



METROLINK®

Southern California Regional Rail Authority (SCRRRA)

**Report on Compliance with the Requirements of the
Metrolink Program by SCRRRA
For the Year Ended June 30, 2020**

**under Memorandum of Understanding (MOU) No. SCRA2020
with the Los Angeles County Metropolitan Transportation Authority
(LACMTA)**

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(LACMTA)**

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FINANCIAL SECTION

Independent Accountant's Report

To the Board of Directors of the Los Angeles County Metropolitan Transportation Authority (LACMTA)

Report on the Examination of Metrolink Program by SCRRA

We have examined the Southern California Regional Rail Authority's (SCRRA) compliance with the following requirements identified in the Memorandum of Understanding (MOU) No. 9400000000SCRA2020 (SCRA2020) between SCRRA and the Los Angeles County Metropolitan Transportation Authority (LACMTA), the SCRRA Adopted Budget for the year ended June 30, 2020 and other guidelines issued related to the SCRRA Program (collectively, the Guidelines). The following requirements are applicable to SCRRA's allocation of revenues and expenditures to LACMTA for the year ended June 30, 2020:

1. LACMTA's share in the Schedule of Subsidy Allocation by County is free of material discrepancies.
2. The total revenues and expenditures shown in the Schedule of Subsidy Allocation by County provided by SCRRA are in agreement, in all material respects, with the SCRRA's Comprehensive Annual Financial Report (CAFR). (See Exhibit I)
3. The allocation methods used by SCRRA to allocate revenues and expenditures are in conformance with the allocation methods adopted by the joint authorities and are applied consistently to allocate revenues and expenses. (See Exhibits II and III)
4. The Proposition C 10% and Measure R 3% funds received from LACMTA are recorded in SCRRA's books. (See Exhibit IV)
5. The Proposition C 10% and Measure R 3% funds received are expended for purposes identified in the SCRRA's Annual Work Program, capital grants, other operating assistance, adopted language MOU(s) and the SCRRA adopted budget.
6. LACMTA's contribution to the Self Insurance Reserve (SIR) was made in accordance with the appropriate member agency allocation formula, and that claims against the SIR were appropriate uses of funds. (See Exhibit VII)
7. SCRRA's third party participation contracts do not materially impact LACMTA's share of revenues and expenditures. (See Exhibit I)



8. SCRRA complied with all applicable ordinances.
9. The following requirements are not applicable to SCRRA's allocation of revenues and expenditures to LACMTA for the year ended June 30, 2020 because there were no transactions that have occurred relating to these requirements. Accordingly, no procedures were performed on these requirements.
 - a. Metro's contribution to the annual capital replacement program is properly accounted for, is bearing interest, and is solely allocated for this purpose.
 - b. Metro's allocation of revenue from interest income on lease proceeds is consistent with the allocation formula adopted in the budget.

Management's Responsibility

Management of SCRRA is responsible for its compliance with the specified requirements, as well as the compliance requirements shown in the Compliance Matrix.

Accountant's Responsibility

Our responsibility is to express an opinion on SCRRA's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether SCRRA complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether SCRRA complied with specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on SCRRA's compliance with the specified requirements.

Opinion

In our opinion, SCRRA complied, in all material respects, with the aforementioned requirements established in the Guidelines, for the year ended June 30, 2020.

Supplementary Information

The Schedule of Subsidy Allocation by County and the related Notes to the Schedule were presented as required by the MOU and the Guidelines. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our examination of compliance. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Matters

The results of our examination procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of findings and Questioned Costs. Our opinion is not modified with respect to these matters.

Responses by SCRRA to the noncompliance findings identified in our examination are described in the accompanying Schedule of findings and Questioned Costs. The SCRRA's responses were not subjected to the procedures applied in the examination of compliance, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of SCRRA and LACMTA and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Vaqueria & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
March 2, 2021**

Southern California Regional Rail Authority (SCRRRA)
MOU No. SCRA2020
Schedule of Subsidy Allocation by County
Year ended June 30, 2020

	<u>TOTAL</u>	<u>LACMTA</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SANBAG</u>	<u>VCTC</u>
OPERATING REVENUES						
Fares	\$ 63,103,997	\$ 31,365,205	\$ 16,762,556	\$ 5,430,097	\$ 7,772,451	\$ 1,773,688
Dispatching	2,299,843	1,175,396	771,505	11,118	60,546	281,278
Maintenance-of-Way	13,300,568	7,789,593	2,663,124	727,274	1,593,338	527,239
Miscellaneous	253,894	120,670	50,677	28,098	36,388	18,061
Total Operating Revenues	<u>78,958,302</u>	<u>40,450,864</u>	<u>20,247,862</u>	<u>6,196,587</u>	<u>9,462,723</u>	<u>2,600,266</u>
OPERATING EXPENSES						
Train operations and services	144,080,683	71,730,878	32,793,838	17,898,100	15,640,135	6,017,732
Maintenance-of-Way	44,238,753	23,587,984	9,221,267	2,944,251	5,778,253	2,706,998
Personal liability/property damage	12,539,745	6,488,918	2,984,780	1,237,745	1,431,258	397,044
Administration and services	44,425,775	21,302,388	8,084,122	6,312,318	4,729,701	3,997,246
Total Operating Expenses	<u>245,284,956</u>	<u>123,110,168</u>	<u>53,084,007</u>	<u>28,392,414</u>	<u>27,579,347</u>	<u>13,119,020</u>
OPERATING LOSS	(166,326,654)	(82,659,304)	(32,836,145)	(22,195,827)	(18,116,624)	(10,518,754)
FY2019/2020 MEMBER SUBSIDY INVOICED	156,578,294	77,989,000	30,287,870	21,284,172	17,048,974	9,968,278
NET DEFICIT	<u>\$ (9,748,360)</u>	<u>\$ (4,670,304)</u>	<u>\$ (2,548,275)</u>	<u>\$ (911,655)</u>	<u>\$ (1,067,650)</u>	<u>\$ (550,476)</u>

See notes to Schedule of Subsidy Allocation by County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

SCRRA is an independent entity created in August 1991 through a joint exercise of powers agreement (JPA). SCRRA began operating the “Metrolink” regional commuter rail system in October 1992. The member agencies of the JPA are (1) Los Angeles County Metropolitan Transportation Authority (LACMTA), (2) Orange County Transportation Authority (OCTA), (3) Riverside County Transportation Commission (RCTC), San Bernardino Associated Governments (SANBAG), and (4) Ventura County Transportation Commission (VCTC). The member agencies acquired the rail network in existence at the time the JPA was established for use in Metrolink’s commuter rail operations. This railroad network is not included as part of SCRRA’s railroad network capital assets. The member agencies retain title to and ownership of those assets. As part of the JPA, SCRRA is responsible for the related maintenance and operation of members’ assets and rail right-of-way used in operations.

In addition, certain members retain responsibility to maintain segments of their railroad network. The Metrolink railroad network consists of capital assets created as a result of new capital construction and major capital improvement projects. Currently, there are 534 route miles with 59 stations in the Metrolink system throughout Los Angeles, Orange, Riverside, San Bernardino, Ventura, and San Diego counties.

SCRRA is governed by a Board of Directors comprised of 11 members appointed by the voting members of the JPA. The member agencies with their respective number of votes are as follows:

Los Angeles County Metropolitan Transportation Authority (LACMTA)	4
Orange County Transportation Authority (OCTA)	2
Riverside County Transportation Commission (RCTC)	2
San Bernardino Associated Governments (SANBAG)	2
Ventura County Transportation Commission (VCTC)	1

SCRRA is not considered to be a component unit of any other reporting entity.

Basis of Accounting

Revenues and expenditures are accounted for using the accrual basis of accounting. Revenues from grants are recognized when expenditures are incurred. Expenditures are generally recognized when the related liabilities are incurred.

Revenue Recognition

SCRRA receives approximately half of its funding from fares and other operating revenues, and the balance of its funding comes from its member agencies. The majority of sources for transportation funds in these counties are local sales taxes (with the exception of Ventura County), State Rail Bond funds, State Transit Assistance funds, State Highway Account funds, State Transit Capital Improvement funds, and Federal Transit Administration Capital funds.

Southern California Regional Rail Authority (SCRRA)
MOU No. P0SCRR2020
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2020

NOTE 2 MEMORANDUM OF UNDERSTANDING (MOU)

SCRRA (grantee) and the Los Angeles County Metropolitan Transportation Authority (LACMTA) (grantor) entered into MOU No. 9400000000SCRA2020, which is effective beginning July 1, 2019 through June 30, 2023, for the purpose of providing funding to SCRRA during the fiscal year (FY) 2019/2020 for LACMTA's financial commitments to the FY 2019/2020 budget as required by the JPA. LACMTA's Board of Directors approved its financial commitments at its May 23, 2019 and September 26, 2019 board meetings.

In accordance with the MOU, LACMTA will make available to SCRRA the following allocation of funds (Funds) for the LACMTA's share of the FY 2019/2020 budget in the amounts of:

- a. \$104,195,523 for commuter rail operations covering FY 2019/2020 and the first quarter of FY 2020/2021, using \$98,869,204 of new Proposition C 10% and Measure M 1% funds and \$5,326,319 of operating surplus funds already in SCRRA's possession. SCRRA will be paid according to the following schedule, unless altered by mutual written agreement:

July 15, 2019	\$	24,117,730
October 1, 2019		17,956,810
January 1, 2020		16,338,467
April 1, 2020		16,338,467
July 15, 2020		24,117,730
	Total \$	<u>98,869,204</u>

- b. \$2,522,962 for additional Right-of-Way (ROW) security using new Proposition C 10% and new Measure M 1% funds. The ROW Security funds are in addition to the core security work included in the rail operations funds allocation which is a shared cost for all agencies. SCRRA will be paid according to the following schedule, unless altered by mutual written agreement:

July 15, 2019	\$	630,741
October 1, 2019		630,741
January 1, 2020		630,741
April 1, 2020		630,741
	Total \$	<u>2,522,964</u>

- c. \$500,000 to supplement funding provided pursuant to the Facilities Maintenance MOU dated July 1, 1997 and as amended on July 1, 2000, between LACMTA and SCRRA (the "Maintenance MOU"), which Maintenance MOU provides for enhanced L.A. County ROW maintenance outside of 20 feet using deferred revenue already in SCRRA's possession. These funds will be expended only in the event SCRRA exceeds the \$1,059,267 annual funding provided by the Maintenance MOU;

Southern California Regional Rail Authority (SCRRA)
MOU No. P0SCRR2020
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2020

NOTE 2 MEMORANDUM OF UNDERSTANDING (MOU) (CONTINUED)

- d. \$38,352,440 for new rehabilitation and renovation projects and new capital projects covering FY 2019/2020 and the first quarter of FY 2020/2021 using \$34,334,355 of new Measure R 3% funds and reprogramming up to \$3,900,000 of surplus funds previously approved for the FY 2016/17 Rehabilitation and Capital Program, and \$118,085 using LACMTA's contribution of LINK US State funding; and
- e. \$125,000 for one-time special events, using new Proposition C 10% funds.

The FY 2019/2020 member subsidy invoiced to LACMTA of \$74,751,474 reported in the Schedule of Subsidy Allocation by County is part of the above funds allocated to SCRRA.

Details of the receipts and uses of funds for the year ended June 30, 2020 are as follows:

Fund	Description	[a] Approved Funding	[b] Receipts	[c] Reprogrammed **	[=a - b - c] Funding Balance	[d] Expenditures	[=(b + c) - d] Surplus/ (Deficit)
Prop C 10%	Operations	\$ 80,077,793	\$ 74,751,474	\$ 3,237,526	\$ 2,088,793	\$ 82,659,304	\$ (4,670,304)
Prop C 10%	Right of Way	2,522,962	-	-	2,522,962	2,522,962	(2,522,962) ***
Measure R 3%	Rehabilitation and Renovation	38,352,440	21,323	3,900,000	34,431,117	964,830	2,956,493
Prop C 10%	Special Event	125,000	-	-	125,000	-	-
		<u>\$ 121,078,195</u>	<u>\$ 74,772,797</u>	<u>\$ 7,137,526</u>	<u>\$ 39,167,872</u>	<u>\$ 86,147,096</u>	<u>\$ (4,236,773)</u>

** Reprogrammed from the deferred revenue already in SCRRA's possession.

*** See Exhibit VIII.

NOTE 3 STATUS OF PRIOR YEARS MEMORANDUM OF UNDERSTANDING

Details of the receipts and uses of funds of prior years' open MOUs are as follows:

MOU# P0SCRR29			[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[=a - b - c] Funding Balance	[d] Expenditures	[=(b + c) - d] Surplus/ (Deficit)
Prop C 10%	Operations	2019	\$ 75,119,645	\$ 71,643,540	\$ 1,910,855	\$ 1,565,250	\$ 72,256,826	\$ 1,297,569
		2020	-	1,216,782	-	(1,216,782)	-	1,216,782
					<u>348,468</u>		<u>2,514,351</u>	
Prop C 10%	Right of Way Homeless Outreach Maintenance MOU	2019	2,449,478	-	2,449,478	-	2,449,478	-
		2019	500,000	-	500,000	-	-	500,000
		2019	500,000	-	500,000	-	-	500,000
		2020	-	-	-	-	-	-
					<u>-</u>		<u>1,000,000</u>	
Measure R 3%	Rehabilitation and Renovation Tunnel 25 Urgent Track, Ties and Drainage Rehab	2019	40,031,193	-	-	40,031,193	513,567	(513,567)
		2019	750,000	-	750,000	-	135,467	614,533
		2020	-	2,194,768	-	(2,194,768)	4,678,181	(2,483,413)
						<u>37,836,425</u>		<u>(2,382,447)</u>
Prop C 10%	Capital Projects PSRs	2019	950,000	-	950,000	-	214,965	735,035
		2020	-	-	-	-	629,462	(629,462)
					<u>-</u>		<u>105,573</u>	
Prop C 10%	Special Event	2019	250,000	84,155	-	165,845	199,952	(115,797)
		2020	-	32,723	-	(32,723)	-	32,723
					<u>133,122</u>		<u>(83,074)</u>	
			<u>\$ 120,550,316</u>	<u>\$ 75,171,968</u>	<u>\$ 7,060,333</u>	<u>\$ 38,318,015</u>	<u>\$ 81,077,898</u>	<u>\$ 1,154,403</u>

Southern California Regional Rail Authority (SCRR)
MOU No. P0SCRR2020
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2020

NOTE 3 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRR28

<u>Fund</u>	<u>Description</u>	<u>Year</u>	[a] <u>Approved Funding</u>	[b] <u>Receipts</u>	[c] <u>Reprogrammed</u>	[a - b - c] <u>Funding Balance</u>	[d] <u>Expenditures</u>	[=(b + c) - d] <u>Surplus/ (Deficit)</u>
Prop C 10%	Operations	2018	\$ 71,658,558	\$ 71,658,558	\$ -	\$ -	\$ 68,421,032	\$ 3,237,526 *
		2019	-	-	-	-	-	-
		2020	(3,237,526)	-	(3,237,526)	-	-	(3,237,526)
Prop C 10%	Right of Way	2018	2,360,550	1,733,121	-	627,429	2,310,789	(577,668)
		2019	-	577,707	-	(577,707)	-	577,707
		2020	-	-	-	-	-	-
						49,722	39	
Measure R 3%	Rehabilitation and Renovation	2018	6,819,000	-	206	6,818,794	2,127	(1,921)
		2019	-	37,710	-	(37,710)	50,890	(13,180)
		2020	-	3,334,741	-	(3,334,741)	3,629,305	(294,564)
						3,446,343	(309,665)	
Prop C 10%	Special Event	2018	250,000	-	-	250,000	128,259	(128,259)
		2019	-	155,299	-	(155,299)	66,289	89,010
		2020	-	-	-	-	-	-
						94,701	(39,249)	
			\$ 77,850,582	\$ 77,497,136	\$ (3,237,320)	\$ 3,590,766	\$ 74,608,691	\$ (348,875)

* LACMTA reprogrammed the FY 2018 operating surplus to FY 2020 operations.

MOU# P0SCRR27

<u>Fund</u>	<u>Description</u>	<u>Year</u>	[a] <u>Approved Funding</u>	[b] <u>Receipts</u>	[c] <u>Reprogrammed</u>	[a - b - c] <u>Funding Balance</u>	[d] <u>Expenditures</u>	[=(b + c) - d] <u>Surplus/ (Deficit)</u>
Prop C 10%	Operations	2017	\$ 71,795,000	\$ 71,795,000	\$ -	\$ -	\$ 66,497,200	\$ 5,297,800
		2018	-	-	-	-	-	-
		2019	-	-	(2,131,846)	-	-	(2,131,846)
		2020	-	-	-	-	-	-
							3,165,954	
Prop C 10%	Right of Way	2017	2,360,551	2,360,551	-	-	2,358,526	2,025
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
							2,025	
Measure R 3%	Rehabilitation and renovation	2017	41,678,525	-	-	41,678,525	4,028,759	(4,028,759)
		2018	-	10,902,866	-	(10,902,866)	16,058,677	(5,155,811)
		2019	-	10,741,842	-	(10,741,842)	9,278,385	1,463,457
		2020	(3,900,000)	8,852,998	(3,900,000)	(8,852,998)	7,555,847	(2,602,849)
						11,180,819	(10,323,962)	
Measure R 3%	Capital Project PSRs	2017	618,000	-	-	618,000	-	-
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
						618,000	-	
Prop C 10%	Special Event	2017	100,000	-	-	100,000	55,394	(55,394)
		2018	-	8,322	-	(8,322)	72,747	(64,425)
		2019	-	76,995	-	(76,995)	-	76,995
		2020	-	-	-	-	-	-
						14,683	(42,824)	
			\$ 112,652,076	\$ 104,738,574	\$ (6,031,846)	\$ 11,813,502	\$ 105,905,535	\$ (7,198,807)

Southern California Regional Rail Authority (SCRRRA)
MOU No. P0SCRR2020
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2020

NOTE 3 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRRA26			[a]	[b]	[c]	[=a - b - c]	[d]	[=(b + c) - d]
Fund	Description	Year	Approved Funding	Receipts	Reprogrammed	Funding Balance	Expenditures	Surplus/ (Deficit)
Prop C 10%	Operations	2016	\$ 71,795,790	\$ 68,781,851	\$ 3,013,939	\$ -	\$ 66,468,865	\$ 5,326,925
		2017	-	-	-	-	-	-
		2018	-	-	-	-	-	-
		2019	-	-	(2,228,487)	2,228,487	-	(2,228,487)
		2020	-	-	-	-	-	-
						<u>2,228,487</u>	<u>3,098,438</u>	
Prop C 10%	Right of Way	2016	2,578,128	2,578,128	-	-	2,237,060	341,068
		2017	-	-	-	-	-	-
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
						<u>-</u>	<u>341,068</u>	
Prop C 10%	Capital Project PSRs	2016	475,000	-	-	475,000	-	-
		2017	-	189,619	-	(189,619)	210,421	(20,802)
		2018	-	20,886	-	(20,886)	-	20,886
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
					<u>264,495</u>	<u>-</u>	<u>84</u>	
Prop C 10%	Special Event	2016	100,000	-	-	100,000	19,953	(19,953)
		2017	-	19,953	-	(19,953)	-	19,953
		2018	-	-	-	-	3,436	(3,436)
		2019	-	-	-	-	468	(468)
		2020	-	-	-	-	-	-
					<u>80,047</u>	<u>-</u>	<u>(3,904)</u>	
			<u>\$ 74,948,918</u>	<u>\$ 71,590,437</u>	<u>\$ 785,452</u>	<u>\$ 2,573,029</u>	<u>\$ 68,940,203</u>	<u>\$ 3,435,686</u>

EXHIBITS

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Reconciliation of the Schedule of Subsidy Allocation to CAFR
Year ended June 30, 2020

	<u>Revenues</u>	<u>Expenses</u>
Per Schedule of Subsidy Allocation	\$ 78,958,302	\$ 245,284,956
<u>Reconciling items:</u>		
OPERATING:		
Fare Revenues	47,810	-
Dispatching	6,090	-
Maintenance of Way	(6,292)	(932,538)
Third party agreements ^{1}	24,542,951	23,932,137
Rehabilitation and renovation - capital ^{1}	-	67,648,122
Public liability and property damage	524,741	(2,319,519)
Depreciation ^{1}	-	50,396,554
Miscellaneous	(34,183)	-
Total reconciling items	<u>25,081,117</u>	<u>138,724,756</u>
Per CAFR - Operating Revenues and Expenses	<u>\$ 104,039,419</u>	<u>\$ 384,009,712</u>

Notes:

^{1}Not allocated to the members

Revenues and expenses in the Schedule of Subsidy Allocation by County do not include revenues and expenses relating to Third-party participation agreements.

Third-party participation agreements (TPA) are items such as charter train services, construction of major capital facilities on behalf of third parties, and flagging personnel provided by SCRRA for the safety of non-SCRRA personnel accessing the rail right-of-way. SCRRA's policy regarding third-party agreements is that they should be self-supporting. Projects are billed up-front to third parties and a reconciliation of actual costs against payments are reconciled at project completion. The excess of revenue over expenses is attributed by SCRRA to higher TPA close-out during the fiscal year 2019/2020. Unbilled project costs from prior years were billed for these old projects which translated to higher revenues.

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Methods of Allocation Used and the Types of Revenues and Expenses
Year ended June 30, 2020

Budget Item	FY19-20 Agreed Allocation
Train Mile Allocation	
Train Operations	Train Miles - Current
Fuel	Train Miles - Current
Operating Contingency	Train Miles - Current
Direct to Line Segments/Territories	
Rail Agreements	Direct to Lines/Then to Members
MOW - Line Segments	Train Miles of Service on Territory
MOW - Extra-Ordinary maintenance	Train Miles of Service on Territory
Holiday Trains	Direct to Lines/Then to Members
Amtrak Transfers	Direct to Lines/Then to Members
Route Miles Dispatched	
Dispatching	Route Miles Dispatched
Ridership/Revenue Distributions	
Transfers to other Operators	Ridership/Revenue Distribution
Supplemental Additional Security	Ridership/Revenue Distribution
Base Allocation	
Equipment Maintenance	75% Train Miles - Lagged/25% Unduplicated Stations
Operating Contingency (Bombardier)	Train Miles - Lagged
Non-Scheduled Rolling Stock Repairs	Train Miles - Lagged
Operating Facilities Maintenance	Train Miles - Lagged
Other Operating Train Services	Unduplicated Route Miles (excl SD Co)
Security - Sheriff	Train Miles - Lagged
Security - Guards	Unduplicated Route Miles (excl SD Co)
Public Safety Program	Unduplicated Route Miles (excl SD Co)
Utilities/Leases	Unduplicated Route Miles (excl SD Co)
Passenger Relations - Call Boxes	Unduplicated Stations
Contingency (Non-Train Operating)	Unduplicated Route Miles (excl SD Co)
TVM Maintenance/Revenue Collection	TVMS
Station Maintenance - Non-Union Station	Unduplicated Stations
Station Maintenance - Union Station	Revenue Moves thru LAUS
Passenger Service Representatives	Unduplicated Route Miles (excl SD Co)
Passenger Relations - Call Center/Other	Ridership Distribution Lagged
Marketing/Market Research	Ridership Distribution Lagged
Media and External Communications	Unduplicated Route Miles (excl SD Co)
Liability/Property/Auto	Train Miles - Lagged
Claims	Train Miles - Lagged
Claims Administration	Train Miles - Lagged
Salaries and Fringe Benefits	Unduplicated Route Miles (excl SD Co)
Non-Labor Costs	Unduplicated Route Miles (excl SD Co)
Allocated Overhead	Unduplicated Route Miles (excl SD Co)
Services	Unduplicated Route Miles (excl SD Co)

Southern California Regional Rail Authority (SCRRA)

MOU No. SCRA2020

Line Item Allocation Methodology

Year ended June 30, 2020

The FY 2019-2020 Budget was created using the Line Item Allocation Methodology outlined in Exhibit II. The sum of all individual line item allocations resulted in a total expense bottom line percentage allocation rate.

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Schedule of Funds Received for Proposition C 10% and Measure R 3%
Year ended June 30, 2020

		Receipts for FY 2019-2020 (in thousands)
Proposition C 10% Fund		
P0SCRRA23	\$	9
P0SCRRA24		(2)
P0SCRRA25		257
P0SCRRA29		1,250
SCRA2020		74,751
SBLFARER		595
AVL100FARE		1,295
	Total	<u>78,155</u>
Measure R 3% Fund		
P0SCRRA27		8,853
P0SCRRA28		3,335
P0SCRRA29		2,195
SCRA2020		21
MRSCCRA10		110
MRSCCRA11		222
MRSCCRA12		272
MRROTEMSET		2,320
MRBHAHWWAY		5
MRBRIGHTRX		41
SCRRAMRGXS		29
SCRRAMRLUS		344
MRTVMLACTY		462
	Total	<u>18,209</u>
Total funds received	\$	<u><u>96,364</u></u>

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Comparative Analysis of Unearned Revenue
(Dollar Amounts in Thousands)
Year ended June 30, 2020

	<u>LACMTA</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SANBAG</u>	<u>VCTC</u>	<u>OTHER</u>	<u>TOTAL</u>
Unearned revenue at June 30, 2019	\$ 15,876	\$ 15,295	\$ 3,078	\$ 12,040	\$ 4,386	\$ 37,385	\$ 88,060
2020 Activities							
Operating surplus (deficit)	(8,895)	(3,445)	(1,266)	(1,237)	(422)	-	(15,265)
Preventive maintenance surplus (deficit)	-	(427)	-	(1,768)	(201)	-	(2,396)
Unearned fare revenue	-	-	-	-	-	78	78
Capital projects surplus (deficit)	1,736	(542)	711	140	201	(239)	2,007
Restricted Prop1B	77	-	-	-	-	(3,043)	(2,966)
Unearned revenue at June 30, 2020	\$ 8,794	\$ 10,881	\$ 2,523	\$ 9,175	\$ 3,964	\$ 34,181	\$ 69,518 *

* Breakdown per activity

	<u>LACMTA</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SANBAG</u>	<u>VCTC</u>	<u>OTHER</u>	<u>TOTAL</u>
Unearned revenue components:							
Operating surplus	\$ 2,479	\$ 1,232	\$ 1,735	\$ 2,397	\$ 410	\$ -	\$ 8,253
Preventive maintenance surplus	-	7,947	-	2,590	585	-	11,122
Unearned fare revenue	-	-	-	-	-	78	78
Capital projects surplus	5,415 **	1,702	788	4,188	2,845	971	15,909
Restricted Prop1B	900	-	-	-	124	33,132	34,156
Unearned revenue, June 30, 2020	\$ 8,794	\$ 10,881	\$ 2,523	\$ 9,175	\$ 3,964	\$ 34,181	\$ 69,518

** See Exhibit VI.

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Capital Surplus per MOU and per Project Breakdown
Year ended June 30, 2020

Unearned revenue - Capital projects surplus, June 30, 2019	\$ 3,679,574
2020 Activities	1,735,746
Unearned revenue - Capital projects surplus, June 30, 2020	5,415,320
Earmarked for active/closing projects (see details below)	4,617,059
Currently available for reprogramming	<u>\$ 798,261</u>

List of active/closing projects:

Project Number	Project Name	Award Short Name	Held for Projects
402003	EASTERN AREA MAINT FAC	MOU.POSCRRA12	\$ 43,226
402007	AV CHANGES @ SANTA CLARITA	MOU.POSCRRA16	(19,089)
402011	POMONA STATION IMPROVEMENTS	PRE 2002 CARRY-FORWARD	151,075
405009	HAND-THROW XOVER AT LANCASTER	MOU.POSCRRA15	37
406001	KELLER YARD	MOU.POSCRRA16	175,936
407002	SCRRA SEALED CORRIDOR-DESIGN	MOU.POSCRRA20	(87)
409002	VINCENT GRADE/ACTON 2ND PLTFRM	MOU.POSCRRA20	(29,421)
409006	EMPIRE AVE. & I5 WIDENING BURBANK	MOU.POSCRRA19	(540,410)
409007	ELEC. EFFICIENCY TESTING SYST.	MOU.POSCRRA19	207
410001	SEALED CORR. - VC LINE	MOU.POSCRRA20	2,402
418005	CMF N END CONNECT DES	9400000000SCRRA29	730,701
503014	TURNOUTS-VN LINE	MOU.POSCRRA12	4,387
503019	TURNOUTS-RIV CORR (E BK)	MOU.POSCRRA12	4,218
503056	FIXED ASSET SYSTEM IMLEMNT	MOU.POSCRRA12	152,291
504006	WOOD TIE PGM-VEN CO LINE (LA)	MOU.POSCRRA13	8,328
504007	WOOD TIE PGM-S.B. LINE	MOU.POSCRRA13	180,629
504024	S&C PGM-SYSTEM	MOU.POSCRRA13	4,083
505003	RAIL PGM - AV LINE	MOU.POSCRRA15	13,935
505006	WOOD TIE PGM - VC LINE (LA)	MOU.POSCRRA15	35,539
505025	SIG&COM PGM - RIVER	MOU.POSCRRA15	70
505043	ALARMS IN SIGNAL HOUSES	MOU.POSCRRA15	6,732
505047	TUNNEL 26 PHASE 3	MOU.POSCRRA15	162,154
506021	VC LINE TRACK (LA)	MOU.POSCRRA16	54,743
506071	RIVER TRACK	MOU.POSCRRA16	(2,296)
506083	SYSTEM SIG	MOU.POSCRRA16	28,032
507022	FY07 VENTURA CO LINE BRIDGE (LA CO)	MOU.POSCRRA17	155
507073	FY07 RIVER SIGNAL	MOU.POSCRRA17	(3,145)
507084	MOW FACILITY PHASE 1	MOU.POSCRRA19	340,784
507084	MOW FACILITY PHASE 1	MOU.POSCRRA16	701,215
507087	FY07 BNSF SHORTWAY	MOU.POSCRRA20	(1,160)
508001	FY08 FIS UPGRADE	MOU.POSCRRA20	31,679
508021	FY08 VC LINE TRK (LA)	MOU.POSCRRA20	(150)
508031	FY08 AV LINE TRK	MOU.POSCRRA20	(1,367)
508032	FY08 AV LINE BRDGE	MOU.POSCRRA20	(5,548)
508041	FY08 SAN GABRIEL TRACK	MOU.POSCRRA20	(536)
508085	FY08 VEHICLES - NONFED	MOU.POSCRRA20	356
508086	FY08 VEHICLES - FED	MOU.POSCRRA18	45
508094	FY08 AUGMENT ON-RAIL EQUIPMENT	MOU.POSCRRA20	(2,970)
509021	FY09 VENTURA CO LINE TRACK (LA CO)	MOU.POSCRRA19	(9,302)
509023	FY09 VC LINE SGNL (LA)	MOU.POSCRRA19	88,272
509032	FY09 AV LINE BRDGE	MOU.POSCRRA20	(27)
509033	FY09 ANTELOPE VALLEY LINE SIGNAL	MOU.POSCRRA19	48,769
509033	FY09 ANTELOPE VALLEY LINE SIGNAL	MOU.POSCRRA20	(26,561)
509042	FY09 SAN GABRIEL BRIDGE	MOU.POSCRRA19	27,324
509042	FY09 SAN GABRIEL BRIDGE	MOU.POSCRRA20	(16,837)
509043	FY09 SG SIGNAL	MOU.POSCRRA20	(16,891)
509044	FY09 PAS SUB SIGNAL	MOU.POSCRRA19	(40,248)
509046	FY09 FIBER CONDUIT POMONA TO CLAREMONT	MOU.POSCRRA19	624,552
509046	FY09 FIBER CONDUIT POMONA TO CLAREMONT	MOU.POSCRRA20	(391,477)
509061	FY09 ORANGE CO LINE TRACK	MOU.POSCRRA19	(25,721)
509061	FY09 ORANGE CO LINE TRACK	MOU.POSCRRA20	(2,357)
509072	FY09 RIVER BRIDGE	MOU.POSCRRA19	(12,624)
509072	FY09 RIVER BRIDGE	MOU.POSCRRA20	(2,181)

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Capital Surplus per MOU and per Project Breakdown (Continued)
Year ended June 30, 2020

Project Number	Project Name	Award Short Name	Held for Projects
509073	FY09 RIVER SIGNAL	MOU.POSCRRA19	(69,054)
509073	FY09 RIVER SIGNAL	MOU.POSCRRA20	(45,677)
509083	FY09 SYSTEM SIGNAL	MOU.POSCRRA19	76,527
509083	FY09 SYSTEM SIGNAL	MOU.POSCRRA20	(32,018)
509085	FY09 VEHICLES - NONFED	MOU.POSCRRA19	(2,633)
509090	FY09 PASSENGER SIGNAGE	MOU.POSCRRA19	(98,989)
509090	FY09 PASSENGER SIGNAGE	MOU.POSCRRA20	(7,480)
509091	FY09 SMALL MACHINE, EQUIPMENTS & TOOLS	MOU.POSCRRA19	23,139
509091	FY09 SMALL MACHINE, EQUIPMENTS & TOOLS	MOU.POSCRRA20	(1,126)
509094	FY09 AUGMENT ON-RAIL EQUIPMENT	MOU.POSCRRA19	760
509094	FY09 AUGMENT ON-RAIL EQUIPMENT	MOU.POSCRRA20	(4,934)
510021	FY10 VC LINE TRK (LA)	MOU.POSCRRA20	(117,058)
510022	FY10 VC LINE BRDGE (LA)	MOU.POSCRRA20	(11,910)
510023	FY10 VC LINE SGNL (LA)	MOU.POSCRRA20	450,772
510031	FY10 AV LINE TRK	MOU.POSCRRA20	(116,670)
510033	FY10 AV LINE SIGNAL	MOU.POSCRRA20	752,594
510041	FY10 SG TRACK	MOU.POSCRRA20	2,664
510043	FY10 SG SIGNAL	MOU.POSCRRA20	573,281
510044	FY10 PAS SUB TRACK	MOU.POSCRRA20	50,003
510045	FY10 PAS SUB SIGNAL	MOU.POSCRRA20	269,606
510063	FY10 OC LINE SIGNAL	MOU.POSCRRA20	(10,072)
510073	FY10 RIVER SIGNAL	MOU.POSCRRA20	1,855
510081	FY10 RAIL GRINDING	MOU.POSCRRA20	818
510084	MOW FACILITY - MELBOURNE	MOU.POSCRRA20	(385,127)
510085	FY10 VEHICLES - NONFED	MOU.POSCRRA20	4,456
510086	FY10 VEHICLES - FED	MOU.POSCRRA20	28,865
510089	FY10 TVM REHAB & REPLACEMENT	MOU.POSCRRA20	139,074
510091	DESIGN REPL. SB INTERLOCKER	MOU.POSCRRA20	(3,025)
510092	UPGRADE ENG. & MICRO. SYS	MOU.POSCRRA20	(25,406)
510093	FACILITIES REHABILITATION	MOU.POSCRRA20	102,546
510094	MOW EQUIPMENT	MOU.POSCRRA19	209,132
510094	MOW EQUIPMENT	MOU.POSCRRA20	21,041
510097	FACILITIES REHAB - LOCAL	MOU.POSCRRA20	14,136
519310	VALLEY TNNL 25 TRACK REHAB	9400000000SCRRA29	731,320
520740	RIVER ATCS/PTC/CIS/BACKHAUL	MOU.9400000000SCRA2020 A1	118,085
585005	SEAT FOAM - FED	MOU.POSCRRA20	2,034
585008	ROLLING STOCK REHAB - TRACTION MTRS INSTALATION (NONFED)	MOU.POSCRRA17	862
585018	LOCO MAIN ENGINE OVRHL-FED	MOU.POSCRRA19	(128,440)
585018	LOCO MAIN ENGINE OVRHL-FED	MOU.POSCRRA20	(843,612)
585019	EVENT RECORDER-FED	MOU.POSCRRA20	316
585020	EVENT RECORDER-NONFED	MOU.POSCRRA20	128
585021	LEASED CARS FOR REHAB PROGRAM	MOU.POSCRRA20	8,119
585022	LOCO HEP ENGINE OVRHL-FED	MOU.POSCRRA20	(5,345)
585023	LOCO HEP ENGINE OVRHL-NONFED	MOU.POSCRRA20	(2,008)
585027	LOCO HVAC - NONFED	MOU.POSCRRA20	(62)
585029	CAR PAINT/BODYWORK - NONFED	MOU.POSCRRA20	413
585030	PUSHBCK COUPLR DESGN/PROT-FED	MOU.POSCRRA20	210
585031	LOCO ENGINE OVRHL-NONFED	MOU.POSCRRA20	50,717
585034	LOCO EXTERIOR PAINTING-NONFED	MOU.POSCRRA20	(145,812)
585035	LOCO AIR CMPRSSR OVRHL-NONFED	MOU.POSCRRA20	(2,269)
585036	PUSHBACK COUPLER PROTOTYPE	MOU.POSCRRA20	130
603002	PURCHASE/REBUILD USED LOCOS	MOU P0008231	63,362
604001	ROLLING STOCK PROCUREMENT	MOU.POSCRRA16	206,234
606001	50 VALIDATORS	MOU.POSCRRA16	(58,212)
611002	LOCO CAMERA SPARE PARTS	MOU.POSCRRA16	836
616003	TIER 4 #21-37	MOU.POSCRRA11	784,953
698001	18 NEW TICKET VENDING MACHINES	PRE 2002 CARRY-FORWARD	5,641
860465	CALTRANS-EMPIRE HOV STUDY	MOU.POSCRRA19	(432,102)
Total			\$ 4,617,059

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Schedule of LACMTA's Contribution to the Self Insurance Reserve
Year ended June 30, 2020

	<u>TOTAL</u>	<u>LACMTA</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SANBAG</u>	<u>VCTC</u>
Member insurance subsidy	\$ 14,158,355	\$ 7,326,497	\$ 3,370,051	\$ 1,397,512	\$ 1,616,002	\$ 448,293
Insurance expense						
Liability/Property/Auto	9,869,597	5,107,202	2,349,217	974,186	1,126,493	312,499
Claims/SI	2,303,388	1,191,930	548,265	227,358	262,903	72,932
Claims administration	366,760	189,786	87,298	36,201	41,862	11,613
Total insurance expense	<u>12,539,745</u>	<u>6,488,918</u>	<u>2,984,780</u>	<u>1,237,745</u>	<u>1,431,258</u>	<u>397,044</u>
Surplus	\$ <u>1,618,610</u>	\$ <u>837,579</u>	\$ <u>385,271</u>	\$ <u>159,767</u>	\$ <u>184,744</u>	\$ <u>51,249</u>

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Schedule of LACMTA's Allocation of Revenue from Right of Way – Security Cost
Year ended June 30, 2020

ROW Expenditures		
Right-of-Way security expenditures		\$ <u>2,522,964</u>
	Total expenditures	\$ <u><u>2,522,964</u></u>
Right-of-Way Security Invoiced		
Quarter 1		\$ 630,741
Quarter 2		630,741
Quarter 3		630,741
Quarter 4		630,741
	Total Right-of-Way Security Invoiced	\$ <u><u>2,522,964</u></u> *

* All invoices were submitted on June 2, 2020. These are currently under review by LACMTA.

COMPLIANCE MATRIX

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Compliance Matrix
Year ended June 30, 2020

	Compliance Requirement	In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
1	SCRRA submitted its FY 2019-2020 Budget on April 22, 2019 to the LACMTA and the other JPA member agencies of the SCRRA.	X				
1(b)	FY2019-20 Right of Way (ROW) Security funds, not to exceed \$2,522,962, was paid for additional ROW Security on all LACMTA owned right-of-way.	X				
1(b)i	ROW Security Patrol was staffed at the full time equivalent (FTE) level of 9.5 Los Angeles County Sheriff Department (LASD) deputy sheriffs.		X			See Finding #2020-001
1(b)ii	Non-Core Law Enforcement Services ROW Security was staffed at the FTE level of 9.5 deputies.		X			See Finding #2020-001
1(b)iii	SCRRA, LASD and LACMTA staff conducted a Quarterly Review Meeting. At each quarterly meeting, SCRRA and LASD provided LACMTA with a summary of incident reports, deployment schedules and a Los Angeles County mitigation plan to improve ROW security. SCRRA shall provide report outlining LASD performance and adherence to the SCRRA/LASD contract requirements.		X			See Finding #2020-002
1(b)iv	SCRRA reported the following monthly information: a. Percentage of time in LA County handling calls for service and engaged in proactive activity; b. Percentage of ROW enforcement hours in LA County vs all other Counties; c. Provided In-Service information on a weekly basis; d. Percentage of Industry Safe trespasser encampment reports handled within 48 hours; e. Number of Grade Crossing Operations with reported outcome; and f. Number of Street Car and VIPR operations with reported outcome.	X				

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Compliance Matrix
Year ended June 30, 2020

Compliance Requirement		In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
1(b)vi	SCRRA provided copies of Sheriff invoices and supporting documentation including reports on a quarterly basis.	X				
1(b)vi	SCRRA provided reconciliation report not later than October 31, 2020.	X				
1(b)viii	SCRRA ensured that LASD complied with all insurance requirements of the LASD/SCRRA contract.	X				
2	<p>Rehabilitation, renovation, and new capital funds in the amount of \$38,234,385 covering FY2019-20 and the first quarter of FY2020-21 (excluding \$118,055 LINK US Contributions) in Measure R 3% funds were paid for new projects approved and programmed for FY2019-20, as specified in Attachment A.</p> <p>SCRRA also submitted Expenditure Plan consistent with Attachment B.</p>	X				
3(a)	SCRRA submitted invoice with Quarterly Progress/Expenditure Report to LACMTA with sufficient back up documentation.	X				
3(b)	Aggregate SCRRA invoice does not exceed the FY2019-20 approved program combined with the FY2020-21 first quarter continuing resolution funding of \$5,000,000 for a not to exceed amount of \$38,352,440 unless additional funding authority has been provided by LACMTA.	X				
3(c)	SCRRA invoiced LACMTA no more than a total of \$35,000,000 excluding the designated deferred revenue funds.	X				

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Compliance Matrix
Year ended June 30, 2020

	Compliance Requirement	In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
3(d)	SCRRA and LACMTA staff conducted a quarterly rehabilitation / renovation and new capital review meeting. SCRRA submitted quarterly expenditure and reconciliation report of the FY2019-20 rehabilitation / renovation and new capital program with the percentage of completion of each project and project numbers.	X				
4	No FY 2019-20 LACMTA funds were used for previously funded projects except as provided in Article 6 of MOU No. SCRA2020.	X				
5	SCRRA provided LACMTA with a Quarterly Project Budget Reallocation (PBR) report detailing all PBR fund transfers by fiscal year MOU budget to include the project the funds were transferred from, the project the funds were transferred to, the status of the project after the PBR, what the revised budget is for each PBR project, expenditures to budget, and reason for the PBR transfer.	X				
6	SCRRA loaned or exchanged LACMTA funds: a. SCRRA and LACMTA agreed the exchange in writing. b. SCRRA ensured that traded funds were utilized for the designated purpose.			X		
7	SCRRA only utilized funding for the specific line items of the approved Operating Budget.	X				
8	SCRRA provided detailed schedule of all funds included in the Deferred Revenue account. The detailed schedule included a beginning balance by MOU and fund type, activities during the fiscal year by project, MOU and fund type (e.g., Proposition C, Measure R, Measure M, PTMSEA, etc.) and an ending balance.	X				

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2020
Compliance Matrix
Year ended June 30, 2020

	Compliance Requirement	In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
9	SCRRA established and maintained proper accounting procedures, controls, and documentations. SCRRA shall make records available in such a manner that LACMTA auditors can complete the draft FY 2019-20 audit by February 28, 2021.	X				
10	SCRRA complied with provisions of the JPA as amended.	X				
11	SCRRA indemnified, defended with counsel approved by LACMTA, and held harmless LACMTA, its directors, officers, employees and agents from all loss, expense, fines, claims, damages, actions, and liability of any nature whatsoever, without payment thereof by LACMTA, arising out of anything done or omitted to be done by SCRRA or SCRRA's presence on property owned by LACMTA, except where the indemnification relationship between the parties is governed by another agreement between the parties, excluding the JPA.	X				
12	SCRRA has submitted evidence of insurance to the satisfaction of LACMTA. SCRRA shall maintain, for the duration of this MOU, and/or shall require that SCRRA contractors maintain, levels of insurance coverage equivalent to existing coverage against claims for injuries to persons, or damages to property, which may arise from or in connection with SCRRA rail operations or construction by the SCRRA, its agents, representatives, employees, or subcontractors on LACMTA property.	X				
13	Invoices referencing MOU No. SCRA2020 shall be sent to the locations provided on the MOU.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding #2020-001: ROW Security Full Time Equivalent Level

Criteria

Article 1(b)(i) of MOU No. SCRA2020 states that, "ROW Security Patrol is to be staffed at the full time equivalent (FTE) level of 9.5 Los Angeles County Sheriff Department (LASD) deputy sheriffs."

Condition

SCRRA did not meet the required FTE Level of 9.5. Average FTE level reported between February 2020 to June 2020 is 8.84.

Cause

The SCRRA ROW Security Plan provided 9.5 FTE's, however due to the State of Emergency declared throughout the nation. SCRRA was unable to adhere to that plan in its entirety.

Effect

SCRRA is not in compliance with the requirements of article 1(b)(i) of MOU No. SCRA2020.

Recommendation

We recommend that SCRRA should implement a policy to strictly monitor the adherence of the responsible parties to the compliance requirements of the Memorandum of Understanding.

Management's Response

Management will work with finance to return the excess funds related to the 9.5 FTE requested versus the 8.84 FTE provided.

Finding #2020-002: ROW Security – LA County Mitigation Plan

Criteria

Article 1(b)(iii) of MOU No. SCRA2020 states that, “SCRRA, LASD and LACMTA staff shall conduct a ROW Security review meeting each quarter. At each quarterly meeting, SCRRA and LASD shall provide LACMTA with a summary of incident reports, deployment schedules and a Los Angeles County mitigation plan to improve ROW security. SCRRA shall provide report outlining LASD performance and adherence to the SCRRA/LASD contract requirements.”

Condition

SCRRA did not have a specific mitigation plan for Los Angeles County as part of the additional funds provided by LACMTA during the fiscal year 2019/2020.

Cause

The requirement for a specific mitigation plan for LA County only is not outlined in the Memorandum of Understanding.

Effect

SCRRA is not in compliance with the requirements of article 1(b)(iii) of MOU No. SCRA2020.

Recommendation

We recommend that SCRRA should implement a policy to strictly monitor the adherence of the responsible parties to the compliance requirements of the Memorandum of Understanding.

Management’s Response

Management does not concur with the finding. SCRRA provided all the required information as outlined by the MOU.

1. SCRRA’s ROW Mitigation Plan (Plan) outlines SCRRA’s efforts to secure the right of way to ensure our employees, contractors, and passengers’ safety. Each line is critical to our service and the mitigation efforts used on one section of the system could have substantial impacts to another. The concerns in Los Angeles County and the mitigations used to address these concerns are discussed throughout the document, specifically on pages 3-27 of the Plan.
2. LACMTA discontinued the Security MOU No. SCRA2020 on July 2020 and LACMTA has not developed a new MOU for FY2021. Therefore, any recommendations herein cannot be implemented by SCRRA moving forward.

Auditor Rejoinder

We understand that SCRRA has a Right of Way Security Mitigation Plan (Plan) that was provided to LACMTA Program Manager. However, the Plan is a systemwide plan and not an LA County specific plan. The requirement to submit the LA County specific mitigation plan was communicated by LACMTA to SCRRA in May 2019.

EXIT CONFERENCE

An exit conference was held on February 17, 2021 with SCRRA's representatives. Those in attendance were:

Vasquez & Company LLP representatives:

- Cristy Canieda – Partner
- Marielyn Labastilla – Audit Senior Manager
- Erica Ong – Audit Senior
- Arvee Flores – Audit Senior

LACMTA representatives:

- Shalonda Baldwin – Executive Officer, Administration
- Lauren Choi – Audit Senior Director
- Yvette Reeves – Planning Manager
- Monique Stevenson – Audit Manager

SCRRA representatives:

- Arnold Hackett – Chief Financial Officer
- Alex Barber – Senior Manager, Accounting
- Thelma Bloes – Senior Manager, Finance
- Elisabeth Lazuardi – Senior Manager, Internal Audit
- Andrew Hong – Senior Auditor, Internal Audit

Matters discussed:

Results of our examination disclosed instances of noncompliance with the Guidelines.

A copy of this report was forwarded to the following SCRRA representatives for comments prior to the issuance of the final report.

- Arnold Hackett – Chief Financial Officer
- Alex Barber – Accounting Manager
- Elisabeth Lazuardi – Senior Manager, Internal Audit
- Andrew Hong – Senior Auditor, Internal Audit
- Thelma Bloes – Senior Manager, Finance
- Donald Filippi – Chief Safety, Security & Compliance Officer



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