investment
4. The rate of return to Metro and the residents of Los Angeles County

The purpose of this report is to provide the Committee with a high level overview of information on Metro's investment in commuter rail operations in Los Angeles County and Southern California. This background information will provide the committee a framework to guide staff in evaluating the relative costs and benefits of Metro's investment moving forward.

DISCUSSION

The Southern California Regional Rail Authority (SCRRA) was formed to operate and maintain a region wide commuter rail system on behalf of the Member Agencies consisting of the transportation authorities in the counties of Los Angeles, Ventura, San Bernardino, Riverside and Orange. The system operates under the brand name Metrolink.

Metrolink System

Commuter Rail Services

The Metrolink commuter rail system operates over a series of 7 different routes as outlined below in Table 1:

Table 1

Route	Miles	Stations	Trains Operated		
			Weekday Service	Saturday	Sunday
Ventura County Line*	70.9	12	31		
Antelope Valley Line	76.6	11	30	12	12
San Bernardino Line	56.2	13	38	20	14
Riverside Line	59.1	7	12		
Orange County Line	87.2	14	29	8	8
91Line ***	85.6	12	9	4	4
IEOC Line	100.1	15	16	4	4
Totals	535.7	84	165	48	42
Adjust for Duplications**	<126.8>	<25>			
Total Network Size and Operations	408.6	59	165	48	42
Total Weekly Service Operated			825	48	42

* Ventura County Line Operations include 11 weekday trains between Burbank/Bob Hope Airport and LAUS.

** Certain stations and route segments contain overlapping elements that are counted twice in information published by Metrolink. This total is adjusted to avoid duplicate counts

*** Miles and stations on the 91 Line include the anticipated opening of the Perris Valley Extension (Spring/Summer 2016) for reference.

As shown above, on behalf of the Member Agencies, the SCRRA manages the operation of a total of 915 trains on a weekly basis, of which 795 originate or terminate at Los Angeles Union Station (LAUS), a total of 87%. The exceptions are services on the IEOC line which does not traverse Los Angeles County and 8 daily weekday trains on the Orange County Line operating between Orange County and Oceanside.

System Ridership

Tables 2 below reports ridership data by line segment as of the first fiscal quarter of FY 2015-2016, the period July 2015 to September 2015. Additionally, based on the results of Metrolink’s ridership survey conducted during January and February 2015, staff has included selected passenger characteristics of each operating route.

Table 2

Ridership and Home County Origination – Weekday Service*							
Route	Avg Weekday Riders	Los Angeles	Ventura	San Bernardino	Riverside	Orange	San Diego
Ventura County Line	4,039	47%	47%	-	1%	4%	-
Antelope Valley Line	5,884	98%	-	1%	-	1%	-
San Bernardino Line	10,582	40%	-	56%	3%	-	-
Riverside Line	4,525	35%	-	30%	34%	1%	-
Orange County Line	8,190	19%	-	-	1%	72%	8%
91 Line	2,412	18%	-	3%	49%	29%	-
IEOC Line	4,492	-	-	18%	77%	5%	-
System Total	40,124	38%	5%	21%	18%	17%	2%

*Ridership Q1 FY2015-16 per Metrolink Fact Sheet; Home County of origin per Metrolink 2015 Origin - Destination Survey.

As highlighted in Table 2 above, approximately 38% of all Metrolink passengers begin their trip in Los Angeles County. Additionally per data supplied by Metrolink, approximately 68% of all passengers pass through LAUS on a daily basis. Though Los Angeles County remains the largest single individual county contributor to ridership, the information above illustrates the traditional “Spoke and Hub” design of the system to bring outlying commuters into a central core business district.

Table 3

Weekday Service – Selected Ridership Characteristics				
Route	Choice Riders*	Work/Business Trips	LA County Work/Business Trips as % of All Riders	Avg Trip Length (mi)
Ventura County Line	80%	87%	80%	34.0
Antelope Valley Line	66%	65%	64%	41.9
San Bernardino Line	73%	68%	64%	36.7
Riverside Line	91%	94%	94%	37.0
Orange County Line	89%	87%	60%	38.8
91 Line	88%	87%	70%	36.4
IEOC Line	94%	96%	0%	32.1
System Total	82%	81%	61%	37.2

* A choice rider is defined as having an automobile available as an alternative method for the selected trip
Data per Metrolink 2015 Origin - Destination Survey

Table 3 demonstrates that while the Metrolink system continues to operate as a traditional commuter rail system, transporting individuals from their home to work and back, with 81% of all trips being trips related to Work/Business, it also shows the increasing level of transit dependency on the Antelope Valley Line and, to a lesser degree, the San Bernardino Line. The Antelope Valley Line has both the longest average commute length, the fewest numbers of individuals with a car available to otherwise complete their journey, and the lowest level of passengers using the system to commute to their place of employment.

System Infrastructure

As shown in Table 4 below, the Metrolink commuter rail system operates throughout the six county area over a total of 408.6 route miles. Individual Rights-of-Way (ROW) routes and segments are owned by a combination the Member Agencies, freight railroads and the North County Transit District.

Table 4

Route Miles by County						
	Los Angeles	Ventura	San Bernardino	Riverside	Orange	Total
System	186.0	39.0	38.9	58.4	86.3	408.6
Member Agency Owned	137.9	15.6	22.7	24.0	47.5	247.7
UPRR Owned	31.8	23.4	9.6	13.9	-	78.7
BNSF Owned	16.3	-	6.6	20.5	19.8	63.2
NCTD Owned*					19.0	19.0

* ROW owned by the NCTD is considered within Orange County for operating purposes

The Member Agencies collectively own approximately 61% of the underlying network over which the Metrolink System operates. Within Los Angeles County, Metro owns approximately 75% of the operating network.

Equipment Requirements

The Metrolink system currently requires 39 train consists to operate the scheduled weekday service. A train consist includes a locomotive, a cab car at the opposite end of the train, and between 4 and 6 passenger cars. In order to provide service on 165 individual daily trains, a typical train consist operates between 2 and 6 trains a day depending on the distances traveled on each route.

Metrolink Financial Structure

Acting on behalf of the Member Agencies, Metrolink is required to annually recommend a budget to the Member Agencies that encompasses the proposed activities and required funding levels to ensure the safe and effective operations of the Member Agency sponsored commuter rail program for the succeeding fiscal year. Budgeted functions include Operations and Maintenance (O&M) including ROW maintenance, State of Good Repair/Capital Maintenance, and Capital Expansion projects.

Per the Joint Exercise of Powers Agreement (JPA):

“The GOVERNING BOARD shall approve a preliminary administrative budget and a capital improvement program for the succeeding fiscal year no later than May 1 of each year. The Board shall adopt a final budget no later than June 30 of each year.

...snip...

Decisions dealing with capital and operating fund allocations, as well as annual approval of each MEMBER AGENCIES share of the AUTHORITY'S annual budget, shall be approved by the MEMBER AGENCIES themselves.”

(JPA - Section 8 - Budget)

Operating Contributions

As referred in the abstract above, while the SCRRA is required to submit a proposed budget to the Member Agencies, it is the exclusive authority for the Member Agencies themselves to approve that budget and their respective individual contributions. The structure of the JPA reserves to each Member a limited veto power to ensure an unacceptable financial burden is not forced upon a Member beyond their means to support the agency.

In order to calculate each member's share of the proposed budget, the SCRRA uses a number of formulae to allocate costs and revenues to its Member Agencies who shall subsequently approve those allocations and the resulting budget contributions.

The general premise is that ALL costs are allocated to Members in order to determine a gross level of investment for each member agency. Revenues are subject to additional allocation processes and are subsequently credited to Member Agencies.

The resulting net operating subsidy (Gross Allocated Costs minus Allocated Revenues) is requested of each Member Agency as part of the annual request for budget authority.

In order to accomplish these various allocations, the agency uses a multi-variate, multi-step process. While the specific details of the formula will be discussed in detail with the committee at a future meeting, staff is concerned that among the many variables used to determine each Member's contribution, there may be an over-reliance on a specific variable, primarily Train Miles, that has the potential to over-weight the calculated Metro operating contribution. Staff's concern is that the operating location of a train may not be completely reflective of the underlying cost drivers or measure of benefit.

Metrolink has recently engaged an independent consultant to review the current cost allocation methodology and processes. We will work very closely with the consultant to ensure that staff's concerns are noted, represented, and addressed in the analysis.

Table 5 details Actual and Budgeted Operating costs of the agency and Metro's corresponding share for the periods FY11 through FY16.

Table 5

(Millions \$)	Actual FY11		Actual FY12		Actual FY13		Actual FY14		Budget FY15		Budget FY16	
	Total	Metro	Total	Metro	Total	Metro	Total	Metro	Total	Metro	Total	Metro
Total Operating Expenses	171.5	90.1	173.3	91.6	191.2	102.0	199.2	107.1	222.1	117.8	240.5	125.3
Total Operating Revenues	91.6	50.4	96.7	53.5	101.7	55.3	101.6	54.0	110.4	58.1	101.5	53.5
Subsidy Requirements	80.0	39.7	76.6	38.1	89.5	46.7	97.6	53.2	111.7	59.7	139.1	71.8
Subsidy as Share of Ops	46.6%	44.1%	44.2%	41.6%	46.8%	45.8%	49.0%	49.6%	50.3%	50.7%	57.8%	57.3%
Metro Share of Net Subsidy		49.6%		49.7%		52.2%		54.5%		53.4%		51.6%
Annual Changes												
Expenses			1.0%	1.7%	10.3%	11.4%	4.2%	5.0%	11.5%	10.0%	8.3%	6.4%
Revenues			5.6%	6.2%	5.1%	3.4%	-0.1%	-2.5%	8.7%	7.7%	-8.1%	-7.9%
Subsidies			-4.2%	-4.1%	16.9%	22.7%	9.0%	13.8%	14.5%	12.3%	24.5%	20.3%
Total Growth FY11 to FY16												
Expenses											40.2%	39.1%
Revenues											10.8%	6.2%
Subsidies											73.9%	80.9%

Actual expenses per annual MOU audit of Metro’s contribution to Metrolink. FY16 Budget includes amendment to incorporate the lease of 40 BNSF locomotives.

As illustrated above, while Metro’s share of expenses have largely mirrored the overall rate of growth of the Metrolink system, a stagnation of revenue growth since FY13 has led to a collective increase in all Member Agency’s operating subsidies of approximately 74% since FY11 with Metro’s contribution increasing over 80% during the period.

The table also illustrates that Metro’s share of the subsidy is increasing incrementally from 49% in FY11 to a high of 54.5% in FY14 and tapering to 51.6% in the most recent budget. Reasons for changes are largely related to the stagnation of revenues across the line segments supported by Metro.

In light of the above, staff believes in the importance of a comprehensive review of the cost and revenue allocation methodologies to ensure Metro’s investment in commuter rail operations is balanced against the benefits.

Capital Contributions

In October 2015, staff provided the Board with a detailed summary of activity surrounding Metro’s contribution to SCRRA’s Capital and State of Good Repair/Capital Rehabilitation programs (Board Meeting; October 22, 2015; Item #14). Without replicating the entirety of that report, the information below summarizes Metro’s Capital Contributions in the periods FY11 to FY16

Individual Member Agency capital contributions have traditionally been determined in one of two ways. The first is a geographic basis. For infrastructure projects located within a specific county, such as track expansion or asset rehabilitation, those projects are anticipated to financially supported and

sponsored by the member within whose jurisdiction the project is located. For projects that are determined to be of Systemwide value, such a train and engine equipment or information systems, a predetermined “All-Share” formula is applied that calculates each member’s expected contribution.

Table 6

Budget Period (\$ in thousands)	Budget
State of Good Repair/Capital Rehabilitation	
FY11	\$ 8,000
FY12	7,891
FY13	11,612
FY14	16,006
FY15	16,375
FY16*	0
<u>Rotem Settlement</u>	12,600
Subtotal – State of Good Repair/Capital Rehabilitation	\$ 72,484
Capital Expansion	\$ 42,573
TOTAL	\$ 115,057
Balance Outstanding at June 30, 2015	\$ 64,000

* In FY16 the Board approved staff recommendation to defer the fiscal year contribution to address a backlog of programmed but unexpended project funding. Metro staff continues to work with SCRRA staff to address this issue.

As noted above in Table 6, as of the beginning of FY16, the SCRRA had approximately \$64 million in previously approved but outstanding project authority. During the current year SCRRA staff has made progress in the identification of reprogramming opportunities to allow the highest priority projects to move forward. Staff continues to work with SCRRA staff to address this outstanding balance and anticipates bringing a fuller analysis to the Board as part of the upcoming FY17 budget cycle.

Summary Comparisons of Metrolink’s Performance

Based on available National Transit Database (NTD) statistics, commuter rail operators in the United States can be clearly delineated into 4 distinct tiers based on the number of passengers carried on an annual basis.

Table 7

Tier Level	Annual Passengers	Number of Operators
Tier One	75M – 100M	4
Tier Two	30M – 40M	2
Tier Three	10M – 20M	3
Tier Four	<5M	15
Total – FY14	485M	24

Metrolink operations fall squarely in Tier 3 with total reported annual passengers of 13.4 million during FY14.

It should be noted, that of the top 6 operators based on annual passenger counts, 5 are located and have primary operations in the 350 mile corridor between Philadelphia and Boston in the Northeastern Corridor of the United States. The one exception is Metra, operating in the greater Chicago area.

The following table provides a summary comparison of Metrolink operations as compared to the averages of each tier of operators within the commuter rail industry, and highlights comparable figures of Metro’s transit operating modes - Light and Heavy rail, Motor Bus, and our contribution to Access Services.

Table 8

Operator	Passengers (000)	Pass Miles (000)	Avg Trip Lgth - Miles	Operating Expense (\$ mil)	Fares (\$ mil)	Avg Cost Per Trip (\$)	Avg Fare Per Trip (\$)	Cost Per Pass Mile (\$)
Metrolink	13,429	440,984	32.8	197.4	85.7	14.70	6.38	0.45
Commuter Rail Industry*								
Tier One Operators	85,589	2,086,572	24.4	1,024.5	535.8	11.97	6.26	0.49
Tier Two Operators	36,471	609,662	16.7	316.7	169.7	8.68	4.65	0.52
Tier Three Operators**	13,452	367,561	27.3	147.6	65.1	10.98	4.84	0.40
Tier Four Operators	2,010	62,103	30.9	32.3	10.7	16.04	5.30	0.52
Metro Services								
Light Rail	63,704	412,776	6.5	258.0	44.4	4.05	0.70	0.62
Heavy Rail	50,365	254,440	5.1	132.1	35.3	2.62	0.70	0.52
Motor Bus	361,601	1,494,525	4.1	961.6	259.9	2.66	0.72	0.64
Access Services	3,752	49,463	13.2	123.2	7.7	32.85	2.05	2.49

* Figures represent Averages for each Tier; Source: National Transit Database “October 2015 Adjusted Database”

** Includes Metrolink

As demonstrated above, Metrolink’s performance is within commuter rail industry norms and in many ways outperforms the industry as a whole in measures of cost efficiency. Though higher on a cost per trip basis, Average Fare per Trip and Costs per Passenger Mile outperform commuter rail industry

averages.

In comparison to Metro provided service, Metrolink's volume of service measured by Passenger Miles approximates Metro's Light Rail system and has a favorable Cost Per Passenger Mile to Metro's other modes primarily due to the extended lengths of Metrolink trips.

FINANCIAL IMPACT

There is no financial impact should the Committee choose to Receive and File this report.

ALTERNATIVES CONSIDERED

None. This report complies with a Board directed action.

NEXT STEPS

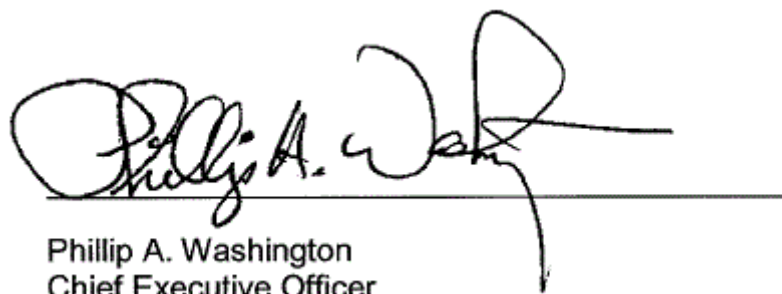
Staff will prepare and present an in-depth analysis of the Allocation Methodology used to determine Metro's subsidy contribution to Metrolink as well as an estimation of the benefits of Metro's investment in commuter rail operations in Los Angeles County and Southern California.

ATTACHMENTS

None

Prepared by: Drew Phillips, Director, Budget, (213) 922-2109

Reviewed by: Nalini Ahuja, Executive Director, Finance & Budget, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

Ad Hoc Regional Rail Committee

Overview of Commuter Rail Operations and Investment

February 17, 2016



Metro

Excellence in Service and Support

Objective

A summarized overview of commuter rail operations in Los Angeles County including:

- Size and ownership of the operating network
- Service levels and selected ridership characteristics
- Metro's Costs and Subsidy allocations – FY11 to FY16
- Benchmark comparisons of Metrolink operations

Rail and Fixed Guideway Investments

Los Angeles County and Southern California

Lancaster

Ventura

LAUS

San Bernardino

Riverside

Orange

Perris

Oceanside



Operating Route Miles by County

	Los Angeles	Ventura	San Bernardino	Riverside	Orange	Total
System	186.0	39.0	38.9	58.4	86.3	408.6
Member Agency Owned	137.9	15.6	22.7	24.0	47.5	247.7
UPRR Owned	31.8	23.4	9.6	13.9	-	78.7
BNSF Owned	16.3	-	6.6	20.5	19.8	63.2
NCTD Owned					19.0	19.0

Member Agency Owned	61%	<i>Member's share of the Operating network</i>
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Metro	34%	<i>Metro's share of total Operating network</i>
	74%	<i>Metro's share of Los Angeles County network</i>



Service Levels

			Service Levels		
Operating Route Segment	Miles	Station	Weekday Service	Saturday	Sunday
Ventura County Line	70.9	12	31	-	-
Antelope Valley Line	76.6	11	30	12	12
San Bernardino Line	56.2	13	38	20	14
Riverside Line	59.1	7	12	-	-
Orange County Line	87.2	14	29	8	8
91 Line	85.6	12	9	4	4
IEOC Line	100.1	15	16	4	4
Totals	535.7	84	165	48	42
<i>Adjustment</i>	<126.8>	<25>			
Total Weekly Service	408.6	59	825	48	42

* Ventura County Line service includes 11 daily trains between Burbank and LAUS

** Totals Adjusted for overlapping route segments.



- 87% of all Trains operated begin or end at LAUS

Ridership and County of Origin

Operating Route Segment	Avg Weekday Ridership	County of Origin					
		Los Angeles	Ventura	San Bernardino	Riverside	Orange	San Diego
Ventura County Line	4,039	47%	47%	-	1%	4%	-
Antelope Valley Line	5,884	98%	-	1%	-	1%	-
San Bernardino Line	10,582	40%	-	56%	3%	-	-
Riverside Line	4,525	35%	-	30%	34%	1%	-
Orange County Line	8,190	19%	-	-	1%	72%	8%
91 Line	2,412	18%	-	3%	49%	20%	-
IEOC Line	4,492	-	-	18%	77%	5%	-
System Total	40,124	38%	5%	21%	18%	17%	2%

- Los Angeles County provides a plurality (38%) of Metrolink ridership.



Ridership Characteristics

Weekday Service – Selected Ridership Characteristics

Operating Route Segment	Choice Riders*	Work/Business Trips	LA County Work/Business as % of All Riders	Avg Trip Length (MI)
Ventura County Line	80%	87%	80%	34.0
Antelope Valley Line	66%	65%	64%	41.0
San Bernardino Line	73%	68%	64%	36.7
Riverside Line	91%	94%	94%	37.0
Orange County Line	89%	87%	60%	38.8
91 Line	88%	87%	70%	36.4
IEOC Line	94%	96%	-	32.1
System Total	82%	81%	61%	37.2

* Choice Rider defined as having a car available to complete the current trip

- Increasing levels of transit dependency on the Antelope Valley and San Bernardino Lines
- The Antelope Valley Line is the only line that begins and ends in the same county – Los Angeles



Calculation of Annual Member Subsidy

The SCRRA applies an agreed set of formulas to expenses and revenues to calculate each Member's annual Gross and Net investment subsidy

$$\begin{array}{r} \text{Member share of allocated operating costs} \\ \text{minus} \quad \text{Member share of allocated operating revenues} \\ \hline \text{equals} \quad \text{Member requested net operating subsidy} \end{array}$$

The single largest weighted component of the SCRRA formula(s) is Train Miles Operated within a County.

Annual Metro Operating Subsidy

	Actual FY11		Actual FY12		Actual FY13		Actual FY14		Budget FY15		Budget FY16	
	Total	Metro	Total	Metro	Total	Metro	Total	Metro	Total	Metro	Total	Metro
Total Operating Expenses	171.5	90.1	173.3	91.6	191.2	102.0	199.2	107.1	222.1	117.8	240.5	125.3
Total Operating Revenues	91.6	50.4	96.7	53.5	101.7	55.3	101.6	54.0	110.4	58.1	101.5	53.5
Subsidy Requirements	80.0	39.7	76.6	38.1	89.5	46.7	97.6	53.2	111.7	59.7	139.1	71.8
Subsidy as Share of Ops	46.6%	44.1%	44.2%	41.6%	46.8%	45.8%	49.0%	49.6%	50.3%	50.7%	57.8%	57.3%
Metro Share of Net Subsidy	49.6%		49.7%		52.2%		54.5%		53.4%		51.6%	
Annual Changes												
Expenses			1.0%	1.7%	10.3%	11.4%	4.2%	5.0%	11.5%	10.0%	8.3%	6.4%
Revenues			5.6%	6.2%	5.1%	3.4%	-0.1%	-2.5%	8.7%	7.7%	-8.1%	-7.9%
Subsidy			-4.2%	-4.1%	16.9%	22.7%	9.0%	13.8%	14.5%	12.3%	24.5%	20.3%
Total Growth FY11 to FY16												
Expenses											40.2%	39.1%
Revenues											10.8%	6.2%
Subsidy											73.9%	80.9%

Average Annual Rate of Growth in Expenses FY's 11-16: 7.0%

Average Annual Rate of Growth in Member Subsidies FY's 11-16: 11.7%

Average Annual Rate of Growth in Metro's Subsidies FY's 11-16: 12.6%



Metro

- A 1% change in Metro's subsidy share equals \$1.25M (FY16)

Benchmarking Commuter Rail Operations

Tier Level	Annual Passengers	Number of Operators
Tier One	75M – 100M	4
Tier Two	30M – 40M	2
Tier Three	10M – 20M	3
Tier Four	<5M	15
Total – FY 14	485M	24

- Of the top 6 operators, Tiers One and Two, five operate in the Northeastern Corridor of the US – One exception is Metra in the Greater Chicago Area.
- Metrolink Operations fall within Tier Three with 13.4M Passengers (FY14)



Benchmarking (Continued)

Operator	Passengers (000)	Pass Miles (000)	Avg Trip Length Miles	Operating Expense (\$mil)	Fares (\$mil)	Avg Cost Per Trip (\$)	Avg Fare Per Trip (\$)	Cost Per Pass Mile (\$)
Metrolink	13,429	440,984	32.8	197.4	85.7	14.70	6.38	0.45
Comm Rail Industry*								
Tier One Operators	85,589	2,086,572	24.4	1,024.5	535.8	11.97	6.26	0.49
Tier Two Operators	36,471	609,662	16.7	316.7	169.7	8.68	4.65	0.52
Tier Three Operators**	13,452	367,561	27.3	147.6	65.1	10.98	4.84	0.40
Tier Four Operators	2,010	62,103	30.9	32.3	10.7	16.04	5.30	0.52
Metro Services								
Light Rail	63,704	412,776	6.5	258.0	44.4	4.05	0.70	0.62
Heavy Rail	50,365	254,440	5.1	132.1	35.3	2.62	0.70	0.52
Motor Bus	361,601	1,494,525	4.1	961.6	259.9	2.66	0.72	0.64
Access Services	3,752	49,463	13.2	123.2	7.7	32.52	2.05	2.49

* Industry values represent averages for each tier. ** Tier Three includes Metrolink operations

- Metrolink's performance is in line with commuter rail standards and has slightly lower costs per Passenger Mile than Metro service.



Summary of Findings

- Metro is the largest partner of the Metrolink Commuter Rail operating system.
 - Financial; Asset Ownership; Service Levels; Ridership; Destination
- Recent growth in subsidy requirements is creating significant pressure on available resources. Metro's subsidy is growing faster than the system as a whole.
- The Metrolink system is an increasing resource for transit dependent individuals on the Antelope Valley and San Bernardino Lines
- Metrolink's operating performance is in line with the commuter rail industry



Next Steps

- Provide the Committee a review of formulas, factors, and calculations that determine Metro's share of Metrolink subsidy
 - Specific allocation variables for both Expenses and Revenues;
 - The weighted impacts of each variable on subsidy levels
- Provide the Committee with an analysis of identified benefits of Metro's investment in commuter rail.
- Address other issues or concerns of the Committee based on results to date

Questions



Board Report

File #: 2016-0146, File Type: Policy

Agenda Number: 7.

AD HOC REGIONAL RAIL COMMITTEE MEETING FEBRUARY 17, 2016

SUBJECT: METROLINK SHORT RANGE TRANSIT PLAN AND TEN YEAR STRATEGIC PLAN

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report on the Metrolink Short Range Transit Plan and Ten Year Strategic Plan.

ISSUE

The Southern California Regional Rail Authority (Metrolink) has been developing their Short Range Transit Plan and Ten Year Strategic plans. Draft versions of this document have been issued to the Member Agencies. The Metrolink Board is planning on adopting these plans in March of 2016.

DISCUSSION

The Southern California Regional Rail Authority (SCRRA) operates the Metrolink commuter rail system in six southern California counties. Metrolink has been developing their strategic plan over the past year. The development of this plan included two workshops involving the Board, Chief Executive Officers of the Member Agencies, and Technical Advisory Committee members. There are two components to the overall strategic planning for the agency; the Short Range Transit Plan (S RTP) and the Ten Year Strategic Plan. These plans address the five Guiding Principles of; Focus/Discipline, Customer Value, Connectivity, Transparency, and Collaboration.

These plans address the following challenges stated by the Metrolink Chief Executive Officer:

- Bring the way that business is done up to date;
- Infrastructure that has reached capacity and is at the end of its useful life;
- Build on a foundation of the people and change the working culture.

Metrolink has also described successes that are indicating progress in the agency:

- Implementation of Positive Train Control,
- Launch of Mobile Ticketing,
- Innovation in Fares,
- Clean High-horsepower Locomotives,

- Great Collaboration with their Partners,
- Local Coordination of Rail Service,
- Improved Financial Reporting,
- Higher Cash Balances, and
- Extension of the Line to Perris Valley.

At a December workshop Metrolink unveiled a draft of the Strategic Plan to Metrolink Board members and the Member Agency Chief Executive Officers, Chief Financial Officers, and Technical Advisory Committee members.

The SRTP and the 10-year Strategic Plan examined the following items:

- Stakeholder Perspectives (Surveys and interviews): This is feedback gained from public surveys as well as surveys and interviews conducted with SCRRA Board members and alternates, Member Agency Chief Executive Officers (CEO), and the Technical Advisory Committee (TAC) members
- Cost and budget assessment: This assessment evaluated the historical cost trends at SCRRA over the past ten years. This identified the largest contributors to the growth in costs and what the 10 - year cost projection would be based on historical trends.
- Analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT): A comprehensive review around the five guiding principles approved by the SCRRA Board; Customer Value, Focus (Discipline), Connectivity, Collaboration, and Transparency.
- Market Analysis: An assessment of the market to review existing commuter rail usage and summarize the projections for growth, or reductions within the region.
- Core Institutional Needs: A summary of the core institutional needs identified to give focus to a number of core concerns that were identified through the interviews.
- Evaluation of Service Growth Scenarios: A summary of potential growth scenarios
- Summary Matrix of Capital Projects and Cost Estimates: A matrix of identified capital projects necessary to support the reliability and growth of the system.

Key Findings

After a review of Metrolink the following key findings were noted:

- Aging Infrastructure:
 - o Existing infrastructure is 20 plus years old.
- Cost Growth:
 - o If the "Big 5" contracts continue to grow at 4% per year, then there will be a 56% increase in operating budget in the year 2024. Metrolink contracts out railroad operations, equipment maintenance, signal maintenance, and track and infrastructure maintenance. The increase in these contracts has been a significant portion of the cost increases over recent years.
- Changing Income Demographics:
 - o Lower average income of riders than comparable systems.
- Market Growth
 - o Outlying areas of the region are growing rapidly
 - o There is a growth of off-peak and bi-directional travel.

The strategic plan discusses a two part strategy for the future of Metrolink.

1. Strengthening the core of Metrolink.

Strengthening the core of Metrolink will be an important step as the strategic plan is implemented. There are seven goals for this part of the strategy

- Goal 1: Ensure a safe operating environment,
- Goal 2: Achieve fiscal sustainability,
- Goal 3: Invest in people and assets,
- Goal 4: Retain and grow ridership,
- Goal 5: Increase regional mobility,
- Goal 6: Improve communication to customers and stakeholders, and
- Goal 7: Improve organizational efficiency.

Attachment A provides the elaboration on how these goals relate to the plan's guiding principles and how they will be addressed with specific strategies.

2. Investments for the future.

Part 2 of the Strategic Plan discussed the evaluation of three scenarios that address Metrolink's service growth in the coming years. These include moderate growth scenarios and growth with the addition of high speed rail into southern California. The strategic plan does not commit to any scenario. The evaluation concluded that each scenario requires an investment in the fleet and the infrastructure. In particular the following was noted:

- Asset Rehabilitation:
 - o Locomotives, Rolling Stock, TVMs, Track and Structures, and Signals
- New Capital for Growth
 - o Service reliability and frequency enhancements (in partnerships with the member agencies and the host railroads).
 - Additional Main Tracks
 - Additional sidings
 - New service delivery models
 - o Safety enhancements
 - Grade crossing enhancements
 - Grade separations

Next Steps

The following next steps were developed defining how the Strategic Plan will be utilized:

- Frame budget process with the member agencies,
- Support grant pursuits at the State and Federal levels,
- Provide technical background for county sales tax efforts,

- Capital programming,
- Tie investments to service growth,
- Establish performance targets for the agency, and
- Pursue investments in rehabilitation (asset management).

Metrolink plans on adopting the Strategic Plan in March of 2016.

Metro Comments

Staff has reviewed the Strategic Plan and the SRTP and is providing comments. Some of the items that stand out in the documents are as follows:

- Metrolink is a unique agency in that governance is different from most other commuter railroads in the country. Governance has been a significant issue for Metrolink for some time. Recently there was a Governance Task Committee established to address the governance of the agency and how the agency relates to its board and Member Agencies. There should be more discussion of that work or the findings of the task committee.
- The Strategic Plan addresses the growth assumptions of the agency. In particular a growth in subsidies of 27.8% is shown in the SRTP. Overall funding is a significant issue for the agency. There is little discussion of where this funding will come from other than the Member Agencies. There should be additional discussion about the role that the Member Agencies will have in the increasing subsidy requirements of the agency. In addition, there needs to be further discussion on how Metrolink is minimizing costs and what will be done to reduce this substantial growth in costs. It should be noted that incorporating projected costs and subsidy amounts into the Strategic Plan does not infer approval of the budget by the Metro Board. This is done on an annual basis.
- The Metrolink funding formulas are confusing and difficult to follow. These formulas impact rehabilitation, capital improvements, and operational funding. The Board members and the Member Agencies have been raising the issue of the formulas for some time and a review of the allocation formulas is planned to be conducted. In many places the discussion of funding of particular items (i.e. rehabilitation) does not provide sufficient explanation as to the method of allocating costs to the Member Agencies. This occurs throughout the document.

DETERMINATION OF SAFETY IMPACT

There is no apparent impact to safety with the study of the advancement of this system analysis.

FINANCIAL IMPACT

The Strategic Plan proposes subsidy growth that will be a significant issue for Metro. It is stated that the subsidies will grow 27.8% over the next five years. Metro would see approximately half of that subsidy growth.

Impact to Budget

This Strategic Plan explores various scenarios of that involve a growth in subsidies over the next five years. It is noted that the Metro budget is approved annually and that these forecasted numbers are not yet budgeted for Metro and should not be considered as concrete budget numbers.

ALTERNATIVES CONSIDERED

Metro is a Member Agency of Metrolink. The Metrolink service is important for the overall mobility within the southern California and L.A. County in particular. Five of the six Metrolink lines operate in Los Angeles County. An alternative would be not to fund the service. This would significantly impact the transportation system in the County.

NEXT STEPS

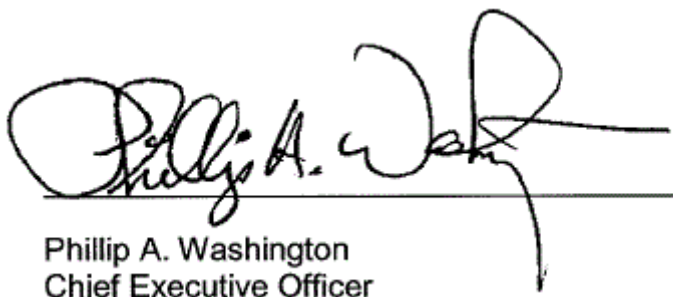
Staff will continue to work with the Metro Board and Metrolink to ensure that Metro's interests are upheld.

ATTACHMENTS

Attachment A - Strengthening the Core of Metrolink

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Phillip A. Washington
Chief Executive Officer



Part I - Strengthening the Core of Metrolink

GOALS & OBJECTIVES

Goal 1: Ensure a Safe Operating Environment	Goal 2: Achieve Fiscal Sustainability	Goal 3: Invest in People & Assets	Goal 4: Retain & Grow Ridership	Goal 5: Increase Regional Mobility	Goal 6: Improve Communication to Customers & Stakeholders	Goal 7: Improve Organizational Efficiency
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GUIDING PRINCIPLES

Focus	Focus	Focus	Focus	Focus	Focus	Focus
Customer Value	Customer Value		Customer Value	Customer Value	Customer Value	
			Connectivity	Connectivity		
	Transparency				Transparency	
				Collaboration	Collaboration	Collaboration

STRATEGIES

Maintain Sufficient Oversight of Operations	Increase Fare Revenues	Maintain State of Good Repair	Improve On-Time Performance	Improve Connectivity of Regional Transit Agency Services to Metrolink	Improve Customer Amenities	Clearly Define Roles and Responsibilities
Reduce Operating Rule Violations	Increase Non-Fare Revenues	Maintain Culture to Recruit and Maintain a Qualified and Diverse Workforce	Develop Comprehensive Marketing Plan and Update it Annually	Expand and Enhance Partnerships and Coordination with Station Cities	Enhance Passenger Information Systems	Improve Internal Communications
Reduce Train Accidents	Reduce Cost Per Revenue Vehicle Mile (VRM)		Retain Ridership		Reduce Customer Complaints	Improve External Communications
Reduce Employee Injuries	Reduce Operating Contractor Costs		Grow Ridership		Improve Ticket Vending Machine (TVM) Reliability	
Continue to Update the Metrolink System Safety Program Plan	Secure Multi-Year Funding Commitments from Member Agencies for Operations and Rehabilitation and an agreement on Capital Project priorities				Strengthen Role of Technical Advisory Committee in Reviewing Technical and Policy Issues	
	Secure Clean Opinions on Annual Audits				Improve Communication and Partnerships with Member Agencies	