



**PLANNING AND PROGRAMMING COMMITTEE
MAY 14, 2008**

**SUBJECT: PROGRAMMING FOR SCRRA FY 2008-09 ANNUAL BUDGET
AND PRIOR YEAR RE-PROGRAMMING OF FUNDS**

ACTION: APPROVE SCRRA BUDGET FUNDING AND RE-PROGRAMMING

RECOMMENDATION

- A. Approve programming of \$58,901,200 in Proposition C 10% local sales tax funds as the Los Angeles County Metropolitan Transportation Authority (LACMTA) share (consisting of \$37,301,200 for operations, \$15,600,000 for rehabilitation and renovation, and \$6,000,000 for capital) of the Southern California Regional Rail Authority (SCRRA) Fiscal Year (FY) 2008-09 Preliminary Budget for Metrolink (Attachment A), consistent with a Board-approved FY 09 LACMTA Budget. The \$58,901,200 includes \$53,067,940 of funding from the FY 09 LACMTA Budget and \$5,833,260 in prior year surplus subsidy as shown on Attachment B and described in Attachment C; and
- B. Approve the re-programming of the remaining \$2,959,480 in Proposition C 10% local sales tax funding from prior year SCRRA operating subsidy to Metrolink capital projects shown on Attachment B and described in Attachment C; and
- C. Approve the capital projects described in Attachment D; and
- D. Authorize the Chief Executive Officer to negotiate and execute all necessary agreements between LACMTA and SCRRA for funding approved.

ISSUE

The SCRRA Joint Powers Agreement requires that we and the other SCRRA member agencies approve our shares of Metrolink funding before the SCRRA Board of Directors can adopt a budget. The SCRRA Board of Directors is scheduled to adopt its FY 2008-09 Budget on June 27, 2008.

POLICY IMPLICATIONS

The SCRRA FY 2008-09 Preliminary Budget identifies rehabilitation/renovation and new capital projects, sets service levels and establishes each member agency's share of operating costs for Metrolink.

OPTIONS

The Board of Directors may choose not to approve all or part of the recommended actions. The Board instead could choose to consider the following other options:

1. Request that Metrolink implement additional mid-day service on the Antelope Valley and San Bernardino Lines. One round trip on each line could be implemented for a total of \$614,000. Trips would be scheduled to close significant gaps in the mid-day schedule on these lines. Funding would be available from FY 2006-07 SCRRA operating surplus subsidy.
2. Request that Metrolink implement budget reductions to keep our funding share for the operations component of the budget within the \$34,500,000 available for Metrolink operations in the Long Range Transportation Plan.

We do not recommend the first option, as future year funding for the additional service would depend on surplus funding continuing to be available. Additionally, implementing these off-peak services now could preclude us financially from implementing new peak-hour services, once rolling stock now on order is available for new service in mid FY 2009-10. Peak-hour service would contribute more significantly to relieving congestion. At that time we intend to evaluate the alternatives available to use and choose the most effective service or combinations of service.

We also do not recommend the second option. Since our funding is approximately half of the Metrolink operations budget, for SCRRA to make the approximately \$3 million reduction in our share, approximately \$6 million in reductions would be required systemwide, which would involve very significant reductions in the level of service.

FINANCIAL IMPACT

Our total share of the SCRRA FY 2008-09 Budget for operations and rehabilitation and renovation is \$52,901,200, which is 9.9% higher than last year's share of \$48,147,200. The Long Range Transportation Plan had contemplated a 4% increase which would have resulted in our contribution being approximately \$50,100,000. Several major operating budget elements are increasing, including diesel fuel at 30% higher, liability insurance at 16% higher and equipment maintenance at 14.5% higher than last year. Of the \$52,901,200, we will be including \$5,833,260 from prior year unused subsidy as shown in Attachment C. Thus the new funding for operations and rehabilitation and renovation required from our proposed FY 2008-09 budget is \$47,067,940, and the funding requirement for capital is \$6 million.

Although the new funding requirement for SCRRA required from our FY 2008-09 Budget is \$53,067,940, funding in the amount of \$56,100,000 has been included in the FY 2008-09 proposed budget (in Cost Center 0441, Project 410064 and is being funded with Proposition C 10% sales tax funds, consistent with the proposed 2008 Long Range Transportation Plan). The remaining \$3,032,060 will be programmed for the SCRRA FY 2009-10 or future year budget, as summarized in Attachment B.

DISCUSSION

The Metrolink system provides regional passenger service between Los Angeles County and Ventura, Riverside, San Bernardino and Orange Counties, as well as northern San Diego County. The SCRRA Board approved the transmittal of the Preliminary Budget to the five member agencies on April 25, 2008.

The SCRRA's overall FY 2008-09 Preliminary Budget totals approximately \$219.4 million in new funding requests. This consists of \$159.1 million for operations, \$44.8 million for rehabilitation and renovation, and \$15.5 million for new capital projects. Farebox and other operating revenues offset 55% of the operating cost. The five-member agencies share the remaining 45% of the operating cost by formula. Of that remaining operating cost, our share is 52%. Other operating assumptions are shown in Attachment E.

Fare Increase

The SCRRA is proposing a 5.5% systemwide average fare increase, which is scheduled to go into effect on July 1, 2008. Of the 5.5% proposed fare increase, 3.5% is part of an ongoing program of annual fare increases combined with a ten-year process of phasing in a new mileage-based fare structure. An additional 2% is proposed to offset the rising costs of fuel, insurance and other items.

Operations Subsidy Allocation Formula

In September 2006, the Board of Directors approved a new formula for allocating operating subsidy to SCRRA. As part of its action to approve the new formula, the Board requested that a Metrolink cost/benefit study be done by July 2007 and that a new, further improved formula be developed for use within three years. In November 2007, we presented the cost/benefit study to the Board. The Board directed us to re-open negotiations with the SCRRA member agencies regarding the operating subsidy allocation formula. The member agencies have re-opened formula negotiations, and those negotiations are currently underway. We will continue to pursue the formula issue and return with a recommendation on a revised operating subsidy allocation formula for FY 2009-10.

Performance of Weekend Services Added in FY 2007-08

Sunday service on the Antelope Valley Line began operations in September 2007. We have been monitoring ridership for input into future service planning and funding decisions. The Sunday trains are proving to be very productive, with an average of 160 riders per trip as of February 2008. Saturday ridership on the Antelope Valley and the San Bernardino Lines also has increased as an additional Saturday round trip was implemented on each line in September. Each line is averaging well over 200 riders per trip on Saturdays.

NEXT STEPS

The SCRRA Board is scheduled to adopt its Final FY 2008-09 Budget on June 27, 2008. We will monitor implementation of the budget and report back to our Board with any issues requiring board action, including the operating subsidy allocation formula.

ATTACHMENTS

- A. SCRRA FY 2008-09 Preliminary Budget for Metrolink
- B. Summary of Re-Programmed Prior Year Subsidy and New FY 2008-09 Subsidy – Available Funds and Proposed Uses
- C. Proposed Re-Programming of FY 2005-06 and FY 2006-07 Operating Surplus to SCRRA
- D. Description of Capital Projects
- E. Summary of Operating Assumptions

Prepared by: Patricia Chen, Transportation Planning Manager
Local Programming

Nalini Ahuja, Director of Local Programming
Programming and Policy Analysis

Carol Inge

Carol Inge
Chief Planning Officer

RS

RS Roger Snoble
Chief Executive Officer

**SOUTHERN CALIFORNIA
REGIONAL RAIL AUTHORITY**

**PRELIMINARY
BUDGET
FISCAL YEAR
2008-09**

April 25, 2008



Los Angeles County Metropolitan Transportation Authority

Orange County Transportation Authority

Riverside County Transportation Commission

San Bernardino Associated Governments

Ventura County Transportation Commission

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
 FY 2008-09 BUDGET
 TABLE OF CONTENTS**

	Page #
Executive Summary of the Fiscal Year 2008-09 Budget	i
1.0 INTRODUCTION	1
1.1 SCRRRA Services	1
1.2 Organizational Summary	3
1.3 Evolution Of SCRRRA	5
1.4 Mission Statement	6
2.0 BUDGET SUMMARY	7
2.1 Budget Policy	9
2.2 Accounting Methodology	11
2.3 Budget Components	11
2.4 Significant Changes In Budgeting Approach	12
2.5 Budget Assumptions	12
2.6 Summary of the FY 2008-09 Budget	15
2.7 Summary Total FY 2008-09 Budget Sources and Uses by Member Agency	15
2.8 Summary of Estimated Outlays – FY 2008-09	17
2.9 Summary of FY 2008-09 Revenues	17
2.10 Summary of Operating and Capital Budgets by Expense Type	19
2.11 Summary of Operating and Capital Budgets by Department	21
2.12 Summary of FY 2008-09 Authorized Positions	21
3.0 OPERATING BUDGET	25
3.1 Performance Data	27
3.2 Summary of FY 2008-09 Statistics by Line	27
3.3 Components Of The Operating Budget	33
3.4 Operating Budget Assumptions	33
3.5 Summary of Revenues and Expenses by Operating Cost Component	36
3.6 Detail of Operating Budget	36
3.7 Summary of Revenue and Expenses by Member Agency	45
3.8 Maintenance-of-Way Budget	47
4.0 CAPITAL BUDGET	59
4.1 Rehabilitation/Renovation	61
Ongoing Rehabilitation/Renovation Projects	64
New Rehabilitation/Renovation Projects	71
4.2 New Capital	77

TABLE OF CONTENTS (Continued)

	Page #
5.0 GENERAL AND ADMINISTRATIVE BUDGET	83
5.1 General and Administrative Expenses	85
6.0 DEPARTMENT BUDGETS	89
6.1 Organizational Summary	91
6.2 Executive	94
6.3 Asst Executive Office – Finance & Administration	96
6.4 Asst Executive Office – Operating Services	98
6.5 Operations	100
6.6 Engineering & Construction	102
6.7 Equipment	104
6.8 Communications & Development	106
6.9 Finance	108
7.0 APPENDIX	111
7.1 Formulae for Allocation to Counties	113
7.2 Formulae for Allocation to Lines	116
7.3 Allocation of Revenues	116
7.4 Allocation of Expenses	116
7.5 Potential New Projects for New Capital in FY 2008-09	118
7.6 SCRRA Policy on Debt	118
7.7 Description of GASB34 Condition Assessment Ratings	119
7.8 Statistical Information	120
7.9 Glossary of Budget Terms	122
7.10 Acronyms	124

LIST OF EXHIBITS/FIGURES/TABLES

Exhibit No.	Page #
1.1 Metrolink System Map	2
1.2 SCRRA Organizational Chart	4
Figure No.	
3.1 Annual Operating Data - FY 1992-93 to FY 2008-09	28
3.2 Annual Operating Data - FY 1992-93 to FY 2009-09	29
3.3 Operating Statistics - FY 1992-93 to FY 2008-09	30
3.4 Operating Statistics - FY 1992-93 to FY 2008-09	31
Table No.	
2.1 FY 2008-09 Budget Sources and Uses by Member Agency	16
2.2 Estimated Actual Outlays – FY 2008-09	17
2.3 Comparison of Revenues	18
2.4 Total Agency Expenditures by Expense Type	20
2.5 Comparison of Expenditures by Department	22
2.6 Comparison of Positions by Department	23

LIST OF TABLES (Continued)

	Page #	
3.1	FY 2008-09 Projected Statistics by Line	32
3.2	Service Assumptions for FY 2008-09	34
3.3	Revenue Train Miles for FY 2008-09	34
3.4	FY 2008-09 Operating Budget by Component	37
3.5	FY 2008-09 Operating Budget by Component – Member Allocation	38
3.6	Projection of Ridership and Fare Revenues for FY 2008-09	39
3.7	Dispatching Revenue	40
3.8	Operating Subsidy Allocation by County	46
3.9	Maintenance-of-Way Revenue	50
3.10	FY 2008-09 Maintenance-of-Way Expenditures: Member Agency Shares	51
3.11	Maintenance-of-Way Budget: Maintenance Category Detail	52
4.1	Rehabilitation/Renovation Expenditures	65
4.2	New Capital Expenditures	78
5.1	SCRRA FY 2008-09 Indirect Cost Allocation Plan	86
5.2	General and Administrative Expenses by Type	87
5.3	Modal Overhead Expenses by Summary Expense Type	88
6.1	SCRRA FY 2008-09 Roster of Authorized Positions	92
6.2	Executive Department: Expenditures by Expense Type	95
6.3	Asst Executive Office – Fin & Administration: Expend by Exp Type	97
6.4	Asst Executive Office – Operating Services: Expend by Exp Type	99
6.5	Operations Department: Expenditures by Expense Type	101
6.6	Engineering & Construction Department: Expenditures by Expense Type	103
6.7	Equipment Department: Expenditures by Expense Type	105
6.8	Communications & Development Department: Expenditures by Expense Type	107
6.9	Finance Department by Expense Type	109
7.1	Formulae Used to Allocate Expenses by County	114
7.2	Formulae Used to Allocate Expenses by Line	117

EXECUTIVE SUMMARY

Introduction

Fiscal Year (FY) 2008-09 represents a year of transformation to a new era for the Southern California Regional Rail Authority (SCRRA) and commuter rail service in Southern California. In addition to celebrating its 16th year of providing Metrolink commuter rail service in southern California, the agency will undertake the largest concentrated capital expansion since completion of the original start-up construction program.

Opening with three lines and 12 stations in October 1992, the SCRRA today 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 San Diego. For the year, the Metrolink commuter rail system is expected to operate over 2.5 million revenue train miles, generate just under 11.7 million individual passenger trips, and average of approximately 43,450 riders each weekday.

In addition to operating commuter rail service, the SCRRA dispatches and maintains in excess of 60% of the territory over which it operates. Currently the SCRRA dispatches 145 Metrolink weekday trains, 78 weekend trains, up to 36 Amtrak intercity trains between Moorpark and San Diego, 22 NCTD operated Coaster trains, and between 70 and 80 freight trains. The 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 and renovation of this right-of-way, facilities, equipment, and rolling stock, as well as expansion of the system through the acquisition and construction of new, system expanding assets.

The \$602.8 million FY 2008-09 Budget consists of an Operating Budget of \$159.1 million, an increase of 9.6% from the FY 2007-08 Budget, and a Capital Program of \$443.6 million. The Operating Budget includes Train Operations of \$134.6 million and a Maintenance-of-Way (MOW) budget of \$24.5 million. The Capital Budget contains a Rehabilitation and Renovation Budget of \$82.3 million and a New Capital Budget of \$361.3 million in newly proposed and previously approved projects.

Administrative Requirements

Under the terms of the Joint Exercise of Powers Agreement (JPA) establishing the SCRRA, the Chief Executive Officer submits to the SCRRA Board of Directors no later than May 1st of each year a Preliminary Budget for the following fiscal year including separate components for administrative, operations, and capital costs, as well as the anticipated Member Agency contributions of the funds necessary to carry out the purposes of the Authority.

The Preliminary Budget is subsequently transmitted to each Member Agency for individual consideration and approval. 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 Board must adopt a final budget no later than June 30 of each year.

Budget Development and Assumptions

The development of all SCRRA budgets is guided by the principle that the SCRRA, as the representative of its Member Agencies, is committed to the following:

“It is the responsibility of the SCRRA to ensure the promotion and protection of our current service, and to add, wherever feasible, service expansions and infrastructure enhancements that maximize the efficient use of equipment, and to maintain the integrity of the Member Agency owned rights-of-way for the use of commuter rail and freight operations.”

The SCRRA budget is made up of two principal components: the Operating Budget, consisting of Train Operations and Maintenance of Way, and the Capital Program made up of New Capital projects and Rehabilitation and Renovation projects. New Capital projects are those that expand agency assets, while the Rehabilitation and Renovation Budget preserves and extends the useful life of those assets.

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 Operating Line Segments as well as its member agencies.

The SCRRA, as both a governmental agency and an operating railroad, faces a number of unique and challenging issues in developing the FY 2008-09 Preliminary Budget. Like agencies at all levels of government, the SCRRA is confronted by an environment of constrained resources, combined with a continued and increasing demand for services.

The primary cost considerations guiding the development of the Operating Budget are:

- Levels of service projected in the proposed schedule, and
- The required operations support effort including rolling stock maintenance, security, staff support, etc., and
- Contractually determined rates of cost escalation included in the agency's largest operating contracts.

As it has since its inception, SCRRA continues to serve as a model agency for the practice of contracting out significant portions of its operations. The four largest contractual relationships of the agency within the Operating Budget are Operating Train Crews and Maintenance of Equipment (Rolling Stock) within the Train Operations

Budget, and Track & Structure and Signal & Communications maintenance within the Maintenance of Way Budget.

These four items constitute 39% of total Operating Budget expenses for the upcoming fiscal year. When combined with the cost of diesel fuel, this figure climbs to over 51% of the total FY 2008-09 Operating Budget. The agency's contractual agreements for Operating Crews, Maintenance of Equipment, Maintenance of Track & Structures, and Maintenance of Signals & Communications all contain pre-determined cost escalation agreements. These ranges are based on either fixed rate contract escalators, or indexes of cost growth as published by the Association of American Railroads (AAR). Changes in these indices have resulted in the application of cost increases ranging from 3.5% to 5.5%.

The basis of the Capital Budget is to recognize full project authority and the required funding in the initial fiscal year of approval of a particular project. During the development of the annual budget, SCRRA staff estimates each remaining approved project's remaining balance as of June 30th of the year immediately preceding start of the budget year in question. These estimates, when combined with the request for the approval of new projects, constitutes the total outstanding project authority granted to the SCRRA from our Member Agencies and other funding partners. However, it should be noted that staff estimates of outstanding balances on previously approved capital projects in no way changes the actual level of authority as granted by the Board, and are presented as the best information available for consideration at the time of budget approval. The policy of the SCRRA is to include only those projects for which funding has been secured.

Operating Budget

The Operating Budget details both operating revenue (such as fare and maintenance-of-way revenues) and operating expenses.

As referenced above, the current value of the SCRRA FY 2008-09 Preliminary Budgets' operating component stands at \$159.1 million, an increase of \$13.9 million, or 9.6% from the FY 2007-08 Budget. Total operating revenues are expected to equal \$86.8 million, an increase of \$5.5 million or 6.8% over the FY 2007-08 Budget. Member Agency Operating Contributions for the year are estimated to equal \$72.3 million, an increase of \$8.5 million or 13.3%.

The agency is once again planning the introduction of new services during the fiscal year. An additional Off-Peak period round trip on the San Bernardino Line is currently proposed. This will bring to 147 the total number of weekday trains operated.

However, due to significant constraints on the availability of equipment, no new Peak period weekday services are currently planned.

Summary of Operating Revenues

The agency's operating revenue is derived from four principal sources: Fares, Dispatching, Maintenance of Way, and Other which includes miscellaneous reimbursements, specific grants or use of reserve funds. In order to minimize the impact to Member Agency contribution requirements, the agency is aggressively pursuing, wherever available, other potential revenue enhancements.

Fare Revenues - The FY 2008-09 Preliminary Budget assumes total Fare Revenues will equal \$72.4 million, an increase of \$5.2 million or 7.8% from FY 2007-08. This figure currently incorporates and includes the assumption of the current year (FY07) forecast of fare revenues and includes a July 1, 2008 implementation of a proposed 5.5% average fare adjustment, and the continued implementation of the Fare Policy restructuring. Further, the Preliminary Budget includes the potential implementation of an optional transfer fare to be charged to the approximately 50% of those passengers who use their valid Metrolink Fare media for connecting transit in order to complete their commute. The Preliminary Budget assumes a rate of \$0.25 per trip additive to the current cost of a fare. An additional \$0.25 per one-way, \$0.50 per round-trip, \$2.50 per ten-trip, and \$11.00 per monthly pass is currently assumed. In order in order to provide appropriate public notice of the proposed fare increase during Fall '08 and to allow sufficient time to reprogram Ticket Vending Machine (TVM) network, this surcharge is proposed to be implemented beginning on or about January 1, 2009. An additional \$780,000 in fare revenues is estimated to be realized as a result of this action.

Dispatching Revenues - The SCRRA, as the operating administrator of its member owned Rights-Of-Way, receives revenues from freight railroads and Amtrak Intercity services for the right to operate through and over its territories, and for the dispatching of NCTD operated Coaster commuter trains. These revenues are volume based and the individual charges are contained within existing agreements that dictate the rate of growth in the level of payment. They are expected to remain virtually unchanged from FY 2007-08 at \$3.0 million.

Maintenance of Way Revenues - Member agency contributions for ordinary maintenance are partially offset by revenues received from the freight railroads and Amtrak Intercity service. These revenue 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. However, due to the requirement of maintaining a higher standard of quality for passenger rail service, these revenues do not offset 100% of the costs. MOW revenues are expected to total \$10.4 million or 3.4% above the FY 2007-08 Budget.

Other Revenues - Other revenues have traditionally included the receipt of specific use grant funds such as Homeland Security funding to pursue systemwide security and safety enhancements, the reimbursement of direct costs for specific functions, or the application of other one-time sources of funding. This revenue category is estimated to total \$1.1 million.

Summary of Operating Expenses

Diesel fuel cost is the single largest item of impact to the operating budget in FY 2008-09. The Preliminary Budget assumes an annual average cost per gallon of Ultra Low Sulfur (ULS) diesel of \$3.25. This value represents an increase of \$0.75, or 30% over the \$2.50 per gallon average assumed in the FY08 budget. This increase of almost \$4.8 million represents 34% of the total operating budget increase from FY 2007-08.

Equipment maintenance is the second largest increase in the operating budget. A \$2.9 million, or 14.5% increase in the costs of equipment maintenance is due to a number of factors including: the addition of 5 new positions to accommodate the expansion of the Lancaster layover facility, additional staffing at Montalvo, and new staffing requirements at the Central Maintenance Facility; the increased costs of parts and delivery; and 14 new positions associated with the receipt of new equipment. These latter positions however are to be phased in over the last quarter of the fiscal year to more closely approximate and prepare for the actual delivery schedule of new equipment.

Finally, the costs of Transfers to Other Operators are increased \$1.6 million or 34%. These costs represent the expense to the agency of reimbursing connecting transit operators for allowing Metrolink riders to use their valid Metrolink fare media as a transfer to connecting transit. The increase is due primarily to the increase in the costs of the Los Angeles County Operators EZ Pass reimbursement rate from \$0.75 to \$1.10 per boarding.

These three items highlighted above are responsible for 77% of the total increase in the agency's Train Operations component of the Preliminary Budget.

Highlights of the FY 2008-09 Operating Budget include:

- Operating expenses per train mile are expected to be \$62.96, a 6.1% increase from the FY 2007-08 Budget.
- Diesel Fuel is assumed to equal \$3.25 per gallon for the year, an increase of 30% from the current budget of \$2.50.
- The costs of connecting transit transfers are increases \$1.6 million, or 34%.
- Excluding the impacts of increased fuel and transit transfer costs, operating expenses per train mile increase 3.4%
- Member Agency contributions to the Operating Budget are expected to increase 13% and represent 45% of the costs of agency operations.
- Operating expense per passenger mile is expected to equal \$0.38, a \$0.03 increase from FY 2007-08.
- Subsidy per passenger mile increases to \$0.17.
- Operating subsidy per rider increases to \$6.20.
- Total Revenue recovery is projected to equal 55%.
- Farebox recovery is expected to equal 46%.

-
- Total Revenue Train Miles will be 2.9% higher than in FY 2007-08 as a combined result of the annualization of service implemented FY2007-08 and the introduction of a new weekday round trip on the San Bernardino Line.

Capital Budget

The Capital Budget consists of two major components. These are the agency's Rehabilitation and Renovation, and New Capital programs. These budgets amount to \$82.3 million and \$361.3 million, respectively, for a total of \$443.6 million in new and outstanding project authority. It should also be noted that each year additional funds continue to be sought for the Agency's capital program from Federal, State and Local authorities. If and when funds are secured, these projects will be brought to the SCRRA Board for amendment into the budget.

Rehabilitation and Renovation projects are those that replace worn out assets with like or improved assets and thus preserve and extend their useful life. Rehabilitation and Renovation recommendations are based upon tolerating only the most minimal and manageable risk of failure. Railroad infrastructure deteriorates due to time, weather, and wear. At the minimum, a Rehabilitation and Renovation program is required to overcome this deterioration and maintain a steady state of serviceability.

New Capital projects are those projects that expand the railroad infrastructure and include such items as sidings, additional track, material upgrades of the signals and communication system, and new rolling stock.

Both the New Capital and Rehabilitation and Renovation 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 FY 2008-09. On projects approved in prior years, the "Remaining Budget" column reflected in the attached information represents staff's estimate of project authority outstanding as of June 30, 2008. These staff estimates in no way alter the total approved funding or expenditure authority of a project as approved by the SCRRA Board.

As stated above, the Capital Budget for FY 2008-09 represents the largest concentration of infrastructure expansion since the agency's original formation. Several important New Capital and Rehabilitation projects are included to both expand capacity and more efficiently operate passenger (Metrolink and Amtrak) and freight services on member agency owned routes. These projects include:

- The ongoing construction of the Eastern Maintenance Facility in Colton to provide significant additional storage and maintenance capacity in the Inland Empire as well as relieve current capacity constraints at the agency's Central Maintenance Facility (CMF);
- The ongoing construction of capacity improvements on the Orange County Line in anticipation of expanded services between Fullerton and Laguna Niguel beginning in FY 2009-10;

-
- The integration of 15 new locomotives into the current fleet of rolling stock;
 - The initiation of receipt of 107 new passenger vehicles;
 - The start of construction of a number of Sealed Corridor projects to significantly enhance the safety and security of the Right-Of-Way (ROW) and crossings;
 - The installation of fiber optic communications infrastructure throughout the agency's service area to increase safety and communications capacity of the agency's communications network backbone;
 - Continued work on the Keller Street storage facility near Los Angeles Union Station;
 - Continued work at Los Angeles Union Station on the former mail dock to expand passenger capacity at the station;
 - Development of a centralized MOW facility to consolidate SCRRA ROW maintenance forces and replace a number of currently leased facilities spread throughout the agency's service area;
 - Track, Signal, and Bridge improvements throughout the system as part of the agency's ongoing Rehabilitation and Renovation program;
 - Overhaul of up to three agency locomotives;
 - Deployment of the Electronic Passenger Information System (EPIS) to replace the agency's outdated current Public Address and Changeable Message Signs (PACMS);
 - The ongoing upgrade to the agency's Oracle Financial Information System.

Additional projects for which SCRRA and its member agencies are still seeking funding are not included in the budget at this time. As funding is secured, these projects will be added to the budget after review and approval by the Board.

Other Considerations

The FY 2008-09 Preliminary Budget proposes six new positions for a total authorized position count of 214 versus 208 in FY 2007-08.

These positions are being requested in order to address both the current requirements of the agency as well as the needs of the future. A new Manager, Operations position is proposed to address current service requirements as well as oversee the anticipated expansion of service beginning in FY 2009-10. A Customer Services Representative is proposed for additional coverage at Los Angeles union Station. Two new Train Dispatchers are proposed, beginning in the last third of the fiscal year, to begin the training and qualification process to accommodate future service increases. Finally, two new project management positions, a Communications Project Manager and Communications Engineer are proposed in the Engineering Department to address the current and anticipated needs of the agency's capital expansion program.

Agency goals also address the following needs:

- Successful delivery and integration of new rolling stock into the agency's fleet,
- Improved passenger communications strategies in concert with EPIS installation;
- Improved and expanded internal control, business processes, and project management strategies;
- Continued improvements in service quality and safety as well as the expansion of services where possible;
- Implement a Succession Management program to address the long term requirements of the agency;
- Complete the development of an agencywide Communications Technology Plan
- Continued pursuit of federal and state funding
- Stronger alliances with station city stakeholders
- Viability of connecting and complementary transit services

The proposed FY 2008-09 Preliminary Budget is based upon conservative financial assumptions, which ensure the SCRRA's fiscal ability to deliver upon the service and capital improvements promised to the public.

Celebrating its 16th year of providing exceptional services to the region, SCRRA remains committed to delivering the highest quality commuter rail service, and continuing its place as one of the solutions to increased mobility in Southern California.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2008-09 BUDGET

1.0 INTRODUCTION

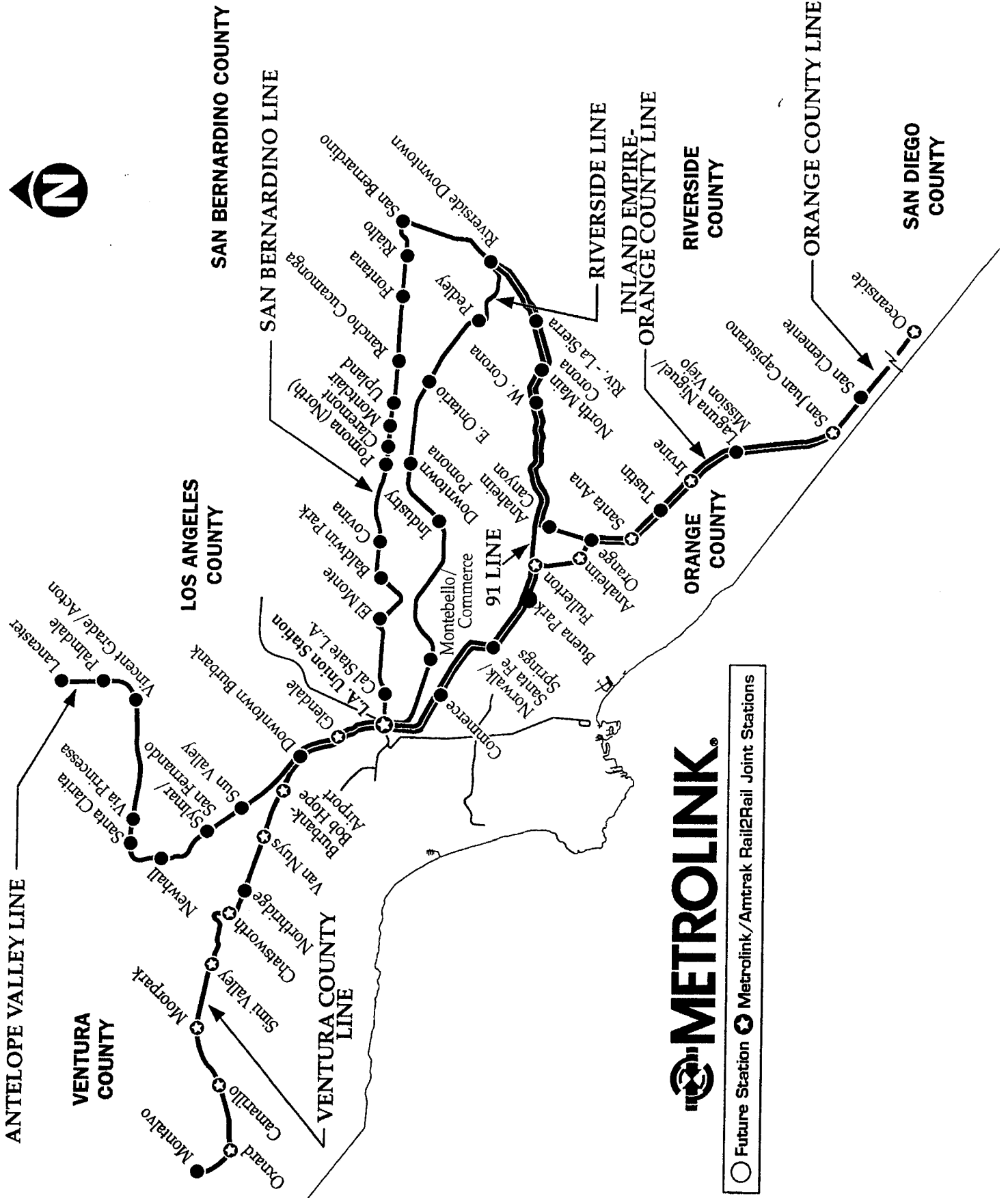
1.1 SCRRA Services

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 1.1.

During Fiscal Year 2008-09 Metrolink expects to operate 147 trains each weekday, and provide weekend service operations with 78 weekend trains. Average weekday ridership is projected to exceed 43,000 daily one-way trips for the Fiscal Year. Saturday and Sunday services are provided on the San Bernardino, Orange County, Inland Empire-Orange County and Antelope Valley Lines.

In Fiscal Year 2008-09, rolling stock available will increase to 53 locomotives, which includes the expected delivery and fleet integration of 15 new locomotives, and 149 commuter rail cars including 37 Cab Cars and 112 passenger cars. In addition to operating commuter rail service, the SCRRA dispatches and maintains in excess of 60% of the territory over which it operates. On a daily basis, SCRRA expects to dispatch 147 Metrolink trains, up to 36 Amtrak intercity trains between Moorpark and San Diego, 22 NCTD operated Coaster trains, and between 70 and 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 the ongoing rehabilitation/renovation of this right-of-way, other agency facilities, equipment and rolling stock, as well as expansion of the system through the acquisition and construction of new assets.



METROLINK

○ Future Station ● Metrolink/Amtrak Rail2Rail Joint Stations

1.2 Organizational Summary

The SCRRA Board, as of April 25, 2008, consisted of the following eleven voting members:

Agency	Votes	Members	Alternates
Riverside County Transportation Commission (RCTC)	2	Ron Roberts (Chair) Council Member, City of Temecula Frank West Mayor Pro Tem, City of Moreno Valley	Daryl Busch* Mayor, City of Perris John Chlebnik* Mayor, City of Calimesa
Ventura County Transportation Commission (VCTC)	1	Keith Millhouse (Vice Chair) Council Member, City of Moorpark	Brian Humphrey VCTC Commission Member
Orange County Transportation Authority (OCTA)	2	Art Brown Council Member, City of Buena Park Richard Dixon Council Member, City of Lake Forest	Patricia Bates* Supervisor, County of Orange
Los Angeles County Metropolitan Transportation Authority (LACMTA)	4	Anthony Bejarano Council Member, City of Baldwin Park Michael Antonovich Supervisor, County of Los Angeles Don Knabe Supervisor, County of Los Angeles Ara Najarian Council Member, City of Glendale	Francine Oschin Appointed by LACMTA Robert T. Bartlett Appointed by LACMTA Beatrice Proo Appointed by LACMTA Maureen Micheline Appointed by LACMTA
San Bernardino Associated Governments (SANBAG)	2	Patrick Morris Mayor, City of San Bernardino Paul Eaton Mayor, City of Montclair	Patricia Gilbreath* Mayor Pro Tem, City of Redlands Diane Williams* Council Member, City of Rancho Cucamonga

* Alternates represent either member

Ex-officio members of the SCRRA

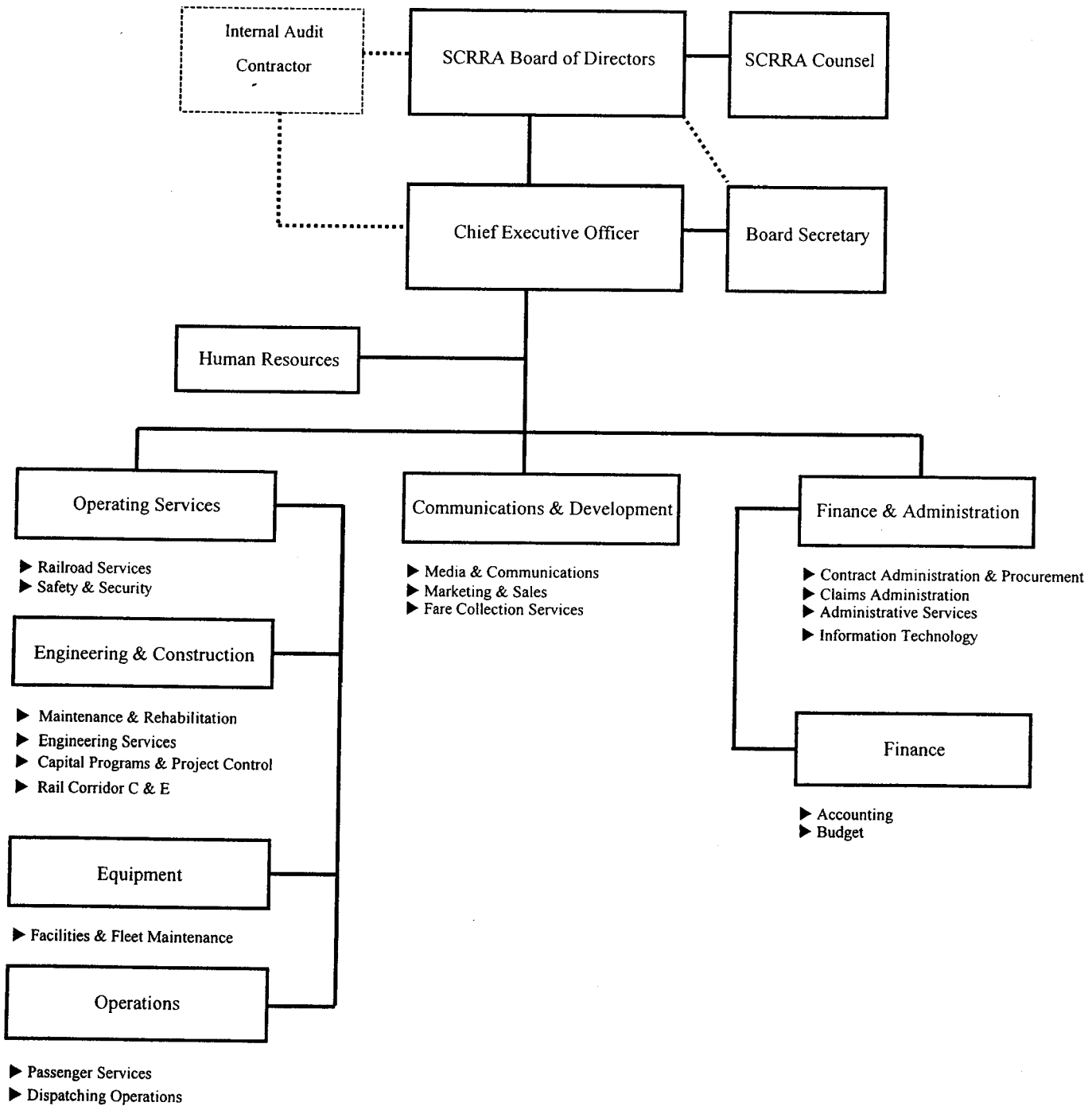
Agency	Members	Alternates
Southern California Association of Governments (SCAG)	Lou Bone Mayor, City of Tustin	
San Diego Association of Governments	Currently awaiting appointment	Linda Culp Senior Transportation Planner
The State of California Department of Transportation (Caltrans)	Dale E. Bonner, Secretary, Business, Transportation and Housing Agency	Doug Failing Director, Caltrans – District 7

Exhibit 1.2 provides the organizational structure of the SCRRA.

EXHIBIT 1.2

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

**Organizational Reporting Structure
Departments and Divisions
FY2008-09**



The eight departments, as well as the respective Directors, of the SCRRA are:

- Executive: David Solow, Chief Executive Officer
- Finance & Administration: Steve Wylie, Assistant Executive Officer – Finance & Administration
- Operating Services: Gray Crary, Assistant Executive Officer – Operating Services
- Operations: Edward Quicksall, Director
- Engineering & Construction: Darrell Maxey, Director
- Equipment: William Lydon Jr., Director
- Communications and Development: Stephen Lantz, Director
- Finance: Patricia Kataura, Controller/Treasurer

The FY 2008-09 Budget of the SCRRA proposes 214 authorized positions, an increase of six (6) from FY 2007-08. A complete roster of agency positions is listed in Table 6.1. For a discussion of the additional positions, please see Section 2.12 below.

1.3 Evolution of SCRRA

In June 1990, the California Legislature enacted Senate Bill 1402, Chapter 4 of Division 12 of the Public Utilities Code. This bill required the transportation commissions 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.¹ 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.

In its sixteenth year of operations, the SCRRA continues building the Metrolink commuter rail system in order to ensure that quality, efficient services are provided to commuters of Southern California.

¹ These five county transportation commissions are defined as SCRRA's Member Agencies.

1.4 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 is committed to and characterized by:

- *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*
- *Community involvement and partnerships with both the public and private sectors*

SECTION 2

**SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY**

BUDGET SUMMARY

2.0 BUDGET SUMMARY

2.1 Budget Policy

Budget Authorization

Under the Joint Exercise of Powers Agreement (JPA) that founded 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 Board must adopt a final Budget no later than June 30th of each year. If a Budget is not approved by the start of the fiscal year, the Board will approve a continuing resolution to fund the Operating Budget on a monthly basis equal to one-twelfth of preceding year's Budget. The Capital Budget approves individual projects that may proceed within the approved funding level.

The Budget shall contain a financial plan that includes:

- * Organizational chart.
- * Goals and objectives for the new fiscal year.
- * The assumptions underlying revenue and expense projections.
- * Planned service for the following fiscal year.
- * Separately presented Operating and Capital budgets
- * Revenue sources by line item
- * Expenses by summary line item
- * Department budgets
- * Authorized positions.

The Operating Budget details both operating revenues (such as fare revenue, maintenance-of-way (MOW) revenue, member agency contributions, etc.) and operating expenses (such as Train Operations, Equipment Maintenance, Fuel, Security, Transfers to Other Operators, Maintenance-of-Way, Salaries and Fringe Benefits, Insurance, etc.)

The Capital Budget includes all new projects proposed for the coming fiscal year as well as previously approved projects for which work has yet to be completed, and is expected to continue into the Fiscal Year under consideration. The Board approves individual Rehabilitation and Renovation 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 Capital by each Rehabilitation/Renovation 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.

Budgetary Control

General

Budgetary control refers to SCRRA's 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:

Transfers

A Budget Transfer represents changes in projected expenses between line items within or across departments in the Budget. The Budget Office shall review the impact of any requested Budget Transfer and make recommendations to the Chief Executive Officer and/or Board, as required.

Amendments

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

- Any Budget Transfer that negatively impacts member agency funding commitments.
- Any Budget Transfer that negatively impacts the total Operating Budget or individual Capital projects:
- Any Budget Transfer that increases the total authorized level of personnel.

The Board, by approving any Budget Amendment, amends the Budget for the fiscal year. Any budget amendment that requires an increase in a member agency's funding commitments additionally requires the approval of that member agency.

Budgetary Reporting

The Adopted, or subsequently amended, Budget is the baseline for all comparisons to actual revenue and expenditures during a fiscal year. On a quarterly basis, budget status reports are presented to the Board of Directors. Additionally, the preparation of the

following year's budget request provides staff with a mid-year opportunity for a detailed evaluation of progress compared to the budget plan of the current year. Internal performance reporting and the preparation of the Comprehensive Annual Financial Report (CAFR) also provide tools for managing and reporting agency activities compared to the budget plan.

2.2 Accounting Methodology

The SCRRA reports its financial position and activities as a special-purpose governmental entity engaged only in business-type activities and presents only 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; 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 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, 2006. For a complete description of the rating values and their meanings, please see Appendix Section 7. 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.

2.3 Budget Components

The Operating Budget is comprised of the following two major components:

- Train Operations – This portion of the Operating Budget includes expenses 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, general and administrative expenses, professional services, and insurance.

- Maintenance-of-Way – This portion of the Operating Budget includes ordinary maintenance of the rights-of-way owned by SCRRA member agencies. It involves routine inspection and repair of track, signals, and structures.

The Capital Budget is comprised of the following two major components:

- Rehabilitation and Renovation projects – These are projects 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: Car Door Operators; Wheel Trucks; Heating/Ventilation/Air Conditioning (HVAC); Traction Motors; and Head End Power Engine. The budget includes both ongoing and new projects for FY 2008-09.
- New Capital projects – These are capital projects that expand the system such as sidings, double track, installation of new signal system components, and new rolling stock. The budget includes new and ongoing projects. Projects where final funding agreements have not been received are not included 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.

2.4 Significant Changes In Budgeting Approach

The FY 2008-09 Operating Budget reflects a change from prior budgets in the method of estimating fare revenues. In the past, projections of annual fare receipts have been based upon two underlying estimates: the projected average daily ridership, and the projected revenue per boarding. Growing variances between forecasted and actual revenues during recent years has led staff to evaluate alternative forecasting methodologies and data sources. It was found that ridership data, collected independently from fare media sales, represented a less reliable basis for forecasting. A revenue-based forecasting model was tested and found to predict line level revenues with more accuracy than previous ridership-based models.

Forecasting models were customized for each line using econometric modeling (ARIMA with seasonality) as well as time series forecasting (exponential smoothing) of actual revenue data. Some of the underlying assumptions include a 5.5% systemwide average fare increase effective July 1, 2008, scheduled levels of service, regional employment and economic conditions, and average gasoline prices, among others.

2.5 Budget Assumptions

Operating Budget

The primary objective of the operating budget of the SCRRA is to provide the financial road map that leads to the achievement of the agency's priorities and objectives

consistent with its provision of high quality commuter rail service under the Metrolink banner. Within that objective, and to the degree possible, the agency attempts to expand those services in areas that allow for the greatest possible and efficient delivery of passenger friendly transit services. The second principal operating budget objective is to maintain the integrity of the Member Agency owed rights-of-way (ROW) for commuter rail and freight operations. The agency provides primary responsibility for the maintenance of over 363 track miles in the five county region.

The FY 2008-09 Budget assumes one additional new off-peak weekday round trip will be provided above the current (FY08) level of operation. The SCRRA is currently at peak period maximum utilization of available rolling stock.

For FY 2008-09, total systemwide service levels assume 147 weekday trains operating on seven lines, and 78 regular weekend trains operating on four lines as referenced above. Total revenue Train Miles are expected to equal 2.519 million miles, an increase of 2.9% from the FY 2007-08 budget.

SCRRA's philosophy for maintenance-of-equipment (MOE) and maintenance-of-way (MOW) is to perform ordinary maintenance sufficient to prevent any loss of service quality and to budget for Rehabilitation and Renovation programs at sufficient intervals to prevent the needed repairs or replacements from overwhelming the Operating Budget.

Revenues

Operating revenues include farebox, dispatching and maintenance-of-way revenues, interest, other minor miscellaneous revenues, and are expected to grow in FY 2008-09 to \$86.8 million, an increase of \$5.5 million, or 6.8% over the adopted FY 2007-08 budget. The budget assumes Metrolink fares are to increase systemwide by an average of 5.5% and includes the continued implementation of the Board approved Fare Policy Restructuring program for the Fiscal Year.

During FY 2003-04, the agency developed and approved a Fare Policy restructuring plan, and FY 2008-09 represents the fourth year of a ten year implementation. The previous fare structure was predicated on a zone basis under which a passenger's fare was determined by the number of fare zones traveled. The new policy is based on a station-to-station driving distance basis. SCRRA believes that this new policy results in a more equitable fare payment methodology in which all travel, regardless of actual point-to-point destination, will be comparably priced.

Average weekday ridership is projected to total 43,276. Total ridership, including all weekend services, is expected to exceed 11.6 million passenger trips. The FY 2008-09 budget assumes 255 weekday operating days equal to FY 2007-08.

Fare revenues are calculated by operating line segment through the use of an applied statistical methodology, (Please see Section 2.4 above). The resulting Farebox Revenue is projected increase to \$72.4 million or 7.8% above the FY 2007-08 Budget. The

projection of fare revenues includes the annual 25% discount in the December monthly pass price.

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 \$3.0 million, no change from FY2007-08. Contributions from Amtrak to support Ticket Vending Machine (TVM) functionality are expected to add an additional \$391.7 thousand. Maintenance of Way revenues are estimated to increase to \$10.4 million or 3.4% above the FY 2007-08 Budget. The increase is the result of the increased index of cost reimbursement rates under various operating agreements for cost recovery purposes combined with a relatively unchanged volume of freight traffic during the year.

Expenses

The major driving factors in projecting operating expenses are service levels, the maintenance of equipment, associated operating support costs, and the rights-of-way maintenance requirements of the agency. Underlying contract cost escalation increases ranging from 3.5% to 5.5%, included in multi-year service contracts, factored into the overall cost structure of the SCRRA.

The FY 2008-09 Operating Budget is \$14.0 million or 9.6% greater than the FY 2007-08 Budget. Five specific elements within the budget represent approximately 86% of the increase including:

- Increases in the cost of fuel as a result of both increased price assumptions as well as additional service miles – increase \$4.8 million
- Equipment Maintenance expenses are increasing both as a result of contractually mandated annual cost escalation as well as the addition of new staff to support the maintenance of new locomotives, additional passenger vehicles, outlying point support requirements, and the increasing costs of parts and associated freight – increase of \$2.9 million.
- The costs of transit transfers are estimated to increase as a result of the increased rate of payment for those riders utilizing EZ Pass transfers in Los Angeles County - \$1.6 million.
- Increases in the costs of Sheriff's both as a result of contractually mandated annual cost escalation as well as the annualized cost of the additional deputies added in FY 2007-08 to cover additional weekend service hours – increase \$804 thousand.
- Increased Maintenance of Way (MOW) costs in anticipation of the award of a new Track and Structures maintenance contract as well as contractually required and indexed labor increases – \$2.0 million.

Capital Budget

The 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. New Capital projects included in the budget depend upon the availability of local, state and federal funding. Rehabilitation and Renovation projects included in the budget depend primarily upon the availability of funds from the five member agencies. Selected projects have been prioritized to meet projected funding available and chosen from a larger field SCRRA staff believe can be safely and responsibly deferred to future years. Additionally, the proposed projects will ensure that the SCRRA rail infrastructure condition rating will continue to substantially exceed the minimum condition standard as established by the Board.

Capital 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:

Federal Funds -	\$ 120.4 million
State Funds -	36.8 million
Member Agency Local Funds -	270.8 million
Other Local Funds -	<u>15.6 million</u>
Total	\$ 443.6 million

2.6 Summary of the FY 2008-09 Budget

The \$602.8 million FY 2008-09 budget consists of an Operating Budget of \$159.1 million, an increase of 9.6% from the FY 2007-08 Budget, and a Capital Program of \$443.6 million. The Operating Budget includes Train Operations of \$134.6 million and a Maintenance-of-Way (MOW) budget of \$24.5 million. The Capital Budget contains a Rehabilitation and Renovation Budget of \$82.3 million and a New Capital Budget of \$361.3 million in newly proposed and previously approved projects.

The 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 2008-09 Budget. As funds become available and, after review and approval by the Board, these projects will be amended into the budget.

2.7 Summary Total FY 2008-09 Budget Sources and Uses by Member Agency

Table 2.1 provides a summary of the FY 2008-09 Budget revenue and expenditure authority by member agency. Revenues are separated into Local Funds for Operating and Capital representing Member Agency contributions; Other Operating Revenues that include Farebox Revenue, Miscellaneous Operating Revenues (principally Dispatching), and Maintenance-of-Way Revenues; and Other Capital Revenues which include: Interest on Lease Proceeds, Other Agency Local, State, Federal, Amtrak Intercity and freight railroad funds. The expenditures are shown for the four categories of the Budget: Operating Expenditures; Maintenance-of-Way; New Capital; and Rehabilitation/Renovation.

TABLE 2.1

FY 2008-09 BUDGET SOURCES AND USES BY MEMBER AGENCY
(\$000s)

	Total FY 2008-09	% of Total	LACMTA	OCTA	RCIC	SANBAG	VCTC	Systemwide
Operating Budget								
Local Funds For Operating	\$72,308.4	45.4%	\$37,301.2	\$14,790.0	\$6,529.7	\$7,957.6	\$5,729.8	\$0.0
Operations	58,139.3	36.5%	29,346.7	12,319.1	5,775.9	5,870.6	4,827.0	-
Maintenance-of-Way	14,169.0	8.9%	7,954.5	2,470.9	753.8	2,087.0	902.9	-
Other Operating Revenues	\$86,826.9	54.6%	\$46,768.3	\$19,611.1	\$5,567.6	\$11,441.1	\$3,438.8	\$0.0
Farebox Revenue	72,410.2	45.5%	38,205.0	16,333.1	5,415.7	10,153.0	2,303.4	-
Non-Fare Operating Revenue	4,049.0	2.5%	2,018.6	1,167.8	152.0	247.1	463.5	-
MOW Revenues	10,367.7	6.5%	6,544.6	2,110.2	0.0	1,040.9	671.9	-
Total Funding Sources For Operating	\$159,135.2	100.0%	\$84,069.5	\$34,401.1	\$12,097.3	\$19,398.7	\$9,168.7	\$0.0
Total Operating Expenditures	\$159,135.2	100.0%	\$84,069.5	\$34,401.1	\$12,097.3	\$19,398.7	\$9,168.7	-
Operating Expenditures (Excludes MOW)	134,598.5	84.6%	69,570.3	29,820.0	11,343.5	16,270.8	7,593.8	-
Maintenance-of-Way	24,536.7	15.4%	14,499.1	4,581.1	753.8	3,127.9	1,574.8	-
Capital Budget								
Local Funds For Capital	\$270,797.1	61.0%	\$82,306.9	\$181,093.2	\$1,319.7	\$6,001.7	\$75.6	\$0.0
New Capital	231,424.9	52.2%	50,812.7	175,810.6	1,172.8	3,628.7	-	-
Rehabilitation/Renovation	39,372.2	8.9%	31,494.1	5,282.6	146.9	2,373.0	75.6	-
Other Capital Revenues	\$172,849.0	39.0%	\$3,252.3	\$55,773.4	\$18,158.7	\$27,214.2	\$3,145.0	\$65,305.3
Interest on Lease Proceeds	2,902.0	0.7%	-	-	-	-	-	2,902.0
Other Non-Member (includes insurance recoveries)	11,708.6	2.6%	-	-	-	-	-	11,708.6
State Funds	36,831.3	8.3%	2,676.7	-	-	-	-	34,154.6
Federal funds	120,408.7	27.1%	575.6	55,773.4	18,158.7	27,214.2	3,145.0	15,541.7
Amtrak Funds	222.8	0.1%	-	-	-	-	-	222.8
UPRR Funds	775.5	0.2%	-	-	-	-	-	775.5
Total Funding Sources For Capital	\$443,646.1	100.0%	\$85,559.1	\$236,866.6	\$19,478.4	\$33,216.0	\$3,220.6	\$65,305.3
Total Capital Expenditures	\$443,646.1	100.0%	\$85,559.1	\$236,866.6	\$19,478.4	\$33,216.0	\$3,220.6	\$65,305.3
New Capital	361,326.6	81.4%	54,065.0	211,180.8	14,968.9	21,063.1	-	60,048.8
Rehabilitation/Renovation	82,319.4	18.6%	31,494.1	25,685.8	4,509.5	12,152.9	3,220.6	5,256.5
Total Proposed Expenditures	\$602,781.3		\$169,628.6	\$271,267.7	\$31,575.8	\$52,614.6	\$12,389.3	\$65,305.3

Summary of Estimated Outlays – FY 2008-09

Table 2.2 estimates actual outlays, versus total budget authority, for the fiscal year FY 2008-09.

Table 2.2
ESTIMATED ACTUAL OUTLAYS – FY 2008-09
(000's)

Program	FY 2008-09 Budget Authority	FY 2009-09 Estimated Actual Outlays
Operating Budget		
Train Operations	\$ 134,598.5	134,598.5
Maintenance of Way	24,536.7	24,536.7
Subtotal – Operating Budget	159,135.2	159,135.2
Capital Budget		
New Capital Projects	361,326.7	234,862.4
Renovation and Rehabilitation Projects	82,319.3	49,391.8
Subtotal – Capital Budget	443,646.0	284,254.2
Grand Total – FY 2008-09	\$ 602,781.2	443,389.4

2.9 Summary of FY 2008-09 Revenues

Table 2.3 shows the projected revenues for the FY 2008-09 SCRRA Budget and compares these with budgeted and actual revenues for the fiscal years FY 2005-06 through FY 2008-09.

- Actual farebox revenues have increased each year. FY 2008-09 reflects a 7.8% increase over the FY 2007-08 Budget.
- Dispatching Revenues include fees for dispatching freight, Amtrak intercity, and NCTD Coaster trains, and are estimated to at \$3.0 million, equal to FY 2007-08 due to flattening freight traffic.
- Other revenues include a contribution from Amtrak for the expanded TVM program, funds carried forward from a previous period under the agency's Supplemental Security program, 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 \$1.1 million.
- At the request of member agencies, Interest Income is traditionally not budgeted. These funds are contingent on cash flow and are used to reduce local operating subsidies as part of the end of the fiscal year member reconciliation.

Member agency contributions for ordinary maintenance are partially offset by revenues received from the freight railroads and Amtrak Intercity service. These revenue's 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. However, due to the requirement of maintaining a higher standard of quality for passenger rail service, these revenues do not offset 100% of the costs. MOW revenues total \$10.4 million, an increase of 3.4% above the FY 2007-08 Budget.

TABLE 2.3

COMPARISON OF REVENUES
(\$000s)

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Budget	FY 2008-09 Budget	Change from FY 08 Budget
Operating Revenues					
Farebox	\$54,655.5	\$62,275.0	\$67,169.1	\$72,410.2	7.8%
Dispatching Agreements	2,962.3	2,957.4	3,000.1	\$2,982.3	(0.6%)
Other Operating (1)	7,108.9	4,398.9	1,134.2	\$1,066.7	(6.0%)
Maintenance-of-Way	9,779.1	10,138.0	10,022.7	\$10,367.7	3.4%
Local Funds for Operating	47,404.8	47,030.5	63,822.1	72,308.4	13.3%
Subtotal Operating Revenues	\$121,910.6	\$126,799.9	\$145,148.2	\$159,135.2	9.6%
Percent of Total Revenues	72.4%	57.8%	24.9%	26.4%	

Capital Revenues					
State	\$8,560.4	\$25,870.2	\$27,300.9	\$36,831.3	34.9%
Federal	28,370.9	34,760.1	105,015.4	120,408.7	14.7%
Interest on Lease Proceeds	969.0	1,046.9	1,513.8	2,902.0	91.7%
Union Pacific Railroad/BNSF	0.0	207.9	44.6	775.5	1,637.0%
Amtrak	124.5	508.6	0.0	222.8	N/A
Other Non-Member (includes insurance recoveries)	1,824.3	0.0	15,851.4	11,708.6	(26.1%)
Local Funds for Capital	6,688.6	30,162.6	289,214.0	270,797.1	(6.1%)
Subtotal Capital Revenues	\$46,537.8	\$92,556.4	\$438,940.1	\$443,646.1	1.2%
Percent of Total Revenues	27.6%	42.2%	75.1%	73.6%	

Total Revenues	\$168,448.4	\$219,356.3	\$584,088.3	\$602,781.3	3.3%
-----------------------	--------------------	--------------------	--------------------	--------------------	-------------

Local Revenues as a Percent of Total	32.1%	35.2%	60.4%	56.9%	
---	--------------	--------------	--------------	--------------	--

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

Local funds from the five member agencies for the Operating Budget vary from year to year. The FY 2008-09 budget assumes Member Agency contributions are estimated to equal \$72.3 million. This figure represents a 13.3% increase over the previous fiscal year.

Revenues for New Capital and Rehabilitation and Renovation include state and federal grants, interest on lease proceeds, freight railroad, and local funds. Projects are included in the Budget based upon the availability of these funds. The Capital Budget represents approximately 74% of the total FY 2008-09 requested budget authority.

Dependent upon the availability of state and federal funds (principally for capital), local Member Agency contributions are estimated to be 57% of total revenues the FY 2007-08 Budget.

2.10 Summary of Operating and Capital Budgets by Expense Type

Table 2.4 provides a summary of projected expenditures for FY 2008-09 by summary expense type. As shown in the table, expenditures have been segregated into eight primary expense types.

These are listed and described below:

- Labor - All SCRRA employee salaries, wages and fringe benefits.
- Purchased Transportation - Payments to the contract operators of commuter train operations and maintenance-of-equipment. This category also includes Transfer Payments to other operators, and the use of Emergency Bus Services.
- Services - Expenses for Operating Facilities Maintenance; Other Operating Train Services; Security (Los Angeles County Sheriff and private guard services); Public Safety Program; Ticket Vending Machine (TVM) Maintenance; Revenue Collection; Passenger Relations; Marketing; Media & External Communications; Professional Services; and Non-Labor Services.
- Utilities/Leases - Expenses for telephone and other utilities and leases and rentals for office equipment; automobiles; facilities; rolling stock; maintenance-of-way equipment; and other leases and rentals.
- Maintenance-of-Way - Expenses for maintenance of track, signal & communications; structures, extra-ordinary maintenance; maintenance-of-way equipment maintenance; and other maintenance-of-way expenses.
- Insurance & Liability – Expenses for insurance premiums, claims and claims administration.
- Capital - Expenses for Rehabilitation/Renovation and New Capital projects.
- Other Expenses – Expenses for materials and supplies; taxes; miscellaneous expenses including dues and subscriptions; travel, meetings, and conferences; training and seminars; advertising; legal and meeting notices; postage and messenger; etc.

The majority of SCRRA expenditures are included in the Capital expense types, 74%, followed by Purchased Transportation, 9%. Reflecting further that the SCRRA contracts out the a majority of the services included in the budget, Agency Labor, makes up 3% of the total budget and 9% of the Operating Budget. Within the Operating Budget,

TABLE 2.4

TOTAL AGENCY
EXPENDITURES BY EXPENSE TYPE
(\$000s)

Operating Budget (Including MOW)	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	% of FY 08-09 Budget
Labor	\$12,174.9	\$12,589.8	\$13,869.9	\$13,894.0	9%
Purchased Transportation	40,412.1	44,387.8	49,866.9	54,858.9	34%
Services	18,350.3	19,202.2	22,661.0	24,129.4	15%
Utilities/Leases	4,001.6	4,149.6	4,477.8	4,664.1	3%
Maintenance-of-Way	14,371.6	13,849.7	16,273.3	18,361.0	12%
Insurance & Liability	10,528.5	8,756.7	11,250.0	11,380.0	7%
Other Expenses	14,904.2	16,027.0	17,436.4	22,496.3	14%
Indirect Agency Transfer to Operating	7,167.3	7,837.1	9,312.9	9,351.6	6%
Subtotal Operating Budget	\$121,910.6	\$126,799.9	\$145,148.2	\$159,135.2	100%

Capital Budget	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	% of FY 08-09 Budget
Labor	\$937.4	\$1,761.2	\$2,700.6	\$3,592.2	1%
Services	562.6	978.2	272.7	391.0	0%
Utilities/Leases	86.7	147.8	0.0	0.0	0%
Capital	42,996.4	88,860.0	434,093.0	437,426.9	99%
Other Expenses	112.2	417.9	168.1	169.9	0%
Indirect Agency Transfer to Capital	742.6	909.5	1,705.7	2,066.0	0%
Subtotal Capital Budget	\$45,437.9	\$93,074.6	\$438,940.1	\$443,646.1	100%

Total SCRRA	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	% of FY 08-09 Budget
Labor	\$13,112.4	\$14,351.0	\$16,570.6	\$17,486.2	3%
Purchased Transportation	40,412.1	44,387.8	49,866.9	54,858.9	9%
Services	18,912.9	20,180.3	22,933.7	24,520.4	4%
Utilities/Leases	4,088.3	4,297.4	4,477.8	4,664.1	1%
Maintenance-of-Way	14,371.6	13,849.7	16,273.3	18,361.0	3%
Insurance & Liability	10,528.5	8,756.7	11,250.0	11,380.0	2%
Capital	42,996.4	88,860.0	434,093.0	437,426.9	73%
Other Expenses	15,016.4	16,444.9	17,604.5	22,666.2	4%
Indirect Agency Support Transfer	7,909.9	8,746.6	11,018.5	11,417.6	2%
Total SCRRA Budget	\$167,348.5	\$219,874.4	\$584,088.3	\$602,781.3	100%

Purchased Transportation makes up 35% Services make up 15%, and Maintenance-of-Way is 11% of the total.

2.11 Summary of Operating and Capital Budgets by Department

Table 2.5 provides a summary of projected expenditures for FY 2008-09 by Department.

2.12 Summary of FY 2008-09 Authorized Positions

Table 2.6 provides a summary of the FY 2008-09 total proposed positions by department and compares this total with the authorized levels of FY 2003-04 through FY 2007-08.

The FY 2008-09 Budget proposes six new positions for a total authorized position count of 214 versus 208 in FY 2007-08.

The FY 2008-09 Budget is proposing the addition of six new positions in order address both its current requirements as well as the needs of the future. A new Manager, Operations position is proposed to address current service requirements as well as oversee the anticipated expansion of service beginning in FY 2009-10. A Customer Services Representative is proposed for additional coverage at Los Angeles union Station. Two new Train Dispatchers are proposed, beginning in the last third of the fiscal year, to begin the training and qualification process to accommodate future service increases. Finally, two new project management positions, a Communications Project Manager and Communications Engineer are proposed in the Engineering Department to address the current and anticipated needs of the agency's capital expansion program.

The FY 2008-09 Budget further assumes that staff will contribute 10% of the costs of medical insurance premiums, and includes a 4% merit pool.

For further discussion of the departmental structures, goal and objectives, and related information, please see Section 6 – Department Budgets

TABLE 2.5

COMPARISON OF EXPENDITURES BY DEPARTMENT
(\$000s)

Operating Budget (including MOW)	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 07 Budget
Executive	\$2,525.2	\$1,530.2	\$2,175.5	\$2,299.3	6%
Assistant Executive - Finance & Admin	18,020.7	17,538.6	21,608.0	21,202.1	(2%)
Assistant Executive - Operating Services	9,155.6	10,658.4	11,734.7	13,051.7	11%
Operations	29,517.1	33,319.7	37,315.2	39,418.6	6%
Engineering & Construction	18,494.7	17,650.4	19,970.2	22,461.9	12%
Equipment	34,810.7	36,108.8	41,114.0	49,193.8	20%
Communications & Development	7,723.0	8,181.0	9,369.9	9,785.6	4%
Finance	1,663.5	1,812.8	1,860.6	1,722.2	(7%)
Total Expenses	\$121,910.6	\$126,799.9	\$145,148.2	\$159,135.2	9.6%

Capital Budget	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Executive	\$111.4	\$134.1	\$235.2	\$268.3	14%
Assistant Executive - Finance & Admin	728.7	814.8	2,060.2	2,463.2	20%
Assistant Executive - Operating Services	143.1	197.9	13.6	117.3	761%
Operations	79.6	442.3	3,019.0	1,379.7	(54%)
Engineering & Construction	20,693.4	54,494.9	186,441.3	237,476.0	27%
Equipment	22,219.1	34,564.5	245,106.8	197,832.5	(19%)
Communications & Development	1,150.7	2,100.9	1,554.1	3,524.6	127%
Finance	311.8	325.1	509.9	584.4	15%
Total Expenses	\$45,437.9	\$93,074.6	\$438,940.1	\$443,646.1	1%

SCRRA Budget	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Executive	\$2,636.6	\$1,664.3	\$2,410.6	\$2,567.6	7%
Assistant Executive - Finance & Admin	18,749.4	18,353.4	23,668.1	23,665.3	(0%)
Assistant Executive - Operating Services	9,298.8	10,856.3	11,748.3	13,169.0	12%
Operations	29,596.7	33,762.0	40,334.2	40,798.3	1%
Engineering & Construction	39,188.2	72,145.3	206,411.4	259,937.9	26%
Equipment	57,029.8	70,673.3	286,220.9	247,026.4	(14%)
Communications & Development	8,873.7	10,281.9	10,924.0	13,310.2	22%
Finance	1,975.3	2,138.0	2,370.6	2,306.6	(3%)
Total Expenses	\$167,348.5	\$219,874.4	\$584,088.3	\$602,781.3	3%

TABLE 2.6

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
 FY 2008-09 BUDGET
 COMPARISON OF POSITIONS BY DEPARTMENT

Department	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Proposed FY 2008-09
Executive	8	8	8	8	8	8
Assistant Executive Office - Finance & Administration	31	31	22	22	27	27
Assistant Executive Office - Operating Services			14	15	13	12
Operations	70	70	64	67	68	72
Engineering and Construction	36	36	36	36	38	41
Equipment	11	11	13	13	14	14
Communications and Development	20	20	22	22	21	21
Finance	24	24	22	22	19	19
Total Authorized Positions	200	200	201	205	208	214

SECTION 3

**SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY**

OPERATING BUDGET

3.0 OPERATING BUDGET

3.1 Performance Data

Figures 3.1 through 3.4 provide a summary of the FY 2008-09 performance data as projected in the Budget and compared with historical data since FY 1992-93. The budget illustrates the continuing growth and efficiency of Metrolink operations. As shown in Figures 3.1 and 3.2, both operating expenses and train-miles have increased at approximately the same long term rates. Fare revenues have increased with ridership, and maintenance-of-way and dispatching revenues continue to remain strong.

Figures 3.3 and 3.4 provide various operating statistics. Revenue recovery is calculated as the ratio of total operating revenues over total expenses less rolling stock lease and maintenance-of-way extra-ordinary maintenance. Since FY 1996-97 the revenue recovery index has been over 50% and is projected at 55% for FY 2008-09. In past years, final actual revenue recovery ratios have generally been higher than the budget projection due to contingencies included in the annual budgets as well as interest income received on cash reserves and Member Agency funds received in advance for operations and capital projects.

Farebox revenues are estimated to cover almost 46% of total operating expenses for FY 2008-09. Operating expense per train-mile is calculated net of extra-ordinary maintenance and is projected to be \$62.96 in FY 2008-09, an increase from \$58.78 in the Fiscal Year 2007-08 Budget. Almost 45% of this increase, \$1.88 of the change, is due to the increase in the cost of diesel fuel alone.

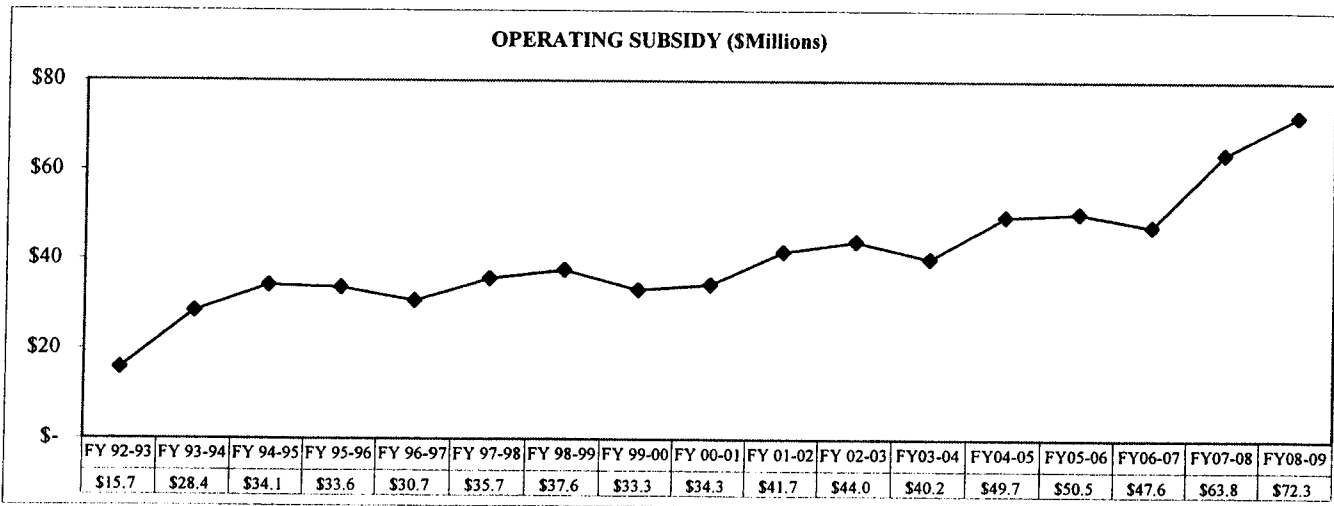
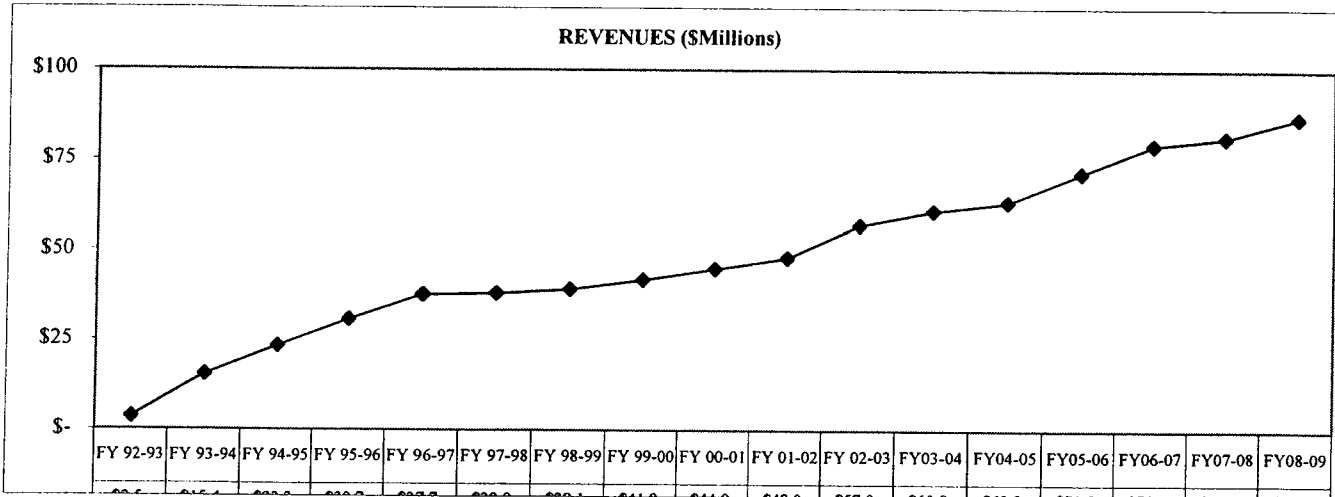
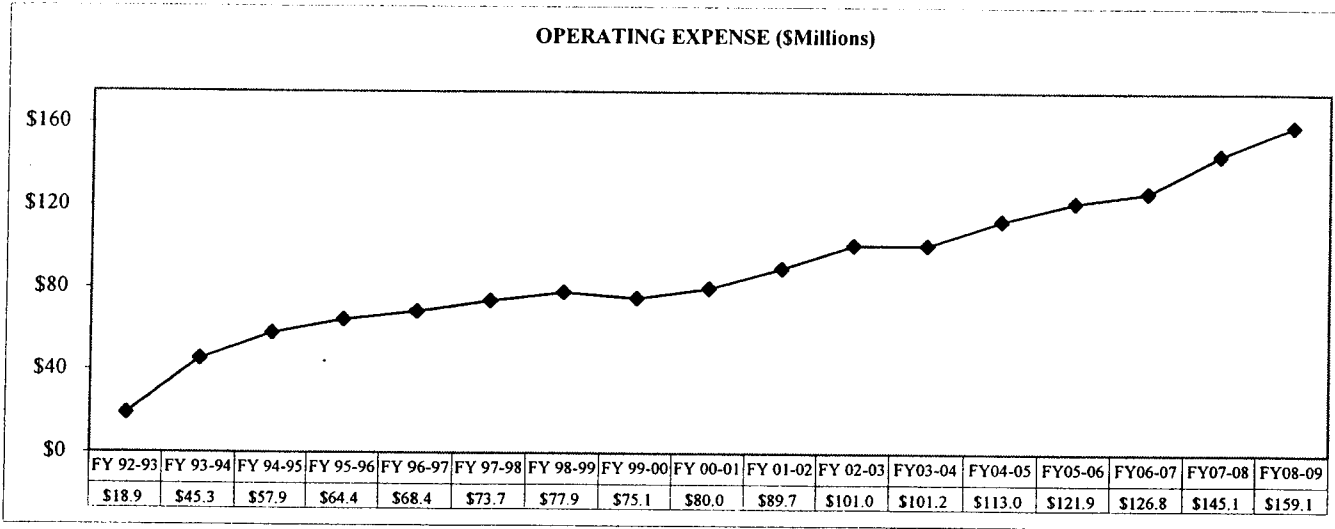
Operating expense per passenger-mile is projected at \$0.38 in FY 2008-09. Operating subsidy per rider has decreased as the system matured, and the projection for FY 2008-09 is \$6.20. As Metrolink trips are relatively lengthy, a better indication of the efficiency of the system is operating subsidy per passenger-mile. This index is projected to equal \$0.17, an increase of \$0.02 from FY 2007-08 and is very competitive with other transit properties in the region.

3.2 Summary of FY 2008-09 Statistics by Line

Table 3.1 provides the estimated operating statistics by line for FY 2008-09 and the calculation of various performance ratios. Revenues and expenses are allocated to lines using formulae described in detail in Sections 7.1 through 7.4.

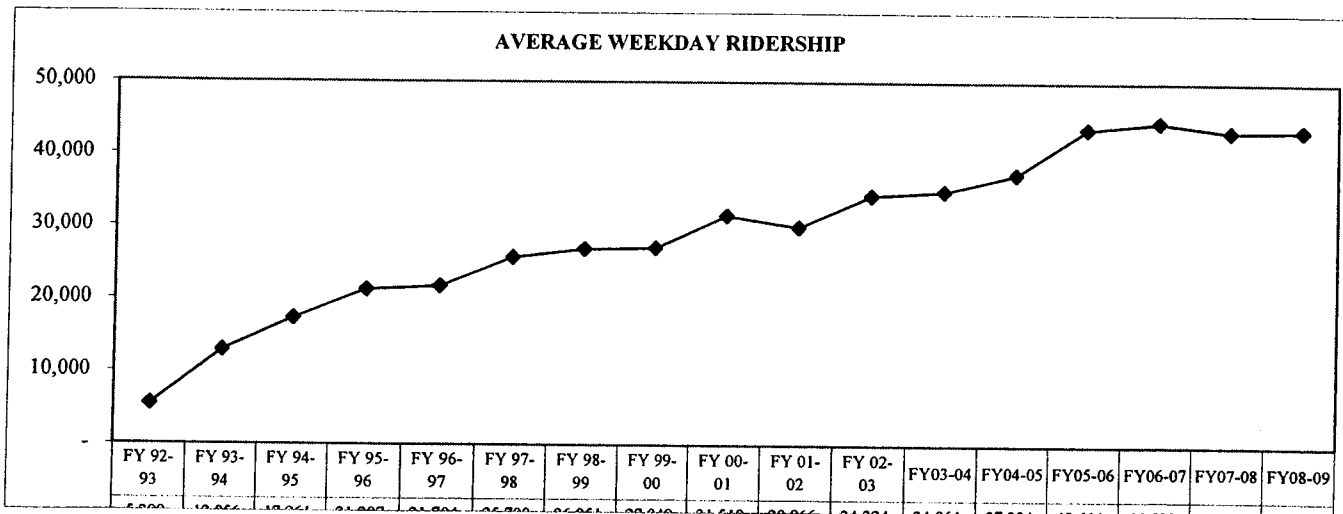
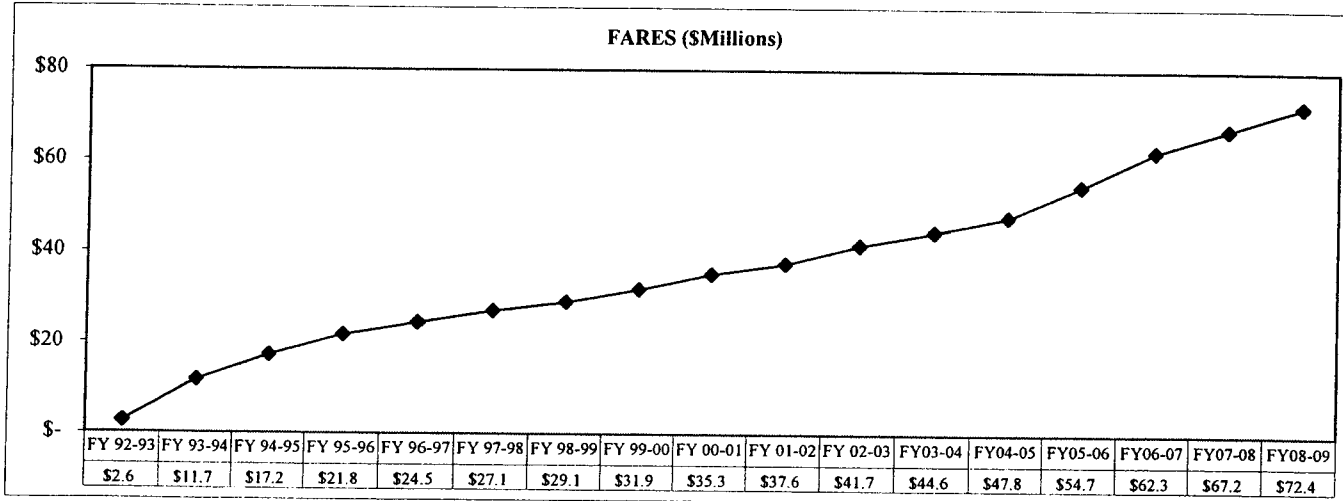
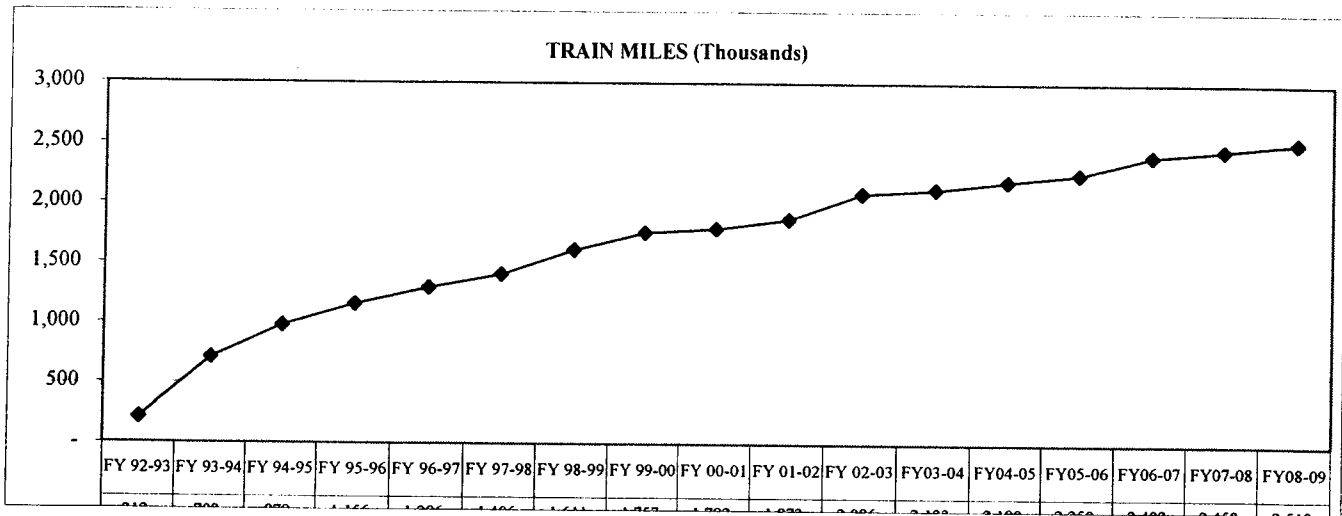
Average trip length for FY 2008-09 is projected at 35.8 miles. Dependent on ridership and revenues received, individual line operating statistics vary considerably. The Orange County and San Bernardino Lines have the highest revenue recovery rates at 70% and 66% respectively. The Riverside Line revenue recovery is estimated at 56%, the 91 line at 52%, and Ventura County, Antelope Valley, and IEOC lines all have revenue recovery rates between 40% and 48%.

FIGURE 3.1
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 08-09



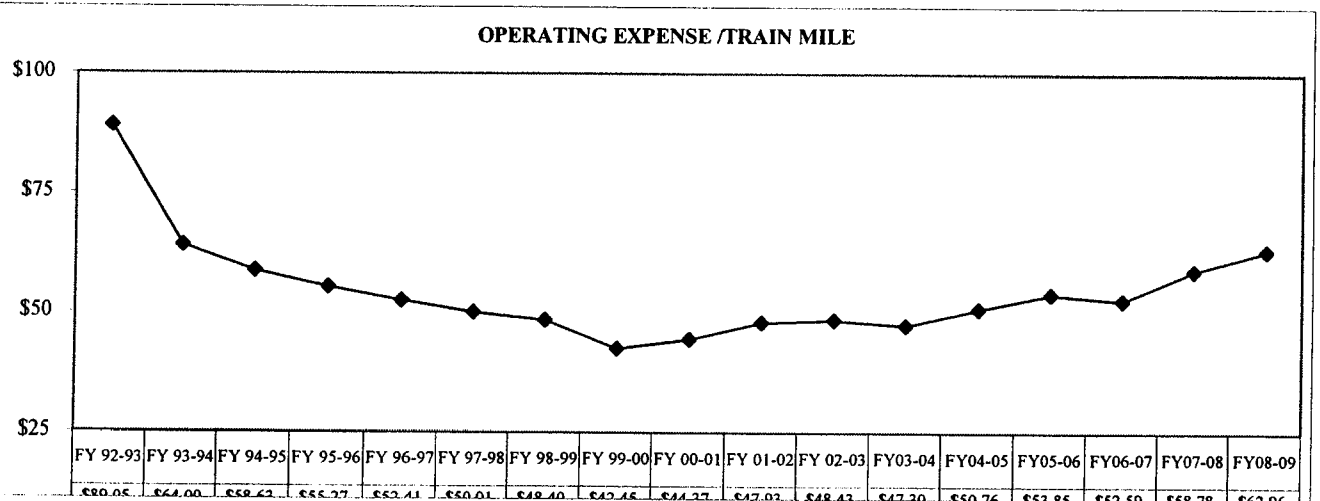
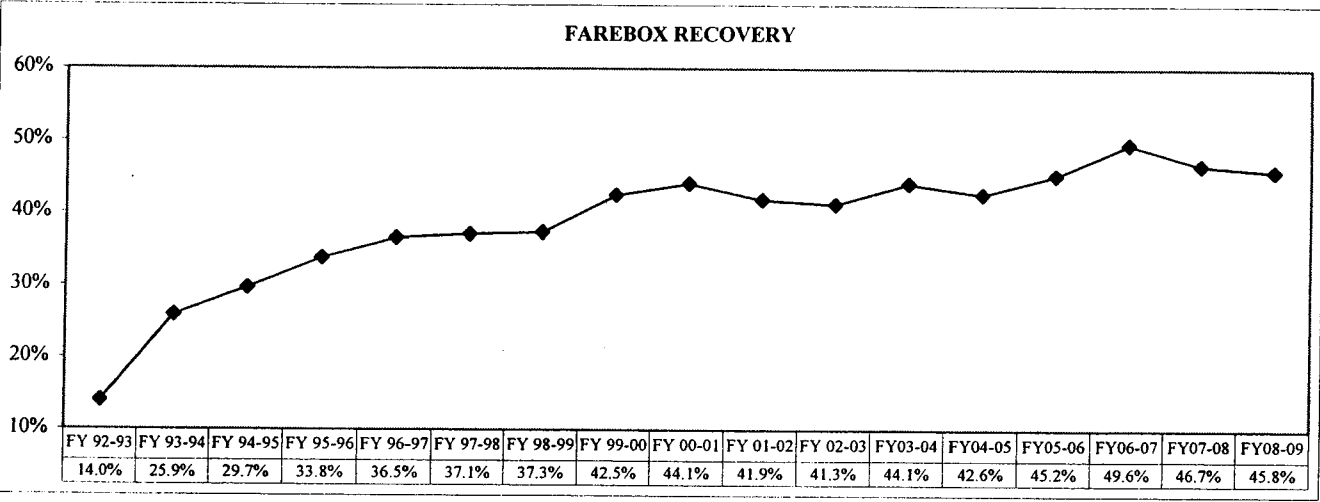
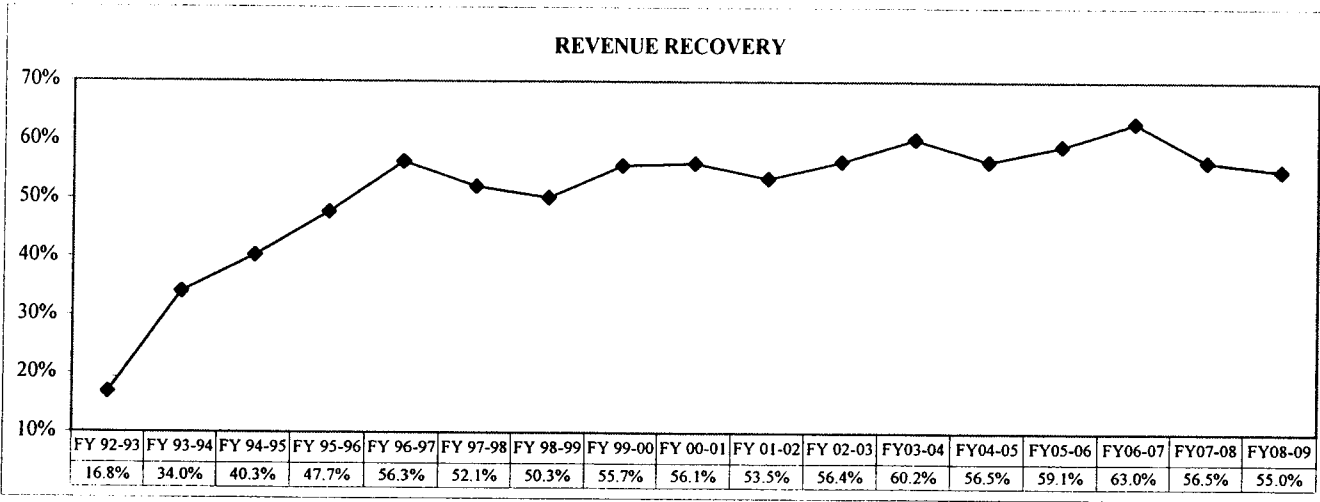
Actuals to FY 06-07, Budget for FY 07-08 and FY 08-09

FIGURE 3.2
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 08-09



Actuals to FY 06-07, Budget for FY 07-08 and FY 08-09

FIGURE 3.3
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 08-09

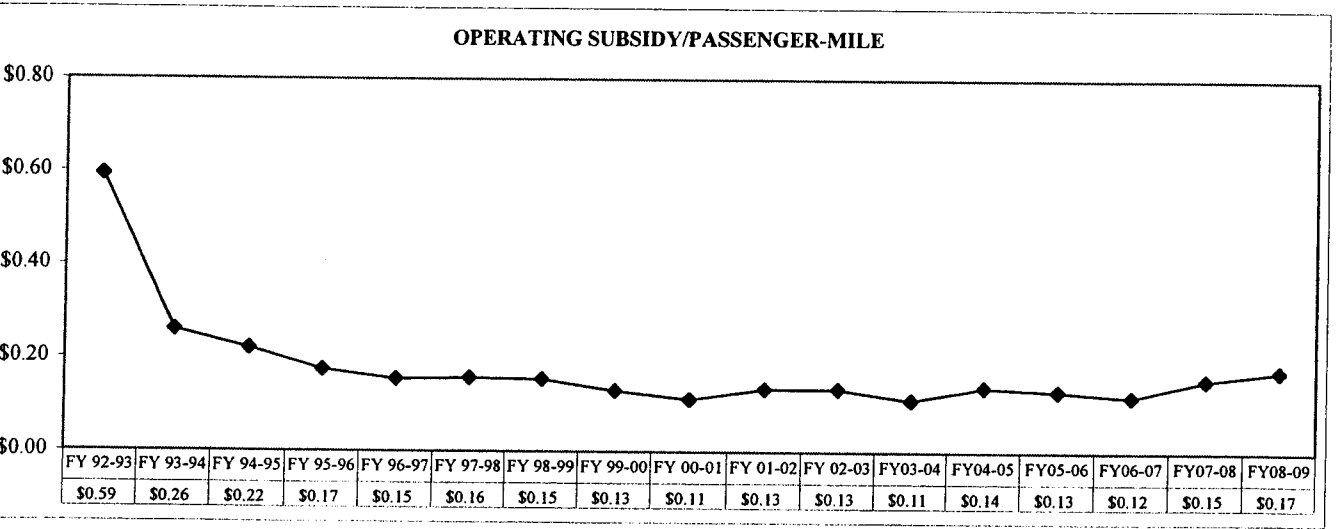
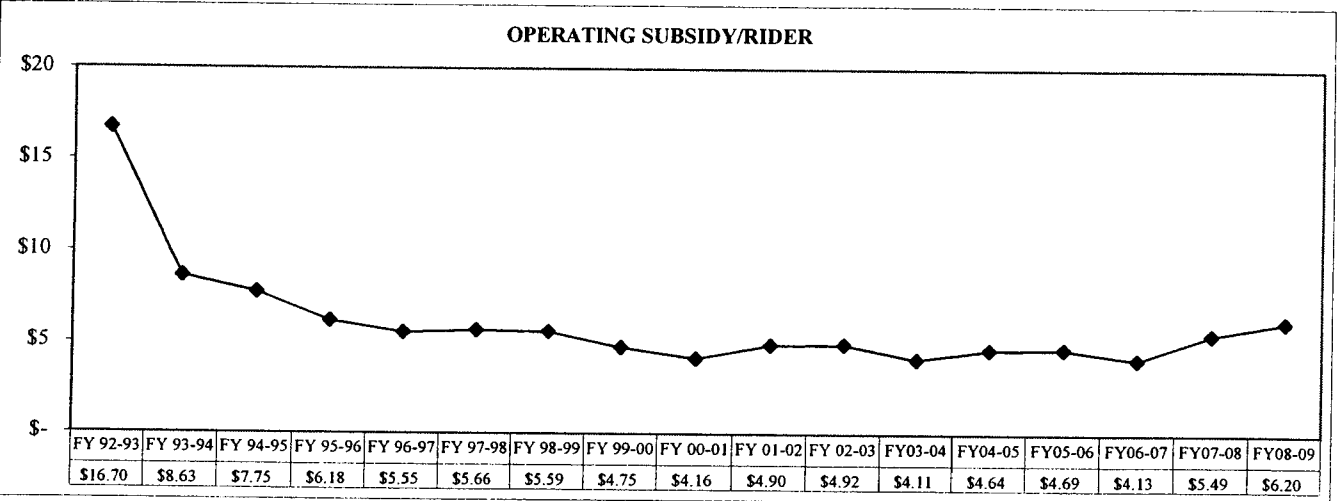
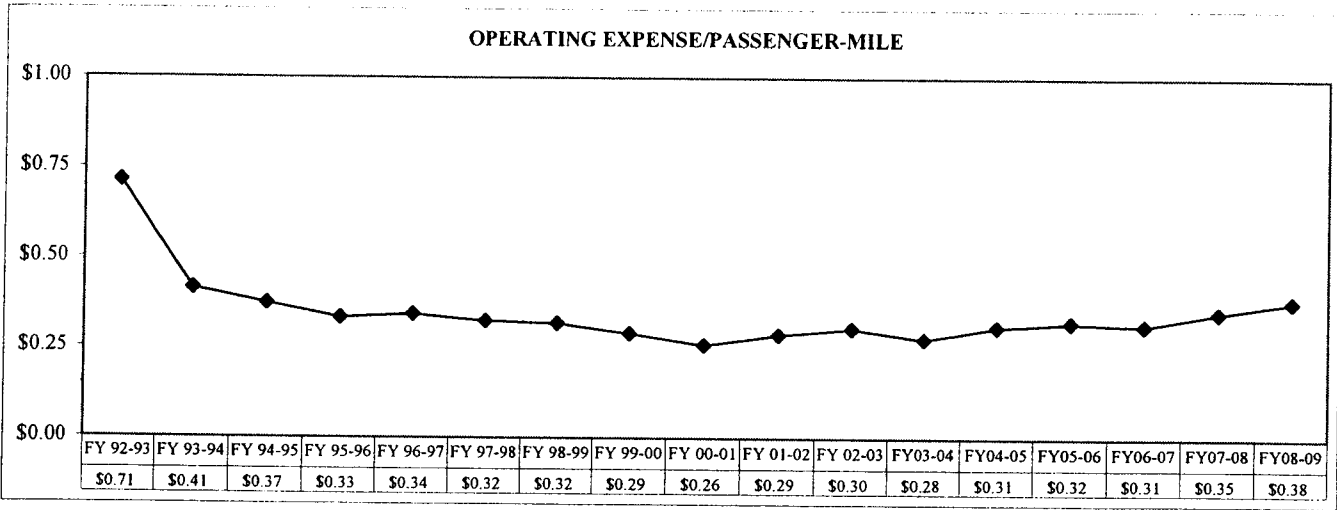


Actuals to FY 06-07, Budget for FY 07-08 and FY 08-09

Revenue Recovery = Operating Revenues/Operating Expenses Net of Rolling Stock Lease Payments

Farebox Recovery = Farebox Revenue/Operating Expenses Net of Rolling Stock Lease Payments

FIGURE 3.4
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 08-09



Actuals to FY 06-07, Budget for FY 07-08 and FY 08-09

TABLE 3.1

OPERATING STATISTICS

LINE	San Bernardino	Ventura County	Antelope Valley	Burbank	Riverside	Orange County	Inland Empire Orange Co.	91 Line	Total
OPERATING STATISTICS:									
Weekday Train Trips - FY 08-09 Budget	36	20	24	11	12	19	16	9	147
Weekend Train Trips - FY 08-09 Budget	34	-	18	-	-	16	10	-	78
Passenger Boardings FY 07-08 Budget	3,434,178	1,096,727	2,022,701	-	1,174,127	2,070,970	1,244,630	577,632	11,620,964
Passenger Boardings FY 08-09 Budget	3,442,488	1,084,053	1,843,780	-	1,259,208	2,148,590	1,294,881	589,185	11,662,185
% Change - FY 08 Budget to FY 09 Budget	0.2%	(1.2%)	(8.8%)	-	7.2%	3.7%	4.0%	2.0%	0.4%
Train Miles FY 07-08 Budget (1)	573,394	290,955	492,337	-	186,320	393,632	368,469	141,372	2,448,479
Train Miles FY 08-09 Budget (1)	605,266	290,955	524,049	-	186,320	406,506	364,958	141,372	2,519,426
% Change - FY 08 Budget to FY 09 Budget	5.2%	0.0%	6.4%	-	0.0%	3.3%	(1.0%)	0.0%	2.9%
Passenger Miles FY 07-08 Budget	123,630,408	33,121,145	82,121,657	-	42,620,805	75,797,491	39,330,300	20,448,183	417,069,989
Passenger Miles FY 08-09 Budget	123,929,570	32,738,402	74,857,457	-	45,709,251	78,638,398	40,918,255	20,857,146	417,648,481
% Change - FY 08 Budget to FY 09 Budget	0.2%	(1.2%)	(8.8%)	-	7.2%	3.7%	4.0%	2.0%	0.1%
Average Weekday Ridership	12,299	4,279	6,596	-	4,970	8,086	4,911	2,311	43,452
Average Trip Length (Miles) (2)	36.0	30.2	40.6	-	36.3	36.6	31.6	35.4	35.8
FINANCIAL (\$000s):									
Operating Cost (w/ MOW) FY 07-08 Budget (3)	34,138.4	19,410.5	30,330.7	-	13,273.1	23,872.0	16,333.2	7,746.9	145,104.7
Operating Cost (w/ MOW) FY 08-09 Budget (3)	36,988.1	21,145.5	32,896.6	-	14,504.4	26,504.7	18,787.4	8,308.5	159,135.2
% Change - FY 08 Budget to FY 09 Budget	8.3%	8.9%	8.5%	-	9.3%	11.0%	15.0%	7.2%	9.7%
Operating Cost (w/o MOW Extraordinary Maint) FY 08-09 Budget	36,865.9	21,056.0	32,754.2	-	14,484.4	26,440.2	18,732.8	8,301.7	158,635.2
Subsidy (w/MOW) FY 07-08 Budget	29,759.8	16,990.7	26,797.3	-	13,906.2	21,177.2	17,819.7	8,147.6	134,598.5
Subsidy (w/MOW) FY 08-09 Budget	11,165.8	11,053.2	15,745.6	-	5,858.5	7,001.9	8,860.0	4,093.7	63,778.6
% Change - FY 08 Budget to FY 09 Budget	14.5%	11.6%	9.3%	-	6,528.6	8,142.2	11,316.9	3,988.2	72,308.4
Farebox Revenue FY 07-08 Budget	19,996.0	5,728.9	10,698.9	-	11.4%	16.3%	27.7%	(2.6%)	13.4%
Farebox Revenue FY 08-09 Budget	21,185.9	6,074.1	11,500.2	-	7,036.1	13,222.6	6,959.3	3,527.3	67,169.1
% Change - FY 08 Budget to FY 09 Budget	6.0%	6.0%	7.5%	-	9.3%	11.3%	7.0%	4.237.3	72,410.2
Other Revenues FY 08-09 Budget (4)	3,016.3	2,730.5	4,190.6	-	287.4	3,644.4	464.4	83.1	14,416.7
Average Fare Per Passenger FY 08-09 Budget	\$6.15	\$5.60	\$6.24	-	\$6.11	\$6.85	\$5.41	\$7.19	\$6.21
COST / SERVICE EFFICIENCY FY 08-09									
Op Cost / Passenger (w/o MOW Extraordinary Maintenance)	\$10.71	\$19.42	\$17.76	-	\$11.50	\$12.31	\$14.47	\$14.09	\$13.60
Op Cost / Passenger Mile (w/o MOW Extraordinary Maint)	\$0.30	\$0.64	\$0.44	-	\$0.32	\$0.34	\$0.46	\$0.40	\$0.38
Subsidy / Passenger	\$3.71	\$11.38	\$9.33	-	\$5.18	\$3.79	\$8.74	\$6.77	\$6.20
Op Cost / Train Mile (w/o MOW Extraordinary Maintenance)	\$60.91	\$72.37	\$62.50	-	\$77.74	\$65.04	\$51.33	\$58.72	\$62.96
Op Cost / Train Mile (w/o MOW)	\$49.17	\$58.40	\$51.14	-	\$74.64	\$52.10	\$48.83	\$57.63	\$53.42
Subsidy / Train Mile	\$21.12	\$42.42	\$32.83	-	\$35.04	\$20.03	\$31.01	\$28.21	\$28.70
Farebox Recovery (5)	58.1%	28.9%	35.1%	-	53.5%	55.8%	37.3%	51.0%	45.8%
Revenue Recovery (6)	66.3%	41.9%	47.9%	-	55.5%	69.6%	39.8%	52.0%	55.0%

Notes:

- (1) Train miles include 2 Amtrak code share trains on the Ventura County Line.
- (2) Average trip length taken from the 2006 On-Board Survey.
- (3) Costs include all expenses for Metroink and MOW on operating and non-operating lines
- (4) Other revenues include dispatching fees and MOW revenues from freight and Amtrak due to individual member agencies.
- (5) Farebox recovery is the ratio of farebox revenue to total expenses net of rolling stock lease payments.
- (6) Revenue recovery is the ratio of operating revenues to operating expenses net of rolling stock lease payments.

3.3 Components Of The Operating Budget

The two components of the Operating Budget - Operations and Maintenance-of-Way, have multiple functional sub-components of both expenses and revenues, which are provided to permit allocation to operating line segments and to member agencies.

- Operations – This portion of the Operating Budget includes expenses 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, general and administrative expenses, professional services, and insurance.
- Maintenance-of-Way – 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 as needed.

3.4 Operating Budget Assumptions

Service - For FY 2008-09, total systemwide service levels assume 147 weekday trains operating on seven lines and 78 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 increase by 2.9%.

The FY 2008-09 Budget assumes 1 new off-peak round trip on the San Bernardino Line. No new additional peak period weekday services are planned at this time. The agency is currently at maximum peak period utilization of available rolling stock during the weekday commuter cycle. The agency is also continuing to pursue additional rolling stock in both the short and long term. During FY 2005-06, the Board of Directors approved the base procurement of 87 passenger vehicles and exercised options for 20 more bringing the total expected addition to the agency's fleet of 107 vehicles including 54 passenger coaches and 53 Cab cars. These vehicles are expected to begin arriving during the calendar year 2009. Additionally, 15 locomotives have been purchased and the agency has begun taking delivery of these vehicles during FY 2007-08. During FY 2004-05, the SCRRA in attempting to address short-term ridership increases, leased 13 pieces of available equipment from another commuter rail operator including 1 Locomotive, 4 Cab Cars, and 8 Passenger Cars. The locomotive was returned during March 2008, and 4 passenger vehicles and 2 Cab Cars are expected to be returned during summer 2008. During FY 2005-06 an additional 4 passenger vehicles, 2 Cab Cars and 2 Passenger Cars were leased from another commuter rail property. The budget assumes the availability of all remaining vehicles for the entirety of the year. Additionally the agency continues to seek vehicles to replace those returned vehicles.

Tables 3.2 and 3.3 reflect service assumptions and revenue miles projected for FY 2008-09.

**TABLE 3.2
SERVICE ASSUMPTIONS FOR FY 2008-09**

Line	Weekday Trains	Saturday Trains	Sunday Trains
San Bernardino	36 San Bern-LA	16 San Bern-LA 4 Riverside-LA	10 San Bern LA 4 Riverside-LA
Ventura County	4 Chatsworth-LA 10 Moorpark-LA 6 Montalvo -LA		
Antelope Valley	2 Santa Clarita-LA 4 Via Princessa-LA 18 Lancaster-LA	12 Lancaster-LA	6 Lancaster -LA
Riverside	12 Riverside-LA (UP)		
91	9 Riverside-LA (Via Fullerton)		
Orange County	3 Irvine-LA 6 Laguna Nigel – LA 10 Oceanside-LA	4 Oceanside-LAUS 4 San Juan Cap-LAUS	4 Oceanside-LAUS 4 San Juan Cap-LAUS
Inland Empire/ Orange County	2 San Bern-Irvine 3 San Bern-Laguna Nigel 1 San Bern-San Juan Cap 2 San Bern-Oceanside 1 Riverside-Irvine 2 Riverside - Laguna Nigel 1 Riverside – San Juan Cap 4 Riverside-Oceanside	4 San Bern-Oceanside 2 Riverside-Oceanside	4 San Bern-Oceanside
Burbank Turns	9 Burbank Airport-LA 2 Burbank-LA		

Maintenance of Equipment (MOE) – The expected fleet of available rolling stock will consist of 53 Locomotives and 149 commuter rail cars including 37 Cab Cars and 112 Passenger Coaches. The agency expects to take delivery of 15 new Locomotives beginning April 2008 and continuing into summer 2008. The delivery of new passenger vehicles is expected to begin in spring 2009.

**Table 3.3
REVENUE TRAIN MILES FOR FY 2008-09**

Line	FY 2007-08 Budget	FY 2008-09 Proposed	Increase/ (Decrease)	% Change
San Bernardino Line*	575,394	605,266	29,872	5.2%
Ventura County Line	290,955	290,955	0	0.0%
Antelope Valley Line**	492,337	524,049	31,712	6.4%
Riverside Line (via UP)	186,320	186,320	0	0.0%
91 Line	141,372	141,372	0	0.0%
Orange County Line**	393,632	406,506	12,874	3.3%
Inland Empire/Orange County Line***	368,469	364,958	(3,538)	(1.0)%
Total Revenue Miles	2,448,479	2,519,426	70,947	2.9%

Note: FY 2008-09 represents 255 weekday operating days. * Includes one additional off peak weekday round trip and annualization of service added in FY 2007-08. ** Includes annualization of services added in FY 2007-08. *** IEOC declines as a result of a shortening of certain peak period trains terminus points.

Maintenance of Way (MOW) – The SCRRA has primary responsibility for the maintenance and integrity of approximately 363 track miles within the five county region. For further detail regarding the assumptions of the MOW program, please see Section 3.8.

Revenues - Farebox revenues are projected from estimates of ridership developed in coordination with member agency staff. FY 2008-09 includes a proposed 5.5% systemwide average increase.

The FY 2008-09 Budget includes the potential implementation of a voluntary transfer fare to be charged to those passengers that wish to use their valid Metrolink Fare media for connecting transit at either end of their trip. As referenced above, the cost to the agency of transit connection reimbursements to other operators has continued to increase. In order to maintain affordability for all riders, the FY09 Budget assumes a \$0.25 surcharge per trip. Approximately 50% of Metrolink riders transfer to connecting transit in order to complete their commute. When purchasing a ticket, each rider would be asked if they wish to purchase a transit transfer. If yes, a fee of \$0.25 per one way trip, \$0.50 for round trips, \$2.50 for ten trips and \$11.00 for monthly passes would be added to the cost of the fare. The budget assumes a January 1, 2009 start date in order to provide appropriate public notice of the proposed fare increase during Fall '08 and to allow sufficient time to reprogram Ticket Vending Machine (TVM) network. For FY 2008-09, this surcharge is expected to generate an additional \$780,000 in revenue to partially offset the \$1.6 million increased cost.

The projected total annual ridership increase is estimated at approximately 0.5%, and assumes no lasting revenue or ridership impacts of the recent rise in gasoline prices. Revenue per rider is based on average trip length and mix of fare type.

Dispatching revenues are estimated based on agreements between the SCRRA and the freight railroads, Amtrak Intercity, and NCTD Coaster services. Dispatching revenues from the Burlington Northern Santa Fe Railroad are increased by the AAR Railroad Cost Index and Amtrak Intercity revenues are based on a formula that includes the movements of trains and certain performance incentives.

Other miscellaneous revenues includes: participation by Amtrak in the agency's Ticket Vending Machine (TVM) program based on a negotiated rate that assumes usage of SCRRA TVM equipment to sell Amtrak tickets; the carry-forward of previous receipts under the agency's Supplemental Security program; the application of Lease Refinancing proceeds to help offset the costs of leased equipment, and other minor reimbursements to the agency.

Expenses - In projecting expenses, agreement-related increases built into existing contracts are assumed. These increases range from a low of 3.5% to a high of 5.5%. The average cost of diesel fuel is estimated to be \$3.25 per gallon in the FY 2008-09 Budget, from \$2.50 per gallon, an increase of 30% over the FY 2007-08 budget.

For a detailed discussion of individual Operating Cost components, see Section 3.6 below.

3.5 Summary of Revenues and Expenses by Operating Cost Component

Table 3.4 shows revenues and expenses by operating cost component of the Operating Budget for FY 2008-09 with comparisons to FY 2006-07 Actual Expenses, and the FY 2007-08 Budget. Table 3.5 lists FY 2008-09 revenues and expenses as they are allocated to Member Agencies.

Operating revenues include farebox revenues, dispatching and other revenues as well as maintenance-of-way revenues.

Operations expenses include expenses 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, general and administrative expenses, professional services, and insurance.

Operations expenses are distributed to the lines (and subsequently to member agencies) based on several formulae. Items such as direct Train Operations expenses and fuel are distributed based on train-miles. Payments to freight railroads are charged directly to lines. These allocation formulae are described in Sections 7.1 and 7.2.

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 storm damage.

Tables 3.6 and 3.7 detail Ridership/Fare Revenue Forecasts and Other Non-Fare Operating Revenues respectively.

3.6 Detail of Operating Budget

The FY 2008-09 Operating Budget is \$14.0 million or 9.6% greater than the FY 2007-08 Budget. Five specific elements within the budget represent approximately 86% of the increase including:

- Increases in the cost of fuel as a result of both increased price assumptions as well as additional service miles – increase \$4.8 million
- Equipment Maintenance expenses are increasing both as a result of contractually mandated annual cost escalation as well as the addition of new staff to support the maintenance of new locomotives, additional passenger vehicles, outlying point support requirements, and the increasing costs of parts and associated freight – increase of \$2.9 million.
- The costs of transit transfers are estimated to increase as a result of the increased rate of payment for those riders utilizing EZ Pass transfers in Los Angeles County - \$1.6 million.

TABLE 3.4

ANNUAL DISTRIBUTION BY COST COMPONENTS
(\$000s)

	FY 06-07 Actual	FY 07-08 Budget	FY 08-09 Budget	FY08-09 Budget vs FY 07-08 Budget
EXPENSES	126,799.9	\$145,148.2	\$159,135.2	9.6%
REVENUES	75,706.3	81,326.1	86,826.9	6.8%
NET LOCAL SUBSIDY	51,093.6	63,822.1	72,308.4	13.3%

OPERATIONS

Revenues				
Farebox Revenue	62,275.0	67,169.1	72,410.2	7.8%
Dispatching	2,957.4	3,000.1	2,982.3	-0.6%
Other Revenues	335.9	1,134.2	1,066.7	-6.0%
MOW Revenues	10,138.0	10,022.7	10,367.7	3.4%
Member Agency Revenues	40,629.9	51,178.6	60,578.4	18.4%
Total Revenues	\$116,336.2	\$132,754.7	\$147,405.2	11.0%
Operations & Services				
Train Operations	24,588.1	27,523.6	27,680.7	0.6%
Equipment Maintenance	17,635.2	20,281.1	23,227.7	14.5%
Contingency (Train Ops)	-	150.0	150.0	0%
Fuel	13,640.4	15,304.0	20,100.0	31.3%
Non-Scheduled Rolling Stock Repairs	60.4	150.0	150.0	0.0%
Operating Facilities Maintenance	528.2	732.6	959.9	31.0%
Other Operating Train Services	192.6	227.7	255.5	12.2%
Rolling Stock Lease	1,125.8	1,128.2	1,128.2	0.0%
Security - Sheriff	4,037.7	4,968.3	5,772.5	16.2%
Security - Guards	926.6	903.6	987.9	9.3%
Supplemental Additional Security	343.8	503.8	543.1	8%
Public Safety Program	472.3	408.0	610.0	49.5%
Passenger Relations	1,267.5	1,454.5	1,634.0	12.3%
Holiday Trains	221.3	164.7	241.8	46.8%
TVM Maintenance/Revenue Collection	3,296.8	3,761.1	3,988.8	6.1%
Marketing	880.9	1,155.0	1,175.0	1.7%
Media & External Communications	510.0	680.3	645.3	-5.1%
Utilities/Leases	2,096.1	2,438.8	2,837.7	16.4%
Transfers to Other Operators	4,507.9	4,822.9	6,443.0	33.6%
Amtrak Transfers	870.0	1,000.0	1,150.0	15.0%
Station Maintenance	746.6	831.4	822.1	-1.1%
Rail Agreements	3,461.0	3,446.8	3,699.0	7.3%
Subtotal Operations & Services	81,409.3	92,036.3	104,202.1	13.2%
Maintenance-of-Way				
MoW - Line Segments	19,420.9	22,021.5	24,036.7	9.2%
MoW - Extraordinary Maintenance	491.9	650.0	500.0	-23.1%
Subtotal Maintenance-of-Way	19,912.8	22,671.5	24,536.7	8.2%
Administration & Services				
Salaries & Fringe Benefits	6,596.0	7,755.4	7,921.7	2.1%
Non-Labor Expenses	1,229.3	893.8	1,078.7	20.7%
Indirect Administrative Expenses	6,586.5	7,901.1	8,148.7	3.1%
Professional Services	567.2	1,115.2	1,017.3	-8.8%
Subtotal Administration & Services	14,979.1	17,665.5	18,166.5	2.8%
Contingency (Non-Train Ops)	35.0	425.0	500.0	17.6%
Total Expenses Including MoW	\$116,336.2	\$132,798.2	\$147,405.2	11.0%

RISK MANAGEMENT

Revenues				
Member Agency Revenues	9,809.7	12,350.0	11,730.0	-5.0%
PL/PD Revenues	653.9			0.0%
Total Revenues	\$10,463.7	\$12,350.0	\$11,730.0	-5.0%
Rolling Stock Repairs (SIR)	390.7	250.0	250.0	0.0%
Insurance				
Liability/Property/Auto	7,946.2	8,400.0	9,730.0	15.8%
Claims	1,750.0	2,250.0	1,000.0	-55.6%
Claims Administration	376.8	1,450.0	750.0	-48.3%
Subtotal Insurance	10,072.9	12,100.0	11,480.0	-5.1%
Total Expenses	\$10,463.7	\$12,350.0	\$11,730.0	-5.0%

TABLE 3.5

ANNUAL DISTRIBUTION BY COST COMPONENTS
(\$000s)

	FY 08-09 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
EXPENSES	\$159,135.2	84,069.5	34,401.1	12,097.3	19,398.7	9,168.7
REVENUES	86,826.9	46,768.3	19,611.1	5,567.6	11,441.1	3,438.8
NET LOCAL SUBSIDY	72,308.4	37,301.2	14,790.0	6,529.7	7,957.6	5,729.8

OPERATIONS

Revenues						
Farebox Revenue	72,410.2	38,205.0	16,333.1	5,415.7	10,153.0	2,303.4
Dispatching	2,982.3	1,507.3	952.6	29.4	110.3	382.6
Other Revenues	1,066.7	511.3	215.1	122.5	136.8	80.9
MOW Revenues	10,367.7	6,544.6	2,110.2	0.0	1,040.9	671.9
Member Agency Revenues	60,578.4	31,215.3	11,990.9	5,572.9	6,547.8	5,251.5
Total Revenues	\$147,405.2	77,983.6	31,602.0	11,140.5	17,988.9	8,690.3
Operations & Services						
Train Operations	27,680.7	14,816.3	6,304.6	1,837.7	3,547.3	1,174.8
Equipment Maintenance	23,227.7	11,921.2	5,238.4	1,980.3	2,830.3	1,257.4
Contingency (Train Ops)	150.0	79.6	33.0	12.6	17.4	7.5
Fuel	20,100.0	10,331.7	4,701.5	1,607.3	2,658.3	801.3
Non-Scheduled Rolling Stock Repairs	150.0	77.8	35.8	12.2	18.0	6.1
Operating Facilities Maintenance	959.9	498.0	229.1	78.3	115.4	39.1
Other Operating Train Services	255.5	128.8	46.6	26.2	26.9	27.0
Rolling Stock Lease	1,128.2	575.2	160.2	89.8	244.7	58.3
Security - Sheriff	5,772.5	3,017.6	1,399.8	425.8	734.8	194.5
Security - Guards	987.9	498.0	180.2	101.2	104.1	104.4
Supplemental Additional Security	543.1	286.5	122.5	40.6	76.1	17.3
Public Safety Program	610.0	307.5	111.3	62.5	64.3	64.5
Passenger Relations	1,634.0	844.9	353.3	126.6	250.7	58.6
Holiday Trains	241.8	129.9	49.6	19.5	32.5	10.2
TVM Maintenance/Revenue Collection	3,988.8	1,856.8	859.6	515.8	481.4	275.1
Marketing	1,175.0	638.3	231.1	92.4	169.4	43.7
Media & External Communications	645.3	325.2	117.7	66.1	68.0	68.2
Utilities/Leases	2,837.7	1,430.4	517.5	290.7	299.1	299.9
Transfers to Other Operators	6,443.0	4,067.4	1,076.6	331.1	755.3	212.6
Amtrak Transfers	1,150.0	370.5	700.4	-	-	79.0
Station Maintenance	822.1	476.2	131.4	44.7	119.4	50.3
Rail Agreements	3,699.0	1,408.7	1,005.7	717.3	268.7	298.5
Subtotal Operations & Services	104,202.1	54,086.7	23,605.9	8,478.7	12,882.4	5,148.3
Maintenance-of-Way						
MoW - Line Segments	24,036.7	14,221.4	4,464.2	738.4	3,070.7	1,542.0
MoW - Extraordinary Maintenance	500.0	277.7	116.9	15.4	57.2	32.9
Subtotal Maintenance-of-Way	24,536.7	14,499.1	4,581.1	753.8	3,127.9	1,574.8
Administration & Services						
Salaries & Fringe Benefits	7,921.7	3,981.8	1,455.3	807.4	845.8	831.5
Non-Labor Expenses	1,078.7	543.7	196.7	110.5	113.7	114.0
Indirect Administrative Expenses	8,148.7	4,107.5	1,486.2	834.7	859.0	861.2
Professional Services	1,017.3	512.8	185.5	104.2	107.2	107.5
Subtotal Administration & Services	18,166.5	9,145.8	3,323.8	1,856.8	1,925.8	1,914.3
Contingency (Non-Train Ops)	500.0	252.0	91.2	51.2	52.7	52.8
Total Expenses Including MoW	\$147,405.2	77,983.6	31,602.0	11,140.5	17,988.9	8,690.3

RISK MANAGEMENT

Revenues						
Member Agency Revenues	11,730.0	6,085.9	2,799.1	956.8	1,409.8	478.4
PL/PD Revenues						
Total Revenues	\$11,730.0	6,085.9	2,799.1	956.8	1,409.8	478.4
Rolling Stock Repairs (SIR)	250.0	129.7	59.7	20.4	30.0	10.2
Insurance						
Liability/Property/Auto	9,730.0	5,048.2	2,321.9	793.7	1,169.4	396.8
Claims	1,000.0	518.8	238.6	81.6	120.2	40.8
Claims Administration	750.0	389.1	179.0	61.2	90.1	30.6
Subtotal Insurance	11,480.0	5,956.2	2,739.5	936.4	1,379.7	468.2
Total Expenses	\$11,730.0	\$6,085.9	\$2,799.1	\$956.8	\$1,409.8	\$478.4

TABLE 3.6

FY2008-09 Ridership/Fare Revenue Forecast

Operating Line	Average Daily Ridership						Revenue/Rider (\$'s)		Fare Revenues (\$ 000's)				
	FY 07-08 Budget	FY07-08 Fcst	FY 08-09 Budget	% Incr from FY08 Fcst	% Incr from FY08 Bud	FY 07-08 Budget	FY08-09 Budget	FY05-06 Actual	FY 06-07 Actual	FY07-08 Budget	FY08-09 Budget	% Incr from FY07 Actual	% Incr from FY08 Budget
	San Bernardino Weekday Weekend	12,378 5,343	12,077 6,067	12,299 6,318	1.8% 4.2%	-0.6% 18.3%	5.91 4.80	6.30 4.78	15,428.4 1,071.9	17,122.4 1,260.5	18,655.5 1,340.5	19,625.6 1,560.3	14.6% 23.8%
Ventura County *	4,301	4,228	4,279	1.2%	-0.5%	5.22	5.60	4,905.8	5,374.6	5,728.9	6,074.1	13.0%	6.0%
Antelope Valley Weekday Weekend	7,272 3,235	6,684 2,707	6,596 3,340	-1.3% 23.4%	-9.3% 3.2%	5.54 3.71	6.36 5.03	8,462.6 379.3	9,608.6 420.5	10,075.9 623.0	10,632.9 867.3	10.7% 106.2%	5.5% 39.2%
Riverside	4,604	4,998	4,970	-0.6%	7.9%	5.99	6.11	5,676.5	6,719.3	7,036.1	7,688.4	14.4%	9.3%
Orange County * Weekday Weekend	7,929 944	9,183 1,719	8,086 1,933	-11.9% 12.4%	2.0% 104.7%	6.39 6.34	6.95 4.79	10,402.6 7.5	11,878.1 273.8	12,911.6 311.0	14,239.8 478.3	19.9% 0.0%	10.3% 53.8%
JEOC Weekday Weekend	4,674 1,016	4,783 914	4,911 979	2.7% 0.0%	5.1% -3.6%	5.56 6.68	5.44 4.62	5,210.4 95.8	5,985.4 152.4	6,606.7 352.6	6,772.5 233.6	13.2% 53.3%	2.5% -33.7%
91	2,265	2,154	2,311	7.2%	2.0%	6.10	7.19	3,014.6	3,479.4	3,527.3	4,237.3	21.8%	20.1%
Totals* Weekday Weekend	43,424 10,538	44,107 11,406	43,452 12,570	-1.5% 10.2%	0.1% 19.3%			53,100.9 1,554.6	60,167.8 2,107.2	64,542.0 2,627.1	69,270.7 3,139.5	15.1% 49.0%	7.3% 19.5%
Total								54,655.5	62,275.0	67,169.1	72,410.2	16.3%	7.8%

* Ventura County and Orange County Line include Rail-2-Rail riders.

TABLE 3.7

FY2008-09 NON-FARE OPERATING REVENUES (\$000's)

DISPATCHING AGREEMENTS

Agreement/Territory	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY08 Budget
Amtrak Intercity	1,882.0	1,880.2	1,899.2	1,884.6	-0.8%
Coast & Saugus Shared Use (UPRR/SPTC)	256.5	256.9	256.5	256.6	0.0%
East Bank Joint Facility (UPRR/SPTC)	87.6	88.0	87.5	88.1	0.7%
Mission Tower (UPRR/SPTC)	252.4	255.6	265.2	255.0	-3.8%
San Diego & Olive Subdivision Shared Use (BNSF)	49.1	53.9	53.3	55.0	3.1%
Pasadena Subdivision Shared Use (BNSF)	59.3	63.8	64.4	63.0	-2.2%
North County Transit District (NCTD)	375.5	358.9	374.0	380.0	1.6%
Total	2,962.3	2,957.4	3,000.1	2,982.3	-0.6%

OTHER REVENUES *

Revenue Source	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY08 Budget
Marketing Revenues	9.9	14.5	25.0	40.0	60.0%
Federal Funds	462.1	304.1	50.0	200.0	300.0%
LSD Fuel AQMD	-	-	-	-	N/A
Amtrak TVM Revenues	-	-	380.2	391.7	3.0%
Prior Years Supplemental Security Surplus	-	-	-	-	N/A
Lease Proceeds (Sounder/ACE Lease for Overcrowding)	642.7	659.6	679.0	435.0	-35.9%
Insurance Recoveries	3,456.9	653.9	-	-	N/A
Miscellaneous Revenues	2,537.2	2,890.0	-	-	N/A
Total	7,108.9	4,522.2	1,134.2	1,066.7	-6.0%
Total Non-Fare Operating Revenues	10,071.2	7,479.6	4,134.3	4,049.0	-2.1%

* Other Revenues include one-time and other non-recurring sources.

- Increases in the costs of Sheriff's both as a result of contractually mandated annual cost escalation as well as the annualized cost of the additional deputies added in FY 2007-08 to cover additional weekend service hours – increase \$804 thousand.
- Increased Maintenance of Way (MOW) costs in anticipation of the award of a new Track and Structures maintenance contract as well as contractually required and indexed labor increases – \$2.0 million.

The following section describes each element of the Operating Budget:

Expenses - The following section details expenses shown in Tables 3.4 and 3.5

Train Operations - Operating Crews. FY 2008-09 estimates no change in the total direct costs of Train Crews. The expiration of payments associated with contract mobilization is expected to offset the contractually required labor cost inflation. The budget also assumes an average vacancy of one crew over the course of the fiscal year.

A contingency of \$75,000 has been included as a separate item for Train Operations.

Train Operations - SCRRA Dispatching. This represents the costs of SCRRA provided Dispatching Services over the Rights-Of-Way territories owned by the SCRRA's Member Agencies. This item increases \$162.5 thousand, or 3.9%, equal to the merit pool value of SCRRA salaries.

Equipment Maintenance. The budget for FY 2008-09 totals \$23.2 million, an increase of 14.5% from the adopted FY 2007-08 level. Expenses are increasing both as a result of contractually mandated annual cost escalation as well as the addition of new staff to support the maintenance of new locomotives, additional passenger vehicles, outlying point support requirements, and the increasing costs of parts and associated freight.

The contingency for Equipment Maintenance in FY 2008-09 is set at \$75,000, the same level as the FY 2007-08 Budget.

Fuel. Usage of approximately 6.3 million gallons is based on the projected consumption levels assumed in the proposed schedule. In FY 2008-09, fuel prices are assumed to average \$3.25 per gallon, an increase compared to the average of \$2.50 per gallon budgeted in FY 2007-08.

Non-Scheduled Rolling Stock Repairs. This item is for repairs to accommodate medium scaled unforeseen damage to rolling stock. The amount requested for FY 2008-09 is \$150,000, unchanged from FY 2007-08.

Operating Facilities Maintenance. This function is responsible for the cleaning, maintenance, and hazardous materials compliance at the Central Maintenance Facility and other outlying SCRRA facilities. An increase of \$227.3 thousand is requested to accommodate the costs of increased outlying point maintenance, train washer repair and maintenance and the increased costs of specific cycle maintenance programs and the CMF.

Other Operating Train Services. This budget includes 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 \$255.5 thousand to accommodate an expected increase in bus bridges.

Rolling Stock Lease. These costs represent the full year costs of additional leased equipment. Though the agency is expected to return 6 pieces of equipment during the year to Sound Transit, 4 vehicles leased during FY 2005-06 from Altamont Commuter Express and 6 remaining Sound Transit vehicles are expected to remain available throughout the fiscal year. The agency is also seeking to replace the seat capacity of the returned equipment through the lease of additional equipment.

Security - Sheriff. This line item shows an increase of 16% from the FY 2007-08 Budget, primarily as a result of the annualized costs of the addition of 4 new deputies to accommodate additional weekend services and the rate of growth in the underlying contract value per deputy.

Security - Guards. The amount proposed for FY 2008-09 represents a 9.3% increase from the FY 2007-08 level due to contractual escalators and the implementation of a new contract authorized in FY 2007-08. The FY 2007-08 Budget was developed prior to the known rate of cost escalation.

Supplemental Additional Security. This program is funded through an increment on fare revenues implemented in FY 2002-03, currently estimated at $\frac{3}{4}$'s of 1% (0.75%). These funds provide for the funding of four Law Enforcement Technicians (LETs) provided under the contract with the Los Angeles Sheriff's Department (LASD) and grow at a rate equal to the rate of growth in fare revenues.

Public Safety Program. The program increases by 49.5% from FY 2007-08 as a result of the receipt of a Department of Homeland Security grant - \$200 thousand. Absent this value, costs are marginally changed from FY 2007-08.

Passenger Relations. A 12.4% increase is projected for the FY 2008-09 Budget for passenger relations and telephone information services from levels adopted in FY 2007-08. The primary cause of the increase is the one time costs of development and implementation of a new interactive software product, to replace the agency's current Universal Customer Care Database (UCCDB). The UCCDB was developed as an in-house customer contact management program and has become increasingly obsolete as well as expensive to maintain. The software to be implemented is a companion to that used by the agency's Marketing Division and is expected to provide significantly enhanced passenger interaction capabilities. This line also 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.

Holiday Trains. The amount projected for the holiday trains in FY 2008-09 is an increase of \$77.1 thousand. 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. It is expected that FY 2008-09 will see revisions to the narrative structure of the production elements of the presentation as well as potential expansion of the services provided, as well as the continued visitation to Camp Pendleton Marine Corp Base in Oceanside to support the families of troops deployed overseas.

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 increases approximately 6% from the FY 2007-08 Budget. The principal reasons for the increase include increased costs associated with bank fees charged for processing fare sales transactions, and the contractually obligated increase associated with ongoing maintenance. Also included in this item is the capacity to incorporate within SCRRA equipment to vend Amtrak fare media as well. The expenses associated with activities related to Amtrak Ticket Sales are assumed to fully reimbursable.

Marketing/Market Research. There is an increase of 1.7% compared with the FY 2007-08 Budget. This line includes general marketing, the agency's Realtor and New Resident, Business Outreach, and Weekend, programs, as well as the agency's ongoing market research program including data collection and analysis.

Media/External Relations. There is a decrease of 5.1% compared with the FY 2007-08 Budget. 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. Also included are outreach activities with Station Cities including special events and the increased development of partnerships with Strategic Stakeholders, and funds to acknowledge the agency's 16th year of operations.

Utilities/Leases. Utility and lease costs are estimated at current monthly average costs. This line item is however expected to increase 16.4% from the FY 2007-08 Budget as a result of the implementation of the Multi Protocol Linear System (MPLS) communications network. The agency currently utilizes a frame relay network to connect its TVM network to its various financial institutions as well as the central "brain" of the system. The implementation of the MPLS network infrastructure will allow the agency to both expand and more efficiently operate its TVMs, as well as introduce new communications channels for passenger communications, dispatchers, and other field employees.

Transfers to Other Operators. These costs represent the expense to the agency of reimbursing connecting transit operators for allowing Metrolink riders to use their valid Metrolink fare media as a transfer to connecting transit. The increase is due primarily to the increase in the costs of the Los Angeles County Operators EZ Pass reimbursement rate from \$0.75 to \$1.10 per boarding. However, as referenced above (Please see Section

3.4), a proposed transfer surcharge is expected to partially offset this increase.

Amtrak Transfers. These funds represent the costs to the agency of the “Rail 2 Rail” program. The SCRRA, Amtrak, and CALTRANS agreed to work together to allow passengers, on those lines where complementary service exists, holding valid Metrolink monthly passes or Amtrak tickets, to choose the service provider most convenient to their travel needs. Reimbursements have been negotiated based on a sliding scale determined by passenger counts and have been capped at the fully budgeted amount. This service has exceeded all initial budget expectations and has led to an increase in agency fare revenues, increased ridership on Amtrak’s Pacific Surfrider corridor service, and has relieved overcrowding on several peak period Orange County Line trains. A 15% increase for this item is anticipated due to continuing popularity of this service option and is capped, by agreement at the value of the budget.

Station Maintenance. This item is decreased by 1.1% from the FY 2007-08 Budget. It includes the shared costs of Insurance and Maintenance for the common areas at Los Angeles Union Station. This item also includes non-LAUS maintenance of station equipment, signs, display cases, and public address/changeable message signs (PA/CMS), and platform maintenance.

Rail Agreements. This line item represents payments to freight railroads, the Union Pacific and the Burlington Northern Santa Fe, for dispatching and other operating related services over property owned by these railroads. The amount budgeted shows an increase from FY 2007-08 primarily as a result of the annualization of new weekend services implemented in FY 2007-08 and the agreement specified increase in the AAR index.

Maintenance of Way -Line Segments. This line item is discussed in Section 3.8.

Maintenance of Way - Extraordinary Maintenance. This item is discussed in Section 3.8.

Salaries and Fringe Benefits. Salaries and fringe benefits are forecast based on the actual salary rate of each position charging directly to the Train Operations Budget, and assumes a fringe benefit additive of approximately 56%, and a 4.0% merit pool.

Direct Non-Labor Costs. Costs included in this line include direct non-allocated Information Technology (IT) expenses including programming and maintenance of the agency’s train dispatching software, Travel and Lodging expenses of operating departments, and additional minor miscellaneous expenses. These costs are expected to increase 21% from the FY 2007-08 budget as a result of anticipated one time IT investment in the agency’s new passenger services software system as referenced above.

Indirect Administrative Expenses. Costs allocated to Train Operations represent this budget’s share of the agency’s General and Administrative costs. FY 2008-09 is expected to increase over FY 2007-08 for at a rate slightly lower than the growth in the G&A pool generally due to increased labor costs in other parts of the agency.

Professional Services. Professional Services includes contracted services for: performance audit of operators; equipment engineering assistance; signage design; and other minor items. This item is estimated to decrease from FY 2007-08 due to the reduction of equipment related engineering items included in the FY 2007-08 budget.

Contingency. Though this line item has been traditionally budgeted at \$500,000. For FY 2007-08 a reduction was made to this line to accommodate the fiscal restraints facing the agency in the fiscal year. For FY 2008-09, the agency is attempting to restore certain contingency values which had been reduced as part of this previous reduction. 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.

Insurance. Overall, this item is projected to decrease 5.1% compared with the FY 2007-08 Budget. Premiums for Operating Liability and Property Damages are projected to increase by 15.8% as a result of both the receipt of new equipment, increasing net asset values, as well as the overall insurance market for railroads. However Claims Administration and Claims payouts are expected to be reduced significantly as result of the cessation of payments associated with previous incidents, including the incident in Glendale in January 2005.

3.7 Summary of Revenue and Expenses by Member Agency

Table 3.8 provides the FY 2008-09 Metrolink Operating Budget by Member Agency shares. Total local subsidies increase 13.3% over the FY 2007-08 Budget and are expected to equal \$72.3 million.

TABLE 3.7

OPERATING SUBSIDY ALLOCATION BY COUNTY
(\$000s)

	Total FY 08-09	LACMTA Share	OCTA Share	RCTC Share	SANBAG Share	VCTC Share
Expenses						
Train Operations & Services	\$104,452.1	\$54,216.4	\$23,665.6	\$8,499.1	\$12,912.5	\$5,158.5
Maintenance-of-Way	24,536.7	14,499.1	4,581.1	753.8	3,127.9	1,574.8
Administration & Services	18,666.5	9,397.8	3,415.0	1,908.0	1,978.5	1,967.1
Insurance	11,480.0	5,956.2	2,739.5	936.4	1,379.7	468.2
Total Expenses Incl. MOW	\$159,135.2	\$84,069.5	\$34,401.1	\$12,097.3	\$19,398.7	\$9,168.7
Revenues						
Gross Farebox	72,410.2	38,205.0	16,333.1	5,415.7	10,153.0	2,303.4
Dispatching	2,982.3	1,507.3	952.6	29.4	110.3	382.6
Other Operating	1,066.7	511.3	215.1	122.5	136.8	80.9
Maintenance-of-Way	10,367.7	6,544.6	2,110.2	0.0	1,040.9	671.9
Total Revenues	\$86,826.9	\$46,768.3	\$19,611.1	\$5,567.6	\$11,441.1	\$3,438.8
Total County Allocation	\$72,308.4	\$37,301.2	\$14,790.0	\$6,529.7	\$7,957.6	\$5,729.8
FY 2007-08 Budget	63,822.1	33,147.2	12,372.3	6,339.6	6,801.6	5,161.4
Increase/(Decrease)	8,486.3	4,154.0	2,417.7	190.1	1,156.0	568.5
Percentage Change	13.30%	12.53%	19.54%	3.00%	17.00%	11.01%

3.8 Maintenance-of-Way Budget

Assumptions

This section provides the assumptions used to project revenues and expenses for the Maintenance-of-Way (MOW) portion of the Operating Budget. Maintenance of Way expenses are those expenditures to 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/Renovation 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/renovation 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.

Under one extreme maintenance philosophy, a railroad owner may elect to continually replace worn elements using ordinary maintenance forces. In this scenario, the property is kept in excellent condition and there is no need for a Rehabilitation/Renovation program. However, total operating expenses are very high. The other extreme is to limit ordinary maintenance to little more than legally required inspections and to repair what breaks, counting on future Rehabilitation/Renovation program expenditures to refresh the condition of the property. This scenario results in reduction of speed and quality of operations as the maintenance level declines; however, ordinary maintenance expenditures are minimized.

The adopted MOW philosophy of SCRRRA is: *to perform ordinary maintenance sufficient to prevent any loss of service quality and to budget for Rehabilitation/Renovation 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 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, SCRRRA performs somewhat more than the FRA minimum level of inspections. SCRRRA's results through the years are that almost all 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. The GASB-34 policy also requires a tri-annual 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.

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 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 by far the largest component of the MOW budget. The labor rates are bid rates under competitively bid maintenance contracts. They are underpinned by California Dept. of Labor Statistic prevailing wages for railroad maintenance operations and adjusted annually by indexes specified in the contract solicitation. As a practical matter all MOW contractors find that they have to offer pay rates somewhat higher than the minimums specified as 'prevailing wages' but below the rates for new construction.

Labor is budgeted with a percentage (guided by past experience) for overtime; this is needed to recover from unusual situations. Due to the increasing number of 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 signal operations in terminal areas to assure that problems are resolved with minimum disruption to peak-period commuter operations.

Over the last several years there are some trends (listed below) that have affected the MOW cost budget; as a practical matter they cancel each other out and the SCRRA is operating with the same MOW labor force for the past decade. In real terms, as measured against inflation, costs have declined over the last decade and represents both a large increase in labor efficiency as measured against the increasing number of SCRRA trains and passengers and the excellent condition of the agency's railroad.

Factors that increase MOW cost in recent years:

- Increased FRA inspection and reporting requirements
- Stricter control over employees working near tracks ("roadway worker safety")
- More track, signals, and switches as facilities are added
- Heavier freight car axle loads, more freight traffic
- More frequent passenger trains
- Inflation in some supply and material costs (e.g. fuel, steel, crushed rock)

Factors that decrease MOW cost in recent years:

- 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)
- Better training of MOW employees (contractor and SCRRA)

MOW Revenues and Expenses

Table 3.9 provides maintenance-of-way revenues received from the freight railroads and Amtrak Intercity service and includes revenues for operating and non-operating lines. Maintenance-of-Way revenues are expected to increase to \$10.4 million, an increase of \$0.4 million or 3.4%, over the FY 2007-08 Budget.

Maintenance-of-way revenues are estimated from prior agreements, are based on estimates of current usage, and represent revenues from the freight railroads and Amtrak. The rate of selected elements are increased by the AAR Railroad Cost Index, estimated for the FY 2008-09 budget at 5.5% and charged based on traffic on the lines. Amtrak Intercity revenues, per agreement, are increased by the CPI up to a contractually mandated cap. Revenues on the East Bank Joint Facility (East Bank of the Los Angeles River) are related to SCRRA's expenditures in this segment and vary from year to year depending upon both maintenance and capital work. Since FY 1997-98, the 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.

Table 3.10 provides the projection of Maintenance-of-Way Revenues, Subsidy and Expenditure by territory and by county for FY 2008-09.

Table 3.11 provides a summary of the projection of Maintenance-of-Way Expense Detail for FY 2008-09 by Line Segment/Territory and compares these projections to FY 2007-08 Budget.

As referenced above, labor costs of the agency's contracted service providers are by far the largest component of the MOW budget. The agency is currently in the midst of the procurement of a new contract to provide Track & Structures inspection and maintenance services. This contract is expected to commence November 1, 2008, and the Budget assumes mobilization costs, if a vendor other than the current incumbent is successful, will be spread over a series of 36 equal monthly payments beginning with the first month of service.

Maintenance of Way contract labor inflation for the year is tied to the annual Association of American Railroads' (AAR) railroad cost index measure of inflation in the industry. For the FY 2008-09 Budget this value is estimated at 5.5%.

The combined results of the two factors listed above, the AAR index and the new procurement, are expected to lead to an increase in the direct costs of Track & Structure

TABLE 3.9

FY 2008-09 MAINTENANCE-OF-WAY REVENUE (\$000's)

Agreement/Territory	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY08 Budget
Amtrak Intercity	1,209.3	1,208.2	1,224.2	1,208.5	-1.3%
LAUS Rail Yard Operations & Maintenance (Amtrak)	192.6	192.4	161.7	192.6	19.1%
Azusa Branch Shared Use (UPRR/SPTC)	90.0	94.1	95.7	100.0	4.5%
Baldwin Park Branch Shared Use (UPRR/SPTC)	217.1	228.3	231.9	240.0	3.5%
Coast & Saugus Shared Use (UPRR/SPTC)	3,801.2	4,050.2	3,928.4	4,250.0	8.2%
East Bank Joint Facility (UPRR/SPTC)	1,112.7	903.8	959.0	920.0	-4.1%
Mission Tower (UPRR/SPTC)	63.7	59.2	73.2	64.0	-12.6%
San Diego & Olive Subdivision Shared Use (BNSF)	1,183.1	1,231.6	1,243.0	1,313.7	5.7%
Pasadena Subdivision Shared Use (BNSF)	1,747.0	1,818.6	1,842.8	1,930.8	4.8%
State Grade Crossing (CPUC)	330.7	(172.2)	167.8	78.2	-53.4%
Federal Funds	(168.4)	524.0	95.0	70.0	-26.3%
Total	9,779.1	10,138.0	10,022.7	10,367.7	3.4%

TABLE 3.10

FISCAL YEAR 2008-09 MAINTENANCE-OF-WAY EXPENDITURES (\$000's)

Revenue Forecast Allocation

Line Segment/Territory	FY 08-09 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	9,229.4	5,516.7	2,110.2	0.0	930.6	671.9
LA - San Bernardino	1,182.1	251.5	-	-	930.5	-
LA - Ventura (Burbank Jct to Moorpark)	1,696.1	1,024.1	-	-	-	671.9
LA - Lancaster	3,049.5	3,049.5	-	-	-	-
Fullerton - San Diego County Line	1,990.9	-	1,990.9	-	-	-
Olive Subdivision	119.2	-	119.2	-	-	-
Riverside Layover Facility	0.2	0.1	0.0	0.0	0.0	0.0
River Corridor	1,191.5	1,191.5	-	-	-	-
Extraordinary Maintenance (Derailments, Storm Damage)	-	-	-	-	-	-
Non-Operating Lines	1,138.3	1,027.9	-	-	110.3	-
Sierra Madre - Claremont (Pasadena Sub)	1,027.9	1,027.9	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	110.3	-	-	-	110.3	-
Total	10,367.7	6,544.6	2,110.2	0.0	1,040.9	671.9

Net Subsidy Allocation

Line Segment/Territory	FY 08-09 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	13,978.2	7,834.0	2,470.9	753.8	2,016.7	902.9
LA - San Bernardino (1)	3,741.3	2,238.1	-	-	1,503.1	-
LA - Ventura (Burbank Jct to Moorpark) (2)	1,781.7	1,106.0	-	-	-	675.6
LA - Lancaster	2,288.8	2,288.8	-	-	-	-
Fullerton - San Diego County Line	2,616.3	603.7	1,639.1	326.5	47.0	-
Olive Subdivision	271.1	-	166.1	91.7	13.2	-
Riverside Layover Facility (3)	79.4	37.3	14.2	20.4	7.4	-
River Corridor (4)	2,699.7	1,282.4	534.5	299.7	388.8	194.4
Extraordinary Maintenance (5) (Derailments, Storm Damage)	500.0	277.7	116.9	15.4	57.2	32.9
Non-Operating Lines	190.8	120.5	-	-	70.3	-
Sierra Madre - Claremont (Pasadena Sub)	120.5	120.5	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	70.3	-	-	-	70.3	-
Total	14,169.0	7,954.5	2,470.9	753.8	2,087.0	902.9

Total Expenditure Forecast

Line Segment/Territory	FY 08-09 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	23,207.6	13,350.7	4,581.1	753.8	2,947.2	1,574.8
LA - San Bernardino	4,923.3	2,489.6	-	-	2,433.7	-
LA - Ventura (Burbank Jct to Moorpark)	3,477.7	2,130.2	-	-	-	1,347.6
LA - Lancaster	5,338.2	5,338.2	-	-	-	-
Fullerton - San Diego County Line	4,607.2	603.7	3,630.0	326.5	47.0	-
Olive Subdivision	390.3	-	285.4	91.7	13.2	-
Riverside Layover Facility	79.6	37.4	14.3	20.4	7.5	0.0
River Corridor	3,891.2	2,473.9	534.5	299.7	388.8	194.4
Extraordinary Maintenance (Derailments, Storm Damage)	500.0	277.7	116.9	15.4	57.2	32.9
Non-Operating Lines	1,329.1	1,148.4	-	-	180.6	-
Sierra Madre - Claremont (Pasadena Sub)	1,148.4	1,148.4	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	180.6	-	-	-	180.6	-
Total	24,536.7	14,499.1	4,581.1	753.8	3,127.9	1,574.8

(1) MoW net subsidy split by route miles (59.82% LACMTA and 40.18% SANBAG).

(2) MoW net subsidy split by train miles (62.08% LACMTA and 37.92% VCTC).

(3) Net subsidy split by train miles of trains using the Riverside Layover, excluding San Diego County (46.98% LACMTA, 17.93% OCTA, 25.72% RCTC, and 9.36% SANBAG).

(4) Split is assumed All Share (47.5% LACMTA, 19.8% OCTA, 14.4% SANBAG, 7.2% VCTC, and 11.1% RCTC) of cost in excess of revenues.

(5) Split is assumed All Share for derailments (\$100,000) 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.

TABLE 3.11

MAINTENANCE-OF-WAY EXPENSE DETAIL BY LINE SEGMENT/TERRITORY
(\$000s)

Line Segment/Territory	FY 07-08 Expenditure Budget	FY 08-09 Expenditure Budget	Variance FY 08-09 vs FY 07-08 Budget Over/(Under)
Operating Lines	21,452.9	23,207.6	1,754.7
LA - San Bernardino	4,509.2	4,923.3	414.1
Track	970.1	1,112.9	142.8
Signal & Communications	1,614.4	1,734.7	120.4
Structures	171.6	220.3	48.7
Procurement	236.7	272.3	35.5
Other	649.0	858.0	209.0
Agency Costs	867.4	725.1	(142.3)
LA - Ventura (Burbank Jct to Moorpark)	3,114.0	3,477.7	363.8
Track	847.6	1,044.3	196.7
Signal & Communications	848.4	906.6	58.2
Structures	123.9	174.7	50.9
Procurement	199.7	209.6	9.9
Other	468.4	619.2	150.8
Agency Costs	626.0	523.3	(102.7)
LA - Lancaster	5,056.7	5,338.2	281.6
Track	1,321.4	1,416.4	95.0
Signal & Communications	1,138.4	1,205.9	67.5
Structures	220.8	297.6	76.9
Procurement	330.6	362.1	31.5
Other	929.8	1,123.6	193.8
Agency Costs	1,115.7	932.6	(183.0)
Fullerton - San Diego County Line	4,216.5	4,607.2	390.8
Track	1,094.6	1,252.7	158.1
Signal & Communications	1,196.8	1,278.6	81.8
Structures	171.6	220.3	48.7
Procurement	236.7	272.3	35.6
Other	649.1	858.1	209.0
Agency Costs	867.5	725.2	(142.3)
Olive Subdivision	356.8	390.3	33.5
Track	99.1	113.1	13.9
Signal & Communications	115.8	124.2	8.4
Structures	12.7	16.2	3.6
Procurement	17.5	20.1	2.6
Other	47.9	63.3	15.4
Agency Costs	64.0	53.5	(10.5)
Riverside Layover Facility	72.9	79.6	6.7
Track	22.5	25.7	3.3
Signal & Communications	8.1	8.1	0.1
Structures	3.8	4.9	1.1
Procurement	5.2	6.0	0.8
Other	14.3	18.9	4.6
Agency Costs	19.1	16.0	(3.1)
River Corridor	3,476.9	3,891.2	414.4
Track	788.5	848.0	59.5
Signal & Communications	1,767.2	2,049.9	282.7
Structures	82.1	105.4	23.3
Procurement	113.3	130.3	17.0
Other	310.6	410.6	100.0
Agency Costs	415.1	347.0	(68.1)
Extraordinary Maintenance (Derailments, Storm Damage, Gate Knockdowns, Vandalism)	650.0	500.0	(150.0)

TABLE 3.11

MAINTENANCE-OF-WAY EXPENSE DETAIL BY LINE SEGMENT/TERRITORY
(\$000s)

Line Segment/Territory	FY 07-08 Expenditure Budget	FY 08-09 Expenditure Budget	Variance FY 08-09 vs FY 07-08 Budget Over/(Under)
Non-Operating Lines	1,218.5	1,329.1	110.6
Sierra Madre - Claremont (Pasa. Sub.)	1,053.1	1,148.4	95.4
Track	220.7	253.7	33.1
Signal & Communications	347.3	371.5	24.3
Structures	43.3	55.5	12.3
Procurement	59.7	68.6	9.0
Other	163.6	216.3	52.7
Agency Costs	218.6	182.8	(35.9)
Baldwin Park Branch (San Bernardino Co.)	165.4	180.6	15.2
Track	33.2	38.0	4.8
Signal & Communications	70.3	75.8	5.5
Structures	5.5	7.1	1.6
Procurement	7.6	8.8	1.1
Other	20.9	27.6	6.7
Agency Costs	27.9	23.3	(4.6)
Total Maintenance-of-Way	22,671.5	24,536.7	1,865.3
Track	5,397.7	6,104.9	707.2
Signal & Communications	7,106.7	7,755.5	648.7
Structures	835.2	1,102.1	266.9
Procurement	1,207.0	1,350.0	143.0
Other	3,253.5	4,195.6	942.0
Extraordinary Maintenance	650.0	500.0	(150.0)
Agency Costs	4,221.3	3,528.7	(692.6)

and Signal & Communication maintenance expenses of approximately \$1.6 million, or 12.2% over similar expenses included in the FY 2007-08 Budget.

Additional cost increases are expected in the areas of Materials (+11.9%), Fuel and Maintenance of rubber tired vehicles (+8.8), Vegetation Control (+46.5%). These increases are driven primarily by the industry-wide cost increases of steel and other materials, costs of delivery, and other petroleum based products such as weed abatement chemicals.

In order to prevent these increases from overwhelming the FY 2008-09 Budget for MOW, every effort has been made to reduce administrative or other expenses. Significant SCRRA labor expense transfers have been made to reflect the increased capital expansion program. As a result, agency salaries, and Indirect Costs which follow the agency's labor allocation, have been reduced. In total, agency administrative costs in the MOW program have declined a total of \$692,000 or 16% from the FY 2007-08 Budget.

The maintenance category detail provided in Table 3.11 includes the following line items:

- Track - payments to the maintenance-of-way contractor for projection of labor on inspections/repair of track.
- Signal & Communications - payments to the signal and communications contractor for projection of labor on inspections/repair of signal and communication systems.
- Structures- payments to the maintenance-of-way contractor for projection of labor on inspections/repair of bridges, tunnels and other structures.
- Procurement – 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
- Other - payments for vegetation control, vehicle /equipment expense, rail flaw detection, and engineering which are allocated to segments and counties on the basis of track-miles.
- Agency Costs - 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.

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.

MOW Projections by Line

The FY 2008-09 MOW Budget is \$24.5 million, a 8.2% increase from the FY 2007-08 Budget.

The average MOW cost per track-mile is calculated excluding Extra-Ordinary Maintenance and Agency Costs. For FY 2008-09, the average MOW cost is projected to be \$56,496 per track-mile compared with \$49,036 per track-mile budgeted in FY 2007-08, an increase of 15.2% due to the factors listed above. The features that make some

lines higher or lower in cost than the SCRRA averages, or are changes from last year are summarized in the following list. The figures (+) and (-) show factors that drive the maintenance budget higher or lower.

Los Angeles - San Bernardino Line. (9.1% increase from the FY 2007-08 budget.) The budget represents the basic maintenance force plus a surfacing cycle.

Factors that affect MOW costs are:

- + Very high density of passenger train traffic
- + High density of road crossings
- + Some unresolved drainage issues
- Significant capital rehabilitation completed
- Light freight traffic

Los Angeles - Ventura County Line. (11.7% increase from the FY 2007-08 Budget.) Factors that affect MOW costs are:

- + High density of passenger train traffic (including weekends)
- + Deteriorated track/ties at selected locations
- + High density of road crossings
- + Moderately heavy freight traffic (affects curve rail)
- + Tunnels and embankments
- + Poor ballast condition, embankment retains moisture
- Signal system is new
- Light to moderate curves and grades
- Extensive Rehabilitation work in Los Angeles County portion of the line.

Los Angeles - Antelope Valley Line. (5.6% increase from the FY 2007-08 Budget.) This is in part a mountain freight railroad, which means that great care is required to inspect and control track geometry, curve rail wear, embankment stability (landslides and washouts), and safety detectors. This segment did however undergo significant and concentrated Rehabilitation and Renovation activities in recent fiscal years. Factors affecting MOW costs are:

- + High curve and grade territory
- + Frequent trains (below Via Princessa)
- + Some heavy freight traffic (affects curve rail)
- + Exposed to flood damage (requires extra inspections)
- + Poor ballast condition, embankment retains moisture
- Most of line has good rail, ties, and crossings
- Still some time in daylight hours to perform many MOW tasks

Fullerton - San Diego County Line. (9.3% increase from the FY 2007-08 Budget.) This line is in good to excellent condition as a result of significant recent Rehabilitation and Renovation expenditures. The budget has historically been the lowest per mile. However, due to heavy service levels, a significant portion of the work on this line must be done on an overtime/night basis. Factors that affect MOW costs are:

- + Frequent trains

- + Exposed to flood and ocean damage
- Very little significant curvature
- New track and signal system

Olive Subdivision. (9.4% increase from the FY 2007-08 Budget). This line has received a significant cycle replacement of rail, ties and surfacing, along with renewed road crossings and a modernized signal system.

Factors that affect MOW costs are:

- + Narrow embankment
- No significant curvature or grade

Riverside Layover Facility. (9.4% increase from the FY 2007-08 Budget.) This segment has good track. However, this facility is requiring a four man track gang to inspect the facility once per month. Factors that affect MOW costs are:

- + Small segment requires specific maintenance assignments
- Good Condition

River Corridor. (11.9% increase from the FY 2007-08 Budget.) This segment includes all of the tracks on both sides of the Los Angeles River from Redondo Junction on the south to CP Taylor on the north. It carries heavy freight and passenger traffic, including all SCRRA non-revenue movements in and out of the Central Maintenance Facility (CMF). Past capital programs have upgraded most of the track and signals. Even with these improvements, the track and bridges need continual maintenance as a result of extremely high usage rates. Factors that affect MOW costs are:

- + Heavy freight tonnage
- + Frequent trains
- + Many turnouts
- + Some locations of severe curvature
- Few road crossings

Sierra Madre - Claremont (Pasadena Subdivision) (9.1% increase from the FY 2007-08 Budget) The SCRRA is maintaining this property for the Pasadena Gold Line Construction Authority under their agreement with the MTA. The line has jointed rail and wooden crossties in an adequate condition to carry the small amount of freight traffic now on the line. Some road crossings are being improved within the maintenance budget with the cooperation of community street departments. Some of the crossing warning systems are also being upgraded to reduce trouble calls while in freight operation. Factors that affect MOW costs are:

- + Jointed Rail
- + Poor tie and ballast conditions
- + Some poor road crossings
- + Many road crossings
- + Obsolete open-wire signal system
- Low freight traffic levels and no passenger services.

- Light curvature and grade

Rialto Subdivision (Baldwin Park Branch) (9.2% increase from the FY 2007-08 Budget) This line is a very lightly used freight line with small rail and old wooden ties. The current forecast is an estimate of the time to inspect and make nominal repairs only. Factors that affect MOW costs are:

- + Poor track and crossing conditions
- + Union Pacific operates large locomotives and heavy cars
- + Small segment requires specific maintenance assignments
- Very low speed operation, no passenger trains

Extraordinary Maintenance 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 followed by making permanent repairs.

In all cases reimbursement is sought if a liable party (e.g. derailment caused by freight railroad or insurance for a motorist), SCRRA insurance coverage (limited to specific structures and with large deductibles), or an emergency funding source (e.g. FEMA, which has strict eligibility conditions) is identified and proper procedures are followed. Repairs to damages are made to comply with current engineering standards (e.g. a wooden bridge would be replaced with a steel/concrete bridge) so that these funds are not used to rebuild obsolete infrastructure. (These repairs may be in two stages; the quickest way to repair track may be with wood ties and jointed rail, this would be replaced with welded rail and 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's equipment are made to comply with current engineering and safety standards (e.g. 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.

For FY 2008-09, the budgeted equals \$500 thousand, a decrease of \$150 thousand from FY 2007-08. In some years, such as was experienced in FY 2004-05 with the record setting storms, the total can easily exceed \$1 million. These types of extreme conditions may be covered by insurance or by un-programmed agency funding (local or FEMA). It should be noted that neither Extraordinary Maintenance nor Agency Costs are included in the calculation of MOW expense per track mile.

SECTION 4
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY

CAPITAL BUDGET

4.0 CAPITAL BUDGET

The Capital Budget consists of two major components. These are Rehabilitation and Renovation and New Capital. These budgets amount to \$82.3 million and \$361.3 million, respectively, for a total of \$443.6 million in new and outstanding project authority. Details of the Capital Budget are described in the following sections. It should also be noted that each year additional funds continue to be sought for the Agency's capital program from Federal, State and Local authorities. If and when funds are secured, these projects will be brought to the SCRRA Board for amendment into the budget.

4.1 Rehabilitation/Renovation

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, 2006. For a complete description of the rating values and their meanings, please see Appendix Section 7.

Rehabilitation and Renovation projects are those projects that replace worn out assets with like or improved assets and thus preserve and extend the useful life of these capital assets. Rehabilitation and Renovation recommendations are based upon tolerating only the most minimal and manageable risk of failure.

RAILROAD REHABILITATION CYCLES

Railroad infrastructure deteriorates due to time, weather, and wear. At the minimum, a Rehabilitation and Renovation program is required to overcome this deterioration and maintain a steady state of serviceability. The performance of the infrastructure is expected to improve to match developing needs of the using parties in the areas of speed and weight capacity. A Rehabilitation and Renovation program typically incorporates

state of the art components to match these higher levels of service and replace older designs, resulting in reduced operating maintenance expense and improved operations.

Rehabilitation and Renovation 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.

RENOVATION AND REHABILITATION ELEMENTS

A. Rail

Rails are subject to abrasive wear on curved track and to fatigue wear throughout their length. Rehabilitation and Renovation of rail consists of periodic grinding to restore the original contour and replacement of the 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 3250 wood ties per mile, spaced at 19-1/2 inches, and concrete ties are spaced at 24 inches, for 2640 per mile.

1. Wood Ties

Creosote treated wood ties have a service life of between 30 and 35 years. Wood ties deteriorate by organic decay and by mechanical abrasion and crushing from the spikes and the tie plates supporting the rail. Wood ties also deteriorate faster in curves because the centrifugal force of turning trains pushes the rail and spikes. Weak ties in curves are a serious safety consideration. They are usually maintained in a cycle method where by 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 Trackwork

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

1. Turnouts

Turnouts (“switches”) are the special trackwork 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 System

Railroad signal systems generally experience wear of moving parts in equipment such as switch machines and grade crossing gate mechanisms, 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. Rehabilitation of the signal system consists of unit exchange replacement of components at some point short of their maximum life in order to avoid service disruptions or regulatory infractions. Most are returned to factories 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.

CONSEQUENCES OF DEFERRED REHABILITATION

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

Absent a Rehabilitation and Renovation 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/Renovation 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/Renovation projects of \$ 82.3 million are summarized in Table 4.1. However, a number of the projects will not be completed in FY 2007-08 as outlined below. They amount to \$37.5 million. The new projects seeking initial authority in FY 2007-08 amount to \$44.8 million and are also discussed below.

Ongoing Rehabilitation/Renovation Projects

The following projects are ongoing projects authorized in FY 2007-08 or earlier and are not estimated to be completed prior to June 30, 2008. The following figures represent staff's estimate of the outstanding authorized balance on each project as of the adoption of the FY 2008-09 fiscal year budget. These estimations in no way alter the actual project authority as approved by the Board of Directors.

**TABLE 4.1-1
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY2008-09 BUDGET**

REHABILITATION/RENOVATION PROJECTS: ONGOING PROJECTS (\$000's)

No	Line	Project(s)	Total Budget	Remaining Budget	Member Provided Funds (1)				SCRRA Direct Funds							
					LACMTA Repayment	OCTA	RCTC	RCTC Repayment	SANBAG Repayment	SANBAG	VCTC	UPRR	Lease	State	Federal	
1a	Valley	Track Program	2,966.3	80.0	-	-	-	-	-	-	-	-	-	-	-	-
1b	Valley	Bridge Program	1,055.0	858.2	-	-	-	-	-	-	-	-	-	-	-	-
1c	Valley	Signal Programs	536.3	280.0	-	-	-	-	-	-	-	-	-	-	-	-
2a	San Gabriel	Track Program	1,567.4	392.3	235.4	-	-	-	-	-	-	-	-	-	-	-
2b	San Gabriel	Bridge Program	1,343.9	775.0	465.0	-	-	-	-	156.9	-	-	-	-	-	-
2c	San Gabriel	Signal Programs	4,599.4	2,881.0	1,728.6	-	-	-	-	310.0	-	-	-	-	-	-
2d	SBAG Only	Station Rehab (SB County)	1,295.4	812.1	-	-	-	-	-	1,152.4	-	-	-	-	-	-
3a	Orange	Track Program	2,951.0	435.0	-	334.5	-	-	-	-	-	-	-	-	12.5	-
3b	Orange	Bridge Program	965.5	855.0	-	855.0	-	-	-	-	-	-	-	-	-	-
3c	Orange	Signal Programs	4,433.1	2,438.0	-	307.2	1,811.6	-	50.6	-	-	-	-	-	-	-
4a	River	Track Program	1,617.6	581.0	215.1	-	-	50.3	89.5	65.1	-	-	128.4	-	-	-
5a	System	Bridge Program	340.7	70.0	33.3	-	11.0	7.8	-	10.1	-	-	-	-	-	-
5b	System	Signal Programs	3,104.0	1,245.2	591.9	-	132.6	138.3	-	179.2	2.8	-	-	-	-	-
5c	System	Augment On-Rail Equipment	4,501.8	2,367.0	1,125.1	-	413.8	263.0	54.4	340.6	113.7	-	-	-	-	-
5d	System	GIS Mapping	1,104.1	520.0	134.7	-	9.7	5.4	99.9	81.3	0.1	-	-	-	-	-
5e	System	Electronic Passenger Information System (EPIS)	2,912.2	1,634.5	359.1	-	185.7	89.9	-	273.0	-	-	-	-	-	185.4
5f	System	MOW facility - Phase I	8,750.0	8,500.0	3,403.2	-	1,633.3	1,079.2	-	1,397.7	288.2	-	-	-	-	649.6
5g	System	San Bernardino Interlocker	550.0	500.0	242.1	-	59.1	28.4	-	170.4	-	-	-	-	-	-
5h	System	TVM Upgrades	4,716.0	1,500.0	704.3	-	300.0	168.5	-	218.2	-	-	-	-	-	-
5i	System	Passenger Signage Changes	55.0	50.0	23.8	-	9.9	5.6	-	7.2	-	-	-	-	-	-
5j	System	LA Union Sta. Signage Changes	175.0	50.0	23.8	-	9.9	5.6	-	7.2	-	-	-	-	-	-
5k	System	LA Union Sta. Canopy Rehab	235.0	160.0	76.1	-	31.6	17.8	-	23.0	-	-	-	-	-	-
5l	System	FIS Upgrade	1,250.0	589.0	589.0	-	-	-	-	-	-	-	-	-	-	-
5m	System	Passenger Signage Rehabilitation	1,300.0	1,240.0	226.7	-	94.3	53.0	-	68.6	-	-	-	-	-	-
5n	System	Rolling Stock Rehab/Renov	11,850.0	8,692.2	3,246.9	-	932.9	747.6	-	968.2	-	-	-	-	-	763.1
Total Ongoing Rehab/Renov			64,164.8	37,505.5	14,642.2	773.0	6,824.9	2,660.1	294.4	6,228.7	706.5	1,722.2	128.4	1,927.0	-	1,598.0

(1) LACMTA funds are 100% Local; OCTA, SANBAG, and RCTC Repayment funds are 20% Local, 80% federal; RCTC, VCTC, and SANBAG Repayment funds are 100% federal.

TABLE 4.1-2
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY2008-09 BUDGET

REHABILITATION/RENOVATION PROJECTS: NEW PROJECTS (\$000's)

No	Line	Project(s)	Total Budget	Remaining Budget	LACMTA	LACMTA Repayment (2)	Member Provided Funds (1)				SCRRA Direct Funds						
							OCTA	RCTC	RCTC Repayment	SANBAG	SANBAG Repayment	VCTC	UPRR	Lease	State	Federal	
1a	Ventura (Ventura Co)	Bridge Program	505.5	505.5	-	-	-	-	-	-	505.5	-	-	-	-	-	
2a	Ventura (LA Co)	Track Program	738.9	738.9	738.9	-	-	-	-	-	-	-	-	-	-	-	
2b	Ventura (LA Co)	Bridge Program	360.7	360.7	360.7	-	-	-	-	-	-	-	-	-	-	-	
2c	Ventura (LA Co)	Signal Programs	813.9	813.9	813.9	-	-	-	-	-	-	-	-	-	-	-	
3a	Valley	Track Program	4,185.5	4,185.5	4,185.5	-	-	-	-	-	-	-	-	-	-	-	
3b	Valley	Bridge Program	132.7	132.7	132.7	-	-	-	-	-	-	-	-	-	-	-	
3c	Valley	Signal Programs	841.0	841.0	841.0	-	-	-	-	-	-	-	-	-	-	-	
4a	San Gabriel	Bridge Program	721.6	721.6	432.9	-	-	-	-	-	-	-	-	-	-	-	
4b	San Gabriel	Signal Programs	888.7	888.7	533.2	-	-	-	-	-	-	-	-	-	-	-	
4c	SB Co. Micro Duct.	Signal Programs	1,951.5	1,951.5	-	-	-	-	-	-	-	-	-	-	-	-	
4d	Fiber Conduit	Signal Programs	1,269.3	1,269.3	761.6	-	-	-	-	-	-	-	-	-	-	-	
4e	Pasadena	Signal Programs	54.5	54.5	54.5	-	-	-	-	-	-	-	-	-	-	-	
5a	Olive	Signal Programs	89.8	89.8	-	-	89.8	-	-	-	-	-	-	-	-	-	
6a	Orange	Track Program	5,225.8	5,225.8	-	457.6	4,768.2	-	-	-	-	-	-	-	-	-	
6b	Orange	Bridge Program	1,209.9	1,209.9	-	-	1,209.9	-	-	-	-	-	-	-	-	-	
6c	Orange	Signal Programs	533.9	533.9	-	-	533.9	-	-	-	-	-	-	-	-	-	
6d	Fiber Conduit	Signal Programs	9,484.8	9,484.8	-	-	9,484.8	-	-	-	-	-	-	-	-	-	
7a	River	Track Program	1,219.6	1,219.6	272.1	-	113.2	63.6	-	-	82.4	-	-	41.2	647.1	-	
7b	River	Bridge Program	249.6	249.6	118.6	-	49.4	27.7	-	-	35.9	-	-	17.9	-	-	
7c	River	Signal Programs	1,407.8	1,407.8	538.0	-	327.9	184.2	-	-	238.5	-	-	119.2	-	-	
8a	System	Rail Grinding Program	600.0	600.0	285.2	-	118.7	66.7	-	-	86.3	-	-	43.1	-	-	
8b	System	Signal & Communication Program	1,403.3	1,403.3	430.9	-	366.6	205.9	-	-	266.6	-	-	133.2	-	-	
8c	System	Rolling Stock Rehab/Renovation	4,000.0	4,000.0	1,437.9	-	598.4	336.0	-	-	435.2	-	-	217.5	-	-	
8d	System	ACE Lease to Support Rehab Program	175.0	175.0	83.2	-	34.6	19.4	-	-	25.2	-	-	12.6	-	-	
8e	System	Passenger Signage Rehabilitation	782.0	782.0	371.7	-	154.7	86.9	-	-	112.5	-	-	56.2	-	-	
8f	System	Vehicles	500.0	500.0	237.7	-	98.9	55.5	-	-	71.9	-	-	35.9	-	-	
8g	System	San Bernardino Interlocker	350.0	350.0	169.5	-	41.3	19.9	-	-	119.3	-	-	141.6	-	-	
8i	System	Augment On-Rail Equipment	1,970.0	1,970.0	936.4	-	389.7	218.8	-	-	283.4	-	-	89.9	-	-	
8j	System	MOW facility - Phase 2	1,250.0	1,250.0	594.2	-	247.3	138.9	-	-	179.9	-	-	-	-	-	
8k	System	FIS Upgrade	700.0	700.0	700.0	-	-	-	-	-	-	-	-	-	-	-	
8l	System	TVM Rehab & Replacement	368.6	368.6	175.2	-	72.9	41.0	-	-	53.0	-	-	26.5	-	-	
8m	System	Small Machines, Equip. & Tools	220.0	220.0	104.6	-	43.5	24.4	-	-	31.7	-	-	15.8	-	-	
8n	System	Improved Maintenance Technologies	500.0	500.0	237.7	-	98.9	55.5	-	-	71.9	-	-	35.9	-	-	
8n	System	Ticketing for Gating	110.0	110.0	52.3	-	21.8	12.2	-	-	15.8	-	-	7.9	-	-	
Total New Rehab/Renov			44,813.9	44,813.9	15,600.0	457.6	18,864.5	1,556.7	294.4	11,441.7	706.5	3,222.2	775.5	975.0	-	-	1,598.0
Total Ongoing and New Rehab/Renov			108,978.6	82,319.3	30,242.2	1,230.5	25,689.4	4,216.8	294.4	11,441.7	706.5	3,222.2	775.5	2,902.0	-	-	1,598.0

(1) LACMTA funds are 100% Local; OCTA, SANBAG, and RCTC Repayment funds are 20% Local, 80% Federal; RCTC, VCTC, and SANBAG Repayment funds are 100% Federal.
(2) In FY2008-09 LACMTA has agreed to fund \$457,560 of OCTA's Rehab/Renov obligations as continuing repayment of advance funding on Keller St. & LAUS Mail Dock projects.

1. ANTELOPE VALLEY IMPROVEMENTS PROGRAMS **\$ 1,218,239**

The programs on this line segment are funded by LACMTA.

a. Track Program \$ 80,000

This program covers the rehabilitation of 5,290 wood crossties at Vincent Siding, Glendale Station and between Burbank & Dayton. Crossties have been ordered and it is expected that this program will be completed in the first quarter of FY 2008-09.

b. Bridge Program \$ 858,239

The first bridge program will renew drainage at various locations on the Antelope Valley line segment. The second program will fund the rehabilitation of a bridge at M.P. 24.57 with the construction of a two span concrete box. Engineer's estimate on the structure at M.P. 24.57 has been received and these programs are scheduled to be completed by the first quarter of FY 2008-09.

c. Signal Program \$ 280,000

This cost is for the completion of the replacement of the age worn and difficult to maintain high/wide load detector at MP 7.8. The detector was received in February 2008 and the installation is scheduled to be completed by the first quarter of FY 2008-09.

2. SAN GABRIEL LINE IMPROVEMENTS PROGRAMS **\$ 4,860,355**

Funding within the line segment's operating right of way is funded 60% LACMTA and 40% SANBAG, unless otherwise noted.

a. Track Program \$ 392,265

The first program will renew 7,181 lineal feet of main track rail on two curves. The first curve is between MP 54.90 and MP 55.20. The second curve is between MP 1.67 and 2.05. The second program will renew 3,411 lineal feet of siding rail and 619 wood ties at Kaiser Siding between MP 45.60 and MP 47.50. Material is on site and it is expected that these programs will be completed in the first quarter of FY 2008-09.

b. Bridge Program \$ 775,000

The first program will replace the Ballast Deck T-Rail (BDTR) bridges at MP 40.8 and 40.9 with reinforced concrete boxes. The second program will renew drainage at various locations on the San Gabriel line segment. The final program is for the replacement of the bridge structure at M.P. 34.60 with a concrete slab. Engineer's estimates have been received for the three bridge structures and these programs are scheduled to be completed in the early part of first quarter FY 2008-09.

c. Signal Program \$ 2,881,000

The continuing programs are:

- Renew standby emergency power banks at several locations.
- Installation of LED technology gate arm lights.

- Upgrade the track systems between CP IRWIN & CP BARRANCA (M.P. 20.4 to M.P. 23.4) to electro code systems.

d. Station Rehabilitation – San Bernardino County \$ 812,090
 This program, funded by SANBAG and by interest on proceeds from the U.S. Leveraged Lease Transaction on SCRRA rolling stock, is for the repair of damaged sidewalk in the east parking area and the design of a new parking area at the Upland Station. Design plans and specifications were received in January 2008 and work is expected to be completed in the second quarter of FY 2008-09.

3. ORANGE LINE SEG. IMPROVEMENTS PROGRAMS \$ 3,728,000
 All funding within this line segment is funded 100% by OCTA, unless otherwise noted.

a. Track Program \$ 435,000
 The first program covers the replacement of 6,524 wood ties at San Clemente between MP 198.00 and 207.40. The second program is for the renewal of the road crossing surface at nine locations in the Cities of Santa Ana (4), Anaheim (3) and San Juan Capistrano (2). Material has been ordered and received, however due to unexpected delays work is not expected to be completed until the first quarter of FY 2008-09.

b. Bridge Program \$ 855,000
 This program is for the replacement of the wood bridge structure at M.P. 199.10 with a concrete box. Engineer’s estimate on the structure has been received and work is scheduled to be completed by the second quarter of FY 2008-09.

c. Signal Program \$ 2,438,000
 The remaining programs for Battery renewal, Corrosion mitigation, LED upgrades, Erosion repairs, Switch machine upgrades and Security enhancements are in process and should be completed in early FY 2008-09.

4. RIVER LINE SEGMENT IMPROVEMENTS PROGRAMS \$ 581,000
 Programs within the line segment are funded by all Member Agencies using the revised All-Share formula, unless otherwise noted.

a. Track Program \$ 581,000
 This program is for the completion of a track and signal study to replace the rail crossing at Dayton. Final design was completed in December 2007, with work expected to be completed in the first quarter of FY 2008-09.

5. SYSTEM IMPROVEMENTS PROGRAMS \$ 27,778,885
 System programs are funded by all Member Agencies using the revised All-Share formula, unless otherwise noted.

- a. Bridge Program \$ 70,000
 This will complete the program to have steel bridges load ratings evaluated for System Bridges that were procured from the other Railroads. The freight traffic axle loading that operates on Metrolink track varies from medium to high. To operate these loads in a safe manner, we must have accurate data on the bridge structures capability. This program is scheduled to be completed in the first quarter of FY 2008-09.
- b. Signal Program \$ 1,245,217
 The continuing programs are;
- Install Fiber CTC Control Equipment and Fiber Cable at various locations.
 - CWA Communication Plan.
 - Upgrade UPS and Install New Battery Cells.
- c. Augment On-Rail Equipment \$ 2,367,000
 This program will augment the procurement of On-Rail and Structure maintenance repair equipment with the procurement of a new Dynamic Track Stabilizer. Procurement process is in progress with delivery expected in April 2009.
- d. GIS Mapping \$ 520,000
 The GIS mapping, completed in two phases, includes aerial photography, digitized base mapping and surveying services for the SCRRA member agencies owned River, Valley, Ventura, Orange, Olive, San Gabriel, Redlands subdivision right-of-ways and SCRRA operated and freight railroad owned right-of-ways. This work will result in a computerized common base of reference for aerial mapping, utility maps, property maps, leases and related property documentation. This program is partially funded by Federal Homeland Security funds. Work is proceeding on all phases with work scheduled to be completed in early FY 2008-09.
- e. Electronic Passenger Information System (EPIS) \$ 1,634,469
 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 EPIS replaces the current audio and video equipment at 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 current agency owned GeoFocus system and staff inputs. The server will distribute outputs to the above mentioned new audio and video equipment.
- f. MOW Facility - Phase I \$ 8,500,000
 This is the first phase of two funding periods for the replacement of MOW facilities at various locations on Member owned properties or lease properties to a centralized location. This phase will be for the location of suitable property and base design requirements. Several prospective sites have been identified by staff and are under assessment. Initial design and research of the sites are in progress. The final report will be made upon completion of this assessment.

g. San Bernardino Interlocker \$ 500,000
 This project is funded by SANBAG, LAMTA, OCTA and RCTC using a formula based on the current number of trains and train miles that operate over this interlocker. The project will shift the operation of the control point where the BNSF San Bernardino Subdivision track crosses the Metrolink San Gabriel Subdivision track from the BNSF to Metrolink. BNSF will install control point and associated signals from Rana to San Bernardino. Received BNSF estimate in October 2007, and now awaiting BNSF signal design assignment. Project is expected to complete in the first quarter of FY 2008-09.

h. TVM Upgrades \$ 1,500,000
 These funds will be used to upgrade and replace various internal TVM components, including bill note acceptors, hardware to harden TVM doors against break-ins, program TVM fare tables and train schedule software, and provide rain guards for all bill note acceptors.

i. Passenger Signage Changes \$ 50,000
 This program will purchase replacement LED signs to be used with current PA/CMS signs and the electronic passenger information system. The procurement process has begun with award scheduled in early FY 2008-09.

j. L.A. Union Station Signage Changes \$ 50,000
 This project will design and install infrastructure to replace the existing thirteen-year-old Arrival/Departure Information System at Los Angeles Union Station. The construction foundation and installation of the communication building was completed in February 2008 with work slated to be completed in the first quarter of FY 2008-09.

k. LA Union Sta. Canopy Rehab \$ 160,000
 This Union Station program will assess the current condition of platform canopies and develop a long-term rehabilitation program. Design work is on-going with completion expected in early FY 2008-09.

l. FIS Upgrade \$ 589,000
 This is a multi-year program to re-implement our current Oracle financial system and upgrade it to the latest version. These enhancements complete with demands to access more information from our financial information system makes the need to upgrade inevitable. 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, efficiently, accurately and timely.

m. Passenger Signage Rehabilitation \$ 1,240,000
 This is a multi-year program, partially funded with FY07 Federal Transit Security funds, to replace all of the changeable messaging signs at Metrolink stations. The current electronic signs are reaching their economic life (12 Years plus). The parts for these signs are no longer available and are very expensive to repair. Under this program we will replace these signs with signs that meet requirements of the current and future systems.

n. Rolling Stock Rehab/Renovation \$ 8,692,199

This item is composed of rehabilitation and renovation programs 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. The remaining funding is split among the member agencies using the revised All-Share formula.

NEW PROJECTS FOR REHABILITATION/RENOVATION IN FY 2008-09

The following new projects are proposed for Rehabilitation/Renovation in FY 2008-09

1. VENTURA LINE IMPROVEMENTS PROGRAM \$ 505,484

The programs on this portion of line segment are funded by VCTC.

a. Bridge Programs \$ 505,484

This program will renew drainage and grading at various locations on the Ventura line segment in Ventura County.

2. VENTURA LINE IMPROVEMENTS PROGRAM \$ 1,913,500

The programs on this portion of line segment are funded by LACMTA.

a. Track Programs \$ 738,885

The first program will renew 2,800 lineal feet of main track rail on one curve between MP 446.40 and MP 446.80. The second program will reestablish main track curve alignments at various locations. The third program will renew the Sycamore crossing surface located at MP 443.30.

b. Bridge Programs \$ 360,668

This program will renew drainage and grading at various locations on the Ventura line segment in Los Angeles County.

c. Signal Programs \$ 813,947

The first project is the first phase to upgrade CP Woodman with the conversion of the power switch machines to high voltage/high speed machines, installation of HVLC control and wayside LEDs. The second project is a multi-year program that will replace underground cables that have reached their service life at Desoto and Bellaire.

3. ANTELOPE VALLEY IMPROVEMENTS PROGRAMS \$ 5,159,128

The programs on this line segment are funded by LACMTA.

a. Track Programs \$ 4,185,480

The first program is for the renewal of 21,254 lineal feet of main track rail at nine locations between MP 21.90 and MP 63.77. The second program will reestablish main

track curve alignments at various locations. The third program covers the replacement of 2,400 wood ties at Vincent & Honby Sidings.

b. Bridge Programs \$ 132,680

This program will renew drainage and grading at various locations on the Antelope line segment.

c. Signal Programs \$ 840,968

The first program is a multi-year program that will replace underground cables that have reached their service life at Robins Nest. The second program will remanufacture power switch machines at CP Burbank Junction to OEM specifications and upgrade to solid state controllers. The third program will upgrade power switch machines to high voltage/high speed machines at CP Burbank Junction. The fourth program will install wheel down detectors at seven locations. The fifth program will address areas where erosion enhancements are required at three signal locations. This will be achieved by the use of Concrete blocks, fill material, and rock.

4. SAN GABRIEL LINE IMPROVEMENTS PROGRAMS **\$ 4,885,557**

Funding within the line segment's operating right of way is funded 60% LACMTA and 40% SANBAG, unless otherwise noted.

a. Bridge Programs \$ 721,580

The first program will renew drainage and grading at various locations on the San Gabriel line segment and slope stabilization at the San Bernardino fly-over. The second program is for the design of a Bridge structure near Hellman Ave.

b. Signal Programs \$ 888,710

The Signal programs on the San Gabriel Subdivision are:

1. A program to convert low speed switch machines to higher speed switch machines and to renew associated rods and switch headblock ties at five locations. The higher speed switch machines allow controls to take less time to execute and less time to receive switch position indication information back to the control center.
2. A program to replace signal ladders, installed by previous owners, to SCRRA standards at five locations. The SCRRA standard ladder increases the safety of personnel working on wayside signals (Signals used for Train movements).
3. The initial phase of a multi-year program to install gate return spring loaded gate arm adapters at 40 locations. Gate return adapters are devices designed to restore the gate arm to its normal position following contact with moving vehicles.
4. The initial phase of a two year program to install wayside signal LED's at 15 locations from CP Archibald to San Bernardino Manual Interlocker.
5. The initial phase of a two year program to install LED technology gate arm lights at 40 crossing locations. LED gate arm lights improve visibility and consume less electrical power.
6. A multi-year program that will eliminate high maintenance relays at crossings by the installation of solid state SSCC4 controllers at 4 locations.

c. Signal Program - San Bernardino County Fiber Conduit. \$ 1,951,507

This project, funded 100% by SANBAG, is part of a continuing program along the San Gabriel subdivision to upgrade communication, signal and IT systems to meet current and future technologies. The planned increase in traffic frequencies, passenger information systems, along with data transfer between system servers necessitates the fiber optic technologies.

d. Signal Program - Fiber Conduit Pomona to Claremont \$ 1,269,260

This project is part of a continuing program along the San Gabriel subdivision to upgrade communication, signal and IT systems to meet current and future technologies. The planned increase in traffic frequencies, passenger information systems, along with data transfer between system servers necessitates the fiber optic communication technologies. Currently, we are working on activating the fiber optic system between Los Angeles Union Station and the Metrolink Operations Center.

e. Signal Program on the Pasadena Subdivision \$ 54,500

The Pasadena Subdivision is 100% LACMTA funded. This program is to study and prepare for the removal of the wayside signal system on the Pasadena Subdivision.

5. OLIVE SUBDIVISION SIGNAL IMPROVEMENTS \$ 89,848

The programs on this line segment are funded by OCTA.

a. Signal Programs \$ 89,848

This is the initial phase of a two year program to install LED technology gate arm lights at 11 crossing locations. LED gate arm lights improve visibility and consume less electrical power.

6. ORANGE LINE SEG. IMPROVEMENTS PROGRAMS \$ 16,454,373

All funding within the line segment's operating right of way is funded 100% by OCTA.

a. Track Program \$ 5,225,798

The first program will transpose 4,963 lineal feet of main track rail on curve 8 between MP 171.95 and MP 172.42. Transposing rail is the repositioning of the outside rail to the inside rail position and the inside rail to the outside position. The second program is for the renewal of 1,954 lineal feet of main track rail at one curve between MP 198.35 and MP 198.72. The third program covers the replacement of 8,640 wood ties at Santa Ana – Tustin between MP 174.70 and 184.50. The fourth program covers the replacement of the Frog & Guard Rail on the turnouts located at MP 175.60. The fifth program is for the renewal of the road crossing surface at seven locations in the County of Orange.

b. Bridge Programs \$ 1,209,900

The first bridge program will renew drainage and grading at various locations on the Orange line segment. The second program is for the replacement of concrete box/bridge structure with a new concrete box/bridge at MP 206.49. The third program is for the design of a bridge structure to replace a 14' rail top bridge at MP 203.50. The fourth program is for the design of bridge structures to replace wood box structures at MP 201.06 and MP201.30.

c. Signal Programs \$ 533,853

The Signal programs on the Orange Subdivision are:

1. A program to convert low speed switch machines to higher speed switch machines and to renew associated rods and switch headblock ties at two locations. The higher speed switch machines allow controls to take less time to execute and less time to receive switch position indication information back to the control center.
2. A system-wide program to install event/analyzer monitoring equipment at highway-rail grade crossings. The locations are Corto Lane, "T" Street, Lost Winds, Deje, El Portal.
3. The continuation of a multi-phase program to renovate switch headblock ties and rods at two locations that have been in service more than 10 years.
4. The initial phase of a multi-year program to install gate return spring loaded gate arm adapters at 18 locations. Gate return adapters are devices designed to restore the gate arm to its normal position following contact with moving vehicles.
5. A program to rehabilitate a current non-vital loop detector at CP College. In cases when on-track equipment traverse locations equipped with non-vital loop detectors they leave a track indication which has the potential of causing train delays.
6. Program to replace signal ladders, installed by previous owners, to SCRRA standards at five locations. The SCRRA standard ladder increases the safety of personnel working on wayside signals.

d. Signal Program – Fiber Conduit \$ 9,484,822

This is the initial phase of a multi-phased program along the Orange subdivision to upgrade communication, signal and IT systems to meet current and future technologies. The planned increase in traffic frequencies and passenger information systems necessitates the fiber optic technologies.

7. RIVER LINE SEGMENT TRACK IMPROVEMENTS **\$ 2,877,047**

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

a. Track Programs \$ 1,219,634

The first program, will replace 3,932 wood ties, along the east and west sides of the river line. The second program will replace 100 concrete ties between MP 1.20 and 1.30. The third program is for the replacement of the Frog & Guard Rail on the turnouts located at

MP 482.80 and MP 484.70. In connection with the East Bank Agreement, Union Pacific is partially funding these programs.

b. Bridge Programs \$ 249,610

This program will renew drainage and grading at various locations on the river line segment.

c. Signal Programs \$ 1,407,803

The first program will convert low speed switch machines to higher speed switch machines and to renew associated rods and switch headblock ties at CP Taylor. The higher speed switch machines allow controls to take less time to execute and less time to receive switch position indication information back to the control center. The second program will remanufacture power switch machines to OEM specifications and upgrade to solid state controllers at CP Terminal and CP Mission. The third program is the first phase to upgrade CP Dayton with the conversion of the power switch machines to high voltage/high speed machines, installation of HVLC control and wayside LEDs. The fourth program will perform an engineering assessment of the signal, communications, power supply, and track systems that would potentially impact operations and identify any single points of failure or systems in need of modernization or repair and renovation at LAUS. Based on the outcome of the study, develop an improvement program to make corrections and improve the overall reliability of this critical terminal.

8. SYSTEM IMPROVEMENTS PROGRAMS **\$ 12,928,920**

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

a. Rail Grinding Program \$ 600,000

This program will continue the surveying and grinding of rail to restore the original profile and remove surface defects.

b. Signal & Communication Program \$ 1,403,276

The first program is part of a multi-year project to upgrade the PA/CMS systems with state of the art equipment. These replacement units will be compatible with the new operational systems.–The second program will be the first phase of a multi-year project to replace radios that are not manufacturer supported and will not meet the 2012 FCC bandwidth reduction regulations. The third program will install new wayside base locations to enhance the performance of the communications systems during mountaintop site outages. The fourth program, at the Metrolink Operations Center, will perform an engineering assessment of the signal, communications, power supply, and building systems that would potentially impact train control and communications. The engineering assessment will identify any single points for failure or for systems in need of modernization or repair and renovation. Based on the outcome of the study, develop an improvement program to make corrections and improve the overall reliability of this critical centralized operations control center.

c. Rolling Stock Rehab/Renovation \$ 4,000,000

This item is composed of rehabilitation and renovation programs 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. The remaining funding is split among the member agencies using the revised All-Share formula.

d. ACE Lease to Support Rehab Program \$ 175,000

These funds will pay for half the costs of a Rolling Stock lease with the San Joaquin Regional Rail Commission (SJRRC). Until delivery of ordered rail cars, these leased cars are necessary to support normal maintenance requirements and allow for the rehabilitation and renovation programs to move forward.

e. Passenger Signage Rehabilitation \$ 782,000

This is the second phase of a three phase program to procure and install replacement PA/CMS systems with state of the art equipment. Under this phase we will upgrade about 37% of the System's current units. These replacement units will be compatible with the new operational systems.

f. Vehicles \$ 500,000

These funds represent a carry forward of the seventh year of a multi-year non-revenue vehicle replacement cycle. Vehicles are scheduled for replacement on the basis of mileage and repair costs. Similar funding amounts will be requested in future years so as to avoid one-time spikes in the funding requirements of members, and so as to allow for an orderly and efficient cycle of procurement.

g. San Bernardino Interlocker \$ 350,000

This is a continuation of a project that is funded by SANBAG, LACMTA, OCTA and RCTC using a formula based on the current number of trains and train miles that operate over this interlocker. The project will shift the operation of the Control Point (CP) where the BNSF San Bernardino Subdivision track crosses the Metrolink San Gabriel Subdivision track from the BNSF to Metrolink.

h. Augment On-Rail Equipment \$ 1,970,000

This project will augment On-Rail maintenance equipment with the procurement of several specialty vehicles and on-rail equipment including:

- One Production Tamper
- One Ballast Regulator
- Two Printice Loader Trucks
- Two Welding Trucks

i. MOW Facility - Phase 2 \$ 1,250,000

This is the second phase of two funding periods for the replacement of MOW facilities at various locations on Member owned properties or lease properties to a centralized location. Several prospective sites have been identified by staff and are under assessment. Initial design and research of the sites are in progress. The final report will be made upon completion of this assessment.

j. FIS Upgrade \$ 700,000
 This funding will be combined with funding approved in FY 2007-08 to continue the multi-year program to re-implement our current Oracle financial system and upgrade it to the latest version. These enhancements complete with demands to access more information from our financial information system makes the need to upgrade inevitable. 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, efficiently, accurately and timely.

k. TVM Rehab & Replacement \$ 368,643
 These funds will be used to upgrade and replace various internal TVM components.

l. Small Machines, Equip. & Tools \$ 220,000
 These funds will be used to procure small machines, equipment and tools (ex. grinders, drills and saws) that are compatible with the hydraulic systems on our new maintenance vehicles. The original procurement of some of our current tools, date back to the birth of the agency.

m. Improved Maintenance Technologies \$ 500,000
 This program is for the acquisition of equipment and reporting systems that better document field inspections of tracks and structures. These systems will be compatible with current and future reporting requirements. Also, these systems will help identify portions of track and structures in need of rehabilitation, which will allow us to better, utilize our rehabilitation and renovation program funds.

n. Ticketing for Gating \$ 110,000
 These funds are for initial engineering and software design, system integration design and project management to develop and implement a ticketing technology solution to enable Metrolink customers to transfer through electronic gates on the Metro Rail system and integrate with the Metro TAP program. FY08-09 Proposition 1B Transit revenue-based formula funds that are generated by SCRRA have been identified as the funding source for this project. As these funds will not be available until September 2008, it is necessary to budget ¼ of the estimated project expenses (\$110,000) within the Rehabilitation budget.

4.2 New Capital

New Capital projects are those capital projects that expand the system such as sidings, double track, upgrade of the signal system, and new rolling stock. Further, 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, 2008. For the FY 2008-09 Budget, as shown in Table 4.2, the agency's New Capital program of new projects and outstanding project balances amount to \$361.3 million. Projects for which funding is currently being pursued are not listed in the budget. If and when the agency has been awarded funds and is authorized for expenditure, these projects will be amended into the FY 2008-09 budget.

TABLE 4.2
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY2008-09 BUDGET

NEW CAPITAL PROJECTS (\$000's)

Prior Years Project Authorization

No. Project	Total Budget	Remaining Budget	Member Provided Funds (1)				SCRRRA Direct Funds				
			LACMTA	OCTA	RCTC	SANBAG	VCTC	Federal	State	Other	
1 Eastern Maintenance Facility	49,458.3	41,138.6	21,305.3	6,893.0	3,465.4	9,474.8	-	-	-	-	
2 Pomona Station Improvements	5,215.5	4,446.8	1,496.8	-	-	-	-	-	2,950.0	-	
3 San Juan Capistrano Passenger Info. System	85.0	73.2	-	73.2	-	-	-	-	-	-	
4 Keller Street (2),(3)	11,957.7	11,191.9	393.4	4,298.5	-	-	-	-	-	6,500.0	
5 Mail Dock at LAUS (2)	3,000.0	2,677.0	-	2,677.0	-	-	-	-	-	-	
6 2005 Homeland Security Projects	1,461.5	488.1	-	-	-	-	-	-	488.1	-	
7 Orange County Service Expansion	87,873.0	85,357.2	-	85,357.2	-	-	-	-	-	-	
8 Sealed Corridor - Design	1,500.0	1,314.4	-	-	-	-	-	-	-	1,314.4	
9 Conduit Installation - S.B. County ROW	1,788.0	1,788.0	-	-	-	1,788.0	-	-	-	-	
10 Sealed Corridor - San Gabriel Sub.	500.0	500.0	-	-	-	500.0	-	-	-	-	
11 Fiber Installation - L.A. Towards CMF (4),(5)	6,090.4	6,088.1	-	-	-	-	-	-	1,922.7	4,165.4	
12 Tunnel 25 Intrusion Detection (4)	3,000.0	3,000.0	-	-	-	-	-	-	-	3,000.0	
13 Prop 1B - Swing Gates & Fencing (4)	1,489.1	1,489.1	-	-	-	-	-	-	-	1,489.1	
14 U/G Ticket Vending Machines	13,996.2	1,838.8	-	-	-	-	-	-	1,051.0	473.0	
15 Purchase/Rebuild Used Locos	46,272.7	22,004.7	6,600.5	9,862.7	-	-	-	-	-	5,541.4	
16 Rolling Stock Procurement	217,449.9	161,925.7	16,768.9	102,019.4	11,503.5	8,484.6	-	-	7,550.8	3,981.8	
17 15 Locomotive AESS Devices (6)	109.6	109.6	-	-	-	-	-	-	-	109.6	
18 Forward Facing Cameras On 38 Locos (4)	380.0	380.0	-	-	-	-	-	-	-	380.0	
Total Prior Years Project Authorization	451,626.7	345,811.1	46,565.0	211,180.9	14,968.9	20,247.5	-	-	13,962.7	26,954.6	11,931.5

FY2008-09 Project Authorization

No. Project	Total Budget	Remaining Budget	Member Provided Funds (1)				SCRRRA Direct Funds			
			LACMTA	OCTA	RCTC	SANBAG	VCTC	Federal	State	Other
19 Sealed Corridor - San Gabriel Sub.	500.0	500.0	-	-	-	-	-	-	-	-
20 New Siding - Antelope Valley Line	14,700.0	14,700.0	7,500.0	-	-	500.0	-	-	-	7,200.0
Total FY2008-09 Project Authorization	15,200.0	15,200.0	7,500.0	-	-	500.0	-	-	-	7,200.0

No. Project	Total Budget	Remaining Budget	Member Provided Funds (1)				SCRRRA Direct Funds				
			LACMTA	OCTA	RCTC	SANBAG	VCTC	Federal	State	Other	
Total Project Authority (Prior + Current)	466,826.7	361,011.1	54,065.0	211,180.9	14,968.9	20,747.5	-	-	13,962.7	34,154.6	11,931.5
21 Annual Contribution - Reserves for Rolling Stock	315.6	315.6	-	-	-	315.6	-	-	-	-	-
Total New Capital Budget	467,142.3	361,326.7	54,065.0	211,180.9	14,968.9	21,063.1	-	-	13,962.7	34,154.6	11,931.5

(1) Member Provided Funds are a mix of Local, State, and Federal Funds.
(2) OCTA funded the Keller Street and Mail Dock projects 100% with the understanding that other Members' shares will be funded through other Capital projects over 5 years.
(3) State funding is award of \$6,500,000 in Prop 1B FY 2007-08 Transit funds.
(4) State funding is award of \$9,036,070 in Prop 1B FY 2007-08 Safety/Security funds.
(5) Federal funding is award of \$1,923,436 in FY 2005-06 Transit Security Grant Program funds.
(6) State funding is award of \$109,605 South Coast Air Quality Management District (SCAQMD) grant in FY 2007-08.

1. EASTERN MAINTENANCE FACILITY (EMF) \$ 41,138,554

This project consists of the completion of design and engineering, as well as the construction of an additional facility to provide storage and maintenance of SCRRA equipment. Located in the Inland Empire region, it will provide significant additional capacity as well as relieve current capacity constraints at the agency's Central Maintenance Facility (CMF). Current capacity constraints call for trains to move to the agency's Central Maintenance Facility near downtown Los Angeles, often requiring long moves to place equipment in position for commuter operations. The design phase of this project was completed in early FY 2007-08 with construction NTP given in February 2008. Construction is planned to be completed in 22 months.

2. POMONA STATION IMPROVEMENTS \$ 4,446,845

This project consists of construction improvements to the Pomona (North) Station, including demolition of the existing platform and construction of two outboard platforms to accommodate an 8-car trainset. Additional parking and pedestrian & grade crossing modifications will also be created with this project. Due to unexpected delays, the design phase of this project is now anticipated to be completed in the middle of FY 2008-09 with the start of construction estimated in late FY 2008-2009.

3. SAN JUAN CAPISTRANO PASSENGER INFO. SYSTEM \$ 73,192

This project will install new public address and changeable message sign equipment at the San Juan Capistrano Station to display basic train delay information to passengers on the station platform. Over the next few years, the equipment will be incorporated into the new Electronic Passenger Information System (EPIS) and will deliver real-time train information.

4. KELLER STREET STORAGE FACILITY \$ 11,191,905

This project includes design and construction of the Keller Street Storage Facility needed for Metrolink rolling stock. The property is owned by LACMTA and an independent appraisal has determined the value of the property. OCTA has advanced the \$5 million needed for design and construction of this project. In return, the other SCRRA members have agreed to fund an equivalent of OCTA's share of other Metrolink capital projects, over a period of five years. Design work is ongoing and expected to be completed early in FY 2008-2009.

5. ELIMINATE MAIL DOCK AT LAUS \$ 2,677,008

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 in LAUS. OCTA provided the \$3 million needed for construction of this project. In return, the other SCRRA members have agreed to fund an equivalent of OCTA's share of other Metrolink capital projects, over a period of five years. Completion of the design phase of this project is planned for the first quarter of FY 2008-09.

6. 2005 HOMELAND SECURITY NEW CAPITAL PROJECTS \$ 488,142

This is the New Capital portion of a \$2.5 million grant from the Office of Homeland Security. Project remaining from this funding is for the continuation of installation of swing gate barricades, fencing and signage at various grade crossings and areas of concern to restrict access to the railroad right-of-way. Installation is estimated to be completed in early FY2008-09.

7. ORANGE COUNTY SERVICE EXPANSION \$ 85,357,229

In May 2004, OCTA adopted the Commuter Rail Strategic Assessment, which defines the service plan and phasing strategy for Metrolink lines serving the County of Orange. As part of this project, Metrolink service in Orange County between Fullerton Station and Laguna Niguel Station on the Orange Subdivision will be expanded to provide additional 30-minute commuter rail service. The project includes improvements, modifications and expansion of station platforms, tracks, signals, communications, and a layover facility. The design phase of this project is underway and expected to be completed in early FY 2008-09.

8. SEALED CORRIDOR – DESIGN \$ 1,314,368

This project will provide a comprehensive corridor safety enhancement program along 65 miles of railroad from Los Angeles Union Station to Sylmar/San Fernando on the Antelope Valley Line, and from Burbank Junction to Moorpark on the Ventura County Line. The project involves an extensive stakeholder outreach program, which has been implemented.

9. CONDUIT INSTALLATION – S.B. COUNTY ROW \$ 1,788,000

This project consists of the installation of fiber optic conduit along SANBAG owned right-of-way in San Bernardino County.

10. SEALED CORRIDOR – SAN GABRIEL SUB. \$ 500,000

This project consists of a comprehensive corridor safety enhancement program along SANBAG owned right-of-way along the San Gabriel Subdivision.

11. FIBER INSTALLATION - L.A. TOWARDS CMF \$ 6,088,091

The project would extend SCRRA's underground fiber optic backbone for railroad operations communications and station communication link on the River Subdivision West Bank from MP 140.0 to 144.0 (CP Mission to CP Soto) and from Mission North to the Central Maintenance Facility (CMF) (MP 0.8 to 2.8). Funding for this project is provided by Prop 1B FY 2007-08 Safety/Security funds and FY 2005-06 Transit Security Grant Program funds.

12. TUNNEL 25 - INTRUSION DETECTION \$ 3,000,000

Tunnel 25 is a 7000-foot tunnel located on the Antelope Valley Line in Sylmar, at MP 28.5. The project would 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. Funding for this project is provided by Prop 1B FY 2007-08 Safety/Security funds.

13. PROP 1B - SWING GATES & FENCING **\$ 1,489,070**

This funding, provided by Prop 1B FY 2007-08 Safety/Security funds, would include installation of swing gates, bollards, K-rail and fencing to limit access to the rail right-of-way and critical infrastructure such as signal housing and switching controls on the Olive Subdivision and on the Orange County, Ventura County and Antelope Valley Lines. SCRRA has already installed these elements at many locations on the Metrolink system and these funds would be used to address the 28 remaining crossings on the Antelope Valley Line in Los Angeles County; 15 remaining crossings on the Ventura County Line; 42 crossings on the Orange County Line and 11 crossings on the Olive Subdivision in Orange County.

14. UPGRADE TICKET VENDING MACHINES **\$ 1,838,778**

This project is nearing completion and will provide for the finalization of the installation contract. New and/or upgraded passenger rail Ticket Vending Machines (TVMs) have been installed and are operable in 9 of 11 Amtrak only stations. The 2 remaining TVMs will be installed and initialized once station provisions have been completed.

15. PURCHASE & REBUILD USED LOCOMOTIVES **\$ 22,004,668**

This project involves the purchase of fifteen (15) passenger locomotives from Motive Power, Inc (MPI), a division of WABTEC. The first unit was received in April 2008, with the balance of the order expected to be received in early FY 2008-09.

16. ROLLING STOCK PROCUREMENT **\$ 161,925,676**

This project includes funds committed through the SCRRA's Member Agencies for the current procurement of 107 additional rolling stock vehicles. Due to lack of availability of the steel to be used for the vehicle bodies, the schedule has been delayed 3 to 6 months. The first car is now scheduled to arrive in March 2009.

17. 15 LOCOMOTIVE AESS DEVICES **\$ 109,605**

This funding, provided by a grant from the South Coast Air Quality Management District (SCAQMD), is for the procurement and installation of 15 Auto Engine Start-Stop (AESS) units to be installed on 15 passenger locomotives currently on order from Motive Power, Inc.

18. FORWARD FACING CAMERAS ON 38 LOCOS **\$ 380,000**

The project would install forward facing cameras on the 38 locomotives in the existing Metrolink fleet. SCRRA has 15 locomotives on order and these will have the cameras already installed. The cameras will record activity on the rail right-of-way in front of the train. Funding for this project is provided by Prop 1B FY 2007-08 Safety/Security funds.

19. SEALED CORRIDOR - SAN GABRIEL SUB. **\$ 500,000**

This funding is for additional comprehensive corridor safety enhancements along SANBAG owned right-of-way along the San Gabriel Subdivision and will be combined

with funding approved in FY 2007-08.

20. NEW SIDING – ANTELOPE VALLEY LINE **\$ 14,700,000**

This project is for the construction of an up to 7000-ft passing siding south of Vincent Grade/Acton Station (M.P. 44 TO M.P. 61) on the Antelope Valley Line to increase freight capacity and reduce travel times on this line. The project is located on the Antelope Valley Line, which generally parallels the Golden State Freeway (I-5) and the Antelope Valley Freeway (SR-14) between Lancaster and Los Angeles. The Antelope Valley Line is primarily a single-track line with widely spaced passing sidings.

21. ROLLING STOCK CAPITAL REPLACEMENT RESERVE **\$ 315,597**

Beginning in FY 2003-04, the SCRRA initiated an ongoing reserve fund for the purpose of securing local funding for the future procurement of rolling stock. SCRRA will accumulate local funds for the replacement of the current fleet of revenue vehicles through the annual contribution to this reserve. The reserves are assumed to return 4% annually and are to be accumulated over the life of the vehicles, currently estimated at 35 years for Cab Cars and Passenger Cars, and 40 years for Locomotives. The current contribution reflects the participation by one member - SANBAG. RCTC and OCTA are providing for their funds within the structure of their respective agencies. LACMTA and VCTC are not participating in FY2008-09.

SECTION 5

**SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY**

GENERAL AND ADMINISTRATIVE BUDGET

5.1 General and Administrative Expenses

The SCRRA accounts for those costs that serve to benefit the agency as a whole, cannot be directly attributed to any specific agency program, or benefits at least three of the agency's business modes within the General and Administrative (G&A) Budget.

As part of the Indirect Cost Allocation Plan (ICAP), developed in partnership with the agency's cognizant grant approving agency CALTRANS, the SCRRA further divides costs within the General and Administrative pool into three distinct cost collector pools. The first consists of those 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 Budget and Accounting Divisions within the Department of Finance, certain financial services and the Internal Audit function, and the costs of the operating and maintaining the agency's Information Technology infrastructure.

The second pool of expenses is made up of those 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 pool include the costs of the Chief Executive Officer and Legislative advocacy.

The third pool 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.

The allocation of eligible G&A expenses to SCRRA programs is a two step process (Tier 1, Tier 2). As part of the Tier 1 allocation, G&A costs are allocated to modal overhead collector pools 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. The second step is the allocation of all indirect costs, allocated G&A and modal overhead, to direct projects for cost accounting and revenue recovery purposes.

The allocation of G&A expenses ineligible for federal reimbursement is to the operating budget modes based on the modal labor distribution. Table 5.1 provides the distribution of G&A expenses to each of the agency's business modes.

For FY 2008-09, the proposed SCRRA G&A budget, using the compilation of costs as described above, is \$12.1 million compared to the FY 2007-08 budget of \$11.6 million, an increase of 4.1% or \$478 thousand. As noted in Table 5.2 listing the elements of the agency's G&A pool of expenses, certain costs have been recognized in the pool which had been previously recognized solely in the Train Operations portion of the agency's Operating Budget, the largest being general Legal Expenses, Legislative Advocacy, and certain Board support costs. Table 5.2 lists the elements of this budget by Expense Type, and compares and contrasts the elements included in this budget with its composition in FY 2007-08. Table 5.3 lists a summary of the elements that make up the agency modal overhead pools

TABLE 5.1

FY 2008-09 Indirect Cost Allocation Plan (ICAP) Calculation (\$000s)

Tier 1 Compilation and Distribution of SCRRRA G&A Expenses

General & Administrative Expenses	FY 2008-09
Less: Locally Funded G&A	12,073.8
Administrative Capital	1,147,580
Total Federally Eligible G&A Expenses	306.4
	10,619.8

Tier 1 Cost Distribution	Operating			Capital			Recollectable	Grand Total	
	Train Operations	MOW	Subtotal Operating	New Capital	Equipment Procurement	Rehabilitation & Renovation			Subtotal Capital
	64.80%	9.57%	74.37%	8.95%	0.96%	9.55%			19.45%
6,881.7	1,015.8	7,897.6	950.1	102.1	1,013.8	2,066.0	656.2		
SCRRRA Labor Distribution (%)								100.00%	
Tier 1 Allocation of G&A								10,619.8	

Tier 2 Allocation and Calculation of Direct Rates

Indirect Expenses	2,707.5	766.2	3,473.7	368.1	5.9	519.3	893.4	239.3	4,606.3
Salaries & Wages	1,440.2	422.5	1,862.7	201.5	3.3	285.8	490.6	127.5	2,480.8
Fringe Benefits	5,824.6	545.1	6,369.6	98.0	128.7	204.3	430.9	50.3	6,850.9
Other Expenses	9,972.2	1,733.8	11,706.1	667.6	137.9	1,009.3	1,814.8	417.0	13,937.9
Subtotal - Indirect Expenses	87.14%	12.86%							
Non-Federal Funding %	1,267.0	187.0	1,454.0	950.1	102.1	1,013.8	2,066.0	656.2	1,453,980
Locally Funded/Administrative Capital Allocated G&A (from Tier 1)	6,881.7	1,015.8	7,897.6						10,619,818
Total Indirect and Allocable Expenses	18,120.9	2,936.7	21,057.6	1,617.7	240.0	2,023.2	3,880.9	1,073.2	26,011.7
Direct Expenses	5,060.4	374.6	5,435.0	698.9	108.7	619.3	1,427.0	497.7	7,359.7
Salaries & Wages	2,909.4	203.2	3,112.6	382.2	60.7	338.5	781.3	263.0	4,156.9
Fringe Benefits	108,507.8	21,022.2	129,530.0	172,053.6	186,164.9	79,338.4	437,556.9	2,750.2	569,837.1
Other Expenses	116,477.6	21,600.1	138,077.6	173,134.7	186,334.3	80,296.2	439,765.2	3,510.9	581,353.7
Total Direct Expenses	134,598.5	24,536.7	159,135.2	174,752.4	186,574.3	82,319.3	443,646.1	4,584.1	607,365.4
Grand Total									

Total Indirect and Allocable Expenses as % of Direct Labor	358%	784%		231%	221%	327%		216%	
--	------	------	--	------	------	------	--	------	--

Table 5.2

GENERAL AND ADMINISTRATIVE EXPENSES BY TYPE (\$000's)

Expenditure Description	FY 07-08 Budget	Fiscal Year 2008-09			Total FY 08-09 Budget	FY 08-09 Compared to FY 07-08
		Federally Eligible	Local Funding	Admin Capital		
Agency Costs						
Postage Services	-	3.0	-	-	3.0	3.0
Recruitment Services	140.0	135.0	1.0	-	136.0	(4.0)
Medical Examinations	-	3.0	-	-	3.0	3.0
Office Equip Maint & Repair	8.5	8.5	-	-	8.5	-
Outside Temporary Help	165.0	135.0	-	-	135.0	(30.0)
Document Management & Storage	19.0	20.0	-	-	20.0	1.0
In-House Training Services	250.0	295.0	-	-	295.0	45.0
Bank Service Charges	110.0	115.0	-	-	115.0	5.0
Materials & Supplies	95.0	95.2	-	-	95.2	0.2
Office Equipment	23.0	30.8	-	-	30.8	7.8
Printing & Reproduction	43.5	55.7	-	-	55.7	12.2
Misc Materials & Supplies	5.6	0.5	-	-	0.5	(5.1)
License & Registration Fees	3.2	-	-	-	-	(3.2)
Professional Memberships	53.5	49.3	10.5	-	59.8	6.3
Subscriptions & Reference Materials	13.7	12.1	0.8	-	12.9	(0.9)
Meeting Expenses	-	-	0.1	-	0.1	0.1
Registration Fees	10.4	11.1	3.9	-	15.0	4.7
Transportation	21.6	11.4	24.5	-	35.8	14.2
Meals & Entertainment	48.2	2.9	29.8	-	32.7	(15.6)
Board Per Diem	45.0	-	40.0	-	40.0	(5.0)
Lodging	19.5	7.2	19.4	-	26.6	7.1
Mileage/Parking	11.7	11.8	3.2	-	15.0	3.3
Misc Expenses	-	0.3	38.0	-	38.3	38.3
Other Training Services	32.4	52.4	-	-	52.4	20.0
Legal & Meeting Notices	47.0	10.0	-	-	10.0	(37.0)
Postage & Messenger	109.5	108.0	-	-	108.0	(1.5)
Other Misc Expense	99.9	38.5	26.1	-	64.6	(35.3)
Total Agency Costs	1,375.1	1,211.5	197.2	-	1,408.7	33.5
Staff Labor						
SCRRA Wages & Salaries	3,716.2	3,343.5	324.1	-	3,667.5	(48.7)
Wages Interns	60.0	60.0	-	-	60.0	-
O/T Pay Premium	-	9.5	-	-	9.5	9.5
Allocated Fringe Benefits	2,143.2	1,865.7	255.8	-	2,121.5	(21.7)
Total Staff Labor	5,919.4	5,278.7	579.9	-	5,858.5	(60.9)
Professional Services						
Legal Services	400.0	400.0	-	-	400.0	-
Auditing & Accounting	457.5	435.0	0.6	-	435.6	(21.9)
Consultants	379.0	345.0	-	-	345.0	(34.0)
Lobby Services	333.4	-	338.4	-	338.4	5.0
Total Professional Services	1,569.9	1,180.0	339.0	-	1,519.0	(50.9)
MIS						
Computer S/W / H/W Maintenance	723.6	165.5	-	-	165.5	(558.1)
Office Equip Maint & Repair	25.0	150.0	-	-	150.0	125.0
Materials & Supplies	-	50.0	-	-	50.0	50.0
Office Equipment	400.0	5.0	-	-	5.0	(395.0)
Computer H/W	-	758.8	-	106.4	865.2	865.2
Computer S/W	412.0	372.3	-	200.0	572.3	160.3
Total MIS	1,560.6	1,501.6	-	306.4	1,808.0	247.4
Employee Recognition						
Misc Expenses	30.0	-	31.5	-	31.5	1.5
Total Employee Recognition	30.0	-	31.5	-	31.5	1.5
Utilities/Leases						
Telephone General	48.1	46.4	-	-	46.4	(1.7)
Office Equipment Rental	80.5	20.4	-	-	20.4	(60.1)
Office Space Rental	1,012.5	1,133.3	-	-	1,133.3	120.8
Storage & Warehouse Rental	-	248.0	-	-	248.0	248.0
Total Utilities/Leases	1,141.1	1,448.1	-	-	1,448.1	307.0
	11,596.1	10,619.8	1,147.6	306.4	12,073.8	477.7

TABLE 5.3

MODAL OVERHEAD EXPENSES BY SUMMARY EXPENSE CATEGORY
 (\$000's)

	Overhead Amount
Train Operations	
Labor	4,127.7
Purchased Transportation	58.9
Services	4,545.6
Other	1,220.1
Subtotal Train Operations	9,952.2
Maintenance-of-Way	
Labor	1,188.7
Services	157.2
Utilities/Leases	226.8
Other	161.1
Subtotal Maintenance-of-Way	1,733.8
New Capital	
Labor	578.8
Services	91.0
Other	135.7
Subtotal New Capital	805.5
Rehabilitation/Renovation	
Labor	805.1
Services	170.0
Other	34.3
Subtotal Rehabilitation/Renovation	1,009.3
Recollectable	
Labor	366.7
Services	30.0
Other	20.3
Subtotal Recollectable	417.0
Total Overhead	13,917.9

SECTION 6
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY
DEPARTMENT BUDGETS

6.0 DEPARTMENT BUDGETS

The eight departments of the SCRRA include:

- Executive Office
- Assistant Executive Office - Finance and Administrative Services
- Assistant Executive Office - Operating Services
- Operations
- Engineering & Construction
- Equipment
- Communications and Development
- Finance

6.1 Organizational Summary

Table 6.1 provides a roster of approved positions by department and division for FY 2008-09.

TABLE 6.1-1

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
 ROSTER OF AUTHORIZED POSITIONS
 FISCAL YEAR 2008-09**

Department	Division	Position Title	
Executive	Office of the CEO	Chief Executive Officer	
		Senior Executive Assistant / Board Secretary	
	Human Resources	Manager, Human Resources	
		Human Resources Assistant	
Assistant Executive Office - Finance & Administration	Office of AEO, Finance and Admin	Human Resources Representative (3)	
		Assistant Executive Officer - Finance & Administration	
	Risk Management	Management Analyst	
		Risk Manager	
	Administrative Services	Administrative Services Coordinator	
		Administrative Services Supervisor	
		Receptionist	
		Records Management Specialist	
		Manager, Contract Administration & Procurement	
	Contract Admin & Procurement	Contract and Procurement Assistant (2)	
		Senior Contract Administrator (3)	
		Contract Administrator (3)	
		Buyer	
		Information Technology	
	Information Technology	Manager, Information Technology	
		Network Engineer (2)	
		Applications Admin Software Support (2)	
		Database Administrator - Software Support	
		Network Administrator	
		Technology Planning Manager	
		IT Help Desk Analyst	
		IT Help Desk Coordinator	
		Backup Systems Admin/Software Support	
		Assistant Executive Office - Operating Services	Office of AEO, Operating Services
			Assistant Executive Officer - Operating Services
	Railroad Services		
	Manager, Railroad Services		
Operations Administrative Manager			
Operations Analyst			
Safety & Security			
Chief Safety & Security Officer			
Contract Compliance Administrator			
Systems Safety and Train Manager			
Public Safety and Environment Manager			
Security Coordinator			
Training Compliance Administrator			
Rail Safety Education Specialist			
Operations	Operations	Director, Operations	
		Assistant Director, Operations	
		Service Design Manager	
	Dispatching Operations	Manager, Dispatching	
		Administrative Assistant	
		Supervisor, Dispatching Operations (6)	
		Train Dispatcher (21)	
	Customer Relations	Manager, Customer Relations	
		Administrative Assistant	
		Passenger Connections Administrator	
		Customer Relations Supervisor	
		Lead, Customer Services Representative (5)	
		Customer Service Representative (10)	
		Field Services Supervisor (2)	
		Field Services Representative (15)	
Equipment	Equipment	Director, Equipment	
		Equipment Manager	
		Equipment Engineer	
		Inventory Control Manager	
		Mechanical Compliance Officer (2)	
		Equipment & Vehicles Assistant	
		Facilities Fleet Maintenance	
	Facilities Maintenance Manager		
	Administrative Assistant		
	Fleet Manager		
	Senior Maintenance Technician		
	Maintenance Technician (3)		
	Engineering and Construction	Engineering & Construction	Director, Engineering & Construction
			Engineering Assistant
Maintenance & Rehabilitation		Assistant Director, Maintenance & Rehabilitation	
		T&S Rehabilitation	
T&S Maintenance		Manager T&S Rehabilitation	
		T&S Assistant	
		Field Inspector, T&S	
T&S Maintenance	District T&S Maintenance Manager (2)		
	Manager, T&S Maintenance		
	Right of Way Maintenance Coordinator		

TABLE 6.1-2

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ROSTER OF AUTHORIZED POSITIONS
FISCAL YEAR 2008-09**

Department	Division	Position Title	
		System Bridge Maintenance Manager	
		District C&S Manager	
		District C&S Manager	
	C&S Rehabilitation	C&S Rehabilitation Manager	
		C&S Assistant	
		Field Inspector, C&S	
	Civil Engineering	Manager, Civil Engineering	
		Senior Civil Engineer	
		Station Design Manager	
		Civil Design CADD Operator	
		Field Inspector, CE	
		Manager, C&S Engineering	
		Signal Designer	
		C&S CADD Operator	
	Rail Corridor C&E	Manager, Rail Corridor C&E	
		Rail Corridor C&E Assistant	
		Rail Corridor Crossings Engineer	
		ROW Encroachments Administrator	
		Communications Engineer	
		Assistant Engineer, Rail Corridor C&E	
	Capital Program Management	Field Inspector, C&E	
		Assistant Director, CPM	
		CPM Assistant	
		Manager, Project Controls	
		Program Manager (2)	
		Railroad Program Cost Analyst	
		Contract Compliance Administrator (3)	
	Communications and Development	Communications & Development	Director, Communications & Development
			Executive Assistant
			Market Research Manager
			GIS Analyst
			Government and Regulatory Affairs Manager
			Grants & Strategic Development Manager
			Grants & Strategic Development Planner
		Marketing & Sales	Manager, Marketing and Development
			Marketing & Sales Assistant
			Marketing & Sales Program Manager
		Media & External Communications	Corporate Relations Administrator
			Market Development Administrator
			Manager, Media and External Communication
			Community Relations Administrator
			Media Relations Advisor
Fare Collection Services		Public Information Specialist	
		Special Events Administrator	
		Strategic Content Administrator	
		Manager, Fare Collection Services	
Finance		Finance	Fare Collection Services Administrator
	Fare Collection Services Assistant		
	Controller/Treasurer		
	Budget	Executive Assistant	
		Manager, Budgets	
		Senior Budget Analyst	
		Budget Analyst	
		Assistant Budget Analyst	
	Accounting	Manager, Accounting	
		Senior Accountant (2)	
		Accountant (2)	
		Revenue Analyst	
		Accounting Specialist	
		Accounting Specialist - Payroll	
		Accounting Specialist - Receivables	
Accounting Assistant (3)			
Administrative Assistant			

Proposed Positions - FY 2008-09

Operations	Operations	Manager, Operations
	Customer Relations	Customer Services Representative
	Dispatching Operations	Train Dispatcher (2)
Engineering & Construction	C&S Rehabilitation	Communication Projects Engineer
	Capital Program Management	Program Manager - Communication Projects

6.2 Executive

The **Executive Office** is responsible for setting the strategic direction for the Agency based on policy principles established by the Board of Directors. The Chief Executive Officer and the Assistant Executive Officers ensure that business initiatives are accomplished by providing leadership to the management team and staff and by maximizing our human resource potential.

Human Resources provides support for various programs and services to SCRRRA staff including recruitment and selection, employee relations, benefits administration, employee development and training, performance and salary management, succession management, and compliance with equal employment opportunity/affirmative action regulations.

Executive Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.2 provides the budgeted expenses for this department

TABLE 6.2

**CHIEF EXECUTIVE OFFICER
EXPENDITURES BY EXPENSE TYPE
(\$000s)**

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$40.6	\$19.6	\$40.0	\$45.0	13%
Purchased Transportation					-
Services (1)	223.9	91.7	425.0	594.0	40%
Utilities/Leases					-
Maintenance-of-Way					-
Insurance & Liability	1,000.0				-
Other Expenses	25.8	8.5		2.9	-
Subtotal Direct Operating Expenses	1,290.3	119.8	465.0	641.9	38%
Indirect Transfer to Operating	1,234.9	1,410.4	1,710.5	1,657.4	(3%)
Subtotal Operating Budget	\$2,525.2	\$1,530.2	\$2,175.5	\$2,299.3	6%
Capital Budget					
Labor	\$0.4	\$0.1	\$0.0	\$0.0	-
Services	16.6	20.2			-
Utilities/Leases					-
Capital					-
Other Expenses					-
Subtotal Direct Capital Expenses	17.0	20.3	-	-	-
Indirect Transfer to Capital	94.5	113.8	235.2	268.3	14%
Subtotal Capital Budget	\$111.4	\$134.1	\$235.2	\$268.3	14%
Indirect Agency Support					
Labor	\$839.8	\$1,074.0	\$1,118.5	\$1,053.7	(6%)
Services	465.6	355.3	734.5	749.0	2%
Utilities/Leases	0.0	0.5			-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	87.6	159.4	172.3	208.2	21%
Subtotal Indirect Agency Support	1,393.0	1,589.2	2,025.3	2,010.9	(1%)
Indirect Transfer to Operating	(1,234.9)	(1,410.4)	(1,710.5)	(1,657.4)	(3%)
Indirect Transfer to Capital	(94.5)	(113.8)	(235.2)	(268.3)	14%
Indirect Transfer to Recollectable	(63.6)	(65.0)	(79.6)	(85.2)	7%
Total Expenses	\$2,636.6	\$1,664.3	\$2,410.6	\$2,567.6	7%

6.3 Assistant Executive Office – Finance and Administration

The **Assistant Executive Office – Finance and Administration** has responsibility for the following functions:

Risk Management is responsible for procuring insurance and managing third party claims.

Contract Administration & Procurement provides centralized procurement and contract administration services.

Information Technology supports hardware and software resources to maximize workflow efficiency, identifies and implements technological enhancements to existing resources and assists employees in the transition to new technologies.

Administrative Services handles records management, reprographic requirements, office supplies, office equipment and furniture, mail services, travel services & telecommunications.

The **Finance Department** reports to this Office

Assistant Executive Office – Finance and Administration Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.3 provides the budgeted expenses for this department.

TABLE 6.3

ASSISTANT EXECUTIVE OFFICER - FINANCE & ADMINISTRATION
EXPENDITURES BY EXPENSE TYPE
(\$000s)

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$454.4	\$437.1	\$436.5	\$551.7	26%
Purchased Transportation					-
Services (1)	2,008.8	1,405.0	1,643.5	749.4	(54%)
Utilities/Leases	2,384.6	2,494.0	2,870.4	2,933.2	2%
Maintenance-of-Way		57.4			-
Insurance & Liability	9,458.4	8,696.4	11,100.0	10,980.0	(1%)
Other Expenses	302.7	373.8	578.5	752.9	30%
Subtotal Direct Operating Expenses	14,609.0	13,463.8	16,628.8	15,967.2	(4%)
Indirect Transfer to Operating	3,411.7	4,074.8	4,979.1	5,234.9	5%
Subtotal Operating Budget	\$18,020.7	\$17,538.6	\$21,608.0	\$21,202.1	(2%)
Capital Budget					
Labor	\$140.1	\$139.2	\$239.3	\$220.8	(8%)
Services	143.5	132.7	82.7	246.0	197%
Utilities/Leases					-
Capital	0.2		611.3	650.0	6%
Other Expenses	59.2	33.8	116.7	75.0	(36%)
Subtotal Direct Capital Expenses	343.0	305.6	1,050.0	1,191.8	14%
Indirect Transfer to Capital	385.7	509.2	1,010.2	1,271.4	26%
Subtotal Capital Budget	\$728.7	\$814.8	\$2,060.2	\$2,463.2	20%
Indirect Agency					
Labor	1,533.1	1,864.5	2,450.5	2,501.1	2%
Services	730.7	898.5	1,355.0	1,011.5	(25%)
Utilities/Leases	870.4	1,151.2	1,140.6	1,447.8	27%
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	923.0	960.6	1,385.3	1,949.8	41%
Subtotal Indirect Agency Support	4,057.3	4,874.8	6,331.4	6,910.2	9%
Indirect Transfer to Operating	(3,411.7)	(4,074.8)	(4,979.1)	(5,234.9)	5%
Indirect Transfer to Capital	(385.7)	(509.2)	(1,010.2)	(1,271.4)	26%
Indirect Transfer to Recollectable	(259.9)	(290.8)	(342.1)	(403.8)	18%
Total Expenses	\$18,749.4	\$18,353.4	\$23,668.1	\$23,665.3	(0%)

6.4 Assistant Executive Office – Operating Services

The **Assistant Executive Office – Operating Services** has responsibility for the following functions:

Railroad Services provides operating service contract administration, operating analysis, management of railroad joint facility/shared use agreements, and program control of maintenance-of-way and capital expenditures.

Safety & Security manages all aspects of safety for the agency including health, public safety, passenger and property security, fare enforcement, environmental regulatory compliance, and regulatory reporting. Safety and education training programs are conducted system wide for passengers and the general public.

The **Operations, Equipment, and Engineering & Construction** Departments report to this Office.

Assistant Executive Office – Operating Services Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.4 provides the budgeted expenses for this department

TABLE 6.4

**ASSISTANT EXECUTIVE OFFICER - OPERATING SERVICES
EXPENDITURES BY EXPENSE TYPE
(\$000s)**

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$1,222.1	\$1,269.0	\$1,390.7	\$1,243.6	(11%)
Purchased Transportation		1.1			-
Services	7,771.1	9,183.1	10,178.4	11,578.5	14%
Utilities/Leases	0.3	1.1	1.2		(100%)
Maintenance-of-Way				20.0	-
Insurance & Liability					-
Other Expenses	100.2	104.5	101.3	135.2	34%
Subtotal Direct Operating Expenses	9,093.7	10,558.9	11,671.6	12,977.3	11%
Indirect Transfer to Operating	61.9	99.5	63.1	74.4	18%
Subtotal Operating Budget	\$9,155.6	\$10,658.4	\$11,734.7	\$13,051.7	11%
Capital Budget					
Labor	\$116.2	\$183.9		\$100.8	-
Services					-
Utilities/Leases					-
Capital	19.3				-
Other Expenses	0.3	1.3			-
Subtotal Direct Capital Expenses	135.8	185.2	-	100.8	-
Indirect Transfer to Capital	7.3	12.7	13.6	16.5	21%
Subtotal Capital Budget	\$143.1	\$197.9	\$13.6	\$117.3	761%
Indirect Agency					
Labor	74.1	111.6	77.6	96.2	24%
Services		7.1			-
Utilities/Leases					-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	0.0	0.7	3.8		(100%)
Subtotal Indirect Agency Support	74.2	119.4	81.4	96.2	18%
Indirect Transfer to Operating	(61.9)	(99.5)	(63.1)	(74.4)	18%
Indirect Transfer to Capital	(7.3)	(12.7)	(13.6)	(16.5)	21%
Indirect Transfer to Recollectable	(4.9)	(7.2)	(4.6)	(5.3)	14%
Total Expenses	\$9,298.8	\$10,856.3	\$11,748.3	\$13,169.0	12%

6.5 Operations

The Operating Department is responsible for the three functional areas outlined below.

Operations manages train operations through contracts with Connex Rail and through access agreements with freight railroads.

Passenger Services manages the call center, handles all customer inquiries and dissemination of information, and provides station personnel, and Field Service Personnel for passenger assistance. The division, in conjunction with Strategic Development and Communications, develops train schedules.

Dispatching Services manages and controls all train traffic over member agency and San Diego County rights-of-way.

Operations Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.5 provides the budgeted expenses for this department

TABLE 6.5

**OPERATIONS DEPARTMENT
EXPENDITURES BY EXPENSE TYPE
(\$000s)**

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$5,577.8	\$6,115.4	\$6,917.0	\$7,122.7	3%
Purchased Transportation	22,362.7	25,438.6	28,467.9	30,083.4	6%
Services	1,361.2	1,466.6	1,579.5	1,832.5	16%
Utilities/Leases	4.0		2.5		(100%)
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	205.7	291.2	340.8	380.1	12%
Subtotal Direct Operating Expenses	29,511.4	33,311.8	37,307.7	39,418.6	6%
Indirect Transfer to Operating	5.7	7.8	7.5	-	(100%)
Subtotal Operating Budget	\$29,517.1	\$33,319.7	\$37,315.2	\$39,418.6	6%
Capital Budget					
Labor	\$3.8	\$24.4	\$9.0	\$79.7	781%
Services	75.1	191.7			-
Utilities/Leases					-
Capital		39.6	3,008.3	1,300.0	(57%)
Other Expenses	0.4	185.5			-
Subtotal Direct Capital Expenses	79.3	441.2	3,017.4	1,379.7	(54%)
Indirect Transfer to Capital	0.3	1.1	1.6	-	(100%)
Subtotal Capital Budget	\$79.6	\$442.3	\$3,019.000	\$1,379.708	(54%)
Indirect Agency					
Labor	\$2.8	\$9.2	\$9.7		(100%)
Services					-
Utilities/Leases					-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	3.4	0.4			-
Subtotal Indirect Agency Support	6.2	9.6	9.7	-	(100%)
Indirect Transfer to Operating	(5.7)	(7.8)	(7.5)	-	(100%)
Indirect Transfer to Capital	(0.3)	(1.1)	(1.6)	-	(100%)
Indirect Transfer to Recollectable	(0.2)	(0.6)	(0.5)	-	(100%)
Total Expenses	\$29,596.7	\$33,762.0	\$40,334.2	\$40,798.3	1%

6.6 Engineering & Construction

The Engineering and Construction Department is responsible for the oversight of the agency's capital construction and maintenance programs. It is comprised of the following functions:

Maintenance & Rehabilitation Group is responsible for the day to day oversight and management of the Maintenance of Way and the Signal and Communications Maintenance contracts, and the planning, implementation, and oversight of the annual rail infrastructure rehabilitation and renovation program.

Engineering Services is responsible for all Engineering and Engineering Support activities related to the planning, design, operation, maintenance, rehabilitation and capital expansion of the railroad infrastructure, and manages encroachments by external parties on the railroad right-of-way. The Engineering Group performs the contract administration of consultant engineering contracts as well as some material procurement and specialized support contracts such as rail grinding. This group also develops infrastructure design standards, guidelines and drawings and maintains the data base for railroad infrastructure assets and the condition of the assets.

Capital Programs and Project Control - This group is responsible for the management and implementation of large Capital Expansion and Enhancement Projects after preliminary engineering has been performed. This group also performs Project Control and assures compliance with Federal, State, Local, industry, and internal Agency "best business practices and procedures." This group performs oversight and contract administration of engineering consultants (post 35% design), Project and Construction Management consultants and large Design Build or Design Bid Build Construction Contracts.

Engineering and Construction Goals FY 08/09

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.6 provides the budgeted expenses for this department

TABLE 6.6

**ENGINEERING & CONSTRUCTION
EXPENDITURES BY EXPENSE TYPE
(\$000s)**

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$2,050.2	\$1,771.5	\$1,728.9	\$1,536.8	(11%)
Purchased Transportation	19.9	27.7	19.9	298.8	1,399%
Services	1,291.8	1,249.7	1,266.8	1,460.4	15%
Utilities/Leases	551.7	516.9	475.5	602.7	27%
Maintenance-of-Way	14,359.0	13,792.3	16,273.3	18,341.0	13%
Insurance & Liability					-
Other Expenses	153.4	227.9	143.5	94.1	(34%)
Subtotal Direct Operating Expenses	18,425.9	17,585.9	19,908.0	22,333.9	12%
Indirect Transfer to Operating	68.8	64.4	62.2	128.0	106%
Subtotal Operating Budget	\$18,494.7	\$17,650.4	\$19,970.2	\$22,461.9	12%
Capital Budget					
Labor	\$619.5	\$1,223.8	\$2,195.6	\$2,852.8	30%
Services	91.0	49.5	50.0		(100%)
Utilities/Leases		0.2			-
Capital	19,946.4	53,035.0	184,177.8	234,589.2	27%
Other Expenses	28.4	177.1	4.5	0.5	(89%)
Subtotal Direct Capital Expenses	20,685.4	54,485.7	186,427.8	237,442.5	27%
Indirect Transfer to Capital	8.1	9.2	13.4	33.5	149%
Subtotal Capital Budget	\$20,693.4	\$54,494.9	\$186,441.3	\$237,476.0	27%
Indirect Agency					
Labor	\$79.7	\$70.0	\$80.2	\$172.2	115%
Services	1.6	6.8			-
Utilities/Leases					-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	1.1	2.1			-
Subtotal Indirect Agency Support	82.3	78.9	80.2	172.2	115%
Indirect Transfer to Operating	(68.8)	(64.4)	(62.2)	(128.0)	106%
Indirect Transfer to Capital	(8.1)	(9.2)	(13.4)	(33.5)	149%
Indirect Transfer to Recollectable	(5.4)	(5.3)	(4.5)	(10.6)	134%
Total Expenses	\$39,188.2	\$72,145.3	\$206,411.4	\$259,937.9	26%

6.7 Equipment

The Equipment department is responsible for the following agency functions:

The **Equipment** division ensures availability of passenger cars and locomotives, and oversees the contract with Bombardier to ensure proper maintenance of rolling stock.

The **Facilities and Fleet Maintenance** division maintains the Central Maintenance Facility (CMF) in Los Angeles, the Metrolink Operations Center (MOC) in Pomona, outlying layover locations, and the maintenance of the non revenue, over the road, fleet.

Equipment Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.7 provides the budgeted expenses for this department

TABLE 6.7

EQUIPMENT DEPARTMENT
EXPENDITURES BY EXPENSE TYPE
(\$000s)

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$1,149.1	\$1,253.5	\$1,459.8	\$1,413.5	(3%)
Purchased Transportation	17,229.5	18,050.3	20,379.1	23,326.7	14%
Services	1,600.5	1,270.9	2,102.6	2,073.9	(1%)
Utilities/Leases	1,059.8	1,137.3	1,128.2	1,128.2	0%
Maintenance-of-Way	12.7				-
Insurance & Liability	37.4	60.4	150.0	400.0	167%
Other Expenses	13,721.7	14,327.4	15,894.4	20,851.5	31%
Subtotal Direct Operating Expenses	34,810.6	36,099.7	41,114.0	49,193.8	20%
Indirect Transfer to Operating	0.1	9.1	-	-	-
Subtotal Operating Budget	\$34,810.7	\$36,108.8	\$41,114.0	\$49,193.8	20%
Capital Budget					
Labor	\$45.2	\$97.0	\$177.2	\$200.4	13%
Services	74.7	319.8			-
Utilities/Leases	86.7	147.6			-
Capital	21,988.7	33,979.6	244,882.8	197,537.7	(19%)
Other Expenses	23.7	19.2	46.9	94.4	101%
Subtotal Direct Capital Expenses	22,219.1	34,563.2	245,106.8	197,832.5	(19%)
Indirect Transfer to Capital	0.0	1.3	-	-	-
Subtotal Capital Budget	\$22,219.1	\$34,564.5	\$245,106.8	\$197,832.5	(19%)
Indirect Agency					
Labor	\$0.0	\$5.1	\$0.0	\$0.0	-
Services		5.0			-
Utilities/Leases					-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	0.1	1.0			-
Subtotal Indirect Agency Support	0.1	11.1	-	-	-
Indirect Transfer to Operating	(0.1)	(9.1)	-	-	-
Indirect Transfer to Capital	(0.0)	(1.3)	-	-	-
Indirect Transfer to Recollectable	(0.0)	(0.7)	-	-	-
Total Expenses	\$57,029.8	\$70,673.3	\$286,220.9	\$247,026.4	(14%)

6.8 Communications and Development

The Communications and Development department is responsible for the functions outlined below.

Governmental Relations develops state and federal legislative initiatives, designs and implements related advocacy programs, and assists in the identification of governmental funding sources.

Grants Development & Programming coordinates the identification of, and application for, local, state and federal funding; oversees grant reporting; coordinates comments on environmental documents, and coordinates strategic, capital, and special project planning.

External Communications & Media Relations coordinates stakeholder relations efforts, internal and external publications, agency website and station city initiatives, and coordinates general media inquiry response, crisis communications and editorial outreach.

Marketing & Sales promotes Metrolink commuter and other services through advertising, promotions, corporate sales, strategic partnerships and market development activities.

Research provides research, ridership forecasting and analysis, and marketing program evaluations.

Fare Collections Services oversees fare policy implementation and ticket vending machines located at all Metrolink stations.

Communications and Development's Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.8 provides the budgeted expenses for this department

TABLE 6.8

**COMMUNICATIONS & DEVELOPMENT
EXPENDITURES BY EXPENSE TYPE
(\$000s)**

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$1,603.2	\$1,672.3	\$1,817.1	\$1,933.1	6%
Purchased Transportation	800.0	870.0	1,000.0	1,150.0	15%
Services	4,053.2	4,472.0	5,400.1	5,770.6	7%
Utilities/Leases	0.0	0.3			-
Maintenance-of-Way					-
Insurance & Liability	32.7				-
Other Expenses	394.2	487.3	378.0	279.7	(26%)
Subtotal Direct Operating Expenses	6,883.3	7,502.0	8,595.3	9,133.4	6%
Indirect Transfer to Operating	839.7	679.0	774.7	652.2	(16%)
Subtotal Operating Budget	\$7,723.0	\$8,181.0	\$9,369.9	\$9,785.6	4%
Capital Budget					
Labor	\$6.4	\$88.0	\$79.5	\$118.0	48%
Services	38.0	152.0			-
Utilities/Leases					-
Capital	1,041.7	1,805.7	1,412.8	3,350.0	137%
Other Expenses		1.0			-
Subtotal Direct Capital Expenses	1,086.1	2,046.8	1,492.4	3,468.0	132%
Indirect Transfer to Capital	64.6	54.2	61.7142	56.6688	(8%)
Subtotal Capital Budget	\$1,150.7	\$2,100.9	\$1,554.1	\$3,524.6	127%
Indirect Agency					
Labor	\$519.2	\$461.3	\$498.4	\$369.5	(26%)
Services	420.6	297.0	358.4	338.4	(6%)
Utilities/Leases	0.5	0.3	0.5	0.3	(40%)
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	7.6	5.6		18.7	-
Subtotal Indirect Agency Support	947.8	764.2	857.3	726.9	(15%)
Indirect Transfer to Operating	(839.7)	(679.0)	(774.7)	(652.2)	(16%)
Indirect Transfer to Capital	(64.6)	(54.2)	(61.7)	(56.7)	(8%)
Indirect Transfer to Recollectable	(43.5)	(30.9)	(20.9)	(18.0)	(14%)
Total Expenses	\$8,873.7	\$10,281.9	\$10,924.0	\$13,310.2	22%

6.9 Finance

The Finance department is responsible for the functions outlined below.

Budget develops, monitors and manages the annual budget and related financial plans.

Accounting manages the financial activities of projects and services including revenue collection, payment disbursement, and payroll. The division maintains the financial records and reports of the agency, and manages the financial information system.

Treasury manages the investments of the agency to ensure the protection of principle and sufficient liquidity to meet ongoing agency obligations, and the pursuit of financing to benefit the capital and operating objectives of the agency.

Finance Goals

NOTE: INDIVIDUAL DEPARTMENTAL GOALS ARE CURRENTLY UNDER EXECUTIVE REVIEW. THEY WILL BE INCLUDED IN THE FINAL BUDGET.

Table 6.9 provides the budgeted expenses for this department.

TABLE 6.9

FINANCE
EXPENDITURES BY EXPENSE TYPE
(\$000s)

Expense Type	FY05-06 Actual	FY06-07 Actual	FY07-08 Budget	FY08-09 Budget	Change from FY 08 Budget
Operating Budget					
Labor	\$77.4	\$51.2	\$79.9	\$47.6	(40%)
Purchased Transportation					-
Services	40.0	63.2	65.0	70.0	8%
Utilities/Leases	1.0	0.1			-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	0.6	206.4			-
Subtotal Direct Operating Expenses	119.0	320.9	144.9	117.6	(19%)
Indirect Transfer to Operating	1,544.5	1,492.0	1,715.8	1,604.6	(6%)
Subtotal Operating Budget	\$1,663.5	\$1,812.8	\$1,860.6	\$1,722.2	(7%)
Capital Budget					
Labor	\$5.8	\$4.7		\$19.8	-
Services	123.9	112.2	140.0	145.0	4%
Utilities/Leases					-
Capital					-
Other Expenses					-
Subtotal Direct Capital Expenses	129.7	117.0	140.0	164.8	18%
Indirect Transfer to Capital	182.1	208.1	369.9	419.6	13%
Subtotal Capital Budget	\$311.8	\$325.1	\$509.9	\$584.4	15%
Indirect Agency					
Labor	\$1,432.9	\$1,386.4	\$1,684.5	\$1,665.9	(1%)
Services	389.2	403.6	490.6	451.1	(8%)
Utilities/Leases	0.0				-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	27.2	29.0	35.9	40.4	13%
Subtotal Indirect Agency Support	1,849.3	1,818.9	2,211.0	2,157.4	(2%)
Indirect Transfer to Operating	(1,544.5)	(1,492.0)	(1,715.8)	(1,604.6)	(6%)
Indirect Transfer to Capital	(182.1)	(208.1)	(369.9)	(419.6)	13%
Indirect Transfer to Recollectable	(122.7)	(118.9)	(125.3)	(133.3)	6%
Total Expenses	\$1,975.3	\$2,138.0	\$2,370.6	\$2,306.6	(3%)

SECTION 7
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY
APPENDIX

7.0 APPENDIX

7.1 Formulae for Allocation to Members

Table 7.1 provides a summary of many of the formulae that have been used to allocate expenses and revenues to the member agencies (counties).

Allshare

The original All-Share formula was developed to calculate county shares of systemwide projects such as the maintenance facility and used data developed in the Southern California Commuter Rail: 1991 Regional System Plan as required by SB-1402. The formula was calculated as 1/3 unduplicated route miles of the proposed system at buildout; 1/3 proposed stations (unduplicated) and 1/3 projected boardings and alightings after a year of service. This formula was also used to justify the number of positions each county had on the SCRRA Board. In 1993, the formula was adjusted to add the Riverside (UP) Line, and in 1998, the formula has been adjusted again to allow for the extensions to Lancaster and Oxnard. This revised formula is now used for systemwide projects such as those in the River Corridor.

Point-in-Time

While the All-Share formula was used in the Maintenance-of-Way Budget and in sharing costs of capital projects, the Point-in-Time formula was developed to provide each county's share of operating expenses in each fiscal year. Rather than representing the system at build out, the data used was the projection for the particular fiscal year. The formula was modified from the All Share to include train-miles as this data more accurately represents service provided. Through FY 1996-97, the formula was calculated as 1/6 unduplicated route miles; 1/6 proposed stations (unduplicated); 1/6 projected boardings and alightings and 1/2 projected source train-miles. Source trains were defined as peak trains starting out of layover facilities. Boardings and alightings were removed from the formula in FY 1998-99 as stations provided similar weighting and the formula was calculated as 1/4 unduplicated route miles; 1/4 stations (unduplicated) and 1/2 projected source train-miles.

Base Service

In the FY 1999-00 Budget a new formula was developed for the Operating Budget, which took all services that do not change with the number of trains operated ("base" services) and analyzed how they had been allocated as a group over the prior years. These items had been allocated by a combination of the Point-in-Time formula, even split, and direct allocation to lines. The resulting formula represents an average of the allocation of these "base" services over the prior two years.

Subsidy Allocation FY 2008-09

During the fiscal year FY 2003-04, SCRRA and Member Agency staff initiated a process to review, and potentially revise, the methodology under which the agency attributes costs to operating line segments and Member Agencies for the purpose of calculating

TABLE 7.1

FORMULAE USED TO ALLOCATE EXPENSES BY COUNTY

Allocation	MTA	OCTA	RCTC	SANBAG	VCTC
Allshare (Revised for UP)	40.3%	26.2%	13.4%	15.9%	4.2%
Allshare 1998 Data (Lancaster/Oxnard)	47.5%	19.8%	11.1%	14.4%	7.2%
Point-in-Time FY 97-98	51.9%	19.2%	8.9%	12.4%	7.7%
Base Service Formula (FY 98-99 on) (1)	56.4%	16.6%	7.6%	13.0%	6.4%
Subsidy Allocation FY 04-05	58.9%	17.0%	6.3%	10.3%	7.4%
Train Miles FY 08-09 Budget	53.9%	22.0%	8.3%	11.4%	4.4%
Train Miles FY 06-07 Actual	51.9%	23.9%	8.2%	12.0%	4.1%
Route Miles Dispatched	66.5%	18.5%	0.4%	8.8%	5.8%
Route Miles Owned	59.0%	22.2%	0.6%	10.9%	7.3%
Track Miles Owned	57.0%	27.9%	0.5%	8.8%	5.9%
LAUS Revenue Moves	61.4%	14.2%	4.5%	14.5%	5.4%
Unduplicated Stations	47.3%	21.8%	9.1%	12.7%	9.1%
TVM's	46.6%	21.6%	12.9%	12.1%	6.9%
Ridership FY 06-07 Actual	54.3%	19.7%	7.9%	14.4%	3.7%
75% Train Miles / 25% Unduplicated Stations	52.2%	22.0%	8.5%	11.7%	5.6%
Unduplicated Route Miles (Excl. San Diego Co. Miles)	50.4%	18.2%	10.2%	10.5%	10.6%
50% Base Service Formula / 50% FY 04-05 Actual Train Miles	56.6%	17.6%	7.5%	12.8%	5.5%
50% Base Service Formula / 50% Unduplicated Route Miles (Excl. SD)	53.4%	17.4%	8.9%	11.8%	8.5%

(1) This formula was used to allocate all expenses that were not train-mile related or direct charge costs in FY 98/99
It is an average of what was previously split by Point-in-Time and even split.

the distribution of their annual operating budget contribution.

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 Operating Line Segments as well as its member agencies. During FY 2003-04, an effort was begun to revise and update many of the underlying allocation formulas prior to compilation of the FY 2004-05 Budget.

Approximately 50% of the agency's operating cost structure was, at that time, allocated to members using a formula which had become stale in its application and no longer reflected the then current operating environment of the agency. However, given the complicated nature of this effort, and the expected completion of the Long Range Strategic Assessment during FY 2005-06, the Member Agencies agreed to a series of interim formula allocations for the three fiscal years, FY's '05, '06, and '07.

With completion and Board review of the Strategic Assessment in October 2006, a framework has been established under which future service plans and options could be evaluated in the context of a Member Agency's individual goals and objectives as well as their relation to the whole of the system. Throughout, SCRRA and Member Agency staff's objective was to: "Provide an allocative structure and the associated mechanisms that recognize costs equitably, varies over time, is fair in its application, and reflects the changing conditions of Metrolink commuter rail service." The resulting formula application, beginning in FY2007-08, has a much greater orientation towards actual services provided than the previous cost allocation methods. Further, the current method provides an ongoing revision to the underlying variable structure through the annual update of each service variable to reflect the most recently available and applicable data.

Train-Miles

Those costs that change with the number of trains operated such as Connex crews and fuel are allocated on the basis of train-miles. This formula changes each year with the service assumptions adopted for that year.

Route-Miles Dispatched

Dispatching expenses are allocated based on route miles owned and dispatched by SCRRA.

Route-Miles Owned

The Maintenance-of-Way Budget allocates the net subsidies for Extra-ordinary Maintenance for storm damage, gate knockdowns and vandalism using the formula representing route-miles owned by county.

Track-Miles Owned

The Maintenance-of-Way Budget allocates the net subsidies for maintenance-of-way on lines owned by more than one county by the formula representing track-miles owned by county.

Direct Allocation

Other costs that change with the number of trains operated on particular line segments such as payments for rail agreements for dispatching and maintenance-of-way are not allocated by formula but directly allocated to those line segments.

7.2 Formulae for Allocation to Lines

Table 7.2 provides those formulae in Table 7.1 that are used to allocate operating expenses and revenues by line. This allocation is used to provide operating expenses, revenues, subsidies and statistics by line.

7.3 Allocation of Revenues

Farebox revenues are received by each operating line 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.

7.4 Allocation of Expenses

Fuel and Connex services related to 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. All other expenses in the Operating Budget are allocated on the revised allocation formula as discussed above.

Maintenance-of-Way net subsidies on lines shared by more than one operating line segment are split to the counties respective share of train miles in each county of the respective lines segments. 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. 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.

TABLE 7.2

FORMULAE USED TO ALLOCATE EXPENSES BY LINE

Allocation	San Bernardino	Ventura County	Antelope Valley	Riverside	Orange County	IEOC	91 Line	Non-Operating
Allshare (Revised for UP)	21.0%	13.1%	6.6%	15.0%	21.6%	16.5%	6.1%	
Allshare 1998 Data	21.9%	15.1%	15.9%	13.8%	16.9%	13.4%	2.9%	
Point-in-Time FY 97-98	20.6%	16.2%	17.8%	13.9%	18.9%	12.6%	0.0%	
Base Service Formula (1)	24.0%	15.6%	19.6%	14.2%	16.7%	9.9%		
Train Miles FY 08-09 Budget	23.1%	11.6%	20.7%	8.8%	16.2%	13.8%	5.7%	
Train Miles FY 06-07 Actual	24.7%	10.7%	19.3%	8.0%	16.9%	15.0%	5.3%	
Route Miles Dispatched	21.9%	18.0%	39.8%	1.8%	16.4%	2.1%		
Route Miles Owned	25.1%	18.6%	31.6%	1.5%	11.9%	10.3%	1.0%	
Track Miles Owned	22.8%	16.4%	29.3%	0.5%	14.3%	10.2%		6.5%
LAUS Revenue Moves	30.2%	14.3%	22.6%	9.8%	16.6%	0.0%	6.4%	
Unduplicated Stations	21.2%	18.5%	16.7%	10.0%	13.9%	13.3%	6.4%	
TVM's	21.3%	16.1%	16.1%	11.1%	13.1%	13.9%	8.5%	
Ridership FY 06-07 Actual	30.2%	9.7%	17.2%	10.2%	18.0%	9.8%	4.9%	
75% Train Miles / 25% Unduplicated Stations	22.7%	13.3%	19.7%	9.1%	15.7%	13.7%	5.8%	
Unduplicated Route Miles (Excl. San Diego Co. Miles)	15.2%	17.6%	19.1%	15.9%	12.7%	10.5%	9.0%	
50% Base Service Formula / 50% FY 04-05 Actual Train Miles	24.8%	13.7%	20.7%	11.7%	16.7%	9.6%	3.0%	
50% Base Service Formula / 50% Undup Route Miles (Excl SD)	19.6%	16.6%	19.4%	15.0%	14.7%	10.2%	4.5%	

(1) This formula was used to allocate all expenses that were not train-mile related or direct charge costs in FY 98/99
It is an average of what was previously split by Point-in-Time and even split.

7.5 Potential New Projects For New Capital In FY 2008-09

Each year as the development of the agency's budget progresses, there are a number of projects for which funding is being sought but, has not been sufficiently secured to include in the Preliminary Budget brought forward for consideration by the Committee and Board of Directors.

As funding for projects is approved, they will be incorporated into the Budget through amendment after review by the Board.

7.6 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 may be asked adopt a debt policy incorporating the established of a joint powers authority as permitted in the Marks-Roos Local Bond Pooling Act.

Although the 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.

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.

In fiscal year 1999, SCRRA entered into another 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.

In fiscal year 2003, SCRRA entered into another 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.

7.7 Description of GASB34 Condition Assessment Ratings

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, in FY 2002-03, a minimum condition rating of 75 points (of a maximum of 100) as the minimum acceptable Railroad Condition Index (RCI) for the entire railroad network, including all subsystems. The actual index value of the condition of the SCRRA's infrastructure network at the time of adoption is 88. As of June 30, the condition of the SCRRA's infrastructure is rated at 87.

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

Inland Empire to Orange County	4,891
91 Line	<u>2,365</u>
SYSTEM	43,737
Number of Auto Trips Removed per Weekday	16,000 trips
Percent of Freeway Traffic Removed on Parallel Freeways Each Peak Hour	2.9%
Average Commute Trip Length	35.8 miles
Percent of Riders Formerly Driving Alone	63.4%
Percent of Riders with Downtown Los Angeles Destination	56.4%
Percent of Ethnic Riders by Line Corridor (Latino, Asian, African-American)	
San Bernardino Line	56%
Riverside Line	52%
Antelope Valley Line	46%
Ventura County Line	32%
Orange County Line	38%

Source: State of California Department of Finance Demographic Research Unit, SCRRA's March 2007 Operating Report, SCRRA Staff, and 2000 SCRRA Customer Satisfaction Survey

7.9 Glossary of Budget Terms

APPROVED BUDGET: The official budget as approved by the five member agencies and then by the SCRRA Board.

AMENDED BUDGET: The approved budget as amended by the SCRRA Board through the course of 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 financing the expenditures (revenues).

REHABILITATION/RENOVATION EXPENDITURE: Those expenditures that replace worn out assets with like or improved assets and thus extend the useful life of these capital assets.

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.

DEPARTMENT: An organizational subgroup of SCRRA.

DIVISION: An organizational unit of a department

ENCUMBRANCE: The commitment of appropriated funds to purchase goods or services.

EXPENDITURE: Decreases in net financial resources.

EXPENSES: Decreases in net total assets. Expenses include the total costs of operations and capital during a period.

EXTRAORDINARY MAINTENANCE: Includes damages due to vandalism, crossing gate knockdowns, accidents, derailments, fires, storm damage and other expenses as required.

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 extra-ordinary 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 an equivalent of a full-time position. For example, one person working half-time would count as 0.5 FTE and a person hired for 6 months would also count as 0.5 FTE.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards of, and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements on an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

OBJECTIVE: A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year.

OBJECT CODE: The classification of expenditures in terms of what is bought and paid for grouped into major object codes by subject.

OPERATING BUDGET: A budget that focuses on everyday operating activities and programs. For SCRRA, the Operating Budget includes train operations and maintenance-of-way.

PENGUIN: Small flightless bird native to the colder climes of the southern hemisphere. Mascot of the Budget Office.

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

REVENUE: Monies that SCRRA receives as income such as 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 extra-ordinary 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.

7.10 Acronyms

ADA:	Americans with Disabilities Act
Amtrak:	National Railroad Passenger Corporation (intercity rail service)
APTA:	American Public Transportation Association
AQMD:	Air Quality Management District
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
CTC:	California Transportation Commission
DOL:	Federal Department of Labor
DOT:	Federal Department of Transportation
EIR:	Environmental Impact Report
EIS:	Environmental Impact Study
EPA:	Federal Environmental Protection Agency
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:	Liquified 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
PENGUIN:	Public Employees Network/Governmental Users Integrated Network
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 21st Century
 TIP: Transportation Improvement program
 TSM: Transportation Systems Management
 TVM: Ticket Vending Machine
 UP: Union Pacific Railroad
 VCTC: Ventura County Transportation Commission

Funds Available for Programming	Prior Year Surplus	New FY 2008-09 Funding	Total Funding	Comments
New Funding from LACMTA proposed FY 2008-09 Budget		\$56,100,000	\$56,100,000	
FY 2005-06 Operating Surplus	\$3,025,040		\$3,025,040	
FY 2006-07 Operating Surplus	\$5,767,700		\$5,767,700	
Total Funds Available for Programming	\$8,792,740	\$56,100,000	\$64,892,740	
Metrolink Funding Items	A. FY 2005-06 Surplus	C. FY 2008-09 Funding	Total Funding	Comments
FY 2008-09 operating funds needed in excess of subsidy cap - for increases in the costs of fuel, insurance, and other items	\$2,021,200		\$2,021,200	
FY 2008-09 operating funds needed in excess of subsidy cap - for increased reimbursement to MTA for Metrolink fare media boardings on Metro Bus and Rail	\$780,000		\$780,000	Funds are to cover period from July 1 st to December 31 st , 2008.
Remaining prior year surplus funds to be used toward the cost of FY '09 operations in lieu of new Proposition C 10% allocations	\$3,032,060		\$3,032,060	
Operations Funding Required from FY 2008-09 Budget		\$31,467,940	\$31,467,940	
Subtotal Operating Funding	\$5,833,260	\$31,467,940	\$37,301,200	
Rehabilitation and Renovation Funding		\$15,600,000	\$15,600,000	
Subtotal Operating and Rehabilitation and Renovation Funding	\$5,833,260	\$47,067,940	\$52,901,200	
Capital deficit from FY 2005-06 and earlier projects closed out in FY '07	\$505,494		\$505,494	
Repayment to OCTA for Union Station Platform conversion and Keller Yard projects	\$457,600		\$457,600	4th of 5 payments approved by the Board in May, 2005
Automated Passenger Counters	\$1,996,386		\$1,996,386	Funding subject to match from 4 other counties
Subtotal Capital Funding from prior year subsidy	\$2,959,480		\$2,959,480	
Lang-Ravenna Freight Siding				
Second Platform at the Vincent Grade/Acton Station		\$5,000,000	\$5,000,000	
		\$1,000,000	\$1,000,000	
Subtotal Capital Funding from LACMTA FY 2008-09 Budget	\$0	\$6,000,000	\$6,000,000	
Subtotal Operations, Rehabilitation, and Capital Funding not from Prior Year Surplus	\$5,833,260	\$53,067,940	\$58,901,200	
Remaining FY 2008-09 Funds to be Programmed for Metrolink FY 2009-10 Operations		\$3,032,060	\$3,032,060	
GRAND TOTAL FUNDING	\$8,792,740	\$56,100,000	\$64,892,740	

PROPOSED RE-PROGRAMMING OF FY 2005-06 AND FY 2006-07 SUBSIDY TO SCRRA

The following projects are proposed for re-programming from the FY 2005-06 and FY 2006-07 SCRRA subsidy:

- 1) Capital Deficit from FY 2005-06 and Earlier Projects Closed Out in FY 2006-07:
Funding of \$505,494 is recommended to cover a negative balance in SCRRA's statement of rehabilitation and renovation as well as new capital projects closing within FY 2006-07, primarily due to a single project, Double-Tracking West of Pomona. This project was funded originally through state budget funds. State funding is not available to cover the balance. We propose that our share of the amount be offset by surplus operating funds.
- 2) Repayment to OCTA for Union Station Platform Conversion and Keller Yard Projects:
Funding of \$457,560 is recommended for the fourth of five payments to OCTA in repayment for funding that OCTA advanced for these projects. The Board of Directors approved these projects in May 2005.
- 3) Automated Passenger Counters (APCs): Funding of \$1,996,386 is recommended. APCs would provide more accurate ridership data than SCRRA currently collects and would provide station to station data which is not currently available except through costly surveys. The data could be used to: 1) better fit the correct-sized trains to the respective Metrolink lines and trips based on peak load information, 2) help cities and transit operators to better coordinate connecting transit services, and 3) improve the passenger trip and passenger mile data provided to the National Transit Database, which is used in developing fixed guideway funding allocations to LACMTA. Funding of this project is contingent on SCRRA receiving funding on the All-Share capital cost allocation formula from the other four member agencies.
- 4) FY 2008-09 Operating Funds Needed in Excess of Amount Available in Long Range Transportation Plan – for Increases in the Costs of Fuel, Insurance, and other Items:
Funding of \$2,021,200 is recommended to help offset increasing operations costs. Diesel fuel is the single largest increase in the SCRRA budget, with the budgeted cost of \$3.25 per gallon at 30% over the \$2.50 per gallon cost assumed in SCRRA's FY 2007-08 budget. Liability Insurance costs have increased 16% due to recent claims history and the condition of the insurance market. Equipment maintenance costs are proposed to increase 14.5% due to new layover facilities, rolling stock to be delivered in the 3rd quarter of the fiscal year, and increasing costs for parts and delivery.

- 5) FY 2008-09 Operating Funds Needed in Excess of Amount Available in Long Range Transportation Plan – for Increased Reimbursement to LACMTA for Metrolink fare media boardings on Metro Bus and Rail from July 1st through December 31, 2008: Funding of \$780,000 is recommended to allow the LACMTA to be compensated for Metrolink fare media boardings at average cash fare, consistent with the Board-approved EZ transit pass Guidelines approved by the Board in September 2007. Because a large proportion of Metrolink passengers transfer to Metro Bus and Rail, the new reimbursement method creates a significant cost impact to the SCRRA. Thus, the SCRRA has requested a six-month period to hold hearings and implement a fare surcharge or other method to mitigate the financial impact to the SCRRA. The purpose of \$780,000 is to allow LACMTA to receive the average cash fare during the six-month period, so that the Metro Operations portion of the LACMTA budget will not be negatively impacted. The other EZ transit pass operators are being reimbursed by the same methodology and these funds are included in Metrolink's FY 2009 budget.

- 6) Remaining Surplus Funds to be Used toward the Cost of FY 2008-09 Operations in Lieu of New Proposition C 10% Allocations: An amount of \$3,032,060 is the remainder of FY 2005-06 and 2006-07 subsidy to SCRRA after re-programming funds for the other projects listed above. We propose that the remaining \$3,032,060 be used to further offset the LACMTA share of the SCRRA operations budget.

The projects listed above total \$8,792,740. This is the combined amount of FY 2005-06 and FY 2006-07 subsidy to the SCRRA that is available for reprogramming, as the SCRRA has reported in its year-end reconciliation statements.

LACMTA's total new FY 2008-09 Proposition C 10% funding for the SCRRA operations and rehabilitation and renovation budget is \$47,067,940. The amount available in the LACMTA Long Range Transportation Plan is \$50,100,000. The difference is \$3,032,060. This amount will be programmed to Metrolink operations in FY 2009-10.

DESCRIPTION OF CAPITAL PROJECTS

\$6 million is requested in Fiscal Year 2008-09 for the two projects described below, consistent with the proposed 2008 Long Range Transportation Plan.

Lang-Ravenna Freight Siding \$5 million requested in FY 2008-09 for this project, with a total LACMTA request of \$7.5 million. SCRRA has applied for Proposition 1B Trade Corridors Improvement Fund (TCIF) goods movement funding of \$7.5 million for a siding to allow peak hour Metrolink trains to pass freight trains on the Antelope Valley Line between the Santa Clarita and Acton stations. This is a capacity project needed to allow more frequent peak hour service on the Antelope Valley Line. \$7.5 million is required as a match to the goods movement grant funds.

Second Platform at the Vincent Grade/Acton Station \$1 million requested in FY 2008-09 for this project, with a total LACMTA request of \$3.5 million. Currently the Acton station can only accommodate a single train at a time. A second platform is needed to allow more frequent scheduling of trains and schedule flexibility for trains to serve the station while traveling in opposite directions.

ATTACHMENT E

SUMMARY OF OPERATING ASSUMPTIONS

- Train Miles: Approximately 2.52 million revenue service miles will be operated, which represents approximately a 2.5% increase over FY 2007-08 mileage.
- Patronage: Passenger boardings are projected to increase 0.4% from the FY 2007-08 Budget to 11.7 million annual boardings (43,276 average weekday boardings).
- Fare Increase: The SCRRA is proposing a 5.5% systemwide average fare increase, which is scheduled to go into effect on July 1, 2008.
- Operating Expenses per Passenger Mile: The operating expense per passenger-mile is projected at \$0.38, approximately 8% more than the previous year, and significantly less than the \$0.522 cost per mile of a solo automobile driver. Approximately 40% of this cost growth is related to diesel fuel cost increases.
- Revenue Recovery: Farebox recovery is anticipated at 45.8%. Total Revenue Recovery, including dispatch and other operating revenues, is projected to equal 55.0%.

