

**Metro™****PLANNING AND PROGRAMMING COMMITTEE
JUNE 16, 2004****SUBJECT: SCRRA FY 2004-05 ANNUAL WORK PROGRAM AND
REPROGRAMMING****ACTION: APPROVE WORK PROGRAM AND REPROGRAMMING****RECOMMENDATION**

- A. Approve the MTA's \$40,181,000 financial contribution to the FY 2004-05 Southern California Regional Rail Authority (SCRRA) Preliminary Budget (Attachment A) consistent with Board action on the MTA Budget on June 7th, 2004; and
- B. Approve the reprogramming of: 1) \$630,500 in FY 2001-02 SCRRA operations, rehabilitation and renovation funding to projects described in Attachment B; and 2) \$457,400 in FY 2002-03 operations, rehabilitation and renovation funding to projects described in Attachment C.

ISSUE

According to the SCRRA Joint Powers Agreement, the MTA and the other SCRRA member agencies must act upon their share of funding before the SCRRA Board of Directors can adopt a budget.

POLICY IMPLICATIONS

The Preliminary SCRRA Budget identifies rehabilitation and new capital projects, sets service levels, and establishes each member agency's share of costs. The Preliminary SCRRA Budget anticipates continuing the service levels from the current fiscal year. In addition to the MTA's share of funds identified for the SCRRA 2004-05 budget, MTA funding may be allocated through previous years' unused subsidy to implement a small (2%) service increase to address overcrowding by lengthening existing trains and adding two round trips on the San Bernardino Line. The service would be started on a one-year demonstration basis.

The MTA contribution falls within the funding levels established in the 2003 Short Range Transportation Plan. The operating contribution will increase by 2.37% over FY 2003-04, following the rate of inflation. The MTA share of SCRRA's rehabilitation and renovation budget is approximately \$2 million below the \$42,160,000 level of funding provided for in the

2003 Short Range Transportation Plan. The MTA has asked the SCRRA to budget the minimum rehabilitation funding needed to maintain the operating infrastructure in safe condition.

OPTIONS

The Board may elect not to allocate funding to expand capacity through lengthening trains and adding new service on the San Bernardino Line. Staff does not recommend this option, as the service enhancements are needed to continue to meet ongoing increases in patronage, and reduce congestion by providing a viable alternative to automobile commuters using highways parallel to Metrolink routes.

The Board may elect to program, as in past years, approximately \$20,000 for promotional trains. Staff does not recommend this alternative, as all funding identified for operations in the 2003 Short Range Transportation Plan for Los Angeles County is required for Metrolink's core operations.

FINANCIAL IMPACT

The MTA FY 2004-05 Proposed Budget includes the \$41,268,900 recommended for SCRRA in the Regional Subsidy Program. Of this amount, \$29,381,000 is for operations and \$10,800,000 is for rehabilitation and renovation as described in Tables 3.7 and 4.1-2 of Attachment A respectively. These two amounts are proposed to be funded using Proposition C 10% funds. Such funding has been identified in the FY 2004-09 Short Range Transportation Plan for Los Angeles County. The remaining amounts of \$630,500 from the FY 2001-02 SCRRA subsidy and \$457,400 from the FY 2002-03 subsidy are also included in the MTA FY 2004-05 Subsidies to Others Budget. However, these amounts would not impact MTA's ability to fund other projects or programs, as they are recommended for reprogramming from funds currently programmed to the SCRRA.

BACKGROUND

The Metrolink system provides regional passenger service between communities, employment centers and activity venues in Los Angeles County and the four surrounding counties of Ventura, Riverside, San Bernardino and Orange. SCRRA staff, in consultation with its Technical Advisory Committee which includes MTA staff representation, prepared the Preliminary Budget. The SCRRA Board approved the transmittal of the Preliminary Budget to the member agencies on April 23, 2004.

SCRRA's overall preliminary budget for FY 2004-05 totals approximately \$275.4 million. This consists of \$153.8 million for operations, rehabilitation and renovation, and \$121.5 million for capital expansion projects. The MTA contribution of \$40,181,000 is approximately 26% of the SCRRA Budget for operations, rehabilitation and renovation. The costs for these programs are

partially offset by farebox and other operating revenues, and the costs are shared with the other member agencies on a formula basis.

Formula Negotiations: MTA staff is in discussion with the other member agencies regarding the method for sharing the base operating costs. Base costs are those costs that do not vary directly with service, such as administration, overhead, and insurance. For the development of the FY 1998-99 SCRRA Budget, the formula for sharing these costs was fixed according to figures from FY 1996-97 and 1997-98. The formula has not been updated since that time, while MTA's share of each of the three statistics used to compute the formula has decreased. Thus, the MTA is pursuing an update of the base cost allocation formula, to reduce MTA's funding share and better reflect the way Metrolink service is distributed within the five member counties. An interim solution for FY 2004-05 has been arranged which allows MTA to limit the growth in its overall operating subsidy to Metrolink to the rate of inflation. Talks will continue to establish a set of statistics and weights, which can be updated automatically with the most recent year's actual data for the development of the FY 2005-06 Budget and future year budgets.

Summary of Operating and Cost Assumptions:

- Train Miles: Approximately 2.1 million revenue service miles will be operated, which represents approximately a 1.7% increase over actual FY 2003-04 mileage. The new service would increase this by an additional 2%, to approximately 2.14 million revenue service miles.
- Patronage: Average weekday and total ridership are projected to increase 6% from the FY 2003-04 Budget.
- Fare Increase: SCRRA is proposing a 4% fare increase, to go into effect July 1, 2004. This continues the pattern, over the last six years, of increasing the Metrolink fare by 4% every other year.
- Operating Expenses per Passenger Mile: The operating expense per passenger mile is projected at \$0.29, slightly less than the previous year, and significantly less than that of a solo automobile driver.
- Revenue Recovery: Farebox recovery is anticipated at 47%. Total Revenue Recovery, including dispatch and other operating revenues, is projected to equal 54 %.
- Service Additions: SCRRA is in negotiations with Seattle's Sound Transit to lease rolling stock as an interim measure while SCRRA's rolling stock procurement is underway. MTA funding may be allocated through previous years' unused subsidy to make a small (2%) increase to service to address overcrowding by leasing rolling stock to lengthen trains and add two new round trips on the San Bernardino Line. The service would be started on a one-year demonstration basis, pending the ridership performance of the line, and the ability of cost-sharing talks with the other member agencies to provide the savings necessary to support future operation of the additional service.

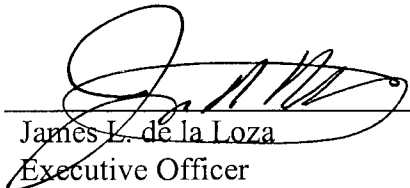
NEXT STEPS

The SCRRA Board is scheduled to adopt its Final FY 2004-05 Budget on June 25, 2004, and may adjust it subsequently to include the new service. MTA staff will continue to work with the member agencies on cost-sharing issues.

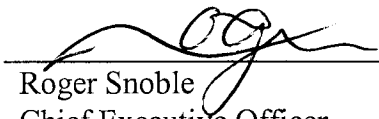
ATTACHMENTS

- A. FY 2004-05 SCRRA Preliminary Budget
- B. Proposed Reprogramming of FY 2001-02 Subsidy to SCRRA
- C. Proposed Reprogramming of FY 2002-03 Subsidy to SCRRA

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**SOUTHERN CALIFORNIA
REGIONAL RAIL AUTHORITY**

**PRELIMINARY
BUDGET
FISCAL YEAR
2004-05**

April 23, 2004



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 2004-05 BUDGET
 TABLE OF CONTENTS**

	Page #
Executive Summary of the Fiscal Year 2004-05 Budget	i
1.0 INTRODUCTION	1
1.1 SCRRRA Services	1
1.2 Organizational Summary	3
1.3 Evolution Of SCRRRA	4
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	11
2.5 Budget Assumptions	12
2.6 Summary of the FY 2004-05 Budget	15
2.7 Summary Total FY 2004-05 Budget Sources and Uses by Member Agency	15
2.8 Summary of FY 2004-05 Revenues	17
2.9 Summary of Operating and Capital Budgets by Expense Type	17
2.10 Summary of Operating and Capital Budgets by Department	20
2.11 Summary of FY 2004-05 Authorized Positions	20
3.0 OPERATING BUDGET	23
3.1 Performance Data	25
3.2 Summary of FY 2004-05 Statistics by Line	30
3.3 Components Of The Operating Budget	30
3.4 Operating Budget Assumptions	32
3.5 Summary of Revenues and Expenses by Operating Cost Component	34
3.6 Detail of Operating Budget	34
3.7 Summary of Revenue and Expenses by Member Agency	43
3.8 Maintenance-of-Way Budget	45
4.0 CAPITAL BUDGET	55
4.1 Rehabilitation/Renovation	57
Ongoing Rehabilitation/Renovation Projects	60
New Rehabilitation/Renovation Projects	68
4.2 New Capital	76

TABLE OF CONTENTS (Continued)

	Page #
5.0 GENERAL AND ADMINISTRATIVE BUDGET	81
5.1 General and Administrative Expenses	83
6.0 DEPARTMENT BUDGETS	87
6.1 Organizational Summary	89
6.2 Executive	92
6.3 Support Services and Technology	94
6.4 Operations	96
6.5 Engineering & Construction	98
6.6 Equipment	100
6.7 Communications & Development	102
6.8 Finance	104
7.0 APPENDIX	107
7.1 Formulae for Allocation to Counties	109
7.2 Formulae for Allocation to Lines	112
7.3 Allocation of Revenues	112
7.4 Allocation of Expenses	114
7.5 Potential New Projects for New Capital in FY 2004-05	114
7.6 SCRRA Policy on Debt	114
7.7 Statistical Information	116
7.8 Glossary of Budget Terms	118
7.9 Acronyms	119

LIST OF EXHIBITS/FIGURES/TABLES

Exhibit No.	Page #
1.1 Metrolink System Map	2
1.2 SCRRA Organizational Chart	5
Figure No.	
3.1 Annual Operating Data - FY 92-93 to FY 2004-05	26
3.2 Annual Operating Data - FY 92-93 to FY 2004-05	27
3.3 Operating Statistics - FY 92-93 to FY 2004-05	28
3.4 Operating Statistics - FY 92-93 to FY 2004-05	29
Table No.	
2.1 FY 2004-05 Budget Sources and Uses by Member Agency	16
2.2 Comparison of Revenues	18
2.3 Total Agency Expenditures by Expense Type	19
2.4 Comparison of Expenditures by Department	21
2.5 Comparison of Positions by Department	22

LIST OF TABLES (Continued)

	Page #	
3.1	FY 2004-05 Projected Statistics by Line	31
3.2	Service Assumptions for FY 2004-05	32
3.3	Revenue Train Miles for FY 2004-05	33
3.4	FY 2004-05 Operating Budget by Component	35
3.5	Projection of Ridership and Fare Revenues for FY 2004-05	37
3.6	Dispatching Revenue	38
3.7	Operating Subsidy Allocation by County	44
3.8	Maintenance-of-Way Revenue	47
3.9	FY 2004-05 Maintenance-of-Way Expenditures: Member Agency Shares	48
3.10	Maintenance-of-Way Budget: Maintenance Category Detail	49
4.1	Rehabilitation/Renovation Expenditures	61
4.2	New Capital Expenditures	77
5.1	General and Administrative Expenses by Expense Type	84
5.2	General and Administrative Expenses by Department	85
5.3	SCRRA FY 2004-05 Labor Distribution by Department	86
6.1	Listing of Current and New Positions and Staffing	90
6.2	Executive Department: Expenditures by Expense Type	93
6.3	Support Services & Technology Depart: Expenditures by Expense Type	95
6.4	Operations Department: Expenditures by Expense Type	97
6.5	Engineering & Construction Department: Expenditures by Expense Type	99
6.6	Equipment Department: Expenditures by Expense Type	101
6.7	Communications & Development Department: Expenditures by Expense Type	103
6.8	Finance Department by Expense Type	105
7.1	Formulae Used to Allocate Expenses by County	110
7.2	Formulae Used to Allocate Expenses by Line	113

EXECUTIVE SUMMARY

The Chief Executive Officer submits to the Southern California Regional Rail Authority (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. 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. The Fiscal Year (FY) 2004-05 SCRRA Budget permits the agency to continue to meet the challenges of increased ridership and demand for train services, as well as the need for capital improvements to accommodate rising levels of freight and passenger traffic on member agency-owned routes.

In FY 2004-05, the SCRRA celebrates its 12th year providing Metrolink commuter rail service in Southern California. Opening with three lines and 12 stations in October 1992, the SCRRA today operates service over 512 route miles on seven lines, serving 53 stations in six counties in Southern California: Ventura, Los Angeles, Orange, Riverside, San Bernardino and San Diego. In FY 1993-94, the SCRRA's first full year providing commuter rail service, the agency operated 708,000 revenue train miles. For FY 2004-05, the agency expects to operate 2,132,344 miles.

Like governments at all levels, the SCRRA faces a series of challenges in the development and implementation of the FY 2004-05 budget. Ever increasing demand for services, against a background of continued stagnation in the Southern California economy, coupled with the competing demands for the pool of available resources has required the agency to carefully examine its priorities in order to achieve a balanced budget while maintaining the highest standards our riders have come to expect.

The development of all SCRRA budgets are 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 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.”

As referenced above, the FY 2004-05 budget anticipates the operation of 2,132,344 revenue service miles, an increase of 1.7% over estimated actual FY 2003-04 mileage, with 142 weekday and 32 weekend trains, as well as the ongoing maintenance of over 337 track miles within the five counties represented by our Member Agencies.

The FY 2004-05 budget is made up of two principal components: the Operating Budget, consisting of Train Operations and Maintenance of Way, and the Capital Budget, 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.

The \$275.4 million FY 2004-05 budget consists of an Operating Budget of \$108.3 million, an increase of 4.9% from the FY 2003-04 Adopted Budget, and a Capital Program of \$167.1 million. The Operating Budget includes Train Operations of \$88.3 million and a Maintenance-of-Way (MOW) budget of \$20.0 million. The Capital Budget contains a Rehabilitation and Renovation Budget of \$45.5 million and a New Capital Budget of \$121.5 million in newly proposed and previously approved projects.

As it has since its inception, SCRRA continues to serve as a model agency for the practice of contracting out significant portions of its operational functionalities. The four largest contractual relationships of the agency, 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, constitute 43% of the total Operating Costs for upcoming fiscal year. As of FY 2004-05, the contract to provide operating train crews will enter its seventh and last year. The agency expects to complete, early in the summer of calendar 2004, the procurement process for the award of a new contract, effective July 1, 2005. The contract under which maintenance of rolling stock is performed is currently in the second year of a seven year term. Both contracts to provide maintenance services for the agency's Maintenance of Way program are in the fourth of five year terms.

Per the terms of the agency's contract for the provision of Operating Crews, the SCRRA is obligated to cover all actual costs incurred by the vendor without regard to cost escalation. The agency's agreements for Maintenance of Equipment, Maintenance of Track & Structures, and Maintenance of Signals & Communications all contain pre-determined cost escalation agreements. These ranges are based on the rates of growth in the Consumer Price Index (CPI-U) or the American Association of Railroads (AAR) Railroad Cost Index (AAR-RCI). Changes in these indices have resulted in the application of cost increases ranging from 3.5% to 4.9%.

The aggregate amount of expenses for third party service suppliers represents just over 85% of all costs of the Operating Budget, while the costs of SCRRA employees, through the payment of salaries and wages and fringes benefits, represent just under 15%.

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 project's approved 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. The policy of the SCRRA is to include only those projects for which funding has been secured.

The Operating Budget details both operating revenue (such as fare and maintenance-of-way revenues) as well as operating expenses. Average weekday and total ridership, including weekend services, is expected to increase 6.0% from the FY 2003-04 Budget. Farebox revenue is estimated at \$46.9 million, an 8% increase over the FY 2003-04 Budget. Included in the FY 2004-05 Budget is the assumption of a 4% across the board fare adjustment effective July 1, 2004. This adjustment to the agency's fare structure is estimated to generate an additional \$1.8 million in revenue for the year. Dispatching and other operating revenues are expected to increase 7.1% from the FY 2003-04 Budget to \$3.0 million. Of this amount, \$0.3 million is anticipated to be received from Amtrak as their contribution to the agency's Ticket Vending Machine upgrade and expansion. Maintenance-of-way revenues are estimated to increase 1.5% above the FY 2003-04 Budget to \$8.6 million.

Highlights of the FY 2004-05 Budget include:

- Operating expenses per train mile are expected to be \$50.57, a 5% increase from the Fiscal Year 2003-04 Budget.
- Operating expense per passenger mile is expected to equal \$0.29, a decrease of \$0.01.
- Subsidy per passenger mile decreases from \$0.14 to \$0.13.
- Operating subsidy per rider declines from \$5.25 to \$5.07, a 3% decline.
- Revenue recovery is projected to equal 54%, an exceptional amount relative to other transit properties.
- Farebox recovery is expected to equal 47%.
- Total Revenue Train Miles will be 0.6% lower in FY 2004-05 than levels adopted in the FY 2003-04 Budget as a result of not introducing one additional round trip on the IEOC assumed in the budget.

The principal determinant of agency operating expenses are levels of service, the associated equipment maintenance and support requirements, underlying labor inflation in the agency's largest service contracts, and the levels of effort of the agency's maintenance of way program

Member agency contributions to the Operating Budget are projected to total \$49.8 million. This figure represents a 2.37% increase over the FY 2003-04 Adopted Budget. By agreement among the Member Agencies, each member has equally increased their FY 2003-04 contribution amount by 2.37%.

The Capital Budget (Rehabilitation/Renovation and New Capital) for FY 2004-05 continues several important New Capital projects to more efficiently operate passenger (Metrolink and Amtrak) and freight services on member agency owned routes. New Capital projects are only those with approved funding. These projects include:

- The award of a contract for the procurement of new rolling stock
- The start of construction of double tracking a portion of the Orange County Line.
- The initial design of a new Eastern Area Maintenance Facility including the potential acquisition of property.
- The upgrade of platform lighting at Los Angeles Union Station.
- The installation of replacement concrete ties in the I-10 corridor.
- The completion of the installation of next generation Ticket Vending Machines (TVMs).

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.

The FY 2004-05 Budget proposes no new positions. During FY 2003-04, the Passenger Services Division of the Operations Department underwent a significant reorganization for the purpose of consolidating the existing core of part time positions and converting to a simpler organizational reporting structure. The net effect on the budget was to reduce the number of authorized positions by 13, from 213 as approved in the FY 2003-04 Budget to 200 as proposed.

Agency and departmental goals continue to focus on building an organizational infrastructure to support the increased long-term operations and administrative functions.

Agency goals also address the following needs:

- Continued growth in revenue and preparation for the implementation of a revised Fare Policy
- Continued improvements in service quality and safety
- A continued strategic planning effort to set a course to meet long-term ridership and service projections, particularly as it relates to the coordinated planning by and among our members.
- Continued pursuit of federal and state funding
- Stronger alliances with station city stakeholders
- Viability of connecting services/ complementary connecting services

The proposed FY 2004-05 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. In its 12th 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.

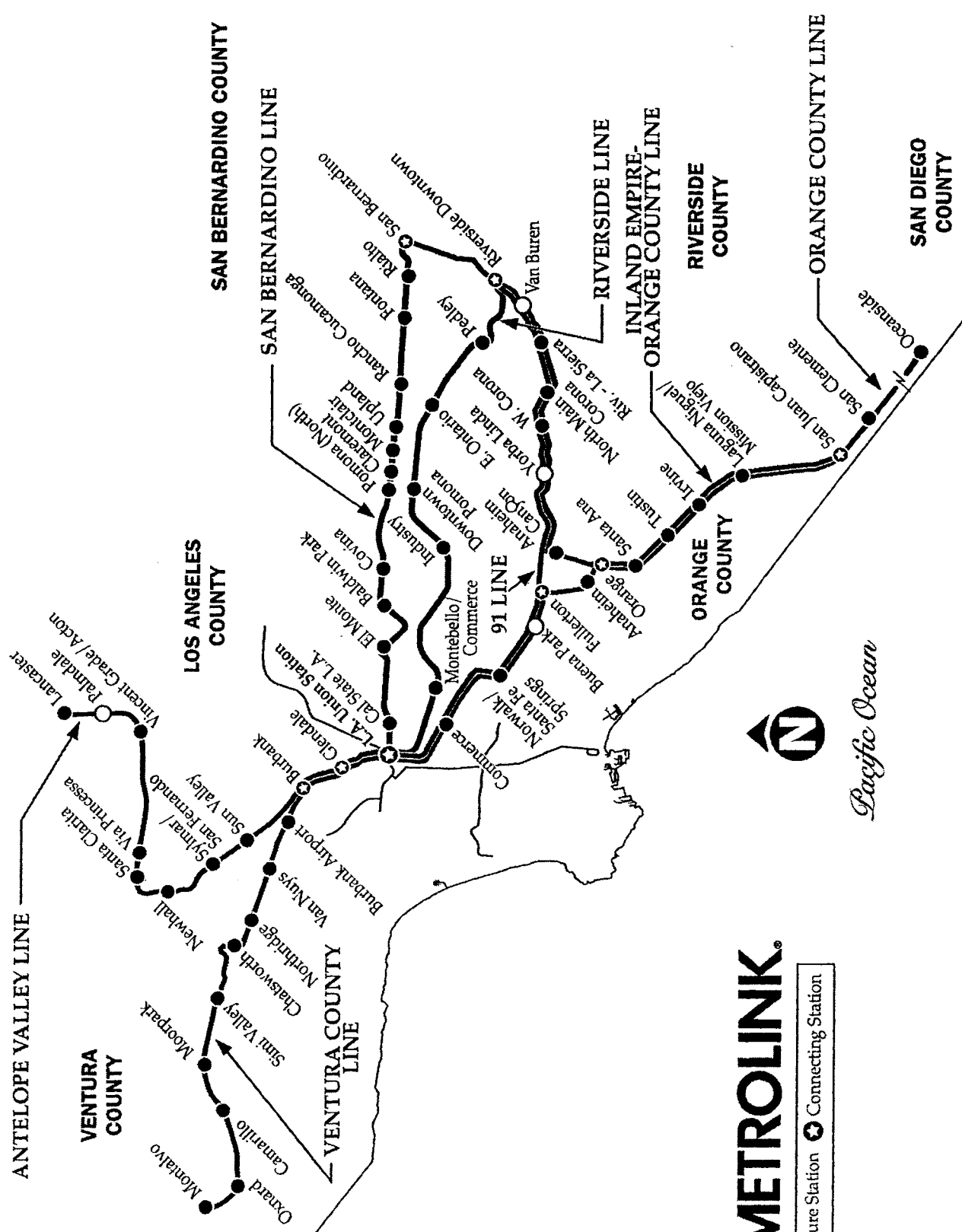
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

FY 2004-05 BUDGET

1.0 INTRODUCTION

1.1 SCRRA Services

The SCRRA is a joint powers authority created to plan, design, build and operate the Metrolink commuter rail service in the Southern California region. Metrolink provides service on 7 routes to 53 stations over 514 route miles. The system map is provided in Exhibit 1.1. Metrolink expects to operate 142 trains each weekday, and average weekday ridership is projected to total almost 37,000 one-way trips in Fiscal Year 2004-05. Saturday service is provided on the San Bernardino and Antelope Valley Lines, and Sunday service is provided on the San Bernardino Line. In Fiscal Year 2004-05, total rolling stock available will be 38 locomotives and 143 commuter rail cars including 38 Cab Cars and 105 passenger cars. In addition to operating commuter rail service, SCRRA dispatches and maintains in excess of 60% of the territory over which it operates. On a daily basis, SCRRA currently dispatches 142 Metrolink trains, up to 34 Amtrak intercity trains between Moorpark and San Diego, 22 NCTD operated Coaster trains, and between 80 and 90 freight trains. SCRRA is also responsible for the maintenance of right-of-way owned by SCRRA member agencies that extends over 337 track-miles. SCRRA's Capital Program includes ongoing rehabilitation/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.



METROLINK

○ Future Station ● Connecting Station



Pacific Ocean

1.2 Organizational Summary

The SCRRA Board, as of May 1, 2004, consists of the following eleven voting members:

Agency	Votes	Members	Alternates
San Bernardino Associated Governments (SANBAG)	2	Bill Alexander (Chair) Mayor, City of Rancho Cucamonga Paul Eaton Mayor, City of Montclair	Judith Valles* Mayor, City of San Bernardino Kelly Chastain* Mayor Pro Tem, City of Colton
Orange County Transportation Authority (OCTA)	2	Art Brown (Vice Chair) Council Member , City of Buena Park Thomas W. Wilson Supervisor, County of Orange	Charles V. Smith* Supervisor, County of Orange
Los Angeles County Metropolitan Transportation Authority (LACMTA)	4	Hal Bernson Appointed by LACMTA Michael Antonovich Supervisor, County of Los Angeles Don Knabe Supervisor, County of Los Angeles Larry Zarian Appointed by LACMTA	Francine Oschin Appointed by LACMTA Robert T. Bartlett Appointed by LACMTA Frank Roberts Mayor, City of Lancaster Beatrice Proo Mayor, City of Pico Rivera
Riverside County Transportation Commission (RCTC)	2	Ron Roberts Council Member, City of Temecula Frank West Council Member, City of Moreno Valley	John Chlebnik* Council Member, City of Calimesa Ameal Moore* Council Member, City of Riverside
Ventura County Transportation Commission (VCTC)	1	Bill Davis Mayor, City of Simi Valley	Brian Humphrey VCTC Commission Member

* Alternates represent either member

Ex-officio members of the SCRRA

Agency	Members	Alternates
Southern California Association of Governments (SCAG)	Richard Dixon Council Member, City of Lake Forest	
San Diego Association of Governments	Julianne Nygaard Council Member, City of Carlsbad	
The State of California Department of Transportation (Caltrans)	Sunne Wright McPeak , Secretary, Business, Transportation and Housing Agency	Doug Failing Director – District 7, Caltrans

Exhibit 1.2 provides the organizational structure of the SCRRA.

The seven departments of the SCRRA are:

- Executive: David Solow, Chief Executive Officer
- Support Services and Technology: Steve Wylie, Assistant Executive Officer
- Operations: John Kerins, Director
- Engineering & Construction: Michael McGinley, Director
- Equipment: William Lydon Jr., Director
- Communications and Development: Stephen Lantz, Director
- Finance: Mark Dubeau, Director

The proposed FY 2004-05 Budget of the SCRRA includes 200 authorized positions. During FY 2003-04, the Passenger Services Division of the Operations Department underwent a significant reorganization for the purpose of consolidating the existing core of part time positions and converting to a simpler organizational reporting structure. The net effect on the budget was to reduce the number of authorized positions by 13, from 213 as approved in the FY 2003-04 Budget to 200 as proposed. A complete roster of agency positions is listed in Table 6.1.

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 included 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.

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

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

Organizational Reporting Structure Departments and Divisions

As of June 30, 2004

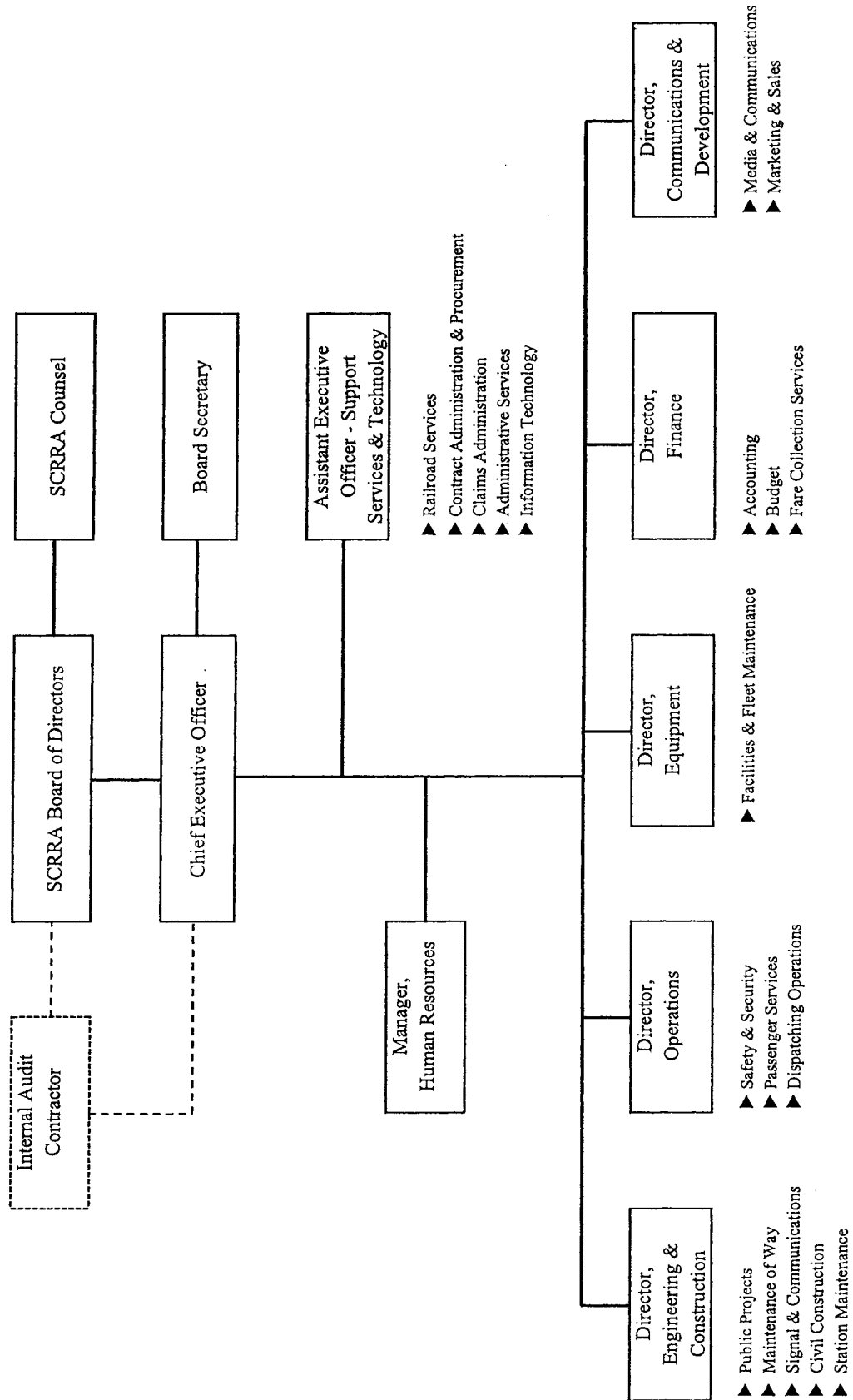


EXHIBIT 1.2

In its twelfth 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.

1.4 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 Powers Agreement that founded the SCRRA, the Chief Executive Officer is 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. 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. If a Budget is not approved by June 30th, the Board will approve a continuing Operating Budget resolution 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 contains 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.

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 Approved, 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 to the budget plan.

2.2 Accounting Methodology

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.

2.3 Budget Components

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

- 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/Renovation projects – These are projects that extend the life of existing capital assets such as 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 2004-05.
- 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

Under the terms of the Joint Powers Agreement 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 the fiscal year 2003-04, an effort was made to revise and update many

of the underlying allocation formulas. However, this effort was unable to achieve consensus on the implementation of a revised set of formula allocations in time for the development of the FY 2004-05 Budget. While SCRRA and Member Agency staff will continue to work through the summer of calendar 2004, for purposes of the FY 2004-05 budget, each member has agreed to a fixed increase of 2.37% over their individually adopted FY 2003-04 contributions.

An additional change relates to the treatment of expenditures within the SCRRA's Rehabilitation and Renovation program. 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 is 88, as of June 30, 2003.

2.5 Budget Assumptions

Operating Budget

The primary operating budget objective 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 337 track miles in the five county area.

The FY 2004-05 budget assumes no new services will be provided beyond the current level of operation. The agency is currently at maximum utilization of available rolling stock. The agency is continuing to pursue additional rolling stock in both the short and long term. The agency is anticipating the approval of a planned procurement of up to 31 additional vehicles. The SCRRA is further attempting to address short term ridership increases through the potential lease of

available equipment from another commuter rail operator. If funding and terms can be successfully negotiated, up to 14 additional pieces of equipment may be available for a two year period beginning July 1, 2004 and ending June 30, 2006. The agency will incorporate these costs through an amendment to the budget when they are available.

For FY 2004-05, total systemwide service levels assume 142 weekday trains operating on seven lines, and 32 weekend trains operating on two lines. Total revenue Train Miles are expected to equal 2.132 million miles, a decrease of 0.6% over FY 2003-04 budget. A planned round trip, Riverside to Irvine, anticipated in the FY 2003-04 Budget was not implemented. The balance of service introduced in FY 2003-04 is included and annualized to accommodate full year operation. These services included new peak weekday service on the San Bernardino Line and extensions of current trains on the Ventura County Line.

Also included in the FY 2004-05 Budget is the continuation of the highly successful "Rail to Rail" program begun in September 2002. This award winning program in which the SCRRA, Amtrak, and CALTRANS have 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. An additional 1,190 daily riders utilize this service to supplement their travel on the Orange County and Ventura County Lines.

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/Renovation programs at sufficient intervals to prevent the needed repairs or replacements from overwhelming the Operating Budget.

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/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.

Revenues

Operating revenues include farebox, dispatching and maintenance-of-way revenues, interest, other minor miscellaneous revenues, and are expected to grow in FY 2004-05 to \$58.5 million, an increase of \$3.9 million, or 7% over FY 2003-04.

Metrolink fares are assumed to increase 4% for the Fiscal Year beginning July 1, 2004. The

policy of the agency has been to adjust the fare structure on a biannual basis in relatively small increments so as to avoid the imposition of large scale changes on our passengers, and allow the underlying fare revenue growth to more closely mirror the general level of price inflation in the Southern California area.

In FY 2003-04, the agency developed and approved a Fare Policy restructuring plan. The current fare structure is based on a zone basis under which a passenger's fare is determined by the number of fare zones traveled. The new policy is to be based on a station to station driving distance basis. SCRRA believes that new policy will result in a more equitable fare payment methodology in which all travel, regardless of actual point to point destination, will be comparably priced. This policy is to be implemented beginning on July 1, 2005 and will be fully phased in over a ten year period.

Average weekday ridership is projected to total 36,947 an increase of 3.3% over the FY 2003-04 Budget. Total ridership, including all weekend services, is expected to increase 6% from the FY 2002-03 Budget. The FY 2004-05 budget assumes 258 weekday operating days versus 256 in FY 2003-04. The basis of fare revenue calculations is the assumed level of ridership and projected revenue per rider. These variables are estimated on the basis of current and prior years, and are projected by line. The resulting Farebox Revenue is projected increase to \$46.9 million or 8% over the FY 2003-04 Budget. The projection of fare revenues includes the annual 25% reduction 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 increase from the current budget to \$2.7 million. An additional \$35,000 is estimated to be secured through the utilization of sponsorship partnerships for SCRRA special trains, primarily the Holiday Toy Express. Further contributions from Amtrak to support certain Ticket Vending Machine (TVM) functionality are expected to add an additional \$283,155. Maintenance of Way revenues are estimated to increase to \$8.6 million or 2% above the FY 2003-04 Budget. The increase is attributable primarily to the indexing of costs under various operating agreements for cost recovery purposes.

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 -	\$ 69.4 million
State Funds -	20.7 million
Member Agency Funds -	75.1 million
Third Party Participation -	0.4 million
Other Local Funds -	<u>1.4 million</u>
Total	\$ 167.0 million

Expenses

The major driving factors in projecting operating expenses, as referenced above, are service levels and the maintenance of equipment and rights-of-way requirements of the agency. Underlying cost-of-living increases ranging from 3% to 5%, included in multi-year service contracts, are also factored into the overall cost structure of the SCRRA. In the FY 2004-05 proposed budget, higher costs result from significant increases in the cost elements required to conduct ongoing operations. Increases in the costs of Direct Operations, Fuel, Dispatching payments to other railroads, and contracted MOW expenses are expected to collectively exceed 8%. Given the conservative estimates of increases in available revenues and Member Agency subsidies, great review has been given to all areas of the budget to ensure the SCRRA's ability to meet these ongoing operating requirements. Several areas have been reduced from, or held constant at, levels included in FY 2003-04. In order to achieve a balanced budget, a number of actions were required. All four of the principal operating contracts have been subject to a reduction of some magnitude. Under the Train Crews contract with Amtrak, one management position has been eliminated, a savings of \$100,000. The Maintenance of Equipment budget for Parts and Materials has been restricted by \$250,000. Within the Maintenance of Way program, a total of 7 positions have been eliminated from the contracts under which services are provided. An additional cost savings strategy is the potential requirement of staff participation in the cost of medical insurance premiums. The budget also assumes a savings of \$250,000 from the level the agency would have otherwise projected given historic trends in the costs of medical insurance. Upon final receipt of cost and plan design from the agency's provider, CALPERS, a plan will be submitted to the Board for approval and would become effective January 1, 2005. Finally, a merit increase pool of 3% is assumed, the same level as in FY 2003-04.

2.6 Summary of the FY 2004-05 Budget

The FY 2004-05 combined Metrolink Budget is \$275.4 million. The Operating Budget is \$108.3 million and includes train operations at \$88.3 million and maintenance-of-way at \$20.0 million. The Rehabilitation/Renovation Budget is \$45.5 million and includes \$21.9 million in previously approved but uncompleted projects (carry-forward projects) and \$23.6 million in new projects for FY 2004-05. The New Capital Budget includes \$121.5 million in new and outstanding project authority.

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 2004-05 Budget. As funds become available, these projects will be amended into the budget.

2.7 Summary Total FY 2004-05 Budget Sources and Uses by Member Agency

Table 2.1 provides a summary of the FY 2004-05 Budget revenues and expenditures by member agency. Revenues are separated into Local Funds for Operating and Capital; Other Operating Revenues that include Farebox Revenue, Miscellaneous Operating Revenues (principally Dispatching), and Maintenance-of-Way Revenues; and Other Capital Revenues which include

TABLE 2.1

FY 2004-05 BUDGET SOURCES AND USES BY MEMBER AGENCY
(\$000s)

Operating Budget	Total Available	% of Total	FA/GOVA	OCFA	OCFA	OCFA	OCFA
Local Funds For Operating	\$49,843.4	46.0%	\$29,380.7	\$8,492.4	\$3,128.8	\$5,149.0	\$3,692.5
Operations	38,470.4	35.5%	23,135.0	5,850.7	2,919.9	3,530.2	3,034.6
Maintenance-of-Way	11,373.0	10.5%	6,245.6	2,641.7	208.9	1,618.8	658.0
Other Operating Revenues	\$58,491.1	54.0%	\$31,568.3	\$12,466.0	\$3,921.8	\$8,166.0	\$7,369.1
Farebox Revenue	46,898.9	43.3%	24,659.5	9,623.6	3,871.6	7,108.9	1,635.2
Miscellaneous Operating Revenues	2,978.9	2.7%	1,651.0	896.2	50.1	118.6	263.0
MOW Revenues	8,613.4	8.0%	5,257.8	1,946.2	0.0	938.5	470.9
Total Available Source for Operating	\$108,334.5	100.0%	\$60,949.0	\$20,958.6	\$7,050.6	\$13,315.5	\$11,062.0

Total Operating Expenditures	Total Available	% of Total	OCFA	OCFA	OCFA	OCFA
Operating Expenditures (Excludes MOW)	88,348.2	81.6%	49,445.5	16,370.5	6,841.7	10,757.7
Maintenance-of-Way	19,986.3	18.4%	11,503.4	4,587.9	208.9	2,557.3
Total Operating Expenditures	\$108,334.5	100.0%	\$60,949.0	\$20,958.6	\$7,050.6	\$13,315.5

Capital Budget	Total Available	% of Total	FA/GOVA	OCFA	OCFA	OCFA	OCFA
Local Funds For Capital	\$75,107.8	45.0%	\$63,186.5	\$8,428.2	\$8.7	\$3,319.4	\$165.1
New Capital	52,530.8	31.4%	43,629.6	6,763.2	8.7	1,964.3	165.1
Rehabilitation/Renovation	22,577.0	13.5%	19,556.9	1,665.0	0.0	1,355.1	0.0
Other Capital Revenues	\$91,955.2	55.0%	\$595.5	\$36,218.4	\$10,656.9	\$18,321.7	\$3,519.3
Interest on Lease Proceeds	530.0	0.3%	0.0	-	-	-	530.0
Other Local Funds	917.0	0.6%	-	-	-	-	917.0
State Funds	20,690.0	12.4%	68.3	19,170.3	-	-	420.8
Federal funds	69,430.9	41.6%	527.2	17,048.1	10,656.9	18,321.7	3,098.5
Amtrak Funds	0.0	0.0%	-	-	-	-	-
UPRR Funds	387.3	0.2%	-	-	-	-	-
Total Available Source for Capital	\$167,063.0	100.0%	\$63,782.0	\$44,646.6	\$10,665.6	\$18,321.7	\$3,519.3

Total Capital Expenditures	Total Available	% of Total	OCFA	OCFA	OCFA	OCFA
New Capital	121,540.6	72.8%	44,225.1	32,213.2	9,424.7	14,115.5
Rehabilitation/Renovation	45,522.5	27.2%	19,556.9	12,433.3	1,240.9	7,525.6
Total Capital Expenditures	\$167,063.0	100.0%	\$63,782.0	\$44,646.6	\$10,665.6	\$18,321.7

Total Proposed Expenditures	Total Available	% of Total	OCFA	OCFA	OCFA	OCFA
Operating Expenditures (Excludes MOW)	88,348.2	81.6%	49,445.5	16,370.5	6,841.7	10,757.7
Maintenance-of-Way	19,986.3	18.4%	11,503.4	4,587.9	208.9	2,557.3
Total Proposed Expenditures	\$108,334.5	100.0%	\$60,949.0	\$20,958.6	\$7,050.6	\$13,315.5

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.

2.8 Summary of FY 2003-04 Revenues

Table 2.2 shows the projected revenues for the FY 2004-05 SCRRA Budget and compares these with actual revenues for FY 2001-02 through the FY 2004-05 Budget.

- Actual farebox revenues have increased each year. FY 2004-05 reflects an 8% increase over the Adopted FY 2003-04 Budget.
- Dispatching/Other Revenues include fees for dispatching freight, Amtrak intercity, and NCTD Coaster trains, and a contribution from Amtrak for the new TVM program, and are estimated to equal \$3.0 million, an increase of 7% from the FY 2003-04 Budget.
- 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 \$8.6 million or 1.5% above the FY 2003-04 Budget.

Local funds from the five member agencies for the Operating Budget vary from year to year. Actual Local funds in FY 2001-02 were \$41.7 million, increased to \$46.0 million in FY 2002-03, were projected to be \$48.7 million in the FY 2003-04 Budget, and are proposed to equal \$49.8 million in FY 2004-05. This figure represents a 2.4% increase over the FY 2003-04 Budget. By agreement among the Member Agencies each member contribution has been increased by an across the board increase of 2.37%.

Revenues for New Capital and Rehabilitation/Renovation include state and federal grants, interest on lease proceeds, and railroad and local funds. Projects are included in the Budget based upon the availability of these funds. The Capital Budget represents 60% of the total FY 2004-05 Budget authority.

Dependent upon the availability of state and federal funds (principally for capital), local Member Agency revenues and contributions are estimated to be 45% of total revenues the FY 2003-04 Budget.

2.9 Summary of Operating and Capital Budgets by Expense Type

Table 2.3 provides a summary of projected expenditures for FY 2004-05 by summary expense

TABLE 2.2

**COMPARISON OF REVENUES
(\$000s)**

	FY 2001-02 Budget	FY 2001-02 Actual	FY 2001-02 Budget	FY 2001-02 Actual	FY 2001-02 Budget	FY 2001-02 Actual	FY 2001-02 Budget	FY 2001-02 Actual	Change from Budget
Operating Revenues									
Farebox	\$37,816.6	\$37,589.7	\$41,901.0	\$41,682.7	\$43,300.1	\$46,898.9			8.31%
Dispatching/Other	2,438.0	2,537.7	2,810.0	3,128.4	\$2,780.6	\$2,978.9			7.13%
Maintenance-of-Way	7,523.4	7,911.8	8,262.3	8,147.1	8,488.1	8,613.4			1.48%
Local Funds for Operating	43,896.1	41,709.5	45,712.3	46,026.3	48,689.4	49,843.4			2.37%
Subtotal Operating Revenue	\$92,674.0	\$89,748.8	\$98,685.5	\$99,984.5	\$103,258.2	\$108,334.6			4.95%
Percent of Total Revenues	58.8%	60.2%	58.2%	67.0%	67.0%	67.2%			

Capital Revenues									
State	\$68,651.5	\$18,469.7	\$50,096.8	\$25,051.3	\$31,537.8	\$20,690.0			(34.40%)
Federal	43,753.2	25,656.6	43,254.6	12,507.0	71,222.4	69,430.9			(2.52%)
Interest on Lease Proceeds	1,000.0	579.2	1,000.0	704.8	1,798.0	530.0			(70.52%)
Union Pacific Railroad/BNSF	1,319.0	0.0	1,088.1	580.5	999.4	387.3			(61.25%)
Amtrak	941.0	203.2	1,189.0	0.0	939.0	0.0			(100.00%)
Local Funds for Capital	29,088.3	14,549.1	23,081.0	9,980.9	63,092.0	76,024.9			20.50%
Subtotal Capital Revenue	\$144,753.0	\$59,457.8	\$119,709.5	\$48,824.6	\$176,586.6	\$146,963.1			(17.09%)
Percent of Total Revenues	61.2%	39.8%	41.8%	33.0%	33.0%	32.8%			

Total Revenues	\$237,427.0	\$149,206.6	\$218,395.0	\$148,809.1	\$229,844.8	\$255,297.7			11.9%
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Local Revenues as Percent of Total	10.9%	6.7%	6.9%	6.9%	10.2%	10.2%			
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TABLE 2.3

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

Operating Budget (Including MOW)	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	% of FY 04-05 Budget
Labor	\$7,286.9	\$10,530.0	\$11,590.5	\$12,301.1	11%
Purchased Transportation	35,307.7	37,599.6	37,646.0	39,106.2	36%
Services	15,791.4	16,687.7	17,044.7	17,808.8	16%
Utilities/Leases	2,881.1	2,479.1	2,566.6	2,484.9	2%
Maintenance-of-Way	13,294.5	13,820.8	14,383.2	15,018.5	14%
Insurance & Liability	3,836.4	5,038.0	6,470.0	6,895.0	6%
Other Expenses	5,555.0	7,761.0	7,219.3	8,251.2	8%
Indirect Agency Transfer to Operating	5,795.8	7,118.0	6,338.0	6,468.7	6%
Subtotal Operating Budget	\$89,748.8	\$101,034.2	\$103,258.2	\$108,334.5	100%

Capital Budget	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	% of FY 04-05 Budget
Labor	\$1,373.7	\$1,740.8	\$1,710.2	\$1,983.1	1%
Services	828.7	3,373.8	156.0	178.0	0%
Utilities/Leases	0.0	0.0	0.0	0.0	0%
Capital	56,001.6	44,271.6	166,728.0	163,777.6	98%
Other Expenses	170.6	91.8	4.2	79.9	0%
Indirect Agency Transfer to Capital	1,083.1	1,239.3	990.2	1,044.4	1%
Subtotal Capital Budget	\$59,457.8	\$50,717.3	\$169,588.6	\$167,063.0	100%

Total SCRRA	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	% of FY 04-05 Budget
Labor	\$8,660.6	\$12,270.8	\$13,300.8	\$14,284.2	5%
Purchased Transportation	35,307.7	37,599.6	37,646.0	39,106.2	14%
Services	16,620.1	20,061.6	17,200.7	17,986.8	7%
Utilities/Leases	2,881.1	2,479.1	2,566.6	2,484.9	1%
Maintenance-of-Way	13,294.5	13,820.8	14,383.2	15,018.5	5%
Insurance & Liability	3,836.4	5,038.0	6,470.0	6,895.0	3%
Capital	56,001.6	44,271.6	166,728.0	163,777.6	59%
Other Expenses	5,725.6	7,852.8	7,223.5	8,331.2	3%
Indirect Agency Support Transfer	6,878.9	8,357.3	7,328.1	7,513.1	3%
Total SCRRA Budget	\$149,206.6	\$151,751.5	\$272,846.8	\$275,397.5	100%

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 type, 59%, followed by Purchased Transportation, 14%. Reflecting further that the SCRRA contracts out the a majority of the services included in the budget, Agency Labor, makes up 5% of the total budget and 11% of the Operating Budget. Within the Operating Budget, Purchased Transportation makes up 36%, Services make up 16%, and Maintenance-of-Way is 14% of the total.

2.10 Summary of Operating and Capital Budgets by Department

Table 2.4 provides a summary of projected expenditures for FY 2004-05 by Department.

2.11 Summary of FY 2004-05 Authorized Positions

Table 2.5 provides a summary of the FY 2004-05 the total proposed positions by department and compares this total with the authorized levels of FY 2000-01 through FY 2003-04. During FY 2003-04, the agency decreased its authorized position count by 13 as a result of the reorganization of the Passenger Services Division within the Operations Department.

In FY 2004-05, no new positions are proposed. Total staffing is expected to equal 200 Board authorized positions.

TABLE 2.4

COMPARISON OF EXPENDITURES BY DEPARTMENT
(\$000s)

Operating Budget (including MOU)	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Executive	\$1,720.1	\$1,859.8	\$2,153.1	\$2,238.4	4%
Support Services & Technology*	13,145.1	15,096.4	15,995.1	16,862.8	5%
Operations	29,471.9	31,316.3	33,567.0	34,494.4	3%
Engineering & Construction	17,832.7	18,624.8	18,163.3	18,416.8	1%
Equipment	19,991.6	25,350.4	24,289.1	25,890.3	7%
Communications & Development	3,695.5	4,159.2	4,514.6	5,193.4	15%
Finance	3,891.9	4,627.3	4,576.0	5,238.3	14%
Total Expenses	\$89,748.8	\$101,034.2	\$103,258.2	\$108,334.5	5%

Capital Budget	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Executive	\$197.1	\$201.0	\$159.8	\$170.5	7%
Support Services & Technology	842.2	983.5	941.5	1,849.4	96%
Operations	68.7	37.9	0.0	0.0	-
Engineering & Construction	38,791.7	42,816.0	70,225.1	71,102.0	1%
Equipment**	18,550.0	3,874.0	89,697.2	87,341.3	(3%)
Communications & Development	32.6	75.0	37.8	84.8	124%
Finance	975.4	2,729.8	8,527.2	6,515.1	(24%)
Total Expenses	\$59,457.8	\$50,717.3	\$169,588.6	\$167,063.0	(1%)

SCRRA Budget	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Executive	\$1,917.2	\$2,060.8	\$2,312.9	\$2,408.9	4%
Support Services & Technology	13,987.3	16,079.9	16,936.6	18,712.2	10%
Operations	29,540.6	31,354.1	33,567.0	34,494.4	3%
Engineering & Construction	56,624.5	61,440.9	88,388.4	89,518.8	1%
Equipment	38,541.5	29,224.3	113,986.3	113,231.6	(1%)
Communications & Development	3,728.1	4,234.3	4,552.4	5,278.2	16%
Finance	4,867.3	7,357.2	13,103.2	11,753.4	(10%)
Total Expenses	\$149,206.6	\$151,751.5	\$272,846.8	\$275,397.5	1%

* Support Service and Technology includes the expenditure of Insurance Premiums and Claims.

** The Equipment Department increases as a result of the planned receipt of additional rolling stock funding.

TABLE 2.5
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY 2004-05 BUDGET
COMPARISON OF POSITIONS BY DEPARTMENT

Department	FY 2000-01	FY 2001-02	FY 2002-03 (1)	Adopted FY 2003-04	Amended FY 2003-04 (2)	Total FY 2003-04	Proposed FY 2004-05
Executive	6	7	8	8		8	8
Support Services and Technology Operations	23	27	31	31		31	31
Engineering and Construction Equipment	24	32	58	58	12	70	70
Communications and Development	36	36	36	36		36	36
Finance	7	7	7	11		11	11
	17	18	20	20		20	20
	23	24	24	24		24	24
Subtotal	137	151	184	188	12	200	200
Ambassadors - Full Time	7	3	3	3	-3	0	0
Ambassadors - Part Time	25	22	22	22	-22	0	0
Total Positions	169	176	209	213	-13	200	200

1) In Fiscal Year 2002-03, the increase included the planned addition of 25 Dispatching personnel, plus one Administrative Assistant
 2) In Fiscal Year 2003-04, the Passenger Services Division within the Department of Operations underwent a significant reorganization. The table below lists the positions of the division as well as the implemented changes in position structure

FY 2003-04 Passenger Services Reorganization Position Title	FY 2003-04 Authorized	Reorganization Changes	FY 2003-04 Amended Total
Manager, Passenger Services	1	0	1
Administrative Assistant	1	0	1
Customer Relations Manager	1	0	1
Passenger Connections Administrator	1	0	1
Passenger Services Administrator	1	0	1
Passenger Services Manager	1	-1	0
Passenger Services Supervisor	1	-1	0
Lead Customer Service Representative	2	2	4
Customer Service Representative	5	4	9
Station Coordinator	3	-3	0
Transportation Coordinator	3	-3	0
Field Services Representative	4	10	14
Ambassadors - Full Time	3	-3	0
Ambassadors - Part Time	22	-22	0
Field Services Supervisor	0	2	2
Dispatchers (Positions transferred to Dispatch Div)	0	2	2
Total	49	-13	36

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 2004-05 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.

Several factors contribute to moderate the increase in total expenditure requirements for FY 2004-05 as compared with the Budget for FY 2003-04:

Factors tending to increase operating expenditures:

- Direct Train Operating expenses are projected to increase 8%
- Costs of diesel fuel for operations increase 20%.
- Costs of servicing the agency's improved TVM network 17%
- Required reimbursements to the Agency's Self Insurance Reserve (SIR) fund to accommodate expenses related to the April 2002 accident in Placentia 55%
- Costs paid to freight railroads under various operating agreements 7%
- Labor costs of the agency's MOW contract vendors increase 5%
- Transfer Agreement payments by the SCRRA to other transit providers increase 9%.

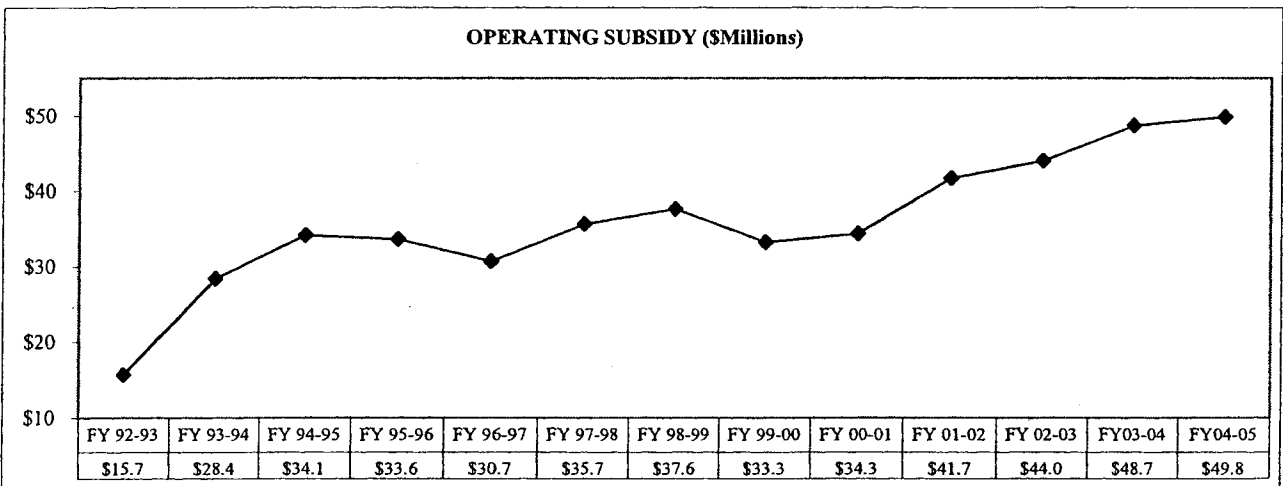
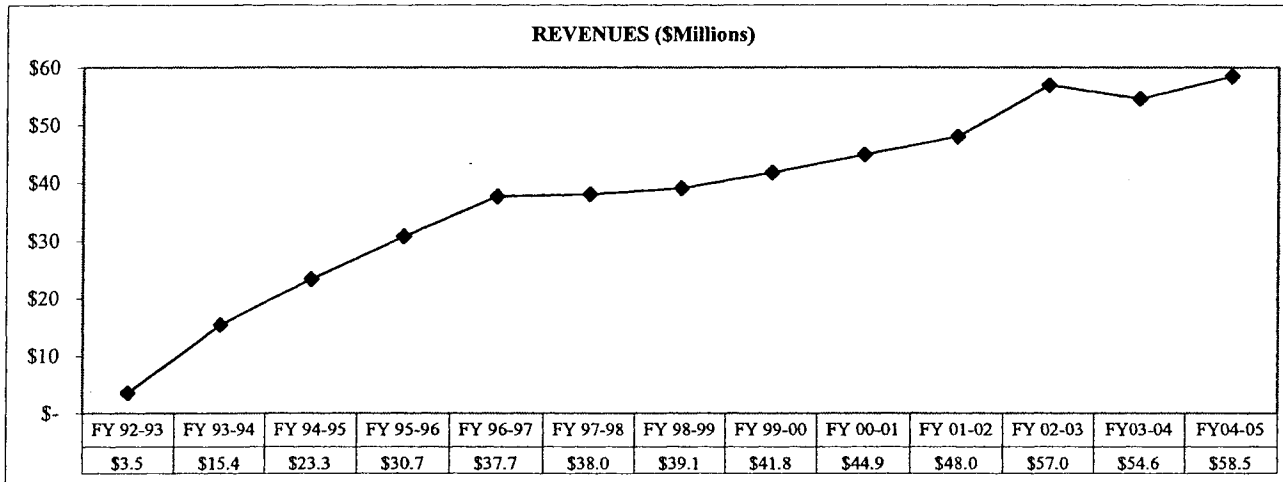
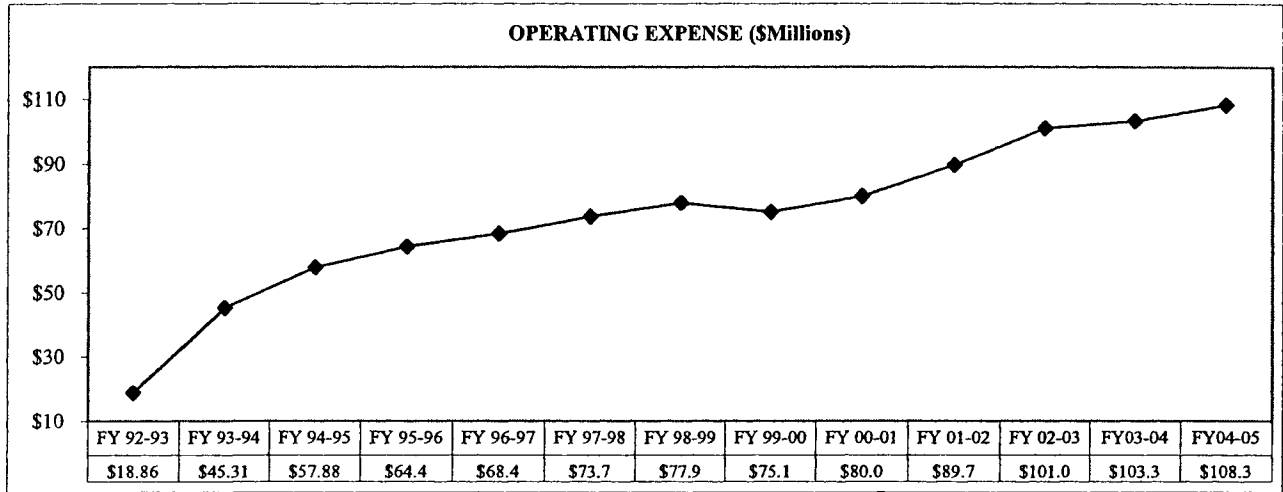
Factors tending to moderate operating expenditures:

- Assumed reduction in the costs of projected agency funded medical insurance premiums though alternative funding strategies lead to a net 2% increase.
- Continued savings as a result of the Maintenance of Equipment (MOE) contract implemented in FY 2003-04, 1.5%.
- Actual reductions from the FY 2003-04 budget, totaling in excess of \$1 million, across virtually all discretionary expenditures of the agency.

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.² Since FY 1996-97 the revenue recovery index has been over 50% and is projected at 54% for FY 2004-05. 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 received on fares and other funds received in advance for operations and capital projects.

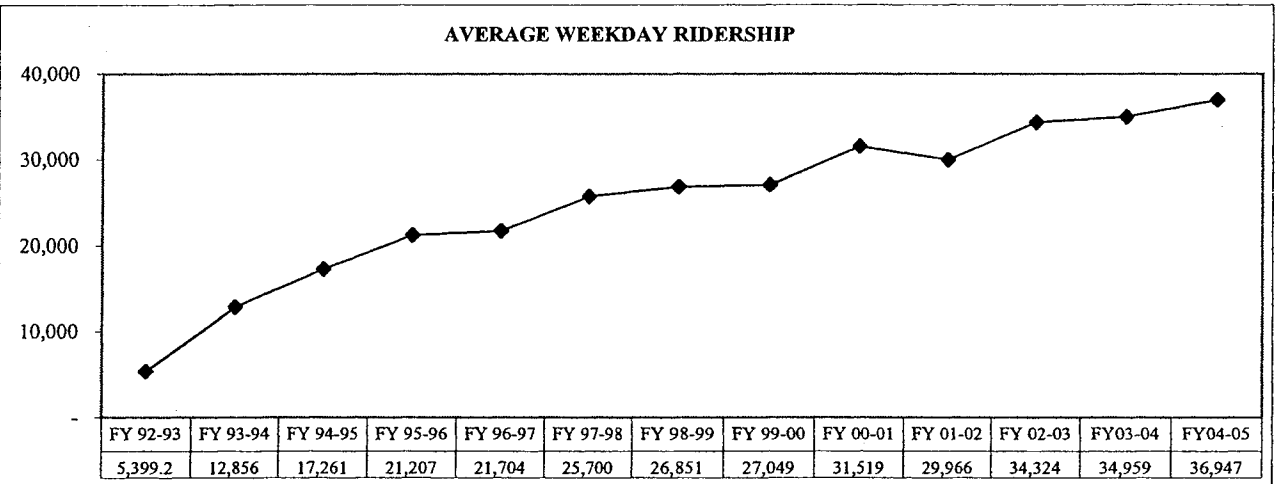
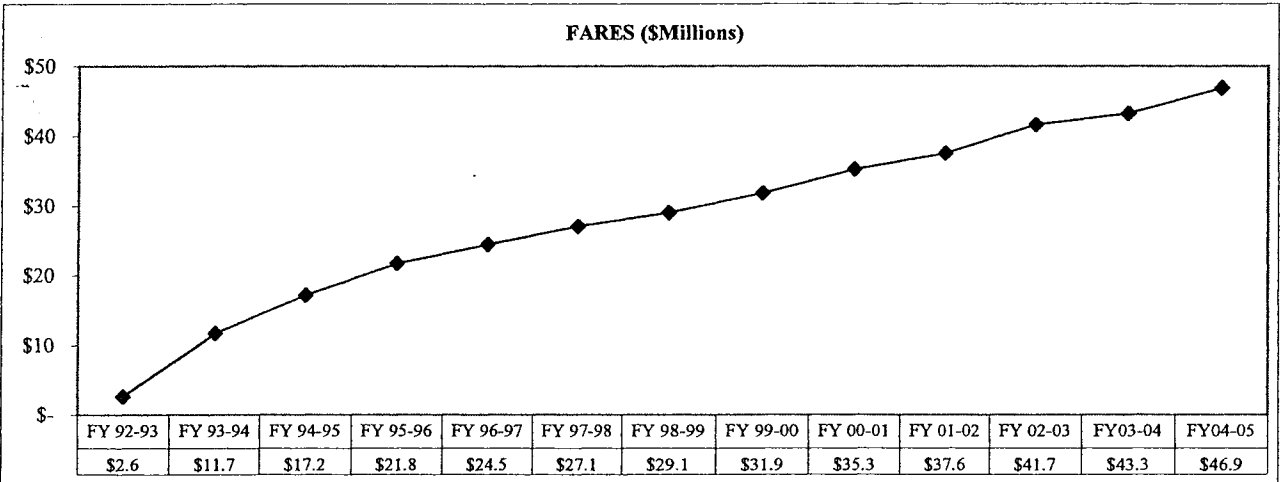
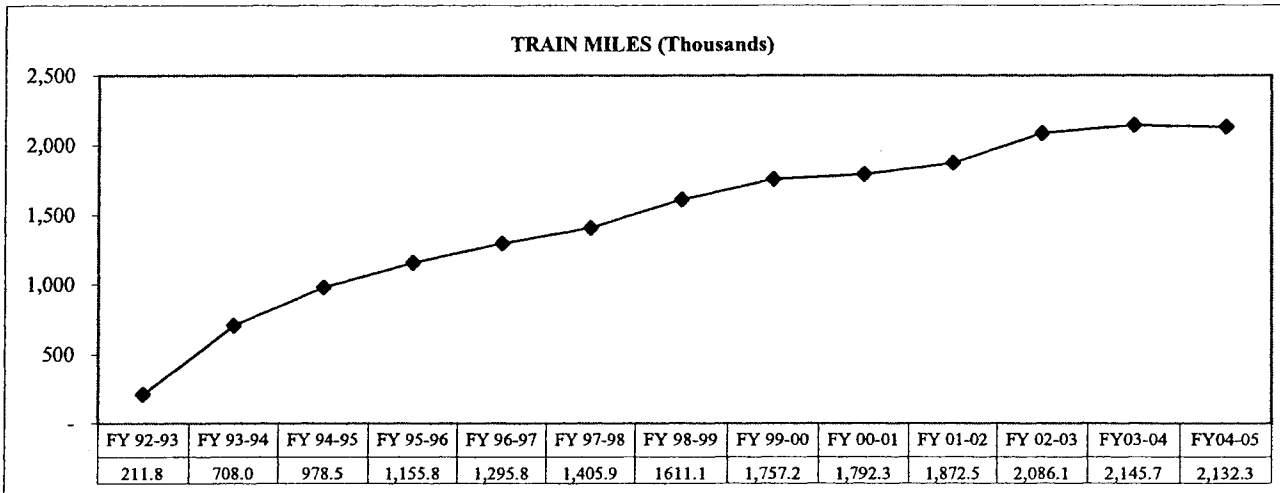
² Extra-ordinary maintenance covers damages due to vandalism, crossing gate accidents, derailments, fires, storm damage and other expenses as required. In years without unusual rainfall or train accidents, \$500,000 has been a reasonable estimate, and this is the level proposed for FY 2004-05. In other years, such as has been experienced in FY 1997-98 with the El Niño storms, the total can easily exceed \$3,500,000.

FIGURE 3.1
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 04-05



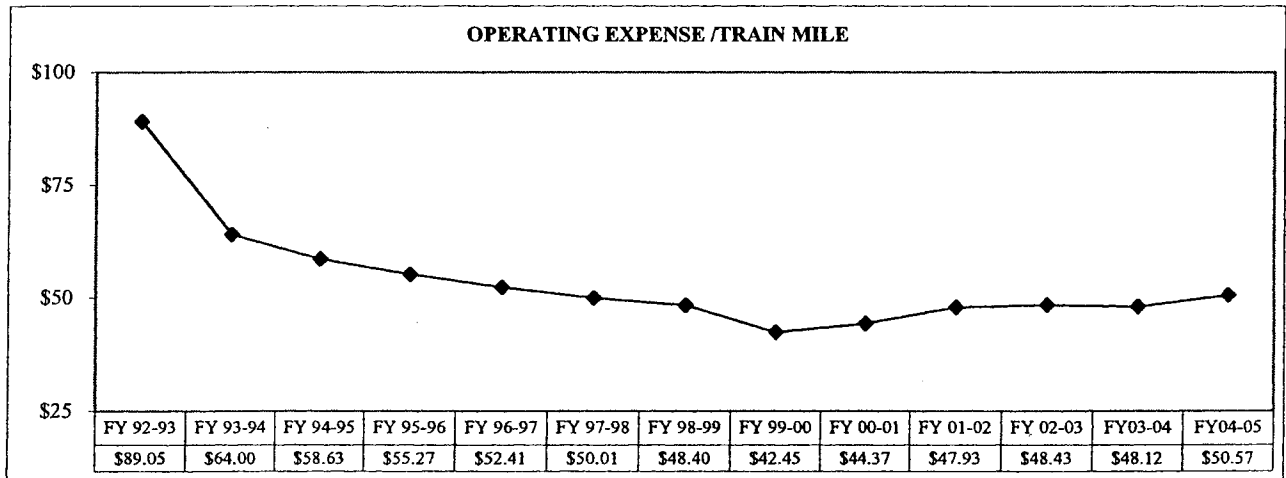
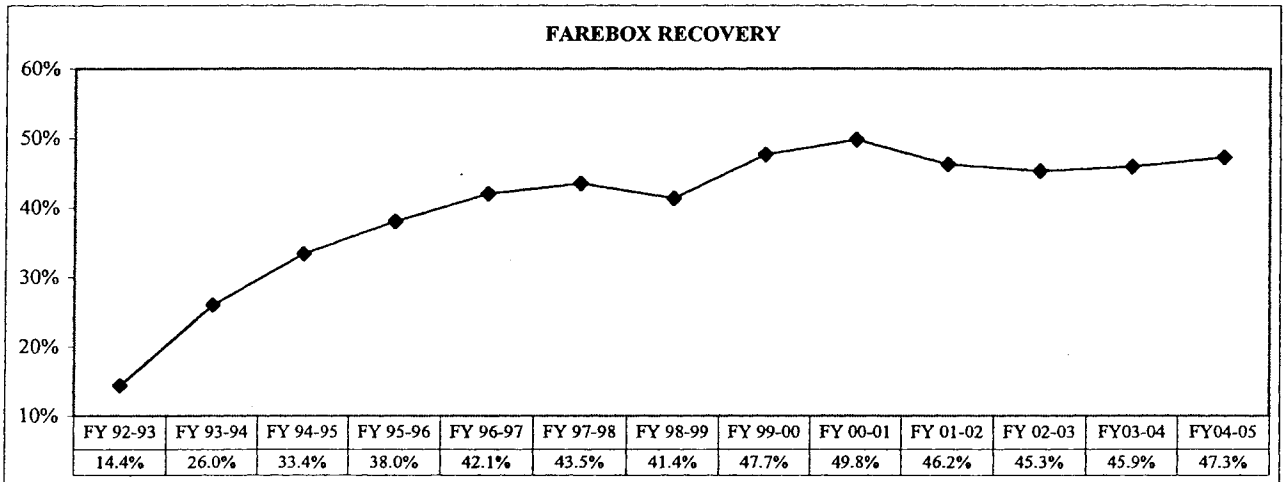
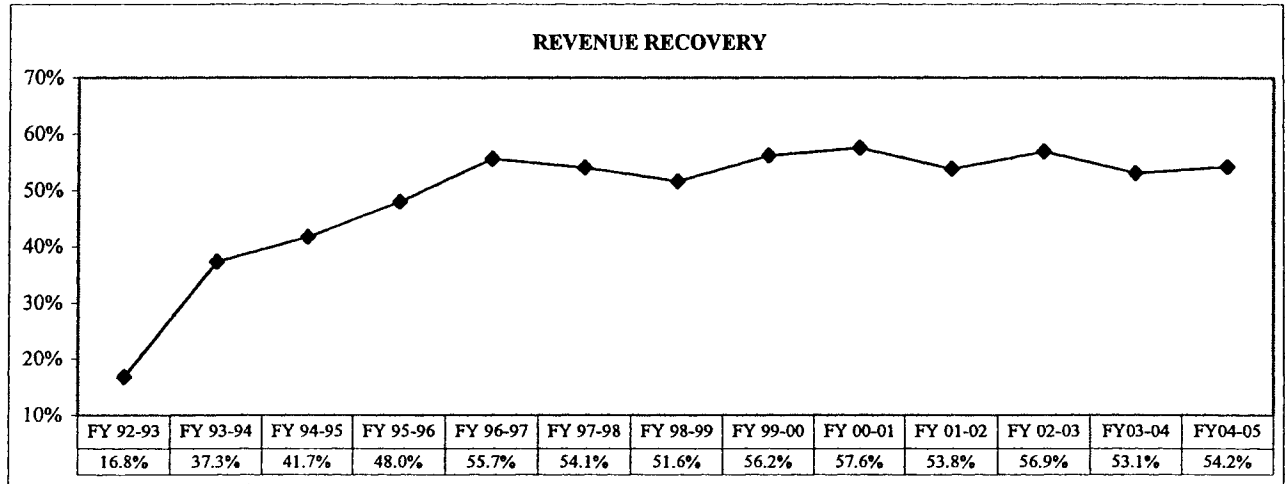
Actuals to FY 02-03, Budget for FY 03-04 and FY 04-05

FIGURE 3.2
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 04-05



Actuals to FY 02-03, Budget for FY 03-04 and FY 04-05

FIGURE 3.3
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 04-05

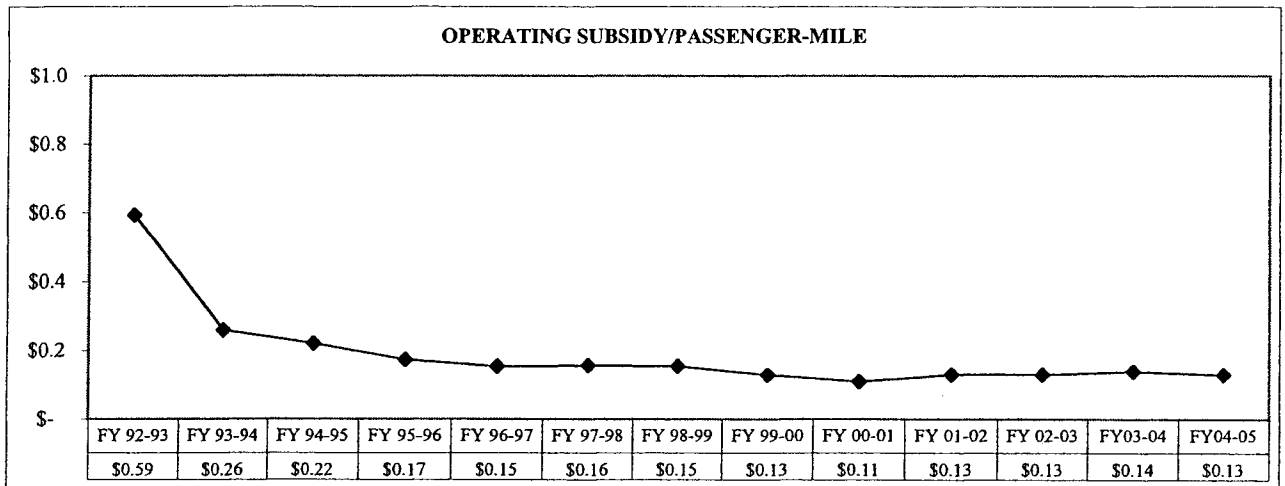
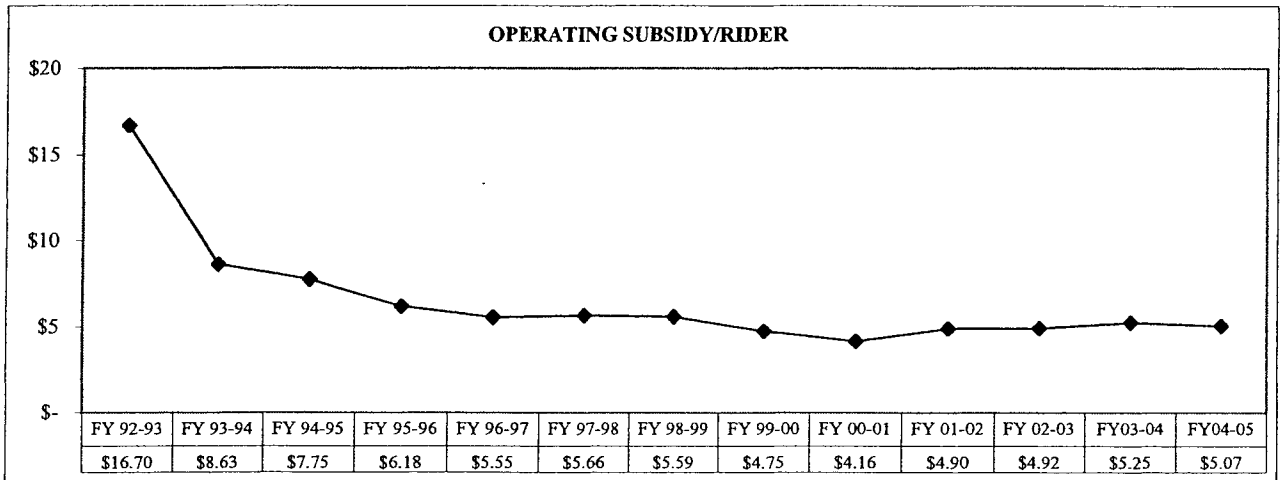
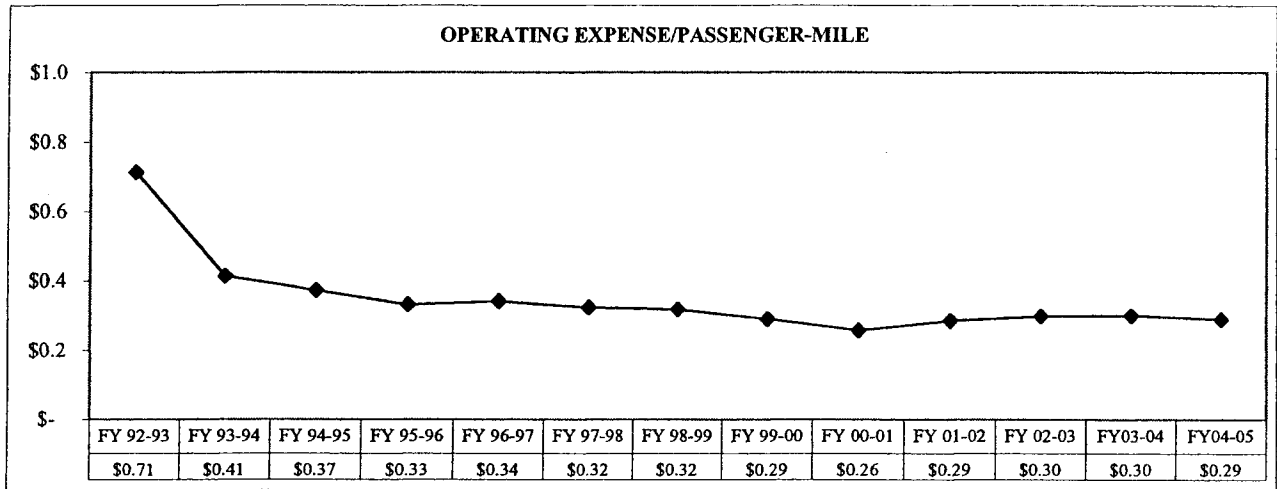


Actuals to FY 02-03, Budget for FY 03-04 and FY 04-05

Revenue Recovery = Operating Revenues/Operating Expenses Net of Rolling Stock Lease Payments & Extra-Ordinary Maintenance

Farebox Recovery = Farebox Revenue/Operating Expenses Net of MOW Revenues, Rolling Stock Lease & Extra-Ordinary Maintenance

FIGURE 3.4
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 04-05



Actuals to FY 02-03, Budget for FY 03-04 and FY 04-05

Farebox revenues are estimated to cover 47% of total operating expenses for FY 2004-05. Operating expense per train-mile is calculated net of extra-ordinary maintenance and is projected to be \$50.57 in FY 2004-05 an increase from \$48.12 in the Fiscal Year 2003-04 Budget.

Operating expense per passenger-mile has fluctuated between \$0.30 and \$0.34 since FY 1995-96 and is projected to be \$0.29 in FY 2004-05. Operating subsidy per rider has decreased as the system matured, and the projection for FY 2004-05 is \$5.07. 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 \$0.13, which is very competitive with other transit properties in the region.

3.2 Summary of FY 2004-05 Statistics by Line

Table 3.1 provides the estimated operating statistics by line for FY 2004-05 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 2004-05 is projected at 37.8 miles. Dependent on ridership and revenues received for each line, operating statistics vary considerably. The Orange County, San Bernardino, and IEOC Lines have the highest revenue recovery and most favorable cost-effectiveness and service efficiency indices as these lines have the highest ridership per train and train-mile. The Ventura County and Antelope Valley lines have the lowest revenue recovery and least favorable cost-effectiveness indices as these lines have lower ridership per train and the corresponding highest operating costs and subsidy per train-mile. The 91 Line, by agreement of the Member Agencies, reflects only the marginal direct cost of operations including Operating Crews, Fuel, and the Costs of Dispatching. As a result, it has the highest rate of revenue recovery at 83%.

3.3 Components Of The Operating Budget

The two components of the Operating Budget - Operations and Maintenance-of-Way, have multiple sub-components of both expenses and revenues, which are provided to permit allocation to line 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 SCRRRA member agencies, and includes routine inspection of track, signals, structures and repairs as needed.

**TABLE 3.1
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FISCAL YEAR 2004-05 BUDGET
OPERATING STATISTICS**

LINE	Sun Bernardino	Ventura County	Antelope Valley	Burbank	Revenue	Orange County	Imperial County	San Diego	Total
OPERATING STATISTICS:									
Train Trips - FY 04-05 Budget	58	20	32	12	12	19	12	9	174
Passenger Boardings FY 03-04 Budget	2,864,944	934,400	1,682,792	1,129,472	1,129,472	1,411,584	844,800	414,720	9,282,712
Passenger Boardings FY 04-05 Proposed	2,937,162	1,043,145	1,566,575	1,112,717	1,112,717	1,773,812	967,251	434,984	9,833,646
% Change - FY 04 Budget to FY 05 Proposed	2.5%	(6.9%)	11.6%	(1.5%)	(1.5%)	25.7%	14.5%	4.9%	6.0%
Train Miles FY 03-04 Budget	531,025	256,135	463,203	198,171	198,171	359,546	210,501	127,168	2,145,748
Train Miles FY 04-05 Proposed	542,472	260,167	465,989	197,601	197,601	358,534	180,437	127,142	2,132,344
% Change - FY 04 Budget to FY 05 Proposed	2.2%	1.6%	0.6%	(0.3%)	(0.3%)	(0.3%)	(14.3%)	(0.0%)	(0.6%)
Passenger Miles FY 03-04 Budget	102,969,678	31,885,962	66,903,650	42,993,440	42,993,440	54,059,256	27,559,818	14,315,130	340,686,934
Passenger Miles FY 04-05 Proposed	112,787,021	35,884,188	64,542,890	43,618,506	43,618,506	67,404,856	32,596,359	15,267,938	372,101,758
% Change - FY 04 Budget to FY 05 Proposed	9.5%	12.5%	(3.5%)	1.5%	1.5%	24.7%	18.3%	6.7%	9.2%
Average Weekday Ridership	10,502	4,045	5,768	4,315	4,315	6,879	3,752	1,686	36,947
Average Trip Length (Miles)	38.4	34.4	41.2	39.2	39.2	38.0	33.7	35.1	37.8
FINANCIAL (\$=000):									
Operating Cost (w/MOW) FY 03-04 Budget	25,187.4	15,331.7	22,039.5	11,488.2	11,488.2	18,553.4	8,539.2	2,118.8	103,258.2
Operating Cost (w/MOW) FY 04-05 Proposed	26,770.6	16,154.0	22,818.9	12,008.3	12,008.3	19,441.2	8,812.2	2,329.4	108,334.5
% Change - FY 04 Budget to FY 05 Proposed	6.3%	5.4%	3.5%	4.5%	4.5%	4.8%	3.2%	9.9%	4.9%
Operating Cost (w/o MOW Extra-Ordinary Mntne) FY 05 Proposed	26,646.0	16,060.7	22,687.6	11,989.9	11,989.9	19,337.9	8,786.0	2,326.4	107,834.5
Operating Cost (w/o MOW) FY 03-04 Budget	20,807.1	12,764.2	17,853.9	11,574.9	11,574.9	15,056.7	8,080.3	2,211.0	88,348.2
Subsidy (w/MOW) FY 03-04 Budget	9,043.7	9,190.7	13,056.5	5,231.4	5,231.4	7,836.9	3,695.5	634.7	48,689.4
Subsidy (w/MOW) FY 04-05 Proposed	9,912.1	9,593.3	13,665.0	5,544.5	5,544.5	7,307.1	3,430.3	391.1	49,843.4
% Change - FY 04 Budget to FY 05 Proposed	9.6%	4.4%	4.7%	6.0%	6.0%	(6.8%)	(7.2%)	(38.4%)	2.4%
Farebox Revenue FY 03-04 Budget	13,561.5	3,917.3	6,381.3	5,986.3	5,986.3	7,508.6	4,494.7	1,450.4	43,300.1
Farebox Revenue FY 04-05 Proposed	14,133.8	4,312.0	6,516.7	6,167.3	6,167.3	8,854.9	5,009.6	1,904.5	46,898.9
% Change - FY 04 Budget to FY 05 Proposed	4.2%	10.1%	2.1%	3.0%	3.0%	17.9%	11.5%	31.3%	8.3%
Other Revenues FY 05 Proposed (2)	2,724.7	2,248.7	2,637.2	296.5	296.5	3,279.2	372.3	33.8	11,592.3
Average Fare Per Passenger FY 05 Proposed	\$4.81	\$4.13	\$4.16	\$5.54	\$5.54	\$4.99	\$5.18	\$4.38	\$4.77
COST / SERVICE EFFICIENCY FY 03-04									
Op Cost / Passenger (w/o MOW Extra-Ordinary Maintenance)	\$9.07	\$15.40	\$14.48	\$10.78	\$10.78	\$10.90	\$9.08	\$5.35	\$10.96
Op Cost / Passenger Mile (w/o MOW Extra-Ordinary Maint)	\$0.24	\$0.45	\$0.35	\$0.27	\$0.27	\$0.29	\$0.27	\$0.15	\$0.29
Subsidy / Passenger	\$3.37	\$9.20	\$8.72	\$4.98	\$4.98	\$4.12	\$3.55	\$0.90	\$5.07
Subsidy / Passenger Mile	\$0.09	\$0.27	\$0.21	\$0.13	\$0.13	\$0.11	\$0.11	\$0.03	\$0.13
Op Cost / Train Mile	\$49.12	\$61.73	\$48.69	\$60.68	\$60.68	\$53.94	\$48.69	\$18.30	\$50.57
Op Cost / Train Mile (w/o MOW)	\$38.36	\$49.06	\$38.31	\$58.58	\$58.58	\$42.00	\$44.78	\$17.39	\$41.43
Subsidy / Train Mile	\$0.02	\$0.04	\$0.03	\$0.03	\$0.03	\$0.02	\$0.02	\$0.00	\$0.02
Farebox Recovery (3)	58.371%	29.730%	31.711%	62.379%	62.379%	46.266%	57.086%	81.762%	47.267%
Revenue Recovery (4)	63.268%	40.850%	40.348%	54.295%	54.295%	62.498%	61.093%	83.212%	54.242%

Notes:
 (1) Costs include all expenses for Metrolink and MOW on operating and non-operating lines
 (2) Other revenues include dispatching fees and MOW revenues from freight and Amtrak due to individual member agencies.
 (3) Farebox recovery is the ratio of farebox revenue to total expenses net of MOW revenues, rolling stock lease payments and extra-ordinary maintenance.
 (4) Revenue recovery is the ratio of operating revenues to operating expenses net of rolling stock lease payments and extra-ordinary maintenance.

3.4 Operating Budget Assumptions

Service - The FY 2004-05 Budget assumes the operation of 142 weekday trains on seven lines and 32 weekend trains on two lines. Total Revenue Train Miles are expected to decrease approximately 0.6% from the FY 2003-04 Budget. The FY 2003-04 budget assumed new services would be provided on the San Bernardino, Inland Empire Orange County (IEOC), and the Ventura County Lines. Of these service improvements, the new service on the IEOC line was not implemented. The service improvements on the San Bernardino Line, two new round trips, one AM and one PM peak period trains, LAUS to Covina, and two extensions to Montalvo, one each in the AM and PM peak periods, from Moorpark are anticipated on the Ventura County Line. Adjusting for actual service operated in FY 2003-04, Revenue Service miles in FY 2004-05 are expected to increase approximately 1.5%.

Continued in FY 2004-05 is the “Rail to Rail” program in which the SCRRA, Amtrak and CALTRANS 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. A graduated reimbursement scale has been negotiated based on passenger counts. The service is estimated to add 1,190 weekday riders on the overlapping service.

Tables 3.2 and 3.3 reflect service assumptions and revenue miles projected for FY 2004-05.

**TABLE 3.2
SERVICE ASSUMPTIONS FOR FY 2004-05***

Line	Weekday Trains	Saturday Trains	Sunday Trains
San Bernardino	30 San Bern-LA 4 Covina – LA	7 San Bern-LA 9 Riverside-LA	2 San Bern LA 6 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	8 Lancaster-LA	
Riverside	12 Riverside-LA (UP)		
91	9 Riverside-LA (Via Fullerton)		
Orange County	6 Irvine-LA 2 Laguna Nigel – LA 1 San Juan Cap-LA 10 Oceanside-LA		
Inland Empire to Orange County	4 San Bern-Irvine 1 San Bern-Laguna Nigel 1 San Bern-San Juan Cap 2 San Bern-Oceanside 2 Riverside-Irvine 2 Riverside - Laguna Nigel		
Burbank Turns	9 Burbank Airport-LA 3 Burbank-LA		

*Includes annualization of service enhancements implemented in FY 2003-04

Maintenance of Equipment (MOE) – The current fleet of rolling stock consists of 38

Locomotives and 143 Passenger Vehicles. In FY 2002-03 the agency took delivery of 1 operating and 3 non-operating, used, locomotives. Upon completion of the rehabilitation of all four of these locomotives, the agency will have greatly expanded the capacity to perform ongoing ordinary maintenance, the more extensive rehabilitation and renovation program, and anticipate the operation of longer or more frequent trains on certain selected routes. The locomotives will be remanufactured with engines of greater horsepower than currently available.

**Table 3.3
REVENUE TRAIN MILES FOR FY 2004-05**

Line	FY 2003-04 Budget	FY 2004-05 Proposed	Increase/ (Decrease)	% Change
San Bernardino Line	532,025	542,472	11,447	2.2%
Ventura County Line	256,135	260,167	4,032	1.6%
Antelope Valley Line	463,203	465,989	2,786	0.6%
Riverside Line (via UP)	198,171	197,601	(570)	(0.3)%
91 Line	127,168	127,142	(26)	(0.0)%
Orange County Line	359,546	358,534	(1,012)	(0.3)%
Inland Empire/Orange County Line	210,501	180,437	(30,064)	(14.3)%
Total Revenue Miles	2,145,748.2	2,132,344	(13,405)	(0.6)%

Note: FY 2004-05 reductions on the Riverside, 91 and Orange County lines are the result of a shortening of 1 early morning allocated train. The San Bernardino and Ventura County Lines include annualization of service improvements implemented in FY 2003-04. The reduction of the IEOC line is the result of not implementing 1 round trip, Riverside to Irvine, as proposed in the FY 2003-04 Budget. FY 2004-05 represents 258 weekday operating days versus 256 in FY 2003-04.

Maintenance of Way (MOW) – The SCRRA is primarily responsible for the maintenance and integrity of approximately 337 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 2004-05 includes the assumption of a 4% across the board fare increase effective July 1, 2004. The projected total annual ridership increase is estimated at 6% due to the full year impact of additional services, and assumes no lasting revenue or ridership impacts of the recent rise in gasoline prices. Average Weekday ridership is estimated to increase 3.3%. Revenue per rider is based on average trip length and mix of fare type. The revenue per rider experienced on each line is used to estimate farebox revenues for each line and is based on specific projections of ridership.

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. This agreement has reached its current incentive cap and only increases to the base affect a change in the total. Revenues from Union Pacific Railroad are based on an agreed upon flat rate fee.

Other miscellaneous revenues include potential sponsorship reimbursements of the annual

special Holiday Trains, and 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, and other minor reimbursements to the agency.

Expenses - In projecting expenses, cost of living or labor agreement-related increases built into existing contracts are assumed. These increases range from a low of 3.5% to a high of 4.9%. The average cost of diesel fuel is estimated to be \$1.225 per gallon in the FY 2004-05 Budget, an increase from \$1.05 per gallon, an increase of 17%, from the FY 2003-04 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 2004-05 with comparisons to FY 2002-03 Actual Expenses, and the FY 2003-04 Budget.

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 6.1 and 6.2.

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 depend upon several factors including the condition of the infrastructure; levels of train traffic; levels of freight traffic; the number of road crossings; the number of curves; and exposure to storm damage.

3.6 Detail of Operating Budget

The FY 2004-05 Operating Budget is \$5.1 million or 4.9% greater than the FY 2003-04 Budget. Major factors contributing to this increase are:

- The single largest dollar increase in the FY 2004-05 Budget, as compared to FY 2003-04, is the increase resulting from the higher costs of Diesel Fuel, \$1.1 million or 20%. The cost per gallon is estimated \$1.225 versus \$1.05 in FY 2003-04.
- Increase of \$0.8 million, 4%, in Train Operating expenses under the Amtrak contract, of

TABLE 3.4

ANNUAL DISTRIBUTION BY COST COMPONENTS

	FY 02-03	FY 03-04	FY 04-05	FY 04-05 Compared to	
	Actual	Budget	Budget	FY 02-03 Actual	FY 03-04 Budget
EXPENSES	101,034.2	103,258.2	108,334.5	7.2%	4.9%
REVENUES	56,998.9	54,568.8	58,491.1	2.6%	7.2%
NET LOCAL SUBSIDY	44,035.3	48,689.4	49,843.4	13.2%	2.4%
Revenues					
Farebox Revenue	\$41,682.7	\$43,300.1	46,898.9	12.5%	8.3%
Dispatching/Other Revenues	7,151.2	2,780.6	2,978.9	-58.3%	7.1%
MOW Revenues	8,165.1	8,488.1	8,613.4	5.5%	1.5%
Member Agency Revenues	44,035.3	48,689.4	49,843.4	13.2%	2.4%
Total Revenues	\$101,034.2	\$103,258.2	\$108,334.5	7.2%	4.9%
Operations & Services					
TD Train Operations	18,880.0	20,536.2	21,866.4	15.8%	6.5%
B Equipment Maintenance	16,473.7	15,683.6	15,921.5	-3.4%	1.5%
TB Contingency (Train Ops)	13.4	150.0	150.0	-	0.0%
T Fuel	5,140.7	5,557.0	6,674.5	29.8%	20.1%
B Non-Scheduled Rolling Stock Repairs	364.5	350.0	350.0	-4.0%	0.0%
B Operating Facilities Maintenance	808.7	999.6	1,165.7	44.1%	16.6%
B Other Operating Train Services	237.2	145.0	137.9	-41.9%	-4.9%
D Rolling Stock Lease	-	-	-	0.0%	0.0%
B Security - Sheriff	2,953.5	3,093.6	3,054.7	3.4%	-1.3%
B Security - Guards	757.8	829.7	826.9	9.1%	-0.3%
B Supplemental Additional Security	72.9	340.0	355.0	387.1%	4.4%
B Public Safety Program	439.9	489.0	460.5	4.7%	-5.8%
B Passenger Relations	1,159.2	1,342.3	1,233.2	6.4%	-8.1%
B Holiday Trains	128.1	147.5	82.600	-35.5%	-44.0%
B TVM Maintenance/Revenue Collection	1,777.5	2,502.5	2,945.238	65.7%	17.7%
B Marketing	931.8	958.4	884.000	-5.1%	-7.8%
B Media & External Communications	479.4	597.4	577.700	20.5%	-3.3%
B Utilities/Leases	1,678.0	1,707.0	1,813.898	8.1%	6.3%
D Transfers to Other Operators	3,265.2	3,580.0	3,897.1	19.4%	8.9%
D Amtrak Transfers	400.7	490.0	585.0	46.0%	19.4%
B Station Maintenance	656.9	637.1	616.9	-6.1%	-3.2%
D Rail Agreements	2,704.4	2,826.5	3,016.6	11.5%	6.7%
Subtotal Operations & Services	59,323.4	62,962.3	66,615.2	12.3%	5.8%
Maintenance-of-Way					
D MoW - Line Segments	18,392.1	18,879.5	19,486.3	5.9%	3.2%
D MoW - Extra-Ordinary Maintenance	878.4	500.0	500.0	-43.1%	0.0%
Subtotal Maintenance-of-Way	19,270.6	19,379.5	19,986.3	3.7%	3.1%
General & Administrative					
Staff					
B Salaries & Fringe Benefits	5,777.2	6,008.6	6,012.382	4.1%	0.1%
D Ambassadors	611.4	490.7	630.7	3.2%	28.5%
B Non-Labor Costs	722.4	602.0	593.976	-17.8%	-1.3%
B Allocated Overhead	5,749.2	5,259.7	5,365.464	-6.7%	2.0%
Subtotal Staff	12,860.2	12,361.0	12,602.5	-2.0%	2.0%
Services					
Professional Services	1,557.4	1,465.4	1,495.388	-4.0%	2.0%
Subtotal Services	1,557.4	1,465.4	1,495.4	-4.0%	2.0%
Subtotal General & Administrative	14,417.6	13,846.4	14,097.9	-2.2%	1.8%
B Contingency (Non-Train Ops)	968.4	500.0	500.0	-48.4%	0.0%
Insurance					
B Liability/Property/Auto	4,057.0	4,595.0	4,325.0	6.6%	-5.9%
B Claims	1,626.4	1,350.0	2,100.0	29.1%	55.6%
B Claims Administration	1,370.8	625.0	710.0	-48.2%	13.6%
Subtotal Insurance	7,054.2	6,570.0	7,135.000	1.1%	8.6%
Total Expenses Including MoW	\$101,034.2	\$103,258.2	\$108,334.5	7.2%	4.9%

which approximately \$0.4 million is related to a contractually required increase in the costs of fringe benefits paid on behalf of Engineers, Conductors, and Amtrak management staff.

- Increases in the TVM Maintenance/Revenue Collection function of \$442 thousand, 18%. This figure includes the additional functionality related to the cross sales of Amtrak fare media budgeted at \$283 thousand.
- Increases for costs paid to the Burlington Northern Santa Fe Railroad for increased operations on non-member owned rights-of-way, \$190 thousand, 7%.
- Increase in required reserves for the agency's Self Insurance Reserve (SIR), \$750 thousand, as approved by the Board of Directors.

The following section describes each element of the Operating Budget.

Revenues - Farebox revenues are projected from estimates of ridership developed in coordination with member agency staff. FY 2004-05 includes the assumption of a 4% across the board fare increase effective July 1, 2004. The projected total annual ridership increase is estimated at 6% due to the full year impact of additional services, and assumes no lasting revenue or ridership impacts of the recent rise in gasoline prices. Average Weekday ridership is estimated to increase 3.3%. Revenue per rider is based on average trip length and mix of fare type. The revenue per rider experienced on each line is used to estimate farebox revenues for each line and is based on specific projections of ridership. See Table 3.5 for a listing of estimated Fare Revenues, by line, for the fiscal year.

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. This agreement has reached its current incentive cap and only increases to the base affect a change in the total. Revenues from Union Pacific Railroad are based on an agreed upon flat rate fee. Table 3.6 shows the Dispatching Revenues from FY 2001-02 through FY 2003-04.

Other miscellaneous revenues include potential sponsorship reimbursements of the annual special Holiday Trains, and 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, and other minor reimbursements to the agency.

Maintenance-of-way revenues are described in Section 3.8.

The following section details expenses shown in Table 3.4.

TABLE 3.5

FY2004-05 Ridership/Fare Revenue Forecast

Operating Line	FY03-04 Budget			FY04-05 Budget			FY04-05 Proposed			FY04-05 Actual			FY04-05 Proposed			FY04-05 Actual		
	FY03-04 Budget	FY03-04 Budget	FY03-04 Budget	FY04-05 Budget	FY04-05 Budget	FY04-05 Budget	FY04-05 Proposed	FY04-05 Proposed	FY04-05 Proposed	FY04-05 Actual	FY04-05 Actual	FY04-05 Actual	FY04-05 Proposed	FY04-05 Proposed	FY04-05 Proposed	FY04-05 Actual	FY04-05 Actual	FY04-05 Actual
San Bernardino	10,256	10,166	10,343	10,502	1.5%	2.4%	4.76	4.52	4.86	12,088,966	12,592,146	12,177,056	13,165,039	8.1%	8.1%	4.5%	4.5%	4.5%
Weekday	3,077	2,795	2,821	2,893	2.5%	-6.0%	4.02	3.67	4.04	578,708	614,060	555,660	586,045	5.5%	5.5%	-4.6%	-4.6%	-4.6%
Saturday	1,527	1,582	1,631	1,671	2.5%	9.4%	4.48	4.00	4.50	360,365	355,323	355,591	382,745	7.6%	7.6%	7.7%	7.7%	7.7%
Sunday	3,650	4,043	4,033	4,045	0.3%	10.8%	4.16	3.83	4.13	3,904,057	3,917,279	3,964,825	4,312,042	8.8%	8.8%	10.1%	10.1%	10.1%
Ventura County	6,209	5,556	5,651	5,768	2.1%	-7.1%	3.79	3.98	4.19	5,631,356	6,071,085	5,778,868	6,232,810	7.9%	7.9%	2.7%	2.7%	2.7%
Antelope Valley	1,794	1,532	1,538	1,538	0.0%	-14.3%	3.47	3.49	3.69	289,986	310,227	282,542	283,876	0.5%	0.5%	-8.5%	-8.5%	-8.5%
Weekday	4,412	4,248	4,294	4,315	0.5%	-2.2%	5.26	5.31	5.54	5,644,693	5,986,272	5,808,925	6,167,331	6.2%	6.2%	3.0%	3.0%	3.0%
Saturday	5,514	5,510	5,536	5,536	3.5%	8.8%	5.28	5.67	4.99	7,530,866	7,508,606	8,110,270	8,854,868	9.2%	9.2%	17.9%	17.9%	17.9%
Riverside	6,323	6,521	6,645	6,879	3.5%	13.7%	0.00	4.80	5.18	4,163,951	4,494,724	4,592,561	5,009,587	9.1%	9.1%	11.5%	11.5%	11.5%
Orange County no Amtrak	3,300	3,558	3,623	3,752	1.0%	4.1%	3.47	4.42	4.38	1,489,706	1,450,389	1,824,990	1,904,534	4.4%	4.4%	31.3%	31.3%	31.3%
Orange County w/ Amtrak	1,620	1,634	1,669	1,686	1.0%	4.1%	3.47	4.42	4.38	1,489,706	1,450,389	1,824,990	1,904,534	4.4%	4.4%	31.3%	31.3%	31.3%
IEOC	35,770	35,725	36,258	36,947	1.9%	3.3%	40,453,594	42,020,501	42,257,496	40,453,594	42,020,501	42,257,496	45,646,211	8.0%	8.0%	8.6%	8.6%	8.6%
91	4,871	4,327	4,360	4,431	1.6%	-9.0%	868,694	924,287	838,202	868,694	924,287	838,202	869,922	3.8%	3.8%	-5.9%	-5.9%	-5.9%
Totals w/ Amtrak	1,527	1,582	1,631	1,671	2.46%	9.43%	360,365	355,323	355,591	360,365	355,323	355,591	382,745	7.6%	7.6%	7.7%	7.7%	7.7%
Weekday	35,770	35,725	36,258	36,947	1.9%	3.3%	40,453,594	42,020,501	42,257,496	40,453,594	42,020,501	42,257,496	45,646,211	8.0%	8.0%	8.6%	8.6%	8.6%
Saturday	4,871	4,327	4,360	4,431	1.6%	-9.0%	868,694	924,287	838,202	868,694	924,287	838,202	869,922	3.8%	3.8%	-5.9%	-5.9%	-5.9%
Sunday	1,527	1,582	1,631	1,671	2.46%	9.43%	360,365	355,323	355,591	360,365	355,323	355,591	382,745	7.6%	7.6%	7.7%	7.7%	7.7%
Total	35,770	35,725	36,258	36,947	1.9%	3.3%	40,453,594	42,020,501	42,257,496	40,453,594	42,020,501	42,257,496	45,646,211	8.0%	8.0%	8.6%	8.6%	8.6%

TABLE 3.6

FY04-05 MISCELLANEOUS OPERATING REVENUES

Agreement/Territory	FY02-03 Actual	FY03-04 Budget	FY04-05 Proposed	Change from FY03 Actual	Change from FY04 Budget
Amtrak Intercity	1,456,580	1,642,678	1,658,317	13.9%	1.0%
Coast & Saugus Shared Use (UPRR/SPTC)	256,920	256,920	256,920	0.0%	0.0%
East Bank Joint Facility (UPRR/SPTC)	86,975	89,325	93,612	7.6%	4.8%
Mission Tower (UPRR/SPTC)	204,632	198,960	208,510	1.9%	4.8%
San Diego & Olive Subdivision Shared Use (BNSF)	36,948	48,325	48,325	30.8%	0.0%
Pasadena Subdivision Shared Use (BNSF)	34,425	44,483	46,618	35.4%	4.8%
North County Transit District (NCTD)	325,812	339,927	348,425	6.9%	2.5%
Marketing Revenues	35,000	35,000	35,000	0.0%	0.0%
FTA Emergency Drills	45,212	-	-	-100.0%	-
LSD Fuel AQMD	68,815	-	-	-100.0%	-
Amtrak TVM Revenues	-	125,000	283,155	-	126.5%
Total	2,551,318	2,780,617	2,978,883	16.8%	7.1%

Train Operations - Operating Crews. Amtrak provides train operations under contract and is budgeted at \$18.4 million for FY 2004-05, an increase of 4.4% from the FY 2003-04 Budget. However, due to the number of constraints during the development of the FY 2004-05 Budget, this item assumes a reduction of 1 management position from the contractually authorized level and a halving of the performance incentives the contractor would otherwise be eligible to receive. The combined reduction from these two changes represents a savings of approximately \$190 thousand. The contingency for Train Operations is set at \$75,000, the same level as the FY 2003-04 Budget.

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 \$545 thousand. Half of the increase is related to the creation of two new Train Dispatcher positions as part of the reorganization of the Passenger Services Division within the Operations Department and the associated initial training costs. The balance of the increase reflects the costs of labor inflation for SCRRA staff.

Equipment Maintenance. The budget for FY 2004-05 is \$15.9 million, an increase of 1.5% from the adopted FY 2003-04 level. However, due to the number of constraints during the development of the FY 2004-05 Budget, the Parts and Materials request for FY 2004-05 has been reduced \$250 thousand from the initial request and the amount of incentives available to the vendor have been reduced in half, a reduction of \$31 thousand. The contingency for Equipment Maintenance in FY 2003-04 is set at \$75,000, the same level as the FY 2003-04 Budget.

Fuel. Fuel usage of approximately 5.44 million gallons is based on the projected consumption levels assumed in the proposed schedule. In FY 2004-05, fuel prices are assumed to stabilize over the course of the year to an average cost \$1.225 per gallon compared to an average of \$1.050 per gallon budgeted in FY 2003-04. The resulting projection of \$6.7 million for the year is a 20% increase and includes this cost inflation in addition to the fuel costs associated with the annualization of new services introduced in FY 2003-04.

Non-Scheduled Rolling Stock Repairs. This item is a contingency line item for repairs to accommodate medium scaled unforeseen damage to rolling stock. The amount requested for FY 2003-05 is \$350,000, equal to the FY 2003-04 amount.

Operating Facilities Maintenance. This function is responsible for cleaning, maintenance, and hazardous materials compliance at the Central Maintenance Facility and other outlying SCRRA facilities. The budget includes a number of one time expenses to replace carpets, other flooring at outlying points, and the replacement of certain tools utilized at the central maintenance facility. For FY 2004-05, the budget of \$1.2 million represents a 16% increase from the FY 2003-04 Budget.

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 \$138 thousand, a decrease of 5% from the FY 2003-04 Budget.

Security - Sheriff. This line item shows a decrease of 1% from the FY 2003-04 Budget. As a result of the number of constraints during the development of the FY 2004-05 Budget, 2 Law Enforcement Technicians, from a total of 6, have been eliminated from the contractually authorized levels thereby recognizing a savings, from an otherwise requested level, of \$138 thousand. If alternative funding is not secured, (See Supplemental Security below), the impact of this reduction will be a decrease from 95% of all trains checked each month to 75%.

Security - Guards. The amount proposed for FY 2004-05 represents a 0% change from the FY 2003-04 level. However, as a result of the number of constraints during the development of the FY 2004-05 Budget, one guard position has been eliminated from the authorized contract level. The elimination of the position results in a savings of \$61 thousand. If alternative funding is not secured, (See Supplemental Security below), the impact of this reduction will be an increased risk of vandalism and other incidents at the agency's San Bernardino Layover facility.

Supplemental Additional Security. This program is funded through an increment on fare revenues implemented in FY 2002-03. These funds are to provide for identified operational security needs, special one time upgrades to agency facilities, and prevention of and response to external threat incidents, including the change in national security status as identified by the U.S. Justice Department. Upon approval by the Board these funds may be used to re-fund the reductions in security expenses outlined above.

Public Safety Program. The program declines by 6% from FY 2003-04 in order to address the constraints imposed on the development of the FY 2004-05 Budget. The program includes American Public Transportation Association (APTA) and Federal Railroad Administration (FRA) requirements, continuation of the successful police and fire officer education train series, continuation of the "Don't Pick a Fight With a Heavyweight" campaign (including a community outreach event in each county), public information and school education campaigns, and safety and incident response training for staff and contractors. A reduction of approximately \$37 thousand has been proposed in the areas of Community Outreach events, and overall reduction, and the elimination of \$30 thousand in what would have otherwise been expended on Public Service Announcements (PSA's)

Passenger Relations. An 8.1% decrease is projected for the FY 2004-05 Budget for passenger relations and telephone information services from levels adopted in FY 2003-04. A portion of the reduction is the result of a lower cost provider of telephone information operators, a contract re-bid in FY 2003-04, and the balance of the reduction is in response to the number of constraints facing the agency in the development of the FY 2004-05 Budget. Funds are allocated to provide for the continuation of the Station Call Box project, the continuation of contracted Telephone Information Services, the Customer Promise program in which the SCRRRA 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 2004-05 is a decrease of 44% from the FY 2003-04 Budget. The budget includes labor charges by Bombardier in FY 2004-05 for support at the CMF during the decoration of the train, the costs of actual train operations, security, and a significantly reduced level of community outreach, support and marketing costs.

There is also the expectation that opportunities will be sought to provide sponsored offsetting revenue.

Ticket Vending Machine (TVM) Maintenance/Revenue Collection. This item includes TVM and validator maintenance, revenue collection, ticket stock, replacement of destination and ticket type strips in the TVMs, fare/zone change programming, and merchant fees for credit and debit card usage. This line item increases \$443 thousand, 18% from the FY 2003-04 Budget primarily due to two separate and distinct functions. The first is the increase in the underlying contracted rate of the primary maintenance vendor as a result of the full year implementation of the next generation TVM machines. The second is the inclusion of additional functionality and capacity incorporated in the ability for SCRRA machines to vend Amtrak fare media as well. This increase, \$283 thousand is offset by a corresponding revenue contribution from Amtrak. The net effect to the SCRRA is estimated to be immaterial.

Marketing/Market Research. There is a decrease of 8% compared with the FY 2003-04 Budget, and a two-year decline of almost 15%. This line item includes market research & analysis, advertising, promotions, special events, sales, merchandising, and channel marketing. For the FY 2004-05 Budget, programs providing targeted market research, expanded efforts highlighting the agency's Rail 2 Rail program, and additional programs for the corporate and general markets are included.

Media/External Relations. There is a decrease of 3% compared with the FY 2003-04 Budget, and a two-year decline of approximately 7%. This line item includes media and public relations, community relations, and 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.

Utilities/Leases. Utility and lease costs are estimated at current monthly average costs and are expected to increase 6% from the FY 2002-03 Budget. Growth has been moderated as result of an expected and substantial decline in the costs of long distance telephone expenses to the agency through the implementation of a new service contract. The agency otherwise expects current, non-fuel, energy related trends to continue with minor moderation. Additional lease costs for transmitter and other locations are assumed in outlying areas as well as the cost of a crew facility to be utilized at the newly reopened San Bernardino station.

Transfers to Other Operators. These transfers represent agreements between the SCRRA and

other transit operators to allow Metrolink passengers a convenience of transfer to connecting transit. Revenue transfers to other transit operators show a 9% increase over the budget for FY 2003-04 due to the projected ridership. Included in the program is the implementation of the LACMTA sponsored "Easy Pass" program throughout Los Angeles County.

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. It is estimated that for FY 2004-05, an average of 1,190 weekday riders will utilize this available option to supplement their daily commute.

Station Maintenance. This item is decreased by 3% from the FY 2003-04 Budget. The reduction is principally the result of a previously negotiated reduction in the rate the SCRRA pays for shared maintenance at Los Angeles Union Station as a result of the anticipated opening of the LACMTA's Gold Line light rail project. This item also includes maintenance of station equipment, signs, display cases, and public address/changeable message signs (PA/CMS), and LAUS 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 represents a 7% increase from FY 2003-04 due to indexed increases in contractually agreed rates as well as the addition of new service enhancements discussed above.

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

Maintenance of Way - Extra-ordinary 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 55%. However, due to the constraints surrounding the development of the FY 2004-05 Budget, the agency is exploring potential cost saving measures in the area of agency funded Medical Insurance premiums. A savings of \$250 thousand is projected for the fiscal year relative to the historic increases the agency has absorbed over the last four years. A 3% pool is assumed and included for merit increases, equal to that included in FY 2003-04. Additional increases result from the reallocation of labor resources among the various SCRRA modes of output. The agency has attempted to significantly improve its time and record keeping practices over the past two fiscal years. The estimates in the budget currently reflect this more accurate information.

Direct Non-Labor Costs. Costs included in this line include Direct Non-allocated MIS expenses including programming and maintenance of the agency's Train Management and Inventory System software, Board of Directors' per diem, Travel and Lodging expenses of operating departments, and additional minor miscellaneous expenses. These costs are expected to decrease 3% from the FY 2003-04 budget as the result of across the board reductions in all discretionary areas. Travel and training have been reduced and will be restricted to essential costs only, and each Director and Manager has been instructed to, whenever possible, substitute lower costs alternatives for ordinary administrative functions.

Allocated Overhead. Costs allocated to Train Operations represent this budget's share of the agency's General and Administrative costs. (Please see Section 5 for a discussion of this pool of costs and its allocation). FY 2004-05 is expected to increase by 2% due principally in the reallocation of staff time as developed in the proposed budget.

Professional Services. Professional Services includes contracted services for legal and legislative advocate representatives; development of the Strategic Plan; System Safety Plan and related operating plans; performance audit of operators; feeder bus coordination; equipment engineering assistance; signage design; and other minor items. Overall, Professional Services are projected to increase less than 1% over the FY 2003-04 Budget.

Contingency. This line item is traditionally budgeted at \$500,000 and is included 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 increase 9% compared with the FY 2003-04 Budget. Premiums for Operating Liability and Property Damages are projected to decrease by 6%, and Claims Administration is assumed to increase 14%. Claims costs are budgeted at the payout estimates plus the level of Board approved increases in reserves to fund the agency's Self Insurance Reserve (SIR) requirements. Combined, SIR/Claims funds are requested at \$2.1 million, an increase of \$750 thousand, divided among claims payments and reserve increases.

3.7 Summary of Revenue and Expenses by Member Agency

Table 3.7 provides the FY 2004-05 Metrolink Operating Budget by Member Agency shares. Total local subsidies increase 2.37% over the FY 2003-04 Budget and are expected to equal \$49.8 million. By agreement among the members, each agency has increased its adopted FY 2003-04 level of contribution by the amount of 2.37%

TABLE 3.7

OPERATING SUBSIDY ALLOCATION BY COUNTY
(\$000s)

	CLATSOP	WASCO	WHEAT	YAMHILL	SANBAG	STATE
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Expenses						
Train Mile Allocation	\$25,194.3	\$14,237.1	\$4,773.8	\$1,931.0	\$3,102.8	\$1,149.8
General Allocation	51,878.6	28,919.5	9,306.7	4,061.6	6,472.6	3,118.3
Direct Charge	11,275.2	6,287.6	2,317.7	853.2	1,152.2	664.6
Maintenance-of-Way	19,986.3	11,503.4	4,587.9	208.9	2,557.3	1,128.9
Total Expenses (including TVM)	\$108,334.4	\$61,847.6	\$21,986.1	\$7,154.7	\$13,284.9	\$6,061.6
Revenues						
Gross Farebox	46,898.9	24,659.5	9,650.1	3,875.0	7,079.1	1,635.2
Other Operating	2,978.9	1,649.6	897.3	50.8	118.3	262.9
Maintenance-of-Way	8,613.4	5,257.8	1,946.2	-	938.5	470.9
Total Revenues	\$58,491.1	\$31,566.9	\$12,493.6	\$3,925.8	\$8,135.9	\$2,369.0
Total County Allocation	\$49,843.4	\$29,280.7	\$8,492.4	\$3,128.8	\$5,147.0	\$3,692.5
FY 2003-04 Budget	48,689.4	28,700.5	8,295.8	3,056.3	5,029.7	3,607.0
Increase/(Decrease)	1,153.9	680.2	196.6	72.4	119.2	85.5
Percentage Change	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%

TRAIN MILE EXPENSES

Train Operations (Non-Dispatching)

Fuel

GENERAL ALLOCATION EXPENSES

Equipment Maintenance

Non-Scheduled Rolling Stock Repairs

Operating Facilities Maintenance

Other Operating Train Services

Security - Sheriffs, Guards, & Supplemental

Public Safety Program

Holiday Train

TVM Maintenance/Revenue Collection

Stations & Information Services

Passenger Relations

Marketing

Media & External Communications

Utilities/Leases

Station Maintenance

Staff Costs (Excluding Ambassador Labor)

Professional Services

Insurance

DIRECT CHARGE EXPENSES

Dispatching

Rail Agreements

Transfers to Other Operators

Ambassador Labor

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 rights of way.

Over long periods, the expenses under a capital renovation program and ordinary maintenance budgets are somewhat interchangeable. 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 using capital budgets. 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 capital 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 expenditures in Rehabilitation/Renovation programs 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 recommended MOW philosophy of SCRRRA is to perform ordinary maintenance sufficient to prevent any loss of service quality and to budget for Rehabilitation/Renovation at sufficient intervals to 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.

Conditions and Trends in the MOW Budget

Current MOW programs are developed annually to maintain the tracks in their original condition. The factors listed below increase the MOW budget as compared to the budgets of the prior owners, the freight railroads:

- + Higher standards for maintenance
 - Signal problem response time
 - Right-of-way and crossing response to community
 - No tolerance for speed reductions
 - No interference with train movements
- + More frequent trains/less work time/overtime for many tasks
- + Unforeseen expenses related to signals and storm damage
- + Some capital work not completed
 - Tunnel rehabilitation
 - Some old rail
 - Some old interlockings.

- + Right-of-way security issues
 - Graffiti
 - Trash dumping
 - Vandalism to track and signals

Actions that work to reduce current MOW expenses include:

- Completion of Rehabilitation/Renovation projects
- Improvements to right-of-way security
 - Fencing
 - Law enforcement (SCRRA and community)
 - Signage
- Acquisition of maintenance site(s) to avoid rents and reduce travel time

MOW Revenues and Expenses

Table 3.8 provides maintenance-of-way revenues received from the freight railroads and Amtrak Intercity and includes revenues for operating and non-operating lines. Maintenance-of-way revenues were \$7.9 million in FY 2001-02; \$8.1 million in FY 2002-03, and budgeted at \$8.5 million for FY 2003-04. The proposed FY 2004-05 budget is \$8.6 million, an increase of 1.5%.

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, 4.8% and charged based on traffic on the lines. Amtrak Intercity revenues, per agreement, are increased by the CPI (3%). However revenues from Amtrak Intercity services are expected to be reduced as Amtrak did not initiate additional services as had been anticipated in the FY 2003-04 Budget. 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 budgeted outside the ordinary MOW budget.

Table 3.9 provides the projection of Maintenance-of-Way Revenues, Subsidy and Expenditure by territory and by county for FY 2004-05.

Table 3.10 provides a summary of the projection of Maintenance-of-Way Expense Detail for FY 2004-05 by Line Segment/Territory and compares these projections to FY 2003-04 Budget.

The maintenance category detail provided in Table 3.10 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.

TABLE 3.8

FY04-05 MAINTENANCE-OF-WAY REVENUE

Agreement/Territory	FY02-03 Actual	FY03-04 Budget	FY04-05 Forecast	Change from FY03 Actual	Change from FY04 Budget
Amtrak Intercity	935,963	1,099,765	1,065,594	13.9%	-3.1%
LAUS Rail Yard Operations & Maintenance (Amtrak) (1)	167,444	181,347	185,880	11.0%	2.5%
Azusa Branch Shared Use (UPRR/SPTC)	85,489	78,588	82,360	-3.7%	4.8%
Baldwin Park Branch Shared Use (UPRR/SPTC)	184,644	180,395	189,054	2.4%	4.8%
Coast & Saugus Shared Use (UPRR/SPTC)	2,912,086	2,871,902	2,871,902	-1.4%	0.0%
East Bank Joint Facility (UPRR/SPTC)	740,572	828,381	828,381	11.9%	0.0%
Mission Tower (UPRR/SPTC)	84,268	126,142	126,142	49.7%	0.0%
San Diego & Olive Subdivision Shared Use (BNSF)	1,093,965	1,132,102	1,186,443	8.5%	4.8%
Pasadena Subdivision Shared Use (BNSF)	1,615,352	1,671,674	1,751,915	8.5%	4.8%
State Grade Crossing (CPUC)	327,288	317,770	325,714	-0.5%	2.5%
Total	8,147,071	8,488,066	8,613,386	5.7%	1.5%

TABLE 3.9

PROPOSED FY 2004-05 MAINTENANCE-OF-WAY EXPENDITURES

Revenue Forecast Allocation

Line Segment Category	Revenue	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	7,573,082	4,286,359	1,946,227	-	869,599	470,897
LA - San Bernardino	1,139,729	270,130	-	-	869,599	-
LA - Ventura (Burbank Jct to Moorpark)	1,383,364	912,467	-	-	-	470,897
LA - Lancaster	1,954,557	1,954,557	-	-	-	-
Fullerton - San Diego County Line	1,824,492	-	1,824,492	-	-	-
Olive Subdivision	121,735	-	121,735	-	-	-
Riverside Layover Facility	-	-	-	-	-	-
River Corridor	1,149,205	1,149,205	-	-	-	-
Extra-Ordinary Maintenance (Derailments, Storm Damage)	-	-	-	-	-	-
Non-Operating Lines	1,040,303	971,393	-	-	68,910	-
Sierra Madre - Claremont (Pasadena Sub)	971,393	971,393	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	68,910	-	-	-	68,910	-
Total	8,613,385	5,257,752	1,946,227	208,866	938,509	470,897

Net Subsidy Allocation

Line Segment Category	Revenue	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	11,230,019	6,183,188	2,641,713	208,866	1,538,277	657,975
LA - San Bernardino (1)	2,912,905	1,673,464	-	-	1,239,441	-
LA - Ventura (Burbank Jct to Moorpark) (2)	1,498,082	988,135	-	-	-	509,947
LA - Lancaster	2,442,052	2,442,052	-	-	-	-
Fullerton - San Diego County Line	1,993,386	-	1,993,386	-	-	-
Olive Subdivision	214,724	-	214,724	-	-	-
Riverside Layover Facility (3)	69,280	42,018	-	15,934	11,327	-
River Corridor (4)	1,599,590	759,805	316,719	177,554	230,341	115,170
Extra-Ordinary Maintenance (5) (Derailments, Storm Damage)	500,000	277,714	116,884	15,378	57,167	32,858
Non-Operating Lines	142,944	62,443	-	-	80,502	-
Sierra Madre - Claremont (Pasadena Sub)	62,443	62,443	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	80,502	-	-	-	80,502	-
Total	11,372,963	6,245,631	2,641,713	208,866	1,618,779	657,975

Total Expenditure Forecast

Line Segment Category	Revenue	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	18,803,101	10,469,547	4,587,940	208,866	2,407,876	1,128,872
LA - San Bernardino	4,052,634	1,943,594	-	-	2,109,040	-
LA - Ventura (Burbank Jct to Moorpark)	2,881,446	1,900,602	-	-	-	980,844
LA - Lancaster	4,396,609	4,396,609	-	-	-	-
Fullerton - San Diego County Line	3,817,878	-	3,817,878	-	-	-
Olive Subdivision	336,459	-	336,459	-	-	-
Riverside Layover Facility	69,280	42,018	-	15,934	11,327	-
River Corridor	2,748,795	1,909,010	316,719	177,554	230,341	115,170
Extra-Ordinary Maintenance (Derailments, Storm Damage)	500,000	277,714	116,884	15,378	57,167	32,858
Non-Operating Lines	1,183,247	1,033,836	-	-	149,412	-
Sierra Madre - Claremont (Pasadena Sub)	1,033,836	1,033,836	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	149,412	-	-	-	149,412	-
Total	19,986,348	11,503,383	4,587,940	208,866	2,557,288	1,128,872

- (1) Split of MoW net subsidy is by track miles (58.4% LACMTA and 41.6% SANBAG). Split MoW revenue forecast is by county specific revenues.
- (2) Split of MoW net subsidy and MoW revenue forecast is by track miles (65.96% LACMTA and 34.04% VCTC).
- (3) Split is by route miles (60.65% LACMTA, 23.00% RCTC, and 16.35% 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 (57.5535% LACMTA, 24.2709% OCTA, 10.6918% SANBAG, 6.4144% VCTC, 1.0694% RCTC) for storm damage, gate knockdowns, and vandalism.

**Southern California Regional Rail Authority
 FY 04-05 Proposed Maintenance-of-Way Budget
 Variance to FY 03-04 Budget & Forecast**

Track	848,115	737,310	920,841	72,726	183,531
Signal & Communications	1,366,274	1,303,045	1,404,115	37,840	101,069
Structures	156,818	173,788	195,184	38,367	21,396
Procurement	156,568	182,656	231,102	74,534	48,447
Other	525,522	518,345	487,486	(38,036)	(30,859)
Agency Costs	747,305	728,188	813,905	66,600	85,717
Valencia (Burbank to Moorpark)	2,322,000	2,270,639	2,831,446	59,437	(98,198)
Track	833,731	836,350	863,097	29,367	26,747
Signal & Communications	819,317	788,810	831,721	12,404	42,911
Structures	116,238	176,150	135,174	18,937	(40,976)
Procurement	123,869	219,666	160,049	36,180	(59,617)
Other	374,930	395,617	337,607	(37,323)	(58,010)
Agency Costs	553,923	563,046	553,797	(126)	(9,249)
La Grate	4,379,541	4,412,068	4,396,609	17,068	(18,459)
Track	1,132,049	1,119,932	1,190,352	58,303	70,420
Signal & Communications	1,193,119	1,235,227	1,219,182	26,063	(16,045)
Structures	191,437	198,674	226,357	34,920	27,683
Procurement	198,316	241,888	268,012	69,696	26,124
Other	752,341	669,319	565,342	(186,999)	(103,977)
Agency Costs	912,280	947,027	927,364	15,084	(19,663)
Fullerton - San Diego County Line	3,665,914	3,347,154	3,817,878	151,964	470,724
Track	999,337	703,746	1,041,396	42,060	337,650
Signal & Communications	1,001,769	888,497	1,077,312	75,543	188,815
Structures	165,071	182,018	191,964	26,893	9,946
Procurement	164,809	186,908	227,289	62,481	40,381
Other	548,292	581,315	479,442	(68,850)	(101,873)
Agency Costs	786,637	804,670	800,475	13,838	(4,195)
Oliver Subdivision	346,771	410,951	336,459	(10,312)	(74,492)
Track	95,555	147,788	98,749	3,193	(49,039)
Signal & Communications	122,552	128,373	107,913	(14,639)	(20,460)
Structures	12,610	11,150	14,664	2,054	3,514
Procurement	12,590	14,083	17,362	4,773	3,280
Other	43,375	44,406	36,624	(6,751)	(7,782)
Agency Costs	60,090	65,152	61,147	1,057	(4,005)
Riverside Layover Facility	75,589	50,072	69,280	(6,308)	(19,208)
Track	22,382	13,600	21,751	(631)	8,151
Signal & Communications	11,066	4,268	9,687	(1,378)	5,419
Structures	4,356	-	4,381	24	4,381
Procurement	4,349	2,643	5,187	838	2,544
Other	12,676	12,111	10,941	(1,736)	(1,170)
Agency Costs	20,758	17,450	17,334	(3,424)	(116)
River Corridor	2,673,814	2,658,974	2,748,795	74,980	89,821
Track	608,090	679,084	623,485	15,394	(55,599)
Signal & Communications	1,476,540	1,243,131	1,500,400	23,860	257,269
Structures	61,214	34,832	71,187	9,973	36,355
Procurement	61,117	150,261	84,286	23,170	(65,975)
Other	175,142	215,570	177,793	2,651	(37,777)
Agency Costs	291,711	336,095	291,644	(67)	(44,451)
Extra Ordinary Maintenance (Derailments, Storm Damage, Gate Knockdowns, Vandalism)	500,000	546,722	500,000		46,722

**Southern California Regional Rail Authority
 FY 04-05 Proposed Maintenance-of-Way Budget
 Variance to FY 03-04 Budget & Forecast**

	FY 03-04 Budget	FY 03-04 Forecast	FY 04-05 Proposed	Variance to FY 03-04 Budget	Variance to FY 03-04 Forecast
San Bernardino County					
Track	203,454	118,880	215,223	(77,762)	96,343
Signal & Communications	301,875	301,065	350,515	147,062	49,450
Structures	45,853	19,400	53,323	(248,552)	33,923
Procurement	45,780	41,020	63,136	17,283	22,116
Other	174,513	161,476	133,178	87,398	(28,298)
Agency Costs	218,510	232,094	218,460	43,948	(13,634)
San Bernardino County (San Bernardino Co)					
Track	27,686	24,410	32,189	(93,071)	7,779
Signal & Communications	51,314	27,434	60,584	32,898	33,150
Structures	4,356	-	6,399	(44,915)	6,399
Procurement	4,349	3,348	7,576	3,220	4,228
Other	16,797	15,340	15,981	11,632	641
Agency Costs	20,758	21,148	26,682	9,886	5,535
San Diego County					
Track	4,770,399	4,381,100	5,007,083	(14,372,400)	625,983
Signal & Communications	6,343,826	5,919,850	6,561,429	1,791,030	641,579
Structures	757,952	796,012	898,633	(5,445,193)	102,621
Procurement	771,746	1,042,474	1,064,000	306,048	21,526
Other	2,623,586	2,613,499	2,244,394	1,472,648	(369,105)
Extra-Ordinary Maintenance	500,000	546,722	500,000	(2,123,586)	(46,722)
Agency Costs	3,611,974	3,714,871	3,710,809	3,210,809	(4,061)

- 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 allocated to segments and counties on the basis of track-miles.

Included in the agency's pool of general engineering are 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 2004-05 MOW Budget is \$20.0 million, a 3% increase from the FY 2003-04 Budget. The increase is primarily due to increased material requirements in the area of track maintenance, and an indexed increase in the costs of contract labor tied to the Railroad Cost Index. However, due to the constraints surrounding the development of the FY 2004-05 Budget, a total of 7 contract positions have been eliminated for FY 2004-05. Other Non-direct maintenance expenses have been reduced in light of the overall resource constraints of the agency for the fiscal year including Engineering Studies, reduced by \$220 thousand, Equipment Leases and Rentals reduced by \$27 thousand and Other Maintenance of Way Expenses including Work Trains, Miscellaneous expenses and Non-Labor staff costs.

The average MOW cost per track-mile is calculated excluding Extra-Ordinary Maintenance and Agency Costs. For FY 2004-05, the average MOW cost is projected to be \$46,811 per track-mile compared with \$47,005 per track-mile budgeted in FY 2003-04. Inflationary cost increases have been absorbed by economies associated with the improved maintenance condition of the property as a result of the agency's Renovation and Rehabilitation program. 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. (6.6 increase from the FY 2003-04 Budget due to an increase in both Track and Signal Maintenance inspection requirements due to track mile increases associated with the recent completion of double tracking projects on the line). 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
- Capital rehabilitation still to be completed (I-10 Corridor work)
- Light freight traffic

Los Angeles - Ventura County Line. (2.1% increase from the FY 2003-04 Budget.) The signal system on this line was renewed between 1991 and 1995, and the crossing, rail, and tie deficiencies of earlier years have been largely corrected by recent Rehabilitation/Renovation work. 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

Los Angeles – Antelope Valley Line. (0.4% increase from the FY 2003-04 Budget.) A considerable portion of this line has been recently improved. The major remaining capital improvement issue is the deteriorated subgrade in the Newhall Tunnel (Tunnel 25), old rail from Sylmar to Saugus, and old ties from Sylmar to Tunnel 25. In addition, the areas rehabilitated in 1994 for “earthquake” service are nearing tie replacement cycle time. It is 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. The capital budgets for 97/98 and 98/99 included replacement of the worst of the old rail and ties, and the old signal system. This has reduced the signal costs on this line. Factors affecting MOW costs are:

- + High curve and grade territory
- + Tunnel 25 subgrade is very poor
- + 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

Fullerton - San Diego County Line. (4.2% increase from the FY 2003-04 Budget.) This line is in good to excellent condition. The budget has historically been the lowest per mile. 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. (3.0% decrease from the FY 2003-04 Budget). This line has received a significant cycle replacement of ties and surfacing, along with renewed road crossings and a modernized signal system. However, most of the rail is old and requires spot repairs to control defects. Factors that affect MOW costs are:

- + Narrow embankment

- + Old rail
- No significant curvature or grade

Riverside Layover Facility. (8.4% decrease from the FY 2003-04 Budget.) This segment has good track. However, this facility is requiring a four man track gang to inspect the facility once per month. Additionally, the Operations Department has requested increased minor repairs at the facility associated with bumper repair, derail installation and additional signage. Factors that affect MOW costs are:

- + Small segment requires specific maintenance assignments
- Good Condition

River Corridor. (2.8% increase from the FY 2003-04 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 SCRRRA 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. 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) (4.4% increase from the FY 2003-04 Budget.) SCRRRA is maintaining this property for the Pasadena Blue Line Construction Authority under their agreement with the LACMTA. 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 to Bench (Baldwin Park Branch) (19.3% increase from the FY 2003-04 Budget). This line is a very lightly used freight line with small rail and old wooden ties. The 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
- + Small segment requires specific maintenance assignments
- Very few freight trains and no passenger service

Extra-ordinary 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 build 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.

In years without unusual rainfall or train accidents, \$500,000 has remained a reasonable estimate and is continued into FY 2004-05. In other years, such as has been experienced in FY 1999-00 with the El Nino storms, the total can easily exceed \$3,500,000. 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 Extra-ordinary 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/Renovation and New Capital. These budgets amount to \$45.5 million and \$121.5 million, respectively, for a total of \$167 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, 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 for the condition of the SCRRA's infrastructure network is 88, as of June 30, 2003.

Rehabilitation/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/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 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 the 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 about 30-35 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 \$ 45.5 million are summarized in Table 4.1. However, 38 of the projects are ongoing projects that will not be completed in FY 2003-04 as outlined below. They amount to \$21.9 million. The new projects amount to \$23.6 million and are also discussed below.

Ongoing Rehabilitation/Renovation Projects

The following projects are ongoing projects authorized in FY 2003-04 or earlier and are not estimated to be completed prior to June 30, 2004. The following figures represent staff's estimate of the outstanding authorized balance on each project as of the adoption of the fiscal year budget. These estimations in no way alter the authority approved by the Board of Directors.

TABLE 4.1 - 1

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY 2004-05 BUDGET

REHABILITATION/RENOVATION PROJECTS: ONGOING PROJECTS

No. Project	Project Description	Agency	FY04 Budget	FY05 Budget	FY04 Actual	FY05 Actual	FY04 Encumbr.	FY05 Encumbr.	FY04 Balance	FY05 Balance	FY04 Reversals	FY05 Reversals
1a	Rail Program - Antelope Valley Line (FY03)	Antelope V	2,073,386	236,854	236,854	-	-	-	-	-	-	-
1b	Rail Program - Antelope Valley Line (FY04)	Antelope V	812,206	812,206	812,206	-	-	-	-	-	-	-
1c	Rail Program - Orange County Line (FY04)	Orange Co	479,205	479,205	-	-	-	-	-	479,205	-	-
2a	Wood And Concrete Tie Program (FY03) - Ventura Co Line (VN Co)	Ventura Co	553,420	488,332	-	-	-	-	-	488,332	-	-
2b	Wood And Concrete Tie Program (FY03) - Ventura Co Line (LA Co)	Ventura Co	268,614	123,215	123,215	-	-	-	-	-	-	-
2c	Wood And Concrete Tie Program (FY03) - San Bernardino Line	San Bern	1,689,744	823,485	494,091	-	-	-	-	329,394	-	-
2d	Wood And Concrete Tie Program (FY03) - Orange County Line	Orange Co	1,429,506	122,209	-	-	-	-	-	-	-	-
2e	Wood And Concrete Tie Program (FY03) - IEOC Line	IEOC	94,892	84,028	-	-	-	-	-	-	-	-
2f	Wood Tie Program (FY04) - Ventura Co Line (LA Co)	Ventura Co	310,602	304,512	304,512	-	-	-	-	-	-	-
2g	Wood Tie Program (FY04) - San Bernardino Line	San Bern	7,499,741	7,499,549	7,499,549	-	-	-	-	-	-	-
3a	Turnout Program (FY03) - Ventura County Line	Ventura Co	173,073	173,073	173,073	-	-	-	-	-	-	-
3b	Turnout Program (FY03) - San Bernardino Line	San Bern	169,328	162,003	97,202	-	-	-	-	64,801	-	-
3c	Turnout Program (FY03) - Orange County Line	Orange Co	164,991	156,683	-	-	-	-	-	-	-	-
3d	Turnout Program (FY03) - IEOC Line (Olive Sub)	IEOC	329,382	329,382	-	-	-	-	-	-	-	-
3e	Turnout Program (FY03) - River Corridor	River	327,958	289,070	170,896	-	-	-	-	2,301	-	101,377
3f	Turnout Program (FY04) - Antelope Valley Line	Antelope V	417,959	375,586	375,586	-	-	-	-	-	-	-
3g	Turnout Program (FY04) - Orange County Line	Orange Co	552,147	386,298	-	-	-	-	-	-	-	-
3h	Turnout Program (FY04) - IEOC Line (Olive Sub)	IEOC	187,798	187,798	-	-	-	-	-	-	-	-
4a	Bridge Replacement Program (FY03) - Ventura County Line (Ven Co)	Ventura Co	214,000	56,000	-	-	-	-	-	56,000	-	-
4b	Bridge Replacement Program (FY03) - Ventura County Line (LA Co)	Ventura Co	92,020	45,000	45,000	-	-	-	-	-	-	-
4c	Bridge Replacement Program (FY03) - Orange County Line	Orange Co	839,950	273,000	-	-	-	-	-	-	-	-
4d	Bridge Program (FY04) - Ventura County Line (Ven Co)	Ventura Co	1,014,971	1,000,000	-	-	-	-	-	1,000,000	-	-
4e	Bridge Program (FY04) - Ventura County Line (LA Co)	Ventura Co	128,400	128,000	128,000	-	-	-	-	-	-	-
4f	Bridge Program (FY04) - Orange County Line	Orange Co	2,963,450	2,818,749	-	-	-	-	-	-	-	-
4g	Bridge Program (FY04) - River Corridor	River	550,000	440,000	209,145	-	-	-	-	31,632	-	87,036
5	Rail Grinding Program	System	472,906	472,906	224,786	-	-	-	-	66,042	-	83,546
6a	Signal & Communications Program (FY03) - Ventura Co Line	Ventura Co	128,649	60,000	60,000	-	-	-	-	-	-	-
6b	Signal & Communications Program (FY03) - San Bernardino Line	San Bern	749,670	180,000	108,000	-	-	-	-	72,000	-	-
6c	Signal & Communications Program (FY03) - Orange County Line	Orange Co	348,872	140,000	-	-	-	-	-	-	-	-
6d	Signal & Communications Program (FY03) - Systemwide	System	1,649,405	835,000	392,147	-	-	-	-	118,701	-	59,309
6e	Signal & Communications Program (FY04) - Ventura Co Line	Ventura Co	247,705	171,200	-	-	-	-	-	171,200	-	-
6f	Signal & Communications Program (FY04) - System	System	342,400	281,000	133,568	-	-	-	-	40,430	-	55,585
7	LAUS Platform Improvements (Pltfm 4 & 5)	River	256,800	256,800	122,065	-	-	-	-	20,201	-	-
8	Switch Machine & Rod Replacement/Repair	River	400,001	85,000	40,403	-	-	-	-	36,948	-	-
9	Replace Rail Crossing Frogs	River	135,000	163,633	3,500	-	-	-	-	1,060	-	156,268
10	Special Track Work - Frog Replacement - River Corridor	River	400,000	135,732	2,803	-	-	-	-	879	-	129,624
11	Station & Right of Way Upgrades (San Bern Co)	San Bern	1,376,160	623,350	623,350	-	-	-	-	-	-	-
12	Fixed Asset System Implementation	System	1,073,942	750,000	-	-	-	-	-	750,000	-	-
Total Ongoing Projects			33,828,054	23,143,833	23,143,833	-	-	-	-	2,301	-	231,300

(1) OCTA and SBAG funds are 80% federal funds and 20% local match.
 (2) RCTC and VCTC funds are 100% federal.
 (3) Per agreement with Union Pacific Railroad, work is associated with the River Corridor.
 (4) State Funds on Ongoing Rehab/Repair Projects are FTA funds covering Orange County's share of costs.
 (5) Staff estimate of remaining project balances as of June 30, 2004.

1. RAIL PROGRAM **\$ 1,528,255**

a. Antelope Valley Line \$236,854

The program will complete the installation of at Harold crossing on the Antelope Valley Line. The old rail at Harold will be replaced and this used main track rail replace the Ravenna siding rail.

b. Antelope Valley Line \$ 812,206

This funding is by LACMTA. The program will reposition (repositioning is the practice of changing the rail from one side to the other side thereby using the opposite side of the rail head to make contact with the rail car wheel) and in some locations replace worn rail on 9 curves. One (1) curve is near the Sylmar Siding. Two (2) of the curves are near CP Portal. The remaining six (6) curves are between CP Soledad and CP Ravenna.

c. Orange County Line \$ 479,205

This work is funded by OCTA. The program will reposition worn rail on three (3) curves. The first curve is right after we leave the Fullerton junction. The next two are between Fairhaven Ave and 17th St. in Santa Ana.

2. WOOD AND CONCRETE TIES **\$ 9,455,331**

a. Ventura County Line \$ 498,332

This funded is by VCTC. The program will complete the replacement of approximately 25% of the wood ties on 3.3 miles of the main track MP 436.7 to MP 440.0 (Simi Valley).

b. Ventura County Line \$ 123,215

This is funded by LACMTA and will complete the replacement of all the wood ties in Tunnel No. 28 MP 443.90.

c. San Bernardino Line \$ 823,485

This work is funded 60% by LACMTA and 40% by SANBAG. The program will complete the replacement of approximately 25% of the wood ties on the main line at Cambridge between MP 32.4 to MP 44.5 (12.1 miles). The program will also replace an additional 25% of the wood ties on the main line at Etiwanda between MP 47.6 to MP 55.2.

d. Orange County Line \$ 122,209

This work is 100% OCTA funded and will complete the replacement of 30% of the wood ties between Serra and the County Line (MP 203.8 to 207.4) on the Orange County Line, and 25% of the ties between MP 173.2 and MP 174.7 (Lincoln) on the north main track, and replace the wood ties with concrete ties on the curve at CP Maple, near the Orange station.

e. Inland Empire Orange County Line (Olive Sub) \$ 84,029

This program will complete the replacement of 20% of the ties on the curve between CP Meats and CP Maple.

f. Ventura County Line \$ 304,512
 This funded is by LACMTA. The program will complete the replacement of all the wood ties in Tunnel No. 28 MP 443.90.

g. San Bernardino Line \$ 7,499,549
 This work is funded, in total, 60% by LACMTA and 40% by SANBAG with \$6,013,271 in FY2003-04 funds and, as approved by the Board in the FY2004-05 Budget, \$1,486,470 in FY 2002-03 funds. The program will replace all of the wood ties on the main line between MP 1.15 to MP 44.5 (12.1 miles), I-10 corridor, with concrete ties. This work will be done with a special piece of equipment that will:

1. Remove the old tie and rock.
2. Place and anchor the new concrete tie.
3. Then put back the cleaned old rock along with new supplemental rock.

3. TURNOUT PROGRAM \$ 2,059,901

a. Ventura County Line \$ 173,073
 This funding is 100% LACMTA. The program will complete rehabilitation on the Turnout at MP 458.1

b. San Bernardino Line \$ 162,003
 This funding is 60% LACMTA and 40% SANBAG. The program will complete rehabilitation on the Turnout at MP 44.3.

c. Orange County Line \$ 156,683
 This funding is 100% OCTA. The program will complete rehabilitation on the turnout at MP 179.4 at the east end of the Tustin Wye. The turnout will be upgraded from 115-lb. to 136-lb., consistent with the rail in this territory.

d. Inland Empire Orange County Line (Olive Sub.) \$ 329,382
 This funding is 100% OCTA. The program will complete rehabilitation on two (2) turnouts at MP 0.8 and 0.9 near Tustin Ave. The turnouts will be upgraded from 115-lb. to 136-lb., consistent with the rail in this territory.

e. River Corridor \$ 289,070
 This work is originally funded by the Member Agencies using the revised All-Share formula, and by UPRR under the East Bank Agreement. The program will complete rehabilitation on two (2) Turnouts at CP Chavez (MP 1.05) and the UP Harbor turnout at 9th St.

f. Antelope Valley Line \$ 375,596
 This funding is by LACMTA. The program will complete rehabilitation on three (3) Turnouts at MP 40.2, MP 43.9 and MP 53.5.

g. Orange County Line \$ 386,296
 This funding is entirely by OCTA. The program will complete rehabilitation on six (6) Turnouts. Four (4) of the turnouts will have the turnout frog component only replaced (Located at MP 165.9, 166.3, 166.55 and 175.6). The other two (2) turnouts will be rehabilitated in their entirety at MP 197.3 and 197.8.

h. Inland Empire Orange County Line (Olive Sub.) \$ 187,798
 This funding is entirely by OCTA. The program will complete rehabilitation on the turnout at MP 4.65.

4. BRIDGE REPLACEMENT \$ 4,760,749

a. Ventura County Line \$ 56,000
 This funding is 100% VCTC. The program will complete installation of additional bracing to the four (4) Arroyo Simi bridges. This will extend or ensure the life expectancy of the structures.

b. Ventura County Line \$ 45,000
 This funding is 100% LACMTA. The program will complete rehabilitation of the deck on the bridge at MP 452.1 between Balboa Blvd. and Roscoe Blvd.

c. Orange County Line \$ 273,000
 This funding is 100% OCTA. The program will complete the Civil design for the replacement structure for the 180 foot Trabuco Creek bridge at MP 195.8.

d. Ventura County Line \$ 1,000,000
 This funding is by VCTC. The program will fund Phase 1 of 2 for the rehabilitate of the bridge at MP 429.26. This is a seven span structure on concrete piers. Two of the spans have been replace by the former owner (SPTC). We must continue the replacement of the remaining spans. The other a part of this fund will be used to conduct drainage studies on the VCTC owned portion of the Line Segment.

e. Ventura County Line \$ 128,000
 This funding is by LACMTA. This fund will be used to conduct drainage studies on the LAMTA owned portion of the Line Segment.

f. Orange County Line \$ 2,818,749
 This funding is entirely by OCTA. The program will replace the ballast deck bridge at MP 188.5 (Aliso Creek) near CP Bake (El Toro). Also, the program will fund Phase 1 of 2 for the replacement structure for the 191 ft. bridge at MP 195.8 (Trabuco Creek) near San Juan Capistrano Station.

g. River Corridor \$ 440,000
 The work is funded by all Member Agencies using the revised All-Share formula. The program will complete painting of the Bridge that crosses the L.A. River between Pasadena Jct. and CP West Diamond.

5. RAIL MAINTENANCE AND GRINDING **\$ 472,906**

This program is to grind the rail to restore the original profile and remove surface defects. A regular program of rail grinding will more than double the life of the rail, particularly in curved track. The amount of grinding expense is assigned to each line on approximately the mileage of that line.

6. SIGNAL AND COMMUNICATION IMPROVEMENTS **\$ 1,657,200****a. Ventura County Line** **\$ 60,000**

This funding is 100% LACMTA. This program is to complete the installation of dispatcher controlled power operated switch machine on the existing derail at CP Woodman MP 456.10.

b. San Bernardino Line **\$ 180,000**

This funding is 60% LACMTA and 40% SANBAG. The balance of the program is to: Replace underground cabling at various locations between MP 11.1 and MP 11.2. Replace one constant warning device at Temple Avenue at MP 16.07. Secure & protect Signal equipment enclosures by installation of fencing. Upgrade standby power requirements with replacement installation of LED lights. Continue a program to install event / analyzer monitoring equipment at each "at grade" rail crossings.

c. Orange County Line **\$ 140,000**

This funding is 100% OCTA. This program will complete: Upgrades to the existing power system at CP Tinkham MP 184.50. The existing commercial power configuration will not allow for the continuous operation of the A/C system during peak heat periods due to inadequate power feed. Replacement of deteriorated signal equipment due to high oxidation at various locations between MP 198.8 and MP 206.0. Upgrades to the standby power requirements with replacement installation of LED lights. Continue a program to install event / analyzer monitoring equipment at each at grade rail crossing.

d. Systemwide **\$ 825,000**

The funding is by all Member Agencies using the revised All-Share formula. The program will: Provide a mirror Dispatching server to be installed at a separate facility from the Metrolink Operations Center (MOC) with it's own structure and power. This will serve as an alternate to the MOC Dispatch server when or if a major failure occurs at the MOC.

e. Ventura County Line **\$ 171,200**

This funding is by VCTC. The program will complete:

1. The program to install event / analyzer monitoring equipment at each "at grade" crossings. This will be done at ten (10) locations.
2. Upgrades to crossing controls by replacing the antiquated crossing control equipment and the enclosure at five (5) locations.
3. Upgrades to standby power requirements at five (5) locations with replacement installation of LED lights. LED lights require approximately one-third the energy to light

thus increasing standby power life and decreasing commercial power requirements when not in standby.

This will fund a study and designing for a Fiber Optical cable system from Moorpark to Burbank (VCTC portion of Line Segment).

f. System \$ 281,000

The funding is by all Member Agencies using the revised All-Share formula. The programs will complete:

1. Installation of Power Off indicators at 250 locations. This program will install a light at Grade crossing instruments enclosure that will serve two purposes:
 - Illuminate the emergence 800 number at all times.
 - When the light is extinguished, it will indicate a loss of commercial power.
2. Communication Systems programs that will rehabilitate and upgrade:
 - PA/CMS Modems.
 - Lens for PACMS signs.
 - Mobile Comm. Pack (Radios) on the System.
 - Base Comm. Pack (Radio Control Console).
3. Omni-Directional Antennas at selected Control Points (CP).

7. UNION STATION PLATFORM REHABILITATION \$ 256,800

a. Platform 4 (Tracks 7 & 8) \$ 128,400

Funding is from the Member Agencies using the revised All-Share formula. This project will complete replacement of TACT-TIL tile surface adjacent to Station tracks No.7 and No. 8.

b. Platform 5 (Tracks 9 & 10) \$ 128,400

Funding is from the Member Agencies using the revised All-Share formula. This project will complete replacement of TACT-TIL tile surface adjacent to Station tracks No.7 and No. 8.

8. SWITCH MACHINE/ROD REPLACEMENT \$ 85,000

This program is the systematic removal and replacement of the dual control power switch machines and their associated connecting rods. These devices will last approximately ten years in heavy service but need to be rehabilitated at the end of that time in order to assure continued reliable operation. The machines are sent to the manufacturer for reconditioning. This work is scheduled for the River Corridor and is funded using the Revised Allshare formula.

9. REPLACE RAIL CROSSING FROGS \$ 299,365

Crossing frogs are special assemblies of steel castings and rail that permit the railroad tracks to intersect, and have gaps for the rail wheel flanges. The engineering for the new Frogs is being completed. This item is to replace current units where the two tracks of the East Bank Main

Track cross the Coast Connector track at grade. Existing units were installed in the 1950s and have reached the limit of economical and safe repair.

10. STATION AND RIGHT OF WAY UPGRADES \$ 623,350

This program is for platform extensions and improvements at Rialto, Fontana and East Ontario. This program is attempting to capture as many economies of scale as possible through the consolidation of similar contract requirements at each location.

11. FIXED ASSET SYSTEM IMPLEMENTATION \$750,000

This project was approved by the Board of Directors at its February meeting of 2003. The funds are to complete work begun in FY 2002-03 to procure an upgrade to the Authority's current materials management system as utilized by the Equipment Department. The upgrade of the software will allow for an expansion of the system to include the agency's Track, Structure, and Signal material inventories and assets. Further, upon completion of this implementation, the SCRRA will be compliant with the requirements under Pronouncement 34 of the Government Accounting Standards Bureau (GASB 34).

NEW REHABILITATION/RENOVATION PROJECTS IN FY 2004-05

1. RAIL \$2,625,677

Rail is replaced for two reasons: one is that the rail worn away by rail car wheel flanges in curves, the other is that the rail reaches the fatigue life limit where small internal flaws have grow into fractures. On the SCRRA, replacement rail is most often needed at sharp curves and where we still have old rail that the freight railroads installed many years ago. The decision to replace rail is driven by observing the wear patterns and by monitoring the rate of rail defect detection.

a. Ventura County Line \$214,284

This funded is by VCTC. The program will replace both worn rails on curve number 205 near Moorpark. The curve number 217 near Santa Susana Rd. will have one rail reposition and one rail replaced.

b. Ventura County Line \$197,402

This funded is by LACMTA. The program will replace both worn rails on curve number 224 near CP Topanga.

c. Antelope Valley Line \$1,375,458

This funding is by LACMTA. The program will reposition (repositioning is the practice of changing the rail from one side to the other side thereby using the opposite side of the rail head to make contact with the rail car wheel) and in some locations replace worn rail on 8 curves. One (1) curve is near the CP Portal. Two (2) of the curves are near CP Soledad. The remaining six (5) curves are between CP Ravenna and CP Crest.

d. Inland Empire Orange County Line (Olive Sub.) \$ 778,396
 This work is funded by OCTA. The program will rehabilitate worn 112# rail that the freight railroads installed many years ago. The worn rail between MP 0.60 (Miraloma Ave) and MP 2.50 (Lincoln Ave.) will be renewed with 136# CWR.

e. River Corridor \$ 60,136
 The work is funded by all Member Agencies using the revised All-Share formula. The program will reposition 600 Lin. Ft. of one rail and replace 600 Lin. Ft. of the other rail on Track No. 3 into Union Station.

2. WOOD AND CONCRETE TIES \$3,327,919

Wood ties last about 35 years in this region. There are 3,250 ties per mile of track. This results in the need to replace about 100 ties per mile per year to keep a stable track structure. The engineering standards and the FRA Track Safety Standards are predicated upon there being a limited number of failed ties in the track, the redundant design of the track will enable the remaining sound ties to hold the track in alignment, gauge, and surface. It is more economical to replace about 25% of the ties on about 8-year cycles with specialized crews than to replace a few ties at more frequent intervals. Letting the track deteriorate until more than 25% of the ties have failed results in rough and unstable track, a decrease in the life of the remaining ties, and the need to reduce train speeds. The Rehabilitation/Renovation program is based upon keeping within this range of tie replacement.

a. Ventura County Line \$837,339
 This funded is by LACMTA. The program will replace about 25% of the wood ties between CP Eliker (MP 453.70) and Van Nuys (MP 455.00). The program will also replace 25% of the wood ties between CP Woodman (MP 456.40) and Burbank Jct. (MP 462.40).

b. San Bernardino Line \$1,232,837
 This work is funded 60% by LACMTA and 40% by SANBAG. The program will replace about 25% of the wood ties on the main line at Cambridge between MP 32.4 to MP 44.5 (12.1 miles).

c. Orange County Line \$ 1,257,744
 This funding is entirely by OCTA. The program will replace about 32% of the wood ties on five (5) portions of the line segment. These are:

1. MP 165.5 near Fullerton to MP 169.0 near Ball Rd. on Track No.1.
2. MP 169.0 near Ball Rd to MP 170.3 near College Blvd. on Track No.2.
3. MP 170.3 to MP 170.8 near Anaheim Stadium on Track No.1.
4. MP 171.3 near Main St. to MP 173.0 near Palmyra Ave. on Track No. 2.
5. MP 173.0 near Palmyra Ave. to MP 174.0 near Santa Clara Ave. on the Main Track.

3. ROAD CROSSINGS **\$1,378,854**

Under the Rehabilitation/Renovation Program, an allowance is set aside for each line for each year for the maintenance staff to plan rehabilitation of crossings. This gives them a resource in planning to respond to civic requests to repair or upgrade crossings, and to work off the worst of the existing crossings each year. The nature of this work will vary between lines and between years on each line.

a. San Bernardino Line \$ 632,771

This funding is 60% by LACMTA and 40% by SANBAG. The program will rehabilitate the crossing surfaces, ties and rail at three (3) crossings at MP 40.1 (Archibald Ave) both Tracks, MP 49.3 (Mango Ave.) on Track No.1 and MP 49.6 (Palmetto Ave.) on Track No.1

b. Orange County Line \$ 746,083

This funding is by OCTA. The program will rehabilitate the crossing surfaces, ties and rail on both main track crossings at Batavia St. (MP 171.8) and on both main track crossings at Lyon ST. (MP 176.6).

4. BRIDGE REPLACEMENT **\$1,375,735**

The Bridge Rehabilitation and Renovation capital program consists primarily of replacing obsolete and decayed timber bridges with concrete and steel bridges. These bridges eliminate maintenance due to decayed wood, eliminate fire danger and enlarge the channel opening because the concrete spans are longer than the wood spans. The program also includes painting of major steel bridges in future years and replacement of small timber structures with culvert pipe when feasible. The program will also address improvements that will extend or insure the life expectancy of a structural unit. The program includes Railroad Right of Way drainage and embankment Renovations.

a. Ventura County Line \$ 253,784

This funding is by VCTC. The program will fund Phase 2 of 2 for the rehabilitate of the bridge at MP 429.26. The other a part of this fund will be used to conduct drainage rehabilitation on the VCTC owned portion of the Line Segment between MP 428.44 and MP 431.09 near Madera. The drainage rehabilitation will also be preformed around Santa Susanna MP 439.4.

b. Antelope Valley Line \$ 270,373

This funding is by LACMTA. The program will be used to conduct drainage rehabilitation on the LAMTA owned portion of the Line Segment between MP 62.18 (Crest) and MP 63.7. The drainage rehabilitation will also be preformed between MP 40.0 (Humphreys) to MP 53.35 (Revenna).

c. Orange County Line \$ 427,578

This funding is by OCTA. The program will replace the vegetation-protected embankment with concrete protection. This will be done for approximately 300 ft. west of the Alicia Parkway at MP 189.30.

d. Inland Empire Orange County Line (Olive Sub.) \$ 424,000
 This work is funded by OCTA. The program will rehabilitate Bridge 3.7 near Meats Ave.

5. RAIL MAINTENANCE AND GRINDING **\$412,906**

This program is to survey the condition of the rail and, as needed, to grind the rail to restore the original profile and remove surface defects. A regular program of rail grinding will more than double the life of the rail, particularly in curved track. The amount of grinding expense is assigned to each line on approximately the mileage of that line.

6. NEWHALL CURVE RECONSTRUCTION **\$250,000**

This funding is entirely by LACMTA. This project will rehabilitate the old wood-tie track on two curves to new concrete tie track and new rail on an improved alignment (the embankment for the improved alignment was constructed last year). This project increases speed from 45 MPH to 55 MPH

7. SIGNAL AND COMMUNICATION IMPROVEMENTS **\$5,241,520**

a. Ventura County Line \$ 101,876

This funding is by VCTC. The program will:

4. This project is phase 1 of 3 to relocate the close clearance Crossing gates for PUC compliance at 8 Locations.
5. Secure & protect Signal equipment enclosures by installation of fencing at two (2) locations.

b. Ventura County Line \$ 592,447

This funding is by LACMTA. The program will:

1. This project is phase 1 of 3 to relocate the close clearance Crossing gates for PUC compliance at 11 Locations.
2. Upgrade standby power requirements at sixteen (16) locations with replacement installation of LED lights. LED lights require approximately one-third the energy to light thus increasing standby power life and decreasing commercial power requirements when not in standby.
3. Upgrade crossing controls by installation of Analyzers - This project will complete the system-wide program to install event/analyzer monitoring equipment at highway-rail grade crossings at twenty (20) locations
4. Secure & protect Signal equipment enclosures by installation of fencing at two (2) locations.

c. Antelope Valley Line \$1,092,619

This funding is entirely by LACMTA. The program will:

1. This project is phase 1 of 3 to relocate the close clearance Crossing gates for PUC compliance at 14 Locations.

2. Rehabilitate Crossover Switch Machines - This program is the initial year of a multi-year program to rehabilitate power switch machines to eliminate wear failures attributes which cause delays to Metrolink trains.
3. Upgrade standby power requirements at thirty-six (36) locations with replacement installation of LED lights. LED lights require approximately one-third the energy to light thus increasing standby power life and decreasing commercial power requirements when not in standby.
4. Upgrade crossing controls by installation of Analyzers - This project will complete the system-wide program to install event/analyzer monitoring equipment at highway-rail grade crossings at thirty-nine (39) locations
5. Repair erosion at three (3) locations by installing retaining walls and replacement fill material.
6. Secure & protect Signal equipment enclosures by installation of fencing at two (2) locations

d. San Bernardino Line \$ 575,632

This funding is 60% by LACMTA and 40% by SANBAG. The program will:

1. This project is phase 1 of 3 to relocate the close clearance Crossing gates for PUC compliance at 10 Locations
2. Upgrade crossing controls by installation of Analyzers - This project part of a multi-year system-wide program to install event/analyzer/monitoring equipment at highway-rail grade crossings at twenty (20) locations.
3. This project is a TRANSDUCER PROGRAM STUDY - This project will be to solicit professional services of a firm to assist with a resolution to a rail surface condition that affects crossing warning devices under unfavorable weather conditions. This is a demonstration type project.

e. Pasadena Line \$ 134,804

Pasadena Subdivision (100% LACMTA) funded. This is the continuation of a program to remove the remaining pole line on the Pasadena Subdivision before it becomes a liability due to failing in windstorms or other situations.

f. Rialto Spur \$ 67,620

Rialto Spur (100% SANBAG) funded. This is a program to remove the pole line on the Rialto Spur before it becomes a liability due to failing in windstorms or other situations.

g. Orange County Line \$1,369,744

This funding is by OCTA. The program will

1. This project is to relocate the close clearance Crossing gates for PUC compliance at all 26 Locations
2. Upgrade crossing controls by installation of Analyzers - This project part of a multi-year system-wide program to install event/analyzer/monitoring equipment at highway-rail grade crossings at thirty-six (36) locations.

3. Replace deteriorated signal equipment due to high oxidation at various locations between MP 198.8 and MP 206.0.
4. Upgrade standby power requirements at twenty (20) locations with replacement installation of LED lights. LED lights require approximately one-third the energy
5. This project is phase 1 of 2 to install a crossover at CP Lincoln to mitigate significant train scheduling problems for both Orange County and Inland Empire-Orange County lines. Under this phase we will acquire primarily Signal Design and long lead time materials for this installation.
6. Secure & protect Signal equipment enclosures by installation of fencing at six (6) locations.
7. This program is a continuation of an ongoing program to renovate switch head-block ties and rods that have been in service more than 10 years. Defective switch parts are a potential cause of train delays.

h. Inland Empire Orange County Line (Olive Sub.)

\$ 242,815

This funding is by OCTA. The program will

1. This project is to relocate the close clearance Crossing gates for PUC compliance at 2 Locations.
2. Upgrade crossing controls by installation of Analyzers - This project part of a multi-year system-wide program to install event/analyzer/monitoring equipment at highway-rail grade crossings at eleven (1) locations.
3. Upgrade standby power requirements at five (5) locations with replacement installation of LED lights. LED lights require approximately one-third the energy

i. River Corridor

\$ 98,204

1. This project is phase 1 of 3 to relocate the close clearance Crossing gates for PUC compliance at 1 Location.
2. Upgrade crossing controls by installation of Analyzers - This project part of a multi-year system-wide program to install event/analyzer/monitoring equipment at highway-rail grade crossings at three (3) locations.
3. Secure & protect Signal equipment enclosures by installation of fencing at two (2) locations.
4. Repair erosion at various Signal equipment locations between CP Main St. and CP Ninth St. by installing retaining walls and replacement fill material.

j. System

\$ 965,759

The funding is by all Member Agencies using the revised All-Share formula. The programs will:

1. Install Fiber CTC Control Equipment at the MOC. This project will replace the antiquated non-operational and non-expandable CTC control equipment with state of the art expandable equipment. This will allow for CTC control of the signal system from SCRRA owed fiber and will eliminating problems with TELCO service and radio interference.
2. This project will be a multi-year program to install fiber cable into Control Point location

where fiber exist on the right-of-way that has not been installed into the CP. This will allow for fiber control of the signal system after the equipment is installed.

8. UNION STATION PLATFORM REHABILITATION \$286,800

a. Platform 2 (Tracks 3 & 4) \$143,400

The funding is by all Member Agencies using the revised All-Share formula. This project will replace Tactile Tile surface adjacent to Station tracks No.3 and No. 4.

b. Platform 3 (Tracks 5 & 6) \$143,400

The funding is by all Member Agencies using the revised All-Share formula. This project will replace Tactile Tile surface adjacent to Station tracks No.5 and No. 6.

9. PASSENGER SIGNAGE CHANGES \$ 50,000

The funding is by all Member Agencies using the revised All-Share formula. This item is to allow the installation of Boarding Information signage at Stations with multiple Platforms.

10. LANCASTER REVERSE COMMUTE ACCESS TRACK \$ 151,600

This project funding is by LACMTA. This project will installs a crossover to connect the main track at Lancaster to the storage track to create a short passing siding; this will permit trains in both directions to meet at Lancaster, which is a prerequisite for reverse direction trains in the peak period.

11. SPEED INCREASE FROM SAN BERNARDINO TO RANA \$ 500,000

This project funding is by SANBAG. The project will allow SCRRA to execute a work order for the BNSF Railroad to make necessary changes to their track, crossings, and bridges between San Bernardino (MP 0.00) and Rana (MP 2.28) to permit Metrolink Trains to operate at 30 MPH, for a savings of 1-1/2 minutes per trip.

12. VARIOUS LOCAL ROAD CROSSING PROGRAMS IN SAN BERNARDINO COUNTY \$ 140,000

This project funding is by SANBAG. The program funds will be used as Agency participation with City funding for crossing safety enhancements to install raised medians, improve their sidewalks, upgrade the crossing surfaces, add signage, implement traffic control or as incentive to close crossings.

13. VARIOUS LOCAL ROAD CROSSING PROGRAMS IN LOS ANGELES COUNTY \$ 50,000

This project funding is by LACMTA. The program funds will be used as Agency participation with City funding for crossing safety enhancements to install raised medians, improve their sidewalks, upgrade the crossing surfaces, add signage, implement traffic control or as incentive to close crossings.

14. AUGMENT ON-RAIL EQUIPMENT \$1,825,000

The funding is by all Member Agencies using the revised All-Share formula. This project

augments On-Rail maintenance equipment with the procurement of:

- One 6700 Production / Switch Tamper (used to surface turnouts, the most difficult part of the track to maintain)
- One Ballast Regulator (used to accurately place the crushed rock ballast in conjunction with the above tamper)
- One Dynamic Track Stabilizer (used to quickly consolidate the ballast; results in fewer temporary speed restrictions following maintenance work)
- One Hy-Rail Brandt Truck (used to distribute material and to move rail cars; it saves the cost of operating some work trains and renting “car movers” to move rip-rap)

15. BASE MAPPING MEMBER OWNED PROPERTIES OPERATED OVER BY METROLINK **\$ 457,600**

The funding is by all Member Agencies using the revised All-Share formula. This will be a multi-year program to establish a Geographic Information System (GIS) base for mapping of Member Agency owned properties. This work will result in a computerized common base of reference for aerial mapping, utility maps, property maps, leases, and related property documentation needed to efficiently manage the right of way and railroad facilities, and to interface with agencies and utilities along the right of way.

16. VEHICLE REPLACEMENT PROGRAM **\$ 500,000**

The funding is by all Member Agencies using the revised All-Share formula. The SCRRA currently owns approximately 135 rubber-tired vehicles used in the agency’s Operations, Maintenance of Way, Capital, and General Administrative pools. A significant number of these vehicles have reached or exceeded their originally projected useful life. It is expected that this program is the third of a ongoing vehicle replacement cycle during which the fleet will be 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.

17. REHABILITATION/RENOVATION ON ROLLING STOCK **\$3,000,000**

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, split to the member agencies on the basis of the revised All-Share formula. The elements of the ongoing programs are described below:

Car Door Operators

Proper operation of doors on rail cars is critical to providing a safe, efficient commuter rail service. The doors are in constant use and suffer a fair amount of abuse. The schedule calls for a four-year cycle for teardown and rebuild of these units.

Truck Overhaul

The truck assembly serves as the suspension system for cars, along with supporting wheels and braking systems. The trucks should operate approximately 400,000 to 500,000 miles if no extraordinary wear occurs.

Heating/Ventilation/Air Conditioning (HVAC) Overhaul

The HVAC system is the most important customer comfort appliance on the cars and operates under heavy demand in our service for most of the year. This system requires periodic overhaul about every four years to ensure steady, reliable performance.

Traction Motors

Each locomotive has four traction motors. These are located underneath the unit and provide driving effort to the wheels. The motors should run about 400,000 miles without needing major work. As with the Truck Overhaul program above, this program is started in advance of the maintenance cycle time.

Replacement of Carpet, Seats and LLEPM

This program consists of the replacement of worn carpet, seat covers and foam in the rail cars. The seat cushion replacement program will be emphasized this year. This same program incorporates the installation of Low Level Exit Path Markings to meet new standards.

Rehabilitate and Upgrade Cab Cars to current standards

This program consists of the redesign of the Cab areas on the older Cars to provide a more secure, quite environment for the Operator.

18. SEAT REPLACEMENT PROGRAM

\$ 2,000,000

Metrolink has purchased three sets of passenger cars since 1992. Only the second series of cars purchased had springs in the seat bottom cushions. The replacement of those seat cushions with foam cushions in all of those cars has been completed. The first series of cars purchased had only foam in the seat bottom cushions and this foam has reached the end of its useful life. These funds are to complete the process of installing new seat cushions in those cars at this time. It is anticipated that all the worn foam cushions will be replaced by Spring 2005.

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 estimated outstanding project balances as of June 30, 2004. These staff estimates in no way alter the approved funding or authority of a project as approved by the Board. For the FY 2004-05 Budget, as shown in Table 4.2, the agency's New Capital program of new projects and outstanding project balances amount to \$121.5 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 2004-05 budget.

**1. LINCOLN AVENUE DOUBLE TRACK
ORANGE COUNTY LINE**

\$ 15,207,327

This is a multi-year project which is funded with prior year State Intercity Rail funds, Orange County's SB-45 Regional Choice Program, commitments of additional OCTA local funds, and

TABLE 4.2

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY 2004-05 BUDGET

NEW CAPITAL PROJECTS: ONGOING PROJECTS

No	Project	Line	Total Budget	Rolling Stock Budget (1)	LACMTA	MTA	Other	MTA	Other	MTA	Other	Total
1	Lincoln Ave Double Track	Orange Co	17,718,885	15,207,327			145,255					15,062,072
2	Grade Crossing Safety Program	System	700,254	504,119	64,426		18,904					167,015
3	Eastern Area Maintenance Facility (1)	System	15,407,000	15,220,520	7,104,000		3,287,000			14,872		7,310
4	Pomona Station Improvements	San Bern	2,500,000	1,997,838	1,700,000					478,200		68,306
5	Crossing Improvements - Moorpark to Simi Valley	Ventura Co	700,000	420,792								297,838
6	Upgrade Ticket Vending Machines	System	12,100,000	6,190,198								420,792
7	Additional Rolling Stock Phase 1	System	11,500,000	4,799,928								1,030,633
8	New Cab Car Procurement	System	10,960,000	10,546,449	1,248,186							5,159,565
9	Rebuild 4 Used Locos	System	7,749,798	7,300,000	7,300,000							4,799,928
10	Rolling Stock Procurement (2)	System	58,880,000	58,880,000	26,213,000		3,312,000			1,155,600		9,298,263
Total Projects			138,245,333	122,904,134	33,265,186		3,312,000			1,155,600		28,199,400
11	Annual Contribution - Reserves for Rolling Stock (3)	System	473,396	473,396								315,597
Total Annual Contribution			473,396	473,396								157,799

- (1) Only \$782,000 for design currently allocated to spend.
- (2) \$21.3 million of the \$26.2 million MTA funding is currently planned for FY06 & FY07. SCRRA & MTA staff are working to advance these dates.
- (3) LACMTA is not contributing to the Reserve fund in FY05. OCTA and RCTC will hold annual contribution within their agency instead of with the SCRRA.
- (4) Staff estimate of remaining project balances as of June 30, 2004.

received an additional allocation from the State in April 2003. The 1.8-mile segment between Santa Ana and Orange on the Orange County Line has only one main track and causes significant scheduling problems for both the Orange County and Inland Empire-Orange County Lines. Environmental assessment and significant design work have been completed. The authority expects completion of all design and the start of construction on this project in FY 2004-05.

2. GRADE CROSSING SAFETY PROGRAM \$ 504,119
DEMONSTRATION PROJECT

This project involves improvement of a grade crossing in the Sylmar area, located Northwest of the city of Los Angeles, and includes both traditional and non-traditional hazard elimination measures. The grade crossing at Van Nuys Boulevard handles 40,000 vehicles and 35 trains per day. It is funded through Federal and Local funds as a demonstration project to increase and demonstrate the effectiveness of various measures.

3. EASTERN AREA MAINTENANCE FACILITY DESIGN \$ 15,220,520
SYSTEMWIDE

This project consists of the completion of design and engineering stages, as well as the construction for an additional facility to provide maintenance on SCRRA equipment. Current capacity constraints call for trains to move to the agency's Central Maintenance Facility near downtown Los Angeles, often requiring long moves to put equipment in position to resume commuter operations. With the completion of the Inland Empire Maintenance Facility (IEMF), additional, but not sufficient, capacity has been added. This facility will further add to the ability of the agency to more efficiently maintain equipment so as to provide minimal disruption to daily commuter operations.

Funds for the actual construction of the facility are included in the FY2004-05 Budget, although they are not yet allocated to spend. Construction cannot begin until these funds are finalized.

4. POMONA STATION IMPROVEMENTS \$ 1,997,838
SAN BERNARDINO LINE

This project consists of construction improvements to Pomona station, including a pedestrian Undercrossing and parking lot modifications. The project is currently funded by LACMTA local funds and Sec 330 federal funds.

5. CROSSING IMPROVEMENTS – MOORPARK TO SIMI VALLEY \$ 420,792

This project is to improve eight crossings in the City of Simi Valley. They are Katherine Avenue, Los Angeles Avenue, Tapo Street, Tapo Canyon Road, Sequoia Avenue, Sycamore Drive, Erringer Road, First Street. The work will include median islands, LED signal lights, fences, signs etc. The costs include design, construction, and construction management.

6. UPGRADE TICKET VENDING MACHINES **\$ 6,190,198**
SYSTEMWIDE

The project will provide for the final installation of new and/or upgraded passenger rail ticket vending machines (TVMs) at Metrolink and Amtrak stations. Funding includes State and Federal. These new machines will be able to vend either Metrolink or Amtrak tickets and will vend different types of tickets. The equipment is expected to make the buying experience of the traveler simpler, allow for a greater range of destination potentials, and provide the authority with invaluable and detailed information regarding the point-to-point travel patterns of its users.

7. ADDITIONAL METROLINK ROLLING STOCK PHASE I **\$ 4,799,928**
SYSTEMWIDE

This project was funded originally with \$11.5 million in STP funds. Metrolink's ridership has continued to grow at an impressive rate. However, future growth will be constrained by the lack of new equipment. These funds represent the current balance against the original grant and will be available to make final payments of vehicles received in 2001-02 to the vehicle manufacturer after final acceptance and settlement of any potential claims.

8. NEW CAB CAR PROCUREMENT **\$ 10,546,449**
SYSTEMWIDE

The funds are Federal funding matched with local funds from the LACMTA. The funding will allow for an additional 5 cab cars. Cost of the project also includes oversight of the procurement. This oversight will be particularly important as these cars will be the first to comply with new regulations recently adopted by the Federal Railroad Administration.

9. REBUILD 4 USED LOCOMOTIVES **\$ 7,300,000**

The agency took delivery of 1 operating, and 3 non-operating locomotives in FY 2003-04. These funds are to provide for the complete overhaul and necessary expenditures to remanufacture the locomotives with higher horsepower engines, current operating sub-systems, painting, and other actions necessary to allow introduction into the fleet, and allow the Authority to potentially operate longer trains on selected lines.

10. ROLLING STOCK PROCUREMENT **\$ 58,880,000**

These funds represent funds committed through the SCRRA's Member Agencies for the current procurement of up to 31 additional rolling stock vehicles. It is expected that a proposal for vehicles will be released for bid in the Summer of 2003. Additional funds are continuing to be sought for this project so as to ensure the most productive ordering capacity as is available. As funds are received, and upon approval by the Board, they will be amended into this project.

Included in the total funding is \$21 million in LACMTA local funds allocated for FY2005-06 and FY2006-07. If these funds, or some portion of them, are not available when equipment is purchased, this project will be reduced by a commensurate sum.

11. ROLLING STOCK CAPITAL REPLACEMENT RESERVE **\$ 473,396**

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 funding 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 two members - SANBAG and VCTC. RCTC and OCTA are providing for their funds within the structure of their respective agencies. LACMTA is not participating in FY2004-05.

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, and cannot be directly attributed to any specific agency program, within the General and Administrative (G&A) Budget.

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 operation and maintenance of the agency's Information Technology infrastructure.

The SCRRA has always taken a very conservative approach with respect to the classification of expenses as part of the G&A budget. All costs the agency records against this budget are clearly allowable under the Federal government's "*Cost Principles for State, Local, and Indian Tribal Governments* (OMB A-87)". Only those costs that are, without doubt, cited as an eligible reimbursable and allowable expense are included in this budget.

The allocation of G&A expenses to SCRRA programs is based on the ratio of labor costs within each of the agency's principal modes of output relative to the pool of labor as a whole, excluding G&A labor.

For FY 2004-05, the proposed SCRRA G&A budget is \$8.0 million, and increase of \$190 thousand, or 2.4%, above the adopted FY 2003-04 Budget. Table 5.1 lists the elements of this budget by Expense Type, Table 5.2 reflects the organizational composition of the SCRRA G&A budget and its allocation to the SCRRA's modes of output, and Table 5.3 lists the labor distribution of the SCRRA, by Department, as it relates to each of the agency's principal modes.

TABLE 5.1

GENERAL AND ADMINISTRATIVE EXPENSES BY TYPE

	FY02-03	FY 03-04	FY 04-05	FY 04-05 Compared to	
	Actual	Budget	Budget	FY02-03 Actual	FY 03-04 Budget
Agency Costs					
SCRRA Wages & Salaries	3,235.8	2,913.5	2,938.8	(\$9.2%)	\$0.9%
Wages Interns	13.1	70.0	70.0	\$435.8%	\$0.0%
O/T Pay Premium	22.5	-	15.4	(\$31.5%)	\$0.0%
Allocated Fringe Benefits	1,613.8	1,515.0	1,618.6	\$0.3%	\$6.8%
Auditing & Accounting	12.3	-	-	(\$100.0%)	\$0.0%
Consultants	91.2	-	-	(\$100.0%)	\$0.0%
Recruitment Services	30.0	30.0	30.0	\$0.1%	\$0.0%
Office Equip Maint & Repair	4.6	6.5	9.5	\$104.1%	\$46.8%
Outside Temporary Help	70.8	25.0	75.0	\$5.9%	\$200.0%
Document Management & Storage	10.1	13.9	13.9	\$37.8%	(\$0.4%)
In-House Training Services	242.8	100.0	150.0	(\$38.2%)	\$50.0%
Bank Service Charges	126.8	120.0	130.0	\$2.5%	\$8.3%
Graphics Design	1.4	1.5	2.0	\$38.3%	\$33.3%
Other Services	30.0	-	-	(\$100.0%)	\$0.0%
Office Supplies	112.9	114.5	107.0	(\$5.3%)	(\$6.6%)
Office Equipment	21.8	12.7	9.2	(\$57.9%)	(\$27.6%)
Computer S/W	4.6	-	-	(\$100.0%)	\$0.0%
Printing & Reproduction	27.9	59.5	56.5	\$102.5%	(\$5.0%)
Misc Materials & Supplies	3.3	2.0	3.8	\$13.8%	\$87.5%
Other Taxes	5.5	-	2.5	(\$54.2%)	\$0.0%
Professional Memberships	58.2	36.2	36.0	(\$38.2%)	(\$0.5%)
Subscriptions & Reference Materials	11.8	6.5	5.0	(\$57.6%)	(\$23.1%)
Registration Fees	9.8	6.5	6.1	(\$37.6%)	(\$6.2%)
Transportation	8.4	4.2	7.0	(\$16.6%)	\$67.7%
Meals & Entertainment	4.7	1.8	2.8	(\$41.2%)	\$50.3%
Lodging	8.7	3.0	6.4	(\$27.3%)	\$111.7%
Mileage/Parking	4.2	3.8	1.5	(\$65.3%)	(\$61.5%)
Misc Expenses	1.7	2.0	1.7	\$0.5%	(\$15.0%)
Legal & Meeting Notices	149.2	120.0	96.0	(\$35.7%)	(\$20.0%)
Postage & Messenger	91.2	115.4	96.0	\$5.3%	(\$16.8%)
Bad Debt Expense	180.0	-	-	(\$100.0%)	\$0.0%
Other Misc Expense	52.0	59.8	40.5	(\$22.2%)	(\$32.3%)
Office Equipment Rental	71.0	61.5	83.7	\$17.8%	\$36.0%
Office Space Rental	775.8	760.6	771.4	(\$0.6%)	\$1.4%
Total Agency Costs	7,107.8	6,165.4	6,386.0	(\$10.2%)	\$3.6%
Professional Services					
Auditing & Accounting	381.6	440.0	580.0	\$52.0%	\$31.8%
Consultants	318.2	245.0	165.0	(\$48.1%)	(\$32.7%)
Total Professional Services	699.8	685.0	745.0	\$6.5%	\$8.8%
MIS					
MIS & Data Processing	158.5	220.0	40.0	(\$74.8%)	(\$81.8%)
Office Equipment	157.0	92.5	375.0	\$138.9%	\$305.4%
Computer S/W	140.8	415.0	325.0	\$130.8%	(\$21.7%)
Office Equipment Rental	128.1	-	-	(\$100.0%)	\$0.0%
Office Furniture & Equipment	165.9	100.0	-	(\$100.0%)	(\$100.0%)
Total MIS	750.3	827.5	740.0	(\$1.4%)	(\$10.6%)
Employee Recognition					
Other Misc Expense	11.5	20.0	20.0	\$74.2%	\$0.0%
Total Employee Recognition	11.5	20.0	20.0	\$74.2%	\$0.0%
Utilities					
Telephone General	107.2	88.0	85.3	(\$20.4%)	(\$3.1%)
Utilities	107.2	88.0	85.3	(\$20.4%)	(\$3.1%)
Total General & Administrative Expenses	8,676.6	7,785.9	7,976.3	(\$8.1%)	\$2.4%

TABLE 5.2

GENERAL & ADMINISTRATIVE EXPENSES BY DEPARTMENT (\$000's)

	FY02-03	FY 03-04	FY 04-05	FY 04-05 Compared to	
	Actual	Budget	Budget	FY02-03 Actual	FY 03-04 Budget
Agency Costs					
Executive	1,220.6	986.7	1,082.2	(11.3%)	9.7%
Support Services & Tech	2,661.9	2,851.6	2,962.7	11.3%	3.9%
Operations	16.3	-	-	(100.0%)	0.0%
Engineering & Construction	27.5	25.8	6.2	(77.5%)	(76.0%)
Equipment	7.5	-	-	(100.0%)	0.0%
Communications & Development	525.2	297.3	316.0	(39.8%)	6.3%
Finance	2,648.8	2,003.9	2,018.8	(23.8%)	0.7%
Total Agency Costs	7,107.8	6,165.4	6,386.0	(10.2%)	3.6%
Professional Services					
Executive	-	250.0	200.0	0.0%	(20.0%)
Support Services & Tech	203.3	195.0	65.0	(68.0%)	(66.7%)
Finance	496.5	240.0	480.0	(3.3%)	100.0%
Total Professional Services	699.8	685.0	745.0	6.5%	8.8%
MIS					
Support Services & Tech	750.3	827.5	740.0	(1.4%)	(10.6%)
Total MIS	750.3	827.5	740.0	(1.4%)	(10.6%)
Employee Recognition					
Executive	11.5	20.0	20.0	74.2%	0.0%
Total Employee Recognition	11.5	20.0	20.0	74.2%	0.0%
Utilities/Leases					
Support Services & Tech	107.2	88.0	85.3	(20.4%)	(3.1%)
Communications & Development	0.1	-	-	(100.0%)	0.0%
Total Utilities	107.2	88.0	85.3	(20.4%)	(3.1%)
Total General & Administrative Expenses	8,676.6	7,785.9	7,976.3	(8.1%)	2.4%

General & Administrative Expense Transfer to Budgets

Indirect Transfer to Operating	(7,118.0)	(6,338.0)	(6,468.7)	(9.1%)	2.1%
Indirect Transfer to Capital	(1,239.3)	(990.2)	(1,044.4)	(15.7%)	5.5%
Indirect Transfer to Recollectable	(319.3)	(457.7)	(463.2)	45.1%	1.2%

TABLE 5.3

LABOR DISTRIBUTION

Department	G&A	Train Ops	MOW	New Cap	Rehab/Remov	Recollect	Grand Total
Executive	784,228	105,309	0	0	0	0	889,537
Support Services & Technology	1,617,660	672,442	382,595	111,921	362,367	31,778	3,178,764
Operations	0	6,251,986	0	0	0	0	6,251,986
Engineering & Construction	6,193	215,569	1,667,588	743,413	660,201	774,408	4,067,371
Equipment	0	1,036,377	44,696	49,542	0	0	1,130,616
Communications & Development	316,047	1,653,770	0	23,667	19,766	9,938	2,023,189
Finance	1,848,621	252,833	0	12,251	0	63,466	2,177,171
Grand Total	4,572,749	10,188,286	2,094,379	940,793	1,042,334	879,590	19,718,633

DISTRIBUTION %

% Total Distribution	23.2%	51.7%	10.6%	4.8%	5.3%	4.5%	100.0%
% Distribution For G&A Allocation	-	67.3%	13.8%	6.2%	6.9%	5.8%	100.0%

GENERAL & ADMINISTRATIVE EXPENSE TRANSFER TO BUDGETS

Total G&A Expenses	-	5,365,463	1,103,228	495,451	548,925	463,219	7,976,286
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SECTION 6
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY
DEPARTMENT BUDGETS

6.0 DEPARTMENT BUDGETS

The seven departments of the SCRRRA include:

- Executive
- Support Services and Technology
- 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 2004-05.

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
 ROSTER OF AUTHORIZED POSITIONS
 FISCAL YEAR 2004-05**

Department	Division	Position
Executive Office	Chief Executive Officer	Chief Executive Officer Executive Assistant Board Secretary
	Human Resources	Manager, Human Resources Human Resources Representative (3) Administrative Assistant
Support Services & Technology	Assistant Executive Officer	Assistant Executive Officer Materials Manager
	Administrative Services	Records Management Specialist Administrative Services Coordinator Administrative Services Supervisor Receptionist Office Assistant
	Contract Administration and Procurement	Manager, Cont. Admin and Procurement Senior Contract Administrator (3) Contract Administrator (2) Buyer Contract Document Processor Contracts and Procurement Assistant
	Information Technology	Manager, IT Technology Planning Manager Network Engineer Network Administrator Database Administrator Application Administrator
	Railroad Services	Manager, Railroad Services Railroad Services Assistant Railroad Program Cost Analyst Operations Administrative Manager Operations Analyst MOW Contract Administrator Operations Contract Administrator Signal and Comm Contract Admin
	Claims Administration	Manager, Claims Administration
	Director of Finance	Director of Finance Executive Assistant
Finance	Accounting	Manager, Accounting Supervisor, General Accounting Supervisor, Accounting Operations Senior Accountant (2) Accountant (2) Accounting Specialist (3) Revenue Analyst Finance Contract Specialist Accounting Assistant (3) Administrative Assistant
	Budget	Manager, Budgets Senior Budget Analyst Budget Analyst Assistant Budget Analyst
	Fare Collection Services	Fare Collection Services Manager Fare Collection Services Assistant
	Director of Operation	Director of Operations Manager, Operations
Operations	Safety and Security	Manager, Safety and Security Safety Education Coordinator Rail Safety Education Specialist (2) System Safety Officer Operations & Safety Assistant
	Passenger Services	Manager, Passenger Services Administrative Assistant Customer Relations Manager Passenger Connections Admin Passenger Services Administrator Field Service Supervisor - Northern District Field Service Supervisor - Southern District

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ROSTER OF AUTHORIZED POSITIONS
FISCAL YEAR 2004-05**

Department	Division	Position
		Lead Cust Service Rep (4) Customer Service Representative (9) Field Services Representative (14)
	Dispatching	Manager, Dispatching Operations Dispatching Operations Supervisor (6) Train Dispatcher (20) Administrative Assistant
Equipment	Director of Equipment	Director of Equipment Manager of Equipment Equipment Engineer Mechanical Compliance Officer Equipment & Vehicle Assistant
	Facilities and Fleet Maintenance	Facilities & Fleet Maint Manager Fleet Maintenance Supervisor Maintenance Technician (4)
Communications and Development	Director of Communications and Development	Dir of Comm & Devel Executive Assistant Governmental Affairs Manager Strat Planning & Grants Devel Manager Strategic Planner Market Research Manager GIS Analyst
	Marketing and Sales	Manager, Marketing and Sales Marketing and Sales Assistant Corporate Relations Administrator Marketing Development Administrator Event Marketing Administrator Event Marketing Specialist Administrative Assistant
	Media and Communication	Manager, Media and External Communications Community Relations Administrator Media Relations Advisor Publications Administrator Communications Assistant Public Information Specialist
Engineering & Construction	Director of Engineering & Construction	Dir of Engineering & Construction Asst Dir of Engineering & Construction Executive Assistant Rules & Training Coordinator Manager, Engineering Utility CADD Operator
	Public Projects	Manager, Public Projects Administrative Assistant Right of Way Engineer Public Projects Engineer Assistant Engineer (2)
	Maintenance of Way	Manager, Maintenance of Way Administrative Assistant District Maintenance Manager (2) Structures Manager Eng Rehab Project Manager Bridge Inspector Right of Way Coordinator Employee In Charge (EIC) (6)
	Signal & Communications	Manager, Signal & Communications Signal and Training Assistant District Signal Manager (2) Senior Signal Engineer Signal Designer Signal CADD Operator
	Construction (Civil)	Manager, Construction (Civil) Resident Engineer
	Station Facilities	Station Facilities Manager

6.2 Executive

The Executive Department 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 Officer 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 services to SCRRA including recruitment and selection, employee relations, benefits administration, employee development and training, performance and salary management, and compliance with equal employment opportunity/affirmative action regulations.

Executive Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF 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	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$106.3	\$81.1	\$99.1	\$105.3	6%
Purchased Transportation	-	-	-	-	-
Services	486.9	660.9	950.0	1,000.0	5%
Utilities/Leases	1.5	0.0	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	99.2	107.1	81.0	77.0	(5%)
Subtotal Direct Operating Expenses	693.9	849.1	1,130.1	1,182.3	5%
Indirect Transfer to Operating	1,026.2	1,010.7	1,023.0	1,056.1	3%
Subtotal Operating Budget	\$1,720.1	\$1,859.8	\$2,153.1	\$2,238.4	4%
Capital Budget					
Labor	\$5.3	\$8.2	\$0.0	-	-
Services	-	16.8	-	-	-
Utilities/Leases	-	-	-	-	-
Capital	-	-	-	-	-
Other Expenses	-	-	-	-	-
Subtotal Direct Capital Expenses	5.3	25.0	-	-	-
Indirect Transfer to Capital	191.8	176.0	159.8	170.5	7%
Subtotal Capital Budget	\$197.1	\$201.0	\$159.8	\$170.5	7%
Indirect Agency Support					
Labor	\$701.7	\$783.8	\$808.2	\$854.2	6%
Services	495.8	375.9	380.0	380.0	0%
Utilities/Leases	-	0.0	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	123.4	72.4	68.5	68.0	(1%)
Subtotal Indirect Agency Support	1,320.9	1,232.0	1,256.7	1,302.2	4%
Indirect Transfer to Operating	(1,026.2)	(1,010.7)	(1,023.0)	(1,056.1)	3%
Indirect Transfer to Capital	(191.8)	(176.0)	(159.8)	(170.5)	7%
Indirect Transfer to Recollectable	(102.9)	(45.3)	(73.9)	(75.6)	2%
Total Expenses	\$1,917.2	\$2,060.8	\$2,312.9	\$2,408.9	4%

6.3 Support Services and Technology

The department of the Support Services and Technology encompasses the departmental divisions outlined below.

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.

Claims Administration 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.

Support Services and Technology Department Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF FINAL BUDGET

Table 6.3 provides the budgeted expenses for this department.

TABLE 6.3

**SUPPORT SERVICES & TECHNOLOGY
EXPENDITURES BY EXPENSE TYPE
(\$000s)**

Expense Type	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$747.6	\$1,003.1	\$979.1	\$1,055.0	8%
Purchased Transportation	-	-	-	-	-
Services	3,536.7	4,168.3	3,516.5	3,700.6	5%
Utilities/Leases	2,147.9	1,877.7	1,871.2	2,145.4	15%
Maintenance-of-Way	-	0.8	-	-	-
Insurance & Liability	3,718.4	4,660.0	6,120.0	6,545.0	7%
Other Expenses	295.2	332.5	283.0	292.0	3%
Subtotal Direct Operating Expenses	10,445.8	12,042.4	12,769.9	13,738.0	8%
Indirect Transfer to Operating	2,699.3	3,054.0	3,225.3	3,124.7	(3%)
Subtotal Operating Budget	\$13,145.1	\$15,096.4	\$15,995.1	\$16,862.8	5%
Capital Budget					
Labor	\$211.5	\$255.3	\$437.6	\$474.3	8%
Services	-	154.2	-	150.0	-
Utilities/Leases	-	-	-	-	-
Capital	115.8	42.0	-	720.6	-
Other Expenses	10.5	0.3	-	-	-
Subtotal Direct Capital Expenses	337.8	451.8	437.6	1,344.9	207%
Indirect Transfer to Capital	504.4	531.7	503.9	504.5	0%
Subtotal Capital Budget	\$842.2	\$983.5	\$941.5	\$1,849.4	96%
Indirect Agency					
Labor	\$1,242.9	1,336.1	1,522.6	1,617.7	6%
Services	647.1	374.8	435.4	178.3	(59%)
Utilities/Leases	733.2	1,085.5	910.1	940.3	3%
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	86.0	-	-	-	-
Other Expenses	765.2	926.4	1,094.0	1,116.7	2%
Subtotal Indirect Agency Support	3,474.4	3,722.7	3,962.1	3,853.0	(3%)
Indirect Transfer to Operating	(2,699.3)	(3,054.0)	(3,225.3)	(3,124.7)	(3%)
Indirect Transfer to Capital	(504.4)	(531.7)	(503.9)	(504.5)	0%
Indirect Transfer to Recollectable	(270.7)	(137.0)	(232.9)	(223.8)	(4%)
Total Expenses	\$13,987.3	\$16,079.9	\$16,936.6	\$18,712.2	10%

6.4 Operations

The Operating Department consists of the following four divisions as outlined below.

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

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.

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

Dispatching is responsible for managing and controlling all train traffic over member agency, and San Diego County rights-of-way. New in FY 2002-03, this addition to the SCRRRA includes 25 personnel previously provided under contract, and one administrative support position.

Operating Department Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF FINAL BUDGET

Table 6.4 provides the budgeted expenses for this department

TABLE 6.4

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

Expense Type	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$2,508.4	\$5,086.9	\$5,781.8	\$5,009.8	(13%)
Purchased Transportation	20,942.8	20,370.7	21,583.5	23,297.4	8%
Services	5,452.1	5,369.9	5,825.6	5,833.1	0%
Utilities/Leases	128.3	3.4	2.5	2.5	0%
Maintenance-of-Way	27.3	0.1	-	-	-
Insurance & Liability	1.0	6.7	-	-	-
Other Expenses	405.6	465.1	373.6	351.6	(6%)
Subtotal Direct Operating Expenses	29,465.5	31,302.9	33,567.0	34,494.4	3%
Indirect Transfer to Operating	6.4	13.4	-	-	-
Subtotal Operating Budget	\$29,471.9	\$31,316.3	\$33,567.0	\$34,494.4	3%
Capital Budget					
Labor	\$0.0	\$0.0	\$0.0	\$0.0	-
Services	55.3	14.4	-	-	-
Utilities/Leases	-	-	-	-	-
Capital	5.9	0.9	-	-	-
Other Expenses	6.3	20.2	-	-	-
Subtotal Direct Capital Expenses	67.6	35.6	-	-	-
Indirect Transfer to Capital	1.2	2.3	-	-	-
Subtotal Capital Budget	\$68.7	\$37.9	\$0.0	\$0.0	-
Indirect Agency					
Labor	\$8.0	\$16.1	\$0.0	\$0.0	-
Services	-	-	-	-	-
Utilities/Leases	-	-	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	0.2	0.2	-	-	-
Subtotal Indirect Agency Support	8.2	16.3	-	-	-
Indirect Transfer to Operating	(6.4)	(13.4)	-	-	-
Indirect Transfer to Capital	(1.2)	(2.3)	-	-	-
Indirect Transfer to Recollectable	(0.6)	(0.6)	-	-	-

Total Expenses	\$29,540.6	\$31,354.1	\$33,567.0	\$34,494.4	3%
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6.5 Engineering & Construction

The department of Engineering and Construction encompasses the following divisions as outlined below.

Maintenance-of-Way administers the contracts which provide for maintenance of track and structures.

Signals & Communications administers contracts which install, test and maintain signals and related communications devices that control train movements and provide warnings at road crossings.

Capital Construction and Design oversees project design, development of engineering standards, development of construction bid packages, and management of the construction process.

Public Projects manages the design of third party projects and controls the entry/use of right of way by others (i.e., road crossing, public utility construction, etc.)

Station Facilities is responsible for oversight of local station maintenance functions and their compliance with federal requirements, coordinating implementation/maintenance of SCRRA public facilities including station and public address/changeable message signage.

Rules and Training is responsible for administration of federally mandated operating rules and practices that govern the performance of maintenance and construction on the railroad right of way.

Engineering & Construction Department Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF FINAL BUDGET

Table 6.5 provides the budgeted expenses for this department

TABLE 6.5

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

Expense Type	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$1,810.5	\$1,928.0	\$1,843.2	\$1,883.2	2%
Purchased Transportation	11.7	-	-	-	-
Services	1,761.1	1,954.8	1,090.3	1,043.5	(4%)
Utilities/Leases	586.4	542.4	690.1	335.0	(51%)
Maintenance-of-Way	13,264.5	13,819.9	14,383.2	15,018.5	4%
Insurance & Liability	-	-	-	-	-
Other Expenses	376.6	357.2	135.5	131.6	(3%)
Subtotal Direct Operating Expenses	17,810.8	18,602.3	18,142.3	18,411.8	1%
Indirect Transfer to Operating	22.0	22.6	21.0	5.0	(76%)
Subtotal Operating Budget	\$17,832.7	\$18,624.8	\$18,163.3	\$18,416.8	1%
Capital Budget					
Labor	\$1,011.9	\$1,406.5	\$1,214.9	\$1,403.6	16%
Services	698.4	2,938.0	156.0	-	(100%)
Utilities/Leases	-	-	-	-	-
Capital	36,968.3	38,399.7	68,846.8	69,692.5	1%
Other Expenses	109.0	67.9	4.2	5.1	21%
Subtotal Direct Capital Expenses	38,787.6	42,812.1	70,221.8	71,101.2	1%
Indirect Transfer to Capital	4.1	3.9	3.3	0.8	(75%)
Subtotal Capital Budget	\$38,791.7	\$42,816.0	\$70,225.1	\$71,102.0	1%
Indirect Agency					
Labor	\$8.2	\$20.6	\$25.8	\$6.2	(76%)
Services	7.0	0.1	-	-	-
Utilities/Leases	-	-	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	13.1	6.8	-	-	-
Subtotal Indirect Agency Support	28.3	27.5	25.8	6.2	(76%)
Indirect Transfer to Operating	(22.0)	(22.6)	(21.0)	(5.0)	(76%)
Indirect Transfer to Capital	(4.1)	(3.9)	(3.3)	(0.8)	(75%)
Indirect Transfer to Recollectable	(2.2)	(1.0)	(1.5)	(0.4)	(76%)
Total Expenses	\$56,624.5	\$61,440.9	\$88,388.4	\$89,518.8	1%

6.6 Equipment

The department of Equipment encompasses the two divisions outlined below.

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

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

Equipment Department Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF FINAL BUDGET

Table 6.6 provides the budgeted expenses for this department

TABLE 6.6

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

Expense Type	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$540.8	\$890.8	\$1,015.3	\$1,081.1	6%
Purchased Transportation	14,353.2	16,828.2	15,572.4	15,808.8	2%
Services	1,179.2	1,171.3	1,502.6	1,656.9	10%
Utilities/Leases	14.1	54.3	-	-	-
Maintenance-of-Way	2.6	-	-	-	-
Insurance & Liability	87.2	364.5	350.0	350.0	0%
Other Expenses	3,810.1	6,035.2	5,848.8	6,993.6	20%
Subtotal Direct Operating Expenses	19,987.1	25,344.2	24,289.1	25,890.3	7%
Indirect Transfer to Operating	4.4	6.1	-	-	-
Subtotal Operating Budget	\$19,991.6	\$25,350.4	\$24,289.1	\$25,890.3	7%
Capital Budget					
Labor	\$145.0	\$54.4	\$46.3	\$49.5	7%
Services	49.9	250.4	-	28.0	-
Utilities/Leases	0.0	-	-	-	-
Capital	18,345.8	3,564.8	89,651.0	87,188.9	(3%)
Other Expenses	8.4	3.3	-	74.9	-
Subtotal Direct Capital Expenses	18,549.2	3,872.9	89,697.2	87,341.3	(3%)
Indirect Transfer to Capital	0.8	1.1	-	-	-
Subtotal Capital Budget	\$18,550.0	\$3,874.0	\$89,697.2	\$87,341.3	(3%)
Indirect Agency					
Labor	\$4.7	\$2.7	\$0.0	\$0.0	-
Services	-	-	-	-	-
Utilities/Leases	-	-	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	1.0	4.7	-	-	-
Subtotal Indirect Agency Support	5.7	7.5	-	-	-
Indirect Transfer to Operating	(4.4)	(6.1)	-	-	-
Indirect Transfer to Capital	(0.8)	(1.1)	-	-	-
Indirect Transfer to Recollectable	(0.4)	(0.3)	-	-	-

Total Expenses	\$38,541.5	\$29,224.3	\$113,986.3	\$113,231.6	(1%)
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6.7 Communications and Development

The department of Communications and Development encompasses the divisions 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; assists in strategic, capital, and special project planning.

External Communications coordinates stakeholder relations efforts, internal and external publications, agency website and station city initiatives.

Media Relations coordinates general media inquiry response, crisis communications and editorial outreach.

Marketing & Sales promotes Metrolink commuter and other services through advertising, promotions, special events, sales, and merchandising.

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

Communications and Development's Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF FINAL BUDGET

Table 6.7 provides the budgeted expenses for this department

TABLE 6.7

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

Expense Type	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$1,390.6	\$1,282.7	\$1,612.4	\$2,913.9	81%
Purchased Transportation	-	400.7	490.0		(100%)
Services	1,593.8	1,623.2	1,749.3	1,670.6	(4%)
Utilities/Leases	2.7	1.1	2.8	2.0	(29%)
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	533.9	420.6	418.1	350.7	(16%)
Subtotal Direct Operating Expenses	3,521.0	3,728.3	4,272.6	4,937.1	16%
Indirect Transfer to Operating	174.5	430.9	242.0	256.3	6%
Subtotal Operating Budget	\$3,695.5	\$4,159.2	\$4,514.6	\$5,193.4	15%
Capital Budget					
Labor	\$0.0	\$0.0	\$0.0	\$43.4	-
Services	-	-	-	-	-
Utilities/Leases	-	-	-	-	-
Capital	-	-	-	-	-
Other Expenses	-	-	-	-	-
Subtotal Direct Capital Expenses	-	-	-	43.4	-
Indirect Transfer to Capital	32.6	75.0	37.8	41.4	9%
Subtotal Capital Budget	\$32.6	\$75.0	\$37.8	\$84.8	124%
Indirect Agency					
Labor	\$215.0	\$519.5	\$297.3	\$316.0	6%
Services	3.9	-	-	-	-
Utilities/Leases	0.4	0.2	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	5.3	5.5	-	-	-
Subtotal Indirect Agency Support	224.6	525.3	297.3	316.0	6%
Indirect Transfer to Operating	(174.5)	(430.9)	(242.0)	(256.3)	6%
Indirect Transfer to Capital	(32.6)	(75.0)	(37.8)	(41.4)	9%
Indirect Transfer to Recollectable	(17.5)	(19.3)	(17.5)	(18.4)	5%
Total Expenses	\$3,728.1	\$4,234.3	\$4,552.4	\$5,278.2	16%

6.8 Finance

The department of Finance encompasses the divisions outlined below. In addition, the department is responsible for managing investments and pursuing financing to benefit capital and operating objectives.

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.

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

Finance Goals

NOTE: ALL DEPARTMENTAL GOALS ARE CURRENTLY UNDER REVIEW BY EXECUTIVE MANAGEMENT STAFF. TO BE COMPLETED PRIOR TO ADOPTION OF FINAL BUDGET

Table 6.8 provides the budgeted expenses for this department.

TABLE 6.8

FINANCE & ADMINISTRATION
EXPENDITURES BY EXPENSE TYPE
(\$000s)

Expense Type	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Budget	FY 04-05 Budget	Change from FY 04 Budget
Operating Budget					
Labor	\$182.7	\$257.5	\$259.7	\$252.8	(3%)
Purchased Transportation	-	-	-	-	-
Services	1,781.7	1,739.4	2,410.5	2,904.2	20%
Utilities/Leases	0.1	0.1	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	29.9	6.8	-	-	-
Other Expenses	34.4	43.3	79.3	54.8	(31%)
Subtotal Direct Operating Expenses	2,028.8	2,047.1	2,749.4	3,211.8	17%
Indirect Transfer to Operating	1,863.1	2,580.3	1,826.6	2,026.5	11%
Subtotal Operating Budget	\$3,891.9	\$4,627.3	\$4,576.0	\$5,238.3	14%
Capital Budget					
Labor	\$0.0	\$16.4	\$11.5	\$12.3	6%
Services	25.1	-	-	-	-
Utilities/Leases	-	-	-	-	-
Capital	565.7	2,264.2	8,230.2	6,175.7	(25%)
Other Expenses	36.4	-	-	-	-
Subtotal Direct Capital Expenses	627.2	2,280.6	8,241.8	6,187.9	(25%)
Indirect Transfer to Capital	348.2	449.3	285.4	327.2	15%
Subtotal Capital Budget	\$975.4	\$2,729.8	\$8,527.2	\$6,515.1	(24%)
Indirect Agency					
Labor	\$1,595.8	\$2,206.3	\$1,844.5	\$1,848.6	0%
Services	771.6	733.6	386.5	637.0	65%
Utilities/Leases	0.0	-	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	30.6	205.5	12.9	13.2	2%
Subtotal Indirect Agency Support	2,398.1	3,145.3	2,243.9	2,498.8	11%
Indirect Transfer to Operating	(1,863.1)	(2,580.3)	(1,826.6)	(2,026.5)	11%
Indirect Transfer to Capital	(348.2)	(449.3)	(285.4)	(327.2)	15%
Indirect Transfer to Recollectable	(186.8)	(115.8)	(131.9)	(145.1)	10%

Total Expenses	\$4,867.3	\$7,357.2	\$13,103.2	\$11,753.4	(10%)
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SECTION 7
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY
APPENDIX

7.0 APPENDIX

7.1 Formulae for Allocation to Counties

Table 7.1 provides a summary of all the formulae that have been used to allocate expenses and revenues to the member agencies (counties). The table shows the eight different formulae that have been used. These eight formulae are described below:

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 2004-05

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

TABLE 7.1

FORMULAE USED TO ALLOCATE EXPENSES BY COUNTY

Allocation	LAKE	OCOLA	RIVER	SANBAGO	YUMA
Original Allshare	40.0%	25.0%	12.0%	18.0%	5.0%
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 98-99	58.7%	17.7%	7.1%	11.9%	4.6%
Train Miles FY 99-00	58.1%	18.1%	7.4%	12.2%	4.2%
Train Miles FY 00-01	57.7%	18.7%	7.1%	12.2%	4.2%
Train Miles FY 01-02	56.5%	19.1%	7.3%	13.1%	4.1%
Train Miles FY 02-03	57.3%	19.1%	7.6%	12.1%	3.9%
Train Miles FY 03-04	57.1%	19.1%	7.6%	12.1%	4.1%
Train Miles FY 04-05	56.9%	18.6%	7.5%	12.4%	4.6%
Route Miles Dispatched	66.5%	18.5%	0.4%	8.8%	5.8%
Route Miles Owned	57.6%	24.3%	1.1%	10.7%	6.4%
Track Miles Owned	58.5%	25.8%	0.5%	9.6%	5.6%

(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.

operating line segments and Member Agencies for the purpose of calculating the distribution of their annual operating budget contribution.

Operating costs in a fiscal year are allocated primarily using one of two methods. The first method applies to those costs that can be directly attributed to the operating and maintenance costs of particular line segments as they relate to our members' area of responsibility. Costs of contracted operating crews, diesel fuel usage, payments to freight railroads, and maintenance of way expenditures are examples of costs allocated directly to members or line segments. These currently represent just over half of the total SCRRA Operating Budget.

The balance of the Operating budget is made up of categories of costs, which, while necessary to fulfill the mission of the SCRRA, do not exhibit significant, short-run variability relative to particular service levels. The largest component is the SCRRA rolling stock maintenance contract that, while undeniably related to service capacity, has a higher relation to fleet size and composition rather than current service schedules. Other examples include the costs of agency administrative staff, legal and legislative advocacy representation, media and communications programs, and our ongoing community outreach safety program. Expenses in this pool of agency costs are currently allocated under the Base Allocation Formula (See "Base Service" above).

The current Base Allocation Formula was first included as part of the FY 1998-99 budget. As such, the basis for calculating the component pieces was the operating environment, including the particular variables, of the agency in the fiscal periods 1997 and 1998. Since that time, total revenue service has increased by almost 59%, or 800 thousand revenue service miles per year, and the operating environment of FY 2004 is markedly different. Since 1999, service expansion throughout the 5 counties, the addition of the 91 Line, and other service improvements have led to a 43% growth in ridership, up to 9.3 million passenger trips currently projected for FY 2003-04. And, as the Base Formula has been frozen for approximately six years, few of these improvements carry any of the costs associated with the Base Allocation Formula

While a significant amount of fruitful and thoughtful discussion has taken place, members of the Technical Advisory Committee (TAC), as representatives of the Member Agencies, have been unable to reach a consensus as it relates to the development of a cost allocation structure applicable to the FY 2004-05 Budget.

In order to facilitate the compilation of the FY 2004-05 Budget, Member Agencies agreed, for FY 2004-05 only, to equally increase each member's individual FY 2003-04 contribution by 2.37%.

Discussions among staff are currently scheduled to continue into the summer of calendar 2004. Staff believes that these discussions will result in an agreement on an approved methodology for cost distributions that would become effective with the adoption FY 2005-06 Budget.

The percentage distributions for FY 2004-05 reflect the final allocation of net operating costs, the balance of total operating costs less total operating revenues.

Train-Miles

Those costs that change with the number of trains operated such as Amtrak 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 6.1 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.

TABLE 7.2

FORMULAE USED TO ALLOCATE EXPENSES BY LINE

Allocation	Stat Formula	Yearly Costs	Amort. Value	Direct Costs	Overse Costs	Other	Other	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 98-99	24.0%	13.2%	21.4%	11.4%	18.3%	9.9%	1.8%	
Train Miles FY 99-00	23.9%	12.4%	21.7%	11.1%	19.1%	10.2%	1.7%	
Train Miles FY 00-01	24.3%	12.5%	21.1%	11.3%	19.3%	9.6%	1.8%	
Train Miles FY 01-02	25.4%	12.4%	20.1%	11.0%	18.4%	11.0%	1.7%	
Train Miles FY 02-03	24.7%	11.5%	22.1%	9.3%	17.0%	9.3%	6.0%	
Train Miles FY 03-04	24.6%	11.8%	22.0%	9.4%	17.1%	9.2%	6.0%	
Train Miles FY 04-05	25.3%	12.1%	21.7%	9.2%	16.7%	9.1%	5.9%	
Route Miles Dispatched	21.9%	18.0%	39.8%	1.8%	16.4%	2.1%		
Route Miles Owned	25.3%	19.6%	29.0%	1.2%	21.7%	3.2%		
Track Miles Owned	21.9%	16.5%	27.9%	0.5%	23.9%	1.9%		7.4%

(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.

7.4 Allocation of Expenses

Fuel and that portion of Amtrak services related to operation of trains are allocated to operating lines and counties on the basis of train-miles for each line or county. That part of Amtrak services related to 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 and Ambassadors. All other expenses in the Operating Budget are allocated on the "base service" formula.

Maintenance-of-Way expenses on lines shared by more than one county are split to the counties on the basis of track-miles in each county. The expenditures related to the Riverside Layover Facility are allocated to the counties through which the Riverside Line runs on the basis of route miles. 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. Extra-ordinary Maintenance expenses for derailments (\$100,000) are split on the Allshare formula, and for storm damage, gate knockdowns and vandalism (\$400,000) using the formula representing route-miles owned by county.

7.5 Potential New Projects For New Capital In FY 2004-05

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 means that 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, two U.S. leveraged lease transactions have been completed. The deferred benefit of the two lease transactions was approximately \$24.2 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.

7.7 Statistical Information

Date of Formation	August 1991	
Form of Government	Joint Powers Authority	
Purpose	To plan, design, construct and administer the operation of regional passenger rail lines.	
Member Agencies	Los Angeles County Metropolitan Transportation Authority Orange County Transportation Authority Riverside County Transportation Commission San Bernardino Associated Governments Ventura County Transportation Commission	
Counties Served	Los Angeles County Orange County Riverside County San Bernardino County San Diego County Ventura County	
Population (2000 Census)	Los Angeles County	9,519,338
	Orange County	2,846,289
	Riverside County	1,545,387
	San Bernardino County	1,709,434
	San Diego County	2,813,833
	Ventura County	<u>753,197</u>
	Total Population:	19,187,478
Route Miles in System (Duplicated)	Los Angeles County	222
	Orange County	117
	Riverside County	59
	San Bernardino County	39
	San Diego County	38
	Ventura County	<u>39</u>
	Total Miles:	514
Route Miles (Unduplicated)	Los Angeles County	187
	Orange County	67
	Riverside County	38
	San Bernardino County	39
	San Diego County	19
	Ventura County	<u>39</u>
	Total Miles:	389

Train Equipment	Locomotives	38	
	Cab Cars	35	
	Coaches	108	
Stations	Los Angeles County	25	
	Orange County	10	
	Riverside County	5	
	San Bernardino	7	
	San Diego County	1	
	Ventura County	<u>5</u>	
	Total Stations:	53	
Ticket Vending Machines	TVMs Installed	109	
	Validators Installed	135	
	Ticket Office Machines	3	
	Installed		
Highway-Rail Grade Crossings	Total Network Grade Crossings	399	
	Public Crossings	338	
	Private Crossings	<u>61</u>	
	SCRRA Maintained Crossings	238	
Average Daily Riders (Jan 2003)	Ventura County Line	3,673	
	Antelope Valley Line	5,253	
	San Bernardino Line	10,112	
	Riverside Line	4,393	
	Orange County Line	5,148	
	Inland Empire to Orange County	2,997	
	Burbank Turns	536	
	91 Line	<u>1,596</u>	
	SYSTEM	33,708	
Number of Auto Trips Removed per Weekday	16,202	trips	
Percent of Freeway Traffic Removed on Parallel Freeways Each Peak Hour	8.5	percent	
Average Commute Trip Length (Proposed 04)	36.4	miles	

Percent of Riders Formerly Driving Alone 70 percent

Percent of Riders with Downtown Los Angeles Destination 70 percent

Percent of Ethnic Riders by Line Corridor
(Latino, Asian, African-American)

San Bernardino Line	56	percent
Riverside Line	52	percent
Antelope Valley Line	46	percent
Ventura County Line	32	percent
Orange County Line	38	percent

Source: State of California Department of Finance Demographic Research Unit, SCRRA's January 2003 Operating Report, SCRRA Staff, and 2000 SCRRA Customer Satisfaction Survey

7.8 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.

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.

EXTRA-ORDINARY 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 maintenance-of-way

revenues, 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.

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.

7.9 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 21 st Century
TIP:	Transportation Improvement program
TSM:	Transportation Systems Management
TVM:	Ticket Vending Machine
UP:	Union Pacific Railroad
VCTC:	Ventura County Transportation Commission

Proposed Reprogramming of FY 2001-02 Subsidy to SCRRA

In May, 2003 staff reported to the MTA Board that over \$3 million dollars in unused FY 2001-02 subsidy to SCRRA was available for reprogramming, and asked for authority to program a portion of it for a funding shortfall in the Rolling Stock Maintenance Facility Project due to the state financial crisis. Staff indicated that the balance of the funds would be programmed through a subsequent request.

Of the total of \$3,758,500 total surplus funds from FY 2001-02, a \$3,128,000 amount has been reprogrammed for the Rolling Stock Maintenance Facility Project per that Board authority. Staff requests to program the remaining \$630,500 as follows:

- \$12,000 to address a budget overrun on the Chatsworth Station Parking Expansion project: A regionally significant project from the 2000 Call for Projects which SCRRA constructed on MTA's behalf.
- \$125,000 for a hand-throw switch at the Lancaster Station: Funds are needed for the match to a \$125,000 Jobs Access Reverse Commute grant which SCRRA has obtained.
- \$493,500 for rolling stock fleet replacement/expansion, service enhancement or fare coordination: Staff will work with SCRRA to analyze current service, fleet, and feeder service needs and balance them against the need to set aside funds for future replacement of aging rolling stock.

Proposed Reprogramming of FY 2002-03 Subsidy to SCRRA

From the FY 2002-03, an amount of \$457,500 subsidy is available for reprogramming. Upon review of SCRRA's Comprehensive Annual Financial Report and Annual Reconciliation Statement, MTA staff requests authority to apply the available funds to the following projects:

- \$145,100 for a Supplemental Security Fare Revenue Carryover: SCRRA collected a 1% security surcharge as part of its fares during FY 2002-03, and has not expended all of the surcharge revenues in order to accumulate funding to match federal safety grants for which it has applied. Staff recommends leaving these funds with the SCRRA for either to match the grants or for other security-related emergency purposes.
- \$312,300 for rolling stock fleet replacement/expansion, service enhancement or fare coordination: Staff will work with SCRRA to analyze current service, fleet, and feeder service needs and balance them against the need to set aside funds for future replacement of aging rolling stock.

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