



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

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**PLANNING AND PROGRAMMING COMMITTEE
MAY 17, 2006**

**SUBJECT: SCRR A FY 2006-07 ANNUAL WORK PROGRAM
AND REPROGRAMMING FOR METROLINK**

ACTION: APPROVE WORK PROGRAM AND REPROGRAMMING

RECOMMENDATION

- A. Approve a \$47,703,791 total financial contribution of Proposition C 10% local sales tax funding (see Attachment A) to the Southern California Regional Rail Authority (SCRRA) for its FY 2006-07 Preliminary Budget for Metrolink (see Attachment B), as follows:
- 1) \$32,922,900 for operations, including \$31,408,000 of FY 2006-07 basic funding, \$580,500 in surplus FY 2003-04 subsidy, and \$934,400 in surplus FY 2004-05 subsidy;
 - 2) \$14,000,000 for rehabilitation and renovation, including \$9,500,000 of basic funding and \$4,500,000 in expansion funding;
 - 3) 4% as an annual escalation rate increase from FY 2005-06 to FY 2006-07 that is already included in the annual allocations described in A.1 and A.2 above; and
 - 4) \$780,891 for capital projects, including \$457,560 for the Keller Yard and Union Station Platform projects and \$323,331 for the settlement fee to the Burlington Northern Santa Fe (BNSF) Railroad, as approved by the Board of Directors in March 2006;
- B. Approve \$790,136 in funding for FY 2007-08 rolling stock leases or supplemental operations funding to the SCRRA, consisting of \$420,242 reprogrammed from a Call for Projects grant for the SCRRA and \$369,894 in surplus FY 2004-05 subsidy; and
- C. Authorize the Chief Executive Officer (CEO) or his designee to negotiate and execute all necessary agreements between Metro and the SCRRA for funding approved.

ISSUE

The SCRRA Joint Powers Agreement requires that Metro and the other SCRRA member agencies approve their share of Metrolink funding before the SCRRA Board of Directors can adopt a budget. The SCRRA Board of Directors is scheduled to adopt a budget in June 2006.

POLICY IMPLICATIONS

The SCRRA FY 2006-07 Preliminary Budget identifies operations, rehabilitation/renovation and new capital projects; sets service levels; and establishes each member agency's share of costs for Metrolink. Metro contributions for FY 2006-07 operations and rehabilitation/renovation incorporate an annual escalation rate of four percent (4%), instead of the escalation rates based on the Cost Price Index (CPI) and Construction Cost Index (CCI) used in the financial modeling for the 2003 Short Range Transportation Plan for Los Angeles County. The 4% annual escalation rate is needed to more closely follow recent inflation and railroad industry cost trends that influence many SCRRA contracts and other cost drivers.

OPTIONS

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

1. Approve a Metro financial contribution towards Metrolink's subsidy for the base component of the operations budget, based on the original Point-In-Time formula with updated statistics, rather than following the allocation method used in the proposed budget. The allocation method used in the proposed budget distributes a portion of the base costs using data from FY 1995-96 and 1996-97. Metro's share based on the Point-In-Time formula with updated statistics would be approximately \$2 million less than the current allocation.
2. Program all or any part of these funds to other regionally significant, eligible capital projects identified in the Short and Long Range Transportation Plans for Los Angeles County.

The SCRRA, in consultation with its member agencies, is now close to completing a 25-year strategic plan, which will provide important input to ongoing discussions on how Metrolink operation costs should be shared among the five counties. Hence, we do not recommend that the Board choose Option 1 at this time. However, we do want to pursue formula update discussions earnestly and develop a formula by 2008 that fairly reflects the costs of providing Metrolink service in the constituent counties.

We also do not recommend that the Board choose Option 2. Providing funding for Metrolink operations and capital programs is imperative. Metrolink provides commuter rail services needed to address mobility goals that Metro has established for Los Angeles County.

FINANCIAL IMPACT

The SCRRA FY 2006-07 Budget for Metrolink requires a Metro share of \$47,703,791, of which \$32,922,900 is for operations (as shown in Table 3.7 of Attachment B), \$14,000,000 is for rehabilitation/renovation (as shown in Table 4.1-2 of Attachment B); and \$780,891 is for capital projects. Of the \$47,703,791, we propose that \$580,500 be funded from reprogrammed FY 2003-04 subsidy to the SCRRA and \$934,400 be funded from reprogrammed FY 2004-05 subsidy to the SCRRA. Thus, the difference of \$46,188,891 is requested from the proposed FY 07 Metro Budget for the Metrolink Annual Work Program. Such funding is identified in the 2001 Long Range Transportation Plan and 2003 Short Range Transportation Plan, but with a slightly lower escalation rate of 2.6%. Staff is recommending a 4% rate at this time to reflect recent increases in railroad industry costs. Proposition C 10% funds are proposed. Proposition C 10% local sales tax funds may be used only for "Commuter Rail, and the construction of Transit Centers, Park-and-Ride Lots, and Freeway Bus Stops."

Attachment A shows the sources of funding for Metro's share of the SCRRA Budget for Metrolink. Attachments C and D list and describe each of the projects recommended for reprogramming from the FY 2004-05 subsidy to the SCRRA and project savings from a Call for Projects funded SCRRA project.

BACKGROUND

The Metrolink system, which the SCRRA operates, 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, as well as northern San Diego County. SCRRA staff, in consultation with the SCRRA Technical Advisory Committee, prepared the FY 2006-07 Preliminary Budget. The SCRRA Board of Directors approved forwarding the Preliminary Budget to the member agencies on April 21, 2006. (Attachment E provides a summary of some key Metrolink operating assumptions.)

The SCRRA's overall FY 2006-07 Preliminary Budget totals approximately \$445.4 million. This consists of \$134.8 million for operations, \$32.4 million for rehabilitation, and \$278.2 million for new capital projects. Farebox, other operating and capital revenues, and state and federal grants offset approximately 46.7% of the operating and rehabilitation budget cost. The remaining 53.3% of the cost is shared by the five member agencies by formula. Of the remaining cost, Metro's share is 52.6%.

Formula Negotiations

We are scheduled to resume negotiations with the other member agencies in July 2006 on updating 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. We have been pursuing an update of the base cost allocation formula to better reflect how Metrolink service is distributed within the five member counties.

Since FY 1998-99, a Point-In-Time formula has been employed to determine member shares of Metrolink base operating costs. The Point-In-Time formula uses data from FY 1995-96 and FY 1996-97. If this formula were to be employed today with updated statistics, some of the other member agencies' subsidy requirements would increase by 20% or more. Thus, some of these same member agencies have asked that a new formula be established. They also have asked that the new formula be phased in as gradually as possible.

The proposed new formula places less weight on the number of stations and more weight on train miles and route miles in each county. It also standardizes the way maintenance-of-way costs are allocated between counties. All but one of these changes works to lessen the amount of cost savings to Metro, as compared to a straight application of the Point-In-Time formula using updated statistics. By agreement between the five member agencies, for purposes of developing the FY 2005-06 and FY 2006-07 Metrolink Budgets, half of the base costs have been allocated according to this new formula, and the other half continues to be allocated according to the frozen Point-In-Time formula using FY 1995-96 and FY 1996-97 data. If the Point-In-Time formula simply were used with recent data and applied to all of the base costs, Metro's operations subsidy to the SCRRA would be approximately \$2 million less than under the methodology used to develop the FY 2006-07 SCRRA Budget.

Continued talks are planned for finalizing the updated statistics and weights and for establishing a timetable to completely phase out the frozen formula. Should negotiations not progress in a timely and satisfactory manner to allow for a new formula to begin implementation in FY 2007-08, we may recommend to the Board that the FY 2007-08 annual subsidy payment to the SCRRA be based on the Point-In-Time formula using updated statistics.

Additional Weekend Metrolink Services

The Orange County Transportation Authority (OCTA) and the San Bernardino Association of Governments (SANBAG) have requested the SCRRA to initiate weekend Metrolink service on the Orange County Line and increase weekend service on the San Bernardino Line. Metro does not have funding available to participate in these services during FY 2006-07. OCTA and SANBAG have offered to pay Metro's share during FY 2006-07 and have indicated that they will look to Metro to pay future shares beginning with FY 2007-08.

To date, Metro has not committed to any future funding participation in these additional Metrolink weekend services. Any Metro financial participation in these services should be subject to a review of service productivity and other service funding needs. Our review would focus on ensuring that the highest priority needs of Los Angeles County are met, including potential service expansion within Los Angeles County.

NEXT STEPS

The SCRRA Board is scheduled to adopt its Final FY 2006-07 Budget on June 22, 2006. We will monitor cost sharing negotiations and budget implementation, and we will report back to the Board with any issues requiring board action.

ATTACHMENTS

- A. Sources of Funding for Metro Contribution to SCRRA FY 2006-07 Metrolink Budget
- B. SCRRA FY 2006-07 Preliminary Budget for Metrolink
- C. Proposed Reprogramming of FY 2004-05 Subsidy to SCRRA
- D. Proposed Reprogramming of Call for Projects Savings
- E. Summary of Key Metrolink Operating Assumptions

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ATTACHMENT A

SOURCES OF FUNDING FOR METRO CONTRIBUTION TO SCRRRA BUDGET FOR METROLINK

Funds Programmed for FY 2006-07	New FY 2006-07 Allocation	Reprogrammed from Call for Projects	Subtotal Funds Included in Metro FY 07 Proposed Budget	Surplus FY 2003-04 Subsidy	Surplus FY 2004-05 Subsidy	TOTAL
Operations: 2001 LRTP Allocation, with 4% escalation	\$31,408,000		\$31,408,000			\$31,408,000
Operations: Prior Year Surplus Allocation				\$580,500		\$580,500
Operations: Prior Year Surplus Allocation					\$934,400	\$934,400
Subtotal Operations	\$31,408,000		\$31,408,000	\$580,500	\$934,400	\$32,922,900
Rehabilitation and Renovation: 2001 LRTP Allocation, with 4% escalation	\$9,500,000		\$9,500,000			\$9,500,000
Rehabilitation and Renovation: 2001 LRTP Expansion Allocation	\$4,500,000		\$4,500,000			\$4,500,000
Subtotal Rehabilitation and Renovation	\$14,000,000		\$14,000,000			\$14,000,000
Capital: Keller Yard and Union Station Platform Projects Reprogrammed from Call for Projects Savings		\$457,560	\$457,560			\$457,560
Capital: Settlement Fee to BNSF Railroad Reprogrammed from Call for Projects Savings		\$323,331	\$323,331			\$323,331
Subtotal Capital		\$780,891	\$780,891			\$780,891
TOTAL FUNDS PROGRAMMED FOR FY 2006-07	\$45,408,000	\$780,891	\$46,188,891	\$580,500	\$934,400	\$47,703,791

Funds Programmed for FY 2007-08	Reprogrammed from Call for Projects	Surplus FY 2004-05 Subsidy	TOTAL
FY 07-08 Rolling Stock Lease/Operations		\$369,894	\$369,894
FY 07-08 Rolling Stock Lease/Operations	\$420,242		\$420,242
TOTAL FUNDS PROGRAMMED FOR FY 2007-08	\$420,242	\$369,894	\$790,136

1. This amount is consistent with the proposed FY 07 Draft Metro Budget.

2. This amount was included in the FY 04 Metro Budget.

3. This amount was included in the FY 05 Metro Budget.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

**Fiscal Year 2006-07
Preliminary Budget**



*Los Angeles County Metropolitan Transportation Authority,
Orange County Transportation Authority,
Riverside County Transportation Commission,
San Bernardino Associated Governments,
Ventura County Transportation Commission.*

April 28, 2006.

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
 FY 2006-07 BUDGET
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EXECUTIVE SUMMARY

Introduction

Fiscal Year (FY) 2006-07 marks the 14th year of the SCRRA's provision of high quality, reliable, and expansive Metrolink commuter rail service in Southern California. Opening with three lines and 12 stations in October 1992, the SCRRA today operates service over 514 route miles on seven lines, serving 54 stations in six counties of Southern California: Ventura, Los Angeles, Orange, Riverside, San Bernardino and San Diego. For the year, the Metrolink commuter rail system is expected to operate over 2.4 million revenue train miles, generate in excess of 11.5 million individual passenger trips, and average over 43,000 riders each weekday.

By the Fall of 2006, the agency will have more than doubled its operation of weekend services. New Saturday and Sunday services on the Orange County, Inland Empire/Orange County, and San Bernardino Lines will increase service levels from the currently offered 32 trains per weekend to 66.

In anticipation of the continued success and expected growth of the Metrolink system, in FY 2005-06 the SCRRA Board of Directors approved the procurement of 87 passenger vehicles and 11 additional locomotives.

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

The \$490.6 million FY 2006-07 Preliminary Budget consists of an Operating Budget of \$134.8 million, an increase of 11% from the FY 2005-06 Budget, and a Capital Program of \$355.8 million. The Operating Budget includes Train Operations of \$112.8 million and a Maintenance-of-Way (MOW) budget of \$22.0 million. The Capital Budget contains a Rehabilitation and Renovation Budget of \$77.3 million and a New Capital Budget of \$278.5 million in newly proposed and previously approved projects. Approximately 58%, of the agency's Capital program, or \$207.5 million, represents resources to procure rolling stock, including 11 locomotives, 87 passenger cars and a potential option for an additional 20.

The Fiscal Year 2006-07 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 rights-of-way.

Administrative Requirements

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

The Preliminary Budget is subsequently transmitted to each Member Agency for individual consideration and approval. Decisions dealing with operating and capital allocations as well as approval of each member agency's share of the Authority's annual budget must be approved by each Member Agency. The Board must adopt a final budget no later than June 30 of each year.

Budget Development and Assumptions

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

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

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

Under the terms of the JPA governing the actions of the SCRRA, each Member Agency shall approve its individual Operating and Capital contributions for an upcoming fiscal year. As a result of its structure as a JPA, the SCRRA utilizes a number of formulae for the purposes of allocating costs to both Operating Line Segments as well as its member agencies. During FY 2003-04, an effort was made to revise and update many of the underlying allocation formulas prior to compilation of the FY 2004-05 Budget. Given the complicated nature of this effort, and the expected completion of the Long Range Strategic Assessment during FY 2005-06, the Member Agencies agreed to an interim solution for three fiscal years. FY 2006-07 marks the third year of this three year agreement under which the agency's member agencies agreed to increase their net subsidy contribution in FY 2004-05 by a fixed amount of 2.37% across the board, and for

the years FY 2005-06 and FY 2006-07, a revised interim allocation formula, based on a weighted average of a number of service variables, would serve to calculate each agency's contribution for the fiscal year. After completion of the currently ongoing strategic planning effort, a final set of funding mechanisms will be considered within a specified framework. It is expected that the resulting formula(s) will apply beginning FY 2007-08 and beyond.

The SCRRA, as both a governmental agency and an operating railroad, faces a number of unique and challenging issues in developing the FY 2006-07 Budget. Like agencies at all levels of government, the SCRRA is confronted by an environment of constrained resources, combined with a continued and increasing demand for services. In addition, selected costs associated with the agency's commuter rail operations, particularly fuel and insurance, are both increasing at extraordinary rates, and are of a nature that limit the discretion and capacity to balance one cost category versus another.

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

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

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

These four items alone constitute 41% of total Operating Budget expenses for the upcoming fiscal year. When combined with the cost of diesel fuel, this figure climbs to over 51% of the total FY 2006-07 Operating Budget. The agency's contractual agreements for Operating Crews, Maintenance of Equipment, Maintenance of Track & Structures, and Maintenance of Signals & Communications all contain pre-determined cost escalation agreements. These ranges are based on either fixed rate contract escalators, the rates of growth in the Consumer Price Index (CPI-U), or indexes of cost growth as published by the Association of American Railroads (AAR). Changes in these indices have resulted in the application of cost increases ranging from 3.0% to 5.0%.

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. However, it should be noted that

staff estimates of outstanding balances on previously approved capital projects in no way changes the actual level of authority as granted by the Board, and are presented as the best information available for consideration at the time of budget approval. The policy of the SCRRA is to include only those projects for which funding has been secured.

Operating Budget

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

As referenced above, the current value of the SCRRA FY 2006-07 Budgets' operating component stands at \$134.8 million, an increase of \$13.7 million, or 11.3% from the FY 2005-06 Budget. Total operating revenues are expected to equal \$73.3 million, an increase of \$7.2 million or 11.0% over the FY 2005-06 Budget. Member Agency Operating Contributions for the year are estimated to equal \$61.5 million, an increase of \$6.4 million or 11.7%.

Of the Operating Budget increase, \$9.1 million, or 67% of the total change is attributable to three significant items. The first is the cost of diesel fuel to operate the agency's fleet of locomotives. The cost per gallon of fuel is estimated to rise 44.2% from the FY 2005-06 Budget to \$2.38 resulting in an increase to the budget of over \$3.8 million, or 28% of the total change. A second item of significant impact to the budget is the cost of Insurance Premiums. Projected to increase over 21% for the year, largely as a result of current market conditions associated with property risk insurance, the agency has limited discretion with regard to these two primary expenditures requirements.

The third, and single greatest contributor to the increase in the Operating Budget is the introduction of new and expanded weekend services. FY 2006-07 will see the largest planned service expansion in several years. New Saturday and Sunday services on the Orange County and Inland Empire/Orange County Lines and increased services on both Saturday and Sunday on the San Bernardino Line represent a more than doubling of the agency's current weekend offerings. When completely implemented, a total 34 new trips will bring to 66 the number of trains on the weekend versus the 32 regularly operated during FY 2005-06. A total cost of \$3.9 million includes operating crews, fuel, equipment maintenance, payments to freight railroads under extant operating agreements, additional security, marketing and staff support.

The planned service includes four round trips each weekend day between Oceanside/San Juan Capistrano and LAUS on the Orange County Line, three round trips and two round trips on Saturdays and Sundays respectively on the Inland Empire/Orange County Line between Oceanside and Riverside/San Bernardino, and two additional round trips each Saturday and Sunday on the San Bernardino Line including the introduction of late night service to San Bernardino out of Los Angeles.

Summary of Operating Revenues

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

Fare Revenues - The FY 2006-07 Budget assumes total Fare Revenues will equal \$59.3 million, an increase of \$7.5 million or 14.5% from FY 2005-06. This figure currently includes a July 1, 2006 implementation of the Board approved 5.5% fare adjustment and the continued implementation of the Fare Policy restructuring. Total passenger boardings are estimated to increase 7.7% to 11.5 million.

Dispatching Revenues - The SCRRA, as the operating administrator of its member owned Rights-Of-Way, receives revenues from freight railroads, Amtrak Intercity services for the right to operate through and over its territories and for the dispatching NCTD operated Coaster commuter trains. These revenues are volume based and the individual charges are contained within existing agreements that dictate the rate of growth in the level of payment. They are expected to remain approximately equal to FY 2005-06 at \$2.9 million.

Maintenance of Way Revenues - Member agency contributions for ordinary maintenance are partially offset by revenues received from the freight railroads and Amtrak Intercity service. These revenue rates were negotiated based on the historical expenditures on maintenance-of-way by the freight railroads prior to the purchase of these rights-of-way by the Member Agencies. However, due to the requirement of maintaining a higher standard of quality for passenger rail service, these revenues do not offset 100% of the costs. MOW revenues are expected to total \$9.4 million or 6.0% above the FY 2005-06 Budget.

Other Revenues - Other revenues have traditionally included the receipt of specific use grant funds such as Homeland Security funding to pursue systemwide security and safety enhancements, the reimbursement of direct costs for specific functions such as the anticipated sponsorship of the annual Holiday Train, or the application of other one-time sources of funding. This revenue category is estimated to total \$1.7 million.

Summary of Operating Expenses

As referenced above, three items within the agency's operating budget contribute 67% of the increase from FY 2005-06.

The balance of the operating budget, \$109.4 million, or 81% of the total, increases \$4.6 million or 4.4%, a growth rate approximately equal to the rate of inflation in the southern California region.

Highlights of the FY 2005-06 Operating Budget include:

- Operating expenses per train mile are expected to be \$55.70, a 5.4% increase from the Fiscal Year 2005-06 Budget.
- The increase in the cost per gallon of Diesel Fuel adds \$1.68 to the total cost per mile increase.
- Exclusive of Diesel Fuel, operating expenses per train mile are expected to increase approximately 2.7%.
- Operating expense per passenger mile is expected to equal \$0.33, a \$0.01 increase from FY 2005-06.
- Subsidy per passenger mile remains constant at \$0.15.
- Operating subsidy per rider increases to \$5.34 from \$5.15.
- Total Revenue recovery is projected to equal 55%.
- Farebox recovery is expected to equal 44%.
- Total Revenue Train Miles will be 5.3% higher in FY 2006-07 than levels adopted in the FY 2005-06 Budget as a combined result of the annualization of service implemented in January 2006 and the anticipated new summer services offset by three less operating weekdays.

Capital Budget

The Capital Budget consists of two major components. These are the agency's Rehabilitation and Renovation and New Capital programs. These budgets amount to \$77.3 million and \$278.5 million, respectively, for a total of \$355.8 million in new and outstanding project authority. Summarized information of the Capital Budget is presented 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.

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

New Capital projects are those projects that expand the infrastructure and include such items as sidings, double track, upgrade of the signal system, and new rolling stock.

Both the New Capital and Rehabilitation and Renovation budgets include projects authorized in prior years but incomplete as of the end of a fiscal year, as well as new project authority to be approved in FY 2006-07. On projects approved in prior years, the "Remaining Budget" column reflected in the attached information represents staff's estimate of project authority outstanding as of June 30, 2006. These staff estimates in no

way alter the total approved funding or expenditure authority of a project as approved by the Board.

The Capital Budget for FY 2006-07 contains several important New Capital and Rehabilitation projects to more efficiently operate passenger (Metrolink and Amtrak) and freight services on member agency owned routes. These projects include:

- Funding and oversight associated with the recently awarded contract for the procurement of new rolling stock including 87 passenger vehicles and 11 locomotives.
- The completion of construction of double tracking of last 1.8 mile section of single main track between Fullerton and Laguna Niguel.
- The start of construction of a new Eastern Area Maintenance Facility in the city of Colton in San Bernardino County.
- The Keller Street storage yard near Los Angeles Union Station (LAUS) to provide additional capacity, particularly in the mid-day, to accommodate the acquisition of new rolling stock.
- The elimination of the Mail Dock at LAUS to provide additional passenger and service capacity.
- Construction of an additional Lead Track at LAUS to provide increased capacity at the station to more efficiently move equipment.

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

Other Considerations

The FY 2006-07 Budget proposes four new positions for a total authorized position count of 205 versus 201 in FY 2005-06.

As the organization has grown, and the operating environment has evolved, the nature and number of external demands have grown proportionately. The newly adopted Federal Quiet Zone regulations, increasing security requirements, the impacts to the organization of the incident in Glendale, the interaction among the SCRRA and freight railroads as goods movement seeks to overwhelm capacity in Southern California, and the management of its internal structure to accommodate and facilitate its long term goals and objectives all represent both challenges and opportunities for the agency over the next several years.

In order to maintain an operating and administrative environment that allows the agency to pursue its objectives in the most efficient manner possible, the SCRRA underwent an internal reorganization during FY 2005-06. The agency implemented a revised structure that segregated and consolidated the major functionalities of the agency into three primary organizational business units – Executive, Operating Services, Finance and Administrative Services. The Communications & Development Department continues to

report directly to the Chief Executive Officer as part of the Executive business unit. Finance and Administrative Services has been consolidated under the existing position of Assistant Executive Officer, re-titled Assistant Executive Officer – Finance and Administration, and a new position – Assistant Executive Officer – Operating Services was created to oversee the workings of the direct railroad operations of the agency. This new position was funded through the application of vacancy savings during FY 2005-06 and is officially recognized in FY 2006-07.

The three remaining new positions are all associated with the increased agency support required to implement expanded weekend services and include an additional Train Dispatcher, Customer Services Representative and a Field Services Representative. These three positions are all in the Operations Department. However, in order to accommodate a number of other expense pressures in the development of the FY 2006-07 Budget, a net three positions have been de-funded for the fiscal year, in addition to similarly recognized positions in FY 2005-06. The result of these actions is to reduce the effective level of available staffing to 196 potential employees.

The FY 2006-07 Budget further assumes that staff will contribute 10% of the costs of medical insurance premiums, up from an effective contribution level of 4.5% in FY 2005-06.

Finally, in the wake of the January 2005 accident in Glendale, SCRRA received an initial grant of \$250,000 to begin a Sealed Corridor initiative, designed to create a comprehensive grade crossing and right of way safety enhancement program. Phase 1 of this initiative will address approximately 65 miles of member agency-owned right of way in the San Fernando Valley and Ventura Counties on the Antelope Valley and Ventura County lines. The project team will convene key stakeholders from cities along these corridors, as well as technical personnel, who will develop and come to agreement on a comprehensive program of corridor safety improvements and the funding plans needed to implement them. The initial study should be completed during FY 2006-07, with future design and construction activities to be funded pursuant to the funding plans created during this initial phase.

Agency and departmental goals continue to focus on continuing to build an organizational infrastructure that supports the increased long-term operations and administrative functions.

Agency goals also address the following needs:

- Oversight of the recently awarded rolling stock procurement contract.
- Completion of Phase 1 of the Sealed Corridor (grade crossing improvement) program.
- Initiation of the first phases of a program to replace the current Public Address/Changeable Message signs (PACMS) at all Metrolink stations.
- Continued improvements in service quality and safety as well as the expansion of services where possible.

- The completion of the Strategic Assessment to set a course to meet long-term ridership and service projections.
- Continued pursuit of federal and state funding
- Stronger alliances with station city stakeholders
- Viability of connecting and complementary transit services

The proposed FY 2006-07 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 14th 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 2006-07 BUDGET

1.0 INTRODUCTION

1.1 SCRRA Services

The SCRRA is a Joint Exercise of Powers Authority (JPA) created to plan, design, build and operate the Metrolink commuter rail service in the Southern California region. Metrolink provides service on 7 routes to 54 stations over 514 route miles. The system map is provided as Exhibit 1.1.

During Fiscal Year 2006-07 Metrolink expects to operate 145 trains each weekday, and expects to more than double its regular weekend service operations from 32 to 66 weekend trains. Average weekday ridership is projected to total 43,018 daily one-way trips for the Fiscal Year. Saturday and Sunday services are provided on the San Bernardino, Orange County, and Inland Empire-Orange County Lines, and Saturday only service is offered on the Antelope Valley Line.

In Fiscal Year 2006-07, total rolling stock available will be 39 locomotives and 153 commuter rail cars including 39 Cab Cars and 114 passenger cars. In addition to operating commuter rail service, the SCRRA dispatches and maintains in excess of 60% of the territory over which it operates. On a daily basis, SCRRA currently dispatches 145 Metrolink trains, up to 36 Amtrak intercity trains between Moorpark and San Diego, 22 NCTD operated Coaster trains, and between 70 and 80 freight trains. SCRRA is also responsible for the maintenance of right-of-way owned by SCRRA member agencies that extends over 337 track-miles.

SCRRA's Capital Program includes the ongoing rehabilitation/renovation of this right-of-way, other agency facilities, equipment and rolling stock, as well as expansion of the system through the acquisition and construction of new assets.

1.2 Organizational Summary

The SCRRA Board, as of April 21, 2006, consists of the following eleven voting members:

Agency	Votes	Members	Alternates
Orange County Transportation Authority (OCTA)	2	Art Brown (Chair) Mayor, City of Buena Park Thomas W. Wilson Supervisor, County of Orange	Richard Dixon* Mayor, City of Lake Forest
Riverside County Transportation Commission (RCTC)	2	Ron Roberts (Vice Chair) Mayor, City of Temecula Frank West Council Member, City of Moreno Valley	Daryl Busch* Mayor, City of Perris John Chlebnik* Mayor Pro-Tem, City of Calimesa
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 Frank Roberts Mayor, City of Lancaster	Francine Oschin Appointed by LACMTA Robert T. Bartlett Appointed by LACMTA Beatrice Proo Appointed by LACMTA Maureen Micheline Appointed by LACMTA
San Bernardino Associated Governments (SANBAG)	2	Kelly Chastain* Council Member, City of Colton Paul Eaton Mayor, City of Montclair	Paul Biane* Supervisor, County of San Bernardino Diane Williams* Mayor Pro-Tem, City of Rancho Cucamonga
Ventura County Transportation Commission (VCTC)	1	Keith Millhouse Council Member, City of Moorpark	Brian Humphrey VCTC Commission Member

* Alternates represent either member

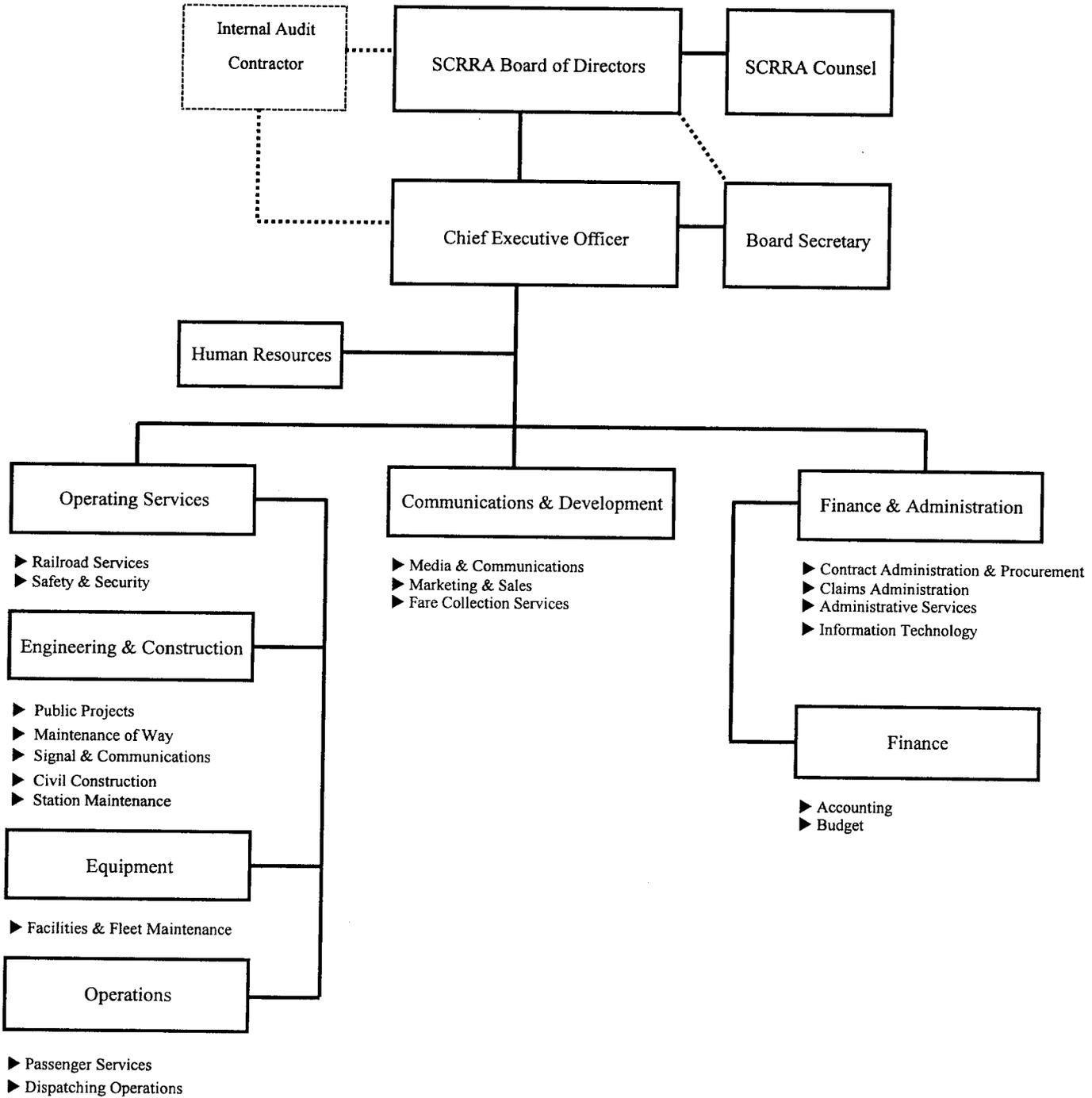
Ex-officio members of the SCRRA

Agency	Members	Alternates
Southern California Association of Governments (SCAG)	Lou Bone Mayor, City of Tustin	
San Diego Association of Governments	Julianne Nygaard	
The State of California Department of Transportation (Caltrans)	Sunne Wright McPeak , Secretary, Business, Transportation and Housing Agency	Doug Failing Director, Caltrans – District 7

Exhibit 1.2 provides the organizational structure of the SCRRA.

EXHIBIT 1.2

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
Organizational Reporting Structure
 Departments and Divisions
 As of April 21, 2006



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

- Executive: David Solow, Chief Executive Officer
- Finance & Administration: Steve Wylie, Assistant Executive Officer – Finance & Administration
- Operating Services: Harold Watson, Assistant Executive Officer – Operating Services
- Operations: John Kerins, Director
- Engineering & Construction: Michael McGinley, Director
- Equipment: William Lydon Jr., Director
- Communications and Development: Stephen Lantz, Director
- Finance: Patricia Kataura, Controller/Treasurer

The FY 2006-07 Budget of the SCRRA includes 205 authorized positions, an increase of four (4) from FY 2005-06. A complete roster of agency positions is listed in Table 6.1. For a discussion of the additional positions, please see Section 2.12 below.

1.3 Evolution of SCRRA

In June 1990, the California Legislature enacted Senate Bill 1402, Chapter 4 of Division 12 of the Public Utilities Code. This bill required the transportation commissions of the counties of Los Angeles, Orange, Riverside and San Bernardino to jointly develop a plan for regional transit services within the multi-county region.

In August 1991, the Southern California Regional Rail Authority (SCRRA), a regional Joint Powers Agency (JPA), was formed. Voting members with their respective number of votes are: Los Angeles County Metropolitan Transportation Authority (LACMTA), four votes; Orange County Transportation Authority (OCTA), two votes; Riverside County Transportation Commission (RCTC), two votes; San Bernardino Associated Governments (SANBAG), two votes; and Ventura County Transportation Commission (VCTC), one vote.¹ Ex-officio members of the SCRRA include the Southern California Association of Governments (SCAG), the San Diego Association of Governments and the State of California Department of Transportation (Caltrans).

The purpose of the newly formed SCRRA was to plan, design, construct, and administer the operation of regional passenger rail lines serving the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. The SCRRA named the regional commuter rail system "Metrolink." The first three lines - San Bernardino, Santa Clarita (now Antelope Valley), and Ventura County- began operation in October 1992. The Riverside Line was added in June 1993, and the Orange County Line (which extends 19 miles into northern San Diego County) was added in April 1994. The sixth line, Inland Empire-Orange County, the nation's first suburb-to-suburb commuter rail line, was added in October 1995. In May of 2002, the 91 Line was added to provide an alternative to Inland Empire and Western Orange County commuters traveling through Fullerton.

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

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

1.4 Mission Statement

Metrolink is a premier regional rail system, including commuter and other passenger services, linking communities to employment and activity centers. Metrolink provides reliable transportation and mobility for the region, leading toward more livable communities.

Metrolink is committed to and characterized by:

- *Technically superior and safe operations*
- *Customer focus and accessibility*
- *Dependable, high-quality service*
- *Cost-effective and high-value service*
- *Strategically located network of lines and stations*
- *Integration with other transit modes*
- *Environmental sensitivity*
- *Community involvement and partnerships with both the public and private sectors*

SECTION 2

**SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY**

BUDGET SUMMARY

2.0 BUDGET SUMMARY

2.1 Budget Policy

Budget Authorization

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

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

The Budget shall contain a financial plan that includes:

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

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

The Capital Budget includes all new projects proposed for the coming fiscal year as well as previously approved projects for which work has yet to be completed, and is expected to continue into the Fiscal Year under consideration. The Board approves individual Rehabilitation and Renovation and New Capital projects, including total project cost and scope. Approved project funds are reserved for the duration of the project unless amended by the Board.

In approving the proposed budget and any Board initiated amendments, the Board authorizes SCRRA to expend funds under the direction of the Chief Executive Officer consistent with:

- Total amount appropriated for Train Operations and Maintenance-of-Way.
- Total amount appropriated for Capital by each Rehabilitation/Renovation and New Capital project.
- Individual member agency funding commitments.
- Total number of authorized positions.

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

Budgetary Control

General

Budgetary control refers to SCRRA's procedures for monitoring actual expenses against planned expenditures as adopted in the annual Budget. By adopting an annual Budget, the Board of Directors delegates to the Chief Executive Officer the authority to manage the annual Budget within the following parameters:

Transfers

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

Amendments

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

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

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

Budgetary Reporting

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

following year's budget request provides staff with a mid-year opportunity for a detailed evaluation of progress compared to the budget plan of the current year. Internal performance reporting, and the preparation of the Comprehensive Annual Financial Report (CAFR) also provide tools for managing and reporting agency activities 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 and Renovation projects – These are projects that extend the useful life of existing capital assets through activities such as the replacement of worn ties and rail, replacement of outdated signal system components, rehabilitation of tunnels and bridges, and the programmed replacement and rehabilitation of the following rolling stock components: Car Door Operators; Wheel Trucks; Heating/Ventilation/Air Conditioning (HVAC); Traction Motors; and Head End Power Engine. The budget includes both ongoing and new projects for FY 2006-07.
- 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.

Given the complicated nature of this effort, and the expected completion of the Long Range Strategic Plan in FY 2005-06, the Member Agencies agreed to an interim solution for three fiscal years covering the periods FY 2004-05 through FY 2006-07. Members agreed to increase their net subsidy contribution in FY 2004-05 by 2.37% across the board, and for the years FY 2005-06 and FY 2006-07, a revised allocation formula, based on a weighted average of a number of service variables, would serve to calculate each agency's contribution for the fiscal year.

After completion of the currently ongoing strategic planning effort, a final set of funding mechanisms will be considered within a specified framework. It is expected that this formula(s) result will apply beginning FY 2007-08 and beyond.

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. FY 2006-07 represents the third full year under which the agency is budgeting under the modified approach.

Under the modified approach, infrastructure assets that are part of a network, or subsystem of a network, are not required to be depreciated as long as two requirements are met:

- 1) The government manages the eligible infrastructure assets using a qualified asset management system; and
- 2) The government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government.

The SCRRA Board adopted a minimum condition rating of 75 points (of a maximum of 100) as the minimum acceptable Railroad Condition Index (RCI) for the entire railroad network, including all subsystems. The actual index value of the condition of the SCRRA's infrastructure network was 88, as of June 30, 2004. For a complete description of the rating values and their meanings, please see Appendix Section 7. The agency expects to update the condition index of the agency's rail infrastructure during the fiscal year to determine the current index value.

2.5 Budget Assumptions

Operating Budget

The primary objective of the operating budget of the SCRRA is to provide the financial road map that leads to the achievement of the agency's priorities and objectives consistent with its provision of high quality commuter rail service under the Metrolink banner. Within that objective, and to the degree possible, the agency attempts to expand those services in areas that allow for the greatest possible and efficient delivery of passenger friendly transit services. The second principal operating budget objective is to maintain the integrity of the Member Agency owed rights-of-way (ROW) for commuter rail and freight operations. The agency provides primary responsibility for the maintenance of over 337 track miles in the five county region.

The FY 2006-07 Preliminary Budget assumes no new weekday services will be provided beyond the current level of operation. The SCRRA is currently at peak period maximum utilization of available rolling stock. The agency is continuing to pursue additional rolling stock in both the short and long term. During FY 2004-05, the SCRRA leased 13 pieces of available equipment from Central Puget Sound Regional Transit Authority (Sound Transit) including 1 Locomotive, 4 Cab Cars, and 8 Passenger Coaches. In FY 2005-06, an additional 4 pieces of equipment were leased from the Altamont Commuter Express (ACE), 2 Cab Cars and 2 Passenger Coaches. This equipment is assumed to be available for the entirety of FY 2006-07.

In FY2006-07, the SCRRA plans to more than double the level of services provided on the weekend. Currently, Saturday service is provided on the San Bernardino and Antelope Valley Lines, and Sunday service is provided on the San Bernardino Line. Beginning in June 2006, new service on the Orange County Line between Oceanside/San Juan Capistrano and Los Angeles Union Station on both Saturday and Sunday. In July, Saturday and Sunday roundtrip service between Riverside and Oceanside will begin on the Inland Empire/Orange County line. Finally, beginning in October 2006, 2 additional roundtrips between San Bernardino and Los Angeles will be added each Saturday and Sunday and will include a late night departure out of Los Angeles returning to San Bernardino. A total of 34 individual additional train trips will be added to the system for weekend operations.

For FY 2006-07, total systemwide service levels assume 145 weekday trains operating on seven lines, and 66 regular weekend trains operating on four lines as referenced above. Total revenue Train Miles are expected to equal 2.408 million miles, an increase of 5.3% from the FY 2005-06 budget.

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

Revenues

Operating revenues include farebox, dispatching and maintenance-of-way revenues, interest, other minor miscellaneous revenues, and are expected to grow in FY 2006-07 to \$73.3 million, an increase of \$7.2 million, or 11% over FY 2005-06. The budget assumes Metrolink fares are to increase systemwide by an average of 5.5% and includes the continued implementation of the Board approved Fare Policy Restructuring program for the Fiscal Year.

During FY 2003-04, the agency developed and approved a Fare Policy restructuring plan, and FY 2006-07 represents the second year of a ten year implementation. The previous fare structure was predicated on a zone basis under which a passenger's fare was determined by the number of fare zones traveled. The new policy is based on a station-to-station driving distance basis. SCRRA believes that this new policy will result in a more equitable fare payment methodology in which all travel, regardless of actual point-to-point destination, will be comparably priced.

Average weekday ridership is projected to total 43,018, an increase of 6.9% over the FY 2005-06 Budget. Total ridership, including all weekend services, is expected to total 11,527,944 individual trips, an increase of 7.8% from the FY 2005-06 Budget. The FY 2006-07 budget assumes three fewer weekday operating days, 254 versus 257 in FY 2005-06. 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 \$59.3 million or 14.5 over the FY 2005-06 Budget. The projection of fare revenues includes the annual 25% discount in the December monthly pass price.

Freight railroads and Amtrak Intercity services operating over territory owned by SCRRA member agencies provide dispatching and maintenance-of-way revenues, based upon existing agreements. Dispatching Revenues are estimated to remain approximately equal to the current budget at \$2.9 million. An additional \$161 thousand 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 Ticket Vending Machine (TVM) functionality are expected to add an additional \$279 thousand. Maintenance of Way revenues are estimated to increase to \$9.4 million or 5.6% above the FY 2005-06 Budget. The increase is the result of both increasing freight traffic and the indexing of cost reimbursement rates under various operating agreements for cost recovery purposes.

Expenses

The major driving factors in projecting operating expenses are service levels, the maintenance of equipment, associated operating support costs, and the rights-of-way maintenance requirements of the agency. Underlying contract cost escalation increases ranging from 3.0% to 5.0%, included in multi-year service contracts, factored into the overall cost structure of the SCRRA. In the FY 2006-07 proposed budget, higher costs

result from significant increases in the cost elements required to conduct ongoing operations, as well as the expansion of weekend services.

Three particular items within the agency's operating budget contribute disproportionately to the increase from FY 2005-06. These costs, representing 18% of the total FY 2006-07 expenditures contribute 67% of the current year increase.

The doubling of weekend service over current levels contributes \$3.9 million, or 28% of the total growth in the FY 2006-07 budget.

A second principal item of significant growth is in the costs of diesel fuel. Currently budgeted at \$1.65 per gallon, the FY 2006-07 Preliminary Budget is anticipating an annual average of \$2.38 per gallon, an increase of 44%. These costs represent just over \$3.8 million or 27% of the total annual increase in the agency's budget.

The other areas of increasing non-discretionary costs is in the are of risk insurance, principally in the area of Property Insurance Premiums that are expected to increase approximately 25%.

In order to accommodate the extraordinary growth in these limited number of items referenced above, the remaining balance of the budget, \$109.4 million, represents an aggregate increase of \$4.6 million or 4.4%.

Capital Budget

The SCRRA is responsible for the safety and performance of the railroad system and right-of-way and all that travel upon it. Projects are selected based on the principle of minimizing and managing the risk of failure among system components. New Capital projects included in the budget depend upon the availability of local, state and federal funding. Rehabilitation and Renovation projects included in the budget depend primarily upon the availability of funds from the five member agencies. Selected projects have been prioritized to meet projected funding available and chosen from a larger field SCRRA staff believe can be safely and responsibly deferred to future years. Additionally, the proposed projects will ensure that the SCRRA rail infrastructure condition rating will continue to substantially exceed the minimum condition standard as established by the Board.

Capital revenues consist of Federal, State and local agency funds as well as contributions from third parties, namely freight railroads, in the form of direct grants and participation in specific projects. Funding for the Capital Budget is provided by the following:

Federal Funds -	\$ 123.4 million
State Funds -	29.5 million
Member Agency Local Funds -	201.7 million
Third Party Participation -	0.3 million
Other Local Funds -	<u>0.9 million</u>
Total	\$ 355.8 million

2.6 Summary of the FY 2006-07 Budget

The \$490.6 million FY 2006-07 budget consists of an Operating Budget of \$134.8 million, an increase of 11% from the FY 2005-06 Budget, and a Capital Program of \$355.8 million. The Operating Budget includes Train Operations of \$112.8 million and a Maintenance-of-Way (MOW) budget of \$22.0 million. The Capital Budget contains a Rehabilitation and Renovation Budget of \$77.3 million and a New Capital Budget of \$278.5 million in newly proposed and previously approved projects. Approximately 58% of the agency's Capital program, or \$207.5 million, represents resources to procure additional rolling stock, including 11 locomotives, and up to 87 passenger cars with a potential option for an additional 20.

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 2006-07 Budget. As funds become available and, after review and approval by the Board, these projects will be amended into the budget.

2.7 Summary Total FY 2006-07 Budget Sources and Uses by Member Agency

Table 2.1 provides a summary of the FY 2006-07 Budget revenue and expenditure authority by member agency. Revenues are separated into Local Funds for Operating and Capital representing Member Agency contributions; Other Operating Revenues that include Farebox Revenue, Miscellaneous Operating Revenues (principally Dispatching), and Maintenance-of-Way Revenues; and Other Capital Revenues which include: Interest on Lease Proceeds, Other Agency Local, State, Federal, Amtrak Intercity and freight railroad funds. The expenditures are shown for the four categories of the Budget: Operating Expenditures; Maintenance-of-Way; New Capital; and Rehabilitation/Renovation.

2.8 Summary of Estimated Outlays – FY 2006-07

Table 2.2 estimates actual outlays, versus total budget authority, for the fiscal year FY 2006-07.

**Table 2.2
ESTIMATED ACTUAL OUTLAYS – FY 2006-07
(000's)**

Program	FY 2006-07 Budget Authority	FY 2006-07 Estimated Actual Outlays
Operating Budget		
Train Operations	\$ 112,750.4	112,750.4
Maintenance of Way	22,048.4	22,048.4
Subtotal – Operating Budget	134,798.8	134,798.8
Capital Budget		
New Capital Projects	278,545.0	143,431.1
Renovation and Rehabilitation Projects	77,304.5	52,554.1
Subtotal – Capital Budget	355,849.5	195,985.2
Grand Total – FY 2006-07	\$ 490,648.3	330,784.0

TABLE 2.1

FY 2006-07 BUDGET SOURCES AND USES BY MEMBER AGENCY (\$000s)

Operating Budget	Total FY 2006-07	% of Total	IACMIA	OCIA	RCIC	SANBAG	VCTC	Systemwide
Local Funds For Operating	\$61,506.0	45.6%	\$32,922.9	\$11,465.6	\$5,508.7	\$6,852.4	\$4,756.4	\$0.0
Operations	48,829.9	36.2%	25,695.3	9,331.7	4,864.0	5,005.5	3,933.5	-
Maintenance-of-Way	12,676.1	9.4%	7,227.5	2,133.9	644.7	1,846.9	822.9	-
Other Operating Revenues	\$73,292.8	54.4%	\$39,681.6	\$15,872.0	\$4,880.5	\$9,866.0	\$2,992.6	\$0.0
Farebox Revenue	59,290.8	44.0%	31,396.4	12,590.0	4,700.5	8,575.5	2,028.4	-
Non-Fare Operating Revenue	4,629.7	3.4%	2,403.5	1,240.3	180.0	315.3	490.5	-
MOW Revenues	9,372.3	7.0%	5,881.6	2,041.7	0.0	975.3	473.7	-
Total Funding Sources For Operating	\$134,798.8	100.0%	\$72,604.5	\$27,337.6	\$10,389.2	\$16,718.4	\$7,749.0	\$0.0

Total Operating Expenditures	\$134,798.8	100.0%	\$72,604.5	\$27,337.6	\$10,389.2	\$16,718.4	\$7,749.0	\$0.0
Operating Expenditures (Excludes MOW)	112,750.4	83.6%	59,495.3	23,162.0	9,744.5	13,896.2	6,452.4	-
Maintenance-of-Way	22,048.4	16.4%	13,109.2	4,175.7	644.7	2,822.2	1,296.6	-

Capital Budget	Total FY 2006-07	% of Total	IACMIA	OCIA	RCIC	SANBAG	VCTC	Systemwide
Local Funds For Capital	\$201,753.9	56.7%	\$67,250.8	\$126,744.9	\$1,796.2	\$5,819.3	\$142.8	\$0.0
New Capital	165,731.4	46.6%	36,993.5	123,578.1	1,464.4	3,685.3	10.1	-
Rehabilitation/Renovation	36,022.6	10.1%	30,257.3	3,166.8	331.8	2,134.0	132.6	-
Other Capital Revenues	\$154,095.6	43.3%	\$390.4	\$64,608.9	\$31,480.7	\$27,224.1	\$3,330.3	\$27,061.3
Interest on Lease Proceeds	803.3	0.2%	-	-	-	-	-	803.3
Other Non-Member (includes insurance recoveries)	65.7	0.0%	-	-	-	-	-	65.7
State Funds	29,537.8	8.3%	45.4	10,867.7	-	-	-	18,624.7
Federal funds	123,422.2	34.7%	344.9	53,741.2	31,480.7	27,224.1	3,330.3	7,301.1
Amtrak Funds	0.0	0.0%	-	-	-	-	-	-
UPRR Funds	266.6	0.1%	-	-	-	-	-	266.6
Total Funding Sources For Capital	\$355,849.5	100.0%	\$67,641.2	\$191,353.7	\$33,276.9	\$33,043.4	\$3,473.0	\$27,061.3

Total Capital Expenditures	\$355,849.5	100.0%	\$67,641.2	\$191,353.7	\$33,276.9	\$33,043.4	\$3,473.0	\$27,061.3
New Capital	278,545.0	78.3%	37,383.9	176,794.8	29,667.9	22,189.3	19.9	12,489.2
Rehabilitation/Renovation	77,304.5	21.7%	30,257.3	14,559.0	3,609.0	10,854.1	3,453.1	14,572.0

Total Proposed Expenditures	\$490,648.3		\$140,245.6	\$218,691.4	\$43,666.1	\$48,761.8	\$11,222.1	\$27,061.3
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2.9 Summary of FY 2006-07 Revenues

Table 2.3 shows the projected revenues for the FY 2006-07 SCRRA Budget and compares these with budgeted and actual revenues for FY 2004-05 and the FY 2005-06 Budget.

- Actual farebox revenues have increased each year. FY 2006-07 reflects a 14.5% increase over the FY 2005-06 Budget.
- Dispatching Revenues include fees for dispatching freight, Amtrak intercity, and NCTD Coaster trains, and are estimated to equal \$2.9 million, an increase of 0.3% from FY 2005-06.
- Other revenues include a contribution from Amtrak for the expanded TVM program, funds carried forward from a previous period under the agency’s Supplemental Security program, assumed sponsorships for the annual Holiday Train, remaining grant balances of Federal Homeland Security funds received in FY 2004-05 and FY 2005-06, and other miscellaneous revenues. These are estimated to equal \$1.7 million.
- At the request of member agencies, Interest Income is traditionally not budgeted. These funds are contingent on cash flow and are used to reduce local operating subsidies as part of the end of the fiscal year member reconciliation.

Member agency contributions for ordinary maintenance are partially offset by revenues received from the freight railroads and Amtrak Intercity service. These revenue’s rates were negotiated based on the historical expenditures on maintenance-of-way by the freight railroads prior to the purchase of these rights-of-way by the Member Agencies. However, due to the requirement of maintaining a higher standard of quality for passenger rail service, these revenues do not offset 100% of the costs. MOW revenues total \$9.4 million, an increase of 6.0% above the FY 2005-06 Budget.

Local funds from the five member agencies for the Operating Budget vary from year to year. Actual Local funds were \$40.2 million in FY 2003-04, \$49.7 million in FY 2004-05, equaled \$55.1 million in the FY 2005-06 budget and are estimated to equal \$61.5 million in FY 2006-07. This latter figure represents an 11.7% increase over the previous fiscal year.

Revenues for New Capital and Rehabilitation and 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 approximately 73% of the total FY 2006-07 requested total budget authority.

Dependent upon the availability of state and federal funds (principally for capital), local Member Agency revenues and contributions are estimated to be 44% of total revenues the FY 2006-07 Budget.

2.10 Summary of Operating and Capital Budgets by Expense Type

Table 2.4 provides a summary of projected expenditures for FY 2006-07 by summary expense type. As shown in the table, expenditures have been segregated into eight primary expense types.

TABLE 2.3

COMPARISON OF REVENUES
(\$000s)

	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Budget	FY 2006-07 Budget	Change from FY 06 Budget
Operating Revenues					
Farebox	\$44,588.3	\$47,808.2	\$51,785.7	\$59,290.8	14.5%
Dispatching Agreements	2,526.1	2,937.6	2,863.0	2,920.4	2.0%
Other Operating (1)	5,030.1	1,506.6	2,243.4	1,709.3	(23.8%)
Maintenance-of-Way	8,797.0	9,481.7	8,845.8	9,372.3	6.0%
Local Funds for Operating	40,221.7	51,237.6	55,397.7	61,506.0	11.0%
Subtotal Operating Revenues	\$101,163.2	\$112,971.8	\$121,135.6	\$134,798.8	11.3%
Percent of Total Revenues	70.3%	78.9%	32.1%	27.5%	
Capital Revenues					
State	\$14,182.6	\$5,491.5	\$29,306.0	\$29,537.8	0.8%
Federal	16,462.6	20,504.4	145,664.2	123,422.2	(15.3%)
Interest on Lease Proceeds	736.6	900.7	530.0	803.3	51.6%
Union Pacific Railroad/BNSF	0.0	773.2	479.2	266.6	(44.4%)
Amtrak	0.0	0.0	123.6	0.0	NA
Other Non-Member (includes insurance recoveries)	87.5	-22.2	5,682.0	65.7	(98.8%)
Local Funds for Capital	11,212.3	8,166.5	74,493.0	201,753.9	170.8%
Subtotal Capital Revenues	\$42,681.7	\$35,814.2	\$256,278.0	\$355,849.5	38.9%
Percent of Total Revenues	29.7%	24.1%	67.9%	72.5%	
Total Revenues	\$143,844.9	\$148,786.0	\$377,413.6	\$490,648.3	30.0%
Local Revenues as a Percent of Total	35.8%	39.9%	34.4%	53.7%	

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

TABLE 2.4

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

Operating Budget (Including MOW)	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	% of FY 06-07 Budget
Labor	\$11,441.5	\$12,107.5	\$13,255.2	\$13,825.5	10%
Purchased Transportation	36,056.8	38,574.6	42,105.8	45,644.7	34%
Services	17,249.7	18,807.2	18,527.8	20,521.0	15%
Utilities/Leases	2,836.3	3,701.9	3,657.3	4,106.4	3%
Maintenance-of-Way	12,615.2	13,431.3	14,877.3	15,296.7	11%
Insurance & Liability	5,374.6	6,348.3	9,540.0	11,235.0	8%
Other Expenses	8,602.5	12,383.7	11,431.6	16,172.4	12%
Indirect Agency Transfer to Operating	6,986.7	7,617.1	7,740.6	7,997.1	6%
Subtotal Operating Budget	\$101,163.2	\$112,971.8	\$121,135.6	\$134,798.8	100%

Capital Budget	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	% of FY 06-07 Budget
Labor	\$1,770.3	\$1,422.3	\$1,697.4	\$1,700.3	0%
Services	2,590.0	962.5	373.3	280.0	0%
Utilities/Leases	0.0	0.0	0.0	147.6	0%
Capital	33,887.8	31,653.6	253,193.4	352,640.3	99%
Other Expenses	303.1	105.5	168.3	228.3	0%
Indirect Agency Transfer to Capital	783.0	785.0	847.7	853.0	0%
Subtotal Capital Budget	\$39,334.2	\$34,929.0	\$256,280.1	\$355,849.5	100%

Total SCRRA	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	% of FY 06-07 Budget
Labor	\$13,211.7	\$13,529.9	\$14,952.6	\$15,525.9	3%
Purchased Transportation	36,056.8	38,574.6	42,105.8	45,644.7	9%
Services	19,839.6	19,769.7	18,901.1	20,801.0	4%
Utilities/Leases	2,836.3	3,701.9	3,657.3	4,254.0	1%
Maintenance-of-Way	12,615.2	13,431.3	14,877.3	15,296.7	3%
Insurance & Liability	5,374.6	6,348.3	9,540.0	11,235.0	2%
Capital	33,887.8	31,653.6	253,193.4	352,640.3	72%
Other Expenses	8,905.6	12,489.3	11,599.8	16,400.7	3%
Indirect Agency Support Transfer	7,769.7	8,402.2	8,588.4	8,850.1	2%
Total SCRRA Budget	\$140,497.3	\$147,900.8	\$377,415.7	\$490,648.3	100%

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, 72%, followed by Purchased Transportation, 9%. Reflecting further that the SCRRA contracts out the a majority of the services included in the budget, Agency Labor, makes up 3% of the total budget and 10% of the Operating Budget. Within the Operating Budget, Purchased Transportation makes up 34% Services make up 15%, and Maintenance-of-Way is 11% of the total.

2.11 Summary of Operating and Capital Budgets by Department

Table 2.5 provides a summary of projected expenditures for FY 2006-07 by Department.

2.12 Summary of FY 2006-07 Authorized Positions

Table 2.6 provides a summary of the FY 2006-07 total proposed positions by department and compares this total with the authorized levels of FY 2002-03 through FY 2006-07. During FY 2003-04, the agency decreased its authorized position count as a result of a reorganization of the Passenger Services Division within the Operations Department that converted Part-time Ambassador staff to Full-time Field Service Representatives.

TABLE 2.5

COMPARISON OF EXPENDITURES BY DEPARTMENT
(\$000s)

Operating Budget (including MOW)	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Executive	\$1,394.7	\$1,686.4	\$2,775.1	\$2,165.3	(22%)
Assistant Executive - Finance & Admin	12,814.6	14,865.1	16,713.6	19,457.1	16%
Assistant Executive - Operating Services	8,158.2	8,773.8	9,680.9	11,000.9	14%
Operations	27,416.0	29,381.5	31,372.8	34,504.4	10%
Engineering & Construction	17,001.0	19,187.9	18,869.5	19,297.6	2%
Equipment	24,583.5	29,607.3	31,791.9	37,860.4	19%
Communications & Development	7,367.8	7,192.1	7,863.2	8,713.9	11%
Finance	2,427.3	2,277.6	2,068.6	1,799.3	(13%)
Total Expenses	\$101,163.2	\$112,971.8	\$121,135.6	\$134,798.8	11.3%

Capital Budget	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Executive	\$126.2	\$109.7	\$172.8	\$150.5	(13%)
Assistant Executive - Finance & Admin	1,210.0	802.6	1,036.5	936.2	(10%)
Assistant Executive - Operating Services	183.1	502.5	162.7	203.8	25%
Operations	2.6	127.5	2,918.0	0.0	(100%)
Engineering & Construction	25,142.7	23,665.6	101,454.4	130,268.7	28%
Equipment	5,866.8	7,312.2	146,160.8	222,242.6	52%
Communications & Development	6,371.6	2,072.8	4,037.7	1,744.7	(57%)
Finance	431.2	336.1	337.2	302.9	(10%)
Total Expenses	\$39,334.2	\$34,929.0	\$256,280.1	\$355,849.5	39%

SCRRA Budget	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Executive	\$1,520.9	\$1,796.2	\$2,947.9	\$2,315.8	(21%)
Assistant Executive - Finance & Admin	14,024.7	15,667.7	17,750.1	20,393.3	15%
Assistant Executive - Operating Services	8,341.3	9,276.3	9,843.7	11,204.7	14%
Operations	27,418.7	29,509.1	34,290.8	34,504.4	1%
Engineering & Construction	42,143.7	42,853.5	120,323.8	149,566.3	24%
Equipment	30,450.3	36,919.5	177,952.7	260,103.0	46%
Communications & Development	13,739.3	9,264.9	11,900.9	10,458.6	(12%)
Finance	2,858.5	2,613.7	2,405.8	2,102.2	(13%)
Total Expenses	\$140,497.3	\$147,900.8	\$377,415.7	\$490,648.3	30%

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

TABLE 2.6
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY 2006-07 BUDGET
COMPARISON OF POSITIONS BY DEPARTMENT

Department	FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04 (1)	Final FY 2003-04	FY 2004-05	Adopted FY 2005-06	Organizational Changes (2)	Final FY 2005-06	Proposed FY 2006-07 (3)
Executive	8	8		8	8	9	-1	8	8
Assistant Executive Office - Finance & Administration	31	31		31	31	31	-9	22	22
Assistant Executive Office - Operating Services	0	0		0	0	0	14	14	15
Operations	58	58	12	70	70	70	-6	64	67
Engineering and Construction	36	36		36	36	35	1	36	36
Equipment	7	11		11	11	12	1	13	13
Communications and Development	20	20		20	20	22	0	22	22
Finance	24	24		24	24	22	0	22	22
Subtotal	184	188	12	200	200	201	0	201	205
Ambassadors - Full Time	3	3	-3	0	0	0	0	0	0
Ambassadors - Part Time	22	22	-22	0	0	0	0	0	0
Total Positions	209	213	-13	200	200	201	0	201	205

1) In Fiscal Year 2003-04, the Passenger Services Division within the Department of Operations underwent a significant reorganization, including the conversion of Full and Part Time Ambassador positions to Full Time Field Services Representatives.

2) In Fiscal Year 2005-06, the agency implemented a reorganization to more efficiently manage its business activities. Please see text for a complete discussion.

As the organization has grown, and the operating environment has evolved, the nature and number of external demands have grown proportionately. The newly adopted Federal Quiet Zone regulations, increasing security requirements, the impacts to the organization of the incident in Glendale, the interaction among the SCRRA and freight railroads as goods movement seeks to overwhelm capacity in Southern California, and the management of its internal structure to accommodate and facilitate its long term goals and objectives all represent both challenges and opportunities for the agency over the next several years.

In order to maintain an operating and administrative environment that allows the agency to pursue its objectives in the most efficient manner possible, the SCRRA underwent an internal reorganization during FY 2005-06. The agency implemented a revised structure that segregated and consolidated the major functionalities of the agency into three primary organizational business units – Executive, Operating Services, Finance and Administrative Services. The Communications & Development Department continues to report directly to the Chief Executive Officer as part of the Executive business unit. Finance and Administrative Services has been consolidated under the existing position of Assistant Executive Officer, re-titled Assistant Executive Officer – Finance and Administration, and a new position – Assistant Executive Officer – Operating Services was created to oversee the workings of the direct railroad operations of the agency. This new position was funded through the application of vacancy savings during FY 2005-06 and is officially recognized in FY 2006-07.

The three remaining new positions are all associated with the increased agency support required to implement expanded weekend services and include an additional Train Dispatcher, Customer Services Representative and a Field Services Representative. These three positions are all in the Operations Department. However, in order to accommodate a number of other expense pressures in the development of the FY 2006-07 Budget, a net three positions have been de-funded for the fiscal year, in addition to similarly recognized positions in FY 2005-06. The result of these actions is to reduce the effective level of available staffing to 196 potential employees.

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 2006-07 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 the increase in total expenditure requirements for FY 2006-07 as compared with the Budget for FY 2005-06:

Factors tending to increase operating expenditures beyond inflationary levels include:

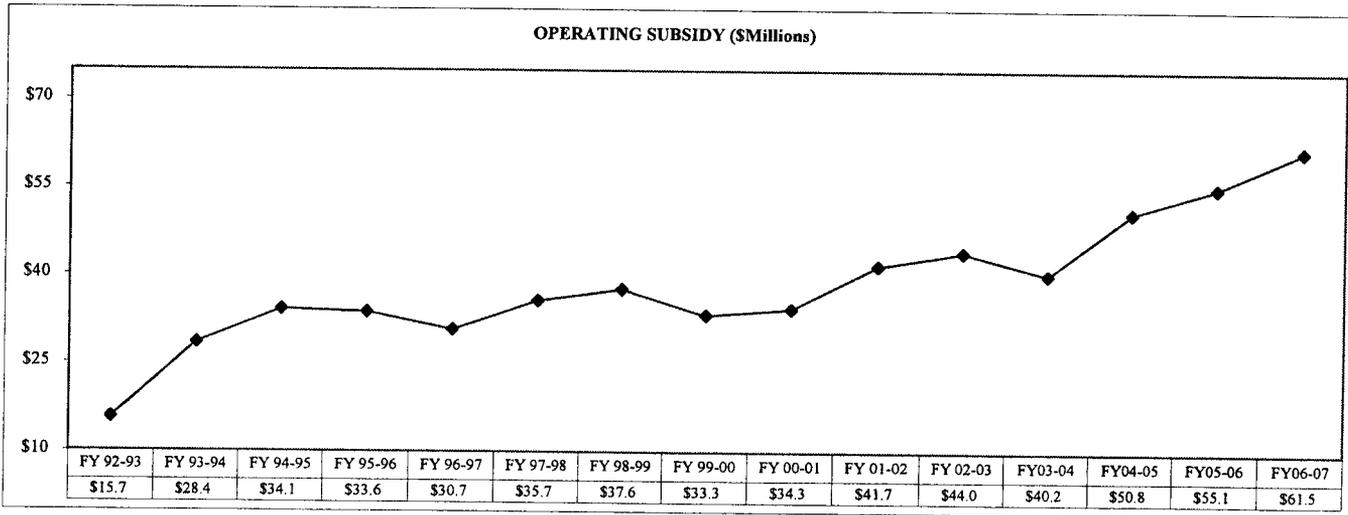
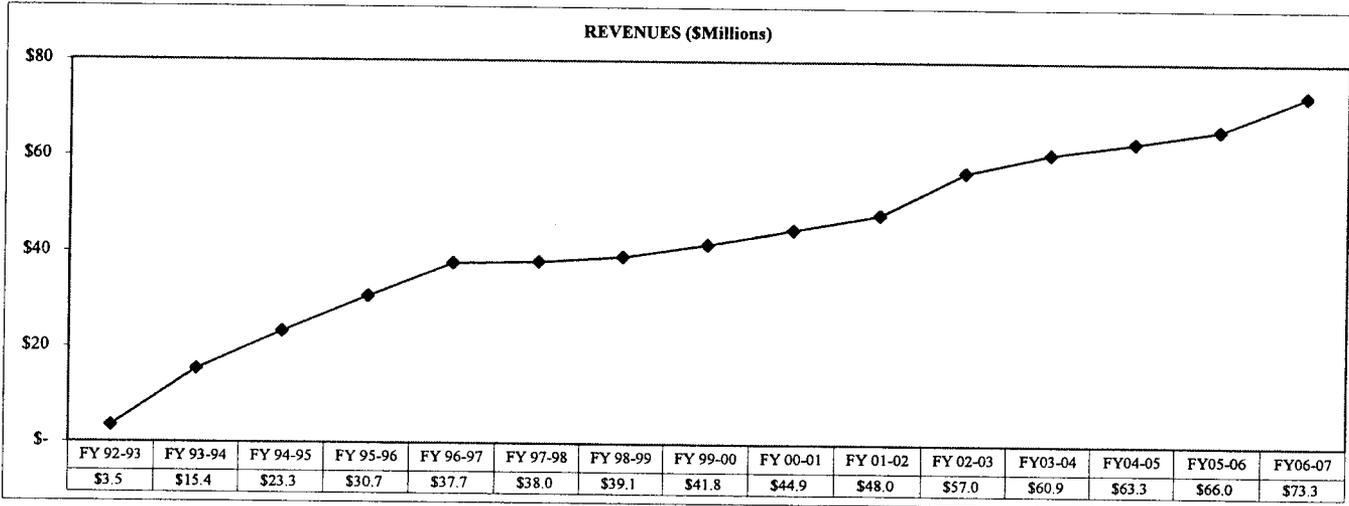
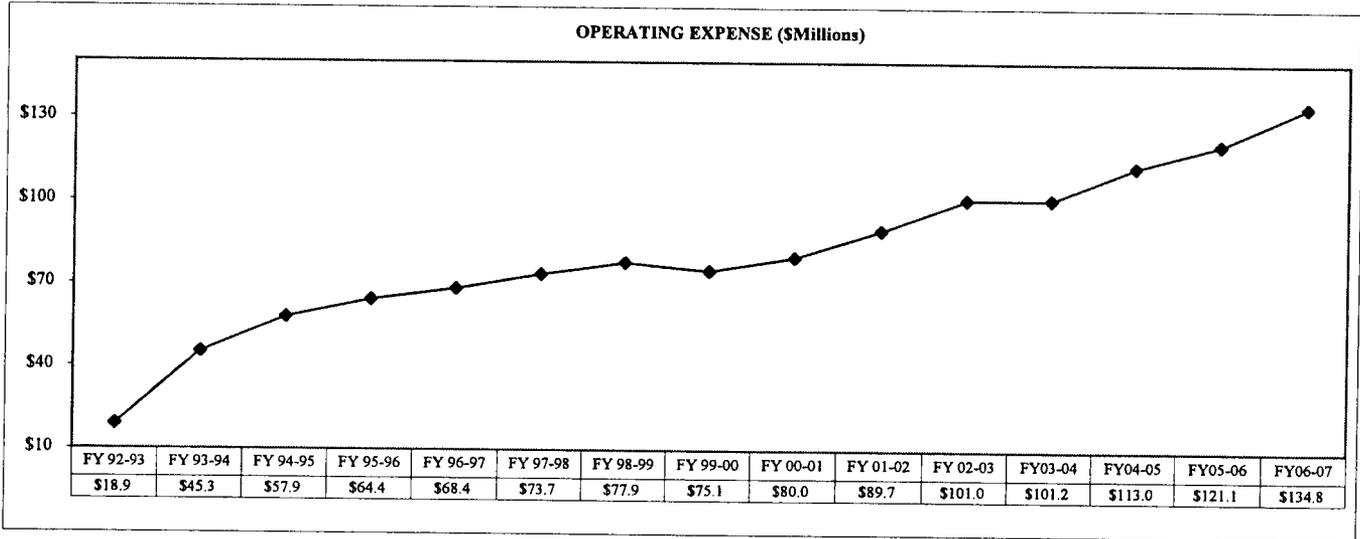
- Costs per gallon of diesel fuel for operations increase 44%.
- Costs of the agency's Property Insurance premiums increase 25%
- Costs associated with the introduction of additional weekend services add \$3.9 million.

Figures 3.3 and 3.4 provide various operating statistics. Revenue recovery is calculated as the ratio of total operating revenues over total expenses less rolling stock lease and maintenance-of-way extra-ordinary maintenance. Since FY 1996-97 the revenue recovery index has been over 50% and is projected at 55% for FY 2006-07. In past years, final actual revenue recovery ratios have generally been higher than the budget projection due to contingencies included in the annual budgets as well as interest income received on cash reserves and Member Agency funds received in advance for operations and capital projects.

Farebox revenues are estimated to cover 44% of total operating expenses for FY 2006-07. Operating expense per train-mile is calculated net of extra-ordinary maintenance and is projected to be \$55.70 in FY 2006-07 an increase from \$52.87 in the Fiscal Year 2005-06 Budget. Of this increase \$1.68, or 60% of the change is attributable to the increase in the cost of fuel.

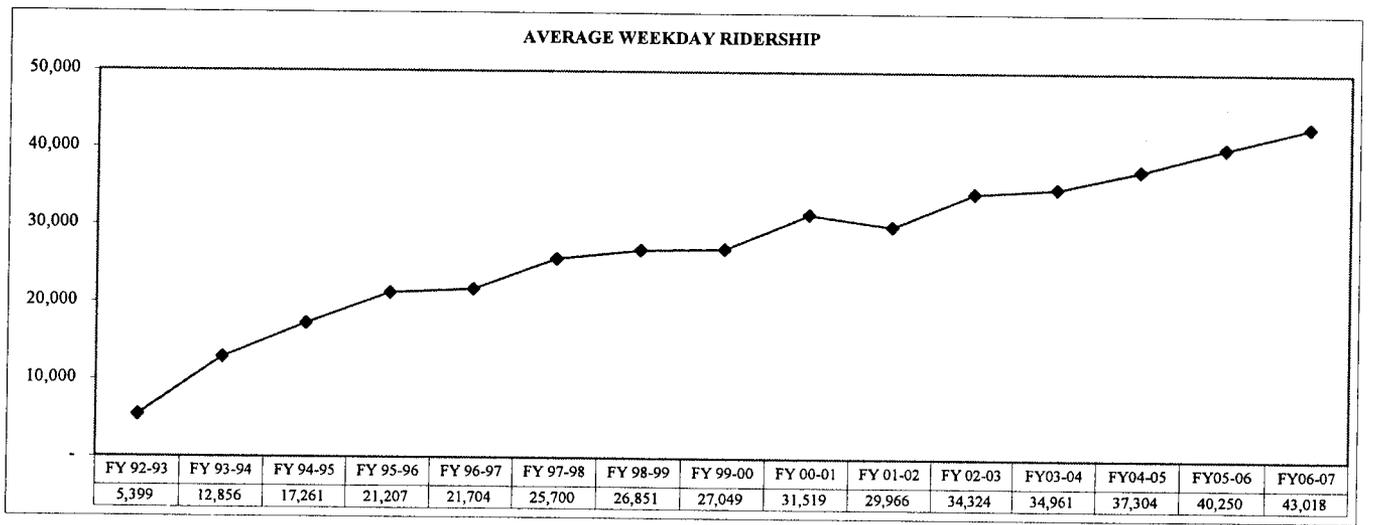
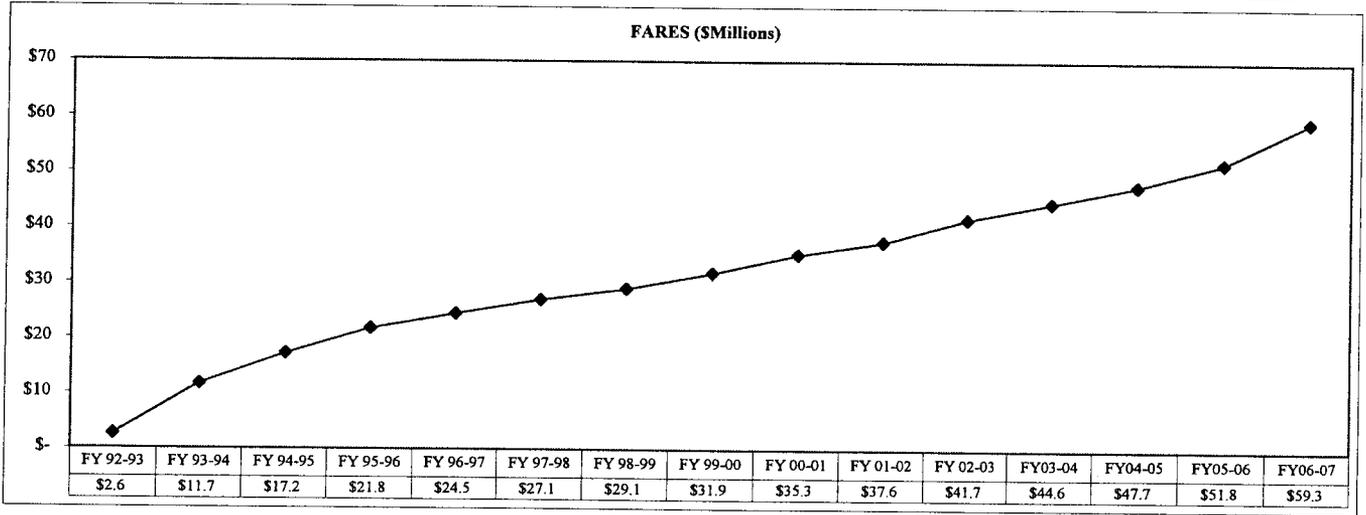
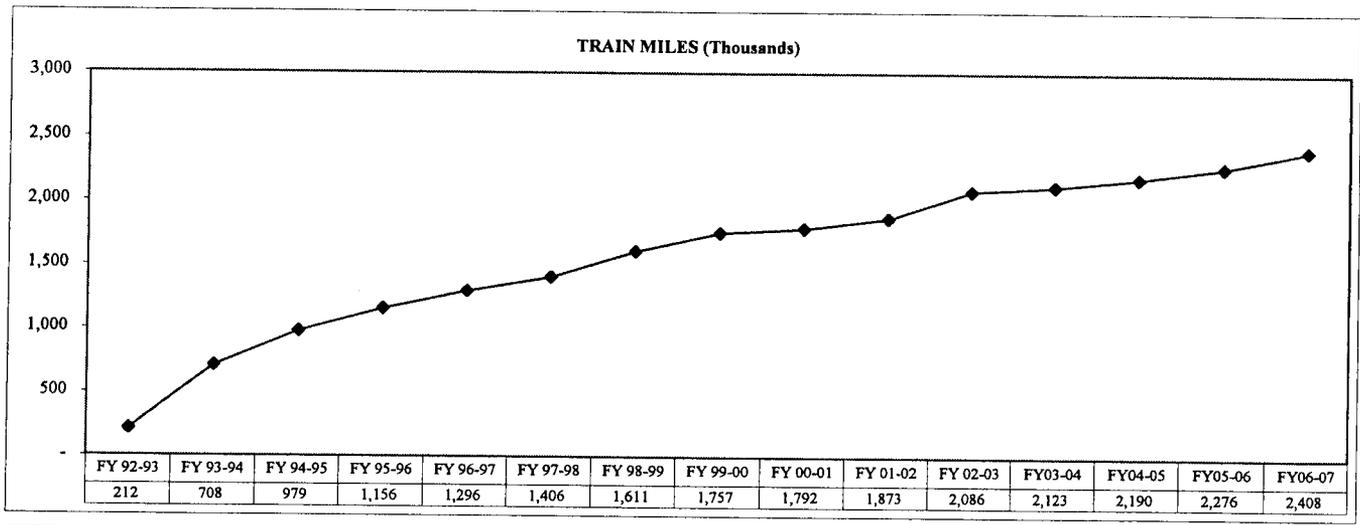
Operating expense per passenger-mile has fluctuated between \$0.30 and \$0.34 since FY 1995-96 and is projected to be \$0.33 in FY 2006-07. Operating subsidy per rider has decreased as the system matured, and the projection for FY 2006-07 is \$5.34. As Metrolink trips are relatively lengthy, a better indication of the efficiency of the system is operating subsidy per passenger-mile. This index is projected to equal \$0.15, unchanged from FY 2005-06 and is very competitive with other transit properties in the region.

FIGURE 3.1
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 06-07



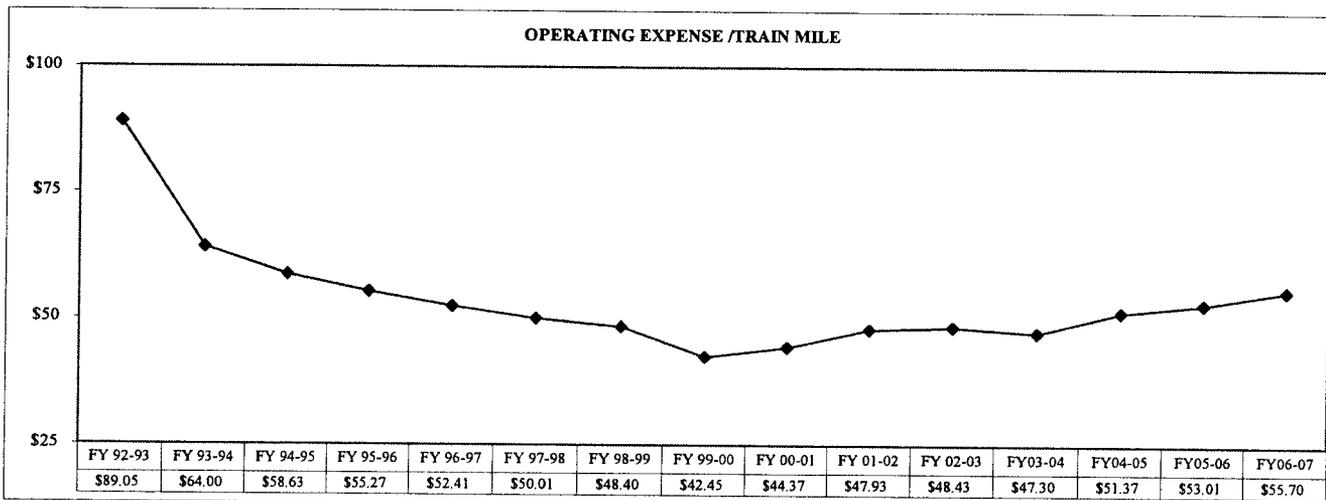
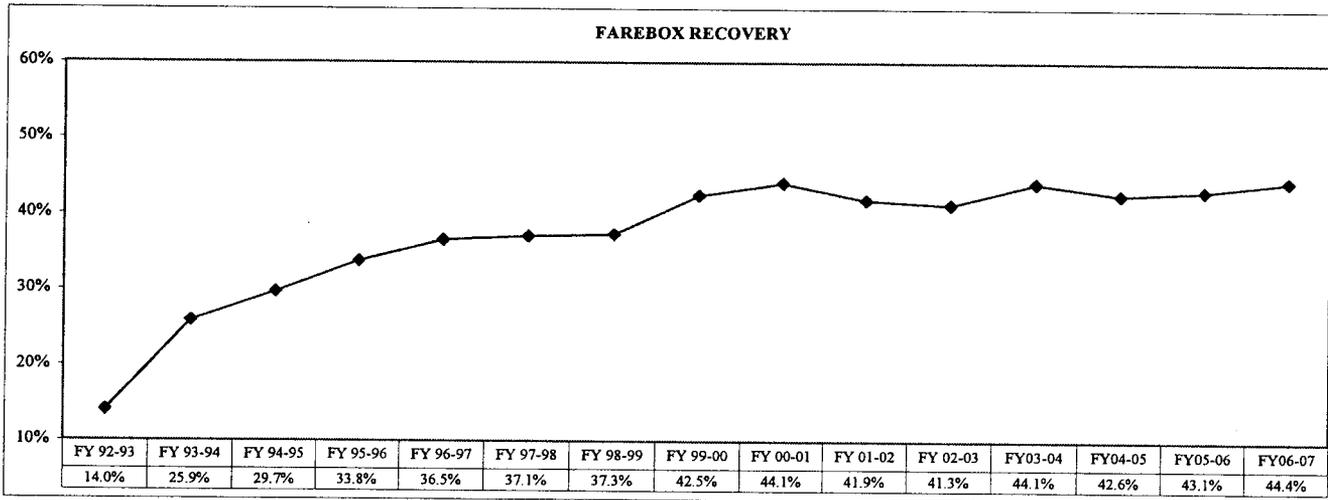
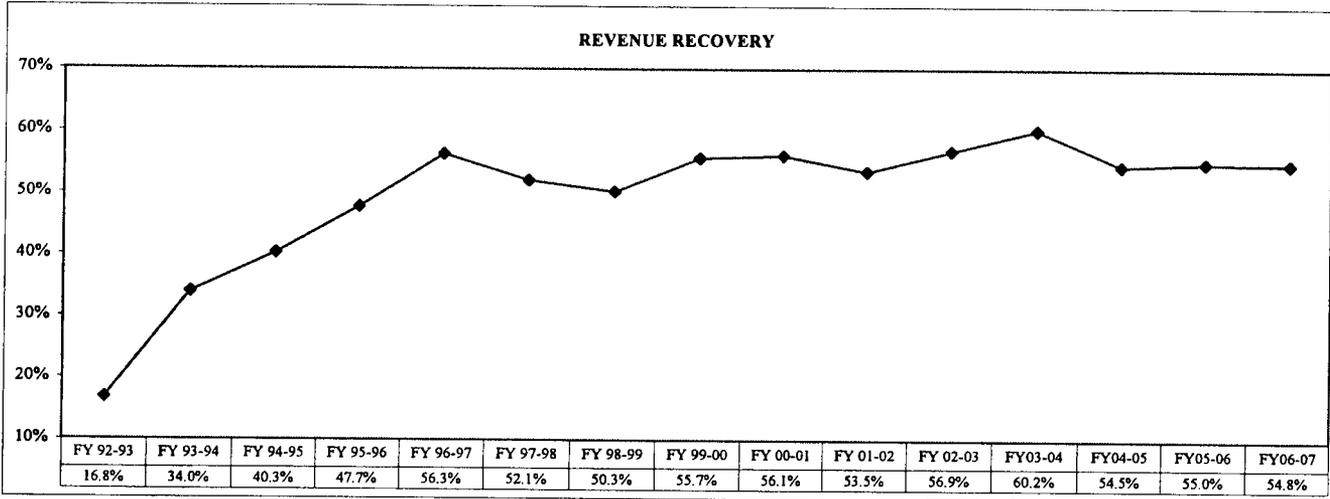
Actuals to FY 04-05, Budget for FY 05-06 and FY 06-07

FIGURE 3.2
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 06-07



Actuals to FY 04-05, Budget for FY 05-06 and FY 06-07

FIGURE 3.3
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 06-07

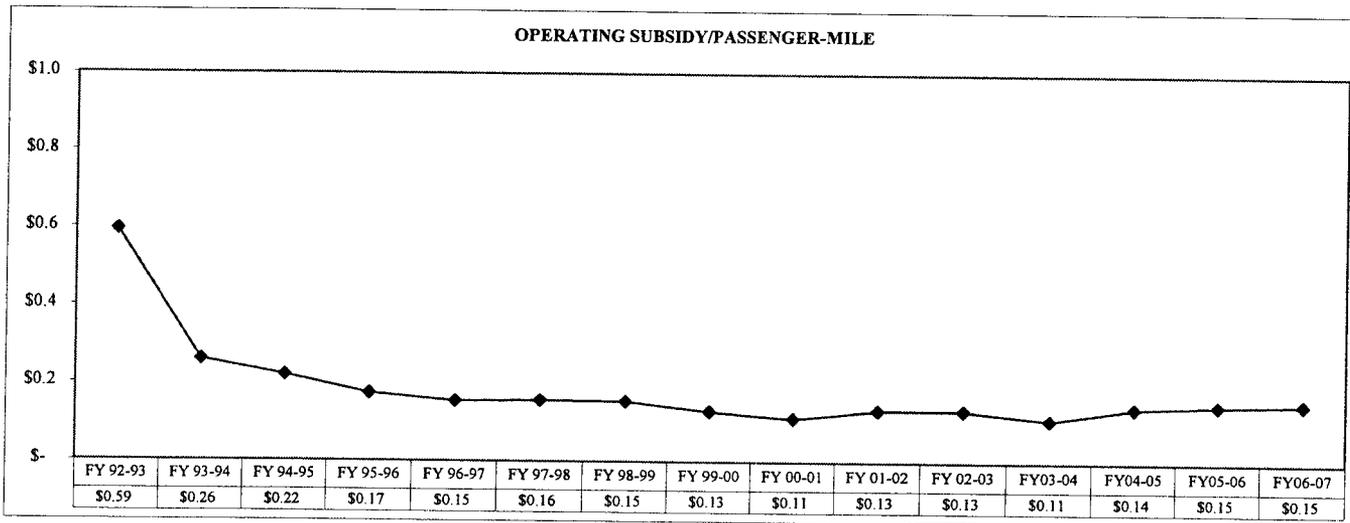
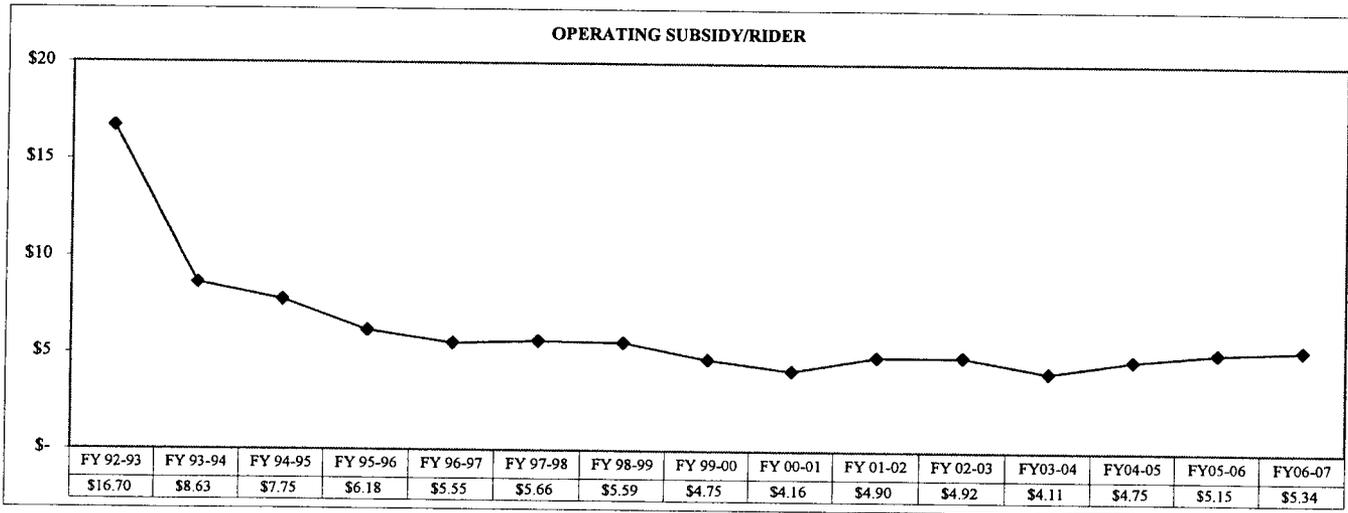
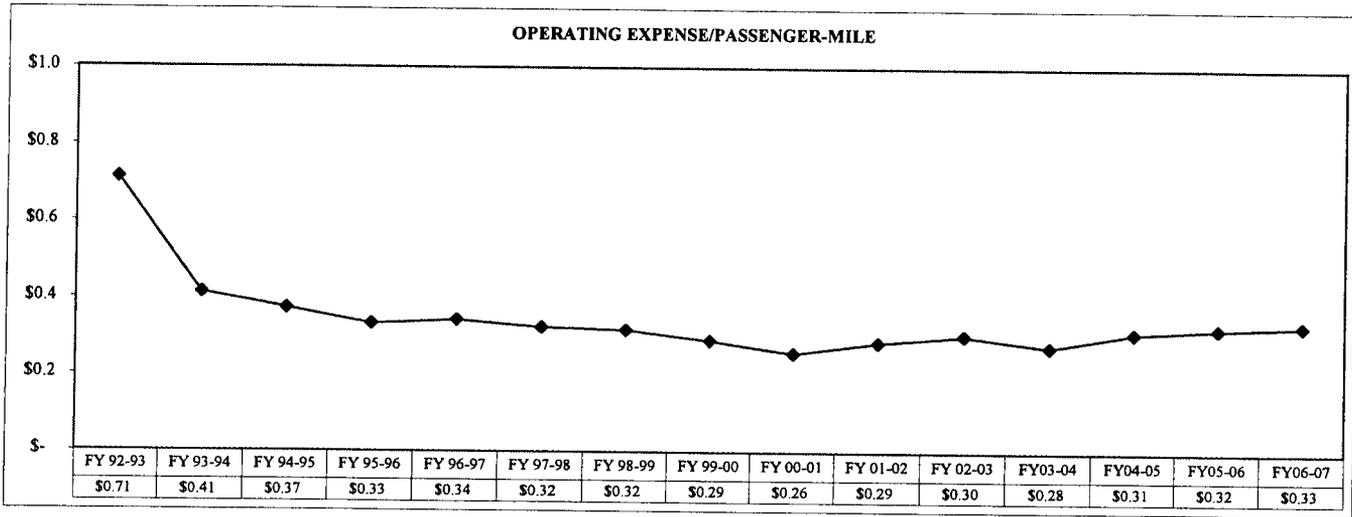


Actuals to FY 04-05, Budget for FY 05-06 and FY 06-07

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

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

FIGURE 3.4
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ANNUAL OPERATING DATA - FY 92-93 TO FY 06-07



Actuals to FY 04-05, Budget for FY 05-06 and FY 06-07

3.2 Summary of FY 2006-07 Statistics by Line

Table 3.1 provides the estimated operating statistics by line for FY 2006-07 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 2006-07 is projected at 35.0 miles. Dependent on ridership and revenues received, individual line operating statistics vary considerably. The Orange County, San Bernardino, and 91 Lines have the highest revenue recovery rates, exceeding 60%. The Riverside Line revenue recovery is estimated at 50%, and the Ventura County, Antelope Valley, and IEOC lines have revenue recovery rates of 43%, 47%, and 43% respectively.

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 SCRRA member agencies, and includes routine inspection of track, signals, structures and repairs as needed.

3.4 Operating Budget Assumptions

Service - For FY 2006-07, total systemwide service levels assume 145 weekday trains operating on seven lines and 66 regular weekend trains operating on four lines. As referenced above, the SCRRA plans to more than double the level of services provided on the weekend. Currently, Saturday service is provided on the San Bernardino and Antelope Valley Lines, and Sunday service is provided on the San Bernardino Line. Beginning in June 2006, new service will begin on the Orange County Line between Oceanside/San Juan Capistrano and Los Angeles Union Station on both Saturday and Sunday. In July, Saturday and Sunday roundtrip service between Riverside and Oceanside will begin on the Inland Empire/Orange County line. Finally, beginning in October 2006, additional roundtrips between San Bernardino and Los Angeles will be added each Saturday and Sunday and will include a late night departure out of Los Angeles returning to San Bernardino. A total of 34 individual additional train trips will be added to the system for weekend operations.

TABLE 3.1

OPERATING STATISTICS

LINE	San Bernardino	Ventura County	Antelope Valley	Barbank	Riverside	Orange County	Inland Empire Orange Co.	91 Line	Total
OPERATING STATISTICS:									
Weekday Train Trips - FY 06-07 Budget	34	20	24	11	12	19	16	9	145
Weekend Train Trips - FY 06-07 Budget	32	-	8	-	-	16	10	-	66
Passenger Boardings FY 05-06 Budget	3,151,906	1,103,807	1,757,402	1,979,896	1,259,965	1,921,828	1,000,659	504,794	10,700,361
Passenger Boardings FY 06-07 Budget	3,454,369	1,087,606	1,979,896	1,979,896	1,199,883	2,131,587	1,135,104	539,499	11,522,944
% Change - FY 06 Budget to FY 07 Budget	9.6%	(1.5%)	12.7%	(1.5%)	(4.8%)	10.9%	13.4%	6.9%	7.7%
Train Miles FY 05-06 Budget (2)	576,579	290,458	465,527	465,527	187,781	343,112	281,808	142,481	2,287,747
Train Miles FY 06-07 Budget (2)	585,091	289,814	458,335	458,335	185,589	400,091	348,508	140,818	2,408,245
% Change - FY 06 Budget to FY 07 Budget	1.5%	(0.2%)	(1.5%)	(1.5%)	(1.2%)	16.6%	23.7%	(1.2%)	5.3%
Passenger Miles FY 05-06 Budget	110,947,090	33,114,218	64,145,184	64,145,184	46,492,705	69,954,524	31,820,959	17,819,239	374,293,920
Passenger Miles FY 06-07 Budget	121,593,774	32,628,173	72,266,192	72,266,192	44,275,677	77,589,778	36,096,307	19,044,329	403,494,231
% Change - FY 06 Budget to FY 07 Budget	9.6%	(1.5%)	(4.8%)	(4.8%)	(4.8%)	10.9%	13.4%	7.8%	7.8%
Average Weekday Ridership	12,341	4,280	7,324	7,324	4,723	8,071	4,155	2,124	43,018
Average Trip Length (Miles)	35.2	30.0	36.5	36.5	36.9	36.4	31.8	35.3	35.0
FINANCIAL (\$000s):									
Operating Cost (w/ MOW) FY 05-06 Budget	29,603.2	17,123.6	25,032.3	25,032.3	12,682.2	21,036.9	11,170.6	4,486.8	121,135.6
Operating Cost (w/ MOW) FY 06-07 Budget	32,075.2	18,544.1	27,183.5	27,183.5	13,591.2	23,804.4	14,437.2	5,163.2	134,798.8
% Change - FY 06 Budget to FY 07 Budget	8.4%	8.3%	8.6%	8.6%	7.2%	13.2%	29.2%	15.1%	11.3%
Operating Cost (w/o MOW Extra-Ordinary Mfme) FY 06-07 Budget	31,915.4	18,426.7	26,993.7	26,993.7	13,568.8	23,722.0	14,367.2	5,154.9	134,148.8
Operating Cost (w/o MOW) FY 05-06 Budget	25,451.3	14,893.6	21,695.3	21,695.3	13,102.0	18,994.5	13,586.8	5,026.9	112,750.4
Subsidy (w/MOW) FY 06-07 Budget	10,970.9	9,752.1	14,003.8	14,003.8	6,049.1	6,356.8	6,165.6	1,789.1	55,087.4
Subsidy (w/MOW) FY 05-06 Budget	11,048.1	10,709.4	14,445.1	14,445.1	6,793.0	8,332.3	8,298.1	1,880.0	61,506.0
% Change - FY 06 Budget to FY 07 Budget	0.7%	9.8%	3.2%	3.2%	12.3%	31.1%	34.6%	5.1%	11.7%
Farebox Revenue FY 05-06 Budget	15,493.7	4,803.2	7,440.5	7,440.5	6,135.4	10,278.9	5,073.3	2,560.7	51,785.7
Farebox Revenue FY 06-07 Budget	17,906.6	5,349.0	9,092.9	9,092.9	6,388.1	11,747.5	5,623.8	3,182.9	59,290.8
% Change - FY 06 Budget to FY 07 Budget	15.6%	11.4%	22.2%	22.2%	4.1%	14.3%	10.9%	24.3%	14.5%
Other Revenues FY 06-07 Budget (3)	3,120.5	2,485.7	3,645.5	3,645.5	410.0	3,724.6	515.3	100.3	14,002.0
Average Fare Per Passenger FY 06-07 Budget	\$5.18	\$4.92	\$4.59	\$4.59	\$5.32	\$5.51	\$4.95	\$5.90	\$5.14
COST / SERVICE EFFICIENCY FY 06-07									
Op Cost / Passenger (w/o MOW Extra-Ordinary Maintenance)	\$9.24	\$16.94	\$13.63	\$13.63	\$11.31	\$11.13	\$12.66	\$9.56	\$11.64
Op Cost / Passenger Mile (w/o MOW Extra-Ordinary Maint)	\$0.26	\$0.56	\$0.37	\$0.37	\$0.31	\$0.31	\$0.40	\$0.27	\$0.33
Subsidy / Passenger	\$3.20	\$9.85	\$7.30	\$7.30	\$5.66	\$3.91	\$7.31	\$3.48	\$5.34
Subsidy / Passenger Mile	\$0.09	\$0.33	\$0.20	\$0.20	\$0.15	\$0.11	\$0.23	\$0.10	\$0.15
Op Cost / Train Mile (w/o MOW Extra-Ordinary Maintenance)	\$4.55	\$63.58	\$43.58	\$43.58	\$31.11	\$31.11	\$41.22	\$36.61	\$55.70
Op Cost / Train Mile (w/o MOW)	\$43.50	\$51.39	\$47.34	\$47.34	\$36.60	\$36.60	\$47.48	\$35.70	\$46.82
Subsidy / Train Mile	\$18.88	\$36.95	\$31.52	\$31.52	\$20.83	\$20.83	\$23.81	\$13.35	\$25.54
Farebox Recovery (4)	56.7%	29.0%	33.6%	33.6%	47.5%	49.6%	39.0%	61.6%	44.4%
Revenue Recovery (5)	66.6%	42.5%	47.1%	47.1%	50.5%	65.3%	42.6%	63.6%	54.8%

Notes:

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

No additional weekday services are planned at this time. The agency is currently at maximum peak period utilization of available rolling stock during the weekday commuter cycle. The agency is also continuing to pursue additional rolling stock in both the short and long term. During FY 2005-06, the Board of Directors approved procurements of both passenger vehicles, 84 with an option for up to an additional 20, and 11 locomotives. During FY 2004-05, the SCRRA in attempting to address short-term ridership increases, leased 13 pieces of available equipment from another commuter rail operator including 1 Locomotive, 4 Cab Cars, and 8 Passenger Cars. During FY 2005-06 an additional 4 passenger vehicles, 2 Cab Cars and 2 Passenger Cars were leased from another commuter rail property. The budget assumes the availability of these vehicles for the entirety of the year.

Tables 3.2 and 3.3 reflect service assumptions and revenue miles projected for FY 2006-07.

**TABLE 3.2
SERVICE ASSUMPTIONS FOR FY 2006-07**

Line	Weekday Trains	Saturday Trains	Sunday Trains
San Bernardino	34 San Bern-LA	16 San Bern-LA 4 Riverside-LA	8 San Bern LA 4 Riverside-LA
Ventura County	4 Chatsworth-LA 10 Moorpark-LA 6 Montalvo -LA		
Antelope Valley	2 Santa Clarita-LA 4 Via Princessa-LA 18 Lancaster-LA	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	4 Oceanside-LAUS 4 San Juan Cap-LAUS	4 Oceanside-LAUS 4 San Juan Cap-LAUS
Inland Empire/ 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 4 Riverside-Oceanside	4 San Bern-Oceanside 2 Riverside-Oceanside	4 San Bern-Oceanside
Burbank Turns	9 Burbank Airport-LA 2 Burbank-LA		

Maintenance of Equipment (MOE) – The current fleet of rolling stock consists of 39 Locomotives and 153 commuter rail cars including 39 Cab Cars and 114 Passenger Coaches.

In FY 2004-05 the agency took delivery of 13 leased pieces of operating equipment including 1 Locomotive, 4 Cab Cars and 8 passenger coaches. In FY 2005-06 and additional 4 vehicles were leased, 2 Cab Cars and 2 passenger coaches and all vehicles are assumed to be available for the entirety of the fiscal year.

**Table 3.3
REVENUE TRAIN MILES FOR FY 2006-07**

Line	FY 2005-06 Budget	FY 2006-07 Proposed	Increase/ (Decrease)	% Change
San Bernardino Line	576,579	585,091	8,512	1.5%
Ventura County Line	290,458	289,814	(644)	(0.2%)
Antelope Valley Line	465,527	458,335	(7,192)	(1.5%)
Riverside Line (via UP)	187,781	185,589	(2,192)	(1.2%)
91 Line	142,481	140,818	(1,663)	(1.2%)
Orange County Line	343,112	400,091	56,979	16.6%
Inland Empire/Orange County Line	281,808	348,508	66,700	23.7%
Total Revenue Miles	2,287,747	2,408,245	120,498	5.3%

Note: FY 2006-07 represents 254 weekday operating days versus 257 in FY 2005-06.

Maintenance of Way (MOW) – The SCRRA has primary responsibility 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 2006-07 includes a Board approved 5.5% systemwide average increase.

The projected total annual ridership increase is estimated at 7.7%, and assumes no lasting revenue or ridership impacts of the recent rise in gasoline prices. Average Weekday ridership is estimated to increase 6.9%. 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.

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, the carry-forward of previous receipts under the agency's Supplemental Security program 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 3.0% to a high of 5.0%. The average cost of diesel fuel is estimated to be \$2.38 per gallon in the FY

2006-07 Budget, from \$1.65 per gallon, an increase of 44% over the FY 2005-06 budget which, when combined with the increase in the total service mileage increase, results in a projected 47% increase in the agency's cost of fuel.

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 2006-07 with comparisons to FY 2004-05 Actual Expenses, and the FY 2005-06 Budget. Table 3.4A lists FY 2006-07 revenues and expenses as they are allocated to Member Agencies.

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

Operations expenses include expenses required to operate the Metrolink system including train operations, maintenance of equipment, fuel, security, utilities, transfer payments to other transit operators, revenue collection, payments to freight railroads for dispatching, station maintenance, passenger services, general and administrative expenses, professional services, and insurance.

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

Maintenance-of-way expenses are developed by SCRRA to ensure the level of ordinary maintenance is sufficient to prevent any loss of service quality. Levels of maintenance required on individual lines depend upon several factors including the condition of the infrastructure; levels of commuter and freight train traffic; the number of road crossings; the number of curves; and exposure to storm damage.

3.6 Detail of Operating Budget

The FY 2006-07 Operating Budget is \$13.7 million or 11.3% greater than the FY 2005-06 Budget. The major factors contributing to this increase are:

- The single largest dollar increase in the FY 2005-06 Budget, as compared to FY 2004-05, is the increase associated with the increase in weekend services, \$3.9 million or 28.4% of the total increase.
- The second principal area of cost escalation, as referenced above, is in the costs of Diesel Fuel. The total increase of \$3.8 million, excluding costs of new service, represents 27.8% of the total increase in Operating Budget expenses.
- Increases in the cost risk premiums associated with property insurance, \$1.4 million or 10.3% of the FY 2006-07 budget increase.
- The balance of the Operating budget, \$109.4 million increases \$4.6 million or 4.4%.

The following section describes each element of the Operating Budget.

TABLE 3.4

ANNUAL DISTRIBUTION BY COST COMPONENTS
(\$000s)

	FY 04-05	FY 05-06	FY 05-06	FY 06-07	FY 06-07 Compared to		
	Actual	Budget	Forecast	Budget	FY 04-05 Actual	FY 05-06 Budget	FY 05-06 Forecast
EXPENSES	112,971.8	121,135.6	120,220.6	134,798.8	19.3%	11.3%	12.1%
REVENUES	63,307.3	66,048.2	68,713.8	73,292.8	15.8%	11.0%	6.7%
NET LOCAL SUBSIDY	49,664.5	55,087.4	51,506.8	61,506.0	23.8%	11.7%	19.4%

OPERATIONS

	FY 04-05	FY 05-06	FY 05-06	FY 06-07	FY 04-05	FY 05-06	FY 05-06
	Actual	Budget	Forecast	Budget	Actual	Budget	Forecast
Revenues							
Farebox Revenue	47,708.7	51,785.7	54,022.1	59,290.8	24.3%	14.5%	9.8%
Dispatching	2,937.6	2,913.0	2,913.0	2,920.4	-0.6%	0.3%	0.3%
Other Revenues	2,167.5	2,503.7	2,932.9	1,709.3	-21.1%	-31.7%	-41.7%
MOW Revenues	10,493.5	8,845.8	8,845.8	9,372.3	-10.7%	6.0%	6.0%
Member Agency Revenues	50,927.0	44,522.4	40,603.8	49,381.0	-3.0%	10.9%	21.6%
Total Revenues	\$114,234.3	\$110,570.6	\$109,317.6	\$122,673.8	7.4%	10.9%	12.2%
Operations & Services							
Train Operations	21,364.0	23,286.6	21,379.2	25,760.9	20.6%	10.6%	20.5%
Equipment Maintenance	15,978.0	17,464.8	16,048.4	18,412.0	15.2%	5.4%	14.7%
Contingency (Train Ops)	-	150.0	74.0	75.0	0%	-50.0%	1.3%
Fuel	9,088.6	9,709.5	13,207.5	14,272.2	57.0%	47.0%	8.1%
Non-Scheduled Rolling Stock Repairs	230.2	125.0	126.3	110.0	-52.2%	-12.0%	-12.9%
Operating Facilities Maintenance	928.1	651.0	549.9	651.0	-29.9%	0.0%	18.4%
Other Operating Train Services	224.1	141.9	205.0	143.0	-36.2%	0.8%	-30.3%
Rolling Stock Lease	830.0	978.2	1,052.0	1,125.8	35.6%	15.1%	7.0%
Security - Sheriff	2,959.4	3,109.3	3,387.9	3,961.9	33.9%	27.4%	16.9%
Security - Guards	759.5	851.7	862.3	877.3	15.5%	3.0%	1.7%
Supplemental Additional Security	259.1	374.0	81.3	444.7	72%	18.9%	447.1%
Public Safety Program	672.0	1,169.9	871.3	621.3	-7.6%	-46.9%	-28.7%
Passenger Relations	1,187.3	1,196.8	1,160.7	1,316.7	10.9%	10.0%	13.4%
Holiday Trains	118.2	151.3	135.7	160.9	36.1%	6.3%	18.6%
TVM Maintenance/Revenue Collection	2,665.9	2,917.1	2,937.7	3,405.8	27.8%	16.8%	15.9%
Marketing	768.2	882.0	882.0	1,004.0	30.7%	13.8%	13.8%
Media & External Communications	487.6	614.9	623.7	674.2	38.2%	9.6%	8.1%
Utilities/Leases	1,985.5	1,834.4	1,944.2	2,098.6	5.7%	14.4%	7.9%
Transfers to Other Operators	3,593.1	3,851.0	3,853.2	4,268.1	18.8%	10.8%	10.8%
Amtrak Transfers	585.0	800.0	800.0	870.0	48.7%	8.8%	8.8%
Station Maintenance	656.1	707.3	716.3	730.9	11.4%	3.3%	2.0%
Rail Agreements	2,867.0	3,187.1	3,187.1	3,585.9	25.1%	12.5%	12.5%
Subtotal Operations & Services	68,207.1	74,153.6	74,085.7	84,570.1	24.0%	14.0%	14.2%
Maintenance-of-Way							
MoW - Line Segments	18,587.1	20,355.3	19,500.6	21,398.4	15.1%	5.1%	9.7%
MoW - Extra-Ordinary Maintenance	1,828.1	500.0	771.4	650.0	-64.4%	30.0%	-15.7%
Subtotal Maintenance-of-Way	20,415.2	20,855.3	20,272.0	22,048.4	8.0%	5.7%	8.8%
Administration & Services							
Salaries & Fringe Benefits	5,956.2	7,295.3	6,510.3	7,476.1	25.5%	2.5%	14.8%
Non-Labor Expenses	1,116.4	714.3	684.9	662.9	-40.6%	-7.2%	-3.2%
Indirect Administrative Expenses	6,107.8	6,332.0	6,332.0	6,528.8	6.9%	3.1%	3.1%
Professional Services	1,703.9	570.1	1,089.9	987.4	-42.1%	73.2%	-9.4%
Subtotal Administration & Services	14,884.3	14,911.7	14,617.0	15,655.3	5.2%	5.0%	7.1%
Contingency (Non-Train Ops)	265.9	650.0	342.9	400.0	50.4%	-38.5%	16.7%
Total Expenses Including MoW	\$103,772.5	\$110,570.6	\$109,317.6	\$122,673.8	18.2%	10.9%	12.2%

RISK MANAGEMENT

Revenues							
Member Agency Revenues	9,199.2	10,565.0	10,903.0	12,125.0	31.8%	14.8%	11.2%
Total Revenues	\$9,199.2	\$10,565.0	\$10,903.0	\$12,125.0	31.8%	14.8%	11.2%
Rolling Stock Repairs (SIR)	184.6	175.0	175.0	175.0	-5.2%	0.0%	0.0%
Insurance							
Liability/Property/Auto	4,250.0	6,590.0	7,139.8	8,000.0	88.2%	21.4%	12.0%
Claims	3,621.2	2,500.0	3,137.8	2,500.0	-31.0%	0.0%	-20.3%
Claims Administration	1,143.4	1,300.0	450.4	1,450.0	26.8%	11.5%	221.9%
Subtotal Insurance	9,014.7	10,390.0	10,728.0	11,950.0	32.6%	15.0%	11.4%
Total Expenses	\$9,199.2	\$10,565.0	\$10,903.0	\$12,125.0	31.8%	14.8%	11.2%

TABLE 3.4A

ANNUAL DISTRIBUTION BY COST COMPONENTS
(\$000s)

	FY 06-07 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
EXPENSES	134,798.8	72,604.5	27,337.6	10,389.2	16,718.4	7,749.0
REVENUES	73,292.8	39,681.6	15,872.0	4,880.5	9,866.0	2,992.6
NET LOCAL SUBSIDY	61,506.0	32,922.9	11,465.6	5,508.7	6,852.4	4,756.4

OPERATIONS

Revenues						
Farebox Revenue	59,290.8	31,396.4	12,590.0	4,700.5	8,575.5	2,028.4
Dispatching	2,920.4	1,497.3	924.3	27.3	86.0	385.4
Other Revenues	1,709.3	906.2	316.0	152.7	229.2	105.2
MOW Revenues	9,372.3	5,881.6	2,041.7	0.0	975.3	473.7
Member Agency Revenues	49,381.0	26,441.6	9,355.7	4,426.1	5,422.1	3,735.4
Total Revenues	\$122,673.8	66,123.2	25,227.7	9,306.6	15,288.2	6,728.1
Operations & Services						
Train Operations	25,760.9	13,619.6	5,800.8	2,111.1	3,100.2	1,129.1
Equipment Maintenance	18,412.0	10,105.5	3,455.2	1,409.1	2,461.2	981.0
Contingency (Train Ops)	75.0	42.4	13.2	5.7	9.6	4.1
Fuel	14,272.2	7,304.6	3,361.1	1,346.3	1,665.3	595.0
Non-Scheduled Rolling Stock Repairs	110.0	62.2	19.4	8.3	14.1	6.0
Operating Facilities Maintenance	651.0	368.2	114.8	49.1	83.2	35.7
Other Operating Train Services	143.0	80.9	25.2	10.8	18.3	7.8
Rolling Stock Lease	1,125.8	574.1	159.7	89.5	244.4	58.1
Security - Sheriff	3,961.9	2,002.3	864.6	300.6	600.5	194.0
Security - Guards	877.3	496.2	154.8	66.2	112.1	48.1
Supplemental Additional Security	444.7	235.5	94.4	35.3	64.3	15.2
Public Safety Program	621.3	351.4	109.6	46.9	79.4	34.0
Passenger Relations	1,316.7	688.4	271.4	99.7	190.5	66.7
Holiday Trains	160.9	91.0	28.4	12.1	20.6	8.8
TVM Maintenance/Revenue Collection	3,405.8	1,926.5	600.8	256.8	435.0	186.6
Marketing	1,004.0	500.0	224.2	76.2	155.1	48.4
Media & External Communications	674.2	381.3	118.9	50.8	86.1	36.9
Utilities/Leases	2,098.6	1,187.1	370.2	158.3	268.1	115.0
Transfers to Other Operators	4,268.1	2,394.2	864.5	272.7	606.9	129.8
Amtrak Transfers	870.0	328.2	471.7	-	-	70.2
Station Maintenance	730.9	413.4	128.9	55.1	93.4	40.1
Rail Agreements	3,585.9	1,306.5	992.6	767.6	253.1	266.1
Subtotal Operations & Services	84,570.1	44,459.7	18,244.6	7,228.2	10,561.0	4,076.7
Maintenance-of-Way						
MoW - Line Segments	21,398.4	12,745.1	4,022.4	627.7	2,749.0	1,254.1
MoW - Extra-Ordinary Maintenance	650.0	364.0	153.3	17.0	73.2	42.5
Subtotal Maintenance-of-Way	22,048.4	13,109.2	4,175.7	644.7	2,822.2	1,296.6
Administration & Services						
Salaries & Fringe Benefits	7,476.1	3,972.4	1,314.9	666.0	894.2	628.6
Non-Labor Expenses	662.9	354.0	115.3	59.3	78.1	56.1
Indirect Administrative Expenses	6,528.8	3,486.9	1,135.9	584.3	769.2	552.6
Professional Services	987.4	527.3	171.8	88.4	116.3	83.6
Subtotal Administration & Services	15,655.3	8,340.8	2,737.9	1,397.9	1,857.8	1,320.9
Contingency (Non-Train Ops)	400.0	213.6	69.6	35.8	47.1	33.9
Total Expenses Including MoW	\$122,673.8	66,123.2	25,227.7	9,306.6	15,288.2	6,728.1

RISK MANAGEMENT

Revenues						
Member Agency Revenues	12,125.0	6,481.2	2,110.0	1,082.6	1,430.3	1,021.0
Total Revenues	\$12,125.0	6,481.2	2,110.0	1,082.6	1,430.3	1,021.0
Rolling Stock Repairs (SIR)	175.0	99.0	30.9	13.2	22.4	9.6
Insurance						
Liability/Property/Auto	8,000.0	4,272.6	1,391.9	715.9	942.5	677.1
Claims	2,500.0	1,335.2	435.0	223.7	294.5	211.6
Claims Administration	1,450.0	774.4	252.3	129.8	170.8	122.7
Subtotal Insurance	11,950.0	6,382.3	2,079.1	1,069.4	1,407.9	1,011.4
Total Expenses	\$12,125.0	\$6,481.2	\$2,110.0	\$1,082.6	\$1,430.3	\$1,021.0

Revenues - Farebox revenues are projected from estimates of ridership developed in coordination with member agency staff. The current FY 2005-06 budget proposal includes the implementation of the approved fare policy restructuring, effective July 1, 2005, resulting in an average systemwide fare increase of approximately 4.5% and the elimination of off-peak weekday discounts. The projected total average weekday ridership increase is estimated at 7.9% due to the full year impact of additional services, and assumes no lasting revenue or ridership impacts of the recent rise in gasoline prices. Revenue per rider is based on average trip length and mix of fare type. 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 2003-04 through FY 2005-06.

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, the carry-forward of previous Supplemental Security funds, and other minor reimbursements to the agency.

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

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

Train Operations - Operating Crews. FY 2006-07 increases a total of 11.1%, primarily as a result of additional Train Crews associated with the newly proposed weekend services. Excluding these impacts, the base costs grow approximately 4.4%. Included in the total are the costs of mobilization which, per the terms of the contract, is to be paid in thirty-six (36) equal monthly installments commencing in FY 2005-06 in an amount not to exceed actual costs or the contract bid rate. FY 2006-07 represents the second year of this three year arrangement.

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 \$294 thousand, or 8.2%. Included in these figures is an additional train dispatcher to accommodate the increasing weekend traffic.

Equipment Maintenance. The budget for FY 2006-07 totals \$18.4 million, an increase of 5.4% from the adopted FY 2005-06 level. Included in this number is approximately \$500 thousand as a result in increased maintenance and servicing costs associated with additional weekend services. Absent this increase, the underlying rate of growth equals 2.8%.

TABLE 3.5

FY2006-07 Ridership/Fare Revenue Forecast

Operating Line	Average Daily Ridership				Revenue/Rider (\$'s)				Fare Revenues (\$ 000's)					
	FY 05-06 Budget	YTD Avg (Nov'05)	FY05-06 Fcst	FY 06-07 Fcst	FY 05-06 Budget	YTD Avg (Sep'05)	FY06-07 Budget	FY06-07 Fcst	FY04-05 Actual	FY 05-06 Budget	FY05-06 Fcst	FY06-07 Fcst	% Incr from FY06 Fcst	% Incr from FY06 Bud
			% Incr from FY06 Fcst	% Incr from FY06 Bud										
San Bernardino	11,338	11,709	3.9%	12,341	4.96	5.08	4.96	5.28	13,582.7	14,462.1	15,283.1	16,573.7	8.4%	14.6%
Weekday	2,956	3,397	6.1%	3,710	4.03	3.79	3.97	3.97	566.3	618.5	677.5	781.7	15.4%	26.4%
Saturday	1,689	1,980	12.3%	2,338	4.71	4.33	4.54	4.54	355.8	412.5	433.1	551.2	27.3%	33.6%
Sunday	4,296	4,220	0.5%	4,280	4.35	4.93	4.92	4.92	4,397.4	4,805.9	4,989.6	5,349.0	7.2%	11.3%
Ventura County *	6,456	6,892	4.8%	7,324	4.28	4.76	4.67	4.67	6,963.0	7,096.9	8,131.3	8,697.9	7.0%	22.6%
Antelope Valley	1,887	2,126	5.1%	2,243	3.50	3.29	3.32	3.32	299.6	342.4	360.8	395.0	9.5%	15.4%
Weekday	4,903	4,550	2.0%	4,723	4.87	5.06	5.32	5.32	5,627.0	6,135.2	5,959.4	6,388.1	7.2%	4.1%
Saturday	7,478	7,672	4.2%	8,071	5.35	5.21	5.49	5.49	9,207.7	10,278.5	10,235.0	11,260.0	10.0%	9.5%
Riverside	3,814	3,921	4.8%	4,155	5.03	4.95	4.87	4.87	4,290.3	4,933.1	4,807.4	5,143.5	7.0%	4.3%
Orange County *	800	754	0.0%	754	6.73	5.83	6.07	6.07	-	140.0	103.4	480.4	-	-
Weekday	1,965	1,953	6.3%	2,124	5.07	6.01	5.90	5.90	2,518.6	2,560.5	2,915.7	3,182.9	9.2%	24.3%
Weekend	40,250	40,917	3.8%	43,018	46,586.6	50,272.2	52,321.5	56,595.1	46,586.6	50,272.2	52,321.5	56,595.1	8.2%	12.6%
JEOC	7,332	8,257	15.8%	9,810	1,221.7	1,513.4	1,574.7	2,695.7	1,221.7	1,513.4	1,574.7	2,695.7	71.2%	78.1%
Weekday	40,250	40,917	3.8%	43,018	46,586.6	50,272.2	52,321.5	56,595.1	46,586.6	50,272.2	52,321.5	56,595.1	8.2%	12.6%
Weekend	7,332	8,257	15.8%	9,810	1,221.7	1,513.4	1,574.7	2,695.7	1,221.7	1,513.4	1,574.7	2,695.7	71.2%	78.1%
Totals*	47,808.2	51,785.7	10.0%	53,896.2	47,808.2	51,785.7	53,896.2	59,290.8	47,808.2	51,785.7	53,896.2	59,290.8	10.0%	14.5%
Weekday	40,250	40,917	3.8%	43,018	46,586.6	50,272.2	52,321.5	56,595.1	46,586.6	50,272.2	52,321.5	56,595.1	8.2%	12.6%
Weekend	7,332	8,257	15.8%	9,810	1,221.7	1,513.4	1,574.7	2,695.7	1,221.7	1,513.4	1,574.7	2,695.7	71.2%	78.1%
Total	47,808.2	51,785.7	10.0%	53,896.2	47,808.2	51,785.7	53,896.2	59,290.8	47,808.2	51,785.7	53,896.2	59,290.8	10.0%	14.5%

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

TABLE 3.6

FY2006-07 NON-FARE OPERATING REVENUES (\$000's)

DISPATCHING AGREEMENTS

Agreement/Territory	FY03-04 Actual	FY04-05 Actuals	FY05-06 Budget	FY06-07 Budget	Change from FY06 Budget
Amtrak Intercity	1,502.9	1,898.3	1,844.6	1,861.0	0.9%
Coast & Saugus Shared Use (UPRR/SPTC)	256.5	256.5	256.9	256.5	-0.2%
East Bank Joint Facility (UPRR/SPTC)	87.2	87.2	94.1	87.2	-7.3%
Mission Tower (UPRR/SPTC)	226.2	243.9	209.6	254.1	21.3%
San Diego & Olive Subdivision Shared Use (BNSF)	40.8	47.2	48.6	50.6	4.2%
Pasadena Subdivision Shared Use (BNSF)	50.1	48.6	46.9	48.6	3.7%
North County Transit District (NCTD)	362.5	355.9	362.5	362.5	0.0%
Total	2,526.1	2,937.6	2,863.0	2,920.4	2.0%

OTHER REVENUES *

Revenue Source	FY03-04 Actual	FY04-05 Actuals	FY05-06 Budget	FY06-07 Budget	Change from FY06 Budget
Marketing Revenues	45.0	-	292.4	-	N/A
Federal Funds	4.8	238.8	641.1	305.3	N/A
LSD Fuel AQMD	131.2	-	-	-	N/A
Amtrak TVM Revenues	-	-	210.2	279.0	N/A
Prior Years Supplemental Security Surplus	-	-	319.8	295.1	N/A
Lease Proceeds (Sounder/ACE Lease for overcrowding)	-	471.8	598.5	669.0	N/A
Insurance Recoveries	4,727.4	146.2	-	-	N/A
Allocable Interest	-	35.6	-	-	N/A
Miscellaneous Revenues	121.7	550.3	181.3	160.9	N/A
Audit Findings	-	-	-	-	N/A
Total	5,030.1	1,442.5	2,243.4	1,709.3	N/A
Total Non-Fare Operating Revenues	7,556.2	4,380.1	5,106.4	4,629.7	N/A

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

The contingency for Equipment Maintenance in FY 2006-07 is set at \$75,000, the same level as the FY 2005-06 Budget.

Fuel. As discussed above, the agency is currently experiencing all-time record highs in its average cost of diesel fuel. Usage of approximately 6.0 million gallons is based on the projected consumption levels assumed in the proposed schedule. In FY 2006-07, fuel prices are assumed to stabilize over the course of the year to an average cost \$2.38 per gallon compared to an average of \$1.65 per gallon budgeted in FY 2005-06. The agency has recently approved a contract vehicle under which it may purchase fuel using a Forward Purchase Agreement in order to take advantage of the cyclic nature of diesel fuel pricing.

Non-Scheduled Rolling Stock Repairs. This item is for repairs to accommodate medium scaled unforeseen damage to rolling stock. The amount requested for FY 2006-07 is \$285,000, a reduction of \$15 thousand or 5% from the FY 2005-06 amount.

Operating Facilities Maintenance. This function is responsible for the cleaning, maintenance, and hazardous materials compliance at the Central Maintenance Facility and other outlying SCRRA facilities. In order to accommodate other costs increases in the budget, the current budget of \$651 thousand has been continued into FY 2006-07.

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 \$143.0 thousand, an increase of 0.8% from the FY 2005-06 Budget.

Rolling Stock Lease. These costs represent the full year costs of 15 additional pieces of leased equipment. Included in this pool is 1 Locomotive, 4 Cab Cars, and 8 Passenger Coaches leased from Sound Transit and 2 vehicles leased during FY 2005-06 from Altamont Commuter Express. The FY 2006-07 Preliminary Budget includes the full year costs of these leases and assumes equipment availability for the entire year.

Security - Sheriff. This line item shows an increase of 27.4% from the FY 2005-06 Budget, primarily as a result of the addition of 4 new deputies to accommodate additional weekend services. Absent these increases, the rate of increase is equal to approximately 5%, or the contracted rate of cost growth.

Security - Guards. The amount proposed for FY 2006-07 represents a 3% increase from the FY 2005-06 level due to contractual escalators.

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

Public Safety Program. The program increases by 17.7% from FY 2005-06. In order to address the constraints imposed on the development of the FY 2005-06 Budget, significant reductions to this program were implemented. The current year attempts to slowly reestablish programs which were otherwise unavailable in the current year.

Safety/Security Federal Grants. These funds represent the balance of a grants received in FY's 2004-05 and 2005-06 and includes funds for the purpose of assessing the vulnerability of rail cars; terrorism training for law enforcement, fire, and other civilian authorities; Los Angeles Union Station planning and organization work; materials and other administrative costs; and a number of other specific individual activities.

Passenger Relations. A 10.0% increase is projected for the FY 2006-07 Budget for passenger relations and telephone information services from levels adopted in FY 2005-06. Funds are allocated to provide for additional call center operations on Sundays throughout the year in support of additional weekend services. Previously, the call center operated on a six-day per week basis. Also included is the continuation of the Station Call Box project, the Customer Promise program in which the SCRRA will guarantee to passengers the ability to reach their final destination, and other minor customer service related expenses.

Holiday Trains. The amount projected for the holiday trains in FY 2006-07 is an increase of \$9.6 thousand, or 6.3% from the FY 2005-06 Budget. The budget includes labor charges by Bombardier for support at the CMF during the decoration of the train, the costs of actual train operations, security, and community outreach, support and marketing costs.

The agency is currently engaged in an aggressive effort to secure third party sponsorship to support the program.

Ticket Vending Machine (TVM) Maintenance/Revenue Collection. This item includes TVM and validator maintenance, revenue collection, ticket stock, fare/zone change programming, and merchant fees for credit and debit card usage. This line item increases approximately 17% from the FY 2005-06 Budget. The principal reasons for the increase include significantly increased costs associated with bank fees charged for processing fare sales transactions, and the contractually obligated increase associated with ongoing maintenance. Also included in this item is the capacity to incorporate within SCRRA equipment to vend Amtrak fare media as well. This incremental increase, \$70 thousand of the total increase, 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 an increase of 14% compared with the FY 2005-06 Budget primarily to accommodate the initial costs associated with the introduction of additional weekend services. Absent these costs, this line item increases 0.2%.

Media/External Relations. There is a increase of 9.6% compared with the FY 2005-06 Budget principally due to an increase in consultant editorial support. This line item

includes media and public relations, community relations, web site maintenance and programming, and the production of the agency's printed schedules and Ride Guides. Also included are outreach activities with Station Cities including special events and the increased development of partnerships with Strategic Stakeholders.

Utilities/Leases. Utility and lease costs are estimated at current monthly average costs and are expected to increase 14.4% from the FY 2005-06 Budget. The agency, for the previous two fiscal years has under budgeted the costs of utilities and is currently reflecting current rates and anticipated increases.

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 10.8% increase over the budget for FY 2005-06 due to both higher than anticipated current (FY06) ridership as well as expected growth in FY 2006-07.

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. An 8.8% increase for this item is anticipated due to continuing popularity of this service option and is capped, by agreement at the value of the budget.

Station Maintenance. This item is increased by 3.3% from the FY 2005-06 Budget. The increase is principally the result of contractually mandated escalators and include the increased costs of Insurance and Maintenance for the common areas at Los Angeles Union Station. This item also includes non-LAUS maintenance of station equipment, signs, display cases, and public address/changeable message signs (PA/CMS), and platform maintenance.

Rail Agreements. This line item represents payments to freight railroads, the Union Pacific and the Burlington Northern Santa Fe, for dispatching and other operating related services over property owned by these railroads. The amount budgeted is increased by 12.5% from FY 2005-06 as a result of increased payments to the BNSF to operate weekend services on the Orange County and Inland Empire/Orange County lines.

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 56.9%, and a 3.5% merit pool.

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, Travel and Lodging expenses of operating departments, and additional minor miscellaneous expenses. These costs are expected to increase 7.2% from the FY 2005-06 budget in recognition of the constrained financial environment of the agency. 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.

Indirect Administrative Expenses. Costs allocated to Train Operations represent this budget's share of the agency's General and Administrative costs. FY 2006-07 is expected to increase by 3.1% in line with the overall growth of the agency G&A pool costs.

Professional Services. Professional Services includes contracted services for System Safety Plan and related operating plans; performance audit of operators; feeder bus coordination; equipment engineering assistance; signage design; and other minor items. This item is estimated to increase from FY 2005-06 due to the inclusion of certain non-allocable legal costs and significantly increased rolling-stock equipment engineering, close of previous contracts, and issues surrounding additional Crash Energy Management (CEM) research.

Contingency. Though this line item is traditionally budgeted at \$500,000 for FY 2006-07 a reduction has been made to this line to accommodate the fiscal restraints facing the agency in the fiscal year. It is included in the budget to be utilized under authority of the Chief Executive Officer to deflect any unanticipated increase in expenses so as to avoid unnecessary increases to member agency subsidies in the event short term negative expense impacts are realized.

Insurance. Overall, this item is projected to increase 14.8% compared with the FY 2005-06 Budget as discussed above. Premiums for Operating Liability and Property Damages are projected to increase by 21.4%, Claims Administration is assumed to increase 11.5% and payouts associated with the agency's Self Insurance Reserve (SIR) requirements are expected to remain at the same level as the current year.

3.7 Summary of Revenue and Expenses by Member Agency

Table 3.7 provides the FY 2006-07 Metrolink Operating Budget by Member Agency shares. Total local subsidies increase 11.7% over the FY 2005-06 Budget and are expected to equal \$61.5 million.

TABLE 3.7

OPERATING SUBSIDY ALLOCATION BY COUNTY
(\$000s)

	ALBANY	COLUMBIA	COCA	PUTNAM	SARATOGA	WARREN
	Budget	Budget	Budget	Budget	Budget	Budget
Expenses						
Train Operations & Services	\$84,745.1	\$44,558.6	\$18,275.4	\$7,241.4	\$10,583.4	\$4,086.3
Maintenance-of-Way	22,048.4	13,109.2	4,175.7	644.7	2,822.2	1,296.6
Administration & Services	16,055.3	8,554.4	2,807.5	1,433.7	1,904.9	1,354.7
Insurance	11,950.0	6,382.3	2,079.1	1,069.4	1,407.9	1,011.4
Total County Allocation	\$135,798.8	\$76,619.5	\$37,337.7	\$10,389.2	\$26,718.4	\$7,759.0
Revenues						
Gross Farebox	59,290.8	31,396.4	12,590.0	4,700.5	8,575.5	2,028.4
Dispatching	2,920.4	1,497.3	924.3	27.3	86.0	385.4
Other Operating	1,709.3	906.2	316.0	152.7	229.2	105.2
Maintenance-of-Way	9,372.3	5,881.6	2,041.7	-	975.3	473.7
Total Revenues	\$73,292.8	\$40,681.5	\$15,872.0	\$4,950.5	\$9,866.0	\$2,992.7
Total County Allocation	\$61,506.0	\$35,927.9	\$21,465.6	\$3,508.7	\$6,857.0	\$4,766.3
FY 2005-06 Budget	55,087.4	31,657.3	8,337.8	4,633.9	6,171.5	4,286.9
Increase/(Decrease)	6,418.6	1,265.6	3,127.8	874.8	680.9	469.5
Percentage Change	11.65%	4.00%	37.51%	18.88%	11.03%	10.95%

3.8 Maintenance-of-Way Budget

Assumptions

This section provides the assumptions used to project revenues and expenses for the Maintenance-of-Way (MOW) portion of the Operating Budget. Maintenance of Way expenses are those expenditures to provide ordinary maintenance of Member Agency owned track, signals, bridges, road crossings, and other elements of the infrastructure and land of the rights of way.

Expenses under a rehabilitation/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 as they approach the end of their life cycle using rehabilitation/renovation budgets and use their operating budgets to perform the inspections and repairs needed to assure the reliable, safe operation of trains and safety of the public.

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

The adopted MOW philosophy of SCRRA is to perform ordinary maintenance sufficient to prevent any loss of service quality and to budget for Rehabilitation/Renovation at practical intervals to utilize the full life cycle of components/elements. This will prevent the needed repairs/replacements from overwhelming the ordinary MOW budget. This philosophy is practiced by all of the successful freight railroads on their main routes.

The core of the ordinary maintenance effort is a perpetual cycle of inspections and reports on the condition of the track, signals, and bridges, and the performance of repairs to any exceptions found in those inspections. The Federal Railroad Administration (FRA) has minimum inspection schedules, standards for track and signal conditions, qualifications of inspectors and repairers, and documentation requirements for most of these inspections. In order to assure high quality track and signal operation, SCRRA performs somewhat more than the FRA minimum level of inspections. SCRRA's results through the years are that almost all conditions are discovered and repaired at an early stage of decay, before they become "defects" under the FRA regulations.

The GASB-34 method of accounting for maintenance of infrastructure includes a requirement to plan, budget, and expend a level of rehabilitation so as to preserve the

infrastructure at an agency-adopted level of utility. The SCRRA has adopted a level of utility that specifies no loss of service performance and an irreducible risk to safety of train operations. The GASB-34 policy also requires a tri-annual rating (SCRRA rates 1/3 of the property each year) of the quality of the infrastructure to assure that the adopted rehabilitation investments/expenses are actually maintaining the state of repair consistent with the adopted policy.

Conditions and Trends in the MOW Budget

Current year MOW budgets are developed annually to maintain the infrastructure in a state of high reliability and safety. They are based on assumptions on the number of maintenance personnel (technicians, supervisors, inspectors, and managers/support) needed to perform the inspections and repairs, plus amounts for material purchases, vehicles, supplies, and support activities.

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

Labor is budgeted with a percentage (guided by past experience) for overtime; this is needed to recover from unusual situations. Due to the increasing number of trains operated mid-day there is a trend for some MOW work to be performed at night; most contracts and labor agreements permit scheduled night work at straight time rates if sufficient advance notice is given for a change of shift starting time. The MOW labor budget includes two-shift coverage of signal operations in terminal areas to assure that problems are resolved with minimum disruption to peak-period commuter operations.

Over the last several years there are some trends (listed below) that have affected the MOW cost budget; as a practical matter they cancel each other out and the SCRRA is operating with the same MOW labor force and almost the same (inflation-adjusted) for the past decade. This is actually a large increase in labor efficiency as measured against the increasing number of SCRRA trains and passengers.

Factors that increase MOW cost in recent years:

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

Factors that decrease MOW cost in recent years:

- Better quality power tools, trucks, and roadway machines
- Gradual replacement of older, more trouble-prone track, bridge, and signal elements under the rehabilitation/renovation programs
- Improved right of way security (fencing and enforcement)
- Better training of MOW employees (contractor and SCRRA)

MOW Revenues and Expenses

Table 3.8 provides maintenance-of-way revenues received from the freight railroads and Amtrak Intercity service and includes revenues for operating and non-operating lines. Maintenance-of-Way revenues are expected to increase to \$9.4 million, an increase of \$0.5 million or 6.0%, over the FY 2005-06 Budget.

Maintenance-of-way revenues are estimated from prior agreements, are based on estimates of current usage, and represent revenues from the freight railroads and Amtrak. The rate of selected elements are increased by the AAR Railroad Cost Index, 4.8% and charged based on traffic on the lines. Amtrak Intercity revenues, per agreement, are increased by the CPI (4.0%) and an additional increase as a result of added service between Moorpark and Oceanside. 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.

In the wake of the January 2005 accident in Glendale, SCRRA received an initial grant of \$250,000 to begin a Sealed Corridor initiative, designed to create a comprehensive grade crossing and right of way safety enhancement program. Phase 1 of this initiative will address approximately 65 miles of member agency-owned right of way in the San Fernando Valley and Ventura Counties on the Antelope Valley and Ventura County lines. The project team will convene key stakeholders from cities along these corridors, as well as technical personnel, who will develop and come to agreement on a comprehensive program of corridor safety improvements and the funding plans needed to implement them. The initial study should be completed during FY 2006-07, with future design and construction activities to be funded pursuant to the funding plans created during this initial phase.

Table 3.9 provides the projection of Maintenance-of-Way Revenues, Subsidy and Expenditure by territory and by county for FY 2006-07.

Table 3.10 provides a summary of the projection of Maintenance-of-Way Expense Detail for FY 2006-07 by Line Segment/Territory and compares these projections to FY 2005-06 Budget.

TABLE 3.8

FY 2006-07 MAINTENANCE-OF-WAY REVENUE

Agreement/Territory	FY03-04 Actual	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY06 Budget
Amtrak Intercity	965.7	1,219.8	1,185.3	1,195.8	0.9%
LAUS Rail Yard Operations & Maintenance (Amtrak)	138.1	263.6	141.9	147.8	4.2%
Azusa Branch Shared Use (UPRR/SPTC)	88.0	90.4	82.8	95.3	15.2%
Baldwin Park Branch Shared Use (UPRR/SPTC)	198.5	215.3	190.0	222.2	16.9%
Coast & Saugus Shared Use (UPRR/SPTC)	3,255.8	3,588.2	3,291.1	3,348.7	1.7%
East Bank Joint Facility (UPRR/SPTC)	942.5	821.8	832.5	832.5	0.0%
Mission Tower (UPRR/SPTC)	83.3	72.7	85.5	85.5	0.0%
San Diego & Olive Subdivision Shared Use (BNSF)	1,126.7	1,160.6	1,192.4	1,242.5	4.2%
Pasadena Subdivision Shared Use (BNSF)	1,663.7	1,713.8	1,760.7	1,834.6	4.2%
State Grade Crossing (CPUC)	334.6	335.6	83.7	167.3	100.0%
Federal Funds	-	-	-	200.0	N/A
Total	8,797.0	9,481.7	8,845.8	9,372.3	6.0%

TABLE 3.9

PROPOSED FY 2006-07 MAINTENANCE-OF-WAY EXPENDITURES (\$000s)

Revenue Forecast Allocation

Line Segment/Territory	FY 06-07 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	8,286.0	4,886.3	2,041.7	-	884.3	473.7
LA - San Bernardino	1,144.5	260.3	-	-	884.3	-
LA - Ventura (Burbank Jct to Moorpark)	1,391.5	917.9	-	-	-	473.7
LA - Lancaster	2,632.4	2,632.4	-	-	-	-
Fullerton - San Diego County Line	1,924.5	-	1,924.5	-	-	-
Olive Subdivision	117.2	-	117.2	-	-	-
Riverside Layover Facility	-	-	-	-	-	-
River Corridor	1,075.8	1,075.8	-	-	-	-
Extraordinary Maintenance (Derailments, Storm Damage)	-	-	-	-	-	-
Non-Operating Lines	1,086.3	995.3	-	-	91.0	-
Sierra Madre - Claremont (Pasadena Sub)	995.3	995.3	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	91.0	-	-	-	91.0	-
Total	9,372.3	5,881.6	2,041.7	-	975.3	473.7

Net Subsidy Allocation

Line Segment/Territory	FY 06-07 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	12,488.8	7,107.7	2,133.9	644.7	1,779.5	822.9
LA - San Bernardino (1)	3,363.8	2,012.3	-	-	1,351.5	-
LA - Ventura (Burbank Jct to Moorpark) (2)	1,672.0	1,038.0	-	-	-	634.1
LA - Lancaster	2,171.7	2,171.7	-	-	-	-
Fullerton - San Diego County Line	2,279.0	521.4	1,414.8	299.7	43.1	-
Olive Subdivision	245.6	-	150.1	83.5	12.0	-
Riverside Layover Facility (3)	73.3	34.4	13.1	18.9	6.9	-
River Corridor (4)	2,033.3	965.8	402.6	225.7	292.8	146.4
Extraordinary Maintenance (5) (Derailments, Storm Damage)	650.0	364.0	153.3	17.0	73.2	42.5
Non-Operating Lines	187.3	119.8	-	-	67.5	-
Sierra Madre - Claremont (Pasadena Sub)	119.8	119.8	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	67.5	-	-	-	67.5	-
Total	12,676.1	7,227.5	2,133.9	644.7	1,846.9	822.9

Total Expenditure Forecast

Line Segment/Territory	FY 06-07 Budget	LACMTA	OCTA	RCTC	SANBAG	VCTC
Operating Lines	20,774.7	11,994.0	4,175.7	644.7	2,663.7	1,296.6
LA - San Bernardino	4,508.4	2,272.6	-	-	2,235.7	-
LA - Ventura (Burbank Jct to Moorpark)	3,063.6	1,955.8	-	-	-	1,107.7
LA - Lancaster	4,804.1	4,804.1	-	-	-	-
Fullerton - San Diego County Line	4,203.5	521.4	3,339.3	299.7	43.1	-
Olive Subdivision	362.8	-	267.3	83.5	12.0	-
Riverside Layover Facility	73.3	34.4	13.1	18.9	6.9	-
River Corridor	3,109.1	2,041.6	402.6	225.7	292.8	146.4
Extraordinary Maintenance (Derailments, Storm Damage)	650.0	364.0	153.3	17.0	73.2	42.5
Non-Operating Lines	1,273.6	1,115.2	-	-	158.5	-
Sierra Madre - Claremont (Pasadena Sub)	1,115.2	1,115.2	-	-	-	-
Baldwin Park Branch (San Bernardino Co.)	158.5	-	-	-	158.5	-
Total	22,048.4	13,109.2	4,175.7	644.7	2,822.2	1,296.6

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

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

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

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

(5) Split is assumed All Share for derailments (\$100,000) and percent of route miles owned (57.55% LACMTA, 24.27% OCTA, 1.07% RCTC, 10.69% SANBAG, and 6.41% VCTC) for storm damage, gate knockdowns, and vandalism.

TABLE 3.10

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

Line Segment/Territory	FY 05-06 Expenditure Budget	FY 05-06 Expenditure Forecast	FY 06-07 Expenditure Budget	Variance FY 06-07 vs FY 05-06 Budget Over/(Under)	Variance FY 06-07 vs FY 05-06 Forecast Over/(Under)
Operating Lines	19,520.9	19,119.0	20,774.7	953.8	1,898.6
LA - San Bernardino	4,298.4	4,249.2	4,508.4	209.9	259.2
Track	895.2	743.8	936.0	40.8	192.2
Signal & Communications	1,466.7	1,369.2	1,528.4	61.7	159.3
Structures	187.8	229.7	176.8	(10.9)	(52.8)
Procurement	220.5	226.1	220.5	(0.0)	(5.6)
Other	568.9	761.9	632.7	63.9	(129.1)
Agency Costs	959.4	918.5	1,013.9	54.5	95.3
LA - Ventura (Burbank Jet to Moorpark)	2,910.2	3,197.6	3,063.6	153.4	(134.0)
Track	792.7	930.2	828.4	35.7	(101.8)
Signal & Communications	776.3	645.3	819.7	43.3	174.4
Structures	130.0	121.4	122.5	(7.6)	1.1
Procurement	152.7	314.9	152.7	0.0	(162.3)
Other	394.0	542.4	438.2	44.2	(104.2)
Agency Costs	664.4	643.3	702.2	37.7	58.8
LA - Lancaster	4,365.8	4,262.5	4,804.1	438.3	541.5
Track	1,133.1	992.2	1,173.5	40.3	181.3
Signal & Communications	986.9	981.5	1,060.3	73.4	78.8
Structures	217.7	235.3	205.1	(12.7)	(30.2)
Procurement	255.7	271.4	255.7	(0.0)	(15.8)
Other	659.7	743.6	933.8	274.1	190.2
Agency Costs	1,112.6	1,038.6	1,175.8	63.1	137.2
Fullerton - San Diego County Line	3,996.0	3,308.5	4,203.5	207.5	895.1
Track	987.9	703.4	1,028.2	40.3	324.8
Signal & Communications	1,103.5	908.1	1,165.1	61.6	257.0
Structures	184.7	113.6	173.9	(10.7)	60.3
Procurement	216.8	181.2	216.8	0.0	35.6
Other	559.5	537.0	622.3	62.8	85.3
Agency Costs	943.6	865.1	997.1	53.6	132.0
Olive Subdivision	347.0	405.5	362.8	15.8	(42.7)
Track	91.7	80.5	94.8	3.1	14.3
Signal & Communications	109.8	169.4	114.4	4.6	(55.0)
Structures	14.1	3.9	13.3	(0.8)	9.3
Procurement	16.6	12.5	16.6	0.0	4.0
Other	42.7	48.2	47.5	4.8	(0.7)
Agency Costs	72.1	90.9	76.2	4.1	(14.7)
Riverside Layover Facility	68.5	59.0	73.3	4.8	14.3
Track	19.0	24.6	19.9	0.9	(4.7)
Signal & Communications	6.1	5.2	7.6	1.5	2.4
Structures	4.2	0.2	4.0	(0.2)	3.7
Procurement	4.9	2.0	4.9	0.0	2.9
Other	12.8	8.9	14.2	1.4	5.3
Agency Costs	21.5	18.1	22.8	1.2	4.7
River Corridor	3,034.9	2,865.4	3,109.1	74.2	243.7
Track	626.4	605.6	641.8	15.4	36.2
Signal & Communications	1,702.3	1,474.5	1,721.9	19.6	247.4
Structures	68.5	60.3	64.5	(4.0)	4.2
Procurement	80.4	175.1	80.4	(0.0)	(94.7)
Other	207.5	237.4	230.8	23.3	(6.6)
Agency Costs	349.9	312.5	369.8	19.9	57.3
Extraordinary Maintenance (Derailments, Storm Damage, Gate Knockdowns, Vandalism)	500.0	771.4	650.0	(150.0)	121.4

TABLE 3.10

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

Line Segment/Territory	FY 05-06 Expenditure Budget	FY 05-06 Expenditure Forecast	FY 06-07 Expenditure Budget	Variance FY 06-07 vs FY 05-06 Budget Over/(Under)	Variance FY 06-07 vs FY 05-06 Forecast Over/(Under)
Non-Operating Lines	1,334.4	1,153.0	1,273.6	(60.7)	120.6
Sierra Madre - Claremont (Pasa. Sub.)	1,057.7	971.9	1,115.2	57.4	143.2
Track	197.7	176.6	208.8	11.1	32.2
Signal & Communications	331.0	324.4	348.0	17.0	23.6
Structures	51.3	14.3	48.3	(3.0)	34.0
Procurement	60.2	42.7	60.2	0.0	17.5
Other	155.4	167.0	172.9	17.4	5.8
Agency Costs	262.1	247.0	277.0	14.9	30.0
Baldwin Park Branch (San Bernardino Co.)	276.6	181.1	158.5	(118.2)	(22.6)
Track	28.0	41.8	29.3	1.3	(12.5)
Signal & Communications	60.1	32.7	62.1	2.0	29.4
Structures	6.2	-	5.8	(0.4)	5.8
Procurement	7.2	7.7	7.2	(0.0)	(0.5)
Other	143.6	70.0	20.7	(122.9)	(49.3)
Agency Costs	31.5	28.8	33.2	1.8	4.4
Total Maintenance-of-Way	20,855.3	20,272.0	22,048.4	1,193.1	1,776.4
Track	4,771.7	4,298.6	4,960.7	189.0	662.1
Signal & Communications	6,542.7	5,910.2	6,827.4	284.7	917.2
Structures	864.5	778.7	814.2	(50.2)	35.5
Procurement	1,015.0	1,233.7	1,015.0	-	(218.7)
Other	2,744.1	3,116.4	3,113.2	369.0	(3.3)
Extra-Ordinary Maintenance	500.0	771.4	650.0	150.0	(121.4)
Agency Costs	4,417.2	4,162.9	4,667.9	250.7	505.0

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.
- 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 a small set of funds for the purpose of conceptual engineering and capital planning to better identify scope and construction concerns prior to the submission of grant applications.

MOW Projections by Line

The FY 2006-07 MOW Budget is \$22.0 million, a 5.7% increase from the FY 2005-06 Budget.

The average MOW cost per track-mile is calculated excluding Extra-Ordinary Maintenance and Agency Costs. For FY 2006-07, the average MOW cost is projected to be \$49,645 per track-mile compared with \$47,294 per track-mile budgeted in FY 2005-06, an increase of 5.0%. 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. (4.9% increase from the FY 2005-06 budget.) The budget represents the basic maintenance force plus a surfacing cycle.

Factors that affect MOW costs are:

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

Los Angeles - Ventura County Line. (5.3% increase from the FY 2005-06

Budget.) Factors that affect MOW costs are:

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

Los Angeles – Antelope Valley Line. (10% increase from the FY 2005-06 Budget.) This is in part a mountain freight railroad, which means that great care is required to inspect and control track geometry, curve rail wear, embankment stability (landslides and washouts), and safety detectors. This project also includes funds associated with the Sealed Corridor Initiative referenced above. These funds are 100% grant related and do not affect member contributions 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
- Still some time in daylight hours to perform many MOW tasks

Fullerton - San Diego County Line. (5.2% increase from the FY 2005-06 Budget.) This line is in good to excellent condition. The budget has historically been the lowest per mile. However, due to heavy service levels, a significant portion of the work on this line must be done on an overtime/night basis. Factors that affect MOW costs are:

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

Olive Subdivision. (4.6% increase from the FY 2005-06 Budget). This line has received a significant cycle replacement of rail, ties and surfacing, along with renewed road crossings and a modernized signal system.

Factors that affect MOW costs are:

- + Narrow embankment
- No significant curvature or grade

Riverside Layover Facility. (7.0% increase from the FY 2005-06 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. (2.4% increase from the FY 2005-06 Budget.) This segment includes all of the tracks on both sides of the Los Angeles River from Redondo Junction on the south to CP Taylor on the north. It carries heavy freight and passenger traffic, including all SCRRA non-revenue movements in and out of the Central Maintenance Facility (CMF). Past capital programs have upgraded most of the track and signals. Even with these improvements, the track and bridges need continual maintenance. 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) (5.4% increase from the FY 2005-06 Budget) The SCRRA is maintaining this property for the Pasadena Gold Line Construction Authority under their agreement with the MTA. The line has jointed rail and wooden crossties in an adequate condition to carry the small amount of freight traffic now on the line. Some road crossings are being improved within the maintenance budget with the cooperation of community street departments. Some of the crossing warning systems are also being upgraded to reduce trouble calls while in freight operation. Factors that affect MOW costs are:

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

Rialto Subdivision (Baldwin Park Branch) (42.7% decrease from the FY 2005-06 Budget) This line is a very lightly used freight line with small rail and old wooden ties. The FY2005-06 budget included \$125 thousand to perform engineering studies associated with potential future uses of the line segment. The current forecast is an estimate of the time to inspect and make nominal repairs only. Factors that affect MOW costs are:

- + Poor track and crossing conditions
- + Union Pacific operates large locomotives and heavy cars

- + Small segment requires specific maintenance assignments
- Very low speed operation, no passenger trains

Extraordinary Maintenance This category covers damages due to vandalism, crossing gate knockdowns, accidents, derailments, fires, storm damage and other expenses related to promptly restoring the railroad to operation following accidents or disasters followed by making permanent repairs.

In all cases reimbursement is sought if a liable party (e.g. derailment caused by freight railroad or insurance for a motorist), SCRRA insurance coverage (limited to specific structures and with large deductibles), or an emergency funding source (e.g. FEMA, which has strict eligibility conditions) is identified and proper procedures are followed. Repairs to damages are made to comply with current engineering standards (e.g. a wooden bridge would be replaced with a steel/concrete bridge) so that these funds are not used to rebuild obsolete infrastructure. (These repairs may be in two stages; the quickest way to repair track may be with wood ties and jointed rail, this would be replaced with welded rail and if the surrounding track has concrete ties, then the repair would not be complete until replacement concrete ties were installed.) . Repairs to signal and communication's equipment are made to comply with current engineering and safety standards (e.g. steel antenna structure would replace an antenna mounted on a wooden pole), thus eliminating personnel safety concerns and hazardous materials issues while enhancing the operational flexibility to obtain a consistent system operation. Additionally, needed repairs to signal and communications equipment and systems are made with consideration to current technologies. The rapid pace of changing technologies and regulatory requirements, and the lack of vendor support for obsolete equipment as these technologies change, require that we make repairs with current (not obsolete) products and technology.

For FY 2006-07, the budgeted value has been increased to \$650 thousand from \$500 thousand as has been in the past. Several years' experience has indicated that the previous level has been inadequate to address annual costs and had remained unchanged for approximately a decade. In other years, such as was experienced in FY 2004-05 with the record setting storms, the total can easily exceed \$1 million. These types of extreme conditions may be covered by insurance or by un-programmed agency funding (local or FEMA). It should be noted that neither Extraordinary Maintenance nor Agency Costs are included in the calculation of MOW expense per track mile.

SECTION 4
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY

CAPITAL BUDGET

4.0 CAPITAL BUDGET

The Capital Budget consists of two major components. These are Rehabilitation and Renovation and New Capital. These budgets amount to \$77.3 million and \$278.5 million, respectively, for a total of \$355.8 million in new and outstanding project authority. Details of the Capital Budget are described in the following sections. It should also be noted that each year additional funds continue to be sought for the Agency's capital program from Federal, State and Local authorities. If and when funds are secured, these projects will be brought to the SCRRA Board for amendment into the budget.

4.1 Rehabilitation/Renovation

The SCRRA, as part of its implementation of Government Accounting Standards Board Pronouncement 34 (GASB34), has elected to use the Modified Approach for the Metrolink Railroad Infrastructure.

Under the modified approach, infrastructure assets that are part of a network, or subsystem of a network, are not required to be depreciated as long as two requirements are met:

- 1) The government manages the eligible infrastructure assets using a qualified asset management system; and
- 2) The government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government.

The SCRRA Board adopted, during FY 2002-03, a minimum condition rating of 75 points (of a maximum of 100) as the minimum acceptable Railroad Condition Index (RCI) for the entire railroad network, including all subsystems. The actual index value for the condition of the SCRRA's infrastructure network is 88, as of June 30, 2004. For a complete description of the rating values and their meanings, please see Appendix Section 7.

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

RAILROAD REHABILITATION CYCLES

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

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

Rehabilitation and Renovation is performed when the infrastructure has worn or deteriorated to a level that does not yet impair serviceability, yet the assets are close to being consumed. In order to extract exactly 100% of the service life of assets, their replacement would be performed on the day of failure, which would require very close inspection procedures, many disruptions to train service, and very labor intensive replacements of small amounts of assets. In lieu of this approach, the railroad industry has adopted a "cycle" of rehabilitation whereby large groups of assets are replaced when they are close to failure using economically large workforces and machines to achieve low unit costs of performing the work and to minimize disruption of train service.

RENOVATION AND REHABILITATION ELEMENTS

A. Rail

Rails are subject to abrasive wear on curved track and to fatigue wear throughout their length. Rehabilitation and Renovation of rail consists of periodic grinding to restore the original contour and replacement of the rail when limits of wear or fatigue are reached.

B. Crossties

The rail is supported on crossties of either wood or concrete. Wood ties have steel tie plates beneath the rail to spread the weight of the rail. Concrete ties have elastomeric pads to separate the steel rail from the ties. Both ties have fasteners to hold the track together, either cut or screw spikes on the wood ties, and some form of proprietary spring steel clip on concrete ties. There are 3250 wood ties per mile, spaced at 19-1/2 inches, and concrete ties are spaced at 24 inches, for 2640 per mile.

1. Wood Ties

Creosote treated wood ties have a service life of between 30 and 35 years. Wood ties deteriorate by organic decay and by mechanical abrasion and crushing from the spikes and the tie plates supporting the rail. Wood ties also deteriorate faster in curves because the centrifugal force of turning trains pushes the rail and spikes. Weak ties in curves are a serious safety consideration. They are usually maintained in a cycle method where by 25-35% (800-1000 per mile) of the wood ties are replaced every seven to ten years, depending upon specific local conditions

2. Concrete Ties

Concrete crossties are more resistant to wear and decay; however they can be affected by fouled ballast. Severely fouled ballast creates an abrasive paste of rock particles, which grind away the concrete surface, which exposes the reinforcing strands and can cause the tie to break. Though concrete ties last longer than wood ties, the elastic clips and the bearing pads require changing when rail is replaced on about 10-12 year intervals. Concrete ties are expected to last at least 50 years.

C. Ballast

The crushed rock ballast that supports the track deteriorates through weathering and abrasion. The fine particles eroded from the stone, plus fine soil particles that are blown or washed into the track, or migrate upward from underlying soil, cause the ballast to retain water, which has two adverse effects. The moisture degrades the ties and softens the subgrade, leading to settlement of the whole track structure.

D. Special Trackwork

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

1. Turnouts

Turnouts (“switches”) are the special trackwork which divert trains from one track to another. They consist of a set of movable “point” rails to divert the wheels, a “frog” to cross the rails, and special braces, supports, tie plates, guard rails, gauge plates, and long timber ties to support these components. Due to the impacts of wheels being steered to diverging routes by the points and of crossing the open flangeway at the frog, these components require special attention. Even with careful maintenance they wear out in about one fourth the time of the general track structure.

2. Road Crossings

Road Crossings have precast concrete or rubber blocks set on top of the crossties to permit roadway vehicles to cross the rails. Due to the deflection of the rails under passing trains and large trucks, there is movement in the crossing structure. This motion can cause the adjoining roadway surface to become broken, or can cause the track profile to become irregular and require repair. Rehabilitation of road crossings is difficult due to the need to establish detour routes for highway traffic and to halt train traffic while the crossing is under repair. Rehabilitation includes a periodic removal of the crossing surface to raise and tamp the track (at about 6-year intervals) and a complete renewal of the crossing, track, and subgrade (at about 20-year intervals).

E. Bridges

Railroad bridges have steel, concrete, and timber elements, all of which have differing, and generally very long life cycles. The critical elements are the timber parts: the decks and stringers. Timber elements in railroad bridges typically last 50-60 years. Since the 1980s, they have generally been replaced with concrete or steel elements.

F. Signal System

Railroad signal systems generally experience wear of moving parts in equipment such as switch machines and grade crossing gate mechanisms, and have electronic and power supply components with specific lifespans. These systems also become obsolete due to changes in the Federal regulations or in the state of the art of the industry. Rehabilitation of the signal system consists of unit exchange replacement of components at some point short of their maximum life in order to avoid service disruptions or regulatory infractions. Most are returned to factories for rebuilding, and reused on a cyclical basis of maintenance.

G. Embankment

The embankment supporting the railroad erodes under the action of rain. In cut sections this deposits mud and silt near or in the track structure, causing water to be blocked from draining away from the track. This results in saturation of the track bed, deterioration of the ties (both wood and concrete ties are adversely affected by muddy track), and settlement of the track into a rough profile.

CONSEQUENCES OF DEFERRED REHABILITATION

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

Absent a Rehabilitation and Renovation program, the safety of train operations is assured by the actions of the inspectors who perform ordinary maintenance. If they recognize deterioration beyond safe limits they have the authority (codified in Federal Regulations) to halt train operations or to reduce the speed of trains in some circumstances.

The track structure has considerable amount of redundancy, and weakness in specific elements can be carried by the stronger elements. Thus a few decayed or split wood ties, if scattered throughout the length of the track, do not cause any of these problems. If there are many weak ties at one location, then the track as a whole is weak and the above consequences become inevitable.

The proposed Rehabilitation/Renovation Expenditures have been selected to meet projected funding available and are chosen from a larger field that SCRRA staff believes can be deferred until future years, but will have to be addressed eventually. Rehabilitation/Renovation projects of \$ 77.3 million are summarized in Table 4.1. However, a number of the projects will not be completed in FY 2005-06 as outlined below. They amount to \$44.9 million. The new projects seeking initial authority in FY 2006-07 amount to \$32.4 million and are also discussed below.

Ongoing Rehabilitation/Renovation Projects

The following projects are ongoing projects authorized in FY 2005-06 or earlier and are not estimated to be completed prior to June 30, 2006. 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
FY2006-07 BUDGET

REHABILITATION/RENOVATION PROJECTS: ONGOING PROJECTS

No	Line	Project(s)	Total Budget	Remaining Budget	Member Provided Funds (1)								SCRRA Direct Funds					
					LACMTA	LACMTA Reprymnt	OCTA	RCTC	RCTC Reprymnt	SANBAG	SANBAG Reprymnt	VCTC	UPRR	Lease	State	Federal		
1a	Ventura Co (Ven)	Track Program	685.2	558.8	-	-	-	-	-	-	-	-	-	558.8	-	-	-	-
1b	Ventura Co (Ven)	Bridge Program	1,268.8	258.9	-	-	-	-	-	-	-	-	-	258.9	-	-	-	-
1c	Ventura Co (Ven)	Signal Program	139.3	69.3	-	-	-	-	-	-	-	-	-	69.3	-	-	-	-
2a	Ventura Co (LA)	Track Program	1,622.0	320.0	320.0	-	-	-	-	-	-	-	-	-	-	-	-	-
2b	Ventura Co (LA)	Signal Program	780.1	513.8	513.8	-	-	-	-	-	-	-	-	-	-	-	-	-
2c	Ventura Co	Tunnel 26	9,500.0	7,958.3	-	-	-	-	-	-	-	-	-	-	-	-	-	7,958.3
3a	Valley	Track Program	5,985.5	4,166.1	4,166.1	-	-	-	-	-	-	-	-	-	-	-	-	-
3b	Valley	Bridge Program	79.3	14.2	14.2	-	-	-	-	-	-	-	-	-	-	-	-	-
3c	Valley	Signal Program	1,602.8	1,100.9	1,100.9	-	-	-	-	-	-	-	-	-	-	-	-	-
3d	Valley	Lancaster Layover Facility	351.6	74.0	74.0	-	-	-	-	-	-	-	-	-	-	-	-	-
4a	San Gabriel	Track Program	10,750.4	2,769.5	1,458.9	-	-	-	-	-	-	-	-	1,310.5	-	-	-	-
4b	San Gabriel	Signal Program	2,037.2	1,038.7	623.2	-	-	-	-	-	-	-	-	415.5	-	-	-	-
4c	San Gabriel	San Bern Co Station Rehab	927.7	927.7	-	-	-	-	-	-	-	-	-	927.7	-	-	-	-
4d	Pasadena	Signal Program	229.8	129.4	129.4	-	-	-	-	-	-	-	-	-	-	-	-	-
4e	Rialto	Signal Program	183.8	64.9	64.9	-	-	-	-	-	-	-	-	64.9	-	-	-	-
4f	Riverside	East Ontario Platform	1,382.5	1,280.8	-	-	-	-	-	-	-	-	-	1,280.8	-	-	-	-
5a	Olive	Track Program	2,231.5	871.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5b	Olive	Bridge Program	537.0	509.5	-	-	-	-	-	-	-	-	-	219.3	-	-	-	-
5c	Olive	Signal Program	288.5	158.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6a	Orange Co	Track Program	1,303.1	1,064.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6b	Orange Co	Bridge Program	5,397.6	1,543.8	-	-	-	-	-	-	-	-	-	1,064.0	-	-	-	-
6c	Orange Co	Signal Program	3,173.1	2,087.9	-	-	-	-	-	-	-	-	-	1,543.8	-	-	-	-
6d	Orange Co	Drainage Study/Mitigation	884.8	212.7	-	-	-	-	-	-	-	-	-	2,087.9	-	-	-	-
7a	River	Track Program	1,617.6	1,206.0	446.5	-	-	-	-	-	-	-	-	104.4	185.8	135.2	67.5	266.6
7b	River	Signal Program	98.2	71.1	33.8	-	-	-	-	-	-	-	-	14.1	7.9	10.2	5.1	-
8a	System	Rail Grinding Program	1,302.1	146.4	69.6	-	-	-	-	-	-	-	-	17.4	16.3	21.1	11.6	-
8b	System	Bridge Program	385.2	45.2	21.5	-	-	-	-	-	-	-	-	5.0	5.0	6.5	8.9	-
8c	System	Signal Program	6,027.7	4,324.0	2,055.3	-	-	-	-	-	-	-	-	279.9	480.4	622.1	575.4	310.9
8d	System	Passenger Signage Changes	105.0	44.6	21.2	-	-	-	-	-	-	-	-	3.9	5.0	6.4	2.2	-
8e	System	GIS Mapping	1,043.2	854.2	435.8	-	-	-	-	-	-	-	-	11.1	6.2	303.8	93.1	4.0
8f	System	On Rail Equipment	2,625.0	1,304.2	619.9	-	-	-	-	-	-	-	-	179.4	144.9	187.6	93.8	-
8g	System	Vehicles	500.0	500.0	237.6	-	-	-	-	-	-	-	-	55.5	78.6	71.9	35.9	-
8h	System	Rolling Stock Rehab/Renovation	8,725.0	5,421.4	2,575.2	-	-	-	-	-	-	-	-	1,073.4	801.8	780.7	390.3	-
8i	System	2004 Homeland Security Projects	620.0	90.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8j	System	2005 Homeland Security Projects	120.0	120.0	-	-	-	-	-	-	-	-	-	318.8	154.3	203.6	-	-
8k	System	Electronic Passenger Information System (EPIS) (2)	2,964.0	2,917.2	721.6	-	-	-	-	-	-	-	-	13.9	24.7	18.0	-	-
8l	System	Repair Vandalized TVMs	125.0	125.0	59.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Ongoing Rehab/Renov			77,399.5	44,863.6	15,698.1	101.7	8,126.9	1,595.4	812.3	6,155.9	588.3	1,953.1	266.6	7,958.3	1,597.2			

(1) LACMTA funds are 100% Local; OCTA, SANBAG, and RCTC Repayment funds are 20% Local, 80% Federal; RCTC, VCTC, and SANBAG Repayment funds are 100% Federal.
(2) EPIS Member funds are 100% local.

1. VENTURA LINE IMPROVEMENTS PROGRAM **\$ 886,593**

The programs on this portion of line segment are funded by VCTC, unless otherwise noted.

a. Track Program \$ 558,773

The delivery of procured rail was delayed due to the availability of rail train equipment. The rail train equipment is primarily owned by the Major Railroads and used by the rail brokers when available. This year, the equipment owners (UPRR & BNSF) have extended programs. Therefore, the rail for our programs will not be delivered until June 2006 or later. The rail projects to replace approximately 2,640 lineal feet of main track rail on curve #216 and 1,999 lineal feet of main track are delayed.

b. Bridge Program \$ 258,922

This bridge program is for the rehabilitation and structural improvements of the bridge at MP 429.26 to extend its service life. The bridge program, along with drainage and stabilization programs should be completed in the first half of the next fiscal year.

c. Signal Program \$ 69,258

This program will replace signal ladders installed by previous owners to SCRRA standard. The required ladders are being procured and will be installed in the first half of the new fiscal year.

2. VENTURA LINE IMPROVEMENTS PROGRAM **\$ 8,792,010**

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

a. Track Program \$ 319,960

The special track work units (Frog & Guard Rail) on the turnouts at MP 446.8 and MP 453.1 should be completed in the first quarter of the fiscal year.

b. Signal Program \$ 513,800

This program is for the continuing installation of event/analyzer monitoring equipment at each "at grade" crossing. This will be done at eighteen (18) locations.

c. Tunnel 26 Phase 3 Program \$ 7,958,250

The last Phase of the tunnel improvement will produce additional structural integrity with grouting and place additional rock bolting.

3. ANTELOPE VALLEY IMPROVEMENTS PROGRAMS **\$ 5,355,290**

The programs on this line segment are funded by LACMTA.

a. Track Program \$ 4,166,130

The programs for rail replacement and reposition have been delayed by the late delivery of the rail (June 2006). The programs are:

- The replacement and reposition of 18,083 lineal feet of main track rail on eleven curves.
- The replacement of 22,176 lineal feet of passing track rail with secondhand rail at Lang and Sylmar.
- The replacement of rail and fastenings on 14,995 lineal feet of main track rail in Tunnel No.25.

b. Bridge Program

\$ 14,222

The bridge programs to Gunitite the tunnel entrances to the portals on tunnel No.18 and No.19 have been completed. The finish work will be completed in the first quarter of the new fiscal year.

c. Signal Program

\$ 1,100,890

There are two main programs in this carry-forward item.

- The first program is for the continuing installation of event/analyzer monitoring equipment at each "at grade" crossing. This contractor started work this spring.
- The second program is the upgrade the signal controls at CP Sagus to Digital Logic Controls (HVLC). We are now receiving the materials and the new digital Signal designs are completed.

d. Lancaster Bio-Waist Dumping System

\$ 74,048

The design for the installation of a system to dump bio-waist from Passenger equipment at Lancaster is completed. These funds along with the augmentation funds in the FY2006-07 new item 3d above will be used for the systems installation.

4. SAN GABRIEL LINE IMPROVEMENTS PROGRAMS

\$ 6,211,025

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

a. Track Program

\$ 2,769,479

The Track carry-forward programs are:

- The replacement of about 5,000 wood ties on the main line between MP 39.4 and MP 44.5 (5.1 miles). The Job Order Contractor will begin this program in July 2006 and should finish in August 2006.
- The turnout program will rehabilitate the Turnout at MP 47.65 at CP Beach. The material has been received and will be installed in July 2006.
- The program was for the installation of concrete ties and the replacement/upgrade of the Signal line. The concrete ties are replaced, but the Signal line upgrade is not. We plan to complete this in the first half of FY2006-07.
- The program to replace rail and ties between MP 45.7 and MP 47.10 is delayed due to the late delivery of rail (see Item 1a.).
- The road enhancement funds (funded by and to be applied in San Bernardino County) are for used as Agency participation with City funding for crossing safety enhancements.

b. Signal Program **\$ 1,038,715**

The Signal carry-forward programs are

- This program is for the continuing installation of event/analyzer monitoring equipment at each “at grade” crossing. The Contractor started the second phase of the installations the first part of this year and will perform the work over the next 20 months.
- The next program is the initial phase of a three-year program to renovate old batteries. The Material procurement is in process and installation will occur during the FY06-07 fiscal year.

c. Station Rehabilitation – San Bernardino County **\$ 927,733**

This project, 100% SANBAG funding, is to provide for routine rehabilitation of the four original stations in San Bernardino County, Upland, Rialto, San Bernardino, and Fontana. Various work elements including parking lot asphalt resealing, sidewalk rehabilitation and other station specific rehabilitation as identified and required.

d. Signal Program on the Pasadena Subdivision **\$ 129,378**

The Pasadena Subdivision is 100% LACMTA funded. This is Phase Three of a multi-year program to remove the remaining pole line on the Pasadena Subdivision before it becomes a liability due to failing in windstorms or other situations. The replacement Signal engineering is completed and work will be done in FY06-07.

e. Signal Program on the Rialto Subdivision **\$ 64,915**

The Rialto Subdivision is 100% SANBAG funded. This is a continuing program to remove the remaining pole line on the Rialto Subdivision before it becomes a liability due to failing in windstorms or other situations. We are currently progressing with this program and should complete it in the first part of the next fiscal year.

f. East Ontario Platform **\$ 1,280,805**

The SANBAG funded FY 2003-2004 program will extend the East Ontario Station platform to serve Metrolink trains with more than five (5) car sets. We are finalizing arrangements with UPRR as to their requirements and finishing the designs.

5. OLIVE LINE SEGMENT IMPROVEMENTS PROGRAMS **\$ 1,540,029**

All funding within the line segment is by OCTA.

a. Track Program **\$ 871,769**

The turnout program will rehabilitate the turnouts at MP 3.4, MP 4.65 and MP 5.1. The turnout work is now started and should be completed in the first half of FY2006-07. The replacement of 2,800 ties was delayed due to late shipment of the hardwood ties. The replacement program should also be completed in the first half of FY2006-07.

b. Bridge Program **\$ 509,545**

The contract for the replacement of Bridge 3.7 near Meats Ave. is being awarded. The work should be completed over the subsequent six months after the NTP is given.

c. Signal Program \$ 158,716

The program for the continuing installation of event/analyzer monitoring equipment has started in the first quarter of 2006. The Olive locations are being scheduled for FY2006-07 completion. The program is to relocate the close clearance Crossing gates for PUC compliance should be completed in the first half of FY2006-07.

6. ORANGE LINE SEG. IMPROVEMENTS PROGRAMS **\$ 4,908,267**

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

a. Track Program \$ 1,063,986

The turnout program for replacement of two (2) Turnouts at MP 197.3 & MP 197.8 are scheduled early FY2006-07. The renewal of the Road Crossing surface at Beach Road is schedule for the first quarter of FY2006-07. The rail and tie replacement of the San Juan Capistrano siding will be done sometime late FY2006-07.

b. Bridge Program \$ 1,543,761

The first two programs for the replacement of the ballast deck bridge at MP 188.5 (Aliso Creek) and the replacement structure for bridge at MP 195.8 (Trabuco Creek) have been delayed by third party issues. The work is schedule of completion in December of 2006. The carryover fund combined with the augmentation funds (Item 6b.) requested in FY2006-07 for the program to install 300 ft. of embankment protection at Alicia Parkway (MP 189.30) will be done in late FY2006-07.

c. Signal Program \$ 2,087,855

The program for the installation of crossing event/analyzer monitoring equipment started in the 1st quarter of 2006. The Orange Line's work is scheduled for the first half of FY2006-07. The remaining programs for Battery renewal, Corrosion mitigation, LED upgrades, Erosion repairs and Security enhancements will be preformed in FY2006-07.

d. Drainage Study / Mitigation Program \$ 212,665

The mitigation for the drainage problems in the Santa Ana station area (MP 175.4) is in progress. This project should be done in the 1st quarter of FY2006-07.

7. RIVER LINE SEGMENT IMPROVEMENTS PROGRAMS **\$ 1,277,116**

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

a. Track Program \$ 1,205,991

The rail replacement on six (6) curves is delayed by the late delivery of 8,910 linear ft. of rail (see item 1a.).

b Signal Program \$ 71,126
 The program for the installation of crossing event/analyzer monitoring equipment started in the 1st quarter of 2006. The work is scheduled fir the first half of FY2006-07.

8. SYSTEM IMPROVEMENTS PROGRAMS **\$ 15,892,999**
 System programs are funded by all Member Agencies using the revised All-Share formula, unless otherwise noted.

a. Rail Grinding Program \$ 146,385
 These funds will be combined with FY2006-07 funds (Item 8a.) to continue surveying and grinding of the rail to restore the original profile and remove surface defects. The analysis of the rail surveys allows us to better evaluate the need for rail replacement.

b. Bridge Program \$ 45,229
 The first phase funds, augmented by the FY2006-07 (Item 8b.) funds will allow us to continue the multi-year program to have the steel bridge load ratings evaluated on the System. The freight traffic axle loading that operates on the Metrolink varies from medium to high. To operate these loads in a safe manner, we must have accurate data on the bridge structures capability.

c. Signal Program \$ 4,324,011
 The continuing program for the procurement of major components and installation fiber CTC Control Equipment at the MOC is progressing. The final study report will be presented in April 2006. The report will give us direction on how to enhance the CTC control systems and Dispatcher communication. This project will replace the antiquated non-operational and non-expandable fiber control equipment with state of the art expandable fiber 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.

d. Passenger Signage Program \$ 44,564
 These projects, combined with FY2006-07 (Item 8e.) funds will replace outdated platform signage at stations throughout the system. Work is scheduled for completion by the middle of the fiscal year.

e. GIS Mapping Program \$ 854,220
 The GIS mapping will include aerial photography, digitized base mapping and surveying services for the SCRRA member agencies owned River, Valley, Ventura, Orange, Olive, San Gabriel, Redlands subdivision right-of-ways and SCRRA operated and freight railroad owned right-of-ways. The overall project will be carried out in several different phases. Phase I and Phase II will include aerial photography. Phase I will cover San Gabriel and River Subdivisions. Phase II will cover Orange and Olive Subdivisions. \$457,600 is available for Phase I and \$304,000 for Phase II.

f. On-Rail Equipment Program \$ 1,304,164
 This fund combined with FY2006-07 fund (Item 8h.) augments the procurement of On-

Rail and Structure maintenance repair equipment with the procurement of:

Delivered

- 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)

Not Delivered – On Order.

- One Hi-Tracker- Trencher.
- One Hi-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)

These non-delivered items should be procured in the first half of the fiscal year.

g. Vehicles

\$ 499,956

These funds represent a carryforward of the fourth year of a multi year vehicle replacement cycle during which the most critical needs will be addressed immediately, and the balance of 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.

h. Rolling Stock Rehab/Renovation

\$ 5,421,375

This item is composed of rehabilitation and renovation programs on SCRRA rolling stock, partially funded by interest on proceeds from the U.S. Leveraged Lease Transaction on SCRRA rolling stock and member agency funds. The remaining funding is split among the member agencies using the revised All-Share formula.

i. 2004 Homeland Security Projects

\$ 90,903

This is the remaining Rehabilitation/Renovation portion of a \$1.9 million grant from the Office of Homeland Security. Projects funded here include intrusion alarms in signal houses, a relock signal system with enhanced padlocks, and installation of barrier devices at the Central Maintenance Facility.

j. 2004 Homeland Security Projects

\$ 120,000

This is the Rehabilitation/Renovation portion of a \$2.5 million grant from the Office of Homeland Security. Projects funded here include additional locks for signal and communications enclosures and switching equipment.

k. Electronic Passenger Information System (EPIS)

\$ 2,917,192

The Public Address / Changeable Message Sign (PA/CMS) system provides on-time train status information to Metrolink riders waiting for trains at stations. The current system dates to the start up of Metrolink; it is obsolete and in need of replacement. The EPIS replaces the current audio and video equipment at stations with new equipment that utilizes current technology. This item also provides for development and implementation of a centralized integrated information server. The information server will accept train location inputs from a number of sources including the current agency owned GeoFocus

system and staff inputs. The server will distribute outputs to the above mentioned new audio and video equipment.

I. Repair Vandalized TVMs

\$ 125,000

During May, 2005, thieves broke into a series of Ticket Vending Machines (TVMs) by using a hydraulic jack to "pop" open the door from the main TVM case. These robberies resulted in damage to six TVMs that was so extensive, the body and front door of those units had to be scrapped. This loss represented the entire spare fleet of TVMs available to the agency. Once Amtrak station TVMs and the Buena Park station are installed, there will be no spare TVMs available. Using this funding, SCRRA and ACS are working to find potential solutions for this situation that may include the purchase of used cases and retrofit to B8070 models or if no cases are available, the purchase of new TVMs to be used as spares.

NEW PROJECTS FOR REHABILITATION/RENOVATION IN FY 2006-07

The following new projects are proposed for Rehabilitation/Renovation in FY 2006-07

1. VENTURA LINE IMPROVEMENTS PROGRAM

\$ 4,791,627

The programs on this portion of line segment are funded by VCTC, unless otherwise noted.

a. Track Programs

\$ 4,265,885

The first program, State funded, is for the replacement of 33,000 lineal feet of main track rail. This program will replace head worn rail (132lbs. / 136lbs.) beginning near Moorpark (Mile Post 427.45). The second program covers the renewal of the First St. crossing surface located at Mile Post (MP) 433.30.

b. Bridge Programs

\$ 87,740

The bridge item will fund the design of a two span bridge (MP 431.09) that will be renewed in a subsequent fiscal year.

c. Signal Programs

\$ 438,002

The first program will replace underground cables that are close to failing FRA required tolerances at one location. The second program will replace the signal enclosure at CP Davis due to deterioration of the enclosures floor. Also, this project will replace signal cables that are close to failing FRA required tolerances. The third program is part of a system-wide program to install event/analyzer monitoring equipment at highway-rail grade crossings and other signal locations.

2. VENTURA LINE IMPROVEMENTS PROGRAM

\$ 1,206,338

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

a. Track Programs

\$ 197,950

The track program will consist of replacing the Frog & Guard Rail on the turnouts located at MP 447.1, MP 447.65, MP 449.4 and MP 450.0.

b. Bridge Programs

\$ 84,530

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

c. Signal Programs

\$ 923,858

The first program will replace underground cables that are close to failing FRA required tolerances at three locations. The second program will replace the signal enclosure at CP Raymer due to deterioration of the enclosures floor. Additionally, this project will upgrade CP Raymer to Digital Logic Controls. The third program is part of a system-wide program to install event/analyzer monitoring equipment at highway-rail grade crossings and other signal locations.

3. ANTELOPE VALLEY IMPROVEMENTS PROGRAMS

\$ 5,191,003

The programs on this line segment are funded by LACMTA.

a. Track Programs

\$ 4,008,722

The first program will replace and reposition 6,209 lineal feet of main track rail on four curves. The second program will replace 17,183 wood ties at Lang, Portal and between Burbank & Glendale.

b. Bridge Programs

\$ 260,010

The first and second bridge programs will fund the design of a two span bridge at MP 24.57 and MP 24.70 that will be renewed in a subsequent fiscal year. The third program will renew drainage at various locations on the Antelope line segment.

c. Signal Programs

\$ 536,271

The first program will replace underground cables that are close to failing FRA required tolerances at three locations. The second program will replace the age worn and difficult to maintain 7.8 high/wide load detector support structure and rehabilitate the mounting brackets to reduce or eliminate delays to Metrolink trains and provide a safe and efficient method of maintenance. This project will also augment the cost to rehabilitate the 2nd half of the slide fence detector at MP 47.3. The third program is part of a system-wide program to install event/analyzer monitoring equipment at highway-rail grade crossings and other signal location.

d. Lancaster Layover Enhancements

\$ 386,000

This fund will augment previous funding for the enhancement of the Layover facility. The enhancements will include a system to add water and dump bio-waist from Passenger equipment. Also, we will install supplemental air and power connection to train sets. This will allow for the shutdown of locomotives while maintaining equipment.

4. SAN GABRIEL LINE IMPROVEMENTS PROGRAMS

\$4,747,468

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

a. Track Programs

\$ 519,208

The first program will renew 5,196 lineal feet of rail in four (4) Main track curves. The first curve is between CP Marengo and Cal State. The other three (3) curves are near CP Hondo.

b. Bridge Programs

\$ 887,030

The first program will renew drainage at various locations on the San Gabriel line segment. The second program is for the design of replacement structure at bridge 34.6. The third program will replace the Ballast Deck T-Rail (BDTR) bridges at MP 40.8 and 40.9 with a concrete box.

c. Signal Programs on the San Gabriel Subdivision

\$ 2,451,811

The Signal programs on the San Gabriel Subdivision are:

1. The continuation of a three-year program to renovate old batteries. Batteries are a component of a power backup system designed to keep vital systems operational during power outage periods.
2. The continuing installation of event/analyzer monitoring equipment at highway-rail grade crossings and other signal locations.
3. The replacement of old technology track circuits between CP IRWIN and CP BASSETT. This is a continuation of a multi-year program to upgrade track circuits with new Electro Code coded track circuit type technology. This will reduce maintenance and improve reliability.
4. This is a program to convert low voltage power switch machines to high voltage machines. High voltage switch machines decrease switch throw time dramatically. The throw time reduction will result in fewer train delays.
5. The third Phase of an ongoing program to renovate switch headblock ties and rods that have been in service more than 10 years. Defective switch parts are a potential cause of train delays.
6. The second phase of a tree-year program to replace existing railroad crossing warning lights with LED technology lights at 20 locations on the San Gabriel Subdivision. The LEDs offer greater visibility and require less power to operate.
7. This is an ongoing program to install perimeter fencing for security purposes at signal locations that are heavily vandalized.
8. The second phase of a multi-year program to prevent and or repair erosion conditions around instrument houses and signals by installing concrete retaining blocks and placing 3/4" rock to protect against erosion. This program will also insure that the walkways around the equipment areas comply with SCRRA standard.
9. The program will replace signal ladders installed by previous owners with new CAL OSHA compliant ladder assemblies which will dramatically increase user safety.
10. The program will upgrade obsolete wayside Dragging Equipment Detectors. The wayside detectors provide information of dragging equipment to train's crews as the train progress through detector sites. The detector, if dragging equipment is detected, will notify the Crew to stop the Train and inspect it for problems.

11. This is the initial phase of a five year program to install wayside signal (Signals used for Train movements) LEDs at MP 4.1, MP 8.1 & MP 11.1. The LEDs offer greater visibility and require less power to operate.

d. Signal Program on the Pasadena Subdivision \$ 337,780
 The Pasadena Subdivision is 100% LACMTA funded. The first program is a continuing multi-year program to remove the old pole line on the Pasadena Subdivision before it becomes a liability due to failing in windstorms or other situations. The second program is the initial phase of a multi-year program to renovate old batteries. The batteries are a component to keep vital systems operational during power outage periods.

e. Additional Right of Way Protection in San Bernardino County only \$ 551,640
 The right of way protection cost is funded by San Bernardino County. Install additional Right of Way protection at location to be identified by the agency and SANBAG.

6. ORANGE LINE SEG. IMPROVEMENTS PROGRAMS \$ 5,033,917
 All funding within the line segment's operating right of way is funded 100% by OCTA.

a. Track Program \$ 1,505,267
 The first program will replace 4,224 liner ft. of rail on curve between MP 199.90 and MP200.30. The second program will transpose 6,336 liner ft. of rail between MP 175.80 and MP 176.10. Transposing rail is the repositioning of the outside rail to the inside rail position and the inside rail to the outside position. This results in the rail to wheel contact taking place on the other side of the rail head. Therefore, the full potential of the rail service life is attained. The third program is the replacement of three (3) number 20 turnouts. Two are located at CP ALISO (MP 178.9) and one is at CP SERRA (MP 199.9).

b. Bridge Programs \$ 849,980
 The first program will renew drainage at various locations on the Orange line segment. The second program will augment the Alicia Parkway embankment gunite cost. This FY04-05 project was halted when material and construction cost rapidly increased. The third program will replace the timber box bridge at MP 199.07 with a concrete box.

c. Signal Programs \$ 2,978,670

The Signal programs on the Orange Subdivision are:

1. This item is the second phase of a multi-year program to renovate old batteries. Batteries are a component of a power backup system designed to keep vital systems operational during power outage periods.
2. The program will renew existing signal cabling at two (2) locations. The existing signal cabling has been in operation in excess of 10 years. The signal cables are beginning to show need for replacement. Unreliable signal cables will cause train delays.
3. This is a program to convert low voltage power switch machines to high voltage machines. High voltage switch machines decrease switch throw time dramatically. The throw time reduction will result in fewer train delays.

4. The program is a continuation of highway-rail grade crossing gate relocations to meet CPUC compliance. This is Phase two of a five year program.
5. The third Phase of an ongoing program to renovate switch headblock ties and rods that have been in service more than 10 years. Defective switch parts are a potential cause of train delays.
6. This is an ongoing program to install perimeter fencing for security purposes at signal locations that are heavily vandalized.
7. The project for the relocation of the existing 4th Street Signal house onto SCRRA property. The existing signal house is being damaged by adjacent property owner's irrigation system.
8. The program will replace signal ladders installed by previous owners with new CAL OSHA compliant ladder assemblies which will dramatically increase user safety.
9. Continuation of a multi-year program to prevent and or repair erosion conditions around instrument houses and signals by installing concrete retaining blocks and placing 3/4" rock to protect against erosion.
10. This program is a continuation of a program to replace deteriorated signal equipment due to high oxidation between MP 198.8 and MP 206.0

7. RIVER LINE SEGMENT IMPROVEMENTS PROGRAMS \$ 724,850

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

a. Bridge Programs \$ 226,840

The first program is for the design and study of bridge improvements on the connector bridge over the L.A. River (MP 0.81). The second program is for drainage improvements on the East Bank at various locations.

b. Signal Program \$ 498,010

The first program will convert low voltage power switch machines at CP Chavez & CP San Diego Jct. to high voltage machines. High voltage switch machines decrease switch throw time dramatically. The throw time reduction will result in fewer train delays. The second program is for the install of conduits at Union Station to connect the signal and communications systems to the platforms in SCRRA managed conduits.

8. SYSTEM IMPROVEMENTS PROGRAMS \$ 10,428,718

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

a. Rail Grinding Program \$ 550,000

These funds will be combined with FY 05-06 funds to continue surveying and grinding of the rail to restore the original profile and remove surface defects.

b. Bridge Program \$ 270,710

This is the second phase of a multi-year program to have the steel bridge load ratings evaluated on the System. The freight traffic axle loading that operates on the Metrolink

varies from medium to high. To operate these loads in a safe manner, we must have accurate data on the bridge structures capability. We received some of this data at the time of the purchases. However, we did not receive all of them. There are forty (40) structures identified at this time that need further evaluation with an estimated cost & \$1,082,000. The second phase will continue addressing the most critical structure's data.

c. Signal Programs

\$ 568,168

The Signal programs are:

1. Upgrade UPS System at the Metrolink Operation Center (MOC) - The current system is in need of new battery cells to continue operating as designed. In the event of a commercial power outage and during the transition period between power restoration, all mission critical circuits will be momentarily lost; with an ultimate net result of train delays due to system interruption.
2. Upgrade MOC Signal Desk - This item is to modify the MOC Signal Desk in order to accommodate additional equipment that will be used to monitor signal and communication Systems.
3. Rehabilitate System Station Communication Shelters - Many of the shelters are 10 years old and in need of rehabilitation of various components (doors, seals, UPS, etc).
4. Secure and Protect Communication Shelters - This project will purchase and install high security equipment and locks for various communications shelters located at heavily vandalized areas.
5. This is a continuing program to replace the signage's worn and faded sun Shields and Lens at various stations.

d. Shift Control of the San Bernardino Interlocker from the BNSF to Metrolink \$ 550,000

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

e. Station Signage

\$ 55,000

This program will replace damaged, deteriorated signs at Stations throughout the system.

f. Union Station Arrival/ Departure Information System Rehabilitation \$ 175,000

This program will replace the operating system of the existing thirteen-year-old Arrival/Departure Information System. Outdated computer hardware and software will be replaced with new, state-of-the-art components to ensure continuous operation of the system. Cabling will be upgraded as required to incorporate new parts. New display boards will be funded and installed separately under the EPIS project.

g. Union Station Canopy and Handrail Rehabilitation

\$ 235,000

This Union Station program rehabilitation work is for repair of canopy leaks, remediation of flaking canopy paint, and repainting of platform handrails.

h. Augment on Rail and Non-Highway Equipment

\$ 626,840

The program will augment FY 05-06 purchases of On-Rail maintenance equipment. Also, the procurement of a Hi-Rail Water Truck and Prentice Loader Truck.

i. Vehicles

\$ 500,000

This program is the fifth year of a multi year vehicle replacement cycle during which the most critical needs will be addressed immediately, and the balance of 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.

j. Rolling Stock Rehab/Renovation

\$ 5,100,000

This item is composed of rehabilitation and renovation programs on SCRRA rolling stock, partially funded by interest on proceeds from the U.S. Leveraged Lease Transaction on SCRRA rolling stock and member agency funds. The remaining funding is split among the member agencies using the revised All-Share formula.

k. Pay 1/2 of lease for 4 Cars (2-Cabs & 2-Coaches) to support Rehab Program

\$ 150,000

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

l. TVM Upgrade for Bank Note Acceptor and Harden Doors

\$ 1,648,000

These funds will be used to upgrade TVM bill note acceptors (BNAs), install hardware to harden TVM doors against break ins, program TVM fare tables and train schedule software, and provide rain guards for all bill note acceptors to reduced casual water being "dragged" into BNAs while cash is inserted into TVMs during rain storms.

4.2 New Capital

New Capital projects are those capital projects that expand the system such as sidings, double track, upgrade of the signal system, and new rolling stock. Further, the Board approves the total funding and scope of the projects in the year in which they are approved. The figures listed below represent the estimated outstanding or newly authorized project balances as of June 30, 2006. For the FY 2006-07 Budget, as shown in Table 4.2, the agency's New Capital program of new projects and outstanding project balances amount to \$278.5 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 2006-07 budget.

TABLE 4.2

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FY2006-07 BUDGET**

NEW CAPITAL PROJECTS (\$000's)

No	Project	Total Budget	Remaining Budget	Member Provided Funds (1)						SCRRA Direct Funds		
				LACMTA	OCTA	RCTC	SANBAG	VCTC	Federal	State	Other	
1	Antelope Grade Crossing Safety Program	925.3	349.3	214.5	26.3	12.0	20.7	-	-	-	-	65.7
2	Eastern Area Maintenance Facility	29,469.3	28,221.8	6,638.5	8,287.0	1,905.3	11,391.0	-	-	-	-	-
3	5th Lead into LAUS	7,466.0	6,384.5	-	-	-	-	-	-	-	-	-
4	Antelope Valley Line Changes @ Santa Clarita	500.0	390.4	390.4	-	-	-	-	-	-	6,384.5	-
5	Pomona Station Improvements	4,287.8	3,824.5	1,755.8	-	-	-	-	-	-	-	-
6	2004 Homeland Security Projects	650.0	156.7	-	-	-	-	-	-	2,068.6	-	-
7	2005 Homeland Security Projects	2,099.5	2,099.5	-	-	-	-	-	-	156.7	-	-
8	Keller Street (2)	5,000.0	4,916.3	-	-	-	-	-	-	2,099.5	-	-
9	Mail Dock At LAUS (2)	3,000.0	2,885.0	-	4,916.3	-	-	-	-	-	-	-
10	Lincoln Ave Double Track	26,471.5	19,870.3	-	2,885.0	-	-	-	-	-	-	-
11	U/G Ticket Vending Machines	12,100.0	1,379.0	-	19,870.3	-	-	-	-	-	-	-
12	Purchase/Rebuild Used Locos	34,600.0	32,619.9	12,019.9	20,600.0	-	-	-	-	1,379.0	-	-
13	Rolling Stock Procurement	220,486.6	174,561.6	16,300.0	120,182.9	27,715.6	10,363.0	-	-	-	-	-
14	Repower Locomotives - Tier II	282.0	282.0	-	-	-	-	-	-	-	-	-
15	5 New TVMs	500.0	99.2	-	-	19.8	79.4	-	-	-	282.0	-
16	40 Validators	544.5	189.5	64.8	26.9	15.1	19.6	-	-	-	-	-
	Total Project Authority	348,382.4	278,229.4	37,383.9	176,794.8	29,667.9	21,873.7	19.9	5,703.8	6,666.5	119.0	
17	Annual Contribution - Reserves for Rolling Stock	315.6	315.6	-	-	-	315.6	-	-	-	-	-
	Total New Capital Budget	348,698.0	278,545.0	37,383.9	176,794.8	29,667.9	22,189.3	19.9	5,703.8	6,666.5	119.0	

(1) Member Provided Funds are a mix of Local, State, and Federal Funds.

(2) OCTA is funding the Keller Street and Mail Dock projects 100% with the understanding that other Members' shares will be funded through other Capital projects over 5 years. \$5 million does not include unappraised ROW.

1. GRADE CROSSING SAFETY PROGRAM

\$ 349,295

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.

2. EASTERN AREA MAINTENANCE FACILITY (EAMF)

\$ 28,221,768

This project consists of the completion of design and engineering, as well as the construction of an additional facility to provide maintenance of SCRRA equipment. Located in the Inland Empire region, it will provide significant additional capacity as well as relieve current capacity constraints at the agency's Central Maintenance Facility (CMF). Start of construction is estimated late FY2006-07/early FY2007-08.

3. 5TH LEAD TRACK AT L.A. UNION STATION (LAUS)

\$ 6,384,452

The design phase of the project is completed and consists of concept designs, real property research and documentation, utility documentation, track and signal system design, and cost estimating for the fifth lead track. Construction is anticipated to be completed in early FY2006-07 and will involve adding track and its configuration and extensive signal installation and programming in the vicinity of LAUS.

4. ANTELOPE VALLEY LINE CHANGES AT SANTA CLARITA

\$ 390,365

The line changes at Santa Clarita consist of constructing a replacement track embankment and either constructing replacement track or shifting the existing track in order to broaden the radius of curvature, thereby permitting higher speeds of operation. At Santa Clarita, mileposts 34.3 to 34.7, there are two 10-degree curves, which will be reduced to less than 6 degrees, resulting in a speed increase from 30 MPH to at least 50 MPH. In addition to the increase in operating speed, this curve reduction reduces maintenance expenses due to rail wear, fuel, and braking.

5. POMONA STATION IMPROVEMENTS

\$ 3,824,483

This project consists of construction improvements to Pomona station, including widening the existing platform and extending it eastward. There will also be additional parking created.

6. 2004 HOMELAND SECURITY NEW CAPITAL PROJECTS

\$ 156,675

This is the remaining New Capital portion of a \$1.9 million grant from the Office of Homeland Security. Projects funded here include wireless communications for deputies/LETs, wireless video surveillance system, motion detectors at critical infrastructures, cameras at Union Station, and fencing at outlying lay-over facilities.

7. 2005 HOMELAND SECURITY NEW CAPITAL PROJECTS

\$ 2,099,500

This is the New Capital portion of a \$2.5 million grant from the Office of Homeland Security. Projects funded here include cameras at Union Station, right of way gates, fencing at outlying lay-over facilities, GIS hardware/software, and blast wall installation.

8. KELLER STREET STORAGE FACILITY **\$ 4,916,326**

This project includes design and construction of the Keller Street Storage Facility needed for Metrolink rolling stock. The property is owned by LACMTA and an independent appraisal has determined the value of the property. OCTA will advance the \$5 million needed for design and construction of this project. In return, the other SCRRA members have agreed to fund an equivalent of OCTA's share of other Metrolink capital projects, over the next five years.

9. ELIMINATE MAIL DOCK AT LAUS **\$ 2,855,000**

This project is to restore an unused track for passenger services by demolishing a mail dock, reconfiguring the skylight, and constructing a new passenger platform. OCTA will provide the \$3 million needed for construction of this project. In return, the other SCRRA members have agreed to fund an equivalent of OCTA's share of other Metrolink capital projects, over the next five years.

10. LINCOLN AVENUE DOUBLE TRACK **\$ 19,870,308**

This is a multi-year project to install a second main line on the last segment of single main track between Fullerton and Laguna Niguel, a 1.8 mile segment between Santa Ana and Orange. This project is funded with prior year State Intercity Rail funds, Orange County's SB-45 Regional Choice Program, commitments of additional OCTA local funds, and additional allocation from the State. Environmental assessment and design work have been completed as well as the construction of the Santiago Creek Bridge. Construction is anticipated to be completed in FY2006-07.

11. UPGRADE TICKET VENDING MACHINES **\$ 1,379,000**

This project is nearing completion and will provide for the finalization of the installation contract. New and/or upgraded passenger rail Ticket Vending Machines (TVMs) were installed at Metrolink and Amtrak stations.

12. PURCHASE & REBUILD USED LOCOMOTIVES **\$ 32,619,886**

A portion of these funds were originally to purchase and remanufacture four SD60 locomotives. In December 2005, the Board approved staff recommendation to determine there was no further need for the SD60 locomotives, to declare the SD60 locomotives surplus, and authorize the sale of these locomotives. In addition, the Board approved SCRRA's participation in a solicitation for remanufactured passenger locomotives issued by UTA. These funds will now be used to purchase eleven remanufactured passenger locomotives from Motive Power, Inc.

13. ROLLING STOCK PROCUREMENT **\$ 174,561,567**

This project includes funds committed through the SCRRA's Member Agencies for the current procurement of up to 87 additional rolling stock vehicles with options for 20 more if full funding becomes available.

14. REPOWER LOCOMOTIVES – TIER II **\$ 282,000**

These funds will be used to repower 6 diesel locomotive engines which meet Tier II standards.

15. 5 NEW TVMs

\$ 99,240

These remaining funds will finalize the procurement and installation of four new Ticket Vending Machines (TVMs) at stations in San Bernardino County and 1 new TVM at the Downtown Riverside Station.

16. 40 VALIDATORS

\$ 189,524

These remaining funds will complete the purchase and installation of 40 additional validators. These validators are being used for new Metrolink stations, Amtrak stations that will require the capability to validate new Amtrak 10-trip tickets sold at SCRRA's TVMs, for new platforms or new access points at existing stations, and for spares. This project was funded using Amtrak funds and a portion of the under-run on the rolling stock seat foam program.

17. ROLLING STOCK CAPITAL REPLACEMENT RESERVE

\$ 315,597

Beginning in FY 2003-04, the SCRRA initiated an ongoing reserve fund for the purpose of securing local funding for the future procurement of rolling stock. SCRRA will accumulate local funds for the replacement of the current fleet of revenue vehicles through the annual contribution to this reserve. The reserves are assumed to return 4% annually and are to be accumulated over the life of the vehicles, currently estimated at 35 years for Cab Cars and Passenger Cars, and 40 years for Locomotives. The current contribution reflects the participation by one member - SANBAG. RCTC and OCTA are providing for their funds within the structure of their respective agencies. LACMTA and VCTC are not participating in FY2006-07.

SECTION 5

**SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY**

GENERAL AND ADMINISTRATIVE BUDGET

5.1 General and Administrative Expenses

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

As part of the Indirect Cost Allocation Plan (ICAP), developed in partnership with the agency's cognizant grant approving agency CALTRANS, the SCRRA further divides costs within the General and Administrative pool into three distinct cost collector pools. The first consists of those costs, as identified in Office of Management and Budget Circular A-87 (OMB A-87), which are authorized for allocation to Federal grant funding sources. Items included in the G&A budget include the lease costs of the agency's administrative headquarters, general administrative items such as office supplies, postage and the lease of office equipment, the labor costs of non-project, non-operational staff such as the Budget and Accounting Divisions within the Department of Finance, certain financial services and the Internal Audit function, and the costs of the operating and maintaining the agency's Information Technology infrastructure.

The second pool of expenses is made up of those that, while benefiting three or more of the agency's business modes, are specifically excluded from allocation by federal regulation and therefore funded locally. Costs recognized within this pool include the costs of the Chief Executive Officer, Legislative advocacy, and other General Government expenses.

The third pool of expenses represent Administrative Capital costs, treated as depreciable assets according GAAP guidelines. Costs in this pool are primarily related to the procurement of Information Technologies equipment and other administrative equipment purchases.

The allocation of eligible G&A expenses to SCRRA programs is a two step process (Tier 1, Tier 2). As part of the Tier 1 allocation, G&A costs are allocated to modal overhead collector pools based on the ratio of labor costs within each of the agency's principal business modes relative to the pool of labor as a whole, excluding G&A labor. The second step is the allocation of all indirect costs, allocated G&A and modal overhead, to direct projects for cost accounting and revenue recovery purposes.

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

For FY 2006-07, the proposed SCRRA G&A budget, using the compilation of costs as described above, is \$9.4 million compared to the FY 2005-06 budget of \$9.0 million, an increase of 4.4%. As noted in Table 5.2 listing the elements of the agency's G&A pool of expenses, certain costs have been recognized in the pool which had been previously recognized solely in the Train Operations portion of the agency's Operating Budget, the largest being general Legal Expenses, Legislative Advocacy, and certain Board support costs. Table 5.2 lists the elements of this budget by Expense Type, and compares and contrasts the elements included in this budget with its composition in FY 2005-06. Table 5.3 lists a summary of the elements that make up the agency modal overhead pools

Table 5.2

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

Expenditure Description	FY 05-06 Budget	Fiscal Year 2006-07			Total FY 06-07 Budget	FY 06-07 Compared to FY 05-06
		Federally Eligible	Local Funding	Admin Capital		
Agency Costs						
Consultants	70.0					(70.0)
Postal Services		2.0			2.0	2.0
Recruitment Services	30.0	20.0			20.0	(10.0)
MIS & Data Processing	36.0	38.0			38.0	2.0
Office Equip Maint & Repair	9.6	53.2			53.2	43.6
Outside Temporary Help	30.0	126.3			126.3	96.3
Document Management & Storage	16.0	16.8			16.8	0.8
In-House Training Services	125.0	250.0			250.0	125.0
Bank Service Charges	125.0	115.0			115.0	(10.0)
Office Supplies	62.0	75.2			75.2	13.2
Office Equipment	3.0	2.0			2.0	(1.0)
Printing & Reproduction	22.0	22.6			22.6	0.6
Misc Materials & Supplies	5.5	1.5			1.5	(4.0)
License & Registration Fees	0.7		0.7		0.7	-
Other Taxes	2.5	2.5			2.5	-
Professional Memberships	43.5	31.5	3.8		35.3	(8.2)
Subscriptions & Reference Materials	15.0	9.5	0.5		10.0	(5.0)
Registration Fees	7.5	9.0	2.0		11.0	3.5
Transportation	18.5	6.5	10.0		16.5	(2.0)
Meals & Entertainment	10.3	4.8	5.0		9.8	(0.5)
Board Per Diem	53.0	-	50.0		50.0	(3.0)
Lodging	7.7	8.7	25.0		33.7	26.0
Mileage/Parking	8.8	9.1	1.6		10.7	1.9
Misc Expenses	0.7	1.2	2.3		3.5	2.8
Other Training Services		2.4			2.4	2.4
Legal & Meeting Notices	30.0	30.0			30.0	-
Postage & Messenger	93.6	103.4			103.4	9.8
Other Misc Expense	38.0	34.0	21.0		55.0	17.0
Office Equipment Rental	80.5	80.5			80.5	-
Office Space Rental	802.1	985.8			985.8	183.7
Total Agency Costs	1,746.5	2,041.4	121.9	-	2,163.3	416.8
Staff Labor						
SCRRA Wages & Salaries	3,112.2	2,838.2	297.4		3,135.6	23.4
Wages Interns	70.0	80.0			80.0	10.0
O/T Pay Premium	11.8	4.7			4.7	(7.0)
Allocated Fringe Benefits	1,710.7	1,615.4	169.3		1,784.7	74.1
Total Staff Labor	4,904.7	4,538.4	466.7	-	5,005.1	100.4
Professional Services						
Legal Services	500.0	400.0			400.0	(100.0)
Auditing & Accounting	429.8	327.5			327.5	(102.3)
Consultants	165.0	385.0			385.0	220.0
MIS & Data Processing	72.0				-	(72.0)
Lobby Services	333.4		333.4		333.4	-
Total Professional Services	1,500.2	1,112.5	333.4	-	1,445.9	(54.3)
MIS						
MIS & Data Processing	5.0	50.0			50.0	45.0
Office Equip Maint & Repair	10.0	10.0			10.0	-
Office Equipment	290.0	210.0		100.0	310.0	20.0
Computer S/W	475.0	247.0		65.0	312.0	(163.0)
Total MIS	780.0	517.0	-	165.0	682.0	(98.0)
Employee Recognition						
Misc Expenses	20.0	20.0			20.0	-
Total Employee Recognition	20.0	20.0	-	-	20.0	-
Utilities/Leases						
Telephone General	38.8	40.4			40.4	1.6
Total Utilities/Leases	38.8	40.4	-	-	40.4	1.6
	8,990.2	8,269.7	922.0	165.0	9,356.7	366.6

TABLE 5.3

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

	Overhead Amount
Train Operations	
Labor	7,491.3
Purchased Transportation	54.2
Services	2,635.2
Utilities/Leases	0.4
Other	1,099.0
Subtotal Train Operations	11,280.2
Maintenance-of-Way	
Labor	1,941.7
Services	1,045.8
Utilities/Leases	881.5
Maintenance-of-Way	221.0
Other	627.8
Subtotal Maintenance-of-Way	4,717.8
New Capital	
Labor	364.1
Services	175.0
Other	150.6
Subtotal New Capital	689.7
Rehabilitation/Renovation	
Labor	607.7
Services	75.0
Other	26.8
Subtotal Rehabilitation/Renovation	709.4
Recollectable	
Labor	287.3
Services	35.0
Subtotal Recollectable	322.3
Total Overhead	17,719.5

SECTION 6
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY
DEPARTMENT BUDGETS

6.0 DEPARTMENT BUDGETS

The eight departments of the SCRRA include:

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

6.1 Organizational Summary

Table 6.1 provides a roster of approved positions by department and division for FY 2006-07.

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ROSTER OF AUTHORIZED POSITIONS
FISCAL YEAR 2006-07**

Department	Division	Position
Executive Office	Office of the CEO	Chief Executive Officer Board Secretary Executive Assistant
	Human Resources	Manager, Human Resources Human Resources Representative (3) Administrative Assistant
Support Services & Technology	Office of Finance and Admin	Assistant Executive Officer F&A
	Claims Administration	Risk Manager
	Administrative Services	Administrative Services Supervisor Administrative Services Coordinator Records Management Specialist Office Assistant Receptionist
	Contract Admin & Procurement	Manager, Contract Administration & Procurement Senior Contract Administrator (3) Contract Administrator (2) Business Analyst Contract Document Processor Contracts and Procurement Assistant
	Information Technology	Manager, Information Technology Network Engineer Technology Planning Manager Network Administrator Database Administrator - Software Support Applications Admin Software Support
Operating Services	Office of Operating Services	Assistant Executive Officer OS
	Safety & Security	Manager, Safety & Security Systems Safety Officer Safety Education Coordinator Rail Safety Education Specialist (2) Operations & Safety Assistant
	Railroad Services	Manager, Railroad Services Operations Administrative Manager Railroad Program Cost Analyst MOW Contract Administrator Operations Contract Administrator Signals & Communications Contract Administrator Operations Analyst Railroad Services Assistant
Operations	Operations	Director, Operations Manager, Operations
	Dispatching Operations	Manager, Dispatching Operations Supervisor, Dispatching Operations (6) Train Dispatcher (21) Administrative Assistant
	Passenger Services	Manager, Passenger Services Customer Relations Manager Passenger Connections Administrator Passenger Services Administrator Lead, Customer Services Representative (4) Customer Services Representative (10) Field Services Supervisor (2) Field Services Representative (15) Administrative Assistant
Equipment	Equipment	Director, Equipment Manager, Equipment Equipment Engineer Mechanical Compliance Officer Inventory Control Manager Equipment & Vehicles Assistant
	Facilities Fleet Maintenance	Facilities and Fleet Maintenance Manager Fleet Maintenance Coordinator Lead, Maintenance Technician Maintenance Technician (3) Administrative Assistant
Engineering & Construction	Engineering/Construction	Director, Engineering & Construction Assistant Director, Engineering Operations Manager, Engineering

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
ROSTER OF AUTHORIZED POSITIONS
FISCAL YEAR 2006-07**

Department	Division	Position
Engineering & Construction (Cont)		Rules & Training Coordinator CADD Operator Executive Assistant
	Public Projects	Manager, Public Projects Right of Way Engineer Public Projects Engineer Assistant Engineer (2) Administrative Assistant
	Track/Structures	Manager, Maintenance of Way District Maintenance Manager (2) Structures Manager Rehabilitation Project Manager Program Manager Bridge Inspector Right of Way Coordinator Right Of Way Employee In Charge (5) Maintenance of Way Assistant
	Signals & Communication	Manager, Signals & Communications District Signal Manager (2) Senior Signal Engineer Signal Designer Signal CADD Operator Signals & Communications Assistant
	Station Facilities	Station Facilities Manager
	Civil Construction	Manager, Civil Construction Resident Engineer
	Communications & Development	Communications & Development
Marketing & Sales		Manager, Marketing and Sales Events Marketing Administrator Market Development Administrator Corporate Relations Administrator Administrative Assistant Marketing & Sales Assistant
Media & External Comm		Manager, Media and External Communications Media Relations Advisor Community Relations Administrator Public Information Specialist Publications Administrator Special Events Administrator Communications Assistant
Fare Collection Services		Fare Collection Services Manager Fare Collection Services Assistant
Finance		Finance
	Budget	Manager, Budgets Senior Budget Analyst Budget Analyst Assistant Budget Analyst
	Accounting	Manager, Accounting Supervisor, General Accounting Supervisor, Accounting Operations Senior Accountant (2) Accountant (2) Revenue Analyst Accounting Specialist - Cash Management Accounting Specialist - Payroll Accounting Specialist - Receivables Finance Contract Specialist Accounting Assistant (3) Administrative Assistant

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: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.2 provides the budgeted expenses for this department

TABLE 6.2

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

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$50.5	\$47.5	\$161.7	\$0.0	(100%)
Purchased Transportation	-	-	-	-	-
Services (1)	129.0	222.6	701.0	400.0	(43%)
Utilities/Leases	-	0.4	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	72.2	37.1	21.7	-	(100%)
Subtotal Direct Operating Expenses	251.6	307.5	884.5	400.0	(55%)
Indirect Transfer to Operating	1,143.0	1,378.9	1,890.6	1,765.3	(7%)
Subtotal Operating Budget	\$1,394.7	\$1,686.4	\$2,775.1	\$2,165.3	(22%)
Capital Budget					
Labor	\$6.6	\$6.6	\$0.0	\$0.0	-
Services	22.7	0.8	-	-	-
Utilities/Leases	-	-	-	-	-
Capital	-	-	-	-	-
Other Expenses	-	-	-	-	-
Subtotal Direct Capital Expenses	29.4	7.4	-	-	-
Indirect Transfer to Capital	96.8	102.3	172.8	150.5	(13%)
Subtotal Capital Budget	\$126.2	\$109.7	\$172.8	\$150.5	(13%)
Indirect Agency Support					
Labor	\$837.6	\$902.9	\$1,014.7	\$1,371.3	35%
Services (1)	402.5	481.4	981.0	496.0	(49%)
Utilities/Leases	0.2	-	-	-	-
Maintenance-of-Way	-	-	-	-	-
Insurance & Liability	-	-	-	-	-
Other Expenses	50.1	154.6	149.7	138.0	(8%)
Subtotal Indirect Agency Support	1,290.4	1,539.0	2,145.3	2,005.2	(7%)
Indirect Transfer to Operating	(1,143.0)	(1,378.9)	(1,890.6)	(1,765.3)	(7%)
Indirect Transfer to Capital	(96.8)	(102.3)	(172.8)	(150.5)	(13%)
Indirect Transfer to Recollectable	(50.6)	(57.8)	(81.9)	(89.4)	9%
Total Expenses	\$1,520.9	\$1,796.2	\$2,947.9	\$2,315.8	(21%)

(1) Legal services were shown under the Chief Executive Officer in previous budgets. Legal is now shown under the AEO-F&A for all years.

6.3 Assistant Executive Office – Finance and Administration

The department of the Assistant Executive Office – Finance and Administration encompasses the departmental divisions outlined below.

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.

Assistant Executive Office – Finance and Administration Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.3 provides the budgeted expenses for this department.

TABLE 6.3

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

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$385.8	\$393.4	\$497.6	\$589.9	19%
Purchased Transportation					-
Services (1)	1,451.6	2,146.7	1,217.3	1,463.5	20%
Utilities/Leases	2,005.6	2,474.8	2,195.5	2,515.8	15%
Maintenance-of-Way					-
Insurance & Liability	5,345.6	6,121.5	9,240.0	10,950.0	19%
Other Expenses	424.6	296.9	342.5	332.6	(3%)
Subtotal Direct Operating Expenses	9,613.3	11,433.3	13,493.0	15,851.8	17%
Indirect Transfer to Operating	3,201.3	3,431.8	3,220.6	3,605.3	12%
Subtotal Operating Budget	\$12,814.6	\$14,865.1	\$16,713.6	\$19,457.1	16%
Capital Budget					
Labor	\$273.4	\$242.8	\$227.2	\$200.7	(12%)
Services	369.9	141.2	289.3	135.0	(53%)
Utilities/Leases					-
Capital	31.3				-
Other Expenses	150.2	29.6	143.5	181.0	26%
Subtotal Direct Capital Expenses	824.8	413.5	660.0	516.7	(22%)
Indirect Transfer to Capital	385.2	389.1	376.6	419.5	11%
Subtotal Capital Budget	\$1,210.0	\$802.6	\$1,036.5	\$936.2	(10%)
Indirect Agency					
Labor	\$1,448.9	\$1,558.9	\$1,686.3	\$1,398.2	(17%)
Services (1)	643.5	1,010.7	130.6	821.9	529%
Utilities/Leases	914.8	862.1	921.4	1,106.3	20%
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	726.9	609.1	1,037.4	947.6	(9%)
Subtotal Indirect Agency Support	3,734.1	4,040.8	3,775.7	4,273.9	13%
Indirect Transfer to Operating	(3,201.3)	(3,431.8)	(3,220.6)	(3,605.3)	12%
Indirect Transfer to Capital	(385.2)	(389.1)	(376.6)	(419.5)	11%
Indirect Transfer to Recollectable	(147.5)	(219.9)	(178.5)	(249.2)	40%
Total Expenses	\$14,024.7	\$15,667.7	\$17,750.1	\$20,393.3	15%

(1) Legal services were shown under the Chief Executive Officer in previous budgets. Legal is now shown under the AEO-F&A for all years.

6.4 Assistant Executive Office – Operating Services

The department of Assistant Executive Office – Operating Services encompasses the following divisions as 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.

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.

Assistant Executive Office – Operating Services Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

TABLE 6.4

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

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$1,137.1	\$1,136.8	\$1,178.6	\$1,350.9	15%
Purchased Transportation	12.9				-
Services	6,858.3	7,441.2	8,373.3	9,420.5	13%
Utilities/Leases	0.0	0.1		0.1	-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses	141.3	175.8	102.8	110.5	7%
Subtotal Direct Operating Expenses	8,149.6	8,754.0	9,654.8	10,882.0	13%
Indirect Transfer to Operating	8.6	19.8	26.2	118.9	355%
Subtotal Operating Budget	\$8,158.2	\$8,773.8	\$9,680.9	\$11,000.9	14%
Capital Budget					
Labor	\$132.3	\$126.0	\$159.3	\$189.1	19%
Services	22.2				-
Utilities/Leases					-
Capital	27.6	374.2			-
Other Expenses					-
Subtotal Direct Capital Expenses	182.1	500.1	159.3	189.1	19%
Indirect Transfer to Capital	1.0	2.3	3.4	14.7	332%
Subtotal Capital Budget	\$183.1	\$502.5	\$162.7	\$203.8	25%
Indirect Agency					
Labor	\$10.1	\$23.3	\$31.2	\$189.1	507%
Services					-
Utilities/Leases					-
Maintenance-of-Way					-
Insurance & Liability					-
Other Expenses		0.2			-
Subtotal Indirect Agency Support	10.1	23.5	31.2	189.1	507%
Indirect Transfer to Operating	(8.6)	(19.8)	(26.2)	(118.9)	355%
Indirect Transfer to Capital	(1.0)	(2.3)	(3.4)	(14.7)	332%
Indirect Transfer to Recollectable	(0.5)	(1.3)	(1.6)	(8.7)	441%
Total Expenses	\$8,341.3	\$9,276.3	\$9,843.7	\$11,204.7	14%

6.5 Operations

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

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

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

Dispatching is responsible for managing and controlling all train traffic over member agency, and San Diego County rights-of-way.

Operations Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.5 provides the budgeted expenses for this department

TABLE 6.5

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

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$5,179.7	\$5,564.0	\$6,033.7	\$6,508.2	8%
Purchased Transportation	20,295.2	21,995.6	23,745.0	26,267.8	11%
Services	1,620.8	1,472.5	1,348.8	1,495.8	11%
Utilities/Leases	2.6	2.6	2.5	2.5	0%
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	301.7	243.2	236.7	230.1	(3%)
Subtotal Direct Operating Expenses	27,400.1	29,277.9	31,366.8	34,504.4	10%
Indirect Transfer to Operating	16.0	103.7	6.1	0.0	(100%)
Subtotal Operating Budget	\$27,416.0	\$29,381.5	\$31,372.8	\$34,504.4	10%
Capital Budget					
Labor	\$0.6	\$20.2	\$0.0	\$0.0	-
Services	0.0	94.1	0.0		-
Utilities/Leases	0.0		0.0		-
Capital	0.0		2,917.2		(100%)
Other Expenses	0.0	1.1	0.0		-
Subtotal Direct Capital Expenses	0.6	115.4	2,917.2	0.0	(100%)
Indirect Transfer to Capital	2.1	12.1	0.8	0.0	(100%)
Subtotal Capital Budget	\$2.6	\$127.5	\$2,918.0	\$0.0	(100%)
Indirect Agency					
Labor	\$19.0	\$121.5	\$7.2	\$0.0	(100%)
Services	0.0		0.0		-
Utilities/Leases	0.0		0.0		-
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	0.2	1.2			-
Subtotal Indirect Agency Support	19.1	122.6	7.2	0.0	(100%)
Indirect Transfer to Operating	(16.0)	(103.7)	(6.1)	0.0	(100%)
Indirect Transfer to Capital	(2.1)	(12.1)	(0.8)	0.0	(100%)
Indirect Transfer to Recollectable	(1.1)	(6.9)	(0.4)	0.0	(100%)
Total Expenses	\$27,418.7	\$29,509.1	\$34,290.8	\$34,504.4	1%

6.6 Engineering & Construction

The department of Engineering and Construction encompasses the following divisions and functions 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 Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.6 provides the budgeted expenses for this department

TABLE 6.6

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

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$2,020.4	\$2,113.8	\$2,181.7	\$2,207.7	1%
Purchased Transportation	-	-	-	-	-
Services	1,377.8	1,502.0	1,141.8	1,116.7	(2%)
Utilities/Leases	825.0	391.6	477.8	461.8	(3%)
Maintenance-of-Way	12,615.2	13,431.3	14,877.3	15,296.7	3%
Insurance & Liability	0.0		0.0		-
Other Expenses	113.9	1,678.9	112.0	123.2	10%
Subtotal Direct Operating Expenses	16,952.3	19,117.7	18,790.6	19,206.2	2%
Indirect Transfer to Operating	48.8	70.2	78.9	91.4	16%
Subtotal Operating Budget	\$17,001.0	\$19,187.9	\$18,869.5	\$19,297.6	2%
Capital Budget					
Labor	\$1,253.2	\$939.5	\$1,235.5	\$1,193.9	(3%)
Services	1,863.7	562.8	0.0	50.0	-
Utilities/Leases	0.0		0.0		-
Capital	21,956.8	22,097.0	100,205.5	129,008.5	29%
Other Expenses	63.3	58.2	3.1	5.0	64%
Subtotal Direct Capital Expenses	25,137.1	23,657.5	101,444.1	130,257.4	28%
Indirect Transfer to Capital	5.6	8.1	10.3	11.3	10%
Subtotal Capital Budget	\$25,142.7	\$23,665.6	\$101,454.4	\$130,268.7	28%
Indirect Agency					
Labor	\$56.0	\$76.5	\$94.0	\$94.0	0%
Services	0.1	5.3	0.0		-
Utilities/Leases	0.0		0.0		-
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	1.2	1.1	0.0		-
Subtotal Indirect Agency Support	57.2	82.9	94.0	94.0	0%
Indirect Transfer to Operating	(48.8)	(70.2)	(78.9)	(91.4)	16%
Indirect Transfer to Capital	(5.6)	(8.1)	(10.3)	(11.3)	10%
Indirect Transfer to Recollectable	(2.9)	(4.6)	(4.9)	(6.7)	38%
Total Expenses	\$42,143.7	\$42,853.5	\$120,323.8	\$149,566.3	24%

6.7 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 Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.7 provides the budgeted expenses for this department

TABLE 6.7

**EQUIPMENT DEPARTMENT
EXPENDITURES BY EXPENSE TYPE
(S000s)**

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$1,061.8	\$1,126.3	\$1,218.4	\$1,292.7	6%
Purchased Transportation	15,255.7	15,994.0	17,560.8	18,507.0	5%
Services	1,143.4	1,850.8	1,544.7	1,781.0	15%
Utilities/Leases	2.6	830.4	978.2	1,125.8	15%
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	28.9	226.8	300.0	285.0	(5%)
Other Expenses	7,083.1	9,578.9	10,189.7	14,868.9	46%
Subtotal Direct Operating Expenses	24,575.6	29,607.2	31,791.9	37,860.4	19%
Indirect Transfer to Operating	8.0	0.2	0.0	0.0	-
Subtotal Operating Budget	\$24,583.5	\$29,607.3	\$31,791.9	\$37,860.4	19%
Capital Budget					
Labor	\$91.7	\$31.4	\$14.4	\$88.7	515%
Services	128.6	57.0	0.0		-
Utilities/Leases	0.0		0.0	147.6	-
Capital	5,555.9	7,207.2	146,124.7	221,964.0	52%
Other Expenses	89.6	16.6	21.7	42.3	95%
Subtotal Direct Capital Expenses	5,865.8	7,312.2	146,160.8	222,242.6	52%
Indirect Transfer to Capital	1.0	0.0	0.0	0.0	-
Subtotal Capital Budget	\$5,866.8	\$7,312.2	\$146,160.8	\$222,242.6	52%
Indirect Agency					
Labor	\$8.5	\$0.0	\$0.0	\$0.0	-
Services	0.0		0.0		-
Utilities/Leases	0.0		0.0		-
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	1.0	0.2	0.0		-
Subtotal Indirect Agency Support	9.4	0.2	0.0	0.0	-
Indirect Transfer to Operating	(8.0)	(0.2)	0.0		-
Indirect Transfer to Capital	(1.0)	(0.0)	0.0		-
Indirect Transfer to Recollectable	(0.5)	(0.0)	0.0		-
Total Expenses	\$30,450.3	\$36,919.5	\$177,952.7	\$260,103.0	46%

6.8 Communications and Development

The department of Communications and Development encompasses the divisions and functions outlined below.

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

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

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

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

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

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

Communications and Development's Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.8 provides the budgeted expenses for this department

TABLE 6.8

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

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$1,532.0	\$1,646.2	\$1,903.2	\$1,791.4	(6%)
Purchased Transportation	492.9	585.0	800.0	870.0	9%
Services	4,515.2	3,992.0	4,105.8	4,753.4	16%
Utilities/Leases	0.4	2.1	3.3	0.3	(91%)
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	464.4	371.3	424.6	505.6	19%
Subtotal Direct Operating Expenses	7,005.0	6,596.6	7,236.9	7,920.7	9%
Indirect Transfer to Operating	362.8	595.5	626.3	793.2	27%
Subtotal Operating Budget	\$7,367.8	\$7,192.1	\$7,863.2	\$8,713.9	11%
Capital Budget					
Labor	\$7.3	\$45.6	\$53.6	\$20.2	(62%)
Services	0.0		0.0		-
Utilities/Leases	0.0		0.0		-
Capital	6,316.1	1,975.2	3,946.0	1,667.8	(58%)
Other Expenses	0.0		0.0		-
Subtotal Direct Capital Expenses	6,323.4	2,020.8	3,999.6	1,687.9	(58%)
Indirect Transfer to Capital	48.1	51.9	38.1	56.8	49%
Subtotal Capital Budget	\$6,371.6	\$2,072.8	\$4,037.7	\$1,744.7	(57%)
Indirect Agency					
Labor	\$443.6	\$369.6	\$274.0	\$524.9	92%
Services	0.0	303.5	408.4	358.4	(12%)
Utilities/Leases	0.4	0.3	0.0	0.4	-
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	2.6	3.4	0.0		-
Subtotal Indirect Agency Support	446.6	676.8	682.4	883.7	30%
Indirect Transfer to Operating	(362.8)	(595.5)	(626.3)	(793.2)	27%
Indirect Transfer to Capital	(48.1)	(51.9)	(38.1)	(56.8)	49%
Indirect Transfer to Recollectable	(35.7)	(29.3)	(18.0)	(33.7)	87%
Total Expenses	\$13,739.3	\$9,264.9	\$11,900.9	\$10,458.6	(12%)

6.9 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.

Treasury manages the investments of the agency ensuring protection of principle and sufficient liquidity to meet ongoing agency obligations.

Finance Goals

“NOTE: GOALS AND OBJECTIVES FOR THIS DEPARTMENT ARE CURRENTLY UNDER FINAL MANAGEMENT REVIEW, AND WILL BE INCLUDED PRIOR TO FINAL ADOPTION OF THE BUDGET BY THE SCRRA BOARD OF DIRECTORS”

Table 6.9 provides the budgeted expenses for this department.

TABLE 6.9

FINANCE
EXPENDITURES BY EXPENSE TYPE
(\$000s)

Expense Type	FY 03-04 Actual	FY 04-05 Actual	FY05-06 Budget	FY06-07 Budget	Change from FY 05 Budget
Operating Budget					
Labor	\$74.1	\$79.6	\$80.1	\$84.8	6%
Purchased Transportation	-		-		-
Services	153.6	179.3	95.0	90.0	(5%)
Utilities/Leases	0.0		0.0		-
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	0.0		0.0		-
Other Expenses	1.2	1.7	1.5	1.5	0%
Subtotal Direct Operating Expenses	229.0	260.6	176.6	176.3	(0%)
Indirect Transfer to Operating	2,198.3	2,017.0	1,892.0	1,623.0	(14%)
Subtotal Operating Budget	\$2,427.3	\$2,277.6	\$2,068.6	\$1,799.3	(13%)
Capital Budget					
Labor	\$5.1	\$10.2	\$7.3	\$7.7	5%
Services	182.9	106.6	84.0	95.0	13%
Utilities/Leases	0.0		0.0		-
Capital	0.0		0.0		-
Other Expenses	0.0	0.1	0.0		-
Subtotal Direct Capital Expenses	188.0	116.9	91.3	102.7	12%
Indirect Transfer to Capital	243.2	219.1	245.9	200.3	(19%)
Subtotal Capital Budget	\$431.2	\$336.1	\$337.2	\$302.9	(10%)
Indirect Agency					
Labor	\$1,724.5	\$1,658.0	\$1,797.3	\$1,462.8	(19%)
Services	737.5	645.6	436.8	450.8	3%
Utilities/Leases	0.0		0.0		-
Maintenance-of-Way	0.0		0.0		-
Insurance & Liability	53.3	0.0	0.0		-
Other Expenses	45.4	56.4	20.3	28.6	41%
Subtotal Indirect Agency Support	2,560.6	2,359.9	2,254.4	1,942.2	(14%)
Indirect Transfer to Operating	(2,198.3)	(2,017.0)	(1,892.0)	(1,623.0)	(14%)
Indirect Transfer to Capital	(243.2)	(219.1)	(245.9)	(200.3)	(19%)
Indirect Transfer to Recollectable	(119.1)	(123.8)	(116.5)	(118.9)	2%
Total Expenses	\$2,858.5	\$2,613.7	\$2,405.8	\$2,102.2	(13%)

SECTION 7
SOUTHERN CALIFORNIA REGIONAL
RAIL AUTHORITY
APPENDIX

7.0 APPENDIX

7.1 Formulae for Allocation to Members

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

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 2006-07

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

TABLE 7.1

FORMULAE USED TO ALLOCATE EXPENSES BY COUNTY

Formula	SD	OC	RC	SB	VC
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 04-05 Budget	57.1%	19.1%	7.6%	12.1%	4.1%
Train Miles FY 05-06 Budget	56.5%	18.9%	7.7%	12.3%	4.6%
Train Miles FY 06-07 Budget	54.0%	20.7%	9.5%	11.3%	4.4%
Train Miles FY 04-05 Actual	56.7%	18.7%	7.5%	12.5%	4.6%
Route Miles Dispatched	66.5%	18.5%	0.4%	8.8%	5.8%
Route Miles Owned	59.0%	22.2%	0.6%	10.9%	7.3%
Track Miles Owned	58.5%	25.8%	0.5%	9.6%	5.6%
Unduplicated Route Miles (Excluding San Diego Co. Miles)	50.4%	18.3%	10.3%	10.5%	10.5%
50% Base Service Formula / 50% FY 04-05 Actual Train Miles	56.6%	17.6%	7.5%	12.8%	5.5%
50% Base Service Formula / 50% Unduplicated Route Miles (excl. SD. Co miles)	53.4%	17.4%	8.9%	11.8%	8.5%

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

the distribution of their annual operating budget contribution.

Under the terms of the JPA governing the actions of the SCRRA, each Member Agency shall approve its individual Operating and Capital contributions for an upcoming fiscal year. As a result of its structure as a JPA, the SCRRA utilizes a number of formulae for the purposes of allocating costs to both Operating Line Segments as well as its member agencies. During FY 2003-04, an effort was made to revise and update many of the underlying allocation formulas. Given the complicated nature of this effort, and the expected completion of the Long Range Strategic Plan during FY 2005-06, the Member Agencies agreed to an interim solution for three fiscal years covering the periods FY 2004-05 through FY 2006-07. Members agreed to increase their net subsidy contribution in FY 2004-05 by a fixed amount of 2.37% across the board, and for the years FY 2005-06 and FY 2006-07, a revised interim allocation formula, based on a weighted average of a number of service variables, would serve to calculate each agency's contribution for the fiscal year. After completion of the currently ongoing strategic planning effort, a final set of funding mechanisms will be considered within a specified framework. It is expected that the resulting formula(s) will apply beginning FY 2007-08 and beyond.

Train-Miles

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

Route-Miles Dispatched

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

Route-Miles Owned

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

Track-Miles Owned

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

Direct Allocation

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

7.2 Formulae for Allocation to Lines

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

7.3 Allocation of Revenues

Farebox revenues are received by each operating line and allocated to member agencies (counties) on the basis of train-miles for each line or county. Dispatching/Other revenues are allocated directly to those line segments that are subject to agreements with freight railroads and Amtrak. These revenues are allocated to the counties that own the particular segments, and to the lines that are made up of these segments. At the end of each fiscal year, the interest on fares and other funds received in advance for operations and capital projects is assigned to counties based upon a calculation of funds on account throughout the year which were provided by each member agency.

7.4 Allocation of Expenses

Fuel and Connex services related to operation of trains are allocated to operating lines and counties on the basis of train-miles for each line or county. Dispatching is allocated directly to operating lines and counties on the basis of the ownership of line segments over which the agency has dispatching authority. Also allocated directly to line segments are Transfers to Other Operators, Rail Agreements, Maintenance-of-Way expenses. All other expenses in the Operating Budget are allocated on the revised allocation formula as discussed above.

Maintenance-of-Way net subsidies on lines shared by more than one operating line segment are split to the counties respective share of train miles in each county of the respective lines segments. The expenditures related to the Riverside Layover Facility are allocated to lines with services originating or terminating at the layover and subsequently to counties based train miles on the participating line segments. The River Corridor is shared by all lines, thus the expenditures in excess of revenues on this segment are split to lines and counties on the basis of the "Allshare" formula. Extraordinary Maintenance expenses for derailments are split on the Allshare formula, and for storm damage, gate knockdowns and vandalism using the formula representing route-miles owned by county.

7.5 Potential New Projects For New Capital In FY 2005-06

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.

TABLE 7.2

FORMULAE USED TO ALLOCATE EXPENSES BY LINE

Line Item	San Diego	Imperial						
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 04-05 Budget	25.3%	12.1%	21.7%	9.2%	16.7%	9.1%	5.9%	
Train Miles FY 05-06 Budget	25.2%	11.3%	22.2%	9.1%	16.6%	9.7%	5.9%	
Train Miles FY 06-07 Budget	22.9%	11.7%	20.9%	8.9%	16.1%	13.9%	5.7%	
Train Miles FY 04-05 Actual	25.6%	11.7%	21.7%	9.2%	16.7%	9.2%	5.9%	
Route Miles Dispatched	21.9%	18.0%	39.8%	1.8%	16.4%	2.1%		
Route Miles Owned	25.1%	18.6%	31.6%	1.5%	11.9%	10.3%	1.0%	
Track Miles Owned	21.9%	16.5%	27.9%	0.5%	23.9%	1.9%		7.4%
Unduplicated Route Miles (Excluding San Diego Co. Miles)	15.2%	17.6%	19.1%	15.9%	12.7%	10.5%	9.0%	
50% Base Service Formula / 50% FY 04-05 Actual Train Miles	24.8%	13.7%	20.7%	11.7%	16.7%	9.6%	3.0%	
50% Base Service Formula / 50% Undup Route Miles (excl SD)	19.6%	16.6%	19.4%	15.0%	14.7%	10.2%	4.5%	

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

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

7.6 SCRRA Policy on Debt

The purpose of issuing debt is to finance essential capital facilities and equipment. The issuance of debt spreads the cost of the facilities and equipment over their useful life. Historically, SCRRA has not issued debt for the development of facilities or the purchase of equipment. Rather, the capital has been funded by a combination of federal, state, member agency, and other local sources. In the absence of the need to issue debt, SCRRA has not adopted a formal debt policy.

State law defines the process under which a joint powers authority may issue debt. The Marks-Roos Local Bond Pooling Act (Government Code, sec. 6584) provided flexibility to a JPA in permitting the identification of future revenues for the maintenance of debt. Under this statute, a JPA is given powers to issue bonds to pay for the cost of capital, including facilities and equipment. The statute requires the establishment of a new joint powers authority for the exclusive purpose of financing capital projects or acquisitions for its members. If future capital funding requirements ever require the issuance of debt, the member agencies may be asked adopt a debt policy incorporating the established of a joint powers authority as permitted in the Marks-Roos Local Bond Pooling Act.

Although the SCRRA has never issued debt for the construction of facilities or acquisition of equipment, three U.S. leveraged lease transactions have been completed. The deferred benefit of the three lease transactions was approximately \$31.4 million.

In Fiscal Year 1995-96, the SCRRA Board entered into an agreement to lease 94 coach and cab cars (cars) and 31 locomotives and simultaneously entered into a sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately \$193.9 million of which it used approximately \$152.3 million to prepay future lease payments and defease part of its obligation. In addition, the Board invested approximately \$21.2 million in U.S. Zero Coupon Treasury strips. The Treasury strips will mature at values sufficient to cover all remaining lease payments due under the lease agreement as well as amounts necessary to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance.

In fiscal year 1999, SCRRA entered into another agreement to lease 25 bi-level commuter rail cars and 2 diesel locomotives and simultaneously entered into sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately \$63.5 million of which it used \$24.7 million and \$7.7 million for debt and equity defeasance, respectively. This amount is sufficient to cover all lease payments due under the agreements and to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance.

In fiscal year 2003, SCRRA entered into another agreement to lease 27 bi-level commuter rail cars and 4 diesel locomotives and simultaneously entered into sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately \$93.8 million of which it used \$75.3 million and \$11.2 million for debt and equity defeasance, respectively. This amount is sufficient to cover all lease payments due under the agreements and to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance.

7.7 Description of GASB34 Condition Assessment Ratings

The SCRRA, as part of its implementation of Government Accounting Standards Board Pronouncement 34 (GASB34), has elected to use the Modified Approach for the Metrolink Railroad Infrastructure.

Under the modified approach, infrastructure assets that are part of a network, or subsystem of a network, are not required to be depreciated as long as two requirements are met:

- 1) The government manages the eligible infrastructure assets using a qualified asset management system; and
- 2) The government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government.

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

The following ratings values are utilized to describe the asset condition of various railroad infrastructure components:

- Excellent (90+) – An asset that exhibits no conditions of wear or degradation and is suitable for continued use for 5 plus years with only routine inspection and repair; essentially a “like new” condition.
- Good (80 to 89) – An asset rated as good has some components that will require repair or replacement within the next 5 years, but is expected to be fully serviceable for the next 5 years.
- Fair (70 to 79) – An asset rated as fair will be in serviceable condition at the time of the rating, but will require rehabilitation of two or more components within 5 years.
- Poor (60 to 69) – An asset that is operating at less than full capacity (e.g. a

speed restriction is imposed) due to maintenance conditions and will require rehabilitation of at least one component before becoming fully operational.

- Critical (59 or below) – An asset that is operating at less than full capacity and must have repairs or rehabilitation within the year in order to continue operating.

7.8 Statistical Information

Date of Formation	August 1991	
Form of Government	Joint Exercise of 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 (CA Depart of Finance Estimate- 2005)	Los Angeles County	10,226,506
	Orange County	3,056,865
	Riverside County	1,877,000
	San Bernardino County	1,946,202
	San Diego County	3,051,280
	Ventura County	<u>813,052</u>
	Total Population:	20,970,905
	California Population	36,810,358
	% of State Population within SCRRA Service Area	57%
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
Available Equipment (Including Leased Eq)	Locomotives	39
	Cab Cars	39
	Coaches	114
Stations	Los Angeles County	26
	Orange County	10
	Riverside County	5
	San Bernardino	7
	San Diego County	1
	Ventura County	<u>5</u>
	Total Stations:	54
Ticket Vending Machines	TVMs Installed	113
	Validators Installed	135
	Ticket Office Machines	3
Highway-Rail Grade Crossings	Total Network Grade Crossings	399
	Public Crossings	338
	Private Crossings	<u>61</u>
	SCRRA Maintained Crossings	238
Average Daily Riders (Mar 2006)	Ventura County Line	3,851
	Antelope Valley Line	6,832
	San Bernardino Line	11,941
	Riverside Line	3,887
	Orange County Line	6,195
	Inland Empire to Orange County	4,384
	Burbank Turns	667
	91 Line	<u>2,179</u>
	SYSTEM	39,936

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 FY07)	35.0 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 March 2006 Operating Report, SCRRA Staff, and 2000 SCRRA Customer Satisfaction Survey

7.9 Glossary of Budget Terms

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

AMENDED BUDGET: The approved budget as amended by the SCRRA Board through the course of a fiscal year.

APPROPRIATION: Legal authorization to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time it may be expended.

BUDGET: A plan of financial operations comprised of estimated expenditures for a given period (one fiscal year) and the proposed means of financing the expenditures (revenues).

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

CONTRACTED SERVICES: Services rendered in support of SCRRA operations and other activities by external parties. These are generally based upon formal contracts or purchase orders.

DEPARTMENT: An organizational subgroup of SCRRA.

DIVISION: An organizational unit of a department

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

EXPENDITURE: Decreases in net financial resources.

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

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.

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

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

REVENUE: Monies that SCRRA receives as income such as farebox revenue, payments

from other railroads, local funds for operating or capital, grants, and interest.

REVENUE RECOVERY: The ratio of operating revenues to operating expenses net of rolling stock lease payments and extra-ordinary maintenance.

RIDERSHIP: The number of one-way trips carried on Metrolink trains.

SALARY AND FRINGE BENEFIT EXPENSES: Compensation paid to or on behalf of SCRRA employees for salaries, wages, overtime, and benefits.

7.10 Acronyms

ADA:	Americans with Disabilities Act
Amtrak:	National Railroad Passenger Corporation (intercity rail service)
APTA:	American Public Transportation Association
AQMD:	Air Quality Management District
BNSF:	Burlington Northern Santa Fe Railroad
CAFR:	Comprehensive Annual Financial Report
Caltrans:	California Department of Transportation
CEQA:	California Environmental Quality Act
CMAQ:	Congestion Mitigation Air Quality
CTC:	California Transportation Commission
DOL:	Federal Department of Labor
DOT:	Federal Department of Transportation
EIR:	Environmental Impact Report
EIS:	Environmental Impact Study
EPA:	Federal Environmental Protection Agency
FCR:	Flexible Congestion Relief
FHWA:	Federal Highway Administration
FRA:	Federal Railroad Administration
FTA:	Federal Transit Administration
IEOC:	Inland Empire to Orange County Line
ISTEA:	Intermodal Surface Transportation Efficiency Act
ITS:	Intelligent Transportation System
JPA:	Joint Powers Authority
LACMTA:	Los Angeles County Metropolitan Transportation Authority
MOC:	Metrolink Operations Center
MOW:	Maintenance-of-Way
LNG:	Liquified Natural Gas
MOU:	Memorandum of Understanding
MTA:	Los Angeles County Metropolitan Transportation Authority
OCTA:	Orange County Transportation Authority
PA/CMS:	Public Address/Changeable Message Sign
PERS:	Public Employees Retirement System
PENGUIN:	Public Employees Network/Governmental Users Integrated Network
PRESS:	Passenger Rail Equipment Safety Standards
RCTC:	Riverside County Transportation Commission
ROW:	Right-of-Way
RTIP:	Regional Transportation Improvement Program

RTPA: Regional Transportation Planning Agency
 SANBAG: San Bernardino Associated Governments
 SCAG: Southern California Associated Governments
 SCAQMD: South Coast Air Quality Management District
 SCRRA: Southern California Regional Rail Authority
 SHA: State Highway Account
 SPRR: Southern Pacific Railroad
 STA: State Transit Assistance
 STIP: State Transportation Improvement Plan
 STP: Surface Transportation Program
 TAC: Technical Advisory Committee
 TCI: Transit Capital Improvement (funds/program)
 TDA: Transportation Development Act
 TEA-21: Transportation Equity Act for the 21st Century
 TIP: Transportation Improvement program
 TSM: Transportation Systems Management
 TVM: Ticket Vending Machine
 UP: Union Pacific Railroad
 VCTC: Ventura County Transportation Commission

ATTACHMENT C

PROPOSED REPROGRAMMING OF FY 2004-05 SUBSIDY TO SCRRA

The following projects are proposed for reprogramming from the FY 2004-05 subsidy to the SCRRA:

- FY 2006-07 Operations: Funding of **\$934,400** is recommended to supplement available funding for FY 2006-07 operations.
- FY 2007-08 Rolling Stock Leases/Operations: The remaining funding of **\$369,894** is recommended to help defray the costs associated with the lease of Seattle Sounder and Altamonte Corridor Express (ACE) commuter rail cars for use in Metrolink service, or other Metrolink operational or capital requirements during FY 2007-08.

The total of the two projects listed above is \$1,304,294. This is the amount of FY 2004-05 subsidy to the SCRRA that is available for reprogramming, as the SCRRA has reported in its year-end reconciliation statement.

PROPOSED REPROGRAMMING OF CALL FOR PROJECTS SAVINGS

As part of the reconciliation statement, the SCRRRA reports on multi-year capital projects that are closed out within the fiscal year. During FY 2003-04, a Call for Projects-funded SCRRRA project (Sidings on the I-10 and L.A. River Corridors) was closed out. The project savings was reported in Metro's May 2005 SCRRRA Work Program board report as being included in the \$2,474,560 total surplus FY 2003-04 subsidy to SCRRRA, which the board approved for reprogramming to other SCRRRA projects. Upon further communication with SCRRRA staff, we have learned that the project savings were not included in the total. We propose that the total available project savings of \$1,201,133 now be reprogrammed to the following projects:

- Keller Yard Storage Facility and Union Station Mail Dock/Platform Conversion projects: **\$457,560** is recommended for the second of five payments to OCTA in repayment for funding which OCTA advanced for these projects. The Metro Board approved these projects in May 2005; however, funding approval is needed for each year's individual payment. An appraisal of the Keller property, currently owned by Metro has indicated a higher value than originally estimated; thus Metro's share of project costs will decrease proportionately. The difference will be subtracted from the remaining four years' payments, and the payment for FY 2006-07 will be \$457,560, instead of the original \$647,800 annual commitment.
- Metro Share of Settlement Fee to be Paid to Burlington Northern Santa Fe Railroad (BNSF): **\$323,331** is recommended to repay the SCRRRA for the Metro share of a settlement fee made to BNSF. In 2002 and 2003 BNSF submitted claims to SCRRRA totaling approximately \$9.4 million. The SCRRRA rejected the claims and began the arbitration process. In February 2006, the SCRRRA and its member agencies agreed to accept an offer from BNSF to settle the claims for a payment of \$1 million. The member agencies agreed to allocate the \$1 million cost among themselves based on the train miles of the BNSF San Bernardino Subdivision operated within each county. Metro's percent share is approximately 32%.
- FY 2007-08 Rolling Stock Leases/Operations: The remaining funding of **\$420,242** is recommended to help defray the costs associated with the lease of Seattle Sounder and Altamonte Corridor Express (ACE) commuter rail cars for use in Metrolink service, or other Metrolink operational or capital requirements during FY 2007-08.

SUMMARY OF KEY METROLINK OPERATING ASSUMPTIONS

- Train Miles: Approximately 2.4 million revenue service miles will be operated, which represents approximately a 5% increase over FY 2005-06 mileage.
- Patronage: Passenger boardings are projected to increase 7.7% from the FY 2005-06 Budget, to a total of approximately 43,000 weekday boardings.
- Fare Increase: The SCRRA is proposing a 5.5% fare increase, which is scheduled to go into effect on July 1, 2006. The proposed fare increase includes a 3.5% increase as part of an ongoing program of annual fare increases over a ten-year period to phase in a new mileage-based fare structure. Also included is a 2% increase to help offset increased operating costs, primarily resulting from fuel cost increases.
- Operating Expenses per Passenger Mile: The operating expense per passenger mile is projected at \$0.33, slightly more than the previous year, and significantly less than the \$0.445 cost per mile of a solo automobile driver.
- Revenue Recovery: Farebox recovery is anticipated to be 44.3%. Total Revenue Recovery, including dispatch and other operating revenues, is projected to equal 54.8%.

