AGENDA
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

BOARD OF DIRECTORS
MARCH 24, 2017

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

ORANGE COUNTY TRANSPORTATION AUTHORITY

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY

VENTURA COUNTY TRANSPORTATION COMMISSION
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<th>County</th>
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<td>Riverside:</td>
<td>Andrew Kotyuk <em>(Chair)</em></td>
<td>Jan Harnik*</td>
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<td>Council Member</td>
<td>Mayor, City of Palm Desert</td>
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<td>Debbie Franklin</td>
<td>Michael Wilson*</td>
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<td>Ginger Gherardi</td>
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<td>Citizen Representative</td>
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<td>Ara Najarian <em>(2nd Vice-Chair)</em></td>
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<td>Councilmember, 2nd District</td>
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San Bernardino:
2 votes
Larry McCallon  Jon Harrison*
Mayor Pro Tem  Council Member
City of Highland  City of Redlands
SBCTA Board  SBCTA Board

Paul Eaton  Alan D. Wapner*
Mayor  Council Member
City of Montclair  City of Ontario
SBCTA Board  SBCTA Board

Orange:
2 votes
Shawn Nelson  Laurie Davies*
Supervisor, 4th District  Councilmember
County of Orange  City of Laguna Niguel
OCTA Board  OCTA Board

Gregory T. Winterbottom  Richard D. Murphy*
Public Member  Council Member
OCTA Board  City of Los Alamitos
OCTA Board

EX-OFFICIO MEMBERS

San Diego Association of Governments:

[CURRENTLY AWAITING APPOINTMENT]

Contact:
Linda Culp
Principal Planner – Rail

Southern California Association of Governments:

Art Brown
Council Member, City of Buena Park

State of California:

Ryan Chamberlain
Director, Caltrans District 12

Alternate:
Gary Slater
Deputy Director, Caltrans, District 7

*Alternates represent either member  Revised 02.10.17
AGENDA DESCRIPTIONS
The agenda descriptions are intended to give notice to members of the public of a brief
general description of items of business to be transacted or discussed. The posting of
the recommended actions does not indicate what action will be taken. The Authority may
take any action that it deems to be appropriate on the agenda item and is not limited in
any way by the notice of the recommended action. The Chair reserves the right to discuss
the items listed on the agenda in any order.

A person with a disability may contact the Board Secretary's office at (213) 452-0255 or
via email holmank@scrra.net at least 72-hours before the scheduled meeting to request
receipt of an agenda in an alternative format or to request disability-related
accommodations, including auxiliary aids or services, in order to participate in the public
meeting. Later requests will be accommodated to the extent feasible.

SUPPORTING DOCUMENTATION
The agenda, staff reports and supporting documentation are available from the Board
Secretary, located at One Gateway Plaza, 12th Floor, Los Angeles, CA 90012, and on
the Metrolink website at www.metrolinktrains.com under the Meetings & Agendas link.

PUBLIC COMMENTS ON AGENDA ITEMS AND ITEMS NOT ON THE AGENDA
Members of the public wishing to address the Board of Directors regarding any item
appearing on the agenda or any item not on the agenda, but within the subject matter
jurisdiction of the Board, may do so by completing a Speaker's Form and submitting it to
the Board Secretary. All speakers will be recognized by the Chairman and will be
considered under Item 4 (Public Comment). When addressing the Board, please state
your name for the record. Please address the Board as a whole through the
Chair. Please note comments to individual Board members or staff are not permitted
when addressing the Board. A speaker’s comments shall be limited to three (3) minutes.
1. Call to Order

2. Pledge of Allegiance

3. Roll Call

4. Public Comment

REGULAR CALENDAR

5. **Approval of Meeting Minutes – (a) February 10, 2017 Board of Directors Meeting, and (b) February 24, 2017 Board Budget Workshop**

   It is recommended that the Board approve the Minutes of the (a) February 10, 2017 Board of Directors Meeting and (b) February 24, 2017 Board Budget Workshop.

6. **Contract No. C3136-17 – Santiago Creek Bridge Painting – Recommendation to Award – CL Industrial Coatings Inc.**

   The Santiago Creek Bridge on the Orange Subdivision requires painting to protect the structural steel from continued rust and degradation.

   It is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3136-17 for the Santiago Creek Bridge Painting to the lowest responsive and responsible bidder, CL Industrial Coatings Inc. in the amount of $498,024.00 plus a fifteen percent contingency of $74,703.60, for a total amount not-to-exceed amount of $572,727.60 for the base bid. Award is subject to resolution of any protest timely filed. This project is included in the Authority’s FY2014-15 rehabilitation budget, and is funded with federal funds provided by OCTA and San Bernardino County Transportation Authority (SBCTA).

7. **Contract No. C3135-17 – Van Nuys North Platform Project – Recommendation to Award – Kiewit Infrastructure West Co.**

   A civil and signal construction contract award is required to deliver improvements to Ventura Subdivision by building a center platform station at Van Nuys.

   It is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3135-17 for the Van Nuys North Platform Project to the lowest responsive and responsible bidder, Kiewit Infrastructure West Co., (Kiewit) in the amount of $18,644,000 plus a ten percent contingency of $1,864,400, for a total amount not-to-exceed $20,508,400. The award is subject to resolution of any protest
timely filed. The project is funded under the California Intercity Passenger Rail Bond Program, Proposition 1B Funds.

8. **Request for Approval of a Reimbursement Agreement with Union Pacific Railroad to Perform Work Inside their Gemco Yard to accommodate the Authority’s Van Nuys Station Platform Project**

A reimbursement agreement is required with UPRR to perform their supporting Gemco yard work required for the Van Nuys Station Platform (VNSPP) performed under Contract No. C3135-17.

It is recommended that the Board authorize the Chief Executive Officer to enter into a reimbursement agreement with UPRR to fund the necessary Gemco yard work to accommodate the VNSPP. The agreement will allow Union Pacific to be reimbursed for track relocation work to accommodate the new yard leads and signal modifications. A subsequent work order will be issued to UPRR under the executed reimbursement agreement authorizing UPRR to begin the work for a not-to-exceed amount currently under negotiation. The agreement’s not-to-exceed amount of $3.1 million is funded under the California Intercity Passenger Rail Bond Program, Proposition 1B Funds and is included in the FY2016-17 Capital budget.


To enable remotely fueling Metrolink’s locomotive fleet if a problem arises during normal operations, a new fuel arm is necessary to procure and install at the Eastern Maintenance Facility (EMF).

It is recommended that the Board approve and authorize the Chief Executive Officer to award Contract No. C3128-17 for the EMF fuel system improvements to the lowest responsive and responsible bidder Encon Technologies, Inc. (Encon) in the amount of $94,300 plus a 15% contingency in the amount of $14,145 for a total not-to-exceed amount of $108,445. Award is subject to resolution of any protest timely filed. Funding for the procurement and replacement of fuel monitoring system is available in the FY2016-17 Rehab budget.
10. **Contract No. JO119-17 – Track and Tie Rehabilitation Services – Recommendation to Award – Railworks Track Services, Inc.**

To enhance safety on the rail network, the track and tie rehabilitation services are required to prevent deterioration of the existing track and tie structure by using a systematic program to replace infrastructure assets. Work under Contract No. JO119-17 will include track and tie rehabilitation, such as replacement of turnouts, replacement of failed wood crossties, rehabilitation of grade crossings and replacement of rail primarily in the Orange, San Gabriel, and Ventura subdivisions although work may be authorized and performed anywhere on the system.

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO119-17 for Track and Tie Rehabilitation Services to the lowest responsive and responsible bidder, Railworks Track Services, Inc. (Railworks) in an amount not-to-exceed $4 Million. Award is subject to resolution of any protest timely filed. Funding for track and tie rehabilitation services is included in the FY2016-17, and FY2017-18, Rehabilitation Budgets or will be recollectable under third party agreements. Federal funding comes in part from grants from the Federal Transit Administration (FTA).

11. **Contract No. JO122-17 – Track and Tie Rehabilitation Services – Recommendation to Award – RailWorks Track Services, Inc.**

Track and tie rehabilitation services are required to prevent deterioration of the existing track and tie structure by using a systematic program to replace infrastructure assets. Work under Contract No. JO122-17 will include track and tie rehabilitation, such as replacement of turnouts, replacement of failed wood crossties, rehabilitation of grade crossings and replacement of rail primarily in the River Subdivision although work may be authorized and performed anywhere on the system.

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO122-17 for Track and Tie Rehabilitation Services to the lowest responsive and responsible bidder, RailWorks Track Services, Inc. (“RailWorks”) in an amount not-to-exceed $4 Million. Award is subject to resolution of any protest timely filed. Funding for track and tie rehabilitation services is included in the FY2016-17, and FY2017-18, Rehabilitation Budgets or will be recollectable under third party agreements. Federal funding comes in part from grants from the Federal Transit Administration (FTA).
12. **Contract No. JO125-17 – Video Surveillance Systems at Metrolink Stations and Facilities – Recommendation to Award – Convergint Technologies**

Video surveillance systems are required for Metrolink stations and its territory to help reduce crime and protect property. Work under Contract No. JO125-17 will include furnishing and installing brand new network/IP-based video surveillance systems and supporting system components at Authority facilities and train stations throughout the Metrolink service area.

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO125-17 for Video Surveillance Systems at Metrolink Stations and Facilities to Convergint Technologies for a one year term with a not-to-exceed contract funding authorization amount of $4 million. Award of this contract is subject to any protest filed timely. Funding for new installations and maintenance is included in the FY2016-17 Capital and Operating budgets under a California Transit Security Grant Program. Actual funding commitments for those projects handled through the job order process are encumbered on a per project basis at the time the individual job order is approved and issued.


Additional Contract Task Order (CTO) authority for track and structures rehabilitation, capital and third party support services from Veolia Transportation Maintenance and Infrastructure, Inc. (VTMI) is required under Contract No. MS214-09.

It is recommended that the Board authorize the Chief Executive Officer to amend Contract No. MS214-09 with VTMI to increase the FY2016-17 contract funding authorization by $2,000,000 to support capital, rehabilitation and recollectable projects for a total contract funding authorization of $20,202,129, which includes $11,202,129 for annual operating maintenance, and $9,000,000 for support of capital, rehabilitation and recollectable projects. A portion of the increase in authorization of $2,000,000 for the proposed CTO work will be funded with programmed or reprogrammed approved rehabilitation or capital funds for third party work subject to reimbursement agreements, and; therefore has no impact to the FY2016-17 approved Operating Budget. The remainder of the requested authorization will be for previous and potential emergency preparation and repairs due to storm work performed at Authority’s request and is forecasted to be offset by Federal Emergency Management Agency (FEMA) funds or underruns in other
portions of the Maintenance of Way Operating Budget and, therefore; will be absorbed within the FY2016-17 Operating Budget.


Wood railroad ties are required for the general railroad system of transportation under Track Safety Standards and are used in dense traffic mixed passenger/commuter and freight railroad service.

It is recommended that the Board approve and authorize the Chief Executive Officer to amend Blanket Purchase Order No. PO462B-12 for Wood railroad ties with Gemini Forest Products (Gemini) to increase the contract funding authorization by an amount of $4,000,000 for a total not-to-exceed contract funding authorization of $12,000,000. Funding for this procurement is available in the FY2016-17 Rehabilitation budget and is partially funded under Federal Transit Administration grants, and other third party recollectable projects.

15. **Purchase Order No. PO748-17 – Purchase of Track Material used at Empire Avenue – Veolia Transportation Maintenance and Infrastructure**

Track material has become available upon completion of the Empire Ave Project and is needed for use in upcoming maintenance and rehabilitation projects that are critical for enhancing system-wide safety and reliability. This material was procured by VTMI following a competitive process by Caltrans and met all of the federal procurement requirements, including Buy America.

It is recommended that the Board authorize the Chief Executive Officer to award Purchase Order No. PO748-17 for the procurement of track material from Veolia Transportation Maintenance and Infrastructure, Inc. (VTMI) in an amount not-to-exceed $590,000. Funding for this procurement is available in the FY2014-15 Rehabilitation budget and is partially funded under Federal Transit Administration grants, and other third party recollectable projects.


The Authority requires external audit services of its financial statements on an annual basis for the Comprehensive Annual Financial Report (CAFR) and Single Audit.
It is recommended that the Board approve and recommend the Board authorize the Chief Executive Officer to amend Contract No. QM145-15 for external audit services with Moss Adams LLP to:

1) Exercise the one two-year option and extend the period of performance from October 14, 2014 to October 15, 2019; and

2) Increase the contract funding authorization by $498,800 for a new not-to-exceed amount of $1,226,570.

Funding for the external audit services has been requested in the FY2017-18 Operating Budget. Funding for subsequent fiscal years will be requested in future budgets.

17. Contract No. SP466-16 – Law Enforcement Services – One Year Extension of Contract Term

The Authority requires multi-jurisdictional on-train and patrol services across five counties, uniquely for commuter rail throughout the service area.

It is recommended that the Board authorize the Chief Executive Officer to amend Contract No. SP466-16 with the Los Angeles County Sheriff’s (LASD) for twelve months from July 1, 2017 through June 30, 2018 to allow sufficient time for re-procurement of these services and for the staff and LASD to develop and implement improved performance objectives. Contract funding authorization for this one-year extension will be requested through the Annual Budget process. Funding for the Los Angeles County Sheriffs is included in the proposed FY2017-18 budget and covered in the current FY2016-17 operating budget.

18. Restating of the Fare Policies and Procedures document into three distinct policies: Fare Policy, Service Standards Policy and Title VI Policy

In 2003, the Board adopted Metrolink’s Fare Policies and Procedures. Since the policy was adopted, there have been several revisions to the Policy as directed by the Board of Directors. An abundant amount of policy was added in 2014 to address service policy, major service change and Title VI requirements. Staff recommends the existing policy be separated into three polices (Fare Policy, Service Standards Policy and Title VI Policy) for ease of administration and on-going maintenance.

It is recommended that the Board approve the reformatted Fare Policy, Service Standards Policy and Title VI Policy. There are no material changes being proposed with this suggested action. There is no budgetary impact as a result of this report.
19. **FY2017-18 Budget Development Update**

Finance Policy 1.1 provides guidelines for the development of the Authority’s annual budget to ensure that a balanced budget is prepared in a timely basis and submitted to the Board for adoption prior to the start of each new fiscal year. This report provides a status update on the Fiscal Year 2017-18 (FY18) budget development progress to date.

It is recommended that the Board provide feedback and direction on the following:
1) New initiatives,
2) Unconstrained rehabilitation request and
3) Unconstrained new capital request

There is no budgetary impact as a result of this status report.

20. **Adopt Staff Position on Assembly Bill 17 (Holden)**

Assembly Member Holden introduced AB 17 to provide free or reduced-fare transit passes for specified students. The Transit Pass Program, administered through the Controller of the State of California, would allocate program funding to eligible providers. A board position on the establishing legislation is requested.

It is recommended that the Board adopt a **Support** position on AB 17 to ensure that program guidelines, criteria and appropriations benefit the Authority. There is no budgetary impact as a result of the report. However AB 17 would create a new funding opportunity for the Authority to expand or fund new services for students.

21. **Adopt Staff Position on Assembly Bill 28 (Frazier)**

Assembly Member Frazier introduced AB 28 to re-enact the California Department of Transportation’s (Caltrans’) authority to waive its right to immunity from lawsuits brought in court so that it can continue to indefinitely assume the role of the United States Department of Transportation (U.S. DOT) for National Environmental Policy Act (NEPA) decisions. A Board position on permanently delegating that authority is requested.

It is recommended that the Board adopt a **Support** position on AB 28 to ensure continued NEPA delegation, which benefits Authority projects that require NEPA documents. There is no budgetary impact as a result of this report. However AB 28 could reduce the cost of project delivery by streamlining federal NEPA documents.
22. **State and Federal Legislative Update**

Staff will provide an update on current legislative issues in State and Federal Government Affairs.

The Board may receive and file this report. There is no immediate budget impact as a result of this update.

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23. **Delegate Authority to the Chief Executive Officer for the Purpose of Obtaining Financial Assistance Provided by the California Department of Transportation**

The Authority has submitted an application for funding from the State of California under the FY2016-17 Cap and Trade Low Carbon Transit Operations Program (LCTOP) for the purpose of procuring up to five ticket vending machines (TVMs). The California Department of Transportation (Caltrans) administers the LCTOP grant program and requires that the Board adopt a resolution delegating authority for execution of any actions necessary under this grant. An annual resolution is required to apply for the funds.

It is recommended that the Board adopt Resolution 17-85 (Attachment A) authorizing the Chief Executive Officer, who may delegate to the Deputy Chief Executive Officer, to execute for and on behalf of the Authority, any actions necessary for the purpose of obtaining financial assistance from Caltrans. There is no budgetary impact as a result of this action. Successful award of the grant could have a positive impact on the budget. No local match is required and the resolution will allow the Authority to receive the funds.

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24. **Capital Grant Summary for Period December 2016 through February 2017**

Staff is providing an update to the Board summarizing capital grant acquisition, reprogramming and closeout activity for December 1, 2016 through February 28, 2017. This report focuses exclusively on grant acquisition, reprogramming and closeout activities undertaken by staff for the purposes of supporting the rehabilitation and new capital programs.

The Board may receive and file this report. There is no budgetary impact as a result of this status report.

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25. **Small Business Enterprise Program Update**

Staff will provide an update to the Board on the Authority’s Small Business utilization and review of Small Business set-aside programs. 

The Board may receive and file this report. There is no budgetary impact as a result of this report.

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26. **Key Performance Indicators (KPI) Quarterly Performance Report – Quarter Ended December 30, 2016**

The Key Performance Indicators (KPI) Quarterly Performance Report provides the latest results for the second quarter of FY2016-17 (FY17). For each of the seven strategic goals, KPIs and performance targets were identified and implemented in a Performance Report that is presented to the Board on a quarterly basis.

The Board may receive and file this report. There is no budgetary impact as a result of this report.

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27. **Tier 4 Locomotive Update**

Staff is presenting an updated Tier 4 project schedule and additional information on required qualification testing.

The Board may receive and file this report. There is no budgetary impact as a result of this report.

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28. **New Bike / Surfboard Cars Pilot Program**

In response to requests from key stakeholders and members of the Board, Bike Cars are being converted to Bike / Surfboard Cars to allow riders to bring surfboards onboard Metrolink trains. The project will be completed by early May 2017.

The Board may receive and file this report. The costs for the surfboard nets, installation, decals for train cars and training costs are included in the FY2016-17 Operating budget.

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29. **Mobile and Online (Web-Based) Ticketing Project Update**

Staff is providing an update on the progress to date and key milestones associated with the delivery of the Mobile and Online Ticketing Project.
The Board may receive and file this report. There is no budgetary impact as a result of this status report.

30. **Procurement of Fare Collection Systems (Kiosk/Ticket Vending Machine) Update**

Staff is providing an update on the procurement of the fare collection systems.

The Board may receive and file this report. There is no immediate budget impact resulting from the status report.

31. **Ticket Vending Machine Availability and Performance**

Staff is providing an update on ticket vending machine (TVM) availability and performance.

The Board may receive and file this report. There is no budgetary impact as a result of this update.

32. **Classification and Compensation Plan Review Update**

Staff is providing an update on the progress to date and key milestones associated with the Classification and Compensation Plan Review.

The Board may receive and file this report. There is no budgetary impact as a result of this status report. Final recommendations resulting from the study may have a budgetary impact, which would be reflected and proposed in the FY2017-18 and future budgets. Please note that any salary and compensation changes for employees represented by the Amalgamated Transit Union (ATU) Local 1704 will be appropriately discussed and negotiated as part of the collective bargaining process.


The Internal Audit Department (Internal Audit) completed the Interim Contract Audit: Parsons Transportation Group, Inc. Contract No. H1636-10 (#2017-05-CA)

The Board may receive and file the report. There is no immediate budget impact as a result of this status report.
34. **Performance Audit of the Fare Revenue Ticket Stock Inventory Controls (Phase II) #2017-03-IA**

The Internal Audit Department (Internal Audit) has completed a *Performance Audit of the Fare Revenue Ticket Stock Inventory Controls (Phase II) #2017-03-IA*.

The Board may receive and file this report. There is no immediate budget impact as a result of this status report.  
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35. **Internal Audit Department Update**

The following status of audit activities of the Internal Audit Department (Internal Audit) at the Authority is for informational purposes.

The Board may receive and file this report. There is no immediate budget impact resulting from this status report.  
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36. **AB1234 Meetings Attended by Members of the Board of Directors**

A report on meetings attended by members of the Board of Directors is provided in compliance with the Authority’s policies and "AB 1234" (Government Code Section 53232 et seq).

The Board may receive and file this report. Funds for eligible expense reimbursement are provided in the FY2016-17 budget.  
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37. **Update on Headquarters Office Space**

Staff will provide an oral update on the status of the search for the Authority’s headquarters office space. There is no written document. The Board may receive and file this report.

38. **Chief Executive Officer’s Report**

- Authority Update

39. **Chair’s Comments**

40. **Board Members’ Comments**
**CLOSED SESSION**

41. **Closed Session**

- **a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS** – Pursuant to Government Code Section 54956.8 – regarding the following properties:
  - Property: 145 South Spring St., LA, CA
    - Agency negotiator: CEO Arthur T. Leahy
    - Negotiating parties: Onni Group
    - Under negotiation: Price and terms of payment
  - Property: 601 South Figueroa St., LA, CA
    - Agency negotiator: CEO Arthur T. Leahy
    - Negotiating parties: Brookfield Office Properties
    - Under negotiation: Price and terms of payment
  - Property: 900 Wilshire Blvd., LA, CA
    - Agency negotiator: CEO Arthur T. Leahy
    - Negotiating parties: Korean Airlines
    - Under negotiation: Price and terms of payment
  - Property: 700 South Flower St., LA, CA
    - Agency negotiator: CEO Arthur T. Leahy
    - Negotiating parties: The Ratkovich Company
    - Under negotiation: Price and terms of payment

**42. ADJOURNMENT**

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**BOARD WORKSHOP / MEETING:**

*Thursday, April 20 and Friday, April 21, 2017*

*Riverside, CA*

*Refer to agenda for location and times*
MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING  
February 10, 2017

ITEM 5a

BOARD MEMBERS/ALTERNATES IN ATTENDANCE:

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<td>ANDREW KOTYUK</td>
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<td>(Chair)</td>
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<td>DEBBIE FRANKLIN</td>
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<td>Ginger Gherardi</td>
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<td>ARA NAJARIAN</td>
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<td>(2nd Vice-Chair)</td>
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<td>KATHRYN BARGER</td>
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<td>PAUL KREKORIAN</td>
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<td>Walter Allen, III</td>
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<td>Alan Wapner</td>
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<td>GREGORY WINTERBOTTOM</td>
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<td>Richard Murphy</td>
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EX-OFFICIO MEMBERS

|                |       |
| SCAG            |       |
| Art Brown       |   |
| State of California |   |
| Ryan Chamberlain | 2 |

STAFF/PRESENTERS:

ARTHUR T. LEAHY, Chief Executive Officer
ELISSA K. KONOYE, Deputy Chief Executive Officer
PATRICIA TORRES BRUNO, Chief of External Affairs
DON DEL RIO, General Counsel

1 Director Krekorian arrived after the discussion of Item No. 5.
2 Directors Nelson and Chamberlain arrived during the discussion of Item No. 5.
1. Call to Order

The February 10, 2017 Board of Directors Meeting was called to order by Chair Kotyuk at 10:01 a.m. at the Metro Board Room, One Gateway Plaza, 3rd Floor, Los Angeles, CA 90012.

2. Pledge of Allegiance

Former Board member, Karen Spiegel led the group in the pledge of allegiance.

3. Roll Call

The Board Secretary called roll to confirm a quorum of the Board was present.

4. Public Comment

At this time, Chair Kotyuk inquired if the Board Secretary had received any Request to Speak forms, and it was confirmed that no requests were received. The Public Comment period was then closed.

5. Board Member Recognition

Chair Kotyuk along with Arthur T. Leahy, Chief Executive Officer presented former Board member, Karen Spiegel with a few tokens of appreciation for her leadership during her tenure on the Board of Directors.
Chair Kotyuk commented on Karen Spiegel’s dedication that helped propel the Authority’s transformation as a national rail safety leader and noted several of the Authority’s accomplishments that were achieved during her time on the Board. Director Wapner remarked that he appreciated her ability to ask difficult questions, and was glad for her continuing representation in the region.

2nd Vice-Chair Najarian recalled his involvement working on Ad Hoc committees with Karen Spiegel and noted that even though they had other outside commitments and responsibilities, it was a pleasure to work with her. He commented that although there were some difficult times during the Board, he was happy to see improvements such as new service extensions in Riverside County.

Keith Millhouse, former Board member, commented that his attendance at the meeting was to personally acknowledge the valuable contributions that Karen Spiegel made to the Authority. He commented on her abilities as a true leader during the Authority’s turbulent times when they served on the Board together. He expressed his confidence in the new members who recently joined the Board, thanking them for their service and stressed the importance of staying engaged and focused on the safety of operations.

Chair Kotyuk commented he had the opportunity to work with Karen Spiegel at Riverside County Transportation Commission (RCTC) and remarked that she was a compelling factor to him serving on the Metrolink Board. Her encouragement drove him to become more involved, ask questions and not be part of the status quo. Her presence would be deeply missed.

Karen Spiegel thanked all those she had worked with over the years and acknowledged the accomplishments that were achieved as a Board. She concurred with Keith Millhouse’s remarks and stressed the importance of the Board working together for the benefit of not only each county but for the benefit of Metrolink. She urged the Board members to continue to challenge each other even if opinions differ to ensure the right decisions are made.

Chair Kotyuk then welcomed the following new board alternates:

**Orange County Transportation Authority (OCTA) Alternate** – Richard Murphy

Director Murphy serves as Mayor of Los Alamitos and has served on the city council since 2012. He is also on the OCTA Board, serves on the Orange County Sanitation District and previously served on the Executive Committee of the Orange County Library Advisory Board and the Vice Chairman of Westcom.

**San Bernardino County Transportation Authority (SBCTA) Alternate** – Jon Harrison

Director Harrison serves as City Councilman from City of Redlands. He has served on the City Council since 2001. Director Harrison sits on the SBCTA Board, the

**Ventura County Transportation Commission (VCTC) Alternate** - Ginger Gherardi

Director Gherardi serves as Vice Mayor of Santa Paula. She served as the Executive Director, VCTC from its inception in 1989 through 2007 and was instrumental in the expansion of Metrolink in Ventura County.

Each of the new Board members were thankful for the opportunity and looked forward to their service on the Board.

**REGULAR CALENDAR**

6. **Approval of Consent Calendar**

**ACTION:** Upon a motion by Director Nelson and seconded by Director McCallon, the Board approved Consent Calendar Items 25-30. [Consent calendar items are contained on pages 13 of these minutes.] There was no opposition and the motion passed unanimously.

7. **Amendment to At-Will Employment Agreement for General Counsel**

Upon a motion by Director McCallon and seconded by Director Nelson the Board approved the recommendation. There was no opposition and the motion passed unanimously.

**ACTION:** The Board approved an amendment to the General Counsel's At-Will Employment Agreement by increasing the base salary.

8. **Adoption of Principles for Use of Federal Funds for Preventive Maintenance and New Transportation Services**

Karen Sakoda, Planning Manager provided a brief background on this item as detailed in the staff report and requested approval of staff’s recommendation.

Director Barger commented that it was wise for the Authority to capitalize on any available federal dollars, and asked if there was a system in place to ensure compliance with the federal guidelines. Arthur T. Leahy responded there was a system in place and added that this was a county-wide initiative in which the Authority has been working in partnership with the member agencies for the last six to eight months.
Upon a motion by Director Gherardi and seconded by Director Nelson the Board approved the recommendation. There was no opposition and the motion passed unanimously.

**ACTION:** The Board approved and adopted the principles for use of federal funds for preventive maintenance and new transportation services.

At this time, Chair Kotyuk called on a member of the public who submitted a late request to speak under Public comment:

Hillary Norton, Executive Director, FAST (Fixing Angelinos Stuck in Traffic) thanked the Authority for its leadership in providing rail to bike connections. She commented on the new residential and commercial growth in the Arts District of Los Angeles and the area around the 6th Street Station, especially the development of a bridge with increased bike and pedestrian connectivity. She requested that the Authority engage in partnering with FAST to develop ideas for increased rail to bike activity in this area and build upon the Los Angeles County Metropolitan Transportation Authority’s (Metro) efforts for increased connectivity. Arthur T. Leahy mentioned that Metro was in the process of evaluating a station at 1st and 6th Streets. He commented on the growth that area had experienced and noted that a subway extension would be a valuable connection.

9. **Contract No. SP466-16 – Law Enforcement Services – Extension of Contract Term with Los Angeles County Sheriff’s Department and Future Security Services Contract Options**

Chair Kotyuk announced this item would be deferred to a future meeting.

Chair Kotyuk announced that the agenda would be considered out of order and called for the discussion of Item No. 11.

11. **Positive Train Control Program Update**

Darrell Maxey, Deputy Chief Operating Officer (PTC & Engineering) delivered a presentation and provided a brief background on this item as detailed in the staff report.

Director Martinez stated she was glad to see that some benchmarks regarding interoperability had been established with other railroads. She inquired if there was a target to implement Positive Train Control (PTC) in terminal areas. Darrell Maxey responded the Authority had established a target, but there were Federal Railroad Administration (FRA) exclusions that existed for slow speed operations in terminals. He stated a staff team had been established to determine whether it would be feasible and cost effective to install such a project. Staff would return to the Board during the summer timeframe to report if a solution with the capability to enforce
speeds, stops and terminal errors had been found. He added that this was a very complex aspect which was why the FRA had enforced these exclusions.

Director Krekorian remarked that the Authority’s work with PTC has established itself a leader and had a great deal to be proud of. He recalled there had been a previous discussion regarding the amount of interoperability investment in capital equipment for the BNSF locomotives and inquired as to the status of that investment. Darrell Maxey responded that 40 locomotives leased from BNSF came equipped with PTC, which was a requirement in the lease. However, he noted that the PTC equipment required some software and wiring changes be made in order for them to operate on Metrolink’s host territory. Although he could not recall the exact amount, Darrell Maxey indicated the equipment investment was fairly low.

Director McCallon expressed his concern that as PTC contractors are phased out and replaced with highly skilled staff, there was a risk that employees could be lured away by other agencies in the industry. He asked if the Authority had considered establishing a training center where these skilled staff could provide training to others in the industry which could also allow the Authority to recoup some of its PTC investment. Arthur T. Leahy replied that one of his goals when joining the Authority as its Chief Executive Officer was to ensure the Authority became an ‘employer of choice’ in order to retain highly skilled staff. He stated attempts had been made by other transit employers to attract and hire employees which were unsuccessful. He did not foresee the Authority providing training to other agencies, but indicated that staff would return with additional information on this subject in the near future.

Director Franklin inquired if the PTC software on the BNSF locomotives was provided by Wabtec. Darrell Maxey responded that it was and added that freight and commuter railroads outside of the Northeast Corridor have adopted a common system, software and hardware in order to have an interoperable system and are using the Wabtec Interoperable Electronic Train Management System (I-ETMS®).

ACTION: The Board received and filed this report.

A copy of the PowerPoint presentation is available upon request from the Board Secretary.


Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement, provided a brief background on this item as detailed in the staff report and requested approval of staff’s recommendation.

Chair Kotyuk asked for clarification regarding the contract extension cost of $16
million. Lia McNeil-Kakaris responded that the cost was $3.2 million per year for five-year period which equaled $16 million. She noted that additional option years would be negotiated at that time.

Director Franklin expressed concern that the contract was perpetual and asked if it was compliant with Federal Transit Administration (FTA) regulations. Lia McNeil-Kakaris explained that a new license agreement would be required when changes be made which would make it perpetual and noted that it would still be part of the original FTA compliant contract. Although, the contract amount remained the same, a new license would be issued according to the work being performed.

Chair Kotyuk noted that Wabtec was not the original software vendor on the contract and asked if staff could provide some historical background for the new board members. Darrell Maxey explained that the original vendor was Parsons, whose subcontractor provided the computer aided dispatching (CAD) and back office server (BOS) support. After approximately four years, the Authority realized the subcontractor’s performance was not up to par, and were behind schedule which resulted in problems to their system. The Authority initiated steps to terminate the subcontract and then a new vendor was selected which was Wabtec. He stated that although it was a difficult decision to make, staff had been very pleased with Wabtec's performance.

Chair Kotyuk stated to be clear to the Board that by approving this item, it also gives the Chief Executive Officer direction to negotiate at the same time. With the Board's approval, this item will not return to the Board again, and in that regard, he asked if the Board had any further questions.

Director Franklin stated she still had some concerns with the contract’s ‘perpetual’ terminology. Darrell Maxey explained that the perpetual term was to protect the Authority to ensure that Wabtec could not take away or remove software licenses. Arthur T. Leahy added that the concern was whether or not this would be a ‘forever’ contract and asked staff to clarify the length of the contract. Darrell Maxey explained that only the intellectual property was perpetual. Lia McNeil-Kakaris stated that the contract was for a period of five years.

Chair Kotyuk requested assurance that the contract contained language that covers the Authority for expenses incurred for issues such as software delays, or problems similar to those experienced with the prior vendor. Lia McNeil-Kakaris confirmed that language was included in the contract.

Upon a motion by Director McCallon and seconded by 2nd Vice-Chair Najarian, the Board approved staff’s recommendation. There was no opposition and the motion passed unanimously.
ACTION: The Board authorized the Chief Executive Officer to negotiate and award non-competitive Contract No. H1661-17 for PTC/CAD/CIS Software and Hardware Maintenance and Support Agreement (MSA) to Wabtec Railway Electronics (Wabtec) along with related license agreements in an amount of $3,200,000 per year for a not-to-exceed contract funding authorization of $16,000,000 for the base term of five years, with perpetual yearly extensions to be exercised at the Authority’s discretion.

12. Approval for Board Travel on Authority-related Business

Patricia Torres Bruno, Chief of External Affairs, provided a brief background on this item as detailed in the staff report and requested approval of staff’s recommendation.

Director Wapner commented that he would like to see more flexibility in the policy. He suggested that rather than bringing these requests to the Board, these decisions could be made at the discretion of the Chair.

Director Nelson responded stating that delegating these decisions to the Chair could create an awkward situation when put in a position of having to choose which board members would or would not travel.

Chair Kotyuk stated that he had made comments at a previous board meeting regarding travel and felt that the travel appointments should be for the Chair, Vice-Chair, and 2nd Vice-Chair for succession planning purposes unless one or more of those members were not able to participate on a necessary trip. If those members could not attend, then other members or alternates could attend in their absence. He noted that for educational events, conferences and conventions, travel requests should be made with the member agency that the member is representing.

Upon a motion by Director Franklin and seconded by Director Winterbottom, the Board approved staff’s recommendation. There was no opposition and the motion passed unanimously.

ACTION: The Board approved the travel request allowing the Chair and Vice-Chair to attend conferences for Authority-related business.


Arthur T. Leahy introduced James S. Kenan, Consultant, who provided a brief background on this item as detailed in the staff report.

James Keenan provided a brief history of his career and summarized the events that brought him to the Authority when Arthur T. Leahy became Chief Executive Officer in 2015. He noted that his report contained an attachment outlining the
accomplishments that had taken place during his fifteen months with the Authority and asked if there were any questions or comments regarding his report.

Director Chamberlain commented that he observed in the list of accomplishments, some of the improvements listed, specifically in the area of timely payment of invoices, modeled the Lean Six Sigma methodology. He asked if staff was utilizing the Lean Six Sigma model when looking at processes for improvements and cutting out activities that did not have value. James Keenan responded that he was particularly pleased the accomplishments that have taken place in this area. He credited this success to the individual who was hired as the Business Manager who had been very aggressive in moving this effort forward which had also made a positive impact on the Authority’s project delivery schedule. Arthur T. Leahy stated that the organization had been working toward organizational, team development, acknowledging that a great deal of progress had been made in regaining trust and working towards an organization that believes in forthrightness and was confident enough to talk about failures and learn from them. Director Chamberlin further inquired if the Authority would likely be looking at Lean Six Sigma principles. He stated these processes are currently used in their executive training programs and witnessed they add substantial value. Arthur T. Leahy responded that staff was moving toward incorporating that model.

James Keenan commended the Authority’s current Chief Financial Officer noting that during his 30 years of working at one of the member agencies, he believed the Authority was in good hands with this individual.

Director Franklin inquired whether the Authority had the correct staffing in place to continue moving forward or if there are plans to add or change staff. Arthur T. Leahy responded that staff numbers have been reduced since his arrival and there were plans to decrease two additional Full-time employees (FTE) positions in the FY2017-18 budget. He stated that a good foundation had been set, but noted that the Authority needed to continue to build and plan for the future.

**ACTION:** The Board received and filed this report.

14. Festival of Lights Debrief and Lessons Learned

Kimberly Yu, Deputy Chief Operating Officer (Planning and Project Delivery), provided a brief background on this item as detailed in the staff report.

Arthur T. Leahy summarized the challenges that resulted in train service failures for the Festival of Lights. He stated that the Authority had spread their resources too thin when going into partnership with Riverside County Transportation Commission (RCTC). He explained that only one train was set up for certain trips without providing backup service. Due to the popularity of the event, the passenger counts exceed expectations and reliable service was compromised. He stated there was a
lesson learned from the event and when providing these types of services in the future, the mistakes would not be repeated. He stated Chair Kotyuk had recommended that outreach be done to the customers who were disappointed by the service and try to bring them back as riders next year and staff will be following up on this.

**ACTION:** The Board received and filed this report.

**15. FY2017-18 Budget Development Update**

Christine Wilson, Manager, Budgets and Financial Analysis, provided a brief background on this item as detailed in the staff report.

Chair Kotyuk remarked that the Authority had become a leader and role model for safety with the implementation of PTC and also with greenhouse emissions (GHE) reduction with the introduction of the Tier 4 locomotives. He challenged the Authority to also become a leader in finance by improving its complex financial and budgetary processes and agreed that staff should implement the Lean Six Sigma principles that Director Chamberlain referred to in earlier comments.

Chair Kotyuk also inquired if there was a possibility staff could distribute budget workshop materials in advance of the meeting to allow for the Board and member agency staffs to fully review and ask questions prior to the workshop. Chris Wilson stated staff would do their best to comply with this request.

Arthur T. Leahy responded that as the Authority did not have an independent funding source, its budget development process was very complex and contingent on review and decisions made by its member agencies. He stated that distributing the materials early, provides for greater transparency yet does allow for errors if not fully vetted. He apologized in advance if errors are discovered in the early distribution of the materials.

**ACTION:** The Board received and filed this report.

**16. Operating Statement Actual vs Budget for the Second Quarter of Fiscal Year 2017 and vs Second Quarter Actual of Fiscal Year 2016**

Christine Wilson, Manager, Budgets and Financial Analysis, provided a brief background on this item as detailed in the staff report.

Director Franklin inquired about the dispatch revenues and the decrease due to on-time performance and asked if it was attributed to freight issues. Chris Wilson explained it was partly due to freight issues with BNSF. However, it was also attributed to Amtrak’s requirements and criteria in order for the Authority to receive bonus payments for both maintenance-of-way (MOW) and dispatch which are
lengthy, complex and open to interpretation. Amtrak put measures in place to enforce that the criteria be met. Chris Wilson stated that the Authority would need to meet with Amtrak to devise a more reasonable method of reviewing their decisions.

Director Franklin asked, in regard to equipment maintenance and the number of train services that are annulled, what the correlation was between being able to maintain equipment and cancel trains. Chris Wilson replied there were a number of situations that could result in cancelled trains. Cancellations could be due to the cascading effect resulting from a trespasser strike. Kimberly Yu, Deputy Chief Operating Officer (Planning and Project Delivery) added as part of the February 24, 2017 budget workshop, there would be an item on the impact of unreliability of equipment due to maintenance issues and would be discussed in depth at that time. She stated that mechanical issues, along with trespasser strikes and crew issues were among some of the reasons trains could be cancelled. Director Franklin stated she had recalled reading the Authority was planning on restructuring the maintenance schedule to make sure necessary work gets done. Kimberly Yu responded, with the arrival of the Tier 4 locomotives, a different principal that of a conditional base maintenance which would allow for a preventative maintenance schedule and would also be discussed at the February 24 workshop.

Director Franklin also inquired about the high amount that was being paid on credit card fees and stated that in today’s economy with credit cards, the Authority should look for ways to obtain better rates. Chris Wilson responded the Authority was currently looking into this matter.

Director Gonzales asked for further clarification of $58.2 million loss shown on page six of the report under member subsidies. Chris Wilson explained that the amount was for the leasing of the BNSF locomotives which was considered an extraordinary event and was outside the normal operating expenses and therefore, was listed separately as a loss. She also explained that the Authority realized a savings of $1.2 million from the early return of the leased locomotives from the full amount listed in the report.

Director Krekorian asked what the automatic train stop (ATS) component was. Darrell Maxey explained that this was equipment installed on the wheel side of the locomotive and cab cars and when traveling in areas with 20 miles per hour (MPH) speed restrictions, it provides a warning to the engineer to activate the breaks. He said the system is not complex, but required buying customized parts, installing them on the leased BNSF locomotives and maintaining them throughout the lease period. The ATS equipment was removed when the BNSF locomotives were returned. Director Krekorian asked if the equipment could be reused after it was removed from the locomotives. Darrell Maxey replied that the ATS equipment would be reused on the new Tier 4 locomotives.

Amanda Alton, Manager, Special Projects, provided a brief background on this item as detailed in the staff report.

Chair Kotyuk stated that requested staff explore charging late fees for participants in the Corporate Partners Program (CPP) perhaps of 1.5% interest per week.

**ACTION:** The Board received and filed this report.


Amanda Alton, Manager, Special Projects, provided a brief background on this item as detailed in the staff report.

Chair Kotyuk requested that future reports contain the list of projects associated with the restricted accounts.

**ACTION:** The Board received and filed this report.


Mary Lou Williams, Assistant Director, Program Management Office, provided a brief background on this item as detailed in the staff report.

**ACTION:** The Board received and filed this report.

20. Mobile and Online (Web Based) Ticketing Project Update

Mark Waier, Manager, Sales and Marketing, provided a brief background on this item as detailed in the staff report.

Director Krekorian asked what challenges remained regarding the optic reader installation and its integration with Metro. Mark Waier responded that the biggest challenge had been the fare gates owned by Cubic, which is Metro’s vendor. Staff wanted to make sure the location of the optic readers at the gates complied with the Americans With Disabilities Act (ADA). An assessment was conducted on a variety of locations to determine the best position for installation of the optic reader which took some time. Following the assessment, it was concluded that the optic reader would sit under the TAP target, and the design was then approved by the ADA which had allowed staff to move to the next phase. He noted that the next step would consider the impact the optical reader installation would have on maintenance of the TAP gates. Mark Waier stated that the Authority’s contract with Cubic for
maintenance could not impact Metro's maintenance agreement with Cubic. Staff was moving forward with the prototype, and following the testing, staff would be able to move toward production and installation. Staff anticipated receiving the prototype within a 45-day window. Director Krekorian asked if staff anticipated having the prototype, production and installation of the optic readers completed by June 2017. Mark Waier responded that staff was aiming for a June target which may roll into the month of July. Cubic was also aware of the six-month target contained in their contract.

Chair Kotyuk stated paper tickets have been a problematic issue for the Authority and would like staff to look into a plan that would move the Authority away from paper tickets and printing.

**ACTION:** The Board received and filed this report.

21. **State and Federal Legislative Update**

Whitney O’Neill, Government and Regulatory Affairs Manager, provided a brief background on this item as detailed in the staff report.

Chair Kotyuk commented that the trip to Sacramento was productive and timely and he was confident that the Authority had the right lobbying team in place. He stated he had identified one of the weakness, and would like to return to Sacramento in order to lobby for votes for the transportation bill.

**ACTION:** The Board received and filed this report.

22. **Chief Executive Officer’s Report** – Arthur T. Leahy reported on the following:

- Holiday Train – the Authority requested input from station cities on the possibility of reinstatement of the Holiday Train and their ability to provide funding. The Board would continue to be informed on progress made.

23. **Board Members’ Comments**

There were no additional comments from the Board members at this time.

24. **Chair’s Comments**

Chair Kotyuk again welcomed the new Board alternates. He thanked former Board member Keith Millhouse for his presence at the meeting. Chair Kotyuk commended staff for the positive impact their work had on both a national and state recognition level.
CONSENT CALENDAR (As Referenced in Item 6)

25. Approval of Meeting Minutes – January 27, 2017 Board of Directors Meeting

ACTION: The Board approved the Minutes of the January 27, 2017 Board of Directors Meeting.


ACTION: The Board received and filed this report.

27. Classification and Compensation Plan Review Update

ACTION: The Board received and filed this report.

28. Internal Audit Department Update

ACTION: The Board received and filed this report.

29. Ticket Vending Machine Availability and Performance

ACTION: The Board received and filed this report.

30. Headquarters Office Space Update

ACTION: The Board received and filed this report.

31. Closed Session

The Board convened into Closed Session at 11:41 a.m. to discuss Item No. 31 a. through c., and reconvened in Open Session at 12:47 p.m., at which time Counsel indicated there was nothing to report.

a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1) – Ransome v. Espinoza, SCERRA et al., Ventura County Superior Court, Case No. 56-2015-00471005-CV-PO-VTA.

b. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1) – Bruce Shelburne and Kathy Shelburne, et al. v. Hyundai Rotem USA Corp, SCERRA et al., Los Angeles County Superior Court, Lead Case No. BC607964.

c. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1) – SCERRA v. Hyundai Rotem
32. ADJOURNMENT

There being no further business for consideration by the Board, the meeting was adjourned at 12:48 p.m.

Respectfully Submitted,

Kari Holman
Assistant to the CEO/Board Secretary
MINUTES OF THE BOARD OF DIRECTORS WORKSHOP
February 24, 2017

ITEM 5(b)

BOARD MEMBERS/ALTERNATES IN ATTENDANCE:

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<th>Organization</th>
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<tr>
<td>RCTC:</td>
<td>ANDREW KOTYUK (Chair)</td>
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<td>DEBBIE FRANKLIN</td>
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<td>VCTC:</td>
<td>BRIAN HUMPHREY (2nd Vice-Chair)</td>
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<td>Ginger Gherardi</td>
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<td>METRO:</td>
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<td>Joseph Gonzales¹</td>
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<td>Borja Leon³</td>
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<td>Roxana Martinez</td>
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<td>SBCTA:</td>
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<td></td>
<td>Jon Harrison</td>
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<tr>
<td>OCTA:</td>
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EX-OFFICIO MEMBERS

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STAFF/PRESENTERS:

ARTHUR T. LEAHY, Chief Executive Officer
PATRICIA BRUNO, Chief of External Affairs
RONNIE CAMPBELL, Chief Financial Officer
DON O. DEL RIO, General Counsel
GARY LETTENGERARVER, Chief Operating Officer
CHRISTINE WILSON, Manager, Budgets and Financial Analysis
KIMBERLY YU, Deputy Chief Operating Officer (Planning and Project Delivery)

¹ Director Barger arrived during the discussion of Session II and left during the discussion of Session III.
² 2nd Vice-Chair Najarian and Director Gonzales arrived during the discussion of Session I.
³ Director Leon arrived during the discussion of Session I and left during the discussion of Session III.
MARY SACCOCCIO, Executive Secretary to the Board Secretary  
KARI HOLMAN, Assistant to the CEO / Board Secretary  

Meeting minutes are prepared in a format that corresponds with the Board Meeting Agenda, which is incorporated by reference with these minutes. SCRRA Board Agendas are available online at www.metrolinktrains.com under the Board Agenda link or from the Board Secretary at (213) 452-0255.

1. Call to Order

The February 24, 2017 Board of Directors Workshop was called to order by Chair Kotyuk at 9:54 a.m. at the Central Maintenance Facility located at 1555 San Fernando Road, Los Angeles, CA 90065.

2. Pledge of Allegiance

Chair Kotyuk led the group in the pledge of allegiance.

3. Roll Call

The Board Secretary called roll to confirm a quorum of the Board was present.

4. Public Comment

At this time, Chair Kotyuk inquired if the Board Secretary had received any Request to Speak forms, and it was confirmed that no requests were received. The Public Comment period was then closed.

BOARD WORKSHOP

A workshop was held for Board members, and the five member agency Chief Executive Officers (CEOs), Chief Financial Officers (CFOs), and Technical Advisory Committee (TAC) members to review the FY2017-18 Preliminary Budget.

The workshop focused on the operating budget and the capital/rehabilitation budget. The objective of the workshop was to provide information about the assumptions and cost drivers used to formulate the preliminary budget estimates.

SESSION I – INTRODUCTION TO FY2017-18 PRELIMINARY BUDGET

5. FY2017-18 Preliminary Budget Overview

At the start of this session, a short safety video presentation was shared with the Board and those in the audience highlighting the duties of leadership and other Board member responsibilities.
Gary Lettengarver, Chief Operating Officer shared a brief video and pictures of the prior weekend weather impacts on the system due to severe rains.

Ronnie Campbell, Chief Financial Officer provided a historical overview of the operating, capital and rehabilitation budgets of the last seven years.

A copy of the PowerPoint presentations materials for sessions I through III are available upon request from the Board Secretary.

**SESSION II – EXHIBITS**

The Board and attendees participated in a tour of the areas outlined below along with a description of each area.

6. Exhibits Tour:

a) Equipment Maintenance
   Participants viewed major equipment components which emphasized condition based maintenance tools and approaches and future equipment progressive overhaul efforts. The Authority’s new Tier 4 locomotive was also on display along with a first generation Bombardier car that would benefit from overhaul.

b) Facilities and Fleet Management
   Critical components such as expansion of existing crew base, replacement of key components at Central Maintenance Facility (CMF) Rail Car Shop, and renovation of dilapidated canopies at Los Angeles Union Station in addition to other critical facilities projects were discussed.

c) Track and Structures
   Participants viewed displays of Concrete Tie Track, Timber Tie Track, various track fastening systems, sections of various sizes of new and worn rail including examples of failed rails, new and deteriorated timber ties, typical Track tools and work equipment. The displays included poster size photographs of the various types and condition of bridges, culverts, and road crossings.

d) Train Control, Signal Systems and Communications
   Participants saw old and new signal case with an emphasis on new technology reliability in improving safety, maintaining compliance with industry and Federal Railroad Administration (FRA) regulations.

e) Materials Management
   Staff highlighted the annual materials inventory budget and how items are monitored and managed. Participants will be able to see how parts are administered and tracked.
SESSION III – WORKSHOP

7. FY2017-18 Preliminary Budget

Christine Wilson, Manager, Budgets and Financial Analysis discussed details of the operating, capital, and rehabilitation budgets. The objective of the workshop was to provide information about assumptions and cost drivers used to formulate the preliminary budget estimates.

After the material was delivered, the Board and participants engaged in a brief discussion to respond to questions surrounding specific subjects related to the budget such as long term financial planning, costs associated with the Sheriff’s contract and its status. Staff reminded the Board and member agency staff that additional meetings would be held both with the Technical Advisory Committee (TAC) members and member agencies as requested.

8. Chair’s Comments

Chair Kotyuk thanked everyone for their participation. He mentioned that he had created an Ad Hoc committee related to rail corridor improvements which would consist of himself, Vice-Chair Humphrey and Director Nelson.

Several staff members from the Operations team who had a part in the tour presentations were introduced. Chair Kotyuk thanked staff who played a role in the day’s activities.

9. Board Members’ Comments

There were no additional comments from the Board members at this time.

10. ADJOURNMENT

There being no further business for consideration by the Board, the meeting was adjourned at 1:10 p.m.

Respectfully Submitted,

Kari Holman
Assistant to the CEO/Board Secretary
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy

SUBJECT: Contract No. C3136-17 – Santiago Creek Bridge Painting – Recommendation to Award – CL Industrial Coatings Inc.

Issue

The Santiago Creek Bridge on the Orange Subdivision requires painting to protect the structural steel from continued rust and degradation.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3136-17 for the Santiago Creek Bridge Painting to the lowest responsive and responsible bidder, CL Industrial Coatings Inc. in the amount of $498,024.00 plus a fifteen percent contingency of $74,703.60, for a total amount not-to-exceed amount of $572,727.60 for the base bid. Award is subject to resolution of any protest timely filed.

Alternatives

The Board may reject all bids and direct staff to re-issue the Invitation for Bid (IFB).

Strategic Goal Alignment

This report aligns with the strategic goal to ensure a safe operating environment and is an investment in Metrolink’s assets.

Background

Bridge 173.6 is a structural steel thru-girder bridge constructed in 1928. It is located on the Orange Subdivision in the City of Santa Ana. There is surface rust and chipped paint evident throughout the bridge due to its age and location. Painting the bridge will protect the structural steel from continued rust and degradation. This project includes removal and containment of the existing lead-based paint and performing a three-coat painting application on the bridge bearing surfaces, girders and attachments, floor beams, and braces. The work must comply with all applicable Federal, State, and Local codes as it applies to environmental and public access regulations. The work will include providing the labor, materials, and equipment necessary for the removal of the existing paint and
application of the new paint, while adhering to environmental and city regulations. This project will be implemented in collaboration with the Orange County Transportation Authority (OCTA).

**Procurement Approach**

On December 22, 2016, an Invitation for Bid (IFB) was issued for competitive bids for this project. The solicitation was posted on Authority’s e-procurement website, advertised in publications in the five member counties, and notices were sent directly to over one thousand firms registered on Authority’s on-line vendor database. Thirty-five prime, subcontractor and supply firms downloaded the solicitation. Sixteen firms attended the pre-bid conference and job walk that were conducted on January 5, 2017.

Five bids were received and publicly opened on January 26, 2017. The results are as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Total Bid Amount (including Options)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL Industrial Coatings Inc.</td>
<td>$498,024</td>
</tr>
<tr>
<td>Murphy Industrial Coatings, Inc.</td>
<td>$538,364</td>
</tr>
<tr>
<td>Cor-Ray Painting Co.</td>
<td>$665,000</td>
</tr>
<tr>
<td>Certified Coatings Company</td>
<td>$738,700</td>
</tr>
<tr>
<td>Abhe’s Svoboda, Inc.</td>
<td>$1,337,770</td>
</tr>
</tbody>
</table>

The Engineer’s estimate prepared by the design consultant prior to bid receipt was $650,000.00.

After completing the bid evaluation, CL Industrial Coatings Inc., was determined to be the lowest responsive and responsible bidder. The bid comparison indicated that the total bid price submitted by CL Industrial Coatings Inc., was 23.4% lower than the Engineer’s estimate. This is for a one-item lump sum bid, which was determined to be fair and reasonable as a result of CL Industrial’s expertise and means and methods in this area.

CL Industrial Coatings Inc. is a Northern America contractor providing industrial services in scaffolding, insulation, and painting. They specialize in the application of high-performance coatings throughout many industries, including power, marine, transportation, and commercial construction.

In accordance with the Board-adopted Contracts Administration and Procurement Policies and Procedures CON-27 Contingency Funds, staff is allowed to add contingencies up to 25 percent. Staff recommends inclusion of 15 percent of the successful bid amount in the event of any unforeseen conditions.
**Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements**

A DBE contract goal of four percent was established for this U.S. Department of Transportation (DOT) assisted contract. CL Industrial Coatings Inc., proposed a 4.6 percent DBE participation goal for this effort.

Therefore, it is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3136-17 for the Santiago Creek Bridge Painting to the lowest responsive and responsible bidder, CL Industrial Coatings Inc., in the amount of $498,024.00 plus a fifteen percent contingency of $74,703.60, for a total amount not-to-exceed $572,727.60 for the base bid.

**Budget Impact**

This project is included in the Authority’s FY2014-15 rehabilitation budget, and is funded with federal funds provided by OCTA and San Bernardino County Transportation Authority (SBCTA).

Prepared by: Elizabeth Lun, Project Engineer, Standards & Design
Sonny Ibrahim, Senior Contract & Compliance Administrator
Lia McNeil-Kakaris, Assistant Director, Contracts & Procurements

Gary Lettengarver
Chief Operating Officer

Ronnie Campbell
Chief Financial Officer
### SUBCONTRACTOR LIST

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Services / Materials Supplied</th>
<th>DBE / Percentage</th>
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</thead>
<tbody>
<tr>
<td>Askari Security Services</td>
<td>Security Patrol</td>
<td>Yes / 4.6%</td>
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</table>
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy


Issue

A civil and signal construction contract award is required to deliver improvements to Ventura Subdivision by building a center platform station at Van Nuys.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3135-17 for the Van Nuys North Platform Project to the lowest responsive and responsible bidder, Kiewit Infrastructure West Co., (Kiewit) in the amount of $18,644,000 plus a ten percent contingency of $1,864,400, for a total amount not-to-exceed $20,508,400. The award is subject to resolution of any protest timely filed.

Alternative

The Board may reject all bids and direct staff to re-issue the Invitation for Bid (IFB).

Strategic Goal Alignment

This report aligns with the strategic goal to ensure a safe operating environment to allow passing movement on the unoccupied track while a single train is stopped at the station and to increase safety by providing a barrier to pedestrians attempting to cross between Cabrito Road and the Station illegally.

Background

This project pertains to the construction of a center platform with a pedestrian underpass at the Van Nuys Station and is funded under California High Speed Passenger Bond, Proposition 1B Funds. The improvements are part of Authority’s overall goal that aims to increase safety and reduce delays to passenger and freight rail traffic traveling through this corridor. A new center platform 850 feet in length and 30 feet wide will be constructed.
to service the two mainline tracks. The center platform will be serviced by a pedestrian underpass tunnel between the Van Nuys Station Parking Lot and newly constructed platform. The new center platform will also have new metal canopies and a mini high ramp to service passengers. To relocate Van Nuys Station to a center platform will require that the existing location of the joint fiber-optic duct-bank be relocated. As part of this project, the contractor shall hire a fiber-optic utility relocation subcontractor to perform this work.

The new platform will also widen the track spacing between Mainline Track (MT)1 (MT-1) & Mainline Track-2 (MT-2) to make room for the newly configured center platform. Both MT-1 & MT-2 will require relocating and cutting over existing track to the new configuration. Included in this reconfiguration will be the removal and inclusion of new universal crossovers from Gemco yard and a new spur track turnout at the LADWP yard. The new track configuration will take out-of-service several existing signals and include several new signals to accommodate the changes to the universal crossovers and the LADWP spur track turnout. The changes in the track will also require reconfiguring the signal configurations in and around Van Nuys Station. These changes will also include changes to the Positive Train Control (PTC) network to identify the new signals and station.

**Procurement Approach**

On December 15, 2016, an IFB was issued for competitive bids for this project. The solicitation was posted on the Authority’s website, advertised in publications in the five member counties, and notices were sent directly to over two thousand firms registered with the Authority’s on-line vendor database. One hundred thirteen firms consisting of prime, subcontractor and suppliers downloaded the solicitation. Sixteen firms attended the pre-bid conference and job walk that were conducted on January 10, 2017.

Four bids were received and publicly opened on February 14, 2017. The results are as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Total Bid Amount</th>
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<tbody>
<tr>
<td>Kiewit Infrastructure West Co.</td>
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<tr>
<td>Metro Builders and Engineers</td>
<td>$20,389,432</td>
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<tr>
<td>Reyes Construction</td>
<td>$21,725,720</td>
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<tr>
<td>OHL USA</td>
<td>$25,729,325</td>
</tr>
</tbody>
</table>

The Engineer’s estimate prepared by the design consultant prior to bid receipt was $18,828,279.
After completing the bid evaluation, Kiewit, was determined to be the lowest responsive and responsible bidder. The bid comparison indicated that the total bid price submitted by Kiewit was lower than the Engineer's estimate by less than one percent. Based upon a price analysis, the bid prices submitted by Kiewit were determined to be fair and reasonable.

Kiewit is a Nebraska based general engineering contractor with project experience in demolition and clearing, site development, bridges and foundations, storm drains and pipelines, earth moving and grading, asphalt and concrete paving, and freeways. Kiewit performed three rail projects for the Authority in the past in a satisfactory manner.

In accordance with the Board-adopted Contract Administration and Procurement Policies and Procedures CON-27 Contingency Funds, staff is allowed to add a contingency up to 25 percent. Staff recommends inclusion of 10 percent of the successful bid amount in anticipation of any unforeseen conditions.

**Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements**

A DBE contract goal of 19 percent was established for this U.S. Department of Transportation (DOT) assisted contract. Kiewit Infrastructure West Co, provided good faith efforts to meet a 19 percent DBE participation goal for this effort.

Therefore, it is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3135-17 for the Van Nuys North Platform Project to the lowest responsive and responsible bidder, Kiewit Infrastructure West Co., in the amount of $18,644,000 plus a ten percent contingency of $1,864,400, for a total amount not-to-exceed $20,508,400.

**Budget Impact**

The project is funded under the California Intercity Passenger Rail Bond Program, Proposition 1B Funds.

Prepared by: Darrell Maxey, Deputy Chief Operating Officer, PTC & Engineering  
Sonny Ibrahim, Sr. Contract & Compliance Administrator  
Lia Mc-Neil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver  
Chief Operating Officer

Ronnie Campbell  
Chief Financial Officer
<table>
<thead>
<tr>
<th>Supplier / Subcontractor</th>
<th>Material Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ace Fence Company</td>
<td>DBE</td>
</tr>
<tr>
<td>727 Glendora Avenue</td>
<td>Fencing &amp; Gates</td>
</tr>
<tr>
<td>La Puente, CA 91744</td>
<td></td>
</tr>
<tr>
<td>Name: Lilibeth Ecalla</td>
<td></td>
</tr>
<tr>
<td>T/ 626-333-0727</td>
<td></td>
</tr>
<tr>
<td>F/ 626-333-7813</td>
<td></td>
</tr>
<tr>
<td>Crown Fence Company</td>
<td></td>
</tr>
<tr>
<td>12118 Bloomfield Avenue</td>
<td>Fencing</td>
</tr>
<tr>
<td>Santa Fe Springs, CA 90670</td>
<td></td>
</tr>
<tr>
<td>Name: Carlos Punzalan</td>
<td></td>
</tr>
<tr>
<td>T/ 562-864-5477</td>
<td></td>
</tr>
<tr>
<td>F/ 562-864-2529</td>
<td></td>
</tr>
<tr>
<td>Gerdau Reinforcing Steel</td>
<td></td>
</tr>
<tr>
<td>5425 Industrial Parkway</td>
<td>Furnish and Install Rebar</td>
</tr>
<tr>
<td>San Bernardino, CA 92407</td>
<td></td>
</tr>
<tr>
<td>Name: Bryan Folsom</td>
<td></td>
</tr>
<tr>
<td>T/ 909-713-1160</td>
<td></td>
</tr>
<tr>
<td>F/ 909-713-1131</td>
<td></td>
</tr>
<tr>
<td>Deco Pave Inc</td>
<td>DBE</td>
</tr>
<tr>
<td>PO Box 2084</td>
<td>Asphalt Paving &amp; Grinding</td>
</tr>
<tr>
<td>Irwindale, CA 91706</td>
<td></td>
</tr>
<tr>
<td>Name: Ferry Soendjojo</td>
<td></td>
</tr>
<tr>
<td>T/626-337-9580</td>
<td></td>
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<tr>
<td>F/ 626-480-1557</td>
<td></td>
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<tr>
<td>Global Electric</td>
<td>DBE</td>
</tr>
<tr>
<td>140 E. Commonwealth Avenue #104</td>
<td>Electrical, Low Voltage, Signals</td>
</tr>
<tr>
<td>Fullerton, CA 92832</td>
<td></td>
</tr>
<tr>
<td>T/ 800-272-1765</td>
<td></td>
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<tr>
<td>F/ 888-377-1221</td>
<td></td>
</tr>
<tr>
<td>Hanson Aggregates</td>
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<tr>
<td>13550 Live Oak Avenue</td>
<td>Rock &amp; Sand Supplier</td>
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<tr>
<td>Irwindale, CA</td>
<td></td>
</tr>
<tr>
<td>Name: Doug Bennett</td>
<td></td>
</tr>
<tr>
<td>T/ 909-913-2586</td>
<td></td>
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<tr>
<td>McPrinting</td>
<td></td>
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<tr>
<td>2525 Ramona Drive</td>
<td>Printing</td>
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<tr>
<td>Vista, CA 92084</td>
<td></td>
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<tr>
<td>Name: Brad Sabol</td>
<td></td>
</tr>
<tr>
<td>T/ 760-599-8000</td>
<td></td>
</tr>
<tr>
<td>F/ 760-599-8775</td>
<td></td>
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<tr>
<td>Supplier / Subcontractor</td>
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<tr>
<td>Metro Builders and Engineers</td>
<td>Fabrication and installation of structural and miscellaneous steel components</td>
</tr>
<tr>
<td>2610 Avon Street</td>
<td></td>
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<tr>
<td>Newport Beach, CA 926603</td>
<td></td>
</tr>
<tr>
<td>Name: Cameron Kosbab</td>
<td></td>
</tr>
<tr>
<td>T/ 949-515-4350</td>
<td></td>
</tr>
<tr>
<td>F/ 949-515-4351</td>
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<tr>
<td>RailWorks Signals &amp; Communications</td>
<td>Installation Railroad Signals</td>
</tr>
<tr>
<td>9250 Baymeadows Road, Suite 200</td>
<td></td>
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<tr>
<td>Jacksonville, FL 32256</td>
<td></td>
</tr>
<tr>
<td>Name: Brett Yancy</td>
<td></td>
</tr>
<tr>
<td>T/ 904-666-5086</td>
<td></td>
</tr>
<tr>
<td>F/ 904-296-5056</td>
<td></td>
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<tr>
<td>Progress Rail</td>
<td>Track Products: Manufacture and Supplier</td>
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<tr>
<td>1600 Progress Drive</td>
<td></td>
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<tr>
<td>Albertville, AL 35950</td>
<td></td>
</tr>
<tr>
<td>Name: Shawn Moraeu</td>
<td></td>
</tr>
<tr>
<td>T/ 800-332-2457</td>
<td></td>
</tr>
<tr>
<td>Summit Environmental Contracts</td>
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<tr>
<td>33161 Camino Capistrano</td>
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<tr>
<td>San Juan Capistrano, CA 92675</td>
<td></td>
</tr>
<tr>
<td>Name: Cathy Partsch</td>
<td></td>
</tr>
<tr>
<td>T/ 949-370-5799</td>
<td></td>
</tr>
<tr>
<td>F/ 949-542-4331</td>
<td></td>
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<tr>
<td>VCI Construction LLC</td>
<td>Fiber Relocation</td>
</tr>
<tr>
<td>1921 W. 11th Street</td>
<td></td>
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<tr>
<td>Upland, CA 91786</td>
<td></td>
</tr>
<tr>
<td>Name: Joe Claveau</td>
<td></td>
</tr>
<tr>
<td>T/ 909-946-0905</td>
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<tr>
<td>F/ 909-946-0924</td>
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<tr>
<td>Voestalpine Nortrack, Inc.</td>
<td>Special Trackwork Manufacturer</td>
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<tr>
<td>1740 Pacific Avenue</td>
<td></td>
</tr>
<tr>
<td>Cheyenne, WY 82007</td>
<td></td>
</tr>
<tr>
<td>Name: Linnea Pray</td>
<td></td>
</tr>
<tr>
<td>T/ 206-255-4134</td>
<td></td>
</tr>
<tr>
<td>F/ 307-778-8777</td>
<td></td>
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<tr>
<td>Benito Trucking</td>
<td>DBE</td>
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<tr>
<td>PO Box 341098</td>
<td>Haul Material – Jobsite to Landfill</td>
</tr>
<tr>
<td>Arleta, CA 91334</td>
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<tr>
<td>Name: Yvette Pena</td>
<td></td>
</tr>
<tr>
<td>T/ 818-768-3608</td>
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<tr>
<td>F/ 818-768-1371</td>
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<td>Supplier / Subcontractor</td>
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<tr>
<td>Talequah Steel, Inc.</td>
<td>Rebar Installation</td>
</tr>
<tr>
<td>2750 N. Bellflower Blvd., Suite 210 E.</td>
<td></td>
</tr>
<tr>
<td>Long Beach, CA 90815</td>
<td></td>
</tr>
<tr>
<td>Name: Guy Barton</td>
<td></td>
</tr>
<tr>
<td>T/ 562-421-9333</td>
<td></td>
</tr>
<tr>
<td>F/ 562-421-4330</td>
<td></td>
</tr>
<tr>
<td>Truff Works International</td>
<td>Metals</td>
</tr>
<tr>
<td>2850 E. Coronado Street</td>
<td></td>
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<tr>
<td>Anaheim, CA 92806</td>
<td></td>
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<tr>
<td>Name: Lisa Staln</td>
<td></td>
</tr>
<tr>
<td>T/ 714-630-2772</td>
<td></td>
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<tr>
<td>F/ 714-630-1155</td>
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</tbody>
</table>
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy

SUBJECT: Request for Approval of a Reimbursement Agreement with Union Pacific Railroad related to the Van Nuys Station Platform Project

Issue

A reimbursement agreement is required with UPRR to perform their supporting Gemco yard work required for the Van Nuys Station Platform (VNSPP) performed under Contract No. C3135-17.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to enter into a reimbursement agreement with UPRR to fund the necessary Gemco yard work to accommodate the VNSPP. The agreement will allow Union Pacific to be reimbursed for track relocation work to accommodate the new yard leads and signal modifications. A subsequent work order will be issued to UPRR under the executed reimbursement authorizing UPRR to being the work for a not-to-exceed amount currently under negotiation.

Alternatives

The Board may deny staff’s recommendation. Delays in implementing the authorization would delay the VNSPP construction project.

Strategic Goal Alignment

This report aligns with the strategic goal to ensure a safe operating environment to allow passing movement on the unoccupied track while a single train is stopped at the station and to increase safety by providing a barrier to pedestrians attempting to cross between Cabrito Road and the Station illegally.

Background

The Van Nuys Station is located on the Authority’s Ventura Line in Los Angeles County. Metrolink commuter trains, Amtrak Intercity trains, and UPRR freight trains operate over
the line. The single platform passenger operation at the station frequently results in a “bottleneck” at the station. The lack of a center platform at the station impairs the ability of train dispatchers to adjust train movements and recover back to normal operations. In order to install a center platform at the Van Nuys Station, the two main tracks at the station must be shifted. The main track shift at the station requires UPRR to shift its Gemco yard lead track and relocate a yard crossover including supporting signal work.

UPRR labor agreements require UPRR employees perform work on UPRR property.

**Budget Impact**

The agreement’s not-to-exceed amount of $3.1 million is funded under the California Intercity Passenger Rail Bond Program, Proposition 1B Funds and is included in the FY2016-17 Capital budget.

Prepared by:  Darrell Maxey, Deputy Chief Operating Officer, PTC & Engineering  
Kristofer Bartelle, Resident Engineer

Gary Lettengarver  
Chief Operating Officer
TRANSMITTAL DATE: March 17, 2017               

MEETING DATE: March 24, 2017               ITEM 9

TO:    Board of Directors
FROM:   Arthur T. Leahy

Issue

To enable remotely fueling Metrolink’s locomotive fleet if a problem arises during normal operations, a new fuel arm is necessary to procure and install at the Eastern Maintenance Facility (EMF).

Recommendation

It is recommended that the Board approve and authorize the Chief Executive Officer to award Contract No. C3128-17 for the EMF fuel system improvements to the lowest responsive and responsible bidder Encon Technologies, Inc. (Encon) in the amount of $94,300 plus a 15% contingency in the amount of $14,145 for a total not-to-exceed amount of $108,445. Award is subject to resolution of any protest timely filed.

Alternative

The Board may reject all bids and direct staff to re-issue the Invitation for Bid (IFB).

Strategic Goal Alignment

This procurement aligns with the strategic goal to ensure a safe operating environment by adding redundancy and emergency fueling services to the locomotive fleet.

Background

The EMF facility operates on a twenty-four hour, seven days per week basis and services the trains for the commuter service and utilizes a fuel monitoring and dispensing system. Currently there is no fuel arm, therefore this procurement facilitates the addition and installation of fuel arm equipment to ensure adequate efficiency and redundancy for the Authority’s current diesel fuel system. This will allow Metrolink’s locomotive fleet to be remotely fueled if a problem arises during normal operations.
Procurement Approach

On February 16, 2017, an IFB was issued for competitive bids for this project. The solicitation was posted on the Authority’s website, advertised in publications in the five member counties, and notices were sent directly to over thousand firms registered with the Authority’s on-line vendor database. Twenty-four firms consisting of prime, subcontractor and suppliers downloaded the solicitation. Four firms attended the pre-bid conference and job walk that was conducted on March 7, 2017.

Four bids were received and publicly opened on March 7, 2017. The results are as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Total Bid Amount</th>
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<td>Encon Technologies Ltd.</td>
<td>$94,300</td>
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<tr>
<td>MJK Construction</td>
<td>$133,789</td>
</tr>
<tr>
<td>Fleming Environmental</td>
<td>$123,655</td>
</tr>
<tr>
<td>Metro Builder Group</td>
<td>$230,625</td>
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The Engineer’s estimate prepared by the design consultant prior to bid receipt was $83,000.

After completing the bid evaluation, Encon was determined to be the lowest responsive and responsible bidder. The bid comparison indicated that the total bid price submitted by Encon was higher than the Engineer’s estimate by thirteen percent. The Engineer’s estimate did not include material escalation costs and escalation for the construction climate which has tightened in the past year. Based upon a price analysis, the bid prices submitted by Encon were determined to be fair and reasonable.

Encon is a Santa Fe Springs based general engineering contractor with project experience in fuel and tank installations and environmental monitoring. Encon has previously completed a similar project for the Authority in a satisfactory manner.

In accordance with the Board-adopted Contracts Administration and Procurement Policies CON-27 Contingency Funds, staff is allowed to add a contingency up to 25 percent. Staff recommends inclusion of 15 percent of the successful bid amount in anticipation of any unforeseen conditions.
Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements

A DBE contract goal of 1% percent was established for this U.S. Department of Transportation (DOT) assisted contract. Encon Technologies Inc. has met the DBE participation goal for this effort.

Therefore, it is recommended that the Board authorize the Chief Executive Officer to award Contract No. C3128-17 for the EMF Fuel System Improvement to the lowest responsive and responsible bidder, Encon in the amount of $94,300 plus a fifteen percent contingency of $14,145, for a total amount not-to-exceed $108,445.

Budget Impact

Funding for the procurement and replacement of fuel monitoring system is available in the FY2016-17 Rehab budget.

Prepared by: Greg Harrington, Facilities and Fleet Manager  
Sonny Ibrahim, Sr. Contract & Compliance Administrator  
Lia Mc-Neil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver  
Chief Operating Officer

Ronnie Campbell  
Chief Financial Officer
<table>
<thead>
<tr>
<th>Supplier/Subcontractor</th>
<th>Material Supplied</th>
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</thead>
<tbody>
<tr>
<td>PFT/Alexander, Inc.</td>
<td>Fuel Arm</td>
</tr>
<tr>
<td>3250 Grant Street</td>
<td></td>
</tr>
<tr>
<td>Signal Hill, CA 90755</td>
<td></td>
</tr>
<tr>
<td>Name: Bernie Mock</td>
<td></td>
</tr>
<tr>
<td>T/ 562-595-1741</td>
<td></td>
</tr>
<tr>
<td>F/ 562-424-3633</td>
<td></td>
</tr>
<tr>
<td>BBC Electric</td>
<td>Electrical Supplier (DBE)</td>
</tr>
<tr>
<td>144 West Pomona Avenue</td>
<td></td>
</tr>
<tr>
<td>Monrovia, CA 91016</td>
<td></td>
</tr>
<tr>
<td>Name: Christopher Walker</td>
<td></td>
</tr>
<tr>
<td>T/ 626-222-4488</td>
<td></td>
</tr>
</tbody>
</table>
ISSUE 10

TO:    Board of Directors
FROM:   Arthur T. Leahy
SUBJECT: Contract No. JO119-17 – Track and Tie Rehabilitation Services – Recommendation to Award – Railworks Track Services, Inc.

Issue

To enhance safety on the rail network, the track and tie rehabilitation services are required to prevent deterioration of the existing track and tie structure by using a systematic program to replace infrastructure assets.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO119-17 for Track and Tie Rehabilitation Services to the lowest responsive and responsible bidder, Railworks Track Services, Inc. (Railworks) in an amount not-to-exceed $4 Million. Award is subject to resolution of any protest timely filed.

Alternatives

The Board may reject all bids and direct staff to issue a new Invitation for Bid (IFB).

Strategic Goal Alignment

This report aligns with the strategic goal to ensure a safe operating environment by preventing deterioration of the existing track and tie structure to maintain our assets in a serviceable condition.

Background

Public Contract Code Section 20128.5 permits the Authority to enter into individual job order contracts at a maximum value of $4 Million.

The Authority has awarded several Job Order Contracts (JOCs) in accordance with Public Contract Code Section 20128.5, which permits the Authority to enter into individual
contracts for repair, remodeling and other repetitive work by JOCs, each for a term of one year.

Work under Contract No. JO119-17 will include track and tie rehabilitation, such as replacement of turnouts, replacement of failed wood crossties, rehabilitation of grade crossings and replacement of rail primarily in the Orange, San Gabriel, and Ventura subdivisions although work may be authorized and performed anywhere on the system.

**Procurement Approach**

The Authority issued an Invitation for Bid (IFB) on January 16, 2017. The solicitation was posted on the Authority’s website, advertised in publications in the five member counties and notices were sent directly to firms registered on the Authority’s website. Thirty-six (36) firms downloaded the solicitation and seventeen (17) firms attended the pre-bid conference held on January 31, 2017. Three (3) bids were received and publicly opened on February 21, 2017 as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. RailWorks Track Services, Inc.</td>
<td>$8,164,885.00</td>
</tr>
<tr>
<td>2. Veolia Transportation Maintenance &amp; Infrastructure, Inc.</td>
<td>$9,288,358.89</td>
</tr>
<tr>
<td>3. Veterans Engineering Services Inc.</td>
<td>$9,832,689.09</td>
</tr>
</tbody>
</table>

Bids were submitted on the basis of typical work which is a hypothetical estimated work description for a “menu” of representative tasks (bid items) established by the Authority. The unit prices submitted by a bidder establish the pricing that the bidder will be held to when performing work on individual job orders on an as-needed basis.

Bids received represent the aggregate of the unit prices required as listed above. Work under this contract will be authorized by specific job orders. Actual funding commitments for those projects handled through the job order process are encumbered on a per project basis at the time the individual job order is approved and issued.

The Engineer’s estimate of $9,975,267.33 was prepared using the same hypothetical “menu” of representative bid items included on the bid forms and was prepared prior to submittal of bids by the contractors. A comparison of the bids indicated that the unit prices submitted by Railworks were fair and reasonable.

This project is funded in part by grants from the Federal Transit Administration (FTA); therefore, Bidders were required to meet a Disadvantage Business Enterprise race conscious goal of two percent.
Railworks, the lowest responsive and responsible bidder, met all the requirements including meeting and committing to a Disadvantaged Business Enterprise (DBE) contract goal of two percent that was established for this contract.

As authorized by California Public Contract Code Section 20128.5, under this JOC contract, the Authority will engage Railworks for a one-year term to perform track and tie rehabilitation, repair, remodeling or other repetitive work under individual job order tasks on an as-needed basis subject to the maximum contract authorization of $4 Million. Compensation for the work will be based on the unit prices reflected in Railworks bid.

References indicated that Railworks has provided prior tie replacement services for the Union Pacific Rail Road, and the services received were satisfactory. Railworks has also provided track and tie rehabilitation services for the Authority under JO118-16.

**Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements**

A DBE contract goal of two percent has been established for this U.S. Department of Transportation (DOT) assisted contract. Railworks met all the requirements including committing to the DBE contract goal.

Railworks, the lowest responsive and responsible bidder, met all the requirements of this procurement, including certification to comply with the Buy America requirements in accordance with 49 USC Section 5323(i)(1) and 49 CFR Part 661.5, and is recommended for award.

**Budget Impact**

Funding for track and tie rehabilitation services is included in the FY2016-17, and FY2017-18, Rehabilitation Budgets or will be recollectable under third party agreements. Federal funding comes in part from grants from the Federal Transit Administration (FTA).

Prepared by:  
Aaron Azevedo, Project Engineer I  
Marcus Gillette, Senior Contract & Compliance Administrator  
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver  
Chief Operating Officer  

Ronnie Campbell  
Chief Financial Officer
### LIST OF SUBCONTRACTORS

<table>
<thead>
<tr>
<th>Supplier / Subcontractor</th>
<th>Material Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voestalpine Nortak, Inc.</td>
<td>Manufacture special trackwork</td>
</tr>
<tr>
<td>1740 Pacific Avenue</td>
<td></td>
</tr>
<tr>
<td>Cheyenne, Wyoming 82007</td>
<td></td>
</tr>
<tr>
<td>Attn: Limea Rary</td>
<td></td>
</tr>
<tr>
<td>T: 206.255.4134</td>
<td></td>
</tr>
<tr>
<td>Ayus &amp; Co., Inc.</td>
<td>Aggregate supply (DBE)</td>
</tr>
<tr>
<td>1511 N. Kenmore Avenue</td>
<td></td>
</tr>
<tr>
<td>Los Angeles, CA 90027</td>
<td></td>
</tr>
<tr>
<td>Attn: Baba Osiname</td>
<td></td>
</tr>
<tr>
<td>T: 323.474.4040</td>
<td></td>
</tr>
</tbody>
</table>
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy

SUBJECT: Contract No. JO122-17 – Track and Tie Rehabilitation Services – Recommendation to Award – RailWorks Track Services, Inc.

Issue

Track and tie rehabilitation services are required to prevent deterioration of the existing track and tie structure by using a systematic program to replace infrastructure assets.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO122-17 for Track and Tie Rehabilitation Services to the lowest responsive and responsible bidder, RailWorks Track Services, Inc. (“RailWorks”) in an amount not-to-exceed $4 Million. Award is subject to resolution of any protest timely filed.

Alternatives

The Board may reject all bids and direct staff to issue a new Invitation for Bid (IFB).

Strategic Goal Alignment

This report aligns with the strategic goal to ensure a safe operating environment by preventing deterioration of the existing track and tie structure.

Background

Public Contract Code Section 20128.5 permits the Authority to enter into individual job order contracts at a maximum value of $4 Million.

The Authority has awarded several Job Order Contracts (JOCs) in accordance with Public Contract Code Section 20128.5, which permits the Authority to enter into individual contracts for repair, remodeling and other repetitive work by JOCs, each for a term of one year.
Work under Contract No. JO122-17 will include track and tie rehabilitation, such as replacement of turnouts, replacement of failed wood crossties, rehabilitation of grade crossings and replacement of rail primarily in the River Subdivision although work may be authorized and performed anywhere on the system.

**Procurement Approach**

The Authority issued an Invitation for Bid (IFB) on January 16, 2017. The solicitation was posted on the Authority’s website, advertised in publications in the five member counties and notices were sent directly to firms registered on the Authority’s website. Thirty-six (36) firms downloaded the solicitation and seventeen (17) firms attended the pre-bid conference held on January 31, 2017. Three (3) bids were received and publicly opened on February 22, 2017 as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. RailWorks Track Services, Inc.</td>
<td>$11,124,056.00</td>
</tr>
<tr>
<td>2. Veolia Transportation Maintenance &amp; Infrastructure, Inc.</td>
<td>$11,314,069.88</td>
</tr>
<tr>
<td>3. Veterans Engineering Services Inc.</td>
<td>$11,739,023.87</td>
</tr>
</tbody>
</table>

Bids were submitted on the basis of typical work which is a hypothetical estimated work description for a “menu” of representative tasks (bid items) established by the Authority. The unit prices submitted by a bidder establish the pricing that the bidder will be held to when performing work on individual job orders on an as-needed basis.

Bids received represent the aggregate of the unit prices required as listed above. Work under this contract will be authorized by specific job orders. Actual funding commitments for those projects handled through the job order process are encumbered on a per project basis at the time the individual job order is approved and issued.

The Engineer’s estimate of $12,808,750.31 was prepared using the same hypothetical “menu” of representative bid items included on the bid forms and was prepared prior to submittal of bids by the contractors. The Engineer’s Estimate is approximately 12% higher than the average of the 3 bids that were received. The Engineer’s Estimate pricing was based on aggregate data from the previous Job Order Contracts that were issued by the Authority. A comparison of the bids indicated that the unit prices submitted by RailWorks were fair and reasonable.

This project is funded in part by grants from the Federal Transit Administration (FTA); therefore, Bidders were required to meet a Disadvantage Business Enterprise race conscious goal of two percent.
RailWorks, the lowest responsive and responsible bidder met all the requirements including meeting and committing to a Disadvantaged Business Enterprise (DBE) contract goal of two percent that was established for this contract.

As authorized by California Public Contract Code Section 20128.5, under this JOC contract, the Authority will engage RailWorks for a one-year term to perform track and tie rehabilitation, repair, remodeling or other repetitive work under individual job order tasks on an as-needed basis subject to the maximum contract authorization of $4 Million. Compensation for the work will be based on the unit prices reflected in RailWorks’ bid.

References indicated that RailWorks has recently provided track and tie rehabilitation services for the Authority, as well as tie replacement services for the Burlington Northern and Santa Fe Railway.

Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements

A DBE contract goal of two percent has been established for this U.S. Department of Transportation (DOT) assisted contract. RailWorks met all the requirements including committing to the DBE contract goal.

RailWorks, the lowest responsive and responsible bidder, met all the requirements of this procurement, including certification to comply with the Buy America requirements in accordance with 49 USC Section 5323(i)(1) and 49 CFR Part 661.5, and is recommended for award.

Therefore, it is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO122-17 for Track and Tie Rehabilitation Services to the lowest responsive and responsible bidder, RailWorks Track Services, Inc. (“RailWorks”) in an amount not-to-exceed $4 Million.

Budget Impact

Funding for track and tie rehabilitation services is included in the FY2016-17, and FY2017-18, Rehabilitation Budgets or will be recollectable under third party agreements. Federal funding comes in part from grants from the Federal Transit Administration (FTA).

Prepared by: Aaron Azevedo, Project Engineer I
Marcus Gillette, Senior Contract & Compliance Administrator
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Gary Let tengarver  
Chief Operating Officer

Ronnie Campbell  
Chief Financial Officer
### LIST OF SUBCONTRACTORS

<table>
<thead>
<tr>
<th>Supplier / Subcontractor</th>
<th>Material Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAFCO Services</td>
<td>Receiving / staging of materials, tie disposal, and EIC (DBE)</td>
</tr>
<tr>
<td>11411 Bristle Oak Trail</td>
<td></td>
</tr>
<tr>
<td>Austin, TX 78750</td>
<td></td>
</tr>
<tr>
<td>Attn: Humberto Friede</td>
<td></td>
</tr>
<tr>
<td>T: 512.925.1193</td>
<td></td>
</tr>
<tr>
<td>F: 512.996.0722</td>
<td></td>
</tr>
</tbody>
</table>
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Contract No. JO125-17 – Video Surveillance Systems at Metrolink Stations and Facilities – Recommendation to Award – Convergint Technologies

**Issue**

Video surveillance systems are required for Metrolink stations and its territory to help reduce crime and protect property.

**Recommendation**

It is recommended that the Board authorize the Chief Executive Officer to award Contract No. JO125-17 for Video Surveillance Systems at Metrolink Stations and Facilities to Convergint Technologies for a one year term with a not-to-exceed contract funding authorization amount of $4 million. Award of this contract is subject to any protest filed timely.

**Alternatives**

The Board may:
1) Modify the amount of the contract funding authorization; or
2) Reject all bids and direct staff to re-issue the Invitation for Bid (IFB)

**Strategic Goal Alignment**

This report aligns with the strategic goal to ensure a safe operating environment by providing Metrolink with the ability to efficiently and comprehensively monitor activities at its various stations and facilities.

**Background**

Public Contract Code Section 20128.5 permits the Authority to enter into individual job order contracts at a maximum value of $4 Million.
The Authority has awarded several Job Order Contracts (JOCs) in accordance with Public Contract Code Section 20128.5, which permits the Authority to enter into individual contracts for repair, remodeling and other repetitive work by JOCs, each for a term of one year.

Work under Contract No. JO125-17 will include furnishing and installing brand new network/IP-based video surveillance systems and supporting system components at Authority facilities and train stations throughout the Metrolink service area.

A system-wide video surveillance program was presented to the Board on April 2015 as a means to reduce fare collection equipment vandalism and provide the Authority with the ability to view activity on station platforms. On October 2015, the Board delegated authority to the CEO to obtain funding for the video surveillance program. The Authority received notification in November 2016 from the California Governor’s Office of Emergency Services (Cal OES) that $5.8 million was approved to implement the video surveillance program.

**Procurement Approach**

On February 6, 2017, the Authority issued an Invitation for Bid (IFB) on the Authority’s website, advertised in publications in the five member counties, and notices were sent directly to firms registered on the Authority’s website. Thirty-nine prime, subcontractor and supply firms downloaded the solicitation.

On February 21, 2017, two bids were received from the following firms:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Total Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convergint Technologies</td>
<td>$2,849,888.92</td>
</tr>
<tr>
<td>Birdi &amp; Associates</td>
<td>$3,380,333.00</td>
</tr>
</tbody>
</table>

Bids were submitted on the basis of typical work which is a hypothetical estimated work description for a “menu” of representative tasks (bid items) established by the Authority. The unit prices submitted by a bidder establish the pricing that the bidder will be held to when performing work on individual job orders on an as-needed basis.

Bids received represent the aggregate of the unit prices required as listed above. Work under this contract will be authorized by specific job orders. Actual funding commitments for those projects handled through the job order process are encumbered on a per project basis at the time the individual job order is approved and issued.

The Engineer’s estimate prepared prior to bid receipt was $3,590,658.66.

The Engineer’s estimate was prepared using the same hypothetical “menu” of representative bid items included on the bid forms and was prepared prior to submittal of
bids by the contractors. The difference between the bid price and Engineer’s Estimate is largely due to the costs for the underground electrical and civil work to be performed, which were lower than the Engineer’s Estimate. The Engineer’s Estimate considered increased mark-ups for contingencies, overhead and risks due to the complexity of the work to be performed in the railroad environment. A comparison of the bids indicated that the unit prices submitted by Convergint Technologies were fair and reasonable.

After completing the bid evaluation, Convergint Technologies was determined to be the lowest responsive and responsible bidder.

Convergint Technologies has performed prior satisfactory work with Port of Long Beach and the Port of Los Angeles for various security projects, and is currently performing work for the City of Orange, CA at the Orange Metrolink Station. Convergint Technologies currently possesses a valid “C-10 – Electrical” contractor’s license with the State of California Contractors State License Board (CSLB).

As authorized by California Public Contract Code Section 20128.5, under this JOC contract, Authority will engage Convergint Technologies for a one-year term to perform video surveillance installation or other repetitive work under individual job order tasks on an as-needed basis subject to the maximum contract authorization of $4,000,000. Compensation for the work will be based on the unit prices reflected in Convergint Technologies’ bid.

**Disadvantaged Business Enterprise (DBE) / Small Business Enterprise (SBE) Requirements**

This contract is not subject to DBE Participation.

Therefore, it is recommended the Board authorize the Chief Executive Officer to award Contract No. JO125-17 for Video Surveillance Systems at Metrolink Stations and Facilities to Convergint Technologies in the amount not-to-exceed $4 million over the one-year period of the contract.

**Budget Impact**

Funding for new installations and maintenance is included in the FY2016-17 Capital and Operating budgets under a California Transit Security Grant Program. Actual funding commitments for those projects handled through the job order process are encumbered on a per project basis at the time the individual job order is approved and issued.

Prepared by:  
Llency Aquino, Project Engineer I  
Marcus Gillette, Senior Contract and Compliance Administrator  
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement
**LIST OF SUBCONTRACTORS**

<table>
<thead>
<tr>
<th>Supplier / Subcontractor</th>
<th>Material Supplied</th>
</tr>
</thead>
</table>
| Professional Telecommunications Svcs., Inc.  
611 Southfront Road  
Livermore, CA  94551  
Attn:  Jeff O’Brien  
T:  925.447.5105 | Underground fiber, conduit, electrical, light poles (DBE) |
| Cartier Electrical Technologies, Inc.  
4421 Adam Road  
Simi Valley, CA 93063  
Attn:  Eric Cartier  
T:  805.577.9817  
F:  805.577.9872 | Electrical, low voltage light poles |
| Global Installation and Maintenance, Inc.  
Dba Global Electric  
140 E. Commonwealth Avenue, Ste. 104  
Fullerton, CA  92832  
Attn:  William Jackson  
T:  800.272.1765  
F:  888.377.1221 | Electrical, low voltage fiber optics (DBE) |
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy


Issue

Additional Contract Task Order (CTO) authority for track and structures rehabilitation, capital and third party support services from Veolia Transportation Maintenance and Infrastructure, Inc. (VTMI) is required under Contract No. MS214-09.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to amend Contract No. MS214-09 with VTMI to increase the FY2016-17 contract funding authorization by $2,000,000 to support capital, rehabilitation and recollectable projects for a total contract funding authorization of $20,202,129, which includes $11,202,129 for annual operating maintenance, and $9,000,000 for support of capital, rehabilitation and recollectable projects.

Alternatives

The Board may:

1) Modify the amount of contract funding authorization requested; and/or
2) Authorize funding at a different level.

Background

Under Contract No. MS214-09 VTMI provides maintenance of the track and structures of the Authority as well as capital and recollectable projects listed in the Authority’s Rehabilitation program consisting of the replacement of rail, crossties, turnouts, road crossings, bridges and culverts. The majority of the recollectable projects are done on behalf of third parties and freight railroads for grade crossing upgrades, grade
separations, spur track maintenance and right-of-way and property maintenance. The third party recollectable work is done under Contract Task Orders (CTO’s) on an as needed basis. Due to an increase in capacity largely associated with a bridge replacement at Mile Post (MP) 35.75 on the Valley Subdivision, high volume of emergency preparation and repairs due to the recent storms and several grade crossing rehab projects the funding for the recollectable work has reached its maximum. Refer to Attachment A and B.

**Procurement Approach**

The Board in August 2008, awarded competitively procured Contract No. MS214-09 to VTMI for a six-year term with one four-year option that was exercised in February 2014 extending the period of performance to December 31, 2018. VTMI began track/structures maintenance and other maintenance responsibilities January 1, 2009. The total contract funding authorization approved by the board for FY2016-17 was $18,202,129 for a total not-to-exceed amount for the life of the contract of $162,291,184.

Contract No. MS214-09 specifies a budgeting process that requires VTMI to provide an annual budget based on maintenance-of-way criteria provided by the Authority. At the June 10, 2016 meeting, the Board authorized $11,202,129 for operating maintenance, and $7 million of CTO contract capacity for performance of rehabilitation projects and support of reimbursable third party projects to be incurred within FY2016-17. The $7 million of CTO contract capacity has historically been sufficient to fund routine rehabilitation, capital and third party support projects with some capacity ($2 million) reserved for unanticipated work that would arise during the course of the fiscal year.

From July 1, 2016 through December 31, 2016, the Authority has supported 21 rehabilitation projects totaling $2.9 million. Details of expenditures and upcoming projects are included in Attachment A and B. Approximately $1.2 million of the authorized $7 million in CTO contract capacity was consumed by work performed on structures and culverts on the Orange and Olive Subdivisions under the approved rehabilitation programs. Another $2.7 million of the $7 million CTO contract capacity was consumed performing an unusually large volume of third party support work. When combined with more routine expenditures, $5.2 of the $7 million in CTO contract capacity has been consumed to date. Currently forecasts indicate that $3.8 million is required for the remaining four months of the year which includes $1.8 million in remaining CTO contract capacity combined with another $2 million in additional requested contract authorization.

Therefore, it is recommended the Board authorize the Chief Executive Officer to amend Contract No. MS214-09 with VTMI to increase the CTO contract funding authorization by $2,000,000 to support programmed rehabilitation, capital and third party support projects.
for a not-to-exceed amount of $9 million and a new not-to-exceed contract authorization of $20,202,129 through June 30, 2017. Due to the specialized nature of the work and the complex operating railroad environment involved, an increase in the contract funding authorization will result in cost effective and timely completion of these projects.

**Budget Impact**

A portion of the increase in authorization of $2,000,000 for the proposed CTO work will be funded with programmed or reprogrammed approved rehabilitation or capital funds for third party work subject to reimbursement agreements, and; therefore has no impact to the FY2016-17 approved Operating Budget. The remainder of the requested authorization will be for previous and potential emergency preparation and repairs due to storm work performed at Authority’s request and is forecasted to be offset by Federal Emergency Management Agency (FEMA) funds or underruns in other portions of the Maintenance of Way Operating Budget and, therefore; will be absorbed within the FY2016-17 Operating Budget.

Prepared by: Wayne Mauthe, Assistant Director Track and Structures
Darrell Maxey, Deputy Chief Operating Officer (PTC and Engineering)
Sean Carpenter, Senior Contract and Compliance Administrator
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver
Chief Operating Officer

Ronnie Campbell
Chief Financial Officer
**ATTACHMENT A**  
**SUMMARY OF EXPENDITURES**

<table>
<thead>
<tr>
<th>Project / CTO Description</th>
<th>M.P.</th>
<th>Subdivision</th>
<th>Budget Authorized to Date</th>
<th>Expended to Date</th>
<th>Remaining Budget</th>
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<td>Vincent Siding Extension Project (0.35/Flagging)</td>
<td>Various</td>
<td>Valley</td>
<td>19,467.70</td>
<td>9,137.81</td>
<td>10,329.89</td>
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<tr>
<td>Materials &amp; Supplies</td>
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<td>100,000.00</td>
<td>2,389.99</td>
<td>97,610.01</td>
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<td>RWP Training</td>
<td>Systemwide</td>
<td></td>
<td>15,001.52</td>
<td>3,212.25</td>
<td>11,789.27</td>
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<td>LAUS Additional Track Support</td>
<td>River</td>
<td></td>
<td>149,907.56</td>
<td>140,343.48</td>
<td>9,564.08</td>
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<tr>
<td>Enviro Block Wall and Drainage Channel</td>
<td>Valley</td>
<td></td>
<td>475,636.40</td>
<td>11,090.97</td>
<td>464,545.43</td>
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<td>EMERGENCY: Sand Fire at Santa Clarita</td>
<td>Valley</td>
<td></td>
<td>88,695.56</td>
<td>85,786.80</td>
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<td>General Support San Bernardino First Mile Inspection</td>
<td>Shortway, San Gabriel &amp; Redlands</td>
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<td>24,993.86</td>
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<td>21,589.22</td>
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<td>Perris Valley</td>
<td></td>
<td>260,972.25</td>
<td>69,127.00</td>
<td>191,845.25</td>
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<td>Gate Knockdown at Etiwanda on 9/17/16</td>
<td>San Gabriel</td>
<td></td>
<td>782.68</td>
<td>382.36</td>
<td>400.32</td>
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<tr>
<td>BNSF Recollectable</td>
<td>Orange/Olive</td>
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<td>243,684.23</td>
<td>67,319.76</td>
<td>176,364.47</td>
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<td>BNSF Recollectable</td>
<td>Pasadena</td>
<td></td>
<td>158,814.13</td>
<td>8,000.00</td>
<td>150,513.32</td>
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<tr>
<td>BNSF Recollectable</td>
<td>San Gabriel</td>
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<td>143,540.91</td>
<td>29,547.13</td>
<td>113,993.78</td>
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<td>ROW Graffiti Removal - Baldwin Park</td>
<td>San Gabriel</td>
<td></td>
<td>19,959.48</td>
<td>10,642.45</td>
<td>9,316.03</td>
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<tr>
<td>ROW Graffiti Removal - Covina</td>
<td>San Gabriel</td>
<td></td>
<td>4,346.93</td>
<td>0.00</td>
<td>4,346.93</td>
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<tr>
<td>ROW Maintenance, MTA - Outside 20'</td>
<td>Various</td>
<td></td>
<td>734,947.88</td>
<td>599,890.46</td>
<td>135,057.42</td>
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<tr>
<td>ROW Maintenance, SANBAG - Outside 20'</td>
<td>San Gabriel</td>
<td></td>
<td>131,976.07</td>
<td>30,500.18</td>
<td>101,475.89</td>
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<td>Redlands First Mile Inspection</td>
<td>Redlands</td>
<td></td>
<td>39,976.70</td>
<td>19,676.60</td>
<td>20,300.10</td>
</tr>
<tr>
<td>SCRRA PVL Support</td>
<td>Various</td>
<td>Perris Valley</td>
<td>19,997.59</td>
<td>502.03</td>
<td>19,495.56</td>
</tr>
<tr>
<td>6th Street Viaduct Replacement</td>
<td>River</td>
<td></td>
<td>99,997.22</td>
<td>25,921.90</td>
<td>74,075.32</td>
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<td>N. Spring St. Viaduct Widening</td>
<td>Ventura</td>
<td></td>
<td>14,995.69</td>
<td>0.00</td>
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<td>Ongoing Rice Road Support</td>
<td>Systemwide</td>
<td></td>
<td>14,999.45</td>
<td>8,036.24</td>
<td>6,963.21</td>
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<tr>
<td>ST02 and ST03 Track Extensions</td>
<td>San Gabriel</td>
<td></td>
<td>158,778.59</td>
<td>99,607.74</td>
<td>59,170.85</td>
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<tr>
<td>EMERGENCY: Gate Knockdown at Archibald Ave</td>
<td>San Gabriel</td>
<td></td>
<td>1,293.07</td>
<td>1,011.03</td>
<td>282.04</td>
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<td>Branford Punchlist Items</td>
<td>Valley</td>
<td></td>
<td>14,191.59</td>
<td>14,101.84</td>
<td>50.75</td>
</tr>
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<td>EMERGENCY Gate knockdown at Balboa Blvd. on 8/30/16</td>
<td>Ventura</td>
<td></td>
<td>1,776.51</td>
<td>1,557.86</td>
<td>218.65</td>
</tr>
<tr>
<td>EMERGENCY Gate knockdown at Etiwanda on 9/07/16</td>
<td>San Gabriel</td>
<td></td>
<td>1,023.36</td>
<td>804.34</td>
<td>219.02</td>
</tr>
<tr>
<td>EMERGENCY Vehicle Incident at Sunland Ave on 9/6/16</td>
<td>Valley</td>
<td></td>
<td>1,136.72</td>
<td>941.42</td>
<td>195.30</td>
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<tr>
<td>San Clemente Rip Rap - Phase 3</td>
<td>Orange</td>
<td></td>
<td>169,439.36</td>
<td>137,568.01</td>
<td>31,871.35</td>
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<tr>
<td>Replace Bridge Ties and Culverts</td>
<td>Olive</td>
<td></td>
<td>481,829.56</td>
<td>304,099.38</td>
<td>177,730.18</td>
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<td>Replace Culverts</td>
<td>Orange</td>
<td></td>
<td>365,975.66</td>
<td>0.00</td>
<td>365,975.66</td>
</tr>
<tr>
<td>Replace Culverts</td>
<td>Orange</td>
<td></td>
<td>142,169.45</td>
<td>99,168.13</td>
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<tr>
<td>Culvert Abandonment</td>
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<td></td>
<td>24,038.74</td>
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<td>24,038.74</td>
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<td>EMERGENCY CMI Yard Derailment</td>
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<td></td>
<td>15,653.78</td>
<td>14,867.05</td>
<td>786.73</td>
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<tr>
<td>Replace Culverts</td>
<td>Orange</td>
<td></td>
<td>218,392.05</td>
<td>58,450.97</td>
<td>159,941.08</td>
</tr>
<tr>
<td>Hellman Ave. - Additional Panels</td>
<td>San Gabriel</td>
<td></td>
<td>52,861.76</td>
<td>0.00</td>
<td>52,861.76</td>
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<td>Main Track Cut Back - Empire Ave.</td>
<td>Valley Subdivision</td>
<td></td>
<td>234,020.70</td>
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<td>Rotem Project Support</td>
<td>River</td>
<td></td>
<td>1,350.71</td>
<td>1,274.44</td>
<td>76.27</td>
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<tr>
<td>Vincent Siding ROW/Roadway Edge Treatments</td>
<td>Valley</td>
<td></td>
<td>7,066.84</td>
<td>4,941.70</td>
<td>2,125.14</td>
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<tr>
<td>EMERGENCY Vehicle Incident at Inland Ave</td>
<td>San Gabriel</td>
<td></td>
<td>726.30</td>
<td>632.55</td>
<td>93.75</td>
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<tr>
<td>Rehabilitation of Grade Crossing at Garrey Ave</td>
<td>San Gabriel/Pasadena</td>
<td></td>
<td>281,436.24</td>
<td>3,644.57</td>
<td>277,791.67</td>
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<tr>
<td>Support for Loram Rail Grinding Operations</td>
<td>San Gabriel/Orange/Olive</td>
<td></td>
<td>137,222.84</td>
<td>70,047.87</td>
<td>67,174.97</td>
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<tr>
<td>EMERGENCY Truck Incident</td>
<td>Perris Valley</td>
<td></td>
<td>24,161.32</td>
<td>23,460.86</td>
<td>700.46</td>
</tr>
<tr>
<td>EMERGENCY: Gate Knockdown at Mill St. on 12/10</td>
<td>Redlands</td>
<td></td>
<td>3,610.70</td>
<td>3,012.30</td>
<td>598.40</td>
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<td>Glendale OZ Signs</td>
<td>Valley</td>
<td></td>
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**TOTAL CONTRACT**  
5,181,946.01 2,027,290.01 3,154,656.00
ATTACHMENT B

SUMMARY OF PENDING PROJECTS

<table>
<thead>
<tr>
<th>Project / CTO Description</th>
<th>Subdivision</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm Preparation and Repair</td>
<td>Systemwide</td>
<td>280,000.00</td>
</tr>
<tr>
<td>Citrus Ave Grade Crossing</td>
<td>San Gabriel</td>
<td>40,000.00</td>
</tr>
<tr>
<td>Ramona Blvd Grade Crossing</td>
<td>San Gabriel</td>
<td>40,000.00</td>
</tr>
<tr>
<td>Sierra Ave Grade Crossing Rehab</td>
<td>San Gabriel</td>
<td>291,500.00</td>
</tr>
<tr>
<td>Juniper Ave Grade Crossing Rehab</td>
<td>San Gabriel</td>
<td>269,500.00</td>
</tr>
<tr>
<td>Artic Track and Tie Support</td>
<td>Orange</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Riverside Dr. surfacing, ballast and grading</td>
<td>River</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Support at San Bernardino First Mile</td>
<td>San Gabriel</td>
<td>75,000.00</td>
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<tr>
<td>Bridge Replacement at MP 35.75</td>
<td>Valley</td>
<td>500,000.00</td>
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<tr>
<td>CP Soledad Track Support</td>
<td>Valley</td>
<td>150,000.00</td>
</tr>
<tr>
<td>ROW Grading</td>
<td>Systemwide</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Rail Replacement</td>
<td>Valley</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Rail and Grinding</td>
<td>River</td>
<td>190,000.00</td>
</tr>
<tr>
<td>Cassidy Brothers Crossing</td>
<td>Orange</td>
<td>200,000.00</td>
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<tr>
<td>Grade Crossing Panels at Moorpark Station</td>
<td>Ventura</td>
<td>30,000.00</td>
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<tr>
<td>ROW Sweep</td>
<td>Valley</td>
<td>518,000.00</td>
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<tr>
<td>CP 4th Street Track</td>
<td>Orange</td>
<td>750,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>3,814,000.00</strong></td>
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</tbody>
</table>
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Blanket Purchase Order No. PO462B-12 – Wood Railroad Ties – Increase Contract Funding Authorization - Gemini Forest Products

Issue

Wood railroad ties are required for the general railroad system of transportation under Track Safety Standards and are used in dense traffic mixed passenger/commuter and freight railroad service.

Recommendation

It is recommended that the Board approve and authorize the Chief Executive Officer to amend Blanket Purchase Order No. PO462B-12 for Wood railroad ties with Gemini Forest Products (Gemini) to increase the contract funding authorization by an amount of $4,000,000 for a total not-to-exceed contract funding authorization of $12,000,000.

Alternative

The Board may:

1) Modify the amount of the contract funding authorization; or
2) Request staff to issue an Invitation for Bid (IFB).

Strategic Goal Alignment

This report aligns with the strategic goals to ensure a safe operating environment and invest in people and assets as the purchase of ties will allow the Authority to complete rehabilitation projects on schedule and budget.

Background

Wood railroad ties are required for the general railroad system of transportation under Track Safety Standards and are used in dense traffic mixed passenger/commuter and freight railroad service.
At this time procurement of wood ties is needed to support upcoming track rehabilitation and slow order projects that address the needs of the FY2016-17 Track Rehabilitation work identified in the November 18, 2016 Board Meeting. Wood ties require a six-month treatment prior to delivery to the site, therefore, it is important that the Authority place an order to procure the ties at this time to ensure that the projects are not delayed.

**Procurement Approach**

Following a competitive procurement, in July 2013, BPO No. PO462B-12 was awarded under the Purchasing Agent’s authorization to Gemini in the amount of $8,000,000 for a period of three years with one-two year option that was exercised, without an increase in contract authority, to extend the contract term to August 28, 2018. As of this date there is a balance of $3,164,174.26 remaining on the BPO. Additional funding in the amount of $4,000,000 will be needed to fund the procurement of 55,350 ties that will cost approximately $6 million.

**Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements**

This procurement is not subject to DBE Participation.

Therefore, it is recommended that the Board approve and authorize the Chief Executive Officer to amend Blanket Purchase Order No. PO462B-12 for Wood railroad ties with Gemini Forest Products (Gemini) to increase the contract funding authorization by an amount of $4,000,000 for a total not-to-exceed contract funding authorization of $12,000,000.

**Budget Impact**

Funding for this procurement is available in the FY2016-17 Rehabilitation budget and is partially funded under Federal Transit Administration grants, and other third party recollectable projects.

Prepared by: Aaron Azevedo, Project Engineer I, Engineering and Construction
Wayne Mauthe, Assistant Director, Track and Signal Rehabilitation
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver
Chief Operating Officer

Ronnie Campbell
Chief Financial Officer
TO: Board of Directors  
FROM: Arthur T. Leahy  
SUBJECT: Purchase Order No. PO748-17 - Purchase of Track Material used at Empire Avenue – Veolia Transportation Maintenance and Infrastructure

Issue

Track material has become available upon completion of the Empire Ave Project and is needed for use in upcoming maintenance and rehabilitation projects that are critical for enhancing system-wide safety and reliability.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to award Purchase Order No. PO748-17 for the procurement of track material from Veolia Transportation Maintenance and Infrastructure, Inc. (VTMI) in an amount not-to-exceed $590,000.

Strategic Goal Alignment

This report aligns with the strategic goals to ensure a safe operating environment and invest in people and assets as the purchase of track material will allow the Authority to complete rehabilitation projects on schedule and budget.

Alternative

The Board may:

1) Reject the recommendation, and
2) Direct staff to issue an Invitation for Bid to procure new materials at a higher cost.

Background

The Authority has the opportunity to purchase a limited amount of quality track material at below market value. The material is coming from the Empire Avenue Grade Separation...
Project. As part of the Empire Avenue Grade Separation project, rail services have operated on an adjacent, temporary shoofly track which was put into service on September 2015. Since then, construction of the new main line and supporting structures have been on-going. The temporary shoofly track is projected to be removed from service in March, 2017, and service will resume on the new mainline track that was built as part of the Empire Avenue Grade Separation project. The material used on the temporary shoofly track were purchased by VTMI as part of their sub-contract with Security Paving, and the Authority does not own the material being used on the shoofly track.

Procurement Approach

This item presents the Authority with the opportunity to purchase track material already on site at substantial savings.

This material conforms to the Authority’s Engineering Standards, regularly used in track maintenance and rehabilitation, and is currently being used as a temporary shoofly at the Authority’s Valley Subdivision for the Empire Avenue project being built by Caltrans. This shoofly will be taken out of service at the end of March 2017. Since the Authority will need material for upcoming maintenance and rehabilitation projects this material will be readily available to fulfill the Authority’s needs and will also provide significant savings both in cost and time, as many of these materials have long lead times.

This material consists of rail, timber ties, and other track maintenance materials (tie plates, clips, etc). The total price to purchase this material is estimated at $585,011.58. In accordance with the Board-approved Contracts Administration and Procurement Policy and Procedures, CON-5, Cost and Price Analysis, a market analysis was conducted and took into consideration the market value of the material at $1,176,290.94 and compared it to the material inventory value for the same items at $1,150,963.45. This indicated that the material priced by VTMI is approximately 53% below current market prices and 52% less than current inventory pricing. In addition, because the material is already on Authority property, savings will also be realized from freight/shipping of this material.

This material was procured by VTMI following a competitive process by Caltrans and met all of the federal procurement requirements, including Buy America.

Therefore, it is recommended that the Board authorize the Chief Executive Officer to award PO748-17 for other track materials to VTMI in the amount of $590,000 as it will be financially beneficial to the Authority.

Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) Requirements

This procurement is not subject to DBE Participation.
Therefore, it is recommended that the Board authorize the Chief Executive Officer to award Purchase Order No. PO748-17 for the procurement of track material from Veolia Transportation Maintenance and Infrastructure, Inc. (VTMI) in an amount not-to-exceed $590,000.

**Budget Impact**

Funding for this procurement is available in the FY2014-15 Rehabilitation budget and is partially funded under Federal Transit Administration grants, and other third party recollectable projects.

Prepared by: Aaron Azevedo, Project Engineer I, Engineering and Construction  
Wayne Mauthe, Assistant Director, Track and Signal Rehabilitation  
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver  
Chief Operating Officer

Ronnie Campbell  
Chief Financial Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO:    Board of Directors
FROM:   Arthur T. Leahy

Issue

The Authority requires external audit services of its financial statements on an annual basis for the Comprehensive Annual Financial Report (CAFR) and Single Audit.

Recommendation

It is recommended that the Board approve and recommend the Board authorize the Chief Executive Officer to amend Contract No. QM145-15 for external audit services with Moss Adams LLP to:

1) Exercise the one two-year option and extend the period of performance from October 14, 2014 to October 15, 2019; and

2) Increase the contract funding authorization by $498,800 for a new not-to-exceed amount of $1,226,570.

Alternative

The Board may reject or modify the recommendation.

Strategic Goal Alignment

This report aligns with the strategic goal to achieve fiscal sustainability and will fulfill the required fiscal reporting requirements.

Background

Public agencies are required to have an independent outside auditing firm conduct a Comprehensive Annual Financial Report (CAFR) and Single Audit of the Authority's financial statements for the preceding fiscal year.
Procurement Approach

Following a competitive procurement, at the July 12, 2014 meeting, the Board awarded competitively procured Contract No. QM145-15 to Moss Adams LLP to perform external audit services for a period of three years with one two-year option for a total not-to-exceed amount of $487,770. This amount was based on estimated costs for each year’s audit.

An increase in contract funding authorization was requested as indicated below:

<table>
<thead>
<tr>
<th>Board Meeting</th>
<th>Approved Increase</th>
<th>New Not-to-Exceed Amount</th>
<th>Increase Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 12, 2014</td>
<td></td>
<td>$487,770</td>
<td>Awarded three year contract with two-year option.</td>
</tr>
<tr>
<td>July 24, 2015</td>
<td>$70,000</td>
<td>$557,770</td>
<td>FY14 Audit – Additional hours were required to close the books for the fiscal year due to difficulties reconciling data due to the migration from Oracle 11i to Oracle R12 with additional capability, including Grants Management</td>
</tr>
<tr>
<td>May 13, 2016</td>
<td>$70,000</td>
<td>$627,770</td>
<td>FY15 Audit – additional hours were required due to difficulties in completing the audit.</td>
</tr>
<tr>
<td>June 10, 2016</td>
<td>$100,000</td>
<td>$727,770</td>
<td>FY2016-17 Annual Contract Funding Authorization</td>
</tr>
</tbody>
</table>

At this time the Authority is requesting to exercise the two-year option to enable continuation of Moss Adams’ services to perform the annual financial statement audits, compliance audit of expenditures of federal awards under the Single Audit Act and agreed upon procedures engagements for compliance reporting to the National Transit Database (NTD) and an increase in contract authority in the amount of $498,800 for the two-year option for a not-to-exceed contract funding authorization of $1,226,570. This increase is based on the past years audit experience using the original contract rates (see Attachment 1).

Staff conducted a cost analysis in accordance with the Board-adopted Contract Administration and Procurement Policies and Procedures CON-5, Cost and Price Analysis, and determined the price proposed by Moss Adams to be fair and reasonable and the fully burdened hourly rates offered by Moss Adams remained unchanged from their original proposal.
Disadvantaged Business Enterprise (DBE) / Small Business Enterprise (SBE) Requirements

This contract is not subject to DBE Participation.

Budget Impact

Funding for the external audit services has been requested in the FY2017-18 Operating Budget. Funding for subsequent fiscal years will be requested in future budgets.

Prepared by: Ronnie Campbell, Chief Financial Officer
Manchi Yi, Principal Contract and Compliance Administrator
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Ronnie Campbell
Chief Financial Officer
February 5, 2017

Southern California Regional Rail Authority
Mr. Ronnie Campbell, Chief Financial Officer
One Gateway Plaza, 12th Floor
Los Angeles, California 90012

Re: FY 2017 and 2018 Audit Services

Dear Mr. Campbell:

Moss Adams was engaged to perform the audit of the Southern California Regional Rail Authority (the Authority) under the executed contract QM145-15 dated October 15, 2014, covering fiscal years ended June 30, 2014, 2015, and 2016. The services included annual financial statement audits, compliance audit of expenditures of federal awards under Single Audit Act, and agreed-upon procedures engagements for compliance reporting to the National Transit Database (NTD). Under the above-mentioned contract, the Authority has the option of extending the contract for two additional years to perform the same services for fiscal years 2017 and 2018.

Per your request, we would like to submit for your consideration our updated all-inclusive fee proposal for the next two years of services as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Estimated Hours Per Original Contract</th>
<th>Updated Estimated Hours Based on Experience</th>
<th>Average Hourly Rate</th>
<th>Total Amount</th>
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<tbody>
<tr>
<td>Audit of Basic Financial Statements in accordance with GAGAS</td>
<td>700</td>
<td>1,200</td>
<td>153</td>
<td>$183,600</td>
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<tr>
<td>Single Audit of SEFA, Including Data Collection Form</td>
<td>180</td>
<td>240</td>
<td>153</td>
<td>36,720</td>
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<tr>
<td>NTD Agreed Upon Procedures</td>
<td>120</td>
<td>100</td>
<td>153</td>
<td>15,300</td>
</tr>
<tr>
<td>Measure 1 compliance</td>
<td>15</td>
<td>25</td>
<td>153</td>
<td>3,825</td>
</tr>
<tr>
<td>Prop 1B compliance</td>
<td>15</td>
<td>35</td>
<td>153</td>
<td>5,355</td>
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<tr>
<td>Out-of-pocket costs</td>
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<td></td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td>Total FY 2017</td>
<td>1,030</td>
<td>1,600</td>
<td></td>
<td>$247,800</td>
</tr>
</tbody>
</table>
Our initial proposal included estimated fees for all services in FY 2017 and FY 2018 to be $157,590 and $159,650, respectively, based on estimated total hours of 1,030 for all services. After having experience and working with the Authority for the past three years, it became apparent that total hours were underestimated at the time of the initial proposal. We believe the total audit effort will result in 1,600 hours. In the previous audits, these additional hours were incurred in the following main areas:

1. **Schedule of Expenditures of Federal Awards and Single Audit** – Compliance requirements of the Authority for the Single Audit are much more complex, which results in a more complex internal system of tracking expenditures of federal awards and compliance requirements for these expenditures.

2. **Internal Controls** – Past audits revealed several weaknesses in internal controls that delayed internal year-end closing process and resulted in several audit adjustments, which increased overall audit effort, including testing of controls and transactions. While we believe management is fully committed to strengthening internal controls over financial reporting and major business cycles, and we fully anticipate in assisting management in that process, additional audit effort will be required to test newly implemented controls and conclude on their effectiveness.

3. **CIP and Deferred Balances** – Certain balances of the Authority present particular complexity during the audit, such as Construction in Progress and Capital Assets, Due from Agencies, and Deferred Revenue accounts. These balances consist of accumulation of activity of many years and are tracked on a project basis, which presents certain difficulties during the audit, particularly as a result of significant turnover in accounting personnel and lack of documented policies and procedures that would allow cross-training and knowledge transfer.
4. **Implementation of Upcoming OPEB Standards** - While we anticipated additional work related to implementation of this new standard, having experienced the complexity of implementation and delays in receipt of information from CalPERS when implementing pension standards in 2015, which resulted in significant additional effort to record all pension-related balances in the financial statements and included significantly expanded required disclosures in the footnotes, we anticipate similar difficulties with implementation of the OPEB standard.

We would like to note that blended hourly rates included in our original proposal for FY 2017 and FY 2018 remain the same in this request at $153 and $155 per hour, respectively; an increase in estimated audit fees is a function of audit hours required to complete a high-quality audit of the Authority's financial statements.

Thank you for your consideration. We very much appreciate our partnership with the Southern California Regional Rail Authority and we look forward to continue working together in the future.

Sincerely,

Olga A. Darlington, Partner
For Moss Adams LLP
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March, 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Contract No. SP466-16 – Law Enforcement Services – One Year Extension of Contract Term

Issue

The Authority requires multi-jurisdictional on-train and patrol services across five counties, uniquely for commuter rail throughout the service area.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to amend Contract No. SP466-16 with the Los Angeles County Sheriff's (LASD) for twelve months from July 1, 2017 through June 30, 2018 to allow sufficient time for re-procurement of these services and for the staff and LASD to develop and implement improved performance objectives. Contract funding authorization for this one-year extension will be requested through the Annual Budget process.

Alternative

The Board may:
1) Request additional information
2) Direct staff to Issue a Request for Proposal (RFP)
3) Recommend a new model for a security services contract

Strategic Goal Alignment

This report aligns with the strategic goals to ensure a safe operating environment and invest in people and assets.

Background

The Los Angeles County Sheriff's Department (LASD) has provided law enforcement services to the Authority since it began operations in 1992. The primary mission of law enforcement services on the Metrolink system is to:
1) Control problems arising on the system,
2) Coordinate enforcement with the cities along the right-of-way (ROW) and
3) Support Metrolink’s fare enforcement program.

In addition, the Sheriffs also provide patrolling services on the Metrolink ROW in Los Angeles County. Los Angeles County Metropolitan Transportation Authority (Metro) reimburses the Authority for ROW services under a separate agreement.

LASD maintains Memorandums of Understanding (MOU) with approximately 62 law enforcement agencies that respond to issues concerning train operations, train stations, trespassers along the ROW and crimes that occur at Authority maintenance facilities. These MOU state that LASD accepts law enforcement responsibility for all crimes or incidents occurring or originating on-board Metrolink trains as well as thefts of rail property from Metrolink trains. The law enforcement local agencies in turn accept law enforcement responsibility within their jurisdictional boundaries for all crimes occurring on the ROW. The local agencies also assume responsibility for all vehicle and pedestrian vs. train accidents along the ROW, at grade crossings, Metrolink stations and platforms, and in their adjacent vehicle parking facilities.

The current contract with LASD totals $8,613,529 which includes $5,911,181 of contract funding authorization for FY2016-17 for law enforcement services consistent with service assumptions for FY2016-17; $200,000 for special services; and $2,502,348 to support Los Angeles County Metropolitan Transportation Authority (Metro) recollectable work.

Current sworn staffing is budgeted at 33 positions, with 24 actual sworn positions filled. There are eight sworn vacancies (they will be filling five of the vacancies July 1, 2017) and two positions are frozen (Perris Valley Line Deputies). However, LASD uses overtime at their expense to fill sworn vacancies.

Staff intends to maintain the service levels at 33 for FY2017-18 Operating Budget. The terms of the contract, include an annual escalation and insurance rates. Staff used 4.5%, which was the rate of escalation for FY2016-17, to estimate the amount for FY2017-18. LASD’s final rates are provided in May of each year. The estimated amount for FY2017-18 included in the proposed Operating budget is $6,150,636. In addition we are estimating $2,497,817 for Metro recollectable work.

Security concerns aboard transit systems have increased across the nation. The nature of these concerns vary widely depending on location and size. A major issue facing transportation organizations is how best to use uniformed law enforcement and contract security to reduce crime and increase the public’s perceptions of a safe, secure transportation system.
The Metrolink operational system is unique in that it traverses five counties and numerous neighborhoods in 62 law enforcement jurisdictions. Metrolink’s security issues vary based on location and time of day. These ever-changing circumstances require deployment methods that address both the distinct dynamic of transit crime and the special concerns of our patrons.

**Procurement Approach**

Contract No. SP466-16 was awarded by the Board on May 13, 2016 to the LASD to provide law enforcement services with staffing levels allowing the use of up to 35 Deputies, a one-year term effective July 1, 2016. The FY2016-17 budgeted staffing levels were set at 33 deputies including Perris Valley. The contract also included performance metrics to ensure efficiency and accountability. The current contract expires June 30, 2017.

At this time, staff is recommending a one-year time extension with the LASD, which will include nine performance measures that will increase our overall system wide security posture.

1) Number of patrols at the stations and platforms
2) Number of late night rides and patrols, especially on the Antelope Valley and San Bernardino lines.
3) Ratio of staffing levels and vacant positions
4) Number of train boardings
5) Number of fare enforcement operations
6) Decreases/increases in crime
7) Number of grade crossing operations
8) Right of Way enforcement
9) Number of homeless encampment operations
10) Number of layover facilities and critical infrastructure inspections
11) Improved response times to service delays resulting from accidents

These performance measures and their reporting frequency will be discussed with LASD Command staff prior to the execution of this one year extension.

Staff will be monitoring and reporting back to the board on services issues with LASD these include delayed response and release of the scene of trespasser incidents, staffing of the Metrolink unit, fare enforcement on board the train, response to incidents on board the train, and deployment of personnel based on Part I and Part 2 crime analysis.

**Disadvantaged Business Enterprise (DBE) / Small Business Enterprise (SBE) Requirements**

This contract is not subject to DBE Participation.
Therefore, it is recommended that the Board authorize the Chief Executive Officer to amend Contract No. SP466-16 with the Los Angeles County Sheriff's (LASD) for twelve months from July 1, 2017 through June 30, 2018 to allow sufficient time for re-procurement of these services and for the staff and LASD to develop and implement improved performance objectives.

Next Steps

Staff will be providing the board with updates on the status of the performance of LASD every six months.

Budget Impact

Funding for the Los Angeles County Sheriffs is included in the proposed FY2017-18 budget and covered in the current FY2016-17 operating budget.

Prepared by: Rodney Harris, Security Manager
Edward Pederson, Deputy Chief Operating Officer (Safety, Security & Compliance)
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Gary Lettengarver
Chief Operating Officer

Ronnie Campbell
Chief Financial Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017
ITEM 18

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Restating of the Fare Policies and Procedures into Three Distinct Policies: Fare Policy, Service Standards Policy and Title VI Policy

Issue

In 2003, the Board adopted Metrolink’s Fare Policies and Procedures. Since the policy was adopted, there have been several revisions to the Policy as directed by the Board of Directors. An abundant amount of policy was added in 2014 to address service policy, major service change and Title VI requirements. Staff recommends the existing policy be separated into three polices (Fare Policy, Service Standards Policy and Title VI Policy) for ease of administration and on-going maintenance.

Recommendation

It is recommended that the Board approve the reformatted Fare Policy, Service Standards Policy and Title VI Policy. There are no material changes being proposed with this suggested action.

Alternative

The Board may choose to retain the current format of the Fare Policy.

Strategic Goal Alignment

This report aligns with the strategic goal to maintain fiscal sustainability.

Background

The attached Fare Policy along with the newly created Service Standards Policy and Title VI Policy reflect the current policies and procedures consistent with prior Board actions. The reformatted Policies (Fare Policy – Attachment A, Service Standards Policy – Attachment B and Title VI – Attachment C) will now be maintained by Finance and Planning respectively. Staff will return to the Board if there are any proposed changes to the policy in the three documents.

Attachment D contains the matrix of the entire Fare Policies and Procedures document and denotes the three policies requested for separation for reference.

**Budget Impact**

There is no budgetary impact as a result of this report.

Prepared by: Ronnie Campbell, Chief Financial Officer
Roderick Diaz, Director, Planning & Development

Kimberly Yu
Deputy Chief Operating Officer (Planning and Project Delivery)

Ronnie Campbell
Chief Financial Officer
PURPOSE

This document outlines the fare policies and operational practices adopted by the SCRRA Board of Directors. Fare policies and procedures on the Metrolink system are governed solely by the SCRRA Board of Directors and may be modified at any time. The term “ticket” is used throughout to incorporate all types of fare media valid for travel on Metrolink trains unless a specific ticket type is noted with conditions pertinent to that payment medium.

1.0 PROOF-OF-PAYMENT SYSTEM

Metrolink operates on a proof-of-payment system in which every passenger (unless otherwise noted in this fare policies and procedures document) is required to possess a valid Metrolink ticket prior to boarding the train. Tickets are not sold on board the trains.

Fare verification may be performed on board any train by Metrolink conductors, Los Angeles County sheriff deputies, Los Angeles County Sheriff’s Department Law Enforcement Technicians (LETs), and Customer Engagement Representatives. All passengers are required to provide proof of ticket purchase and valid identification to allow eligibility verification when requested by the fare verifiers. Fare inspections will be performed regularly and randomly to verify that passengers are in possession of valid tickets. Passengers without a valid ticket are subject to citation and fine in accordance with California Penal Code Sections 587c and 640b. Passengers who refuse or are unable to produce a valid ticket may be asked to produce valid identification including name and current address.

2.0 DISTANCE BASED FARES (FARE RESTRUCTURING)

In April 2004, the Metrolink Board of Directors adopted a fare-pricing structure, based on driving mileage between stations. The structure was implemented in
July 2005. This driving mileage-based fare structure levies a charge determined by the driving distance between the origin station and destination station. The Metrolink Board of Directors adopted this fare structure to develop and implement consistent and equitable pricing so that customers traveling the same distances pay the same price, and short trips cost less than long trips.

To implement this pricing structure, the Board approved a plan to phase in restructuring over a ten-year period with annual fare adjustments to minimize the incremental price increase for any one customer.

The formula to calculate ticket prices includes four elements: a base fare boarding charge for all tickets, the ticket type multiplier, a transfer fee and a mileage charge for the distance traveled. Each of the four Metrolink ticket types has a unique base fare charge and ticket type multiplier. For instance, the Monthly Pass ticket multiplier is 32; the Round-Trip Ticket multiplier is 2; and it is 1 for the One-Way Ticket. Using this formula, the Monthly Pass is the best value – offering the lowest price per trip.

The miles between stations are calculated using the shortest driving miles from origin to destination station. Given the unique linear and parallel configuration of various Metrolink routes, there is one exception to the driving mile equivalent calculation for interlined trips. Interlined trips that have very short driving miles (or miles shorter than the longest train leg) pay the longest distance driving mile train leg. For example, Claremont to Pomona-Downtown is five miles driving, but to get to Pomona-Downtown from Claremont on the train, the trip requires traveling into L.A. Union Station, transferring, and riding to Pomona-Downtown. As a result, the fare for this trip is based on the driving miles from Claremont to L.A. Union Station (32 miles) – which is the longest distance driving mile train leg (Pomona-Downtown to L.A. Union Station is 30 miles).

There is no maximum mileage charge for the distance traveled for One-Way, Round-Trip and 7-Day tickets. The maximum cap for a Monthly Pass is 80 miles.

In 2012, the Board of Directors waived the requirement to restructure for the 2011 calendar year and extended the deadline to complete restructuring by 2015.

Reference 36.0 Board Actions Chronology for restructuring phases.

3.0 TICKET TYPES

3.1 One-Way Tickets

One-Way Tickets are valid for one trip only, defined as continuous travel from the origin station to the destination station specified on the ticket. One-way trips must be completed within three hours after purchase of ticket on the day of purchase - the expiration time and date is displayed
on the ticket. Types of one-way tickets sold: adult, senior/disabled/Medicare, student/youth, and military.

Future dated One-Way Paper Tickets do not need to be completed within three hours after purchase and are valid on the date that is printed on the front of the ticket. Future dated Paper tickets may be purchased one year in advance.

3.2 Round-Trip Tickets

Round-Trip Tickets are valid for two trips only, from and to the origin station and the destination station marked on the ticket. The first leg of a Round-Trip Ticket is valid for three hours from purchase. The return ticket is valid for travel anytime on the same day as the first leg of the trip or until 3:00 a.m. the following day. Types of Round-Trip Tickets sold: adult, senior/disabled/Medicare, student/youth, and military. Round-Trip Tickets are priced to equal two One-Way Tickets.

Future dated Round-Trip paper Tickets do not need to be completed within three hours after purchase and are valid on the two dates printed on the ticket. Future dated paper tickets may be purchased one year in advance.

3.3 7-Day Pass

The 7-Day Pass is valid for unlimited travel between origin and destination stations for seven consecutive days within the date range printed on the front of the ticket. The 7-Day Pass is priced at 3.5 round-trips. Types of 7-Day Passes sold: adult, senior/disabled/Medicare and student/youth.

3.4 Weekend Day Pass

The Weekend Day Pass is valid on all operating Metrolink lines on either Saturday or Sunday for the weekend date printed on the front of the ticket. There are no additional discounts that apply to this ticket type.

3.5 Monthly Pass

Monthly Passes are valid for unlimited travel between the origin station and destination station printed on the pass during the calendar month. A Monthly Pass allows for unlimited systemwide weekend travel starting at 7:00pm on Friday through 11:59pm on Sunday. Types of Monthly Passes: adult, senior/disabled/Medicare, and student/youth.
3.6 Group Tickets and Vouchers

Group tickets are sold through Metrolink administrative offices on a reservation basis for non-rush hour and weekend trains. Metrolink distributes tickets or vouchers to the group traveling. Tickets/vouchers are valid for travel on the day printed on the ticket/voucher only, between the specified origin and destination stations. The criteria for group sales include:

a) 15 or more persons, with a maximum of 50
b) $12.00 per person round-trip (same day travel)
c) Group ticket is valid for transfer to connecting transit
d) Group vouchers are not valid for transfer to connecting transit
e) Reservations are required 21 days prior to travel; advance notice must be received 14 days prior to travel
f) Three children age 5 and under may travel free with an adult using a valid ticket
g) Group ticket is valid for travel only on non-rush hour or on weekend trains
h) Group sales tickets are nonrefundable and nontransferable
i) A $2.50 handling fee is charged per group order in addition to the $12 per-person price. The price of the group ticket is indexed to the future systemwide fare increase and will be implemented each time the cumulative systemwide increase would result in a $1 increase in the group ticket.

3.7 School Group Tickets

School group tickets are available by reservation through the Metrolink administrative office. The tickets are provided to the school group in voucher form, indicating the boarding and alighting stations, the date, time and specific trains for the school group. Additional policies include:

a) Per person cost is $1.50 one-way and $3.00 round-trip
b) Minimum group size is 15, maximum is 130 (limited by train capacity, exceptions are granted at the discretion of the Chief of External Affairs)
c) Transfers to connecting transit are not included
d) Minimum chaperon-to-student ratio of 1:5 is required
e) Chaperons must agree to and sign Metrolink Safety Guidelines
f) Reservations must be received four weeks prior to travel; advance payment must be received three weeks prior to travel
g) Travel limited to off-peak trains

4.0 STUDENT/YOUTH FARES

Student/Youth fares are available to individuals who have a valid student
identification or identification for age qualification for the youth discount. Student/youth One-Way, Round-Trip, 7-Day and Monthly passes are discounted 25% from the adult fare. A valid student identification or identification with age must be presented to the fare inspector upon request.

The youth fare is available on weekdays and the weekend for passengers ages 6 to 18. The fare is 25% off the adult weekday fare on One-Way, Round-Trip tickets, 7-Day Passes and Monthly Passes. Valid identification required for proof of age.

5.0 MILITARY FARES

Military Discount: One-Way and Round-Trip tickets are discounted 10% for active military who have a valid Common Access Card (CAC).

6.0 FARES FOR CHILDREN

Three children ages 5 years and under may ride free of charge with each adult parent or guardian using a valid ticket. Each additional child is charged the youth fare for weekend travel or the adult fare for travel during weekdays.

7.0 FARES FOR SENIORS

For passengers 65 and older, the fare is 25% off the adult fare for 7-Day and Monthly passes. One-Way and Round-Trip tickets are 50% off the adult fare.

8.0 SENIOR CITIZEN IDENTIFICATION

Customers purchasing a reduced senior citizen fare for Metrolink services shall carry proper photo identification cards indicating their age as 65 or older. ID cards must be shown to the fare inspector upon request.

9.0 FARES FOR PERSONS WITH DISABILITIES

For passengers with a disability, the fare is 25% off the adult fare for 7-Day and Monthly passes. One-Way and Round-Trip tickets are 50% off the adult fare. One personal care attendant may accompany a person with a disability without fare media at no additional cost.

10.0 PERSONS WITH DISABILITIES IDENTIFICATION

Passengers using a reduced fare ticket for people with disabilities shall carry proof of eligibility. One of the following eligibility cards must be shown to the fare inspector upon request:

a) Los Angeles County Transit Operators Association Card (LACTOA)
b) Medicare ID card, which is red, white and blue
c) Identification card from other transit agencies - any current valid identification card issued to any person with a disability by other transit agencies within the United States shall be honored
d) DMV placard identification card
e) Access Services Inc. clients may ride Metrolink with valid photo Access Services identification in lieu of Metrolink fare media

11.0 LAW ENFORCEMENT OFFICERS

Metrolink allows uniformed law enforcement officers to ride free of charge if the officer meets all of the following criteria:

a) Has peace officer status under California Penal Code 832
b) Presents their valid photo ID card issued by their law enforcement agency during regular fare inspections or at the request of any Metrolink fare verifier
c) Wears a Class A agency-authorized uniform that includes an agency ID card, metal badge, baton and holder, metal name plate, rank insignia on uniform shirt, service weapon, gun belt and holster

This fare-exempt policy is restricted to law enforcement officers wearing a Class A uniform only. Class B uniforms are not acceptable which include, but are not limited to:

a) Raid jackets
b) Flight suits or jump suits
c) Polo or golf shirts
d) Washable cotton/polyester blend uniforms similar in appearance to a Class A uniform

In addition, Metrolink requires law enforcement officers who are riding free under this policy to:

a) Take appropriate law enforcement action when they observe criminal activity or when asked by a citizen or Metrolink employee
b) Respond accordingly in the event of a rail-related incident or accident
c) Relinquish their seat to a paying customer on crowded trains

12.0 TRANSFERS TO OTHER TRANSIT SERVICES

The Metrolink fare structure includes a transfer to participating connecting transit operator services, thus allowing for a seamless transfer from Metrolink to other transit services. Metrolink has entered into transfer agreements with area transit operators to make it easy for customers to use bus services by simply presenting their Metrolink ticket to the driver of the connecting transit.

Transfers to most connecting transit at Metrolink stations, including most bus
routes, and all stations on the Red Line, Blue Line, Green Line, Purple Line, Expo Line, Orange Line and Gold Line are free for Metrolink customers with a valid Metrolink ticket. Metrolink riders who transfer to Metro Rail in L.A. County must tap a turnstile or validator at the Metro Rail stations. Taping an expired Metrolink ticket is a violation of this policy and could result in a citation. Valid fare media include Monthly Passes for the current month; 7-Day Pass, Weekend Day Pass, One-Way and Round-Trip tickets for same day travel only – the day printed on the ticket, and validated 4-Trip/2-Trip tickets for the same date only that is printed on the ticket.

4-Trip/2-Trip tickets must be validated for that day of travel; 4-Trip/2-Trip ticket holders boarding other transit service prior to validating their Metrolink ticket are required to pay the fare of the connecting transit.

Some additional restrictions and transfer charges may apply to specific connecting transit operators in accordance with the individual transfer agreements.

13.0 TICKET SALES LOCATIONS

All Metrolink stations have Ticket Vending Machines (TVMs) that sell all ticket types except 4-Trip/2-Trip tickets, and group travel tickets/vouchers. Other ticket sales locations include:

a) Union Station ticket sales offices
b) Pass-By-Mail available through the Metrolink administrative office
c) Corporate partners business locations
d) Retail sales outlets such as transit stores and select city halls
e) Metrolink App

14.0 CORPORATE PARTNER PROGRAM

Monthly Passes, 7-Day, and Round-Trip tickets for employees of participating corporations are sold on consignment and through the Corporate Quick Card. Tickets are sold to participating companies through the Metrolink administrative office. Metrolink is reimbursed the full cost of the tickets that the corporation distributes. The participating corporate partner is responsible for distribution of the tickets/passes or Corporate Quick Card to their employees and for receipt of any co-payments by the employee.
15.0 SPECIAL FARE REGULATIONS

Multi-Line tickets and reciprocal stations: 1) Tickets for either the San Bernardino Line or Riverside Line are valid for travel between stations of equal or lesser distance on either line. 2) Tickets on the Riverside Line, the 91 Line or the IEOC Line are valid for travel between stations of equal or lesser distance on any of these routes if the origin or destination station is in Riverside County or San Bernardino County.

Connecting Stations: Connections between Metrolink trains can be made at Los Angeles Union Station, downtown Burbank, Fullerton, Glendale, Orange, Riverside, San Bernardino, San Juan Capistrano, Santa Ana and Tustin. See diagram to the right.

16.0 SERVICE ANIMALS

Service animals traveling with passengers with disabilities shall be transported without additional charge.

Service animals in training are permitted on trains. Trainers of service animals are fare exempt when engaged in training activities.

17.0 OTHER ANIMALS

A passenger may carry a small dog or other pet enclosed in a suitable animal carrier or crate that fits on the passenger's lap or under the seat.

18.0 SPECIAL PROMOTIONAL TICKETS AND DISCOUNTS

Metrolink may establish unique promotional fares and tickets for special trains, charter trains, promotions and discounts to encourage ridership.
Special promotional tickets may be sold at special events or stations for unique promotions. Special promotional fares include, but are not limited to: discount coupons, two-for-one specials, four friends ride free, promotional 7-Day Passes, 4-Trip Tickets, round-trip special ticket and other discounts. The Board of Directors has delegated the authority for approval of new promotional ticket and discount programs to the chief executive officer.

19.0 COMPLIMENTARY/TRIAL RIDE TICKETS

This section establishes the procedures and requirements governing the distribution of complimentary/trial ride tickets. SCRRA distributes a limited number of complimentary/trial ride tickets each year. SCRRA uses complimentary/trial ride tickets for two principal purposes. First, to improve or enhance customer service as measured by our Quality Service Pledge, and second, as a marketing tool to increase ridership and/or promote services. As noted below, SCRRA employees are strictly prohibited from receiving complimentary/trial ride tickets for personal use or personal distribution.

19.1 Ticket Distribution to the Public

Complimentary/trial ride tickets are provided to authorized SCRRA employees who obtain approval from their direct supervisor for distribution to passengers. Such employees must submit a completed complimentary/trial ride Fare Media Request Form to obtain tickets. This form requires, among other things, a description of the event or purpose to justify the distribution, as well as the employee’s supervisor or manager’s authorization.

Employees who receive the proper authorization may distribute complimentary/trial ride tickets for the following purposes:

a) **Improve customer satisfaction**- In the event that a Metrolink customer has an experience that falls below the specifications of the Quality Service Pledge, an authorized staff member may offer a complimentary/trial ride ticket to redress any legitimate customer dissatisfaction

b) **Promote SCRRA’s services**- In order to promote SCRRA services, Staff may distribute complimentary/trial ride tickets to individuals targeted through a specific marketing promotion or campaign by, for example, providing an introductory experience to potential new customers or educating customers as to SCRRA’s services.

SCRRA Employees who receive complimentary/trial ride tickets are responsible to distribute those tickets in accordance with this policy. Under no circumstances may employees receive complimentary/trial ride tickets for personal use or personal distribution. Misuse or unauthorized
distribution of these tickets is subject to disciplinary action including, but not limited to, employment termination.

19.2 Ticket Distribution to Board Members

At the beginning of his/her year term on the Board, each Board member and alternate receives one SCRRA identification card. The Board member and alternate may use their identification card to travel on SCRRA’s trains. This identification card is issued to cover public transit costs incurred as part of their official duties in SCRRA’s service area. Board members and alternates are encouraged to use Metrolink service to attend board/committee meetings. This identification card is non-transferable and SCRRA will collect this identification card when each Board member and alternate ceases service on the Board.

Individual Board members and alternates may not receive complimentary/trial ride tickets for distribution, nor may Board members and alternates receive complimentary/trial ride tickets (including any media sometimes identified as a “lifetime ticket”) at any time after conclusion of their service on the Board except in accordance with this policy.

19.3 Ticket Distribution to Member Agencies

Member Agencies may request complimentary/trial ride tickets to promote SCRRA services consistent with this policy. The Member Agency must obtain approval from SCRRA’s Manager, Marketing and Sales by submitting the Member Agency Fare Media Request Form. Member Agency staff may distribute complimentary/trial ride tickets to individuals targeted through a specific marketing promotion or campaign as per this policy. Member Agencies are required to track the distribution of complimentary/trial ride tickets.

19.4 Ticket Inventory Control

The Fare Collection Department manages the inventory of complimentary/trial ride tickets. Ticket management includes ordering and tracking the tickets in numerical sequence in a control log.

20.0 SERVICE STANDARDS—moved to new and separate “Service Policies” document

In order to comply with DOT’s Title VI regulation 49 CFR Section 21.5(b)(2) and (7), Appendix C to 49 CFR part 21, recipients to which this chapter applies shall adopt quantitative system-wide service standards necessary to guard against discriminatory service design or operations decisions—
20.1 Vehicle Load

SCRRA constantly monitors the loads of each of its train sets (consists) to allocate resources in response to customer demand. Most consists do not remain on one line, but serve two or more lines each day. This means that a set of cars and a locomotive generally are not dedicated to a specific line but may serve various geographic regions during the course of a day. For example, one consist that serves the Ventura County Line serves the Antelope Valley Line on the same day. Another consist serves the San Bernardino Line, Inland Empire - Orange County Line and the Riverside Line in a single day and yet another serves the Orange County, the Riverside and the 91 Line in a single day. The consist size is determined by the peak passenger load, the maximum demand that needs to be met during the day. Load factors are calculated on a monthly basis, or more frequently if needed. From its inception, SCRRA has worked to fund and obtain additional equipment to keep up with ridership growth.

Different load factor standards apply to peak and off-peak service. Peak period is defined as train service prior to 8:30am and between 3:30pm and 7:00pm on weekdays (Monday-Friday). Off-peak time periods are weekdays (Monday-Friday) between 8:30am and 3:30pm and after 7:00pm, as well as all day Saturday and Sunday.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Load Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Definition</td>
<td>Load factors reflect the number of passengers at the peak load point per available seats. A load factor of 95% indicates that 95% of available seats are occupied. Given the daily fluctuation of passengers and train consist configurations the median peak passenger count is used to calculate monthly load factors. Peak passenger counts are currently based on manual counts taken by Metrolink conductors.</td>
</tr>
<tr>
<td>Service Standard</td>
<td>95% load factor for peak period trains 85% load factor for off-peak trains</td>
</tr>
</tbody>
</table>

20.2 Vehicle Headway

The headways on each route are determined primarily by schedule constraints imposed by single-track operation and the line’s ridership
demand. Other factors that affect the headways are the ability of member agencies to fund additional trains, and, in certain sections, constraints imposed by the host railroads because of limited track capacity.

Because only 54% of the Metrolink system is double-tracked, it is impossible to provide the same level of service in the reverse directions. Therefore, highest service frequencies are provided in the direction of highest demand.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Headway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Definition</td>
<td>Headway is a measure of service frequency and reflects the minutes of average scheduled wait time between trains going in the same direction.</td>
</tr>
<tr>
<td>Service Standard</td>
<td>Peak period, peak direction: max. 60 min. Peak period, reverse direction: max. 120 min</td>
</tr>
</tbody>
</table>

20.3 On-Time Performance

SCRRA has identified on-time performance as one of the primary service quality measures, which is monitored for each train on a daily basis and reported to the SCRRA Board of Directors and the public. On-time performance is reported as the percentage of trains arriving at their final destination within 5 minutes of their scheduled time. Although SCRRA strives to provide on-time performance of better than 95%, service impacts, such as incidents, mechanical problems, and interference from freight railroads, may at times reduce on-time performance.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>On-Time Performance (OTP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Definition</td>
<td>On-Time Performance, or schedule adherence, is a measure of trains that reach their final destination on time. Any train that is annulled (canceled before going into revenue service), terminated (canceled while in revenue service), or more than five minutes 59 seconds late into its final destination will be considered late.</td>
</tr>
</tbody>
</table>

The denominator for the OTP percentage calculation shall be the number of revenue trains scheduled during the reporting period for the appropriate line. The numerator for the calculation shall be the number of scheduled trains...
LESS the sum of the number of trains (a) annulled, (b) terminated, and (c) more than five minutes 59 seconds late into their final destination.

Special trains, such as extra trains, charter trains, baseball trains, and other promotional trains are excluded from the OTP calculation.

| **Service Standard** | 95% of trains arrive at their final destination within five minutes 59 seconds of their scheduled time. |

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**20.4—Service Availability**

Metrolink’s routes follow existing right-of-ways, some of which date back to the 1800s. Given the fixed route nature of the Metrolink service the agency’s ability to influence the spatial availability of service is very limited. Nevertheless, Metrolink has made it a priority to identify travel patterns, connecting transit services, and to analyze service area characteristics using Geographic Information Systems.

Metrolink’s primary ability to improve service availability, however, relates to the temporal availability of service. Service frequency and the hours of operation (service span) differ by day of week, route, and station. They are subject to funding commitments of the member agencies, operating agreements with the freight railroads, and demand for service.

<table>
<thead>
<tr>
<th><strong>Performance Measure</strong></th>
<th>Service Span (hours of service)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
<td>Service Availability</td>
</tr>
<tr>
<td><strong>Definition</strong></td>
<td>Service span is the hours during a day that service is provided, starting from the time of the first train of the day until the last train of the day. The service span may differ by day of week and station.</td>
</tr>
<tr>
<td><strong>Service Standard</strong></td>
<td>Weekday: min. 12 hours</td>
</tr>
<tr>
<td></td>
<td>Saturday: min. 9 hours</td>
</tr>
<tr>
<td></td>
<td>Sunday: min. 9 hours</td>
</tr>
</tbody>
</table>

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**20.5—Distribution of Transit Amenities**

All Metrolink stations have the same basic amenities, and all are accessible to people with disabilities. Although the stations were funded
and built by the local jurisdictions or member agencies, each used the same design manual and station criteria developed by SCRRA; many times SCRRA was contracted for design and construction oversight.

Due to construction and system upgrades Metrolink cannot guarantee that the same basic amenities are available at all stations at all times.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Station amenities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Definition</td>
<td>Station amenities refer to items of comfort and convenience available to the general riding public. These items include, but are not limited to, benches, shelter, ticket vending machines, schedules, and maps.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Standard</th>
<th>Station amenities to be provided at a minimum:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canopies</td>
<td></td>
</tr>
<tr>
<td>Platform furniture</td>
<td></td>
</tr>
<tr>
<td>Information Kiosk/Display Cases</td>
<td></td>
</tr>
<tr>
<td>Passenger Information Phone</td>
<td></td>
</tr>
<tr>
<td>Ticket Vending Machine</td>
<td></td>
</tr>
<tr>
<td>Parking (min. 500 spaces for new stations)</td>
<td></td>
</tr>
<tr>
<td>ADA accessible ramp</td>
<td></td>
</tr>
<tr>
<td>Schedules and maps</td>
<td></td>
</tr>
<tr>
<td>Electronic displays and PA systems</td>
<td></td>
</tr>
</tbody>
</table>

### 21.0 VEHICLE ASSIGNMENT

Metrolink’s fleet consists of passenger coaches of different age, manufacturers and with different interior configurations. Some train consists have cars of only one vehicle type, but most have a combination of different vehicle types. Generally, vehicles are not assigned to specific routes but rotate throughout the system to maximize operational efficiency. As older vehicles are being phased out Metrolink’s newest coaches are being put into service on all lines. In vehicle assignment, priority is given to safety consideration: Every attempt is made that each consist includes a new cab car featuring crash energy management (CEM) technology. Metrolink has also put bike cars into service. These are remodeled cars that have space to accommodate 18 bicycles as well as 120 passenger seats. Metrolink attempts to place a bike car to consists.

### 22.0 MAJOR SERVICE CHANGE POLICY

FTA regulations require Metrolink to evaluate significant system-wide service and fare changes and proposed improvements at the planning and programming stages to determine whether those changes have a discriminatory impact. For service changes, this requirement applies to “major service changes” only. A major service change is defined as a numerical standard, as expressed by
distribution of routes as measured against the existing level of service, or the number or concentration of people affected. The major service change policy shall apply to both service reductions and service increases. All major increases or decreases in transit service are subject to a Title VI Equity Analysis prior to Board approval of the service change. A Title VI Equity Analysis completed for a major service change must be presented to the Board of Directors for their consideration and then forwarded to the FTA with a record of the action taken by the Board.

22.1 Major service changes shall be defined by the following thresholds:

a) A change of 25% or more in route miles (route length) per route
b) A change of 25% or more in weekday revenue train miles per route
c) A change of 50% or more in weekend revenue train miles per route
d) A cumulative change of 25% or more in revenue train miles per route or system-wide within a consecutive 24-month period
e) A change in the service span of more than two hours per station in a single year

22.2 The definition of a major service change shall exclude any changes to service which are caused by:

a) Temporary Services: seasonal or promotional services for a period not exceeding 180 days, or
b) Construction and maintenance of track infrastructure, or
c) Forces of Nature, such as earthquakes, wildfires, storms, or
d) New line or station “Break-In” period: an adjustment to service levels for new transit lines/stations which have been in revenue service for less than one year (allowing SCRRA to respond to actual ridership levels observed on those new transit lines/stations)

2320.0 QUALITY SERVICE PLEDGE (QSP)

When average on-time performance of a line falls below 80% for a calendar month, SCRRA will sell offer a line-restricted (no reciprocity rights per section 16.0) Monthly Pass at a discount of 25% valid in a subsequent month after the average monthly on-time performance on the line was below 80%. (Where reciprocity/multi-line ticket rights are available, a full price Monthly Pass will also be available for purchase). A train is defined as “on time” when it arrives at its end point five minutes or less than the scheduled arrival time.

The monthly on-time performance of a line is calculated within three working days of the end of the month. Discount sales begin on the 25th of the month and continue through the 14th of the following month when the offer would expire. For example, poor on-time performance in March would trigger sale of a discount May Monthly Pass during the sales period in April. Discount passes are
sold through the Pass-by-Mail and CPP programs, from ticket windows at Union Station and in the TVMs as a special ticket. Ticket sales through the TVM require a 60 day programming period.

2320.1 Extensive Delay: One-Time Incident

An extensive delay is a delay to riders exceeding one hour from the published train schedule. Upon request, with proof of pass ownership, a Monthly Pass holder is eligible to receive a four one-way promo ticket vouchers universal 4-Trip Ticket or two 2-Trip Tickets with a one-year expiration from the date of the incident. One-way, Round-Trip, or 7-Day, or Weekend Day ticket holders receive two one-way promo ticket vouchers with a one-year expiration from the date of the incident. The ticket holder must submit the original ticket(s) to be eligible for replacement ticket. Requests for compensation under the Quality Service Pledge must be received within 60 days of the date of the incident.

2320.2 Exclusions

Train delays caused by:

- Freight delays or interference
- Strikes, vehicle or person
- Natural disasters or acts of Acts of God and nature
- Unforeseen crew changes
- Third-party activity such as police, and fire, or other authorities or government agencies
- Alternative transportation providers
- Temporary operating schedules

2320.3 Sole Authority

Metrolink has sole authority to grant exceptions to the compensation policy and reserves the right to deny a claim for compensation that does not meet the criteria herein.

2421.0 RIDE PROMISE

If a passenger misses the scheduled connecting Metrolink train due to an operational issue, Metrolink's fault, Metrolink will make every attempt to secure alternative transportation for the rider to his/her destination station. If Metrolink cannot secure alternative transportation within sixty (60) minutes of the missed Metrolink train's scheduled departure time, passengers can be reimbursed for their costs for alternative transportation rental vehicle or taxi, not to exceed $50.00 per passenger. Reimbursement is based on the passengers'
Causes and length of disruptions vary. When a disruption occurs, Metrolink immediately assesses the situation and takes steps towards recovering service as close to the published timetable as possible. There are various steps required to clear a scene, including assessment by first responders, including Metrolink personnel, law enforcement, and/or fire, securing alternate transportation, coroner response (if applicable), cleanup crew response (if applicable), and/or coordination with freight dispatching (if applicable). If rescue service is needed, staff will make every attempt to secure alternate transportation arriving within an hour or less of the train’s scheduled departure time. Alternative transportation solutions such as replacement train service (Metrolink or Amtrak), bus bridge service (private motorcoach and/or public transit operators), and taxi, Uber, or Lyft are all considered.

2421.1 Definitions

a) Alternative Transportation- Transportation that replaces regular Metrolink train service. This may include, but it is not limited to another Metrolink train, an Amtrak train, bus bridge, van, taxi, Uber or Lyft, or other charter operator, and is at Metrolink's discretion. Valid Metrolink tickets will be accepted on alternative transportation, including trains on other Metrolink lines.

b) Extensive Delay- Delay to riders exceeding one hour from the published train schedule.

c) On-Time Service – Train arrives at its final destination within five minutes of the published train schedule.

d) Scheduled Connection- Ten minutes between a Metrolink train's published arrival time and the connecting Metrolink train's published departure time at the same station.

e) Alternative Transportation- Transportation that replaces regular Metrolink train service. This may include, but it is not limited to another Metrolink train, an Amtrak train, bus, van, taxi or other charter operator, and is at Metrolink's discretion.

f) Self-Service Transportation – Taxi, shuttle, TNCs/Transportation Network Companies (i.e. Uber, Lyft).

g) Temporary Operating Schedules- When Metrolink's published train schedule is modified to allow planned construction work or special event train service.

h) Extensive Delay- Delay to riders exceeding one hour from the published train schedule.

2522.0 TICKET REFUNDS

Metrolink tickets are nonrefundable and nonreplaceable except in extraordinary circumstances. In certain circumstances, Metrolink will provide a refund for
customer’s tickets. Refund requests must be submitted online to Metrolink’s administrative offices.

### 2623.0 SPECIAL TRAINS

Metrolink from time to time operates special trains beyond the standard operating schedule. Unique fares may be established for special trains. These unique fares and tickets may be sold either through the Ticket Vending Machines, by mail, the Metrolink App, or another form. In some instances, such as charter trains, all fares must be prepaid and passengers may not be required to have tickets.

### 2724.0 AMTRAK TICKETS - RAIL 2 RAIL PROGRAM

Amtrak Pacific Surfliner Monthly Passes are valid on any Metrolink train, within the origin and destination station limits on their Amtrak ticket as part of the Rail 2 Rail program.

Metrolink Monthly Pass holders may ride any Amtrak Pacific Surfliner train within the origin station and destination station of their pass (some blackout dates apply).

Any Metrolink fare media valid for travel between Los Angeles Union Station and the Burbank Airport Station is accepted on Amtrak Pacific Surfliner trains in this segment.

Any Amtrak fare media valid for travel between Los Angeles Union Station and Bob Hope Burbank Airport is accepted on Metrolink trains in this segment.

Amtrak Shared Service trains as part of the Rail 2 Rail program will accept all Metrolink ticket types.

### 2825.0 FARE CHANGE POLICY

METROLINK will conduct a fare equity analysis for all increases or decreases in fares, fees or eligibility, or to the availability of fare media. In order to address the mandates in Title VI of the Civil Rights Act of 1964, as well as the Environmental Justice (EJ) provisions in Presidential Executive Order 12898, Metrolink will evaluate the impact of the fare policy change on protected populations and determine if the proposed fare change will result in a disparate impact for minority populations or in a disproportionate burden for low income populations.

### 29.0 DISPARATE IMPACT POLICY

This policy establishes a threshold for determining whether a given action has a disparate impact on minority populations. Per FTA Circular 4702.1B:
Disparate impact refers to a facially neutral policy or practice that disproportionately affects members of a group identified by race, color, or national origin, where the recipient’s policy or practice lacks a substantial legitimate justification and where there exists one or more alternatives that would serve the same legitimate objectives but with less disproportionate effect on the basis of race, color, or national origin.

The policy shall establish a threshold for determining when adverse effects of service changes are borne disproportionately by minority populations. The disparate impact threshold defines statistically significant disparity and may be presented as a statistical percentage of impacts borne by minority populations compared to impacts borne by non-minority populations. The disparate impact threshold must be applied uniformly and cannot be altered until the next Title VI Program submission.

The analysis shall be conducted for:

a) All major service changes, as defined in Metrolink’s Major Service Change Policy
b) Any increase or decrease in fares which is not exempt under FTA Circular 4702.1B, e.g., a promotional or temporary fare reduction

Service or fare changes are determined to have a disparate impact if, cumulatively:

a) the absolute share of minority riders subject to the adverse effects of the service or fare change(s) exceed the share of non-minority riders that are subject to the adverse effects by 5% or more, OR
b) the absolute share of non-minority riders subject to the benefits of the service or fare change(s) exceed the share of minority riders that are subject to the benefits by 5% or more

Adverse impacts from service decreases may be offset by benefits incurred from service increases.

30.0 DISPROPORTIONATE BURDEN POLICY

This policy establishes a threshold for determining whether a given action has a disproportionate burden on low-income populations. The Disproportionate Burden Policy applies only to low-income populations that are not also minority populations. Per FTA Circular 4702.1B:

The policy shall establish a threshold for determining when adverse effects of service changes are borne disproportionately by low-income populations. The disproportionate burden threshold defines statistically significant disparity and may be presented as a statistical
percentage of impacts borne by low-income populations as compared to impacts borne by non-low-income populations. The disproportionate burden threshold must be applied uniformly and cannot be altered until the next [Title VI] program submission.

At the conclusion of the analysis, if the transit provider finds that low-income populations will bear a disproportionate burden of the proposed fare/service change, the transit provider should take steps to avoid, minimize or mitigate impacts where practicable. The provider should describe alternatives available to low-income populations affected by the fare/service changes.

The analysis shall be conducted for:

a) All major service changes, as defined in Metrolink’s Major Service Change Policy
b) Any increase or decrease in fares which is not exempt under FTA Circular 4702.1B, e.g., a promotional or temporary fare reduction

Service or fare changes are determined to create a disproportionate burden if, cumulatively:

a) the absolute share of low income riders subject to the adverse effects of the service or fare change(s) exceed the share of non-low income riders that are subject to the adverse effects by 5% or more, OR
b) the absolute share of non-low income riders subject to the benefits of the service or fare change(s) exceed the share of low income riders that are subject to the benefits by 5% or more

Adverse impacts from service decreases may be offset by benefits incurred from service increases.

31.0 MEASURES AND PUBLIC HEARING PROCEDURES FOR FARE CHANGES

The Federal Transit Administration requires that transit agencies have policies that provide the public an opportunity to comment on proposed changes in fares. The SCRRRA Board has adopted the procedures that provide for a public hearing in the event of proposed changes in Metrolink fares. These procedures for public review include:

a) A public hearing
b) Public workshops prior to the public hearing
c) Publication of a notice describing proposed changes in fares in an appropriate newspaper(s) of general circulation
d) Placement of public notice brochures onboard trains, and at Customer Service Centers
32.0 LIMITED ENGLISH PROFICIENCY (LEP) COMMUNITY OUTREACH

As an element of the public outreach process associated with proposed changes to fare policy or service levels, SCRRA would undertake the following efforts to seek and solicit input from Limited English Proficiency (LEP) communities within the SCRRA catchment area:

a) Translate public notice describing proposed change in fares and/or service, and publish such notice in at least eight news publications that cater to non-English speaking readers (Spanish, Traditional Chinese, Simplified Chinese, Vietnamese, Korean, Japanese, Armenian, Farsi)

b) Publish public notice describing proposed change in fares and/or service on the Metrolink website in multiple non-English languages

c) Distribute public notice and other materials to community-based organizations (CBOs) which cater to various non-English speaking communities

d) Work with CBOs to identify the need/desire on the part of specific LEP communities to hold special community workshops at which translated information can be provided in both oral and written form

e) Include language in noticing for all public workshops and the public hearing that written or oral translated services can be provided for such public meetings upon advance request

3326.0 METROLINK SUPPLEMENTAL INSTRUCTIONS

Additional operational procedures governing fare policy implementation and enforcement are described in the Metrolink Supplemental Instructions published by the Operations Department for train operating crews. The Supplemental Instructions are incorporated by reference into this schedule of fare policies and procedures. The policies enumerated in this Fare Policies and Procedures document take precedence over directives and guidance in the Metrolink Supplemental Instructions publication.

3427.0 PROCEDURAL HISTORY

Adopted September 26, 2003
Revision 1 July 1, 2004
Revision 2 July 1, 2005
Revision 3 July 1, 2007
Revision 4 July 1, 2010
3528.0 BOARD ACTIONS CHRONOLOGY

A chronology of prior Board proceedings on the key elements of fare policies and procedures includes the following actions:

1992
- Approval of an 11-mile based zoned fare structure; the ticket types (monthly, 10-trip, round-trip and one-way), the ticket pricing structure; the fare categories which include: adult, senior/disabled, student, and youth; and the initial fare zone map with station designations
- Approval of a fare evasion policy
- Approval of a fare inspection policy
- Approval of fare exemption policy
- Authorization to execute interagency transfer agreements for transit transfers

1993
- Implementation of the off-peak fare policy
- Approval of changes in the fare structure to cap the zones at seven, and establish the Union Station zone discount
- Approval of the student group fare policy
- Approval of revisions to the zone map for start-up of the Orange County Line service and discounted fare zone designation for travel north from the Fullerton station
- Approval of ticket reciprocity between the San Bernardino Line and the Riverside Line
- Approval of a 25% December Monthly Pass discount

1994
- Approval of revisions to the zone map to split the zone for the Burbank Station
- Approval of discounted fare zone designation for the Northridge and Camarillo stations on the Ventura County Line
- Approval of temporary (earthquake-related emergency) discounted fares for Monthly Passes on the Antelope Valley Line and the Ventura County Line
- Continuation of ticket reciprocity between the San Bernardino Line and the Riverside Line
- Continuation of zone discounts for the Lancaster and Vincent Grade/Acton stations on the Santa Clarita Line
- Approval of revisions to the college pass program to discount 10-trip tickets in addition to monthly passes by 25% for participants
- Continuation of the December Monthly Pass discount

1995
- Continuation of the December monthly pass discount on an on-going basis

1996
- Approval of revisions to the fare-exempt policy regarding law enforcement officers

1998
- Approval of fare adjustment program to increase fares by 4% in 1998, 2000 and 2002

1999
- Approval of a transit pass discount policy and program for Welfare to Work
- Revisions to the school group policy fare
2000
- Approval of temporary fare policy changes to offer one-time discounts on
  Monthly Passes and 10-trips on the Riverside and Ventura County Lines
  due to service related issues
- Approval of the recreational group travel fare pricing structure and
  procedures
- Confirmation of a 4% fare increase beginning July 1, 2000
- Approval of modification to the fare policy to eliminate the transfer upgrade
  ticket

2001
- Approval of the Rider Compensation Policy and Quality Service Pledge
- Planning and Finance Committee approval of Proposed Policy for Fare
  Increase or Service Reduction

2002
- Approval of a split zone designation for the Burbank Airport station
- Approval of a 4% fare increase and a supplemental security fee of 1%
  beginning July 1, 2002
- Authorization of the Rail-2-Rail demonstration program
- Approval of the zone discount and zone placement of the North Main
  Corona station

2003
- Authorization for Metrolink participation in the EZ Transit Pass Program in
  Los Angeles County (Interagency transfers)
- Approval of Fare Policies and Procedures Document that modified:
  a) the policy on fare exemptions for children ages five and younger –
     allowing up to three ride for free
  b) the addition of a public outreach policy for fare changes

2004
- Approval of proposal to restructure fares using driving miles between
  stations & increase cost of 10-Trip Ticket phased in over 10 years, and a
  3.5% across-the-board fare increase for FY2004-05 & FY2005-06 for
  public outreach & comment. Pending final approval in late spring 2004
- Approval of public outreach plan for fare change: 4% July 2004 and begin
  restructuring July 2005 at 3.5% system-wide average increase
- Public Hearing on and approval of proposed 4% fare increase for July
  2004 and start of restructuring July 2005
- Approval of contract with Access Services Inc. (ASI) to allow ASI certified
  riders to ride without a ticket, using their Access ID card as fare media,
  with ASI paying SCRRRA a flat rate for each ASI rider
2005
- Approval of public review process for proposed 4.5% system-wide average fare increase starting July 1, 2005 and elimination of weekday off peak fares (except for Seniors/Disabled)
- Approval of a change in the Quality Service Pledge for discounts on Monthly Passes for poor on-time performance
- Restructuring phase 1 of 10

2006
- A public review process for proposed fare increase between 3.5% and 7.5% beginning July 1, 2006
- Approval of a system-wide average fare increase of 5.5% beginning July 1, 2006 with the option to increase fares mid-year of up to an additional 2% system-wide average should the budget require additional fare revenue
- Approval of a special compensation program for Riverside Line Monthly Pass riders for the lousy service in Feb and March offering a 50% discount on May 2006 monthly pass purchases. The offer restricts use of the discounted pass to the Riverside Line only, no reciprocity rights.
- Approval of a special promotional fare for the introduction of Orange County Line weekend service and expanded IEOC Summerlink service. 50% discount off the adult weekday fare for all riders on IEOC and OC Line weekend service for a six month promotional period
- Restructuring phase 2 of 10

2007
- A public hearing on a proposed fare increase of 3.5% average for 2007, 2008 and 2009 that also discontinues the special promotional fare of 50% off adult weekday fares for weekend riders on the OC and IEOC lines
- Approval of the fare increase of a system-wide average of 3.5% beginning July 2007, July 2008 and July 2009
- Approval of a promotional Consignment Ticket Sales program and rates for the 2007 summer and a clarification to the Fare Policies & Procedures Guidelines that enumerates that the CEO has discretion to establish promotional fares and tickets
- Restructuring phase 3 of 10

2008
- Proposal to increase fares for group travel program to $10.00 for a Round-Trip Ticket and increase the minimum group size to 15 people
- Public Hearing on and approval of proposal to increase fares an additional 4% above a previously approved 3.5% increase, for a total average of 7.5% increase, and to increase group travel fares to $10.00
- Approval of a new weekend fare product priced at $29.00 for four people traveling together
Restructuring phase 4 of 10

2009
• On July 1, 2009 a 3.5% fare increase became effective
• Restructuring phase 5 of 10

2010
• On July 1, 2010 the following became effective
  o A system-wide average fare increase of 6%
  o Round-Trip Tickets: Round-Trip Tickets equal the price of two One-Way Tickets.
  o 10-Trip Tickets: All 10-Trip Tickets are valid for 45 days only. The 10-Trip Ticket discount equal 5% below the cost of 10 one-way equivalents.
  o Weekend Discounts: Youth, Friends and Family Four Pack, Student/Military and Senior/Disabled are the only discounted tickets on the weekend. One-Way and Round-Trip Youth tickets are discounted 25%
  o Student Discounts: Student 10-Trip or Monthly Pass tickets are now available through the TVM at a discount of 10%. Anyone with a valid Student Identification can purchase a discounted ticket through the TVM. This discount is not available on One-Way or Round-Trip tickets.
  o Senior/Disabled Discount: The Senior/Disabled discount on the Monthly Pass and 10-Trip ticket is reduced from 50% to 25% discount. Senior/Disabled One-Way and Round-Trip tickets remain unchanged at 50% off
  o Military Discount: One-Way and Round-Trip tickets are discounted 10% for active military who have a valid Common Access Card (CAC) identification
  o Group Tickets: Group tickets are available for $11.00 per person round trip for same day travel. This does not apply to school trips.
  o Promotional Round-Trip special ticket (2-Trip Ticket): Marketing and Development started utilizing a Round-Trip special ticket for Marketing campaigns and promotions. This is a free promotional ticket valid for two one-way trips for one individual.
  o 80 mile cap: One-Way, Round-Trip and 10-Trip tickets no longer have an 80-mile cap on long distance fares. The 80-mile cap remains for the Monthly Pass
• Restructuring phase 6 of 10

2011
• The Board gave staff the authority to eliminate the 10-trip ticket-implementation never occurred in 2011 due to Corporate Quick Card launch
• No fare increase occurred and no restructuring took place
• Introduced student discount of 10% off to One-Way and Round-Trip tickets on July 1
• On July 1, 2011
  o Launched the Weekend Pass
  o Launched the 7-Day Pass

2012
• Implemented a 7% system-wide average fare increase on July 1, 2012
• Did not increase the Weekend Pass fare of $10
• Group trip rate increased from $11 to $12 effective July 1, 2012
• Eliminated Amtrak 10-trip on Metrolink trains as part of the Rail 2 Rail program
• Restructuring phase 7 of 10

2013
• Implemented a 5% system-wide average fare increase on July 1, 2013
• Modified the Weekend Pass to a Weekend Day Pass, good for system-wide travel on EITHER Saturday or Sunday priced at $10. Monthly Pass holders can still ride system-wide starting at 7 p.m. on Friday through Sunday at 11:59 p.m.
• Changed the Personal Care Attendant Free Ride Policy to require PCAs to obtain a Metrolink identification card priced at $25 for the first PCA to $10 for every subsequent PCA. Implementation of this new program will occur in FY 14
• Introduced new TAP enabled Metrolink ticket stock and reduced the window for Monthly Pass purchases from the 25th to the 5th of every month
• Increased the student discount from 10 to 15%
• Group trip pricing remains at $12 as per the 2008 policy
• Eliminated OCTA’s OCLink Pass
• Restructuring phase 8 of 10

2014
• Reinstated PCA Free Ride Policy and eliminated PCA I.D. card
• Restructuring phase 9 of 10
• Added Service Standards, Vehicle Assignment and Major Service Change Policies

2015
• Restructuring phase 10 of 10 occurred on July 1, 2015
• On July 1, 2015, the Antelope Valley Line Fare Reduction Pilot Program commenced. The program included a 25% discount on all fares for stations on the Antelope Valley Line only and a $2 station to next station fare to encourage short distance trips. On July 1, 2015 the student
discount was increased from 15% to 25%, creating the student/youth consolidated discount at 25% off an adult fare for all ticket types.

- The Board of Directors voted to make permanent the 25% fare reduction as part of the Antelope Valley Line Fare Reduction Pilot Program, however, the $2 station to next station fare pilot promotion expired on December 31, 2015.

2016

- On January 1, 2016 a pilot commenced to discount short distance trips system-wide. Pricing was set for $3 from one station to the next consecutive station for a maximum of two stations.
- Mobile ticketing was piloted on the IEOC line in March and a full system-wide deployment launched on March 31, 2016. A temporary refund policy was initiated for mobile tickets purchased by accident that will expire once the optic readers are installed on Metro Rail gates on December 31, 2016.
- Riverside County Transportation Commission (RCTC) launched pilot promotional fares for the opening of the Perris Valley Line extension on June 6, 2016. Those discounts include:
  - 10% discount from any of the new four stations on the Perris Valley Line extension
  - Lower station pair combinations in Riverside County only to a maximum of $10. (Lowest price prevails based on other fare promotions and policies)
- San Clemente Pier was added to the fare table on June 6, 2016. The fares for the San Clemente Pier were mirrored for San Clemente for 7-Day and Monthly Passes because there is no weekend service at the San Clemente Pier station. One-way, round-trip and Weekend Day Passes were calculated using the mileage formula.
- On July 1, 2016 the $3 station to next station pilot promotion expired.
- On July 1, 2016 short distance fares were discounted permanently for trips 20 miles in length or shorter. This is an effort to encourage more localized travel on Metrolink.
- On October 28, 2016 the Board of Directors made revisions to the Quality Service Pledge and Ride Promise portion of this policy.
- The RCTC promotional fares that were initiated on June 6, 2016 officially ended on December 6, 2016 after a six month pilot.
- RCTC launched new promotional fares on December 7, 2016. All ticket types are discounted by 25% for trips to or from the four new Perris Valley extension stations.

2017

- On January 27, 2017 March 24, 2017, service policies and Title VI policies were removed from the Fare Policies and Procedures document and spun off into their own documents. There were no changes to the content of the policies.
Southern California Regional Rail Authority
Service Standards Policies and Procedures

Purpose

This document outlines the service policies adopted by the SCRRA Board of Directors. Service policies and procedures on the Metrolink system are governed solely by the SCRRA Board of Directors and may be modified at any time.

1.0 Service Standards

In order to comply with DOT’s Title VI regulation 49 CFR Section 21.5(b)(2) and (7), Appendix C to 49 CFR part 21, recipients to which this chapter applies shall adopt quantitative system-wide service standards necessary to guard against discriminatory service design or operations decisions.

1.1 Vehicle Load

SCRRA constantly monitors the loads of each of its train sets (consists) to allocate resources in response to customer demand. Most consists do not remain on one line, but serve two or more lines each day. This means that a set of cars and a locomotive generally are not dedicated to a specific line but may serve various geographic regions during the course of a day. For example, one consist that serves the Ventura County Line serves the Antelope Valley Line on the same day. Another consist serves the San Bernardino Line, Inland Empire - Orange County Line and the Riverside Line in a single day and yet another serves the Orange County, the Riverside and the 91 Line in a single day. The consist size is determined by the peak passenger load, the maximum demand that needs to be met during the day. Load factors are calculated on a monthly basis, or more frequently if needed. From its inception, SCRRA has worked to fund and obtain additional equipment to keep up with ridership growth.
Different load factor standards apply to peak and off-peak service. Peak period is defined as train service prior to 8:30am and between 3:30pm and 7:00pm on weekdays (Monday-Friday). Off-peak time periods are weekdays (Monday-Friday) between 8:30am and 3:30pm and after 7:00pm, as well as all day Saturday and Sunday.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Load Factor</th>
</tr>
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<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Definition</td>
<td>Load factors reflect the number of passengers at the peak load point per available seats. A load factor of 95% indicates that 95% of available seats are occupied. Given the daily fluctuation of passengers and train consist configurations the median peak passenger count is used to calculate monthly load factors. Peak passenger counts are currently based on manual counts taken by Metrolink conductors.</td>
</tr>
<tr>
<td>Service Standard</td>
<td>95% load factor for peak period trains 85% load factor for off-peak trains</td>
</tr>
</tbody>
</table>

### 1.2 Vehicle Headway

The headways on each route are determined primarily by schedule constraints imposed by single-track operation and the line’s ridership demand. Other factors that affect the headways are the ability of member agencies to fund additional trains, and, in certain sections, constraints imposed by the host railroads because of limited track capacity.

Because only 54% of the Metrolink system is double-tracked, it is impossible to provide the same level of service in the reverse directions. Therefore, highest service frequencies are provided in the direction of highest demand.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Headway</th>
</tr>
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<tbody>
<tr>
<td>Category</td>
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</tr>
<tr>
<td>Definition</td>
<td>Headway is a measure of service frequency and reflects the minutes of average scheduled wait time between trains going in the same direction.</td>
</tr>
<tr>
<td>Service Standard</td>
<td>Peak period, peak direction: max. 60 min. Peak period, reverse direction: max. 120 min</td>
</tr>
</tbody>
</table>
1.3 On-Time Performance

SCRRRA has identified on-time performance as one of the primary service quality measures, which is monitored for each train on a daily basis and reported to the SCRRRA Board of Directors and the public. On-time performance is reported as the percentage of trains arriving at their final destination within 5 minutes of their scheduled time. Although SCRRRA strives to provide on-time performance of better than 95%, service impacts, such as incidents, mechanical problems, and interference from freight railroads, may at times reduce on-time performance.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>On-Time Performance (OTP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
</tbody>
</table>
| Definition          | On-Time Performance, or schedule adherence, is a measure of trains that reach their final destination on time. Any train that is annulled (canceled before going into revenue service), terminated (canceled while in revenue service), or more than five minutes 59 seconds late into its final destination will be considered late. The denominator for the OTP percentage calculation shall be the number of revenue trains scheduled during the reporting period for the appropriate line. The numerator for the calculation shall be the number of scheduled trains LESS the sum of the number of trains (a) annulled, (b) terminated, and (c) more than five minutes 59 seconds late into their final destination.

Special trains, such as extra trains, charter trains, baseball trains, and other promotional trains are excluded from the OTP calculation.

| Service Standard   | 95% of trains arrive at their final destination within five minutes 59 seconds of their scheduled time. |

1.4 Service Availability

Metrolink’s routes follow existing right-of-ways, some of which date back to the 1800s. Given the fixed route nature of the Metrolink service the agency’s ability to influence the spatial availability of service is very
limited. Nevertheless, Metrolink has made it a priority to identify travel patterns, connecting transit services, and to analyze service area characteristics using Geographic Information Systems.

Metrolink’s primary ability to improve service availability, however, relates to the temporal availability of service. Service frequency and the hours of operation (service span) differ by day of week, route, and station. They are subject to funding commitments of the member agencies, operating agreements with the freight railroads, and demand for service.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Service Span (hours of service)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Availability</td>
</tr>
<tr>
<td>Definition</td>
<td>Service span is the hours during a day that service is provided, starting from the time of the first train of the day until the last train of the day. The service span may differ by day of week and station.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Standard</th>
<th>Weekday: min. 12 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Saturday: min. 9 hours</td>
</tr>
<tr>
<td></td>
<td>Sunday: min. 9 hours</td>
</tr>
</tbody>
</table>

### 1.5 Distribution of Transit Amenities

All Metrolink stations have the same basic amenities, and all are accessible to people with disabilities. Although the stations were funded and built by the local jurisdictions or member agencies, each used the same design manual and station criteria developed by SCRRA; many times SCRRA was contracted for design and construction oversight.

Due to construction and system upgrades Metrolink cannot guarantee that the same basic amenities are available at all stations at all times.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Station amenities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Definition</td>
<td>Station amenities refer to items of comfort and convenience available to the general riding public. These items include, but are not limited to, benches, shelter, ticket vending machines, schedules, and maps.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Standard</th>
<th>Station amenities to be provided at a minimum:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Canopies</td>
</tr>
</tbody>
</table>
2.0 VEHICLE ASSIGNMENT

Metrolink’s fleet consists of passenger coaches of different age, manufacturers and with different interior configurations. Some train consists have cars of only one vehicle type, but most have a combination of different vehicle types. Generally, vehicles are not assigned to specific routes but rotate throughout the system to maximize operational efficiency. As older vehicles are being phased out Metrolink’s newest coaches are being put into service on all lines. In vehicle assignment, priority is given to safety consideration: Every attempt is made that each consist includes a new cab car featuring crash energy management (CEM) technology. Metrolink has also put bike cars into service. These are remodeled cars that have space to accommodate 18 bicycles as well as 120 passenger seats. Metrolink attempts to place a bike car to consists.

3.0 MAJOR SERVICE CHANGE POLICY

FTA regulations require Metrolink to evaluate significant system-wide service and fare changes and proposed improvements at the planning and programming stages to determine whether those changes have a discriminatory impact. For service changes, this requirement applies to “major service changes” only. A major service change is defined as a numerical standard, as expressed by distribution of routes as measured against the existing level of service, or the number or concentration of people affected. The major service change policy shall apply to both service reductions and service increases. All major increases or decreases in transit service are subject to a Title VI Equity Analysis prior to Board approval of the service change. A Title VI Equity Analysis completed for a major service change must be presented to the Board of Directors for their consideration and then forwarded to the FTA with a record of the action taken by the Board.

3.1 Major service changes shall be defined by the following thresholds:

a) A change of 25% or more in route miles (route length) per route
b) A change of 25% or more in weekday revenue train miles per route
c) A change of 50% or more in weekend revenue train miles per route
d) A cumulative change of 25% or more in revenue train miles per route or system-wide within a consecutive 24 month period

e) A change in the service span of more than two hours per station in a single year

3.2 The definition of a major service change shall exclude any changes to service which are caused by:

a) Temporary Services: seasonal or promotional services for a period not exceeding 180 days, or

b) Construction and maintenance of track infrastructure, or

c) Forces of Nature, such as earthquakes, wildfires, storms, or

d) New line or station “Break-In” period: an adjustment to service levels for new transit lines/stations which have been in revenue service for less than one year (allowing SCRRA to respond to actual ridership levels observed on those new transit lines/stations

4.0 PROCEDURAL HISTORY

Adopted January 27, 2017

5.0 BOARD ACTIONS CHRONOLOGY

A chronology of prior Board proceedings on the key elements of this policy document includes the following actions:

2017

• On January 27, 2017, service policies were removed from the Fare Policies and Procedures document and spun off into their own document. There were no changes to the content of the policies.
PURPOSE

This document outlines the service policies adopted by the SCRRA Board of Directors. Service policies and procedures on the Metrolink system are governed solely by the SCRRA Board of Directors and may be modified at any time.

1.0  DISPARATE IMPACT POLICY

This policy establishes a threshold for determining whether a given action has a disparate impact on minority populations. Per FTA Circular 4702.1B:

Disparate impact refers to a facially neutral policy or practice that disproportionately affects members of a group identified by race, color, or national origin, where the recipient’s policy or practice lacks a substantial legitimate justification and where there exists one or more alternatives that would serve the same legitimate objectives but with less disproportionate effect on the basis of race, color, or national origin….

The policy shall establish a threshold for determining when adverse effects of fare/service changes are borne disproportionately by minority populations. The disparate impact threshold defines statistically significant disparity and may be presented as a statistical percentage of impacts borne by minority populations compared to impacts borne by non-minority populations. The disparate impact threshold must be applied uniformly…and cannot be altered until the next Title VI Program submission.

The analysis shall be conducted for:
a) All major service changes, as defined in Metrolink's Major Service Change Policy
b) Any increase or decrease in fares which is not exempt under FTA Circular 4702.1B, e.g., a promotional or temporary fare reduction

Service or fare changes are determined to have a disparate impact if, cumulatively:

a) the absolute share of minority riders subject to the adverse effects of the service or fare change(s) exceed the share of non-minority riders that are subject to the adverse effects by 5% or more, OR
b) the absolute share of non-minority riders subject to the benefits of the service or fare change(s) exceed the share of minority riders that are subject to the benefits by 5% or more

Adverse impacts from service decreases may be offset by benefits incurred from service increases.

2.0 DISPROPORTIONATE BURDEN POLICY

This policy establishes a threshold for determining whether a given action has a disproportionate burden on low-income populations. The Disproportionate Burden Policy applies only to low-income populations that are not also minority populations. Per FTA Circular 4702.1B:

*The policy shall establish a threshold for determining when adverse effects of [fare/service changes are borne disproportionately by low-income populations. The disproportionate burden threshold defines statistically significant disparity and may be presented as a statistical percentage of impacts borne by low-income populations as compared to impacts borne by non-low-income populations… The disproportionate burden threshold must be applied uniformly…and cannot be altered until the next [Title VI] program submission.*

*At the conclusion of the analysis, if the transit provider finds that low-income populations will bear a disproportionate burden of the proposed [fare/service change, the transit provider should take steps to avoid, minimize or mitigate impacts where practicable. The provider should describe alternatives available to low-income populations affected by the [fare/service changes.*

The analysis shall be conducted for:

a) All major service changes, as defined in Metrolink's Major Service Change Policy
b) Any increase or decrease in fares which is not exempt under FTA Circular 4702.1B, e.g., a promotional or temporary fare reduction

Service or fare changes are determined to create a disproportionate burden if, cumulatively:

a) the absolute share of low income riders subject to the adverse effects of the service or fare change(s) exceed the share of non-low income riders that are subject to the adverse effects by 5% or more, OR
b) the absolute share of non-low income riders subject to the benefits of the service or fare change(s) exceed the share of low income riders that are subject to the benefits by 5% or more

Adverse impacts from service decreases may be offset by benefits incurred from service increases.

3.0 MEASURES AND PUBLIC HEARING PROCEDURES FOR FARE CHANGES

The Federal Transit Administration requires that transit agencies have policies that provide the public an opportunity to comment on proposed changes in fares. The SCRRA Board has adopted the procedures that provide for a public hearing in the event of proposed changes in Metrolink fares. These procedures for public review include:

a) A public hearing
b) Public workshops prior to the public hearing
c) Publication of a notice describing proposed change in fares in an appropriate newspaper(s) of general circulation
d) Placement of public notice brochures onboard trains, and at Customer Service Centers
e) Posting of a public notice on the agency website
f) Establishment of avenues to provide comments on proposed changes in fares or service in writing using electronic or more traditional methods such as by mail or fax
g) Consideration must be given to views and comments expressed by the public at such hearings

4.0 LIMITED ENGLISH PROFICIENCY (LEP) COMMUNITY OUTREACH

As an element of the public outreach process associated with proposed changes to fare policy or service levels, SCRRA would undertake the following efforts to seek and solicit input from Limited English Proficiency (LEP) communities within the SCRRA catchment area:
a) Translate public notice describing proposed change in fares and/or service, and publish such notice in at least eight news publications that cater to non-English speaking readers (Spanish, Traditional Chinese, Simplified Chinese, Vietnamese, Korean, Japanese, Armenian, Farsi)
b) Publish public notice describing proposed change in fares and/or service on the Metrolink web site in multiple non-English languages
c) Distribute public notice and other materials to community-based organizations (CBOs) which cater to various non-English speaking communities
d) Work with CBOs to identify the need/desire on the part of specific LEP communities to hold special community workshops at which translated information can be provided in both oral and written form
e) Include language in noticing for all public workshops and the public hearing that written or oral translated services can be provided for such public meetings upon advance request

5.0 PROCEDURAL HISTORY

Adopted January 27, 2017

6.0 BOARD ACTIONS CHRONOLOGY

A chronology of prior Board proceedings on the key elements of this policy document includes the following actions:

2017
- On January 27, 2017, Title VI policies were removed from the Fare Policies and Procedures document and spun off into their own document. There were no changes to the content of the policies.
Restating of the Fare Policies and Procedures document into three distinct policies:
Fare Policy, Service Standards Policy and Title VI Policy

<table>
<thead>
<tr>
<th>Section of Old Fare Policy Document</th>
<th>New Policy Document</th>
<th>New Section #</th>
<th>Fare</th>
<th>Serv.</th>
<th>Ttl. VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 PROOF-OF-PAYMENT SYSTEM</td>
<td>Fare Policy</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0 DISTANCE BASED FARES</td>
<td>Fare Policy</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.0 TICKET TYPES</td>
<td>Fare Policy</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.0 STUDENT/YOUTH FARES</td>
<td>Fare Policy</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.0 MILITARY FARES</td>
<td>Fare Policy</td>
<td>5.0</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.0 FARES FOR CHILDREN</td>
<td>Fare Policy</td>
<td>6.0</td>
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</tr>
<tr>
<td>7.0 FARES FOR SENIORS</td>
<td>Fare Policy</td>
<td>7.0</td>
<td></td>
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<td></td>
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<tr>
<td>8.0 SENIOR CITIZEN IDENTIFICATION</td>
<td>Fare Policy</td>
<td>8.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.0 FARES FOR PERSONS WITH DISABILITIES</td>
<td>Fare Policy</td>
<td>9.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.0 PERSONS WITH DISABILITIES IDENTIFICATION</td>
<td>Fare Policy</td>
<td>10.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.0 LAW ENFORCEMENT OFFICERS</td>
<td>Fare Policy</td>
<td>11.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.0 TRANSFERS TO OTHER TRANSIT SERVICES</td>
<td>Fare Policy</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.0 TICKET SALES LOCATIONS</td>
<td>Fare Policy</td>
<td>13.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.0 CORPORATE PARTNER PROGRAM</td>
<td>Fare Policy</td>
<td>14.0</td>
<td></td>
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<tr>
<td>15.0 SPECIAL FARE REGULATIONS</td>
<td>Fare Policy</td>
<td>15.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.0 SERVICE ANIMALS</td>
<td>Fare Policy</td>
<td>16.0</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>17.0 OTHER ANIMALS</td>
<td>Fare Policy</td>
<td>17.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.0 SPECIAL PROMOTIONAL TICKETS AND DISCOUNTS</td>
<td>Fare Policy</td>
<td>18.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.0 COMPLIMENTARY/TRADE RIDE TICKETS</td>
<td>Fare Policy</td>
<td>19.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.0 SERVICE STANDARDS</td>
<td>Service Policy</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.0 VEHICLE ASSIGNMENT</td>
<td>Service Policy</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.0 MAJOR SERVICE CHANGE POLICY</td>
<td>Service Policy</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.0 QUALITY SERVICE PLEDGE (QSP)</td>
<td>Fare Policy</td>
<td>20.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24.0 RIDE PROMISE</td>
<td>Fare Policy</td>
<td>21.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25.0 TICKET REFUNDS</td>
<td>Fare Policy</td>
<td>22.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26.0 SPECIAL TRAINS</td>
<td>Fare Policy</td>
<td>23.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.0 AMTRAK TICKETS--RAIL-2-RAIL PROGRAM</td>
<td>Fare Policy</td>
<td>24.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28.0 FARE CHANGE POLICY</td>
<td>Fare Policy</td>
<td>25.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Restating of the Fare Policies and Procedures document into three distinct policies: Fare Policy, Service Standards Policy and Title VI Policy

<table>
<thead>
<tr>
<th>Section of Old Fare Policy Document</th>
<th>New Policy Document</th>
<th>New Section #:</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.0 DISPARATE IMPACT POLICY</td>
<td>Title VI Policy</td>
<td>1.0</td>
</tr>
<tr>
<td>30.0 DISPROPORTIONATE BURDEN POLICY</td>
<td>Title VI Policy</td>
<td>2.0</td>
</tr>
<tr>
<td>31.0 MEASURES AND PUBLIC HEARING PROCEDURES FOR FARE CHANGES</td>
<td>Title VI Policy</td>
<td>3.0</td>
</tr>
<tr>
<td>32.0 LIMITED ENGLISH PROFICIENCY (LEP) COMMUNITY OUTREACH</td>
<td>Title VI Policy</td>
<td>4.0</td>
</tr>
<tr>
<td>33.0 METROLINK SUPPLEMENTAL INSTRUCTIONS</td>
<td>Fare Policy</td>
<td>26.0</td>
</tr>
<tr>
<td>34.0 PROCEDURAL HISTORY</td>
<td>Present in all 3 documents</td>
<td>27.0 4.0 5.0</td>
</tr>
<tr>
<td>35.0 BOARD ACTIONS CHRONOLOGY</td>
<td>Present in all 3 documents</td>
<td>28.0 5.0 6.0</td>
</tr>
</tbody>
</table>
Issue

Finance Policy 1.1 provides guidelines for the development of the Authority’s annual budget to ensure that a balanced budget is prepared in a timely basis and submitted to the Board for adoption prior to the start of each new fiscal year. This report provides a status update on the Fiscal Year 2017-18 (FY18) budget development progress to date.

Recommendation

It is recommended that the Board provide feedback and direction on the following:

1) New initiatives,
2) Unconstrained rehabilitation request and
3) Unconstrained new capital request

Strategic Goal Alignment

This report aligns with the strategic goal to maintain fiscal sustainability. Development of the annual budget in timely manner provides the short-term objective of securing multi-year funding commitments from its member agencies for the operations, rehabilitation and capital budgets.

Background

The FY18 Budget Development (FY18) began on October 4, 2016 with a Budget Kick-Off Meeting with Metrolink Staff. Following that meeting, budget requests were submitted from all cost centers, analyzed by budgets staff, and subsequently reviewed with each cost center manager and their respective Chief in a series of one-on-one meetings. The primary purpose of these meetings was to provide justification for each line item budget request taking into consideration:

✓ historic and current levels of spending,
FY2017-18 Budget Development Update
Transmittal Date: March 17, 2017
Meeting Date: March 24, 2017
Page 2

- known adjustments for the forthcoming year, and
- overarching goal of fiscal sustainability and operational efficiency.

These meetings began December 2016 and concluded mid-January 2017.

On February 14 and 17, the FY18 Preliminary Budget for Operations and Rehabilitation/Capital (Preliminary Budget) was reviewed with the Technical Advisory Committee (TAC) and Member Agency CEOs during their monthly scheduled meetings. On February 24, the FY18 Preliminary Budget was presented to the Board at its budget workshop located at the Central Maintenance Facility in Los Angeles.

Following the February 24 budget workshop, staff has worked to further analyze FY18 requests in light of trending estimated actuals and workload capacity. The revised FY18 budget is as shown below:

**FY18 Preliminary Budget:**

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>FY17 Budget</th>
<th>FY17 Est. Act</th>
<th>FY18 Budget</th>
<th>Bud vs Bud</th>
<th>Est vs Bud</th>
<th>FY18 as Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 101.8</td>
<td>$ 99.0</td>
<td>$ 100.3</td>
<td>-1.5%</td>
<td>1.3%</td>
<td>$ 100.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.3%</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$ 243.8</td>
<td>$ 232.7</td>
<td>$ 251.2</td>
<td>3.0%</td>
<td>8.0%</td>
<td>$ 246.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.9%</td>
</tr>
<tr>
<td>Net Local Subsidy</td>
<td>$ 142.0</td>
<td>$ 133.7</td>
<td>$ 150.9</td>
<td>6.3%</td>
<td>12.9%</td>
<td>$ 146.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.3%</td>
</tr>
</tbody>
</table>

The FY18 Preliminary Budget has now been reduced by $4.8 million in the following line items:

- Equipment Maintenance $1.0m
- Fuel $0.7m
- Contingency $0.2m
- Maintenance-of-Way (MOW) Procurement $1.0m
- MOW Project Studies $0.5m
- MOW Overhead $0.2m
- Indirect Expense (IT) $1.0m
- Professional Services $0.2m.

Included in the revised budget are a small number of Additions to the Base Budget and New Initiatives for which staff is seeking direction on several as noted on the following pages.
Additions to Base/New Initiatives:

<table>
<thead>
<tr>
<th></th>
<th>Revised Net by Member Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBCTA E St Station</td>
<td>$2,999</td>
</tr>
<tr>
<td>Deductible for Oxnard</td>
<td>$1,733</td>
</tr>
<tr>
<td>WABTEC Maint for PTC</td>
<td>$457</td>
</tr>
<tr>
<td>Elec Recd Maint Sys (FRA)</td>
<td>$692</td>
</tr>
<tr>
<td>Sunday Service on Holidays</td>
<td>$252</td>
</tr>
<tr>
<td>Holiday Toy Train</td>
<td>$6,133</td>
</tr>
<tr>
<td>25th Anniversary</td>
<td>$1,040</td>
</tr>
<tr>
<td>LOSSAN Rail to Rail</td>
<td>$1,210</td>
</tr>
<tr>
<td>JT Projects</td>
<td>$1,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,040</td>
</tr>
</tbody>
</table>

1) New San Bernardino County Transportation Authority (SBCTA) E Street Station – “E” Street is the location of new multi-modal San Bernardino Transit Center. A one mile extension of the SB line was needed to accommodate this new center. The costs shown here are from the additional train miles which arise from that extension.

2) Deductible for Oxnard Incident – This is the final amount recording the insurance deductible we will experience as a result of the Oxnard incident.

3) WABTEC Maintenance for PTC – In prior years this item was included in the base contract which was a capital funded item. This is the first year we must pay for the PTC WABTEC Maintenance in the operations budget.

4) Electronic Record Maintenance System (FRA) – Currently our maintenance system has been manually maintained. The FRA is instructing us that this record keeping needs to be electronic. Without this system, we will face an increased risk of fines.
New Initiatives Seeking further Board Direction:

5) Sunday Service on Holidays - Sunday Service on Holidays on the 6 federal holidays of the year for those lines that have weekend service.

6) Holiday Toy Train – The Holiday Toy Train is an advertising vehicle to promote Metrolink.

7) 25th Anniversary – October 26, 2017 will mark Metrolink’s 25th Anniversary. The concept was to engage various communities to participate, but use this primarily as a marketing opportunity.

8) LOSSAN Rail2Rail program – Currently, the Authority has an agreement with LOSSAN that allows Metrolink monthly pass holders to ride on Amtrak trains. The number of riders are calculated on a monthly basis and the Authority is charged for those riders at a rate of $4.50 per trip. LOSSAN is now seeking to increase the effective amount per rider to $7.00 beginning July 1, 2017 which is an increase of 56%.

9) Information Technology (IT) Projects – $1 million of the IT projects included have been moved under the FY18 New Capital budget as they were related to the installation of a new Fixed Asset accounting and monitoring system for adherence to the MAP-21 and Transit Asset Management requirements. There is a remainder of $550,000 being requested to install Human Resource’s (HR) system replacement, Server Expansion, and Web hosting for Real Time Train information.

Operating Subsidy:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Board Workshop</th>
<th>FY18 as Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY17</td>
<td>FY17</td>
</tr>
<tr>
<td></td>
<td>Budget</td>
<td>Est. Actual</td>
</tr>
<tr>
<td>Metro</td>
<td>$72.0</td>
<td>TBD</td>
</tr>
<tr>
<td>OCTA</td>
<td>$28.3</td>
<td>TBD</td>
</tr>
<tr>
<td>RCTC</td>
<td>$17.3</td>
<td>TBD</td>
</tr>
<tr>
<td>SBCTA</td>
<td>$14.8</td>
<td>TBD</td>
</tr>
<tr>
<td>VCTC</td>
<td>$9.5</td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td>$142.0</td>
<td>$133.7</td>
</tr>
</tbody>
</table>

As staff continues the process, any reduction to the new initiatives will serve to reduce the FY18 requested expenditures and the operating subsidy.

Rehabilitation:

Per Board Policy, staff presented the “unconstrained” request of Rehabilitation projects for FY18. This amount represents significant investment in maintaining State of Good Repair. Given the historic funding for its rehabilitation program, staff has forecasted several more years of significant investments before a more consistent level of annual
investment dollars can be budgeted to maintain a state of good repair. The forecast for the next three fiscal years is shown below:

- FY2017-18: $197.7m
- FY2018-19: $141.0m
- FY2019-20: $  59.3m

Completion of rehabilitation projects are multi-year in nature. As such, the funding for the FY18 Request is viewed as a four-year funding commitment which would have the following estimated cash flow impacts over the next four fiscal years as noted below:

- FY2017-18  $  9.9m      5%
- FY2018-19  $  69.2m    35%
- FY2019-20  $  59.3m    30%
- FY2020-21  $  59.3m   30%
- Total:                $197.7 m   100%

While there will be focused discussion from a long-range planning perspective at the April 20 and 21, 2017 Board workshop, staff is working to develop an expenditure request, given fiscal constraints for FY18. The goal would be to provide additional investment in maintaining State of Good Repair, while avoiding any potential service impacts (for example, Slow Orders) that would result in a request to amend the FY18 budget later in the year.

New Capital:

- FY2017-18:  $15.9m
- FY2018-19:  $  9.8m
- FY2019-20:  $  4.9m

Per Board Policy, new capital is also presented in the “unconstrained” format. While there will also be focused discussion on new capital needs from a long-range planning perspective at the April Board workshop, staff is working to develop an expenditure request, given fiscal constraints request for FY18. The goal would be to provide additional investment to improve system reliability and provide for enhancements to safety and security.

Note: Applies to all Tables - Numbers may not foot or cross foot due to rounding

Next Steps

Reports will be provided to the Board each month leading up to the request to transmit to its member agencies.
Following are a few Key Dates and Budget Milestones yet to be accomplished:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>March – April</td>
<td>Staff will meet with TAC and member agency staff</td>
</tr>
<tr>
<td>March 17</td>
<td>Review FY18 Preliminary Budget with member agency CEOs</td>
</tr>
<tr>
<td>April 21</td>
<td>Request Board to transmit Preliminary Budget to Member Agencies</td>
</tr>
<tr>
<td></td>
<td>Transmit Preliminary Budget to member agencies (Deadline May 1)</td>
</tr>
<tr>
<td>May - June</td>
<td>Staff present to member agencies Committees &amp; Boards as requested</td>
</tr>
<tr>
<td>June 9</td>
<td>FY18 Proposed Budget to Board for Adoption</td>
</tr>
</tbody>
</table>

**Budget Impact**

There is no budgetary impact as a result of this status report.

Prepared by: Christine Wilson, Manager, Budgets and Financial Analysis

Ronnie Campbell
Chief Financial Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017
ITEM 20

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Adopt Staff Position on Assembly Bill 17 (Holden)

Issue

Assembly Member Holden introduced AB 17 to provide free or reduced-fare transit passes for specified students. The Transit Pass Program, administered through the Controller of the State of California, would allocate program funding to eligible providers. A board position on the establishing legislation is requested.

Recommendation

It is recommended that the Board adopt a Support position on AB 17 to ensure that program guidelines, criteria and appropriations benefit the Authority.

Alternative

The Board may modify the position or adopt an alternative position.

Strategic Goal Alignment

This report aligns with the strategic goal to maintain fiscal sustainability by ensuring new funding that benefit commuter rail. They also support improved communications to stakeholders by sharing news, information and the Authority’s legislative priorities with elected officials.

Background

Assembly Member Chris Holden introduced AB 17 – Transit Pass Program: free or reduced-fare transit passes at the beginning of the 2017-18 Legislative Session. The Board adopted a support position on AB 2222 (Holden), which was introduced during the previous session to create the Transit Pass Program by dedicating $50 million annually from the Greenhouse Gas Reduction Fund (GGRF).
The proposal would instruct the Controller of the State of California to allocate funding appropriated through the Legislature. Previous Authority-supported versions of the bill included funded allocations through the GGRF. AB 17 does not include direct funding, the Legislature would be required to set future appropriations.

**Impacts to the Authority**

As an eligible provider under AB 17, a minimum allocation of $20,000 would provide a new funding source for transportation services. Eligible students attending public middle schools, high schools, California community colleges, California State University or the University of California would be eligible for free or reduced-fare transit passes based on financial circumstances, designation under No Child Left Behind Act of 2001 or Cal/Pell Grant Program recipient.

The Authority currently offers student discounts of 25% off regular fares. This legislation could present an opportunity for the Authority to receive state funding assistance to support or expand this program. Guidelines will be created to describe the criteria for providers to determine eligible participants. The Authority would be required to enter into an agreement to receive funding.

**Next Steps**

If the Board approves the recommended support position, staff will work with both houses of the Legislature to create the Transit Pass Program.

**Budget Impact**

There is no budgetary impact as a result of the report. However AB 17 would create a new funding opportunity for the Authority to expand or fund new services for students.

Prepared by: Alex Davis, Government Relations Administrator

Patricia Bruno  
Chief of External Affairs
Issue

Assembly Member Frazier introduced AB 28 to re-enact the California Department of Transportation’s (Caltrans’) authority to waive its right to immunity from lawsuits brought in court so that it can continue to indefinitely assume the role of the United States Department of Transportation (U.S. DOT) for National Environmental Policy Act (NEPA) decisions. A Board position on permanently delegating that authority is requested.

Recommendation

It is recommended that the Board adopt a **Support** position on AB 28 to ensure continued NEPA delegation, which benefits Authority projects that require NEPA documents.

Alternative

The Board may modify the position or adopt an alternative position.

Strategic Goal Alignment

This report aligns with the strategic goals to **achieve fiscal sustainability** by promoting quicker project delivery and **improving communications to stakeholders** by sharing news, information and the Authority’s legislative priorities with elected officials.

Background

The 2005 Surface Transportation Project Delivery Pilot Program (NEPA Assignment) designated California as one of five states eligible to delegate responsibilities of the U.S. DOT and the United States Federal Highway Administration (FHWA) under NEPA to the state. In California, the delegation made Caltrans the lead agency for environmental reviews for projects subject to NEPA. In order to accept the NEPA Assignment, states were required to accept financial and legal responsibility for NEPA in a federal court.
States were required to obtain a waiver of their sovereign immunity, allowing them the ability to be sued in federal court.

Since 2006, temporary waivers of sovereign immunity have been granted to Caltrans. Caltrans partnered with the FHWA to draft an MOU to participate in the NEPA Assignment, which was completed on July 1, 2007. The Authority supported the passage of AB 892 in 2011, which extended Caltrans' limited waiver of sovereign immunity. The waiver in AB 892 expired January 1, 2017.

Caltrans-sponsored legislation AB 2034 (Salas) was introduced in the last legislative session and received bipartisan support. Similar language was included in previous and current iterations of a transportation funding package.

**Impacts to the Authority**

The NEPA Assignment helps streamline a project’s environmental review process and allows for expedited project delivery. According to Caltrans, NEPA Assignment saves on average 10.7 months in approving draft Environmental Assessment (EA) documents and 11.5 months for final EAs. Reports to the Legislature with information regarding the cost and benefit to the state show a nearly 23-month time savings in finalizing draft Environmental Impact Statements (EISs).

AB 28 would continue the streamlined review of Authority projects that require NEPA documents, potentially expediting the Authority's project delivery and reducing costs.

**Next Steps**

If the Board approves the recommended support position, staff will work with both houses of the Legislature to ensure a permanent NEPA Assignment program.

**Budget Impact**

There is no budgetary impact as a result of this report. However AB 28 could reduce the cost of project delivery by streamlining federal NEPA documents.

Prepared by: Alex Davis, Government Relations Administrator

Patricia Bruno
Chief of External Affairs
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: State and Federal Legislative Update

Issue

Staff will provide an update on current legislative issues in State and Federal Government Affairs.

Recommendation

The Board may receive and file this report.

Alternative

The Board may choose to act upon the information provided.

Strategic Goal Alignment

This report aligns with the strategic goal to maintain fiscal sustainability by encouraging federal, state and local funding for Authority priorities. This report also supports improved communications to stakeholders by sharing news, information and the Authority’s legislative priorities with elected officials.

Background

State

Deadline to Introduce Legislation

Legislators had until Friday, February 17th to introduce their bills for this year. Upon introduction, the bills are sent to the Senate or Assembly Rules Committee to be assigned to a policy committee. Bills cannot be heard in policy committees until 30 days after they have been introduced and printed. Staff and advocates have completed their initial review of the thousands of bills for any potential effect.
Transportation Funding Package

California Governor Brown agreed with legislators to an April 6, 2017 timeline for developing a state transportation deal. Senate Bill 1 (Beall) – Transportation Funding was heard by the Senate Transportation and Housing Committee on January 14, 2017, Senate Environmental Quality Committee on February 22, 2017 and the Senate Committee on Governance & Finance on March 8, 2017. The Committees passed the legislation on an 8-3-2, 4-2 and 5-1 votes respectively. Transportation and Housing Committee members voiced their support for a fix-it-first approach that provided funding for commuter and intercity rail. Assembly Bill 1 (Frazier) – Transportation Funding has been referred to the Assembly Transportation and Natural Resources Committees, a hearing date has not been set for the bill.

Staff heard that the Assembly and Senate have come to agreement on the differences between SB 1 and AB 1, providing the legislature with a united request as discussions with the Governor begin. Included in SB1 is a proposal to increase the diesel sales tax by 4% with .5% of that increase directed for commuter and intercity rail. The Metrolink Board of Directors adopted a Work with Author and Seek Amendment position on SB1 and AB1 at the January 13, 2017 meeting to ensure that the potential new funds for commuter rail services are distributed in a manner that benefits the Authority, and to seek identical language in AB1. Staff is pleased to report that the .5% component for commuter and intercity rail proposal in SB 1 has now been additionally agreed upon for inclusion in AB1.—As directed by the Board, staff has engaged in multiple negotiations with intercity and commuter rail operators to develop a mechanism by which to allocate the funds. Staff continues to advocate for a strong allocation and to allow maximum flexibility for the use of the funds.

The challenge ahead is twofold;

1) bridge the $2B gap between the legislature’s proposal (approximately $6B package) and the Governor’s proposal ($4.3B), and

2) gain legislative support to get such a compromised package passed into law.

As part of the negotiations, proposed increases for transit via the Cap & Trade program have been removed from the bill. All three proposals – AB1, SB1, and the Governor’s proposal included significant allocation increases for transit within the Cap & Trade program. Unfortunately, recent Cap & Trade auctions have generated fractions of previous projections, calling into question the long-term viability of the program. Furthermore, the Governor’s transit funding request via the Cap & Trade program was contingent upon the legislature’s reauthorization of the program by a two-thirds (2/3) majority vote. Staff will continue to advocate for the Cap & Trade program's future.

During the hearings, Senator Beall reiterated the urgency to identify a comprehensive transportation plan. The Senator released the following statement after the bill’s
passage from the Senate Transportation and Housing Committee. “This is a first step toward making our roads safer, improving our quality of life and giving a much needed boost to our economy. With much of our road and bridge infrastructure past its expected lifespan, rehab and maintenance costs for both the state system and local streets and roads are skyrocketing.”

Request for Federal Funding

On February 7, 2017 Governor Brown compiled a list representing more than $100 billion in targeted infrastructure investments across the state. The request for federal funding compliments the state’s commitment to a permanent and sustainable funding system to support critical infrastructure construction and improvements. The list includes Southern California rail improvements from Burbank to Anaheim, benefitting freight and commuter rail operators.

Federal

The Senate has been working its way through President Trump’s cabinet nominations. The Senate recently confirmed Carson (HUD), Perry (Energy), Ross (Commerce), and Zinke (Interior). Cabinet nominees still awaiting Senate votes are: Perdue (USDA) and Acosta (Labor). Nominees for DNI and USTR are also awaiting Senate confirmations. White House nominee Jeff Rosen was named DOT Deputy Secretary. Previously, he served as former Secretary Mineta’s designee on the Amtrak Board and, more recently, worked at the law firm Kirkland & Ellis. Hearings for Supreme Court nominee Neil Gorsuch are scheduled to begin on March 20th. Despite several calls for an investigation surrounding the resignation of Mike Kelly from the NSA, little else has been happening in the Senate pending the conclusion of the nomination process.

The House has been undertaking a series of Congressional Review Act (CRA) votes to overturn Obama-era regulations. Votes have been taken on several measures ranging from efforts to restrict protections on funding for Planned Parenthood, to repealing the Waters of the US rule. These efforts are ongoing, but it remains unclear how many CRAs the Senate will consider and send to the White House.

While talk continues about an infrastructure package, no details on contents of the proposal or funding mechanisms have been made public. The White House continues to push infrastructure as a priority and has dedicated staff to start the process.

Current funding for the federal government expires April 28, 2017. Little progress has been made to address Fiscal Year 2017 Appropriations bills and the vehicles for passing funding bills remains unclear. While the likelihood of an Omnibus bill (a collection of many small bills passed as one large package) or Continuing Resolution (a mechanism to maintain current funding levels and all related policy provisions for a set
amount of time) remain high, the House may attempt to pass the Department of Defense bill as a vehicle for the balance of the Fiscal Year 2017 funding.

**Authority Board Delegation Trip – February 11-14, 2017**

Chair Kotyuk and Vice-Chair Humphrey along with Arthur T. Leahy, Chief Executive Officer and staff traveled to Washington D.C. to meet with delegation members on various Authority priorities. These meetings provided an opportunity to discuss the Authority’s funding needs and pending regulatory actions. During the trip, the delegation met with the following members and regulatory agencies:

- Rep. Mark Takano
- Rep. Jeff Denham
- Rep. Luis Correa
- Rep. Duncan Hunter
- Rep. Bill Shuster
- Rep. Ken Calvert
- Rep. Alan Lowenthal
- Sen. Dianne Feinstein
- Rep. Pete Aguilar
- Rep. Grace Napolitano
- Rep. Carlos Curbelo
- Rep. Julia Brownley
- Sen. Deb Fischer
- Dan Slain - White House Transition Team
- Christopher Hart - Chairman, National Transportation Safety Board (NTSB)
- John Augustine and Robert Mariner - Department of Transportation
- Patrick Warren – Federal Railroad Administration (FRA) Executive Director

In addition to introducing the Authority to new members of congress, the delegation advocated for a variety of policy and regulatory provisions. The team provided an update on PTC certification, purchase of spectrum, and delivery of Tier 4 locomotives. Topline messages included the need to address deferred maintenance, as well as the need for shared regional capacity improvements to ease the flow of goods movement and passengers along congested and worn corridors. The team met with several members of the Transportation & Infrastructure Committee, including Chairman Shuster and key committee staff. Chairman Shuster reiterated the Administration and committee’s intention to introduce a comprehensive transportation package, but noted the details of such a package have not yet been determined, however, traditional formulas of distribution would likely still apply.

While speaking with members of the Transportation, Housing and Urban Development Appropriations Subcommittee, the delegation advocated for an increase in the appropriation amount of the Consolidated Rail Infrastructure and Safety Improvements grant program, as well as the need to ensure that commuter rail remains eligible and project eligibility remains as broad as possible. The team additionally introduced the idea that in all grant opportunities, rail agencies that have implemented PTC on their systems should receive top priority and an advantage in eligibility. Staff will be following
up with interested members of congress with the drafting of report language that would craft such an advantaged eligibility.

Lastly, the team engaged in a fruitful discussion with Dan Slain of the White House Transition Team. Mr. Slain discussed the Administration’s intent to address streamlining of permitting and potential revenue sources that could be used to create a national infrastructure bank. Chair Kotyuk and Vice-Chair Humphreys spoke about the important work the region needs to accomplish by coming together with a list of priority projects that could be presented with a united, regional voice.

Congressional Transportation & Infrastructure Committee Activity

The House Transportation and Infrastructure Committee held a brief organizational meeting on January 31, 2017. The purpose of the meeting was to discuss the Committee’s rules for the 115th session, the Committee’s Authorization and Oversight plan, and to announce the Committee and Subcommittee rosters.

On February 1, 2017 Chairman Shuster held a full committee hearing entitled “Building a 21st Century Infrastructure for America”. The purpose of the hearing was to discuss the future of transportation infrastructure and the federal role in improving and maintaining the network. In his opening statements Chairman Shuster put forward his agenda for the Committee to build on the success of the Fixing America’s Surface Transportation (FAST) Act with additional legislation for 2017. Chairman Shuster also highlighted his goal for the Committee to work with the Trump Administration to achieve long-lasting transportation infrastructure goals citing unprecedented support from both the public and the new administration. Ranking Member DeFazio also suggested a gas tax increase to pay for additional transportation infrastructure projects in his opening statements and in questions to panel witnesses.

Budget Impact

There is no immediate budget impact as a result of this update.

Prepared by: Whitney O’Neill, Government and Regulatory Affairs Manager

Patricia Torres Bruno
Chief of External Affairs
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy

SUBJECT: Delegate Authority to the Chief Executive Officer for the Purpose of Obtaining Financial Assistance Provided by the California Department of Transportation

Issue

The Authority has submitted an application for funding from the State of California under the FY2016-17 Cap and Trade Low Carbon Transit Operations Program (LCTOP) for the purpose of procuring up to five ticket vending machines (TVMs). The California Department of Transportation (Caltrans) administers the LCTOP grant program and requires that the Board adopt a resolution delegating authority for execution of any actions necessary under this grant. An annual resolution is required to apply for the funds.

Recommendation

It is recommended that the Board adopt Resolution 17-85 (Attachment A) authorizing the Chief Executive Officer, who may delegate to the Deputy Chief Executive Officer, to execute for and on behalf of the Authority, any actions necessary for the purpose of obtaining financial assistance from Caltrans.

Alternative

The Board could elect to not delegate this signing authority, in which case the certification would be signed by the Chairman of the Board.

Strategic Goal Alignment

This report aligns with the strategic goals to support fiscal sustainability and to invest in our people and assets. The adoption of the Board Resolution facilitates the receipt of external grant funds to support the new ticket vending machines. The procurement of new ticket vending machines helps raise this asset to a level of State of Good Repair while increasing reliability for customers.
Background

The LCTOP funds will be applied to the cost of procuring ticket vending machines as part of the ticket vending machine replacement, expansion and fare integration project. The LCTOP funds, totaling $938,926, will be applied to the project cost which is currently budgeted at $30,488,000 in the approved FY2015-16 budget. The LCTOP funds will be used in conjunction with members’ contributions to the project. The LCTOP program guidelines require the member agencies who are considered project sponsors to send letters of support for this project. Those letters are currently being generated by the member agencies for submission to Caltrans.

Also requisite to receiving the grant funds, LCTOP applicants are required to provide a resolution from the governing board for delegation of authority to a selected agent to execute for and on behalf of the applicant, any actions that are necessary for the purpose of obtaining financial assistance provided by Caltrans. The attached resolution meets this requirement.

Budget Impact

There is no budgetary impact as a result of this action. Successful award of the grant could have a positive impact on the budget. No local match is required and the resolution will allow the Authority to receive the funds.

Prepared by: Anne Louise Rice, Assistant Director, Grants

Kimberly Yu
Deputy Chief Operating Officer (Planning and Project Delivery)

Gary Lettengarver
Chief Operating Officer
Southern California Regional Rail Authority to Purchase Up to Five Ticket Vending Machines under the Metrolink Ticket Vending Machine Replacement, Expansion and Fare Integration Project with FY16-17 Low Carbon Transit Operations Program Funds in the Amount of $938,926

WHEREAS, the Southern California Regional Rail Authority (Authority), operator of Metrolink commuter rail service, upon its member agency approval of projects recommended for the Low Carbon Transit Operations Program (LCTOP), is an eligible LCTOP project lead and may receive state funding from the LCTOP for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 862 (2014) named the California State Department of Transportation (Caltrans) as the administrative agency for the LCTOP; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project leads; and

WHEREAS, the SCRRA Board of Directors wishes to delegate authorization to execute these documents and any amendments thereto the SCRRA Chief Executive Officer or his designee;

NOW THEREFORE, BE IT RESOLVED by SCRRA Board of Directors that SCRRA, as the fund recipient, agrees to comply with all conditions and requirements set forth in the Certification and Assurances and Authorized Agent documents and applicable statutes, regulations and guidelines for all LCTOP-funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that the SCRRA Chief Executive Officer or his designee be authorized to execute all required documents of the LCTOP program and any amendments thereto with Caltrans.

Agency Board Designee:

BY: _____________________________
Arthur T. Leahy, Chief Executive Officer
SCARRA CERTIFICATION

PASSED AND ADOPTED by the Governing Board of the Southern California Regional Rail Authority, this 24th day of March 2017, by the following vote:

Ayes: ________________
Noes: ________________
Abstentions: ________________
Absent: ________________

____________________
ANDREW F. KOTYUK
Chairman of the Board
Southern California Regional Rail Authority

Filed by:

____________________
Approved as to Form:
Secretary of the Governing Board

____________________
Don O. Del Rio
General Counsel
CERTIFICATE OF THE SECRETARY
OF THE GOVERNING BOARD OF THE
SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

I, Kari Holman, Secretary of the Governing Board of the Southern California Regional Rail Authority, do hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of said Governing Board and duly and regularly and legally held at the regular meeting place thereof of the 24th day of March 2018, of which meeting all of the members of said Governing Board had due notice and at which the five member agencies thereof were represented; that at said meeting said Resolution was introduced by Chair Kotyuk and was thereupon, upon motion by __________________________, seconded by __________________________, adopted by the following vote:

AYES: __________________________

NOES: __________________________

ABSENT: __________________________

ABSTAINING: __________________________

I do hereby further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office and that said Resolution is full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes. That said Resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

I do hereby further certify that an agenda of said meeting was posted at least 72 hours before said meeting a location in Los Angeles, California, freely accessible to members of the public and a brief general description of said resolution appeared on said agenda.

WITNESS my hand and seal of the Governing Board of the Southern California Regional Rail Authority, this 24th day of March 2017.

__________________________
Secretary of the Governing Board
Southern California Regional Rail Authority

Southern California Regional Rail Authority to Purchase Up to Five Ticket Vending Machines with FY2016-17 Low Carbon Transit Operations Program Funds in the Amount of $938,926
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017
TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Capital Grant Summary for December 2016 through February 2017

Issue
Staff is providing an update to the Board summarizing capital grant acquisition, reprogramming and closeout activity for December 1, 2016 through February 28, 2017.

Recommendation
The Board may receive and file this report.

Alternative
The Board may request additional information.

Strategic Goal Alignment
This report aligns to the strategic goals to maintain fiscal sustainability and invest in our people and assets. The capital grant program helps to ensure reliable funding sources for maintaining the railroad in a State of Good Repair and adding capacity for increased reliability and future growth.

Background
The Authority applies for grant funding from federal, state, regional and local entities to deliver its rehabilitation and new capital programs. These programs are composed of projects that rehabilitate, enhance and expand the Metrolink rail system.

Grant Acquisition, Reprogramming and Closures
This report focuses exclusively on grant acquisition, reprogramming and closeout activities undertaken by staff for the purposes of supporting the rehabilitation and new capital programs. It discusses grants that were secured through a formal application and
does not include funds applied for by other agencies and passed on to the Authority, nor does it include MOUs prepared by the Member agencies for their contributions to the annual budget.

Grant Activity Summary for December 1, 2016 through February 28, 2017:

<table>
<thead>
<tr>
<th>Grant Amount</th>
<th>Acquired (1)</th>
<th>Reprogrammed (2)</th>
<th>Closed (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$14.3 million</td>
<td>$0.45 million</td>
<td>$5.4 million</td>
</tr>
</tbody>
</table>

(1) There was one state grant acquired for $5.3 million and one regional grant for $9 million

(2) There was one federal grant reprogrammed

(3) There was one federal grant closed

Grant Activity Discussion:

Acquisition: With the addition of the $14.3 million, state grant, the Authority currently manages 20 active federal grants, 23 active state grants and two active regional grants, totaling $641 million.

- Federal grants are summarized on Appendix A,
- State grants are summarized on Appendix B and,
- Regional grants are summarized on Appendix C

Reprogramming: Staff reprograms funds when projects are completed with savings or when deferred or cancelled projects cannot make use of grant funds in a timely manner. During this reporting period, $0.45 million was reprogrammed to fund a signal system upgrade project on the Orange County Line. This project was previously unfunded in the FY2016-17 Reduced Project Proposal List as presented to the Board at its April 28, 2016 Workshop. Appendix D, line 33 shows the $0.45 million project.

Additionally, during this period, staff identified reprogramming opportunities for the projects identified in the September 23, 2016 Board Report notifying the board and member agencies of planned slow orders on segments of the Ventura, Valley, San Gabriel and River Subdivisions. When funds have been reprogrammed, staff will provide an update to this report.

Closure: Grants are closed when all projects are completed within the work performance period allowed under the grant. Staff closed one Federal Transit Administration (FTA) grant totaling $5.4 million during this reporting period and anticipates closing two more FTA grants with a combined total of $71.3 million in the next twelve months.
The next report is anticipated to be provided at the end of the next quarter, if either grant award or reprogramming activity has occurred in that period.

**Budget Impact**

There is no budgetary impact as a result of this status report.

Prepared by: Roderick Diaz, Director, Planning and Development  
Anne Louise Rice, Assistant Director, Grants  
Vicky Au, Grants Funding and Reporting Administrator  
Ronnie Campbell, Chief Financial Officer  
Mike Naoum III, Manager, Grants Administration & Fiscal Management  
Jerri Stoyanoff, Grants Accountant II  
Steven Hung, Financial Analyst I

Gary Lettengarver  
Chief Operating Officer

Ronnie Campbell  
Chief Financial Officer
<table>
<thead>
<tr>
<th>GRANT NUMBER</th>
<th>GRANT PROGRAM</th>
<th>CURRENT PRIMARY GRANT USE</th>
<th>TOTAL GRANT AMOUNT</th>
<th>AMOUNT REIMBURSED OR DRAWN DOWN</th>
<th>REMAINING BALANCE</th>
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<td>CA-03-0662</td>
<td>Section 5309</td>
<td>Rail rehabilitation and replacement</td>
<td>$17,886,603</td>
<td>$17,831,059</td>
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<td>Signal and communication system improvements</td>
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<td>CA-05-0205</td>
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<td>Passenger car procurement and parts</td>
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<td>CA-05-0223</td>
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<td>Signal improvements</td>
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<td>PTC and locomotive replacement</td>
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<td>CA-05-0258</td>
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<td>Signal and communication improvements and locomotive replacement</td>
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<td>CA-05-0271</td>
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<td>Locomotive replacement and rail car overhaul</td>
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<td>CA-54-0001</td>
<td>Section 5337</td>
<td>Communication and signal improvements</td>
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<td>CA-54-0014</td>
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<td>Locomotive replacement and rail car overhaul</td>
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<td>Rail procurement, Riverside Layover Facility</td>
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<td>CA-90-Y579</td>
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<td>CA-90-Y687</td>
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### APPENDIX A

**FEDERAL GRANTS**

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<tr>
<th>Project ID</th>
<th>Section</th>
<th>Description</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
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<td>CA-54-0043</td>
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<td>Locomotive replacement</td>
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<td>FY16 FRA Approps</td>
<td>Positive Train Control Interoperability</td>
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<td>GRANT EXPIRATION DATE</td>
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<td>AMOUNT REIMBURSED OR DRAWN DOWN</td>
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<td>07A0052-05</td>
<td>State Transportation Improvement Program (STIP)</td>
<td>Locomotive replacement</td>
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<td>Prop 1A High Speed Rail Commuter Rail Connectivity</td>
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<td>07A0052-08</td>
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<td>6061-0001</td>
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<td>3/31/2019</td>
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<td>Security enhancements in buildings and on right-of-way</td>
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<td>6761-0001</td>
<td>Prop 1B Transit Security Grant Program</td>
<td>Surveillance system at stations, hardening maintenance facilities and final payment of interest on Rotem cars</td>
<td>3/31/2019</td>
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<td>Hardening maintenance facilities and key locations on the right-of-way</td>
<td>3/31/2019</td>
<td>$5,295,000</td>
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<td>75A0413</td>
<td>Prop 1B Intercity Rail Funds</td>
<td>Simi Valley crossing improvements at First, Erringer and Sycamore</td>
<td>4/30/2017 - Extension Request in Progress</td>
<td>$7,418,000</td>
<td>$5,552,997</td>
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<td>75A0423</td>
<td>Prop 1B Intercity Rail Funds and State Transportation Implementation Program</td>
<td>Vincent Siding in North LA County</td>
<td>12/31/2017</td>
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<td>$6,633,959</td>
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<td>75G50033</td>
<td>Prop 1B Highway-Railroad Safety Crossing Account</td>
<td>Moorpark Avenue grade crossing improvement</td>
<td>NONE</td>
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<td>$4,305,636</td>
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<td>GRANT NUMBER</td>
<td>GRANT PROGRAM</td>
<td>CURRENT PRIMARY GRANT USE</td>
<td>GRANT EXPIRATION DATE</td>
<td>TOTAL GRANT AMOUNT</td>
<td>AMOUNT REIMBURSED OR DRAWN DOWN</td>
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<td>FY08-15 PTMISEA</td>
<td>Prop 1B Public Transportation, Modernization, Improvement and Service Enhancement Account</td>
<td>PTC, locomotive replacement, various grade crossings in LA and Ventura, rail car overhaul, signal and communications upgrades</td>
<td>6/30/2020</td>
<td>$55,903,509</td>
<td>$26,527,916</td>
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<td>FY15-D7-71 LCTOP</td>
<td>State Cap and Trade Low Carbon Transportation Operations Program</td>
<td>Fare revenue collection system improvement</td>
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<td>FY 16 D7-101 LCTOP</td>
<td>State Cap and Trade Low Carbon Transportation Operations Program</td>
<td>40th Tier 4 locomotive</td>
<td>5/27/2019</td>
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<td>TIRCP 1516-06</td>
<td>Cap and Trade Transit and Intercity Rail Program</td>
<td>Tier 4 Locomotives</td>
<td>10/15/2018</td>
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<td>Speed Increases on the Antelope Valley Line</td>
<td>9/30/2019</td>
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<td>Grade Crossing Improvements at Ramona Avenue near Baldwin Park Station</td>
<td>9/30/2019</td>
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<td>7SA0437</td>
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<td>Grade Crossing Improvements at Hellman Ave near Rancho Cucamonga Station</td>
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<td>7SA0438</td>
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<td>Grade Crossing Improvements at Citrus Blvd near El Monte Station</td>
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<td>7SA0441</td>
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<td>Van Nuys North Platform Project</td>
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<td>74A0910</td>
<td>Caltrans FY16-17 Transportation Planning Grant - Sustainable Communities</td>
<td>San Bernardino Line Corridor Transit Planning Study</td>
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Note: PTMISEA and LCTOP funds are provided as cash warrants rather than reimbursable grants.
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<tr>
<th>GRANT NUMBER</th>
<th>GRANT PROGRAM</th>
<th>CURRENT PRIMARY GRANT USE</th>
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<th>TOTAL GRANT AMOUNT</th>
<th>AMOUNT REIMBURSED OR DRAWN DOWN</th>
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<tr>
<td>AQMD CARL MOYER - 13441</td>
<td>Carl Moyer Program</td>
<td>Replacement locomotives</td>
<td>6/15/2018</td>
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<td>Valley</td>
<td>Bridge rehab 35.75, and design 10 bridges</td>
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<td>Culvert rehab (design for rplce up to 21 culverts)</td>
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<td>Ventura-VC</td>
<td>Bridge rehab 438.89, design 434.12 &amp; 436.96</td>
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<td>Ventura-VC</td>
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<td>Bridge design 2 bridges 458.71 &amp; 452.1</td>
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<td>Culvert rehab (Re-entered in Line 74)</td>
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<td>Ventura-VC</td>
<td>Replace rail curve 437.76 (1636') plus 500' tangent</td>
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<td>Track</td>
<td>Ventura-LA</td>
<td>Transpose Curve 442.58 (1520'), Curve 442.96 (1368)</td>
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<td>Ventura-LA</td>
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<tr>
<td>19</td>
<td>Track</td>
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<td>Replace rail M1 - 4.62 (1026'), 5 - 16.85 (263'), 61.20</td>
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<td>Replace Ties rated 3 (Poor Cond) and 4 (Failed)</td>
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<td>21</td>
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<td>WS-MTA_Transpose Curve 143.03 (2021'), Lead 3 MP</td>
<td>$5,507,256</td>
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<td>Replace 5,000 Ties for River EB, 3600 Spread across MP</td>
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<td>23</td>
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<td>San Gabriel</td>
<td>Upgrade aged worn 115/119 lb rail to 136 lb rail MP 4.63-5.12 (both sides), MP 11.26-11.75 (both sides)</td>
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<td>Upgrade aged and worn 115 lb rail to 136 lb rail MP 39.15-39.62 (both sides), MP 44.61-45.64 (both sides)</td>
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<td>Upgrade worn 115 lb rail with 136 lb rail from MP</td>
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<td>Turnouts &amp; special trackwork</td>
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<td>Signals</td>
<td>Olive</td>
<td>Train control &amp; grade xing signal rehab</td>
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<td>Signals</td>
<td>Ventura-LA</td>
<td>Train control rehab</td>
<td>$200,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## FY 2017 REDUCED REHABILITATION PROJECT PROPOSALS AS PRESENTED AT THE BOARD WORKSHOP 4/28/16 - WITH CHANGES MARKED

### Metrolink

<table>
<thead>
<tr>
<th>Line</th>
<th>Asset Type</th>
<th>Subdiv</th>
<th>Project Type</th>
<th>LACMTA</th>
<th>OCTA</th>
<th>RCTC</th>
<th>SANBAG</th>
<th>VCTC</th>
<th>Other</th>
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<tbody>
<tr>
<td>36</td>
<td>Signals</td>
<td>Valley</td>
<td>Train control &amp; grade xing signal rehab</td>
<td>$700,000</td>
<td>$700,000</td>
<td></td>
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<tr>
<td>37</td>
<td>Signals</td>
<td>Pasadena</td>
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<td></td>
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<tr>
<td>38</td>
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<td>Train control rehab</td>
<td>$400,000</td>
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<td>39</td>
<td>Signals</td>
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<td></td>
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<tr>
<td>40</td>
<td>Signals</td>
<td>East Bank</td>
<td>Train control rehab</td>
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<tr>
<td>41</td>
<td>Signals</td>
<td>River</td>
<td>Grade xing signal rehab</td>
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<tr>
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<td>Signals</td>
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<td>$5,400</td>
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<td>43</td>
<td></td>
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<td></td>
<td>$3,675,000</td>
<td>$1,568,475</td>
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<td>$229,264</td>
<td>$234,632</td>
</tr>
<tr>
<td>44</td>
<td>Comm &amp; PTC</td>
<td>Olive</td>
<td>Wayside comm &amp; CIS rehab</td>
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<td>$150,000</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>45</td>
<td>Comm &amp; PTC</td>
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<td>Wayside comm &amp; CIS rehab</td>
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<tr>
<td>46</td>
<td>Comm &amp; PTC</td>
<td>Ventura-VC</td>
<td>Wayside comm &amp; CIS rehab</td>
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<tr>
<td>47</td>
<td>Comm &amp; PTC</td>
<td>Ventura-LA</td>
<td>Wayside comm &amp; CIS rehab</td>
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<td></td>
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<td>Comm &amp; PTC</td>
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<td>Wayside comm &amp; CIS rehab</td>
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<td></td>
<td></td>
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<td>49</td>
<td>Comm &amp; PTC</td>
<td>San Gabriel</td>
<td>Wayside comm &amp; CIS rehab</td>
<td>$175,000</td>
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<td></td>
<td></td>
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<td>$70,000</td>
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<tr>
<td>50</td>
<td>Comm &amp; PTC</td>
<td>PVL</td>
<td>Wayside comm &amp; CIS rehab</td>
<td>$125,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$125,000</td>
</tr>
<tr>
<td>51</td>
<td>Comm &amp; PTC</td>
<td>East Bank</td>
<td>Wayside comm &amp; CIS rehab</td>
<td>$123,130</td>
<td>$18,248</td>
<td>$7,606</td>
<td>$4,264</td>
<td>$5,532</td>
<td>$2,766</td>
</tr>
<tr>
<td>52</td>
<td>Comm &amp; PTC</td>
<td>Systemwide</td>
<td>On-Board PTC systems</td>
<td>$1,100,000</td>
<td>$522,500</td>
<td>$217,800</td>
<td>$122,100</td>
<td>$158,400</td>
<td>$79,200</td>
</tr>
<tr>
<td>53</td>
<td>Comm &amp; PTC</td>
<td>Systemwide</td>
<td>Back office PTC systems</td>
<td>$2,598,000</td>
<td>$1,234,050</td>
<td>$514,404</td>
<td>$288,378</td>
<td>$374,112</td>
<td>$187,056</td>
</tr>
<tr>
<td>54</td>
<td></td>
<td></td>
<td>Sub-Total Comm &amp; PTC</td>
<td>$5,071,130</td>
<td>$2,292,298</td>
<td>$1,039,810</td>
<td>$539,742</td>
<td>$608,044</td>
<td>$506,522</td>
</tr>
<tr>
<td>55</td>
<td></td>
<td></td>
<td>TOTAL Infrastructure</td>
<td>$48,166,470</td>
<td>$22,918,760</td>
<td>$10,480,133</td>
<td>$1,430,628</td>
<td>$3,539,464</td>
<td>$3,065,049</td>
</tr>
<tr>
<td>56</td>
<td>Rolling Stock</td>
<td>Systemwide</td>
<td>Sentinel Rail Car Comprehensive Overhaul</td>
<td>$40,500,000</td>
<td>$7,371,525</td>
<td>$3,072,762</td>
<td>$1,722,609</td>
<td>$2,234,736</td>
<td>$1,117,368</td>
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<tr>
<td>57</td>
<td>Rolling Stock</td>
<td>Systemwide</td>
<td>Sentinel HVAC Overhaul</td>
<td>$975,000</td>
<td>$463,125</td>
<td>$193,050</td>
<td>$108,225</td>
<td>$140,400</td>
<td>$70,200</td>
</tr>
<tr>
<td>58</td>
<td>Rolling Stock</td>
<td>Systemwide</td>
<td>Sentinel LED Lighting Replacement</td>
<td>$1,170,000</td>
<td>$555,750</td>
<td>$231,660</td>
<td>$129,870</td>
<td>$168,480</td>
<td>$84,240</td>
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<tr>
<td>59</td>
<td>Rolling Stock</td>
<td>Systemwide</td>
<td>Rotem Coupler Overhaul (44 cars)</td>
<td>$3,500,000</td>
<td>$1,662,500</td>
<td>$692,000</td>
<td>$388,500</td>
<td>$504,000</td>
<td>$252,000</td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td>Sub-Total Rolling Stock</td>
<td>$46,145,000</td>
<td>$10,052,900</td>
<td>$4,190,472</td>
<td>$2,349,204</td>
<td>$3,047,616</td>
<td>$1,523,808</td>
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<tr>
<td>61</td>
<td>Facilities</td>
<td>Systemwide</td>
<td>Material Handling Equipment</td>
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<td>$192,393</td>
<td>$80,197</td>
<td>$44,959</td>
<td>$58,325</td>
<td>$29,163</td>
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<tr>
<td>62</td>
<td>Facilities</td>
<td>Systemwide</td>
<td>CMF Elevator Modernization</td>
<td>$140,185</td>
<td>$66,588</td>
<td>$27,757</td>
<td>$15,561</td>
<td>$20,187</td>
<td>$10,093</td>
</tr>
<tr>
<td>63</td>
<td>Facilities</td>
<td>Systemwide</td>
<td>CMF Drainage Re-direction</td>
<td>$1,593,900</td>
<td>$757,103</td>
<td>$315,592</td>
<td>$176,923</td>
<td>$229,522</td>
<td>$114,761</td>
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<tr>
<td>64</td>
<td>Facilities</td>
<td>Systemwide</td>
<td>EMF Parking &amp; Track Lighting</td>
<td>$586,600</td>
<td>$300,253</td>
<td>$125,158</td>
<td>$70,164</td>
<td>$91,024</td>
<td>$0</td>
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<tr>
<td>65</td>
<td>Vehicles</td>
<td>Systemwide</td>
<td>3 Hy-Rails, 2 MOW, 1 gang truck</td>
<td>$670,475</td>
<td>$318,476</td>
<td>$123,754</td>
<td>$74,423</td>
<td>$96,548</td>
<td>$48,274</td>
</tr>
<tr>
<td>66</td>
<td></td>
<td></td>
<td>Sub-Total Facilities &amp; Vehicles</td>
<td>$3,396,198</td>
<td>$1,634,812</td>
<td>$681,458</td>
<td>$382,030</td>
<td>$495,606</td>
<td>$202,291</td>
</tr>
<tr>
<td>67</td>
<td>IT</td>
<td>Systemwide</td>
<td>Replace switch equipment</td>
<td>$249,700</td>
<td>$118,608</td>
<td>$49,441</td>
<td>$27,217</td>
<td>$35,957</td>
<td>$17,928</td>
</tr>
<tr>
<td>68</td>
<td>IT</td>
<td>Systemwide</td>
<td>Enhance-VM Infrastructure</td>
<td>$539,000</td>
<td>$256,025</td>
<td>$106,722</td>
<td>$59,829</td>
<td>$77,616</td>
<td>$38,808</td>
</tr>
<tr>
<td>69</td>
<td>IT</td>
<td>Systemwide</td>
<td>Desktop management systems</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Line</td>
<td>Asset Type</td>
<td>Subdiv</td>
<td>Project Type</td>
<td>TOTAL</td>
<td>LACMTA</td>
<td>OCTA</td>
<td>RCTC</td>
<td>SANBAG</td>
<td>VCTC</td>
</tr>
<tr>
<td>------</td>
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<td>----------</td>
<td>--------</td>
<td>--------</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>70</td>
<td>Sub-Total IT</td>
<td></td>
<td></td>
<td>$788,700</td>
<td>$374,633</td>
<td>$156,163</td>
<td>$87,546</td>
<td>$113,573</td>
<td>$56,786</td>
</tr>
<tr>
<td>70.5</td>
<td>Facilities</td>
<td>Systemwide</td>
<td>LAUPT Platform &amp; Canopy Upgrades</td>
<td>$2,700,000</td>
<td>$987,525</td>
<td>$411,642</td>
<td>$230,769</td>
<td>$299,376</td>
<td>$149,688</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>REVISE TO ONLY 2 PLATFORMS (2 &amp; 3)</td>
<td>$1,266,000</td>
<td>$475,000</td>
<td>$198,000</td>
<td>$111,000</td>
<td>$144,000</td>
<td>$72,000</td>
</tr>
<tr>
<td>71</td>
<td>TOTAL Other Assets</td>
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<td></td>
<td>$53,029,898</td>
<td>$13,049,870</td>
<td>$5,439,735</td>
<td>$3,049,548</td>
<td>$3,956,171</td>
<td>$1,932,573</td>
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</tbody>
</table>
TRANSMITTAL DATE: March 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Update on Authority’s Small Business Enterprise Outreach Program

**Issue**

Staff will provide an update to the Board on the Authority’s Small Business utilization and review of Small Business set-aside programs.

**Recommendation**

The Board may receive and file this report.

**Strategic Goal Alignment**

This report aligns with the strategic goal to *improve organizational efficiency*, and will provide compliance with statutory and regulatory requirements.

**Background**

At its March 11, 2016 meeting, a request was received from Director Leon for a status of Small Business (SB) utilization on the Authority’s non-federal contracting program. It was also requested to review other agencies SB programs and consider for adoption if SB participation in the Authority’s non-federal contracting program was found to be minimal.

Although a Small Business Program is not a requirement for the Authority’s non-federal contracting program, the Authority developed a plan to respond to the request, inclusive of developing tools to capture SB utilization on active non-federal contracts and track SB utilization on non-federal contracts moving forward.

First, the Authority revised the “Proposed Subcontractors/Suppliers Form” included in all procurements to include a section for capturing SB and Disadvantaged Business Enterprise (DBE) participation. This revised form has been included in all Authority non-federal procurements advertised in April 2016 forward.

Second, the Authority developed a SB Utilization Survey to collect real-time data of the Authority’s SB/DBE utilization on active non-federal projects. The Authority sent the...
survey to all Prime contractors and Prime consultants on active contracts within the Authority’s non-federal contracting program, requesting their cooperation in providing current SB/DBE participation on their respective contracts. The Authority requested that the data be provided on the SB Utilization Survey form and transmitted to the Authority by April 22, 2016.

As a follow up, the Authority dispersed the SB Utilization Survey again on November 28, 2016 to collect a wider range of sampling of the Authority’s SB/DBE utilization on active non-federal projects. The Authority requested that the data be provided on the SB Utilization Survey form and transmitted to the Authority by December 5, 2016.

The results of the SB/DBE Utilization Surveys are shown below:

Results of April 22, 2016 Survey:

<table>
<thead>
<tr>
<th></th>
<th>Professional Services</th>
<th>Material/Supplies</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active Contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(#)</td>
<td>12(Inclusive of 6 DBE Primes)</td>
<td>2</td>
<td>3(Inclusive of 1 DBE Prime)</td>
</tr>
<tr>
<td>($)</td>
<td>$5,512,347</td>
<td>$408,000</td>
<td>$19,793,910</td>
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<tr>
<td><strong>SB/DBE Contracts</strong></td>
<td>$1,811,533</td>
<td>$0</td>
<td>$1,020,546.0</td>
</tr>
<tr>
<td><strong>Utilization (%)</strong></td>
<td>33%</td>
<td>0%</td>
<td>5%</td>
</tr>
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</table>
Results of December 5, 2016 Survey:

<table>
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<tr>
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<th>Professional Services</th>
<th>Material/Supplies</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active Contracts (#)</strong></td>
<td>12 (Inclusive of 2 DBE Primes)</td>
<td>4 (Inclusive of 1 SB Prime)</td>
<td>9 (Inclusive of 2 SB Primes)</td>
</tr>
<tr>
<td><strong>Active Contracts ($)</strong></td>
<td>$11,616,077.00</td>
<td>$2,400,000.00</td>
<td>$28,472,033.85</td>
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<tr>
<td><strong>SB/DBE Contracts ($)</strong></td>
<td>$3,561,740</td>
<td>$750,000</td>
<td>$2,129,113.04</td>
</tr>
<tr>
<td><strong>SB/DBE Utilization (%)</strong></td>
<td>31%</td>
<td>31%</td>
<td>7.5%</td>
</tr>
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</table>

Average utilization of dollars by % for combined data:

<table>
<thead>
<tr>
<th></th>
<th>Professional Services</th>
<th>Material/Supplies</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SB/DBE Utilization (%)</strong></td>
<td>31%*</td>
<td>27%*</td>
<td>7%*</td>
</tr>
</tbody>
</table>

*Rounded to nearest whole number

The results produced an average of 31% SB utilization on Professional Service contracts, 27% SB utilization on Material & Supplies contracts and 7% SB utilization on Construction contracts. Of the 24 Professional Service contracts reviewed, 8 were awarded to SB prime consultants. Of the 6 contracts awarded in Material & Supplies, 1 was awarded to a SB Prime. Of the 12 contracts awarded in Construction, 3 were awarded to SB Prime contractors. Overall, of the 42 non-federal contracts included in the review, 12 SB Primes were awarded, resulting in a 29% achievement for SB Primes successfully winning Authority contracts.

As evidenced by the findings above, the Authority’s enhanced and targeted outreach measures have resulted in increased opportunities and utilization of Small Business in the Authority’s Federal and non-Federal contracting and procurement opportunities. Specifically, in building the capacity of small business firms to compete at a prime level. Some of the targeted outreach measures performed by the Authority include the following:

- Partnering with other Agencies within our market area to reach SBEs.
Creating face-to-face opportunities for SBs to engage with Authority staff and familiarize themselves with Authority’s bid/procurement process.

Sharing upcoming contracting opportunities and tips to promote success within the Authority’s contracting program.

The Authority will exercise efforts to further promote small business utilization, focusing heavily in the area of Construction Services. The Authority plans to achieve this with the implementation of a contractor training. The training will be implemented with the objective of increasing SB understanding of the Authority’s procurement and contracting process, building businesses capacity through effective resource partnership and providing early access to prospective contracting opportunities. Training will also be designed to provide small businesses access to tools and resources that promote and strengthen competitiveness, marketability and participation in the Authority’s contracting program at all levels.

To respond to the second part of the Board request, the Authority reviewed the SB programs of three agencies [Los Angeles County Metropolitan Transportation Authority (Metro), San Diego Association of Governments (SANDAG) and Bay Area Rapid Transit (BART)].

Metro SB Program

Metro’s SB Program is inclusive of contract-specific SB goals (non-federal contracts), SB preference (non-federal contracts) measures, SB set-asides (federal and non-federal contracts) and a SB Certification Unit.

Metro’s SB Goal and SB Preference Program include granting a 5% bid preference to bidders certified as SBs and granting a 5% bid preference to bidders who meet or exceed the established SB subcontracting goal. Metro’s SB set-aside (Small Business Prime initiative) allows SBs to compete for certain contracts (up to $5 million as well as informal projects under $100,000) against only other SB firms. If less than 3 certified SBs are available, procurements are opened up to all firms.

Only Metro certified SBs can participate in the SB program components above. Metro’s SB Certification Unit requires firms to meet the Disadvantaged Business Enterprise (DBE) certification criteria, with the exception of race and gender requirements.

SANDAG SB Program

SANDAG’s SB Program is inclusive of a SB bench and a mentor-protégé program (Calmentor).

SANDAG’s SB Bench is composed of firms that are certified as a SB by the California Department of General Services (DGS) or a DBE certified by the California Unified Certification Program (CUCP). The Bench is open to SB and DBE firms that provide on-
call Architecture and Engineering (A&E) and Construction Management (CM) professional services, to serve as a pool of certified firms that Prime consultants can access for work on SANDAG projects. To be considered for inclusion in the “Bench” program, SB's must first register with SANDAG and complete a “Bench” application. SANDAG’s mentor-protégé program consists of a partnership with The California Department of Transportation (Caltrans), the American Council of Engineering Companies (ACEC) San Diego Chapter, and the Caltrans, District 11 Small Business Council to provide a Calmentor Program, inclusive of voluntary partnerships with mid-size and larger firms in an effort to increase the participation of small Architectural and Engineering (A&E) firms in public transportation projects within San Diego.

**BART SB Program**

BART’s SB Program is inclusive of bid preferences and contract-specific SB goals (non-federal contracts).

BART may designate specific Prime Construction Contracts, Procurement Contracts or Agreements with a maximum value of $10,000,000, as eligible for an SB preference of up to 5% of the lowest responsible Bidder’s or Proposer’s Bid or Proposal price, (maximum of $250,000). BART has set an annual limit of $2,000,000 to be available for the total dollar of bid preferences allowed under the SB Program for each fiscal year.

BART may establish SB Participation Goals on designated Prime Construction Contracts, Procurement Contracts, or Agreements, with a value above $10,000,000. The Bidder or Proposer that meets the SB Participation Goal will be eligible for a preference of up to 5% of the lowest responsible Bidder’s or Proposer’s Bid or Proposal price, up to a maximum of $1,000,000. Bidders that do not meet the SB Participation Goal would not be eligible for the preference. To qualify as an SB in BART’s SB Program a firm must be certified as an SB or Disadvantaged Veteran Business Enterprise (DVBE) by the State of California, Department of General Services (“DGS”) prior to submission of the Bid or Proposal.

Largely each of the Small Business Programs reviewed included a reward or teeth approach to incentivize or punish prospective bidders/proposers. The programs and approaches provided a wide array of SB measures, each producing a unique set of SB benefits but the common theme identified in each of the three SB Programs was the necessity for a considerable allocation of resources, oversight and maintenance.

In reviewing the Authority’s current small business utilization figures the use of an incentive or punishment approach to encourage and yield higher Small Business utilization figures does not appear to be a necessary or economical option.

At this time the Authority’s non-federal contracting program does not demonstrate a substantial lack of Small Business participation and the associated cost of developing and maintaining a separate SB Program for the Authority’s non-federal contracting program does not appear to be warranted.
Due to the specialized nature of the Authority’s non-federal contracting program and current level of SB participation, a specific program for the Authority’s non-federal contracting program is not recommended at this time. Staff recommends that the Board review SB utilization bi-annually to assess the need for a formal SB Program for the Authority’s non-federal contracts.

The Authority will continue to expand its SB outreach activities, specifically in the areas on construction, to encourage greater SB participation. The Authority will continue to track SB/DBE utilization on non-federal contracts and provide a report bi-annually of the Authority’s SB/DBE achievements. In addition, the Authority will continue to cultivate an environment of nondiscrimination in the award and administration of the Authority’s contracts to create a level playing field on which SB/DBEs can be provided with opportunities for participation in all areas of the Authority’s contracting program.

**Budget Impact**

There is no budgetary impact as a result of this report.

Prepared by: Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

Ronnie Campbell
Chief Financial Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Key Performance Indicators (KPI) Quarterly Performance Report – Quarter Ended December 30, 2016

Issue

The Key Performance Indicators (KPI) Quarterly Performance Report provides the latest results for the second quarter of FY2016-17 (FY17). For each of the seven strategic goals, KPIs and performance targets were identified and implemented in a Performance Report that is presented to the Board on a quarterly basis.

Recommendation

The Board may receive and file this report.

Strategic Goal Alignment

This report aligns with the strategic goal to improve communication to customers and stakeholders. This item supports the measurement and management of all seven of the Authority’s strategic goals.

Background

In March 2016, the Board adopted the Authority’s Ten-Year Strategic Plan and seven strategic goals that emphasize a strengthening of the Authority’s core functions and balances these with customer needs and the demand for growth within the operational and fiscal context in which that growth will occur. These goals are:

Goal 1: Ensure a Safe Operating Environment
Goal 2: Maintain Fiscal Sustainability
Goal 3: Invest in People and Assets
Goal 4: Retain and Grow Ridership
Goal 5: Increase Regional Mobility
Goal 6: Improve Communications to Customers and Stakeholders
Goal 7: Improve Organizational Efficiency
Several KPIs have been selected to measure the progress made towards these goals. They provide the highest level of system-wide performance measurement and provide accountability to the Board of Directors and the public at large.

The current report provides the latest performance results for the agency’s KPIs that were adopted last year as part of the Authority’s 2015 Ten-Year Strategic Plan.

**FY2016-17 – Quarter Ended December 30, 2016 Performance Summary**

During the second quarter Metrolink ridership (defined as linked trips between origin and destination station based on ticket sales) increased by 0.8% (or 2.2% Year-to-Date) over the prior year. With growing ridership numbers Metrolink continues to compare favorably to many other transit providers in Southern California and around the Nation. The growth rate is held back in part by ridership losses on the San Bernardino Line following the opening of the Gold Line Foothill Extension. During the second quarter, the Authority also achieved significant improvements in service reliability and safety which is reflected in the large reduction in customer complaints received.

KPIs that performed better than the target include:
- Safety
- Ridership
- Passenger Miles
- Customer Complaints

KPIs that fell short of their target include:
- Fare Revenue
- Condition of Assets
- On-time performance

**Discussion**

Although fare revenue, condition of assets, and on-time performance fell short of their performance targets for the second quarter of FY17, key initiatives have been identified that will be acted upon to improve these KPIs in subsequent quarters. Some of these strategies are outlined below.

With regard to fare revenue, staff is working on key initiatives that will improve performance including working on customer research within the San Bernardino Line / Gold Line corridor to better understand ridership segments that have shifted to the new Gold Line service, and to identify strategies to better compete.
With regard to the condition of assets, key initiatives that will improve performance include:

- Refining the data collection and reporting methodology in order to more precisely assess investment needs; and
- Undertaking annual reviews of the asset management performance measures and improving them as needed.

Initiatives that will improve on-time performance include:

- Working with local jurisdictions to improve response times for coroners during fatal incidents;
- Continuing to evaluate schedules to identify opportunities for optimization and to minimize the impact of train meets on service reliability;
- Arrival of the new Tier 4 (F125) locomotives in service starting 2017 will improve the mechanical reliability of Metrolink’s locomotive fleet; and
- Expediting $58 million in high priority rehabilitation projects – primarily bridge and track – through advancement of grant and Member Agency funding.

Additional information on the KPI results is provided in Attachment A.

**Budget Impact**

There is no budgetary impact as a result of this report.

Prepared by:  Roderick Diaz, Director, Planning and Development
Henning Eichler, Planning Manager (Planning & System Performance Analysis)

Kimberly Yu
Deputy Chief Operating Officer (Planning and Project Delivery)

Gary Lettengarver
Chief Operating Officer
Key Performance Indicators
Quarterly Performance Report
Southern California Regional Rail Authority

FY16/17
2nd Quarter
October – December 2016

ATTACHMENT A
MISSION, VISION, AND VALUES

Metrolink’s Mission, Vision, and Values are at the heart of the Key Performance Indicators and are the foundation upon which the agency’s goals and strategies are defined.

The **MISSION of Metrolink** is (as adopted by the Board of Directors on March 11, 2016):

> To provide safe, efficient, dependable, and on-time transportation service that offers outstanding customer experience, and enhances quality of life.

The **VISION** for Metrolink is:

> To be Southern California’s preferred transportation system built upon safety, reliability, customer service, leading-edge technology, and seamless connectivity.

The **Metrolink VALUES** are:

- **Safety**: Safety is foundational.
- **People**: Everything we do demonstrates an appreciation for quality of life, and every act values the lives of our employees, contractor co-workers, customers, and communities.
- **Quality**: We operate on best practices and principles with a continued focus on providing high-quality service to our customers every day on every ride.
- **Efficiency**: As responsible stewards of public funds, we embrace innovative solutions and continuous improvement for the lowest cost and most efficient operations.
- **Growth**: We continuously seek creative, progressive, and collaborative solutions to promote investment, develop partnerships, and increase capacity to improve the mobility of Southern Californians.
<table>
<thead>
<tr>
<th>KPI</th>
<th>Definition</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td><strong>Metric:</strong> Incidents / 100,000 train miles</td>
<td>The metric is calculated based on the number of reported safety incidents per 100,000 train miles operated during the reporting period. Incidents include: accidents involving grade crossing accidents, trespassers, derailments. Suicides, which are outside of Metrolink's control, are not included. Reportable employee injuries are reported per 200,000 work hours and include Metrolink staff and contract employees.</td>
</tr>
<tr>
<td></td>
<td>• Employee injuries / 200,000 work hours</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> 5 year moving average</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Fare Revenue</td>
<td><strong>Metric:</strong> Fare Revenue</td>
<td>Fare revenue represents the total customer revenue received from sales of Metrolink fare media.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> Annual Operating Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Operating Cost</td>
<td><strong>Metric:</strong> Operating Cost</td>
<td>SCRRA’s operating expenses include Train Operations, Maintenance of Way and Insurance/Claims.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> Annual Operating Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Employee Engagement</td>
<td><strong>Metric:</strong> Employee Turnover Rate</td>
<td>The employee turnover rate is the ratio of total separations to the average number of employees. Benchmark data is provided from CEB Global, HR Leadership Council, Unified Benchmarking Platform adjusted rates for the Government sector.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> National Benchmark</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Annual</td>
<td></td>
</tr>
<tr>
<td>Condition of Assets</td>
<td><strong>Metric:</strong> Condition of Assets</td>
<td>Percent of asset classes by dollar value meeting FTA’s State of Good Repair (SGR) target. Target: 100% of assets by dollar value. Asset classes include: Rolling Stock, Infrastructure, Facilities, Equipment.</td>
</tr>
<tr>
<td></td>
<td><strong>Targets:</strong> FTA’s State of Good Repair (SGR) target</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Annual</td>
<td></td>
</tr>
<tr>
<td>On-time Performance</td>
<td><strong>Metric:</strong> Percent of scheduled trains arriving on-time</td>
<td>On-Time Performance, or schedule adherence, is a measure of the percentage of scheduled trains that reach their final destination on time.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> 95%</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Ridership</td>
<td><strong>Metric:</strong> Linked Passenger Trips</td>
<td>Linked passenger trips directly correspond to ticket sales for a trip between an origin and destination station, no matter how many transfers are taken to complete the trip. The metric is calculated based on fare media sales.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> Annual Operating Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Passenger Miles</td>
<td><strong>Metric:</strong> Passenger miles</td>
<td>The metric is calculated based on ticket sales. It reflects the estimated number of trips taken and the total distance traveled on Metrolink trains.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> Population growth rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Connectivity</td>
<td><strong>Metric:</strong> Transfers to connecting transit per 100,000 linked trips.</td>
<td>Transfers to connecting transit are calculated based on invoices received for transfers provided by partner agencies, annualized. Linked passenger trips are calculated based on Metrolink fare media sales.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> 100,000 linked trips</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Annual</td>
<td></td>
</tr>
<tr>
<td>Customer Communications</td>
<td><strong>Metric:</strong> Complaints about Metrolink communications to customers</td>
<td>The metric reflects the total number of customer complaints about Metrolink communications to passengers that have been received through Metrolink’s call center or through online comment. The metric is expressed as complaints per 100,000 boardings which is the industry norm. The target is 4.0 complaints per 100,000 boardings based on five years rolling average.</td>
</tr>
<tr>
<td>Complaints</td>
<td>per 100,000 boardings</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> 10-year rolling average</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Quarterly</td>
<td></td>
</tr>
<tr>
<td>Station City Outreach</td>
<td><strong>Metric:</strong> Stakeholder satisfaction with Metrolink outreach</td>
<td>Metric under development.</td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> TBD</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Annual</td>
<td></td>
</tr>
<tr>
<td>Internal Communication</td>
<td><strong>Metric:</strong> Percent of employees with approved Performance Plans</td>
<td>The metric is calculated based on the total number of employees enrolled in the goal setting process (PerformanceLINK Phase 1: Establishing Your IPGs). 253 employees participated in the process to establish their IPGs for the performance period, July 2016 – June 2017.</td>
</tr>
<tr>
<td></td>
<td>linked to agency goals by Oc. 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Target:</strong> 5% increase annually</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Frequency:</strong> Annual</td>
<td></td>
</tr>
</tbody>
</table>
### Key Performance Indicators

<table>
<thead>
<tr>
<th>Strategic Goal / KPI</th>
<th>Performance Summary</th>
</tr>
</thead>
</table>
| **Goal 1: Ensure a Safe Operating Environment** | - SAFETY TARGET WAS MET  
The second quarter incident rate decreased by 2% from a year earlier and helped meet the safety target. This better performance reflects fewer vehicle strikes during the quarter. |
| **Goal 2: Maintain Fiscal Sustainability** | - REVENUE TARGET WAS NOT MET  
Fare revenue receipts came within 0.1% of budgeted amounts, and were 0.9%. Operating cost is an annual KPI. It was last reported in the KPI Report for FY16Q4. The next update will be available in FY17Q4. |
| **Goal 3: Invest in People and Assets** | - ASSET TARGET WAS NOT MET  
90% of assets by dollar value meet FTA’s State of Good Repair target. The employee turnover rate is an annual KPI. It was last reported in the KPI Report for FY17Q1. The next update will be available in FY18Q1. |
| **Goal 4: Retain and Grow Ridership** | - OTP TARGET WAS NOT MET  
Service reliability improved by 5.1% from a year earlier. - RIDERSHIP TARGET WAS MET - PASSENGER MILE TARGET WAS MET  
YTD Ridership and passenger miles increased by 2.2% and 2.3% respectively. |
| **Goal 5: Increase Regional Mobility** | The transfer rate is an annual KPI. It was last reported in the KPI Report for FY16Q4. The next update will be available in FY17Q4. |
| **Goal 6: Improve Communications to Customers / Stakeholders** | - COMPLAINTS TARGET WAS MET  
Fewer customer complaints about communications to passengers resulted in a 43% improvement in the indicator. The KPI for stakeholder communications is under development. |
| **Goal 7: Improve Organizational Efficiency** | Organizational Efficiency is an annual KPI. It was last reported in the KPI Report for FY17Q1. The next update will be available in FY18Q1. |
Key Performance Indicators
Second Quarter FY2016

<table>
<thead>
<tr>
<th>SAFETY INCIDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17 Q2</td>
</tr>
<tr>
<td>0.88</td>
</tr>
<tr>
<td>FY16 Q2</td>
</tr>
<tr>
<td>0.89</td>
</tr>
</tbody>
</table>

Objective: Reduce Incidents
KPI Definitions:
- Incidents per 100,000 train miles (excl. suicides)

Target: Five year moving average

Train Incidents per 100,000 train miles

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16</th>
<th>FY17</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.6</td>
<td>1.0</td>
<td>70%</td>
</tr>
<tr>
<td>Q2</td>
<td>0.9</td>
<td>0.9</td>
<td>-2%</td>
</tr>
<tr>
<td>Q3</td>
<td>1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>0.7</td>
<td>0.9</td>
<td>27%</td>
</tr>
</tbody>
</table>

Employee Injuries per 200,000 work hours

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16</th>
<th>FY17</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3.7</td>
<td>3.5</td>
<td>-6%</td>
</tr>
<tr>
<td>Q2</td>
<td>4.5</td>
<td>3.1</td>
<td>-30%</td>
</tr>
<tr>
<td>Q3</td>
<td>6.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>4.1</td>
<td>3.3</td>
<td>-19%</td>
</tr>
</tbody>
</table>

* Includes SCRRA, Amtrak, and contractors from Jacobs, MEC, VTMI, and Bombardier.

How is Metrolink doing?
- Target was met.
- During the second quarter the rate of safety incidents per 100,000 train miles has decreased to 0.88, a 2% decrease from 0.89 a year earlier. This compares to a five year average of 0.93 incidents per 100,000 train miles.

Why did performance change?
- The decrease in the incident rate reflects fewer vehicle strikes, a decline to 2 from 4 a year earlier. However, the number of trespasser strikes increased to 4 from 2 a year earlier.
- There was a 30% reduction in the employee injury rate during the second quarter of FY17, reflecting a decline in the number of injuries per 200,000 work hours to 3.1 from 4.5 during the same quarter of the prior year.

Key initiatives to improve performance
- Initiation of a multi-agency Southern California Incident Reduction Team to address encroachment, encampments and other right of way issues.
- Community outreach and Operation Lifesaver presentations for rail safety awareness.
- Rail safety promotions via transit bus advertising, radio spots, social media, and billboards.
- Spanish language campaign including radio spots on key Hispanic stations throughout the region directed at our target demographic, focusing on trespassing prevention.
- Increased efficiency testing and training for compliance staff.
- Benchmark study of industry best practices to avoid employee injuries.
### Key Performance Indicators
#### First Quarter FY2016

<table>
<thead>
<tr>
<th>Fiscal Year / Quarter</th>
<th>Pedestrian strikes (Grade Crossings only)</th>
<th>Trespasser strikes (Non-Grade Crossings)</th>
<th>Vehicle strikes</th>
<th>Derailments</th>
<th>Total Accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11 Q3</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>FY11 Q4</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>FY12 Q1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>FY12 Q2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>FY12 Q3</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>FY12 Q4</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>FY13 Q1</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>FY13 Q2</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>FY13 Q3</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>FY13 Q4</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>FY14 Q1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>FY14 Q2</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>FY14 Q3</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>FY14 Q4</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>FY15 Q1</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>FY15 Q2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>FY15 Q3</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>FY15 Q4</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>FY16 Q1</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>FY16 Q2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>FY16 Q3</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>FY16 Q4</td>
<td>0</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>FY17 Q1</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>FY17 Q2</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>
Objective: Increase Fare Revenue

KPI Definition: Passenger Fare Revenue from sale of tickets at ticket vending machines (TVMs), Mobile App, via corporate sales/pass-by-mail and at ticket windows.

Target: Annual Operating Budget (YTD)

FY17 FARE REVENUE BUDGET VS ACTUAL (THOUSANDS)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Budget</th>
<th>Actual</th>
<th>Diff</th>
<th>%Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>20,998</td>
<td>20,985</td>
<td>(13)</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Q2</td>
<td>20,772</td>
<td>20,535</td>
<td>(237)</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Q3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>41,770</td>
<td>41,520</td>
<td>(250)</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

How is Metrolink doing?

- Target was not met.
- Fare revenues fell short of budget by a slight margin: by 1.1% during the second quarter, and by 0.6% Year-to-Date.

Why did performance change?

- Second quarter fare revenue decreased by 1.7% from a year earlier.
- Second quarter weekend revenue increased by 8.7% compared to a year earlier, which was not enough to compensate for the 2.3% drop in weekday revenue.
- Most of the decline in fare revenue was reported for the San Bernardino Line: during the second quarter weekday revenue declined by $516,000 from a year earlier. Much of that revenue decline reflects ridership losses as a result of the opening of the Metro Gold Line extension in March 2016.
- Monthly pass sales continue to decline, with about one third of the decline reflecting a shift to 7-day passes. Losses in pass revenue were partially offset by increased sales of one-way and roundtrip tickets, as well as weekend day passes.
- The 25% fare reduction pilot on the Antelope Valley Line continued during the second quarter. Metrolink will receive a subsidy from Metro for the lower fare revenue as a result of the pilot.

Key initiatives to improve performance

- A task force with representatives from Metrolink, Metro, and SBCTA has been launched to conduct a survey of Gold Line passengers to develop strategies for halting the revenue loss on the San Bernardino Line.
- The share of fare revenue derived from monthly passes continued to drop below 50%. Marketing campaigns in FY17 are targeting commuters to drive monthly pass ridership.
- Continuation of the I-5 marketing campaigns and other marketing initiatives will seek to further attract new riders to Metrolink.
- Fare promotions will continue to strengthen ridership on the new Perris Valley Line service.
Key Performance Indicators
Annual FY2016

Objective: Reduce Operating Cost
KPI Definition: Operating expenses from Train Operations, Maintenance of Way and Insurance / Claims.
Target: Annual Operating Budget

How is Metrolink doing?
- Target was met.
- This is an annual measure. FY16 operating costs increased 8.7% but remained 5.4% below budgeted amounts.

Why did performance change?
- The renegotiation of the AMTRAK agreement had a significant impact on cost reduction ($2.2M).
- Equipment Maintenance has continued to escalate as a result of the requirements of our aging fleet.
- Maintenance of Way efforts were diluted as a result of increased focus on capital projects, and the BNSF implementation.
- Budget controls provided a real time tool to adhere to spending limits.

YTD Operating Cost Ratios

<table>
<thead>
<tr>
<th>Cost Ratios</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cost ($000)</td>
<td>$209,465</td>
<td>$227,594</td>
</tr>
<tr>
<td>Cost Recovery</td>
<td>47.7%</td>
<td>44.1%</td>
</tr>
<tr>
<td>Cost per Train Mile</td>
<td>$76.98</td>
<td>$81.40</td>
</tr>
<tr>
<td>Subsidy per Train Mile</td>
<td>$40.26</td>
<td>$45.49</td>
</tr>
</tbody>
</table>

Key initiatives to improve performance
- Regular negotiations with our vendors (both large and small) can provide relief from escalating costs.
- Keeping our equipment in a state of good repair can reduce maintenance expense.
Employee Engagement
Strategic Goal: Invest in People and Assets

Objective: Reduce Employee Turnover Rates

KPI Definitions: Employee turnover rate

Target: National Turnover rate (Government)

How is Metrolink doing?
- Target was met.
- This is an annual measure. The employee turnover rate in FY16 fell below the industry benchmark of 13.5%.

Why did performance change?
Over the past three fiscal years, SCRRA had an average annual turnover rate of 19.32%. The turnover rate has steadily decreased between FY14 and FY16 by 7.5%. In FY16, the total turnover rate was 12.3%, representing 32 employees:
- Voluntary (21 employees) – Employee separated on their own volition.
- Retirement (4 employees) – Employee separated to enter into retirement.
- Involuntary (7 employees) - Employment separation initiated by the Authority.

Data represents separations of all regular, active employees during the fiscal year (July 1 – June 30).

Key initiatives to reduce turnover:
SCRRA is committed to investing in a workforce that promotes and supports a world class organization. The following initiatives and strategies are aimed at increasing employee engagement and decreasing turnover:
- Complete a comprehensive classification and compensation study to evaluate and make necessary changes to job titles, classifications, pay grades and pay assignments.
- Establish and create a robust employee engagement program that encourages participation, camaraderie and teamwork.
- Further utilize automated processes to streamline transactional portions of HR related activities.
- Provide additional supplemental welfare benefits that will assist in providing a comprehensive and competitive benefits package.
- Establish an employee recognition and reward program to recognize employees for going above and beyond.
- Partner with executives and managers to understand and expand learning and development opportunities.
- Provide tools and resources to management staff to strengthen their ability to utilize modern and effective management practices that will engage employees throughout the organization.
- Update Human Resources Policies and Procedures to reflect best practices and market trends.
- Continue offering training to develop technical, management and professional development skills.

Turnover Rate - SCRRA

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary</td>
<td>8.0%</td>
<td>10.8%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Retirement</td>
<td>3.4%</td>
<td>2.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>8.5%</td>
<td>2.8%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total</td>
<td>19.87%</td>
<td>16.06%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

CY15 Turnover Rate - SCRRA and National

<table>
<thead>
<tr>
<th></th>
<th>NATIONAL</th>
<th>SCRRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary</td>
<td>9.6%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>3.8%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total 2015</td>
<td>13.50%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>
Key Performance Indicators
Second Quarter FY2017

Objective: Maintain Assets in a State of Good Repair

KPI Definitions:
- Percent of asset classes by dollar value meeting FTA’s State of Good Repair (SGR).

Target: 100% of assets by dollar value rated at or above condition 3 (Fair) on the 5-point TERM scale.

How is Metrolink doing?
- Target was not met.

- Metrolink’s Transit Asset Management Plan was adopted in December 2016. Based on this plan, 90 percent of Metrolink’s assets by dollar value meet the performance target.

MAP-21 Asset Category | SGR Performance Measure | SGR-SCERRA Target | Status (As of 2/8/16)
--- | --- | --- | ---
Rolling Stock | Percentage of revenue vehicles within a particular asset class that have either met or exceeded their useful life benchmark (ULB) | ≤5% of all revenue vehicles (locomotives and passenger cars) will have met or exceeded their ULB | 40% of all revenue vehicles (locomotives and passenger cars) have met or exceeded their ULB
Infrastructure | Percentage of track segments, signals, and systems with performance restrictions (slow orders) | ≤5% of all track segments, signals, and systems will be subject to performance restrictions | 0% of all track segments, signals, and systems will be subject to performance restrictions
Facilities | Percentage of facilities within an asset class, rated below condition 3 on the TERM scale | ≤5% of all assets within the facilities class will be rated below condition 3 on TERM scale | 6.6% of all assets within the facilities class are rated below condition 3 on TERM scale
Equipment | Percentage of non-revenue vehicles that have met or exceeded their useful life benchmark (ULB) | ≤5% of all non-revenue vehicles will have met or exceeded their ULB | 11% of all non-revenue vehicles have met or exceeded their ULB

Why did performance change?
- Performance has shifted primarily due to inconsistent rehabilitation funding and aging assets that are moving beyond their useful life.
- Since the Transit Asset Management Plan was only recently implemented no comparison data for the prior year is available.

Key initiatives to improve performance
- Metrolink will be refining the data collection and reporting methodology in order to more precisely assess investment needs.
- Metrolink will undertake annual reviews of the asset management performance measures and seek to improve them as needed.
- According to the FTA baseline transit asset management metrics, Metrolink is performing well. However, these thresholds are set lower than most operating standards and work will still need to be completed in order to maintain our assets in a state of good repair.
Objective: Improve Service Reliability

KPI Definition: Percent of scheduled trains arriving at their destination on-time
Target: 95% on-time performance

How is Metrolink doing?

- Target was not met.
- On-time Performance improved significantly to 94.4%, from 89.3% a year earlier. The target was met by the Antelope Valley, San Bernardino, and 91/Perris Valley Lines.

Key initiatives to improve performance

- Staff is working with local jurisdictions to improve response times for coroners during fatal incidents.
- Staff is continuing to evaluate schedules to identify opportunities for optimization and to minimize the impact of train meets on service reliability.
- Arrival of the new F125 locomotives in service starting 2017 will improve the mechanical reliability of Metrolink’s locomotive fleet.
- SCRRA is working on expediting $58 million in high priority rehabilitation projects--primarily bridge and track--through advancement of grant and member funding.

Why did performance change?

- During the second quarter of FY17 the number of late trains fell to 675 from 1,266 a year earlier.
- The number of annulled or terminated trains fell to 80 from 117 a year earlier.
- The large majority of significant delays reflects trespasser strikes (82%) and vehicle strikes (9%).

On-time Performance (10 Year Trend)
### ON-TIME PERFORMANCE

#### Strategic Goal: Ensure a Safe Operating Environment

#### Key Performance Indicators

**Fourth Quarter FY2016**

**Second Quarter FY2017**

---

**FREQUENCY OF TRAIN DELAYS BY DURATION FY17 Q2**

<table>
<thead>
<tr>
<th>FY17 Q2</th>
<th>VEN</th>
<th>AVL</th>
<th>SNB</th>
<th>BUR</th>
<th>RIV</th>
<th>OC</th>
<th>IEOC</th>
<th>91-LA</th>
<th>TOTAL</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO DELAY</td>
<td>1,064</td>
<td>1,930</td>
<td>2,430</td>
<td>550</td>
<td>570</td>
<td>1,480</td>
<td>833</td>
<td>968</td>
<td>9,825</td>
<td>81%</td>
</tr>
<tr>
<td>1 MIN - 5 MIN</td>
<td>131</td>
<td>211</td>
<td>381</td>
<td>104</td>
<td>133</td>
<td>377</td>
<td>169</td>
<td>68</td>
<td>1,574</td>
<td>13%</td>
</tr>
<tr>
<td>6 MIN - 10 MIN</td>
<td>25</td>
<td>31</td>
<td>34</td>
<td>25</td>
<td>19</td>
<td>76</td>
<td>27</td>
<td>22</td>
<td>259</td>
<td>2%</td>
</tr>
<tr>
<td>11 MIN - 20 MIN</td>
<td>28</td>
<td>40</td>
<td>29</td>
<td>9</td>
<td>18</td>
<td>62</td>
<td>37</td>
<td>10</td>
<td>233</td>
<td>2%</td>
</tr>
<tr>
<td>21 MIN - 30 MIN</td>
<td>8</td>
<td>18</td>
<td>9</td>
<td>4</td>
<td>7</td>
<td>22</td>
<td>8</td>
<td>5</td>
<td>81</td>
<td>1%</td>
</tr>
<tr>
<td>GREATER THAN 30 MIN</td>
<td>4</td>
<td>18</td>
<td>9</td>
<td>1</td>
<td>9</td>
<td>22</td>
<td>22</td>
<td>17</td>
<td>102</td>
<td>1%</td>
</tr>
<tr>
<td>TOTAL TRAINS ANNULLED *</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>9</td>
<td>6</td>
<td>2</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>TOTAL TRAINS OPERATED</td>
<td>1,260</td>
<td>2,248</td>
<td>2,892</td>
<td>693</td>
<td>756</td>
<td>2,039</td>
<td>1,096</td>
<td>1,090</td>
<td>12,074</td>
<td>100%</td>
</tr>
<tr>
<td>% OF TRAINS ON-TIME</td>
<td>94.8%</td>
<td>95.2%</td>
<td>97.2%</td>
<td>94.4%</td>
<td>93.0%</td>
<td>91.1%</td>
<td>91.4%</td>
<td>95.0%</td>
<td>94.4%</td>
<td></td>
</tr>
</tbody>
</table>

* Annulled trains are classified as 6 minutes late.

Includes weekday and weekend

---

**DELAWS BY RESPONSIBLE PARTY FY17 Q2**

<table>
<thead>
<tr>
<th>FY17 Q2</th>
<th>VEN</th>
<th>AVL</th>
<th>SNB</th>
<th>BUR</th>
<th>RIV</th>
<th>OC</th>
<th>IEOC</th>
<th>91-LA</th>
<th>TOTAL</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>20</td>
<td>30</td>
<td>19</td>
<td>6</td>
<td>10</td>
<td>32</td>
<td>17</td>
<td>9</td>
<td>143</td>
<td>21%</td>
</tr>
<tr>
<td>Force Majeure</td>
<td>0</td>
<td>23</td>
<td>11</td>
<td>2</td>
<td>3</td>
<td>16</td>
<td>10</td>
<td>14</td>
<td>79</td>
<td>12%</td>
</tr>
<tr>
<td>UPRR</td>
<td>12</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>26</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>44</td>
<td>7%</td>
</tr>
<tr>
<td>NCTD</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>23</td>
<td>3</td>
<td>0</td>
<td>26</td>
<td>4%</td>
</tr>
<tr>
<td>BNSF</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>48</td>
<td>36</td>
<td>24</td>
<td>116</td>
<td>17%</td>
</tr>
<tr>
<td>RED LINE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Inter-City Amtrak</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>1%</td>
</tr>
<tr>
<td>Mechanical</td>
<td>11</td>
<td>17</td>
<td>12</td>
<td>19</td>
<td>9</td>
<td>20</td>
<td>14</td>
<td>5</td>
<td>107</td>
<td>16%</td>
</tr>
<tr>
<td>Track</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>Signal</td>
<td>7</td>
<td>13</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>8</td>
<td>1</td>
<td>0</td>
<td>40</td>
<td>6%</td>
</tr>
<tr>
<td>Crossing</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>32</td>
<td>5%</td>
</tr>
<tr>
<td>Communications</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>CAD</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>PTC</td>
<td>7</td>
<td>13</td>
<td>23</td>
<td>5</td>
<td>2</td>
<td>15</td>
<td>7</td>
<td>1</td>
<td>73</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>107</td>
<td>81</td>
<td>39</td>
<td>53</td>
<td>182</td>
<td>94</td>
<td>54</td>
<td>675</td>
<td>100%</td>
</tr>
</tbody>
</table>

Includes weekday and weekend

---

**Significant Delay Causes FY17 Q2**

<table>
<thead>
<tr>
<th>FY17 Q2</th>
<th>VEN</th>
<th>AVL</th>
<th>SNB</th>
<th>BUR</th>
<th>RIV</th>
<th>OC</th>
<th>IEOC</th>
<th>91-LA</th>
<th>TOTAL</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trespasser strike</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>9</td>
<td>82%</td>
</tr>
<tr>
<td>Vehicle strike</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>9%</td>
</tr>
<tr>
<td>Mechanical</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>11</td>
<td>100%</td>
</tr>
</tbody>
</table>

Includes weekday and weekend

---
Key Performance Indicators
Second Quarter FY2017

RIDERSHIP (000)

<table>
<thead>
<tr>
<th></th>
<th>FY17 Q2</th>
<th>YTD</th>
<th>FY16 Q2</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.2%</td>
<td></td>
<td>3.5%</td>
<td></td>
</tr>
</tbody>
</table>

Objective: Increase Ridership

KPI Definition: Ticket-based linked passenger trips

Target: Annual growth rate per Operating Budget

Total Linked Trips (not including transfers)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY1516</th>
<th>FY1617</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2,730,003</td>
<td>2,830,384</td>
<td>100,381</td>
<td>3.7%</td>
</tr>
<tr>
<td>Q2</td>
<td>2,759,795</td>
<td>2,781,900</td>
<td>22,105</td>
<td>0.8%</td>
</tr>
<tr>
<td>Q3</td>
<td>2,803,240</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>2,793,208</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>5,489,798</td>
<td>5,612,284</td>
<td>122,486</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

How is Metrolink doing?

- Target was met.
- The FY17 Operating Budget assumes an annual ridership growth rate of 0.8%. For the first two quarters the 2.2% ridership growth easily exceeded that target.

Why did performance change?

- During the second quarter Metrolink ridership (defined as linked trips between origin and destination station based on ticket sales) increased by 0.8% (or 2.2% Year-to-Date) over the prior year.
- Ridership growth has been slowing as a result of ridership losses on the San Bernardino Line, and continued low gasoline prices.
- The San Bernardino Line has experienced increasing ridership losses since the opening of the Metro Gold Line extension in March 2016.
- Strong ridership growth was reported for the Antelope Valley Line and the IEOC Line.

Key initiatives to improve performance

- In July 2016 Metrolink implemented a fare restructuring to reduce short distance fares which continues to have a positive impact on ridership.
- Metrolink launched the 2017 marketing program for the I-5 North corridor aimed at behavioral changes of commuters along the Antelope Valley Line.
- A new partnership between Metrolink and Lyft will provide new first and last mile travel options.
### Key Performance Indicators

**First Quarter FY2017**

#### Ventura County Line Ridership
(Change from prior year)

#### Antelope Valley Line Ridership
(Change from prior year)

#### San Bernardino Line Ridership
(Change from prior year)

#### Riverside Line Ridership
(Change from prior year)

#### Orange County Line Ridership
(Change from prior year)

#### IEOC Line Ridership
(Change from prior year)

#### 91 / Perris Valley Line Ridership
(Change from prior year)

#### Systemwide Ridership
(Change from prior year)

### Total Boardings (Unlinked Trips including transfers)

<table>
<thead>
<tr>
<th>Route</th>
<th>FY16Q2</th>
<th>FY17Q2</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ventura County Line</td>
<td>271,162</td>
<td>270,042</td>
<td>-1,120</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Antelope Valley Line</td>
<td>411,570</td>
<td>428,980</td>
<td>17,411</td>
<td>4.2%</td>
</tr>
<tr>
<td>San Bernardino Line</td>
<td>742,478</td>
<td>693,533</td>
<td>-48,945</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Riverside Line</td>
<td>251,752</td>
<td>251,325</td>
<td>-426</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Orange County Line</td>
<td>660,085</td>
<td>674,163</td>
<td>14,078</td>
<td>2.1%</td>
</tr>
<tr>
<td>IEOC Line</td>
<td>345,612</td>
<td>355,641</td>
<td>10,028</td>
<td>2.9%</td>
</tr>
<tr>
<td>91/Perris Valley Line</td>
<td>188,627</td>
<td>218,473</td>
<td>29,845</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

| Total                  | 2,871,286| 2,892,157| 20,871 | 0.7%     |
### Key Performance Indicators

#### Ridership

**Strategic Goal:** Retain and Grow Ridership

**Key Performance Indicators**

**Fourth Quarter FY2016**

<table>
<thead>
<tr>
<th>STATION</th>
<th>FY16Q2</th>
<th>FY17Q2</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANAHEIM</td>
<td>511</td>
<td>516</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>ANAHEIM CANYON</td>
<td>358</td>
<td>372</td>
<td>14</td>
<td>4%</td>
</tr>
<tr>
<td>BALDWIN PARK</td>
<td>353</td>
<td>328</td>
<td>-26</td>
<td>-7%</td>
</tr>
<tr>
<td>BUENA PARK</td>
<td>620</td>
<td>594</td>
<td>-26</td>
<td>-4%</td>
</tr>
<tr>
<td>BURBANK AIRPORT</td>
<td>865</td>
<td>881</td>
<td>16</td>
<td>2%</td>
</tr>
<tr>
<td>CAL STATE LA</td>
<td>204</td>
<td>186</td>
<td>-18</td>
<td>-9%</td>
</tr>
<tr>
<td>CAMARILLO</td>
<td>664</td>
<td>642</td>
<td>-22</td>
<td>-3%</td>
</tr>
<tr>
<td>CHATSWORTH</td>
<td>110</td>
<td>108</td>
<td>-3</td>
<td>-2%</td>
</tr>
<tr>
<td>CLAREMONT</td>
<td>348</td>
<td>349</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>COMMERCE</td>
<td>418</td>
<td>423</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>COVINA</td>
<td>73</td>
<td>69</td>
<td>-4</td>
<td>-6%</td>
</tr>
<tr>
<td>DOWNTOWN PERRIS</td>
<td>963</td>
<td>734</td>
<td>-228</td>
<td>-24%</td>
</tr>
<tr>
<td>DOWNTOWN POMONA</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>EAST ONTARIO</td>
<td>252</td>
<td>273</td>
<td>22</td>
<td>9%</td>
</tr>
<tr>
<td>EAST VENTURA</td>
<td>410</td>
<td>405</td>
<td>-5</td>
<td>-1%</td>
</tr>
<tr>
<td>EL MONTE</td>
<td>50</td>
<td>52</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>FONTANA</td>
<td>377</td>
<td>337</td>
<td>-40</td>
<td>-11%</td>
</tr>
<tr>
<td>FULLERTON</td>
<td>435</td>
<td>459</td>
<td>23</td>
<td>5%</td>
</tr>
<tr>
<td>GLENDALE</td>
<td>1,594</td>
<td>1,630</td>
<td>35</td>
<td>2%</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>841</td>
<td>810</td>
<td>-31</td>
<td>-4%</td>
</tr>
<tr>
<td>IRVINE</td>
<td>1,418</td>
<td>1,442</td>
<td>24</td>
<td>2%</td>
</tr>
<tr>
<td>JURUPA VALLEY/PEDLEY</td>
<td>155</td>
<td>152</td>
<td>-3</td>
<td>-2%</td>
</tr>
<tr>
<td>LAGUNA NIGUEL/MISSION VIEJO</td>
<td>352</td>
<td>338</td>
<td>-14</td>
<td>-4%</td>
</tr>
<tr>
<td>LANCASTER</td>
<td>453</td>
<td>463</td>
<td>10</td>
<td>2%</td>
</tr>
<tr>
<td>LA UNION</td>
<td>13,106</td>
<td>13,016</td>
<td>-90</td>
<td>-1%</td>
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<tr>
<td>MONTCLAIR</td>
<td>364</td>
<td>332</td>
<td>-32</td>
<td>-9%</td>
</tr>
<tr>
<td>MOORPARK</td>
<td>432</td>
<td>424</td>
<td>-8</td>
<td>-2%</td>
</tr>
<tr>
<td>MOORENO VALLEY / MARCH FIELD</td>
<td>221</td>
<td>202</td>
<td>-19</td>
<td>-9%</td>
</tr>
<tr>
<td>NEWHALL</td>
<td>368</td>
<td>369</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>NORTH MAIN CORONA</td>
<td>1,042</td>
<td>1,101</td>
<td>59</td>
<td>6%</td>
</tr>
<tr>
<td>NORTH RIDGE</td>
<td>404</td>
<td>398</td>
<td>-6</td>
<td>-1%</td>
</tr>
<tr>
<td>NORWALK/SANTA FE SPRINGS</td>
<td>772</td>
<td>831</td>
<td>59</td>
<td>8%</td>
</tr>
<tr>
<td>OCEANSIDE</td>
<td>501</td>
<td>499</td>
<td>-2</td>
<td>0%</td>
</tr>
<tr>
<td>ORANGE</td>
<td>772</td>
<td>755</td>
<td>-17</td>
<td>-2%</td>
</tr>
<tr>
<td>OXNARD</td>
<td>106</td>
<td>104</td>
<td>-2</td>
<td>-2%</td>
</tr>
<tr>
<td>PALMDALE</td>
<td>491</td>
<td>489</td>
<td>-2</td>
<td>0%</td>
</tr>
<tr>
<td>POMONA</td>
<td>537</td>
<td>550</td>
<td>14</td>
<td>3%</td>
</tr>
<tr>
<td>RANCHO CUCAMONGA</td>
<td>857</td>
<td>738</td>
<td>-119</td>
<td>-14%</td>
</tr>
<tr>
<td>RIALTO</td>
<td>264</td>
<td>267</td>
<td>3</td>
<td>1%</td>
</tr>
<tr>
<td>RIVERSIDE-DOWNTOWN</td>
<td>1,126</td>
<td>1,045</td>
<td>-81</td>
<td>-7%</td>
</tr>
<tr>
<td>RIVERSIDE HUNTER PARK</td>
<td>774</td>
<td>761</td>
<td>-12</td>
<td>-2%</td>
</tr>
<tr>
<td>SAN BERNARDINO</td>
<td>784</td>
<td>741</td>
<td>-43</td>
<td>-5%</td>
</tr>
<tr>
<td>SAN CLEMENTE</td>
<td>144</td>
<td>127</td>
<td>-17</td>
<td>-12%</td>
</tr>
<tr>
<td>SAN CLEMENTE PIER</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>SAN JUAN CAPISTRANO</td>
<td>162</td>
<td>153</td>
<td>-10</td>
<td>-6%</td>
</tr>
<tr>
<td>SANTA ANA</td>
<td>878</td>
<td>903</td>
<td>25</td>
<td>3%</td>
</tr>
<tr>
<td>SANTA CLARITA</td>
<td>345</td>
<td>350</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>SIMI VALLEY</td>
<td>349</td>
<td>339</td>
<td>-10</td>
<td>-3%</td>
</tr>
<tr>
<td>SOUTH PERRIS</td>
<td>58</td>
<td>58</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>SUN VALLEY</td>
<td>98</td>
<td>109</td>
<td>11</td>
<td>11%</td>
</tr>
<tr>
<td>SYLMAR/SAN FERNANDO</td>
<td>589</td>
<td>626</td>
<td>37</td>
<td>6%</td>
</tr>
<tr>
<td>TUSTIN</td>
<td>1,200</td>
<td>1,227</td>
<td>27</td>
<td>2%</td>
</tr>
<tr>
<td>UPLAND</td>
<td>519</td>
<td>525</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>VAN NUYS</td>
<td>170</td>
<td>182</td>
<td>12</td>
<td>7%</td>
</tr>
<tr>
<td>VIA PRINCESSA</td>
<td>471</td>
<td>505</td>
<td>35</td>
<td>7%</td>
</tr>
<tr>
<td>VINCENT GRADE/ACTON</td>
<td>811</td>
<td>118</td>
<td>-1</td>
<td>-1%</td>
</tr>
<tr>
<td>WEST CORONA</td>
<td>395</td>
<td>446</td>
<td>51</td>
<td>13%</td>
</tr>
</tbody>
</table>
Objective: Increase Service Utilization

KPI Definitions:
- Passenger Miles reflect the total number of miles traveled by ticketed passengers on Metrolink trains.

Target: Average annual population growth rate.

Why has performance changed?
- The 1.1% increase in passenger miles during the second quarter reflects more passenger miles traveled on the 91/Perris Valley, Antelope Valley, Orange County, and IEOC Lines.
- The average length of a passenger trip during the first quarter was 36.0 miles. It reflects an average trip length of 32.0 miles for Monthly Passes, 35.2 miles for 7 Day Passes, and 39.2 miles for One-way and Roundtrip Tickets.

Key initiatives to improve performance
- The short distance fare restructuring that was implemented in July 2016 was successful in increasing ridership and passenger miles. Growth in the short distance travel market will continue to have a positive impact on passenger miles.
- The launch of discounted promotional fares on the Perris Valley Line has encouraged new ridership on that line. New promotional initiatives are planned for 2017.

How is Metrolink doing?
- Target was met.
- During the first two quarters of FY17 total passenger miles traveled on Metrolink increased by 2.3% over the prior year, exceeding the average annual population growth rate of 0.8%.

PASSENGER MILES BY ROUTE (Thousands)

<table>
<thead>
<tr>
<th>Quarters</th>
<th>1VN</th>
<th>2AV</th>
<th>3SB</th>
<th>4RV</th>
<th>5OC</th>
<th>6IE</th>
<th>7LA</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16Q2</td>
<td>7,177</td>
<td>15,873</td>
<td>26,251</td>
<td>8,850</td>
<td>20,419</td>
<td>11,591</td>
<td>9,133</td>
<td>99,293</td>
</tr>
<tr>
<td>FY16Q3</td>
<td>7,198</td>
<td>15,791</td>
<td>26,322</td>
<td>9,012</td>
<td>20,894</td>
<td>12,199</td>
<td>9,253</td>
<td>100,668</td>
</tr>
<tr>
<td>FY16Q4</td>
<td>7,185</td>
<td>15,861</td>
<td>25,189</td>
<td>8,962</td>
<td>21,578</td>
<td>12,313</td>
<td>9,830</td>
<td>100,918</td>
</tr>
<tr>
<td>FY17Q1</td>
<td>7,105</td>
<td>16,015</td>
<td>25,354</td>
<td>8,802</td>
<td>22,196</td>
<td>12,887</td>
<td>10,788</td>
<td>103,147</td>
</tr>
<tr>
<td>FY17Q2</td>
<td>7,044</td>
<td>16,398</td>
<td>24,825</td>
<td>8,777</td>
<td>20,895</td>
<td>11,796</td>
<td>10,639</td>
<td>100,374</td>
</tr>
</tbody>
</table>

PASSENGER MILES (Thousands)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16</th>
<th>FY17</th>
<th>Change</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>99,629</td>
<td>103,147</td>
<td>3,518</td>
<td>3.5%</td>
</tr>
<tr>
<td>Q2</td>
<td>99,293</td>
<td>100,374</td>
<td>1,081</td>
<td>1.1%</td>
</tr>
<tr>
<td>Q3</td>
<td>100,668</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>100,918</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>198,922</td>
<td>203,521</td>
<td>4,599</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
Objective: Improve System Connectivity

KPI Definitions: Transfers to connecting transit per 100 linked trips

Target: 60 transfers per 100 linked trips

How is Metrolink doing?
- Target was not met.
- This is an annual measure. Transfers in FY16 fell by 2% while linked trips grew by 5%. This growth in system ridership has mainly occurred outside of the LA market, where transfer rates to connecting transit are generally lower.

Why has performance changed?
- Two-thirds of all transfers are to/from the LA Metro system, more than six times as many transfers as to the second-highest transfer partner. Transfers to LA Metro decreased by 2%, driving the decrease in overall transfers.
- Metrolink saw significant increases in transfers to/from the Antelope Valley Transit Authority and Santa Clarita Transit in FY2016, possibly due to the lower fare pilots on the Antelope Valley Line during this time.
- When Metrolink launched its Mobile Ticketing App in FY2016, it worked with staff from all of its bus partners to ensure that mobile tickets would be accepted for transfer on Day 1 on all systems and routes.

Key initiatives to improve performance
- In FY2017, technology to allow mobile tickets to work on LA Metro TAP gates will go live, allowing seamless transfers for thousands of additional passengers.
- In FY2017, planning staff at Metrolink and partner agencies will continue to improve communication and coordination in planning service schedules.

Top 10 agencies by transfer levels (000's per year)
Objective: Improve Customer Communications

KPI Definitions:
- Customer Complaints about Metrolink communications to passengers per 100,000 boardings.

Target: Five year average complaint rate.

<table>
<thead>
<tr>
<th>Year</th>
<th>FY16 Q2</th>
<th>FY17 Q2</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Complaints</td>
<td>1629</td>
<td>780</td>
<td>-52%</td>
</tr>
<tr>
<td>Com. Complaints</td>
<td>156</td>
<td>93</td>
<td>-40%</td>
</tr>
</tbody>
</table>

How is Metrolink doing?
- Target was met.
- Complaints about customer communications per 100,000 boardings decreased by 37% from a year earlier.

Why did performance change?
- Complaints about customer communications decreased to 93 from 156 in the same period a year earlier.
- Complaints received were more numerous last year following the October 2015 schedule change.
- Historically, communication complaints represent only a minor percentage of overall customer complaints, but they are the second highest complaint category received on social media.
- Starting in May 2016, social media feedback was reported in combination with the comments program. Communication complaints are largely about the lack of or untimely notification of delays and/or track changes.

Key initiatives to improve performance
- Increase methods of communication to customer, i.e. Mobile App alert integration.
- Real-time and automated notification / updates via station message boards, social media, website, mobile application.

Communications Complaints per 100,000 Boardings - Historical Trend
### Key Performance Indicators
First Quarter FY2016

#### Table 1. ALL FEEDBACK ORIGIN TOTALS

<table>
<thead>
<tr>
<th>CASE ORIGIN</th>
<th>Jan-16</th>
<th>Feb-16</th>
<th>Mar-16</th>
<th>Apr-16</th>
<th>May-16</th>
<th>Jun-16</th>
<th>Jul-16</th>
<th>Aug-16</th>
<th>Sep-16</th>
<th>Oct-16</th>
<th>Nov-16</th>
<th>Dec-16</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Phone</td>
<td>468</td>
<td>428</td>
<td>537</td>
<td>581</td>
<td>441</td>
<td>587</td>
<td>616</td>
<td>524</td>
<td>478</td>
<td>476</td>
<td>350</td>
<td>307</td>
<td>5793</td>
</tr>
<tr>
<td>Web</td>
<td>362</td>
<td>435</td>
<td>527</td>
<td>545</td>
<td>461</td>
<td>482</td>
<td>377</td>
<td>405</td>
<td>394</td>
<td>476</td>
<td>306</td>
<td>265</td>
<td>5035</td>
</tr>
<tr>
<td>Letter</td>
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<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>In Person</td>
<td>62</td>
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<td>11</td>
<td>3</td>
<td>0</td>
<td>2</td>
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<td>2</td>
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<td>1</td>
<td>96</td>
</tr>
<tr>
<td>Social Media</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>2100</td>
<td>2112</td>
<td>3533</td>
<td>2778</td>
<td>2565</td>
<td>2507</td>
<td>2222</td>
<td>3350</td>
<td>21167</td>
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<tr>
<td>CEO</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>15</td>
<td>1</td>
<td>41</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>895</td>
<td>882</td>
<td>1079</td>
<td>1134</td>
<td>3005</td>
<td>3198</td>
<td>4537</td>
<td>3713</td>
<td>3447</td>
<td>3464</td>
<td>2895</td>
<td>3926</td>
<td>32175</td>
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</table>

#### Table 2. CLASSIFICATION TOTALS - Web / Phone / Social Media COMBINED

<table>
<thead>
<tr>
<th>Classification</th>
<th>Jan-16</th>
<th>Feb-16</th>
<th>Mar-16</th>
<th>Apr-16</th>
<th>May-16</th>
<th>Jun-16</th>
<th>Jul-16</th>
<th>Aug-16</th>
<th>Sep-16</th>
<th>Oct-16</th>
<th>Nov-16</th>
<th>Dec-16</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMENTS</strong></td>
<td>586</td>
<td>472</td>
<td>626</td>
<td>644</td>
<td>2382</td>
<td>2621</td>
<td>2823</td>
<td>1933</td>
<td>1749</td>
<td>1973</td>
<td>1588</td>
<td>1209</td>
<td>18606</td>
</tr>
<tr>
<td>% of TOTAL CLASSIFIED</td>
<td>59.4</td>
<td>53.5</td>
<td>55.2</td>
<td>50.6</td>
<td>58.9</td>
<td>59.2</td>
<td>61.1</td>
<td>50.7</td>
<td>49.9</td>
<td>55.3</td>
<td>54.0</td>
<td>30.5</td>
<td>52.9</td>
</tr>
<tr>
<td><strong>COMPLAINTS</strong></td>
<td>382</td>
<td>396</td>
<td>475</td>
<td>600</td>
<td>1438</td>
<td>1579</td>
<td>1283</td>
<td>1329</td>
<td>965</td>
<td>1269</td>
<td>1070</td>
<td>982</td>
<td>11768</td>
</tr>
<tr>
<td>% of TOTAL CLASSIFIED</td>
<td>38.7</td>
<td>44.9</td>
<td>41.9</td>
<td>47.1</td>
<td>35.5</td>
<td>35.6</td>
<td>27.8</td>
<td>34.9</td>
<td>27.5</td>
<td>35.5</td>
<td>36.4</td>
<td>24.8</td>
<td>33.5</td>
</tr>
<tr>
<td><strong>COMMENDATIONS</strong></td>
<td>18</td>
<td>14</td>
<td>33</td>
<td>29</td>
<td>226</td>
<td>230</td>
<td>515</td>
<td>551</td>
<td>790</td>
<td>328</td>
<td>284</td>
<td>1774</td>
<td>4792</td>
</tr>
<tr>
<td>% of TOTAL CLASSIFIED</td>
<td>1.8</td>
<td>1.6</td>
<td>2.9</td>
<td>2.3</td>
<td>5.6</td>
<td>5.2</td>
<td>11.1</td>
<td>14.5</td>
<td>22.5</td>
<td>9.2</td>
<td>9.7</td>
<td>44.7</td>
<td>13.6</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>986</td>
<td>882</td>
<td>1134</td>
<td>1273</td>
<td>4046</td>
<td>4430</td>
<td>4621</td>
<td>3813</td>
<td>3504</td>
<td>3570</td>
<td>2942</td>
<td>3965</td>
<td>35166</td>
</tr>
</tbody>
</table>

#### Table 3. TOP 5 COMPLAINTS - Web / Phone / Social Media COMBINED

<table>
<thead>
<tr>
<th>Month</th>
<th>#1</th>
<th>#2</th>
<th>#3</th>
<th>#4</th>
<th>#5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-16</td>
<td>OTP - 144</td>
<td>TVM - 59</td>
<td>Policies - 45</td>
<td>*Comm. - 39</td>
<td>Schedules - 16</td>
</tr>
<tr>
<td>Apr-16</td>
<td>OTP - 190</td>
<td>Crowding - 89</td>
<td>Schedules - 86</td>
<td>Residential - 44</td>
<td>Policies - 35</td>
</tr>
<tr>
<td>May-16</td>
<td>OTP - 549</td>
<td>*Comm. - 127</td>
<td>Schedules - 104</td>
<td>TVM - 92</td>
<td>Personnel - 50</td>
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<tr>
<td>Jun-16</td>
<td>OTP - 736</td>
<td>*Comm. - 249</td>
<td>Personnel - 81</td>
<td>Schedules - 102</td>
<td>Fares - 51</td>
</tr>
<tr>
<td>Jul-16</td>
<td>OTP - 702</td>
<td>*Comm. - 279</td>
<td>Personnel - 92</td>
<td>Equipment - 78</td>
<td>Schedules - 57</td>
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<td>Aug-16</td>
<td>OTP - 491</td>
<td>*Comm. - 189</td>
<td>Equipment - 74</td>
<td>Personnel - 74</td>
<td>Policies - 68</td>
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<tr>
<td>Sep-16</td>
<td>OTP - 453</td>
<td>*Comm. - 194</td>
<td>Schedules - 69</td>
<td>Comfort - 69</td>
<td>Equipment - 60</td>
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<tr>
<td>Oct-16</td>
<td>OTP - 571</td>
<td>*Comm. - 325</td>
<td>Schedules - 95</td>
<td>Crowding - 74</td>
<td>Comfort - 70</td>
</tr>
<tr>
<td>Nov-16</td>
<td>OTP - 524</td>
<td>*Comm. - 280</td>
<td>Policies - 50</td>
<td>Crowding - 36</td>
<td>Comfort - 34</td>
</tr>
<tr>
<td>Dec-16</td>
<td>OTP - 504</td>
<td>*Comm. - 256</td>
<td>Equipment - 59</td>
<td>Policies - 64</td>
<td>Personnel - 55</td>
</tr>
</tbody>
</table>

* "Comm." = Communication to Passengers
Assets (Condition of Assets)
The Authority uses FTA’s 5-point condition scale to estimate the current physical condition of all transit assets. Specifically, condition scale uses asset decay curves to estimate the current condition of each asset and based on the asset’s type, age and useful life. The decay curves rating asset condition using FTA’s 5-point condition scale, which runs from excellent (5), through good (4), adequate (3), marginal (2) and poor (1).

<table>
<thead>
<tr>
<th>Rating</th>
<th>Condition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Excellent</td>
<td>No visible defects, near new condition</td>
</tr>
<tr>
<td>4</td>
<td>Good</td>
<td>Some (slightly) defective or deteriorated component(s)</td>
</tr>
<tr>
<td>3</td>
<td>Fair</td>
<td>Moderately defective or deteriorated component(s)</td>
</tr>
<tr>
<td>2</td>
<td>Marginal</td>
<td>Defective or deteriorated component(s) in need of replacement Note: Condition 2 indicates an asset (or significant portion of an asset) is close to, or in need of, rehab/replacement and should be considered a pending investment need.</td>
</tr>
<tr>
<td>1</td>
<td>Poor</td>
<td>Asset is past its useful life and is in need of prioritized repair or replacement</td>
</tr>
</tbody>
</table>

Customer Communications Complaints
The metric reflects the total number of customer complaints about Metrolink communications to passengers that have been received through Metrolink’s call center or through online comment. The metric is expressed as complaints per 100,000 boardings which is the industry norm.

Employee Turnover
Benchmark rates calculated annually by the CEB HR Leadership Council, a membership based business services organization.
Key Performance Indicators

On-Time Performance:
Trains that reach their destination within 5 minutes and 59 seconds are considered on-time. The denominator for the OTP percentage calculation is the number of revenue trains scheduled during the reporting period for the appropriate line. The numerator for the calculation is the number of scheduled trains LESS the sum of the number of trains (a) annulled, (b) terminated, and (c) more than five minutes 59 seconds late into their final destination. Special trains, such as extra trains, charter trains, baseball trains, and other promotional trains are excluded from the OTP calculation.

Annulled Trains:
Trains that get canceled at their origin or before they go into service are called “annulled trains.”

Terminated Trains:
Trains that get canceled en-route prior to reaching their final destination are called “terminated trains.”

Significant Delays:
Delay incidents that cause a delay of five or more trains are classified as “significant delays.” Such cascading delays can have a significant impact on train operations, particularly on single track lines.

Responsible Party:
The third party agencies or SCRRRA department that has been identified as the cause for a delay.

Force Majeure:
Delays due to acts of nature, or events outside of Metrolink’s control are considered “Force Majeure” and are excluded from on-time performance calculations.

Delay Type:
Delays are classified by delay type. Each delay type is further categorized by specific delay cause (see Delay Causes).

Fare Revenue
Receipts of passenger fares by sales channel:
- Ticket Vending Machines
- Ticket Window at Union Station
- Corporate Pass Program
- Mobile Ticket purchases
- Pass by Mail
- Group Sales

Fare reimbursements for services provided
- Access Rider Subsidies
- Jury Link transportation reimbursements
- Does not include program subsidies, such as reimbursements for the Antelope Valley Line Fare Reduction Pilot.

GLOSSARY

21
## GLOSSARY

### Key Performance Indicators

#### On-Time Performance: Delay Causes

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<thead>
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<th>Delay Types / Delay Causes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
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<td><strong>OPERATIONS</strong></td>
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</tr>
<tr>
<td>RULES/TEST</td>
<td>Rules Testing/Violations</td>
</tr>
<tr>
<td>CREW</td>
<td>Crew-related issues</td>
</tr>
<tr>
<td>PAX</td>
<td>Passenger other than PNA</td>
</tr>
<tr>
<td>PNA</td>
<td>Passengers needing assistance or ramp</td>
</tr>
<tr>
<td>MEET/PASS</td>
<td>Freight/Passenger Meets and Interference</td>
</tr>
<tr>
<td>RUN TIME</td>
<td>Insufficient Running Time</td>
</tr>
<tr>
<td>HOLD</td>
<td>Hold for Connection or Buses - EXCEPT</td>
</tr>
<tr>
<td>DISPATCH</td>
<td>Mis-route</td>
</tr>
<tr>
<td>PTC OPS</td>
<td>PTC delays</td>
</tr>
<tr>
<td>NEAR MISS</td>
<td>Near Miss</td>
</tr>
<tr>
<td>CONGESTION</td>
<td>Congestion</td>
</tr>
<tr>
<td>SPECIALS</td>
<td>Special Stops/Special Trains</td>
</tr>
<tr>
<td>CASCADE OPS</td>
<td>Cascade delay - Operations' Responsibility</td>
</tr>
<tr>
<td>TERMINATE OPS</td>
<td>Train terminated - Operations' Responsibility</td>
</tr>
<tr>
<td>ANNUL OPS</td>
<td>Train annulled - Operations' Responsibility</td>
</tr>
<tr>
<td><strong>FORCE MAJEURE</strong></td>
<td></td>
</tr>
<tr>
<td>CIVIL AUTH</td>
<td>Civil Authority - chase suspect, etc</td>
</tr>
<tr>
<td>HEAT ORDER</td>
<td>Heat Restrictions</td>
</tr>
<tr>
<td>SAFETY</td>
<td>Safety/Security/Threats</td>
</tr>
<tr>
<td>VANDALISM</td>
<td>Vandalism, cut wires</td>
</tr>
<tr>
<td>PED STRIKE</td>
<td>Train vs Ped/trespasser</td>
</tr>
<tr>
<td>AUTO</td>
<td>Auto on tracks, Trains vs Auto</td>
</tr>
<tr>
<td>FIRE</td>
<td>Wayside Fire</td>
</tr>
<tr>
<td>WEATHER</td>
<td>Weather/snow/flood</td>
</tr>
<tr>
<td>WIND</td>
<td>Winds, wind restrictions</td>
</tr>
<tr>
<td>EARTHQUAKE</td>
<td>Earthquake - restrictions or stoppage</td>
</tr>
<tr>
<td>ML BLOCKED</td>
<td>Main line blocked</td>
</tr>
<tr>
<td>CASCADE FM</td>
<td>Cascade delay as a result of Force Majeure</td>
</tr>
<tr>
<td>TERMINATE FM</td>
<td>Train terminated as a result of Force Majeure</td>
</tr>
<tr>
<td>ANNUL FM</td>
<td>Train annulled as a result of Force Majeure</td>
</tr>
<tr>
<td><strong>UPRR</strong></td>
<td></td>
</tr>
<tr>
<td>DISPATCH</td>
<td>Dispatch miscroute/no signal/no bulletins</td>
</tr>
<tr>
<td>TRACK/SEG</td>
<td>Track/signal/speed restrictions/unannounced flag</td>
</tr>
<tr>
<td>MEET/PASS</td>
<td>Freight interference</td>
</tr>
<tr>
<td>RULES/TEST</td>
<td>Rules testing/violations</td>
</tr>
<tr>
<td>CASCADE UPRR</td>
<td>Cascade delay - Union Pacific Railroad's Responsibility</td>
</tr>
<tr>
<td>TERMINATE UPRR</td>
<td>Train terminated - Union Pacific Railroad's Responsibility</td>
</tr>
<tr>
<td>ANNUL UPRR</td>
<td>Train annulled - Union Pacific Railroad's Responsibility</td>
</tr>
<tr>
<td>FM UPRR</td>
<td>Force Majeure on UPRR (not with ML Train)</td>
</tr>
<tr>
<td><strong>NCTD</strong></td>
<td></td>
</tr>
<tr>
<td>DISPATCH</td>
<td>Dispatch miscroute/no signal/no bulletins</td>
</tr>
<tr>
<td>TRACK/SEG</td>
<td>Track/signal/speed restrictions/unannounced flag</td>
</tr>
<tr>
<td>MEET/PASS</td>
<td>Freight interference</td>
</tr>
<tr>
<td>RULES/TEST</td>
<td>Rules and testing/violations</td>
</tr>
<tr>
<td>CASCADE NCTD</td>
<td>Cascade delay - NCTD's Responsibility</td>
</tr>
<tr>
<td>TERMINATE NCTD</td>
<td>Train terminated - NCTD's Responsibility</td>
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<tr>
<td>ANNUL NCTD</td>
<td>Train annulled - NCTD's Responsibility</td>
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<tr>
<td>FM NCTD</td>
<td>Force Majeure on the NCTD Railroad (not with ML Train)</td>
</tr>
<tr>
<td><strong>BNSF</strong></td>
<td></td>
</tr>
<tr>
<td>DISPATCH</td>
<td>Dispatch miscroute/no signal/no bulletins</td>
</tr>
<tr>
<td>TRACK/SEG</td>
<td>Track/signal/speed restrictions/unannounced flag</td>
</tr>
<tr>
<td>MEET/PASS</td>
<td>Freight interference</td>
</tr>
<tr>
<td>RULES/TEST</td>
<td>Rules and testing/violations</td>
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<td>CASCADE BNSF</td>
<td>Cascade delay - BNSF's Responsibility</td>
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<td>ANNUL BNSF</td>
<td>Train annulled - BNSF's Responsibility</td>
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<td>Force Majeure on the BNSF Railroad (not with ML Train)</td>
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<td>ANNUL METRO</td>
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<td><strong>INTER-CITY AMTRAK</strong></td>
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<td>MEET/PASS</td>
<td>Following or meet with Amtrak</td>
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<td>MECHANICAL ISSUES</td>
<td>Amtrak mechanical issues</td>
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<td>Rules and testing/violations</td>
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<td>Air System</td>
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<td>Air Brake system</td>
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<td>HEP</td>
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<td>Late Release</td>
<td>Late Release</td>
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<td>CASCADE - Mechanical Related</td>
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<td>MECHANICAL-ANNULLED</td>
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</table>

#### Delay Types / Delay Causes

<table>
<thead>
<tr>
<th>Delay Types / Delay Causes</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>MECHANICAL-CAB CAR</strong></td>
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<td>Air Brake system</td>
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<tr>
<td>Door Problem</td>
<td>Door Problem</td>
</tr>
<tr>
<td>HVAC</td>
<td>HVAC</td>
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<tr>
<td>Restroom</td>
<td>Restroom</td>
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<tr>
<td>No Load/Electrical</td>
<td>No Load/Electrical</td>
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<tr>
<td>Dead Batteries</td>
<td>Dead Batteries</td>
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<tr>
<td>Running Gear</td>
<td>Running Gear</td>
</tr>
<tr>
<td>Cascade - Mechanical Related</td>
<td>Cascade - Mechanical Related</td>
</tr>
<tr>
<td>MECHANICAL-TERMINATED</td>
<td>Mechanical Terminated</td>
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<td><strong>MECHANICAL-CONTRACT CAR</strong></td>
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<td>Air Brake system</td>
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<td>Door Problem</td>
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<td>HVAC</td>
<td>HVAC</td>
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<td>Restroom</td>
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<td>Dead Batteries</td>
<td>Dead Batteries</td>
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<tr>
<td>Running Gear</td>
<td>Running Gear</td>
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<td>Cascade - Mechanical Related</td>
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<td>Door Problem</td>
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<td>Running Gear</td>
<td>Running Gear</td>
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<td>Late Release</td>
<td>Late Release</td>
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<td>Cascade - Mechanical Related</td>
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<tr>
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<td>ROUGH TRACK</td>
<td>Restrictions</td>
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<td>LATE RELEASE</td>
<td>Late release of Track and Time</td>
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<td>FORM A</td>
<td>SPEED RESTRICTION</td>
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<tr>
<td>FORM B</td>
<td>Delays due to Form B restrictions, EIC</td>
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<tr>
<td>UNANNOUNCED FLAG</td>
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<tr>
<td>CASCADE TRACK</td>
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</tr>
<tr>
<td>TERMINATE TRACK</td>
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</tr>
<tr>
<td>ANNUL TRACK</td>
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<tr>
<td><strong>SIGNAL</strong></td>
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<tr>
<td>Lamp Out</td>
<td>Signal dark or downgraded</td>
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<tr>
<td>Signal Not Clearing</td>
<td>Red signal</td>
</tr>
<tr>
<td>Switch Failure</td>
<td>Crew needed to hand throw</td>
</tr>
<tr>
<td>Track Indication</td>
<td>Flaged block</td>
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<tr>
<td>Detector Malfunction</td>
<td>Detector announced Malfunction *</td>
</tr>
<tr>
<td>Signal - Cascade</td>
<td></td>
</tr>
<tr>
<td>Signal - Annulled</td>
<td></td>
</tr>
<tr>
<td>Signal - Terminated</td>
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<tr>
<td><strong>CROSSING</strong></td>
<td></td>
</tr>
<tr>
<td>Broken Gate</td>
<td>Crew verified</td>
</tr>
<tr>
<td>Activation - Unknown</td>
<td>Working but poor reception Passenger station</td>
</tr>
<tr>
<td>Nothing Found</td>
<td>Crossing - Terminated</td>
</tr>
<tr>
<td>Crossing - Casscade</td>
<td>Crossing - Terminated</td>
</tr>
<tr>
<td>Crossing - Annulled</td>
<td>Crossing - Terminated</td>
</tr>
<tr>
<td>Crossing - Terminated</td>
<td>Crossing - Terminated</td>
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<tr>
<td><strong>COMMUNICATIONS</strong></td>
<td></td>
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<tr>
<td>Code Line Failure MOO Office Radio</td>
<td>Brown out at specific location(s) - not system wide Problem with AVTEC</td>
</tr>
<tr>
<td>Voice Radio Customer Info System Com - Cascade</td>
<td>Working but poor reception Passenger station</td>
</tr>
<tr>
<td>Com - Annulled</td>
<td>Crossing - Terminated</td>
</tr>
<tr>
<td>Com - Terminated</td>
<td>Crossing - Terminated</td>
</tr>
<tr>
<td><strong>CAD</strong></td>
<td></td>
</tr>
<tr>
<td>Local Pod Equipment</td>
<td>Problem with Dispatch work station</td>
</tr>
<tr>
<td>System Failure</td>
<td>System wide failure of CAD system</td>
</tr>
<tr>
<td>Train Sheets</td>
<td>No or inaccurate Train sheet information</td>
</tr>
<tr>
<td>Train ID Tracking</td>
<td>Train ID does not track properly</td>
</tr>
<tr>
<td>CAD - Casscade</td>
<td></td>
</tr>
<tr>
<td>CAD - Annulled</td>
<td></td>
</tr>
<tr>
<td>CAD - Terminated</td>
<td></td>
</tr>
<tr>
<td><strong>PTC</strong></td>
<td></td>
</tr>
<tr>
<td>PTC Delays</td>
<td>all enforcements, red fenses, IT problems</td>
</tr>
<tr>
<td>PTC Cascades</td>
<td>Cascade delays from PTC events</td>
</tr>
</tbody>
</table>
Key Performance Indicators

GLOSSARY

Passenger Miles

Passenger Miles reflect the cumulative distance traveled by ticketed passengers on Metrolink trains. The metric is calculated based on ticket sales. It calculates the actual distance traveled by train between origin station and destination stations and the estimated number of linked trips taken with each sold fare product.

Estimated linked trips are calculated using ticket-type specific trip-multipliers. Total passenger miles divided by the number of linked trips returns the average length of a passenger trip.

Passenger miles calculated for this metric are based on actual ticket sales and reflect paid trips only. Unticketed or free ridership is not included. This metric differs from the total passenger miles reported annually to FTA’s National Transit Database. FTA mandates a different methodology that includes both paid and unpaid ridership, and that is not valid at the route level.

Passenger miles are an important input in financial performance indicators, such as ticket yield (fare revenue per passenger mile).

Ridership (Passenger trips)

Linked Trips

Passenger trips can be measured in two ways called linked trips and unlinked trips. Linked trips are an entire journey from origin station to the destination station. If a traveler transfers between two trains, it is still only one linked trip. Linked passenger trips directly correspond to ticket sales based on origin and destination stations, no matter how many transfer stations or trains are necessary to complete the trip. Linked trips reflect person trips and most closely resemble individual riders.

Unlinked Trips

The other way to measure trips is unlinked trips, or boardings, where a new trip is counted each time a passenger boards a transit vehicle. If a rider takes a train and then transfers to another train to reach a destination, the rider takes only one linked trip but takes two unlinked trips, one on each train. (http://www.apta.com/resources/statistics/Documents/FactBook/2015-APTA-Fact-Book.pdf).

The estimate of passenger trips reflects ticketed riders only and does not include free ridership, such as children under six years of age, uniformed police officers, employees, fare evaders, and promotional tickets.

Station Boardings

Station boardings represent an estimate of the total number of passengers boardings for an average weekday. The figure does not reflect alightings which are roughly equal to the number of boardings for most stations. The number of boardings is calculated based on the origin and destination information from Metrolink fare media sales. Passengers transferring between two trains at an intermediate station are not counted as station boardings. Trips taken on passes without defined destination stations, such as Weekend Passes, are counted at the origin station only.

Targets

Quarterly performance targets are set by policy (e.g. on-time performance) or by departmental objectives (e.g. accident rates). Performance targets linked to the annual budget are reported as year-to-date performance during the fiscal year.

Transit Transfers

Transit transfers reflect reported transfers of Metrolink customers to and from connecting transit services. Reported transfers are unaudited and are based on invoices for services provided and include only operators covered by an inter-agency transfer agreement.
TRANSMITTAL DATE:   March 17, 2017
MEETING DATE:   March 24, 2017            ITEM 27
TO:    Board of Directors
FROM:   Arthur T. Leahy
SUBJECT:  Tier 4 Locomotive Delivery Schedule Update

Issue
Staff is presenting an updated Tier 4 project schedule and additional information on required qualification testing.

Recommendation
The Board may receive and file this report.

Strategic Goal Alignment
This report aligns with the strategic goal to retain and grow ridership. Equipment reliability and availability is an important aspect of maintaining customer satisfaction.

Alternative
The Board may request additional information.

Background
At the January 27, 2017 Board meeting, staff, along with an Electro-Motive Diesel/Progress Rail (EMD) representative, provided an updated delivery schedule which showed that four Tier 4 units had been delivered. The Board was informed that staff submitted the EMD test plan to the Federal Railroad Association (FRA) on December 22, 2016 and the FRA had a 30-day minimum time frame to respond. At that meeting, the Board requested that the next update include plans for the replacement of the engines as well as plans for long-term expansion needs.

Replacement of Locomotives
Given its funding partnership with the South Coast Air Quality Management District (SCAQMD), the Authority was able to make significant investment in new, cleaner
locomotives. At this time, staff does not plan to expand the locomotive fleet beyond the 40 Tier 4 units purchased. As the new Tier 4 locomotives are introduced, the old units must be removed from service and destroyed on a one-to-one basis by cutting a hole in the crankcase of diesel engines within the old units as required by the SCAQMD. The remaining hulks will be sold. Current discussions include the possibility of the buyer removing and destroying the diesel engines.

Discussion

EMD has now delivered four locomotives: unit numbers 905, 908, 909 and 910. Staff previously reported design concerns with the side ladder configuration. Since then, a local, District 7, FRA representative has inspected the modifications and taken no exceptions. However, final approval must come from the FRA Office of Railroad Safety in Washington, DC. A comprehensive report was submitted for their review on February 10; staff awaits their favorable response.

The F125 model type must be tested and validated on Metrolink trackage to meet Federal regulations. Staff is currently in discussions with the FRA regarding the specifics of the test plan. Feedback from the FRA indicated that some elements of the test plan required greater detail, that some additional tests should be added, and suggested submission of a revised test plan once these tasks were completed. Staff submitted the revised test plan on February 15, and model testing is expected to begin in mid- to late March and continue for six to eight weeks.

Next Steps

Over the course of the next several weeks staff will follow up with FRA to obtain approval status on the revised test plan. Staff continue to provide the Board with delivery updates and any impacts to the delivery schedule, if necessary.

Attachments A and B provide an updated delivery schedule for information.

Budget Impact

There is no budgetary impact as a result of this report.

Prepared by: Anthony Neil Brown, Program Manager, Fleet
Richard Tripoli, Director, Maintenance of Equipment

Kimberly Yu
Deputy Chief Operating Officer
(Planning and Project Delivery)

Gary Lettengarver
Chief Operating Officer
## ATTACHMENT A

**UPDATED EMD/PROGRESS RAIL LOCOMOTIVE DELIVERY SCHEDULE***

<table>
<thead>
<tr>
<th>Road Number</th>
<th>Delivery Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>905</td>
<td>6/16/2016</td>
<td>Unit in Los Angeles</td>
</tr>
<tr>
<td>908</td>
<td>1/10/2017</td>
<td>Unit in Los Angeles</td>
</tr>
<tr>
<td>909</td>
<td>1/20/2017</td>
<td>Unit in Los Angeles</td>
</tr>
<tr>
<td>910</td>
<td>1/20/2017</td>
<td>Unit in Los Angeles</td>
</tr>
<tr>
<td>911</td>
<td>3/6/2017</td>
<td>Unit in Los Angeles (Delivered 2/18/17)</td>
</tr>
<tr>
<td>912</td>
<td>3/13/2017</td>
<td>Shipped 2/17/2017</td>
</tr>
<tr>
<td>913</td>
<td>3/13/2017</td>
<td>Shipped 2/17/2017</td>
</tr>
<tr>
<td>906</td>
<td>3/1/2017</td>
<td>Unit fully assembled but in primer. Will ship from Pueblo, NM to Muncie for final paint when Transportation Test Center Inc. (TTCI) testing concludes</td>
</tr>
<tr>
<td>914</td>
<td>3/13/2017</td>
<td>Shipped 2/17/2017</td>
</tr>
<tr>
<td>915</td>
<td>3/27/2017</td>
<td>Scheduled to ship 3/13/17</td>
</tr>
<tr>
<td>916</td>
<td>4/11/2017</td>
<td>Scheduled to ship 3/28/17</td>
</tr>
<tr>
<td>917</td>
<td>4/28/2017</td>
<td>Scheduled to ship 4/14/17</td>
</tr>
<tr>
<td>903</td>
<td>7/6/2017</td>
<td>Unit fully assembled and currently in LaGrange, IL undergoing final validation tests. Will ship 6/22/17</td>
</tr>
<tr>
<td>918</td>
<td>5/10/2017</td>
<td>Scheduled to ship 4/26/17</td>
</tr>
<tr>
<td>919</td>
<td>5/24/2017</td>
<td>Scheduled to ship 5/10/17</td>
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<tr>
<td>920</td>
<td>6/7/2017</td>
<td>Scheduled to ship 5/24/17</td>
</tr>
<tr>
<td>921</td>
<td>6/22/2017</td>
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<tr>
<td>922</td>
<td>7/6/2017</td>
<td>Scheduled to ship 6/22/17</td>
</tr>
<tr>
<td>923</td>
<td>7/14/2017</td>
<td>Scheduled to ship 6/30/17</td>
</tr>
</tbody>
</table>

* As of 2/13/17
ATTACHMENT B
Unit Delivery Schedule

NOTE:
1. This is a projected delivery schedule provided by the supplier.
2. Delivery date is not the same as acceptance or in-service date. Acceptance and in-service dates will lag somewhat due to required operational testing.
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017
ITEM 28

TO:    Board of Directors
FROM:   Arthur T. Leahy
SUBJECT: New Bike / Surfboard Cars Pilot Program

Issue

In response to requests from key stakeholders and members of the Board, Bike Cars are being converted to Bike / Surfboard Cars to allow riders to bring surfboards onboard Metrolink trains. The project will be completed by early May 2017.

Recommendation

The Board may receive and file this report.

Alternative

The Board may request additional information.

Strategic Goal Alignment

The installation of surfboard nets allows for a new population of riders to use Metrolink. This supports the goal of retaining and growing ridership.

Background

In May 2012, the Authority launched summer beach trains that transport weekend riders to select Orange County beaches, most of which have close access to surfing locations. Following the beach service implementation, the Authority received requests from Senator Roth, Director Leon and a young surfer / rider, urging Metrolink to allow surfboards on the trains.

As additional background, the Expo Line service was extended to Santa Monica beaches in 2012, Metro offered to transport surfboards on Light Rail and Subway trains.
Equipment

42 bike cars in the Metrolink fleet have already had compartments prepared to apply surfboard nets, if required. In anticipation, Metrolink ordered and took delivery of enough surfboard nets to complete the 42 bike car installation. The installation can be completed by May 6 2017. Interior decals and user guide with surfboard rules will be ordered and should be installed by early May 2017.

Training

All Metrolink crews, staff and security will be trained on the new rules and guidelines. All Manuals and guidelines will be updated.

Marketing and Promotion

Staff will develop and run a marketing campaign promoting the new surfboard carriers for the start of the warmer summer months targeting beachgoers and the general surfing community. Staff also intends to hold a media event in May 2017 to promote the launch of the surfboard carriers on the new Bike/Board Cars.

Next Steps

Staff will monitor this particular ridership market and determine the utilization rate of these surfboard carriers. Moreover, staff will provide additional information that would advise the Board on the effectiveness of this program in encouraging new ridership.

Budget Impact

The costs for the surfboard nets, installation, decals for train cars and training costs are included in the FY2016-17 Operating budget.

Prepared by: Yena Jeon, Social Media Specialist
Rod Bailey, Deputy Chief Operating Officer (Dispatch and Operator Services)

Gary Lettengarver
Chief Operating Officer

Patricia Torres Bruno
Chief of External Affairs
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017
ITEM 29

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Mobile and Online (Web Based) Ticketing Project Update

Issue

Staff is providing an update on the progress to date and key milestones associated with the delivery of the Mobile and Online Ticketing Project.

Recommendation

The Board may receive and file this report.

Strategic Goal Alignment

This report aligns primarily with the strategic goal to improve communications to customers and stakeholders.

Background

At previous Board meetings, staff provided an overview of the project plan that focused on the three phases of mobile/online ticketing deployment along with the marketing plan for the project. Since the last status update to the Board on February 10, 2017, the following provides the status of the milestones in the three phases of the project.

Phase 1: Inspect App

Fare inspection scanning has been operating since July 2015. Scanning of paper and mobile tickets is an essential component of fare enforcement. Metrolink fare enforcement staff is scanning nearly 30% of average daily ridership on our system. Weekly reports are distributed to management to track scanning by individual. The training and reporting efforts have steadily increased the number of scans on our system.
Phase 2: Metrolink App

The Metrolink App continues to have strong usage, particularly on the IEOC line, which does not have a connection with the Los Angeles Country Metropolitan Transportation Authority (Metro) Light-Rail and Subway system.

Below is a chart that represents the system wide percent of ticket sales through the Metrolink App month over month since April 2016. The data below is as of February 28, 2017.

Adoption Rate Based on Ticket Revenue from April 1, 2016 to February 28, 2017

<table>
<thead>
<tr>
<th></th>
<th>APR-16</th>
<th>MAY-16</th>
<th>JUN-16</th>
<th>JUL-16</th>
<th>AUG-16</th>
<th>SEP-16</th>
<th>OCT-16</th>
<th>NOV-16</th>
<th>DEC-16</th>
<th>JAN-17</th>
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<tbody>
<tr>
<td>Usage</td>
<td>9%</td>
<td>12%</td>
<td>14%</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td>19%</td>
<td>19%</td>
<td>20%</td>
<td>19%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Excludes Corporate Partner Program Revenue

A Metrolink App update occurred in late February and included updates to the app icon, additional rider tools to promote connectivity and a fare enforcement feature that easily identifies if a ticket was recently activated.

Staff continues to receive customer comments and questions about future enhancements. Currently, passengers who connect to the Los Angeles County Metropolitan Transportation Authority (Metro) Rail and Corporate Quick Card users should continue to use paper tickets until enhancements are completed. Mobile ticket users can transfer to all bus operators that currently accept Metrolink paper tickets, including the Metro Bus system. Mobile ticket users simply show the bus operator an activated mobile ticket for visual inspection.
Phase 3: Metro Rail TAP Gate Integration (Optic Reader Installation)

Phase 3 of the mobile ticketing project includes integration of the mobile application with Metro Rail Transit Access Pass (TAP) gates using optic readers. Cubic, Metro, Masabi have Metrolink have been having weekly meetings to discuss the deliverables for this project. The next step is for a team to test a prototype to analyze how the optic reader will perform in the Tap lab and stations. Once accepted, full production and installment will take place. This phase is behind schedule by six weeks due to contracting discussions, however, the project is now moving forward.

Attachment A reflects the project schedule timeline.

Budget Impact

There is no budgetary impact as a result of this status report.

Prepared by: Mark Waier, Manager, Marketing and Sales

Patricia Torres Bruno
Chief of External Affairs
# MOBILE/ONLINE TICKET PROJECT SCHEDULE

## Project Kickoff & Initiation
- **Notice to Proceed**: May 4, 2015

## Phase 1: Application for Ticket Scanning
- **July, 2015**

## Phase 2: Metrolink App
- **IEOC Beta Test**: November, 2015
- **Live IEOC Line Rollout**: March 1, 2016
- **Full System-wide Rollout (No Metro Rail Transfer)**: March 31, 2016
- **Angels Express Tickets Available**: March 31, 2016
- **Fare Change/ PV Stations Added**: June 6, 2016
- **Email Confirmation Update**: June 15, 2016
- **Change Pedley Station to Jurupa Valley/Pedley**: October 3, 2016
- **Adding service alerts, schedule and ticket info**: October 11, 2016
- **Email Subscription Integration**: October 11, 2016
- **Uber/Lyft/Rideshare Integration**: October 11, 2016
- **Amtrak Scanning for R2R Passengers**: December 10, 2016
- **Self Service Refund**: December 10, 2016
- **Adding Rider Tool Enhancements**: February 28, 2017
- **Fare Enforcement Enhancements**: February 28, 2017
- **Purchase Ticket Online and Display in App**: March 31, 2017
- **Corporate Quick Card Integration**: May, 2017
- **Print at Home Ticket**: July, 2017
- **Multi-Language**: November, 2017
- **Apple Pay Integration**: To Be Determined

## Phase 3: Metro Gate Integration
- **Masabi Contract Amendment Approved**: February, 2016
- **Cubic Contract for Optical Readers**: October 28, 2016
- **Tap Lab/ Station Trial**: April, 2017
- **In-Station Production Pilot**: June, 2017
- **All Station Rollout - START**: June, 2017
- **Gate Integration Complete**: August, 2017
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Procurement of Fare Collection Systems (Kiosk/Ticket Vending Machine) Update

**Issue**

Staff is providing an update on the procurement of the fare collection systems.

**Recommendation**

The Board may receive and file this report.

**Alternative**

The Board may request additional information.

**Strategic Goal Alignment**

This report aligns with the strategic goal to *invest in people and assets and retain and grow ridership* by investing in a fare collections system that is flexible and can interface with third-party systems in the future.

**Background**

In January 2017, staff hired CH2M as our new technical consultants to assist with the development and implementation of an open architecture / account-based next generation fare collections solution. CH2M has extensive experience developing next generation fare collection systems including:

- Portland TriMet,
- New York Metro North/Long Island Railroad (LIRR),
- San Diego Metropolitan Transit System (MTS),
- Orange County Transportation Authority (OCTA),
- Honolulu Rail Transit (HART), and
- several other transit agencies across the country.
Procurement of Fare Collection Systems (Kiosk/Ticket Vending Machine) Update
Transmittal Date: March 17, 2017           Meeting Date: March 24, 2017

Staff and CH2M have since conducted internal workshops and expedited a revised fare collections scope of work (SOW). The revised scope of work (SOW) refines existing requirements and adds new ones that have proven useful in the transit industry. Staff also reached out to 10 ticket vending machine (TVM) vendors for hardware and software product information, and to schedule demonstrations. In addition, staff asked the vendor pool to assess the impact on hardware configuration and costs in regards to dispensing Amtrak tickets.

Most vendors responded to staff’s inquiry with configurable TVM hardware options. The vendors identified the hardware components and features as the primary cost drivers, not necessarily the size of the device. Furthermore, many of the compact, kiosk-style TVMs are best suited for indoor, covered locations and may not meet transit environmental or security requirements. In addition, while some vendors offer different TVM sizes / form factors for cash and cashless usage, all vendors provide configurable solutions to enable cash and cashless functionality. Again, the cost of the device is more dependent on the components and features rather than the size / form factor. The mid-sized and larger devices are generally capable of dispensing multiple ticket types, whereas the smaller devices may not be able to accommodate multiple ticket stocks.

Back in April 2005, the Authority and Amtrak signed a 10-year agreement for a total value of $1,509,000. This agreement allowed for Amtrak tickets to be dispensed by the Authority’s ticket vending machines (TVMs). The agreement between the two agencies expired in 2015 and the recent initial discussions with Amtrak indicated that they are still interested in continuing the partnership with the Authority. Although the contract has expired, Amtrak is still paying the Authority to have their tickets dispensed from TVMs. Currently the Authority’s TVMs are still integrated with Amtrak’s Arrow system. Staff is having ongoing discussions with Amtrak regarding the partnership and their financial commitment for the upcoming fare collection systems request for proposal (RFP).

Staff also received a request from the Los Angeles County Metropolitan Transportation Authority (Metro) to retrieve Access Services ridership data that use the Authority’s trains. Currently, an Access Services rider boards a Metrolink train without a ticket, and use their Access Services card as a flash pass upon inspection. This process is intended to generate ridership data and enforce the current fare policy, whereby Access Services riders are not charged for travel within Los Angeles County, but are required to pay for travel outside of Los Angeles County. The Access Services integration with the TVMs will potentially require smartcard or near field communication (NFC) readers and interface with the TAP Cubic system, which may impact system cost, duration, and risk. Staff is exploring the different available technologies and the feasibility to implement this request.

Given the potential integration challenges, staff plans to procure a proven, low-cost TVM from a large vendor pool that meets the Authority’s requirements and that will have the flexibility for future features and integrations while trying to mitigate costly and high risk integrations that provide limited benefit.
Next Steps

Staff anticipates releasing RFP late April to early May 2017.

As information to the Board, the following restriction shall be effective on the date of the issuance of the RFP:

Pursuant to California Public Contract Code Section 20216 and Chapter 5.0 titled “Ex Parte Communications with Contractors” of the SCRRA Ethics Policy, when procurement is authorized under Section 130238 of the Public Utilities Code, staff must notify Board members/Alternates in bold type of the following communication restriction:

“NO BOARD MEMBER/ALTERNATE RESPONSIBLE FOR AWARDING A CONTRACT THAT IS SUBJECT TO THE COMPETITIVE NEGOTIATION PROVISIONS OF SECTION 130238 OF THE PUBLIC UTILITIES CODE SHALL ENGAGE IN ANY EX PARTE COMMUNICATION WITH A POTENTIAL CONTRACTOR OR REPRESENTATIVE OF THAT POTENTIAL CONTRACTOR EXCEPT IN WRITING AND PROVIDED THAT THE COMMUNICATION SHALL BE MADE PUBLIC.”

If you have any questions relating to this important prohibition, please contact the Legal Department.

Budget Impact

There is no immediate budget impact resulting from the status report.

Prepared by: Andy Ly, Manager, Special Projects, Fare Collections

Kimberly Yu
Deputy Chief Operating Officer (Planning and Project Delivery)

Gary Lettengarver
Chief Operating Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Ticket Vending Machine Availability and Performance

Issue

Staff is providing an update on ticket vending machine (TVM) availability and performance.

Recommendation

The Board may receive and file this report.

Alternative

The Board may request additional information.

Strategic Goal Alignment

This report aligns with the strategic goal to improve communications to customers and stakeholders. It provides updates related to legacy TVM availability and performance.

Background

TVM maintenance services have been provided by Xerox (formerly ACS Transport Solutions, Inc.) since the installation of the TVM fleet in 2001. The current fleet is programmed to dispense seven channels of ticket stock and is located at each of the 60 Metrolink stations. Overall, the fleet supports dispensing of tickets for over 30 ticketing programs.

A fare collection strategy was adopted on April 22, 2016 which included procurement and deployment of modern fare vending devices. On June 24, 2016 the Board approved the initiation of the public review process for the Title VI fare equity analysis. On September 23, 2016, the Board approved the findings of the Title VI fare equity analysis study.
TVM Availability

TVM availability is measured by the total number of TVMs in service, multiplied by the minutes in a month available for dispensing tickets, minus the unavailable minutes due to failures. TVMs have consistently been averaging a 95% availability since May 2015. For December 2016, and January and February 2017, monthly availability was 98.71%, 98.32%, and 98.40% respectively (see Figure 1). This availability level is consistent with the levels compared to recent months.

Figure 1. TVM Monthly Availability

Monthly work orders for the month of December 2016 totaled 332. The main types of work orders reported were printer errors (91 work orders / 27.8% time unavailable), bill note accepter errors (72 work orders / 34.9% time unavailable) and paper not inserted errors (37 work orders / 18.1% time unavailable).

Monthly work orders for the month of January 2017 totaled 333. The main types of work orders reported were printer errors (68 work orders / 20.4% time unavailable), bill note accepter errors (67 work orders / 20.1% time unavailable) and paper not inserted errors (49 work orders / 14.7% time unavailable).

Monthly work orders for the month of February 2017 totaled 359. The main types of work orders reported were printer errors (72 work orders, 17.97% time unavailable), papers not
inserted errors (69 work orders, 25.6% time unavailable), and bill note accepter errors (51 work orders, 22.1% time unavailable).

Staff continues to hold daily coordination calls with Xerox maintenance staff, as well as additional engagement and communications efforts as necessary for maintaining the TVMs. The goal is to keep both parties updated with any TVM issues that may arise and continue to improve system performance.

**Figure 2. Monthly Work Orders**

The rate of work orders for December 2016 – February 2017 is within the range of the mid 300s, around which the TVM fleet has operated since June 2016.

**Budget Impact**

There is no budgetary impact as a result of this update.

Prepared by: Kelcy Dungo, Specialist, Fare Collections Services
Andy Ly, Manager, Special Projects, Fare Collections Services
Kimberly Yu
Deputy Chief Operating Officer
(Planning and Project Delivery)
Gary Lettengarver
Chief Operating Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017
ITEM 32

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Classification and Compensation Plan Review Update

Issue

Staff is providing an update on the progress to date and key milestones associated with the Classification and Compensation Plan Review.

Recommendation

The Board may receive and file this report.

Strategic Goal Alignment

This report aligns with the strategic goals to *invest in our people and assets* and *improve organizational efficiencies*.

Background

At its December 11, 2015 meeting, the Board authorized the Chief Executive Officer to award Contract No. SP448-16 to Segal Waters Consulting (Segal) for the Authority's Classification and Compensation Plan Review. Segal has completed the initial phases of their review and made recommendations for the Authority's classification analysis. In January 2017, Segal provided the Authority with a draft report of the total compensation market assessment.

Update on Draft Report

In February 2017, Human Resources shared the draft report with all employees to solicit input and feedback on the content of the report. As a result of staff's input and feedback, a number of items were identified as requiring additional review prior to the completion of the full report. Human Resources is working with Segal to address staff concerns and expect to present the final report to the Executive Management and Audit Committee (EMAC) at its May 12, 2017 meeting.
Proposed Implementation Plan

Based on the information in the draft report, Human Resources is proposing the following implementation plan. The Authority is committed to implementing changes according to the schedule below; however any recommendations that may result in a negative impact on employees will be further reviewed and evaluated. The proposed implementation plan may change subject to the receipt of the final report from Segal. Additional information will be included for discussion at the May 12, 2017 EMAC meeting.

Phase I – April 2017
- Include proposed new classification titles in FY2017-18 proposed budget.

Phase II – May/June 2017
- Recommend the following policy changes:
  - Update HR Policy 2.1 to include language on annual salary adjustments as part of the budget process to authorize merit increases for performance-based pay and Cost of Living Adjustments (COLA), with COLAs adjusting corresponding salary ranges.
  - Update HR Policy 2.1 to include a classification maintenance plan that will require a review classifications including updating job descriptions, on an annual basis.
  - Update HR Policy 4.1 to include Veteran’s day to the list of recognized Authority holidays.
- Board to Adopt FY2017-18 Salary Plan as part of budget process.

Phase III – July 2017
- Reassign pay grades for classifications that have been identified by Segal as being under market.
- Reclassify employees to new classifications per Segal’s recommendations, where there is no negative impact to employees in pay or classification.
- Review and evaluate classifications that Segal identified as being over market.

Phase IV – August/September 2017
- Review existing staff salaries and tenure in their current classification’s to address internal pay equity concerns and recommend salary adjustments.

Phase V – January 2018
- Conduct further review and evaluation of existing Salary Plan.

Phase VI – June 2018
- Begin implementation of annual classification maintenance plan, reviewing 20% of all classifications annually, resulting in every classification being reviewed every five years.
Budget Impact

There is no budgetary impact as a result of this status report. Final recommendations resulting from the study may have a budgetary impact, which would be reflected and proposed in the FY2017-18 and future budgets.

Please note that any salary and compensation changes for employees represented by the Amalgamated Transit Union (ATU) Local 1704 will be appropriately discussed and negotiated as part of the collective bargaining process.

Prepared by: Aggie Nesh, Manager, Human Resources

Arthur T. Leahy
Chief Executive Officer
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017 ITEM 33

TO: Board of Directors
FROM: Arthur T. Leahy

**Issue**

The Internal Audit Department (Internal Audit) completed the Interim Contract Audit: Parsons Transportation Group, Inc. Contract No. H1636-10 (#2017-05-CA)

**Recommendation**

The Board may receive and file the report.

**Strategic Goal Alignment**

This report aligns with the strategic goal to maintain fiscal sustainability and improve organizational efficiency. The corrective action plan prepared by management will improve the effectiveness and efficiency of the contract administration and project management internal control.

**Background**

The Parsons Transportation Group, Inc. Contract No. H1636-10 is for designing, developing, installing, testing, and integrating the complex components for a Positive Train Control (PTC) system. PTC uses advanced technology to automatically engage the brakes and stop a train in case of emergency. The audit was included on the Board approved Annual Audit Plan for Fiscal 2016-17. The interim audit is the first phase of a two-part process to closeout Contract No. H1636-10. The purpose of this audit phase was to:

1) evaluate the effectiveness and efficiency of the Contract Administration (Contracts & Procurements Department) and PTC Contract Management (PTC, C&S and Engineering Department) internal controls and

2) determine whether the costs were properly tracked and reported, complied with contract terms, and within the bounds of the Board Authorization. The second phase
of the audit closeout process will be an audit of the final invoice. It is anticipated the final invoice would come in early to mid-2017. Darrell Maxey, Deputy Chief Operating Officer (PTC, C&S and Engineering) requested Internal Audit to start the Annual Audit Plan with the Contract Audit: Parsons Transportation Group, Inc. Contract No. H1636-10 as the contract is closing out.

The PTC, C&S and Engineering team was successful at delivering the PTC project scope and establishing SCRRRA as a leader across the industry. The team should be commended that the PTC project was delivered without any contractor claims.

Internal Audit’s evaluation of the effectiveness and efficiency of the contract administration and PTC contract management internal controls found the need for significant improvement in the areas of change management negotiation, advancing deferred contract work, use of internal administrative change orders, and payment monitoring.

Internal Audit’s review of expenditures from October 1, 2010 to June 30, 2016 determined the expenditures as of June 30, 2016 are $126,782,244, which is within the current Board authorization amount of $133,011,457. The expenditures, on the whole, were consistent with the contract terms; however, two change orders totaling $279,503 were deemed to be out of contract scope and cost reporting by cost categories inconsistent with the categories used in the Board authorization.

See the details of Internal Audit findings and recommendations in the report (Attachment A).

The findings and recommendations were discussed with management. Management indicated general agreement with audit findings and recommendations. The lessons and changes to policies resulting from this audit will be applied to all Authority projects going forward.

**Budget Impact**

There is no immediate budget impact as a result of this status report.

Prepared by: Elisabeth Lazuardi, Interim Audit Manager

Elisabeth Lazuardi
Interim Audit Manager
Southern California Regional Rail Authority (SCRRA) Internal Audit Department


Audit Period: October 1, 2010 to June 30, 2016

Report Date: March 9, 2017

Audit No.: 2017-05-CA

Presented to: Board of Directors and Executive Management and Audit Committee

Prepared by: Elisabeth Lazuardi, CPA, Interim Audit Manager
Beni Warshawsky, Audit Consultant, KPM & Associates

Distributed to: Arthur T. Leahy, Chief Executive Officer
Gary Lettengarver, Chief Operating Officer
Darrell Maxey, Deputy Chief Operating Officer
Kimberly Yu, Deputy Chief Operating Officer
EXECUTIVE SUMMARY

Background

The Internal Audit Department (Internal Audit) has completed an Interim Contract Audit of Parsons Transportation Group, Inc. (Parsons Transportation) Contract No. H1636-10 from October 1, 2010 (contract award date) to June 30, 2016. The Southern California Regional Rail Authority (SCRRA or Authority) contracted with Parsons Transportation to provide vendor/integrator services for the Positive Train Control (PTC) project. As of June 30, 2016, the total Board authorized value is $133,011,457 and the total disbursements are $126,782,244.

PTC system is a term created by the Federal Railroad Administration (FRA) to describe an advanced technology train collision/train derailment avoidance system. PTC is a life-saving innovation that will make travel by rail safer. SCRRA is the first commuter rail agency in the nation to implement this state-of-the-art technology, moving the agency significantly closer toward its goal of becoming the safest commuter rail provider in the nation.1

This audit is the first phase of a two-part process to closeout Contract No. H1636-10. The purpose of this audit phase was (1) to evaluate the effectiveness and efficiency of the Contract Administration (Contracts & Procurements Department) and PTC Contract Management (PTC, C&S and Engineering Department) internal controls and (2) to determine whether the costs were properly tracked and reported, complied with contract terms, and within the bounds of the SCRRA Board Authorization. The second phase of the audit closeout process will be an audit of the final invoice. It is anticipated that the final invoice will be provided early to mid-2017.

Conclusion

Our evaluation of the effectiveness and efficiency of the contract administration and PTC contract management internal controls has found that given the complexity, duration and aggressive project schedule; PTC, C&S and Engineering Department records were generally accurate and in compliance with SCRRA policies and procedures, but several key aspects of the internal controls need to be strengthened and significantly improved. PTC Contract Management team in the PTC, C&S and Engineering Department have been negotiating change orders in a silo environment, often without consulting other departments, without adequate “checks and balances” and; without full adherence to SCRRA standard operating practices; and Federal Transit Administration Best Practices. This condition runs counter to the adequate administration of public funds and should be corrected immediately.

1 “Metrolink,” An Introduction to Positive Train Control, Metrolink, Web. 15 Nov 2016
Our review of expenditures from October 1, 2010 to June 30, 2016 determined the expenditures as of June 30, 2016 are $126,782,244, which is within the current SCRRRA Board authorization amount of $133,011,457. The expenditures, on the whole, were consistent with the contract terms; however, two change orders totaling $279,503 were deemed to be out of contract scope (see Finding 1.b for details) and cost reporting by cost categories is inconsistent with the categories used in the SCRRRA Board authorization (see Finding 5 for details).

The key findings are as follows:

2. Lack of internal controls for advancing deferred contract work items.
3. Internal Administrative Change Orders lack adequate internal controls.
4. Lack of internal controls for contractor payment monitoring and reconciliation.
5. Inconsistent use of cost categories in reporting.

Details of findings and recommendations and management responses are included in Findings and Recommendations section.

**Recommendations**

We recommend:

1. Comply with Project Management Office (PMO) Standard Operating Procedure (SOP) No. PC-7.0, *Change Management*, immediately and enhance PMO SOP No. PC-7.0 to ensure that the Contract Administration of Contracts & Procurements Department has a role in the negotiation process beyond just consultation. *(PTC, C&S and Engineering Department and Planning and Project Delivery Department)*

2. Establish and implement formal policies and procedures for CEO-directed Limited Notice to Proceed with the joint efforts with the Contracts and Procurements Department and the Finance Department to assure that funds are clearly available when deferred work is advanced *(PTC, C&S and Engineering Department and Planning and Project Delivery Department)*

3. Develop formal policies and procedures to control and monitor the use of Internal Administrative Change Orders. Policies, Procedures, or SOPs should not be exempted without concurrence of the Legal Counsel and the CEO. *(PTC, C&S and Engineering Department and Planning and Project Delivery Department)*

4. Effective immediately, perform monitoring of payments and reconciling between the pay applications and actual payment. The Pay Application Summary Report should be accurately and timely maintained. *(PTC, C&S and Engineering Department and Office of Chief Operating Officer)*
5. Follow the cost terminology in reporting consistent with the cost categories used in the Board authorization. (PTC, C&S and Engineering Department)

**Review of Report**

We discussed our findings and recommendations with SCRRRA management. The SCRRRA management indicated general agreement with audit findings and recommendations. The lessons and changes to policies resulting from this audit will be applied to all SCRRRA projects going forward.

**Management Response and Corrective Action Plan**

SCRRRA management established corrective action plans and target implementation dates for each finding. Internal Audit will, on a quarterly basis, verify management’s progress towards full implementation.

We thank SCRRRA management and staff for their assistance and cooperation during our audit. If you have any questions or comments, please contact Elisabeth Lazuardi, Interim Audit Manager, at (213) 452-0335 or LazuardiE@scrra.net.
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<td>Burlington Northern Santa Fe Railway</td>
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INTRODUCTION

Background

The Internal Audit Department (Internal Audit) has completed an Interim Contract Audit of Parsons Transportation Group, Inc. (Parsons Transportation) Contract No. H1636-10 from October 1, 2010 (contract award date) to June 30, 2016. This audit is the first phase of a two-part process to closeout Contract No. H1636-10.

The purpose of this phase audit were (1) to evaluate effectiveness and efficiency of the Contract Administration of Contracts & Procurements Department and the PTC Contract Management of PTC, C&S and Engineering Department internal controls and (2) to determine whether the costs were properly tracked and reported, complied with contract terms, and within the bounds of the SCRRRA Board Authorization. The second phase of the audit closeout process will be an audit of the final invoice. It is anticipated that the final invoice would come in early to mid-2017.

Positive Train Control (PTC) system is a life-saving innovation that will make travel by rail even safer. Metrolink will be the first commuter rail in the nation to implement this state-of-the-art technology, moving the agency significantly closer toward its goal of becoming the safest commuter rail in the nation.2

Federal legislation, the Rail Safety Improvement Act of 2008 (RSIA08), required SCRRRA to implement an interoperable PTC. The PTC system is a term created by the Federal Railroad Administration (FRA) to describe an advanced technology train collision/train derailment avoidance system.

The PTC system uses advanced technology and safety critical predictive enforcement to automatically engage the brakes and stop a train in advance of (1) potential train to train collision, (2) train over-speed, (3) unauthorized entry into a track work zone, or (4) movement through a misaligned switch. The regulatory and high level technical and performance requirements for PTC were specified in the Rail Safety Improvement Act of 2008 and in January 2010 FRA PTC regulations, specifically Title 49 Code of Federal Regulations Parts 229, 234, 235 and Part 236 Subparts a-I.

Of considerable importance, the Federal regulations required that all PTC Systems, including SCRRRA’s be completely interoperable with Burlington Northern Santa Fe Railway (BSNF), Union Pacific Railroad (UPRR) and Amtrak’s West Coast inter-city service as well as North County Transit District (NCTD)’s Coaster service. In October 2010, the Board awarded Contract No. H1636-10 PTC System to Parsons Transportation in an amount of $124,420,779, which included a contingency in the amount of $4,250,000.

2 “Metrolink,” An Introduction to Positive Train Control, Metrolink, Web. 15 Nov 2016
Parsons Transportation in the role of PTC “Vendor/Integrator,” had the responsibility for designing, developing, installing, testing, and integrating the complex components of the PTC system. Parsons Transportation has helped the SCRRRA to become the first commuter railroad in the nation to deploy PTC across all of its owned service territory and its entire fleet of owned locomotives and cab cars. With Parsons Transportation’s support, the SCRRRA continues to work with its freight partners, Amtrak, and North County Transit District (NCTD) to achieve interoperable PTC in service on its tenant/host operations.

The Board has approved increases totaling $8,590,678 (or 6.9%) to the contract funding authorization in order to achieve the current funding authorization of $133,011,457. These increases enabled staff to execute change orders with Parsons Transportation to begin PTC implementation on new service lines, perform necessary upgrades to train control facilities and support the transition of PTC operations to the SCRRRA. Total disbursements as of June 30, 2016 are $126,782,244. This contract was managed by the Deputy Chief Operating Officer for the PTC, C&S and Engineering Department management.

Audit Objectives, Scope, and Methodologies

Objectives

Objectives of audit include:

- To evaluate the efficiency and effectiveness of the Contract Administration (the Contracts and Procurements Department) and PTC Contract Management (PTC, C&S and Engineering Department) internal controls.

- To determine whether the incurred costs were properly tracked and reported, in compliance with contract terms, and within the bounds of the SCRRRA Board Authorization.

Scope

The scope of this audit covered the period of October 1, 2010 (contract award date) through June 30, 2016. The range of items in the audit scope included:


- Limited Notice to Proceed issued by SCRRRA CEO and deferred contract items processing.

Methodologies

The testing methodologies utilized to achieve the objectives included:

- Interviews and inquiries with selected employees within the PTC Contract/Project Management team (PTC, C&S and Engineering Department) in the Operations Department, Contracts and Procurements Department, and Finance Department.

- Review of the PTC Contract with Parsons Transportation Group, Inc. Contract No. H1636-10, including
  - Review of contract pay applications.
  - Review of contract payments.
  - Review of change orders.
  - Review of applicable forms and procedures.
FINDINGS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

Finding 1
Change Management Negotiation Process Lacks Adequate Segregation of Duties – “Checks and Balances”
Lack of compliance with existing change management policies and procedures and current management policies and procedure inadequately designed to provide a properly functioning system of “checks and balances”.

Criteria
- Best Practice - GAO Standards for Internal Control in the Federal Government - Control Activities Principle 10 provides that “management should design control activities to achieve objectives and respond to risks.” It includes segregation of duties (checks and balances), which is procedures set in place to reduce mistakes, prevent improper behavior, decrease the risk of centralization of power and increase transparency. The checks and balances ensure that no one person or department has absolute controls over decisions making.
- Best Practice - GAO Standards for Internal Control in the Federal Government – Monitoring Activities Principle 16 provides that “management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”

Condition
Inadequate Contract Administrator Change Order Consultation and Concurrence and lack of a requirement for Contract Administrator participation in the negotiation process.

PMO SOP No. PC-7.0, Change Management, Section 4.3 requires consultation with the Contract Administrator (CA) to ensure that the full range of effects and issues of a change order is addressed. These procedures require that a Request for Change needs to be reviewed and evaluated, and receive concurrence from Project Team members.

We found 104 (85%) instances out of the 121 change orders to date where the CA’s concurrence signature line was blank. The total change order value for the 104 instances was
$33,465,810 composed of $26,871,684 in change orders adding value to the contract and $6,594,126 in change orders deleting value from the contract.

We also found divergence of opinion and practice between PTC, C&S and Engineering Department and CA regarding the CA’s role in negotiation. PTC, C&S and Engineering Department maintains that CA’s signature is not required despite their own inclusion of a CA concurrence signature line in the change order package and their statement that the CA signature on the routing slip indicates CA concurrence. On the other hand, CA maintains they were not party to those negotiations and since there was no CA participation, there was no CA sign-off and no CA concurrence. CA sign-off on the routing slip was solely for processing purposes in cases where the CA signature was missing in the change order package.

a. Out of Scope Change Orders

PMO SOP No. PC-7.0, Change Management, Section 2.2 and definition of terms require that changes are within the scope of the contract. Based on our review, we noted there were two out of scope change orders: (1) Change Order 89 - Roof Repair of $224,296 and (1) Change Order 92 - Carpet Replacement of $55,207.

According to Project Manager (PM), Change Order 89 - Roof Repair was a roof repair project at Metrolink Operation Center (MOC) to protect the computer and networking equipment from a catastrophic server failure. Change Order 92 - Carpet Replacement was performed at the MOC building to remove tripping hazard and dust sources that are damaging to sensitive PTC equipment. Neither change order was marked urgent nor was there any evidence of an emergency in the change order documents which would have indicated the requirement for extraordinary action.

We did not note the CA’s concurrence signature on the Request for Change form to justify the change orders. These change orders are out of the contract scope and should have been processed as a new procurement thus assuring adequate price competition.


PMO SOP No. PC-7.0, Change Management, Section 2.4.1.2 requires an Independent Fair Cost Estimate (FCE) and Time Impact Analysis (TIA) prior to receiving the Contractor’s proposal for the changed work. Based on our review of 121 change orders, we noted there are 87 (72%, $12,354,147) instances where the contractor’s proposals were dated before the FCEs were obtained and 91 (75%, $15,530,798) instances where the proposals were dated before the TIAs were performed.

Federal Transit Administration Best Practices Procurement Manual cites having an Independent FCE in advance of the contractor’s proposal as a best practice and that obtaining an independent cost estimate before the receipt of the offers removes the question of
whether the particular data and analysis was consciously or unconsciously intended to justify the award.

PTC, C&S and Engineering Department sees the PTC project as unique and thus effectively exempt from the PMO SOP No. PC-7.0, Change Management, requirement with respect to FCEs and TIAs. PTC, C&S and Engineering Department also sees no contradiction in having a two inherently conflicting roles being both the Contractor's partner/collaborator and the Contractor's manager; working in collaboration and partnering with the contractor and at the same time managing the contractor and having to enforce the contact requirements. Due to the PTC Contract Management’s conflicting dual role, the lack of independent fair cost estimates, and lack of any other compensating controls, there is a risk that the negotiated change orders were not the most economical outcomes for the Authority and may also give the appearance of a compromised negotiation process.

It should be noted that for the Change Order 61-Settlement Agreement outside legal counsel was involved.

**Cause**
The PTC Contract Management team of PTC, C&S and Engineering Department is negotiating in a silo environment with a lack of segregation of duties. PTC, C&S and Engineering Department is at same time both a partner/collaborator and the sole negotiator with the contractor; while there are no controls in place to prevent or compensate for their decision to work in collaboration with the contractor.

**Effect**
There is a concentration of decision making in PTC, C&S and Engineering Department which reduces diversity of opinion, could reduce competitive pricing, and could give the perception of arm-in-arm dealing rather than arm's-length transactions.

**Recommendations**

1. PTC, C&S and Engineering Department should comply with PMO SOP No. PC-7.0 immediately. Consult with the Contract Administrator for all change orders during the negotiation process and gain their concurrence. Ensure that FCEs and TIA are prepared in advance of the negotiation as recommended by FTA Best Practices. For unique change orders, consult with the Legal Counsel, and the Chief Executive Officer to ensure that the contract is properly managed and checks and balances are in place. Also enhance PMO SOP No. PC-7.0 to ensure that the Contract Administration of Contracts & Procurements Department has a role in the negotiation process beyond just consultation.

**Management Response – Finding 1.a**
Management **agrees** that the CA signature is not present on many of the justification memos within the change order package, though the CA signature is present on the routing sheet of each change order package under the heading: “Concurrence with recommendation for approval”. Management agrees there is difference in opinion and practice between PTC, C&S and Engineering Department and CA regarding the CA’s role in negotiation and signing off forms and routing sheet in change order package.

**Corrective Action Plan**

1. Formalize understanding of what a signature on routing sheets means.
2. Review and revise as appropriate the sequence of review signatures and the placement of sign off Forms within the change order document package.
3. Have monthly meeting with Contracts & Procurements Department to discuss change orders and ensure these are handled efficiently and timely.
4. Invite Contracts & Procurements Department to all negotiation sessions and document their participation or non-participation.
5. Develop monetary thresholds for the mandatory inclusion of the CA in negotiation and timelines.
6. Update PMO SOP No. PC-7.0 to include the above.
7. Train staff on these requirements.

**Target Implementation Dates**

This task will be completed by July 1, 2017.

**Management Response – Finding 1.b**

Management **agrees** that the change order package for the two change orders referred to in the finding lacks documentation of the urgent condition to justify that the work is within the scope. Our concern for the project welfare and knowing that Contracts & Procurements Department required a long lead, lead us to take this action.

**Corrective Action Plan**

1. Will contact CA to determine lead time requirements for any need that may be out of scope.
2. Adequately describe the urgent nature and mark as urgent all future urgent change orders.
3. Update PMO SOP No. PC-7.0 to include the above.
4. Train staff on these requirements.

**Target Implementation Dates**

This task will be completed by July 1, 2017.

**Management Response – Finding 1.c**

Management *agrees* that in certain instances the contractor’s proposals were dated before the FCEs were obtained and the TIAs were performed. Management understands the requirement for having FCEs and TIAs in advance of the contractors' proposal. However in some instances, the requirements of developing a new technology and the associated specifications co-joined with strict time requirement forced us to work in collaboration with the contractor. In other instances the FCEs and TIAs were completed in advance but signed after receipt of the contractor's proposals.

**Corrective Action Plan**

1. In cases of new technologies or very complex projects, the program manager will inform the CA of the difficulty of developing then managing the specifications and need to work in collaboration with the contractor. The Program Management and CA work together to assure that independence is maintained and there is no appearance of a compromised negotiation process.

2. Update PMO SOP No. PC-7.0 to include the above.

3. Train staff to these requirements.

**Target Implementation Dates**

This task will be completed by July 1, 2017.

**Responsible for Implementation**

Darrell Maxey, Deputy Chief Operating Officer, PTC, C&S and Engineering
Kimberly Yu, Deputy Chief Operating Officer, Planning and Project Delivery

**Accountable for Implementation**

Gary Lettengarver, Chief Operating Officer
Finding 2

Lack of Internal Controls for Advancing Deferred Contract Work Items.
Deferred contract work items identified under the Limited Notice to Proceed were advanced without adequate internal control.

Criteria

- SCRRRA CEO-directed Limited Notice to Proceed, effective date October 15, 2010.

- Best Practice - *GAO Standards for Internal Control in the Federal Government* - Control Activities Principle 10 provides that “management should design control activities to achieve objectives and respond to risks.”

- Best Practice - *GAO Standards for Internal Control in the Federal Government* – Monitoring Activities Principle 16 provides that “management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”

Condition
Effective October 15, 2010, SCRRRA Chief Executive Officer gave a limited notice to proceed for Contract No. H1636-10. The directive authorized Parsons Transportation to proceed with the work except for items marked as deferred. The total value of the items deferred was $12,115,786. The directive specified that no work is to commence on the “deferred items” until a Final Notice to Proceed is issued by SCRRRA. However, PTC, C&S and Engineering Department committed funds for IACOs 4, 5, 6, and 15 for a total of $2,150,236 without the clear direction or coordination or concurrence in advance from the Office of the CEO. The CEO was only presented with the change order document for signature at the end of the process, without any indication that the change order was for a deferred item.

Cause
There are no formal policies and procedures that apply to the resumption of work after a Limited Notice to Proceed has been issued.

Effect
Management lacks controls to assure that funds are clearly available when deferred work is advanced putting the SCRRRA at risk for work proceeding without adequate funding.

Recommendation

2. PTC, C&S and Engineering Department establish and implement formal policies and procedures for CEO directed Limited Notice to Proceed with the joint efforts with the Contracts and Procurements Department and the Finance Department to assure that funds are clearly available when deferred work is advanced.
Management Response

Management agrees that the documentation of the process to ensure adequate funding for previously restricted work to advance needs improvement as soon as possible.

Corrective Action Plan

1. Program Management will work with the Finance Department and Grants to develop approval Forms documenting fund availability for previously restricted items.
2. Update PMO SOP No. PC-7.0 to include the above
3. Train staff on these requirements.

Target Implement Dates

This task will be completed by July 1, 2017.

Responsible for Implementation

Darrell Maxey, Deputy Chief Operating Officer, PTC, C&S and Engineering
Kimberly Yu, Deputy Chief Operating Officer, Planning and Project Delivery

Accountable for Implementation

Gary Lettengarver, Chief Operating Officer

Finding 3

Internal Administrative Change Orders Lack Adequate Internal Controls

No formal policies and procedures governing Internal Administrative Change Orders has been established.

Criteria

- Best Practice - GAO Standards for Internal Control in the Federal Government - Control Activities Principle 10 provides that “management should design control activities to achieve objectives and respond to risks.”
- Best Practice - GAO Standards for Internal Control in the Federal Government - Control Activities Principle 12 provides that "management should implement control activities
through policies.” The management should document its responsibilities through policies and conduct periodic review of control activities.

- Best Practice - GAO Standards for Internal Control in the Federal Government - Information and Communication Principle 14 provides that “management should internally communicate the necessary quality information to achieve the entity's objectives.”

**Condition**
According to the PTC, C&S and Engineering Department, an Internal Administrative Change Order (IACO) is a tool to document authorization given a contractor to proceed with an option or an allowance and doesn’t change the contract price. PTC, C&S and Engineering Department is of the opinion that since determination of cost is a key aspect of the traditional change order process and where pricing is already agreed upon during the bid process the IACO is exempt from the PMO SOP No. PC-7.0, Change Management, which delineates the change order process.

Despite the above explanation that IACOs do not change contract price, we found an IACO for the exercise of Option 6.14, Customer Information, in the amount of $1,174,000 was used for a non-base contract project. There were also two deductive change orders for sales tax of (1) Change Order 21 for ($1,800,000) and (2) Change Order 73 for ($714,798) that were listed as IACOs on the Change Control Form CMM-21. There were a total of $12,109,708 in additive costs IACOs combined with deductive changes of $2,514,798 totaled $9,594,910.

**Cause**
IACOs are issued outside the PMO SOP No. PC-7.0, Change Management, process and there are no formal policies and procedures to assure that these actions achieve organizational objectives, are accurately presented, and properly monitored.

**Effect**
Management lacks controls to assure that contractual activities labeled as IACOs adhere to contract terms and the associated costs are correctly reported and monitored. There is a risk that the contract changes will not be appropriately processed.

**Recommendation**

3. **PTC, C&S and Engineering Department develop formal policies and procedures to control and monitor the use of Internal Administrative Change Orders (IACOs).** The formal policies and procedures should clearly instruct when contractual activities should be processed as IACOs or follow the standard change order process. Policies, Procedures, or SOPs should not be exempted without prior written approval of the Legal Counsel and the Chief Executive Officer.
Management Response

Management agrees that there are no written policies specific to Internal Administrative Change Orders and given the potential for confusion in terminology, usage of the term Internal Administrative Change Orders should be discontinued; instead issuing letters or change orders under existing SOPs as appropriate.

Corrective Action Plan

1. Discontinue the use of the term “Internal Administrative Change Order”.
2. Evaluate PMO SOP No. PC-7.0 and consider procedures for the handling of Options.

Target Implementation Date
Complete any revisions by July 1, 2017.

Responsible for Implementation
Darrell Maxey, Deputy Chief Operating Officer, PTC, C&S and Engineering
Kimberly Yu, Deputy Chief Operating Officer, Planning and Project Delivery

Accountable for Implementation
Gary Lettengarver, Chief Operating Officer

Finding 4
Lack of Internal Controls for Contractor Payment Monitoring and Reconciliation

Monitoring and reconciliation of contractor payments was insufficient and inadequate.

Criteria


- Best Practice - GAO Standards for Internal Control in the Federal Government - Information and Communication Principle 13 provides that “management should use quality information to achieve the entity's objectives.”

- Best Practice - GAO Standards for Internal Control in the Federal Government - Monitoring Principle 16 provides that “management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”
PMO SOP No. PC-4.0, *Cost Management*, Section 2.1 requires the PTC, C&S and Engineering Department to ensure that costs are accurately tracked and correctly posted to the project cost categories.

During our review, we noted that the Pay Application Summary Report dated September 2, 2016 provided to us by PTC, C&S and Engineering Department contained incorrect payment information totaling the amount of $2,507,845. This was discussed with PTC, C&S and Engineering Department and who subsequently resubmitted the report two more times until it was correct. The final provided accurate Pay Application Summary dated September 30, 2016 reconciled to the pay applications and associated payments. This instance indicated a lack of payment monitoring by the PTC, C&S and Engineering Department. PTC, C&S and Engineering Department confirmed that they do not monitor and reconcile payments made by the Finance Department to the Contractor and assumed any payment issues would be brought to their attention by the Contractor.

**Cause**

PTC, C&S and Engineering Department does not consider monitoring payments as part of their responsibilities.

**Effect**

PTC, C&S and Engineering Department is not monitoring the contractor which could lead to contractor late payment or underpayment which may impact contractor relations or result in overpayment negatively impacting the Authority.

**Recommendation**

4. **PTC, C&S and Engineering Department should ensure monitoring of payments and reconciling between the pay applications and actual payment effective immediately. Also ensure the Pay Application Summary Report is timely and accurately maintained.**

**Management Response**

Management agrees that processes to assure timely and accurate contractor payment monitoring should be improved.

**Corrective Action Plan**

1. **Ensure monitoring of payment and reconciling between the pay applications and actual payment. Update the Invoice Processing Procedures policy accordingly.**
2. Ensure the Pay Application Summary Report is timely and accurately maintained.

**Target Implementation Dates**

This task will be completed by July 1, 2017.

**Responsible for Implementation**

Darrel Maxey, Deputy Chief Operating Officer, PTC, C&S and Engineering
Steve Holman, Business Manager, Office of Chief Operating Officer

**Accountable for Implementation**

Gary Lettengarver, Chief Operating Officer

**Finding 5**

**Inconsistent Use of Cost Categories in Reporting**

PTC, C&S and Engineering Department is using cost categories inconsistently in its cost reporting. The terms used in these reports are both inconsistent with each other and with cost categories used in the Board authorizations.

**Criteria**


- Best Practice - *GAO Standards for Internal Control in the Federal Government* - Information and Communication Principle 13 provides that “management should use quality information to achieve the entity's objectives.”

**Condition**

PMO SOP No. PC-4.0, Cost Management, Section 2.1 requires the PTC, C&S and Engineering Department to ensure that costs are accurately tracked and correctly posted to the project cost categories. The Board used three cost categories in the authorization of the PTC contract. They are base contract, sales tax and contingency. However, these categories are being commingled on Pay Applications and the Change Order Log form in a manner inconsistent with the distinct cost categories used in the Board authorization.

**Cause**

Lack of monitoring to ensure reporting based on the appropriate cost categories is properly done.
Effect
The inconsistent use of cost categories obscures the transparency of transactions and increases the difficulty in assuring that costs are in compliance with the distinct cost categories used in the Board authorization.

Recommendation

5. PTC, C&S and Engineering Department should follow the cost terminology used in the Board authorization and report the cost consistent with the distinct cost categories used in the Board authorization.

Management Response

Management agrees to provide separate sub-totals for the Base Contract, Sales Tax and Contingency in the Pay Application, Change Log and reporting. On the Change Log, the Base Contract and Sales Tax values were previously combined to summarize the Contractor's original authorization separate from the listing of change orders, which is focus of the Change Log. Both the Change Log and Pay Application are internal project administration documents that are not presented to the Board. A separate table reflecting cost elements of the Board authorization was provided to the auditor at the start of the audit.

Corrective Action Plan

1. Provide separate sub-totals for Base Contract, Sales Tax and Contingency in the Pay Application, Change Log and reporting.

Target Implementation Dates

This task has been completed.

Responsible for Implementation

Darrell Maxey, Deputy Chief Operating Officer, PTC, C&S and Engineering

Accountable for Implementation

Gary Lettengarver, Chief Operating Officer
Reviewed and accepted by:

Arthur T. Leahy
Chief Executive Officer

Gary Lettengarver
Chief Operating Officer

Darrell Maxey
Deputy Chief Operating Officer

Kimberly Yu
Deputy Chief Operating Officer

Date

March 16, 2017

March 13, 2017

March 13, 2017

March 16, 2017
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy

SUBJECT: Performance Audit of the Fare Revenue Ticket Stock Inventory Controls (Phase II) #2017-03-IA

Issue

The Internal Audit Department (Internal Audit) has completed a Performance Audit of the Fare Revenue Ticket Stock Inventory Controls (Phase II) #2017-03-IA.

Recommendation

The Board may receive and file this report.

Strategic Goal Alignment

This report aligns with the strategic goal to maintain fiscal sustainability and improve organizational efficiency. The corrective action plan prepared by management will improve control over ticket stock management for the current and future contracts.

Background

The Performance Audit of the Fare Revenue Ticket Stock Inventory Controls #2017-03-IA was conducted according to the FY2017-18 Annual Internal Audit Plan as approved by the Board.

This audit was originally planned as part of Fare Revenue Reconciliation Processes and Data Integrity audit in FY2014-155; however, the original audit was divided into four phases due to complexity and time constraints:

(1) Fare Revenue Reconciliations Processes and Data Integrity (Phase I, 2014-03A-IA),
(2) Fare Revenue Ticket Stock Inventory Controls (Phase II, 2017-03-IA),
(3) Fare Revenue Reconciliation Process (Phase III, 2017-14-IA), and
(4) Fare Revenue Data Integrity (Phase IV, 2017-13-IA).
The Phase II audit (2017-03-IA) was completed and the detailed report is attached (Attachment A).

**Objectives and Scope**

Internal Audit performed this audit to determine whether:

1) internal controls over ticket stock inventory management were adequate, including safeguarding of ticket stocks and adequacy of ticket stock inventory management,
2) ticket stock purchase costs were fair and reasonable, and
3) the ticket stock inventory data were accurate, complete, and timely and the ticket stock inventory management system was effective.

The audit period was from February 1, 2014 through June 30, 2016. The Fare Collections Department was restructured and a new Fare Collections team was retained in June 2016.

**Findings and Recommendations**

Internal Audit identified nine areas for improvement as follows:

Control over ticket stock inventory management:

1) Surveillance cameras were not installed at Los Angeles Union Station ticket windows. (System Safety Department)
2) Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management was not communicated and centrally maintained. (FCS)
3) Ticket stock portable equipment (non-capital assets) was not properly monitored. (FCS)
4) Contractor’s responsibilities for ticket stock management were not clearly defined and stated in detail in the TVM maintenance and service contract. (FCS)

Ticket stock purchase prices:

5) Independent Cost Estimate (ICE) for Contract No. MS227-15 was not located and provided for auditor’s verification to ensure that ticket stock price was fair and reasonable. (FCS)
6) Cost/Price Analysis for Contract No. MS227-15 was not located or provided for auditor’s verification to ensure that ticket stock price was fair and reasonable. (Contracts and Procurement Department)

Ticket stock inventory data management:

7) Reconciliations of ticket stocks in AssetWorks system with source documents were not completed. (FCS)
(8) Annual physical inventory of ticket stock was not performed. (FCS)
(9) Records of disposition of obsolete ticket stocks were not maintained. (FCS)

Internal Audit issued eight recommendations as detailed on the report—six to FCS, one to Contract and Procurement Department, and one to System Safety Department.

Management Response and Implementation Plan

Management generally concurs with the findings and recommendations and established corrective action plan with target dates to implement recommendations. Internal Audit will continue to follow up on management implementation progress.

Budget Impact

There is no immediate budget impact as a result of this status report.

Prepared by: Elisabeth Lazuardi, Interim Audit Manager
Andrew Hong, Senior Auditor

Elisabeth Lazuardi
Interim Audit Manager
Performance Audit:
Fare Revenue Ticket Stock Inventory Controls (Phase II)

Audit Period: February 1, 2014 to June 30, 2016
Audit Report 2017-03-IA
March 9, 2017
EXECUTIVE SUMMARY

The Internal Audit Department (Internal Audit) completed a performance audit of Fare Revenue Ticket Stock Inventory Controls (Phase II) in accordance with fiscal years 2017-2018 Annual Internal Audit Plan approved by the Southern California Regional Authority (SCRRA) Board of Directors. The Office of Planning and Project Delivery – Fare Collections Services Department (FCS) is responsible for fare collection service maintenance and fare revenue ticket stock inventory management. In March 2015, SCRRA contracted with Xerox Transport Solutions Inc. (Xerox Transport) to provide fare collection system maintenance services (Contract No. MS227-15), including ticket vending machine (TVM) ticket stock purchase, installation, and ticket stock inventory management.

The purpose of our audit was (1) to determine whether internal controls over ticket stock inventory management were adequate, including safeguarding of ticket stocks and adequacy of ticket stock inventory management, (2) to determine whether ticket stock purchase costs were fair and reasonable, and (3) to determine whether the ticket stock inventory data were accurate, complete, and timely, and the ticket stock inventory management system was effective.

This audit covered the period from February 1, 2014 through June 30, 2016. We reviewed key documentation and interviewed key management and staff members from SCRRA FCS, Customer Relations, IT, and Contractor Xerox Transport. We also observed ticket stock management processes at Los Angeles Union Station (LAUS) ticket windows on the East and West portals, FCS ticket office machine (TOM) at Central Maintenance Facility (CMF), and Xerox Transport office and warehouse. The Fare Revenue Ticket Inventory Controls Audit was last performed as of January 30, 2014.

KEY AUDIT FINDINGS

During our audit, we noted the following findings:

- **Control over ticket stock inventory management.** SCRRA Standard Operating Procedures for Transit Access Pass (TAP) Enabled Ticket Stock Inventory Management — approved by the Board in May 2014—was not communicated to employees and contractors. Ticket stock portable equipment—9 handheld devices and 7 charging stations, 1 chip scanner, 4 TOMs, and 14 vandalized TVMs—was not properly monitored. Contract terms for ticket stock management were not stated in detail. Surveillance cameras were not installed in LAUS ticket windows.

- **Ticket stock purchase prices.** Independent Cost Estimate and Cost/Price Analysis were not located and provided for our verification to ensure the ticket stock paper purchase prices under Contract No. MS227-15 were fair and reasonable.
• **Ticket stock inventory data management.** Reconciliations of ticket stock inventory system data to the source documents were not performed. Annual physical inventories of ticket stocks were not performed. Records of disposition of obsolete ticket stocks were not maintained.

Details of observations, recommendations, and management responses are included in Observations, Recommendations, and Responses section on page 5.

**CONCLUSION**

Overall, the ticket stock inventory management has been improved, compared to the last 2014 audit result, especially in safeguarding of assets and implementing internal controls. However, further improvements are still needed in controls over ticket stock management, ensuring the fairness and reasonableness of the ticket stock purchase prices, and ticket stock inventory data management.

In June 2016, a new FCS manager and three key staff members joined the FCS Department, replacing previous team members. The new FCS team have been working on various fare collection projects, including the procurement of fare collection system, potential cash and cashless station platforms, Masabi mobile inspector app project, Masabi/Cubic optical fare gate integration project, and the next generation fare system. FCS is also in the process of reviewing and updating its fare collections policies and procedures manuals.

**KEY RECOMMENDATIONS**

We have made eight recommendations to help SCRRA management improve the operations:

1. **The System Safety Department should install surveillance cameras at the Union Station ticket sales windows on the East and West portals to protect personnel and assets and oversee, monitor, and be responsible for the image storage and daily operation of the surveillance cameras.**

2. **FCS should communicate and implement SCRRA Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management with employees and the contractor. Ensure all Department Policies and Procedures are communicated and logically maintained in a central location accessible to all employees.**

3. **FCS should conduct an annual physical inventory of SCRRA’s ticket stock portable equipment, requesting Contractor to provide an annual listing of equipment.**
4. FCS should enhance the Contractor's responsibilities in Contract No. MS227-15, if feasible, including ticket stock inventory planning, procurement, management, perpetual or physical inventory requirement, and ticket stock data management.

5. FCS should conduct Independent Cost Estimate (ICE) to ensure that the ticket stock unit prices are fair and reasonable and maintain documentation in its file as to how ICE was derived.

6. The Contracts and Procurement Department should perform a Cost/Price Analysis for all sole source or non-competitive negotiated procurements of $50,000 or more to determine if the price is fair and reasonable and maintain documentation in its file as to how the Cost/Price Analysis was derived.

7. FCS should complete reconciliations of the ticket stock inventory data in AssetWorks Inventory system with the source documents immediately to improve the data reliability for effective decision-making or establish an alternative simplified reconciling process using the Excel spreadsheet.

8. FCS should establish an effective Ticket Stock Inventory Data Management Procedures manual to include disposal of obsolete tickets and reconciliation of the ticket stock inventory data in AssetWorks to the source documents.

**REVIEW OF REPORT**

We discussed our findings and recommendations with SCRRRA management on February 9, 2017. SCRRRA management indicated general agreement with audit findings and recommendations.

SCRRRA management established corrective action plans and target implementation dates, and some audit clients already implemented their improvement plans during our review period. Internal Audit will, on a quarterly basis, verify management’s progress towards full implementation.

We specially thank SCRRRA Fare Collections Services management and staff for their assistance and cooperation during our audit. If you have any questions or comments, please contact Elisabeth Lazuardi, Interim Audit Manager, at (213) 452-0335 or LazuardiE@scrra.net.
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APPENDICES

A: Sample Blank Tickets and TVM Spools
B: Sample Printed Tickets
# Abbreviations

<table>
<thead>
<tr>
<th>ACS</th>
<th>Affiliated Computer System</th>
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<tr>
<td>ASK</td>
<td>ASK-ingTAG, LLC</td>
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<tr>
<td>CBA</td>
<td>Cost-Benefit Analysis</td>
</tr>
<tr>
<td>CMF</td>
<td>Central Maintenance Facility</td>
</tr>
<tr>
<td>CMS</td>
<td>Central Management System</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>COO</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>COSO</td>
<td>Committee of Sponsoring Organizations of the Treadway Commission</td>
</tr>
<tr>
<td>DCEO</td>
<td>Deputy Chief Executive Officer</td>
</tr>
<tr>
<td>DCOO</td>
<td>Deputy Chief Operating Officer</td>
</tr>
<tr>
<td>EDM</td>
<td>Electronic Data Magnetics, Inc.</td>
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<tr>
<td>FCS</td>
<td>Fare Collection Services Department</td>
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<tr>
<td>FTA</td>
<td>Federal Transit Administration</td>
</tr>
<tr>
<td>ICE</td>
<td>Independent Cost Estimate</td>
</tr>
<tr>
<td>TVD</td>
<td>Ticket Vending Device</td>
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<tr>
<td>TVM</td>
<td>Ticket Vending Machine</td>
</tr>
<tr>
<td>LAUS</td>
<td>Los Angeles Union Station</td>
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<tr>
<td>SAP BI</td>
<td>SAP Business Intelligence</td>
</tr>
<tr>
<td>SCCRRA</td>
<td>Southern California Regional Rail Authority</td>
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<tr>
<td>SOC</td>
<td>Service Organization Control</td>
</tr>
<tr>
<td>TAP</td>
<td>Transit Access Pass</td>
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</table>
INTRODUCTION

BACKGROUND

The Internal Audit Department (Internal Audit) completed a performance audit of Fare Revenue Ticket Inventory Controls (Phase II) for the period of February 1, 2014 through June 30, 2016 in accordance with fiscal years (FYs) 2017-2018 Annual Internal Audit Plan approved by the SCRRA Board of Directors.

The purpose of our audit was (1) to determine whether internal controls over ticket stock inventory management were adequate, including safeguarding of ticket stocks and adequacy of ticket stock inventory management, (2) to determine whether ticket stock purchase costs were fair and reasonable, and (3) to determine whether the ticket stock inventory data—ticket type, quantity, validity, location and serial number—were accurate, complete, and timely and the ticket stock inventory management system was effective. The Fare Revenue Ticket Inventory Controls Audit was last performed as of January 30, 2014.

Ticket Vending Machine (TVM) and Central Management System (CMS) maintenance services have been provided by Xerox Transport Solutions, Inc. (Xerox Transport)—formerly ACS Transport Solutions, Inc. under Contract No. MS190-03 since December 2001. The contract has been amended fourteen times over the years to exercise contract options and increase TVM support for a not-to-exceed contract funding authorization of $36.9 million. The Contract No. MS190-03 expired in March 2015. A new contract, Contract No. MS227-15, was made with Xerox Transport in March 2015 for a not-to-exceed amount of $6 million, as a sole source and non-competitive procurement, for the base period of fifteen months (April 1, 2015 through June 30, 2016) to provide fare collection system maintenance services, including ticket stock purchase and installation.

- In 2012, SCRRA and ACS Transport incorporated revenue service dispatching and TVM paper service including development and purchase of TAP (Transit Access Pass)-compatible test ticket stock.¹

- In 2013, SCRRA started adopting TAP-enabled chip paper ticket stock for customers to seamlessly transfer through the LA Metro’s gated subway and light rail systems. SCRRA amended the contract with ACS Transport to expand the scope of work to include the initial purchase of TAP-compatible ticket stock and upgraded the fare collection system.²

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¹ SCRRA, Contract No. MS190-13, Ticket Vending Machines and CMS Maintenance, Amendment No. 14, December 12, 2014, 3.
² SCRRA, Board of Directors Meeting Minutes, March 11, 2016, 204.
In 2014, SCRRA received about 500 reports a month of ticket machine problems, ranging from printer errors to vandalism and user errors. Addressing the TVM printer errors became one of top priorities along with TVM availability.3

In 2015, SCRRA completed the CPU upgrade across the entire TVMs and made a new performance-based Contract No. MS227-15 with Xerox Transport to increase TVM availability. The new TVM maintenance services contract required that Xerox Transport assume the responsibility for improving TVM availability including procuring ticket stocks.2

The new Contract No. MS227-15 funding authorization for a base period of fifteen months (from April 2015 to June 2016) included funding for ordinary maintenance in the amount of $4 million plus $2 million for extraordinary work and incentives program. In June 2016, Contract No. MS227-15 increased the contract funding authorization from $6 million to $12 million for FY 2016-17.

Ticket Stock Purchase and Installation Process

Figure 1 shows an overview of ticket stock purchase and installation process under Contract No. MS227-15, renewed in March 2015 between SCRRA and Xerox Transport.

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3 SCRRA, Board of Directors Meeting Minutes, September 9, 2016, 199-120.
Blank Ticket Type and Printed Ticket Value Range

Table 1: Ticket Type and Printed Ticket Value Range

<table>
<thead>
<tr>
<th>Ticket Type</th>
<th>TAP</th>
<th>Percent (%)*</th>
<th>Printed Ticket Value Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Pass</td>
<td>Yes</td>
<td>7.6%</td>
<td>$39.50 - $462</td>
</tr>
<tr>
<td>7 Day Pass</td>
<td>Yes</td>
<td>4.7%</td>
<td>$10 - $192.50</td>
</tr>
<tr>
<td>Weekend Pass</td>
<td>Yes</td>
<td>12.2%</td>
<td>$10</td>
</tr>
<tr>
<td>One-way, round-trip</td>
<td>Yes</td>
<td>61.5%</td>
<td>$1.50 - $55</td>
</tr>
<tr>
<td>One-way, round-trip</td>
<td>No</td>
<td>14.0%</td>
<td>$0.75 - $27.50</td>
</tr>
<tr>
<td>Audit paper (rolls)</td>
<td>N/A</td>
<td>0.1%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: SCRRA’s Fare Table; Contract No. MS227-15, Schedule of Cost.
*Percent of estimated total ticket quantity in FY 2016.

Table 1 shows blank ticket types and printed ticket value ranges for each ticket type. Under Contract No. MS227-15, Xerox Transport purchases and installs five types of blank ticket stocks and one type of audit roll paper into TVMs (see Appendix A for sample blank tickets and TVM spools).

A TVM printer dispense five types of printed tickets— (1) Monthly Pass, (2) 7-Day Pass, (3) Weekend Day Pass, (4) One-way, Round-trip, TAP Ticket, and (5) One-way, Round-trip non-TAP Ticket (see Appendix B for sample printed tickets). Eight newly installed TVMs for Perris Valley Line have two printers for TAP and non-TAP tickets, respectively, and dispense different design of tickets (see Appendix B).

Ticket Purchase Expense and Tickets Sold

Table 2: TVM Ticket Stock Expense and Tickets Sold for FYs 2014-2016

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TVM Ticket Sales ($)</td>
<td>$84,976,110</td>
<td>$82,447,867</td>
<td>$82,322,473</td>
<td>$249,746,450</td>
</tr>
<tr>
<td>TVM Tickets Sold (#)</td>
<td>3,019,015</td>
<td>2,975,765</td>
<td>3,283,299</td>
<td>9,278,079</td>
</tr>
<tr>
<td>TVM Ticket Stock Expense ($)</td>
<td>$1,027,662</td>
<td>$922,166</td>
<td>$1,332,805</td>
<td>$3,282,633</td>
</tr>
</tbody>
</table>

(Source: Xerox Transport; Fare Collections Services)

Table 2 shows that TVMs produced average $82-85 million ticket sales per annum, and SCRRA paid $0.9-1.3 million per annum for ticket stock expense during our audit period. Table 2 does not include mobile/online ticketing sales.
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our audit objectives include:

- To determine whether internal controls over ticket stock inventory management were adequate, including safeguarding of ticket stocks and adequacy of ticket stock inventory management,
- To determine whether ticket stock purchase costs were fair and reasonable, and
- To determine whether the ticket stock inventory data were accurate, complete, and timely and the ticket stock inventory management system was effective.

Our audit objectives were aligned with SCRRRA's Strategic Goals:

- Goal 2: Achieve fiscal sustainability.
- Goal 7: Improve organizational efficiency.

Scope and Methodology

The scope of this audit covered the period of February 1, 2014 through June 30, 2016. The testing methodologies used to achieve the audit objectives included the following:

- Observed ticket stock inventory management at the FCS office in Central Maintenance Facility (CMF), Union Station Ticket Windows, and Contractor’s office and warehouse.
- Interviewed key staff members from SCRRRA Fare Collection Services, Marketing and Sales, Customer Services, IT, and Contractor.
- Reviewed and analyzed the relationship among ticket stock expense, tickets sold, and ticket sales.
- Reviewed ticket stock invoices and related payments.
- Reviewed the Board meeting minutes, SCRRRA Policies and Procedures, Standard Operating Procedures Manuals, prior audit report, and Best Practices.
- Reviewed Contracts MS190-03, MS227-15, PO464-14, and PO570-14.

We excluded mobile/online ticketing sales managed by Masabi LLC. and the Marketing and Sales Department because the mobile/online ticketing does not use Metrolink’s paper ticket stocks for Metrolink commuter system or transfer to LA Metro system. The mobile/online ticketing program was implemented system-wide in March 2016.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. CONTROL OVER TICKET STOCK INVENTORY MANAGEMENT

Objective

Determine whether internal controls over ticket stock inventory management were adequate, including safeguarding of ticket stocks and adequacy of ticket stock inventory management.

Criteria

- SCRLA Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management, approved by the Board on May 9, 2014.
- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States
- “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO)
- Prior audit report, Audit of Control over Train Ticket Stock #2014-02.

Conditions

Ticket windows and site visit observations

In September 2016, we performed observations of tickets stock management practices at FCS’s office in CMF, Los Angeles Union Station (LAUS) East/West Portal ticket windows, and Contractor’s office and warehouse to determine the adequacy of internal controls. Based on our observations performed, we noted improvements in the internal controls over ticket stock inventory management since our last audit in January 2014. FCS ticket handling office in CMF maintained all ticket stock rolls in the cabinet in the restricted organized room; LAUS ticket windows maintained all ticket stock rolls in the safe. LAUS ticket windows supervisor daily reviewed the ticket sales closing process and counted used/returned/obsolete ticket quantities.

- **Surveillance cameras were not installed.** There was one corrective action for the installation of surveillance cameras at the LAUS ticket windows which remained open since 2014 audit. Surveillance cameras will help providing security for employees and safeguarding the facilities and assets. According to the System Safety Department, the cameras will be installed in west portal in August 2017 and the cameras in east portal are not yet scheduled. The System Safety Department will be responsible for the installation of surveillance cameras.
Other key controls

During our audit, we interviewed key staff members within FCS, Marketing and Sales, Customer Relations, IT, and Contractor Xerox Transport to determine the adequacy of the internal controls over the ticket stock inventory process. We also conducted the internal control assessment by using best practices for internal control self-assessment questionnaires. Based on our interviews and assessment performed, we noted the following key control weaknesses:

- **Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management was not communicated and centrally maintained.** Contract No. MS227-15, *Fare Collection Service Maintenance*, provides that Contractor should purchase and manage ticket stock inventory per the current Authority ticket stock inventory procedures titled “TAP Enabled Ticket Stock Inventory Management” issued May 9, 2014. However, during our interview, Contractor Xerox claimed that the Board-approved ticket stock inventory SOP procedures were not provided by the previous management team. Furthermore, the procedures were not communicated to employees and maintained logically and centrally for employees’ access.

- **Ticket stock portable equipment was not properly monitored.** SCRRA’s ticket stock portable equipment—9 handheld devices and 7 charging stations, 1 chip scanner, 4 TOMs, and 14 vandalized TVMs—was not adequately monitored. Contractor did not submit to SCRRA an inventory listing of SCRRA’s ticket stock portable equipment annually as required by Contract No. MS227-15. SCCRA provided various ticket stock portable equipment for Contractor to conduct TVM maintenance and ticket stock inventory services. During our audit, we obtained the following listing of SCRRA’s portable equipment including TOMs and TVMs.

  ✓ 9 AssetWorks handheld devices  
  ✓ 7 charging stations for handheld devices  
  ✓ 1 Desktop Computer (S/N: 2003160)  
  ✓ 1 chip scanner  
  ✓ 4 Ticket Office Machines (TOMs) (901/902/903/925)  
  ✓ 13 vandalized or 1 re-welded Ticket Vending Machines (TVMs) – Vandalized TVMs pending approval to scrap (per Contractor)

- **Contractor’s responsibilities for ticket stock management were not clearly defined and stated in detail.** Contract No. MS227-15 did not specify Contractor’s responsibilities in detail, including ticket stock inventory planning, procurement, perpetual or physical inventory requirement, and ticket stock data retention.

**Cause**

- The surveillance cameras were not installed due to fund unavailability and lack of prior management’s proactive follow-up on the prior audit corrective action plan.
• **SOP for TAP Ticket Stock Management** was not communicated because of management and staff turnover in FCS. In addition, there was no policy or guidance for maintaining existing SOP and other department policies and procedures in a designated location for employee easy access.

• The ticket stock portable equipment was not monitored due to lack of vendor contract oversight in ticket stock management.

• Contractor’s responsibilities for the ticket stock inventory management were not clearly stated in the service contract due to inadequate vendor contract management/monitoring.

### Effect

• Without the surveillance cameras, there is an increased risk of facility break-in, employee thefts, and other possible crimes that might occur at the Ticket Windows.

• There is an increased risk of ineffectiveness or inefficiency in FCS operations and vendor contract management.

• SCRRRA’s assets are not safeguarded and there is a risk of misplaced or stolen assets.

• There is an increased risk of waste of fund due to unsatisfactory Contractor’s performance.

### Recommendations

1. **The System Safety Department should install surveillance cameras at the Union Station ticket sales windows on the East and West portals to protect personnel and assets. The Department should oversee, monitor, and be responsible for the image storage and daily operation of the surveillance cameras.**

### Management Response

**Agree.** The installation of this Video Surveillance System will provide for (1) General surveillance for theft, vandalism, and safety of personnel and customer’s, (2) Shrinkage reduction through monitoring and analysis of transaction data, and (3) Educational tools for proactive learning and training to improve service levels.

### Corrective Action Plan

The System Safety Department will install the surveillance cameras in the ticket window offices on the East and West portals by June 2, 2017, conducting the following:

a. Site assessment will be conducted on February 23, 2017,
b. Contract Task Order (CTO) will be developed from the Site Assessment,
c. A CTO would be issued and executed for installation,
d. After installation, the Security Department would verify all work before closing out the CTO, and
e. The System Security Department will develop the policy and procedures on the management and operations of surveillance cameras in collaboration with stakeholders (FCS and Customer Relations).

**Target implementation dates**
By June 2, 2017

**Responsible for implementation**
Rodney Harris, Security Manager, System Safety
Edward Pederson, DCOO, System Safety, Security and Compliance

**Accountable for implementation**
Gary Lettengarver, COO, Commuter Operations

2. The Fare Collections Services should communicate and implement SCRRA Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management with employees and the Contractor. Ensure all Department policies and procedures are communicated and logically maintained in a central location accessible to all employees.

**Management Response:**
**Agree.** All Department policies and procedures should be communicated and maintained in a central location. Currently, all department policies and procedures are maintained in the Fare Collections Drive (F:) in the folder titled “SOP”. However, since FCS is in the process of issuing a RFP for the procurement of new Ticket Vending Devices (TVD), the Standard Operating Procedure (SOP) for Ticket Stock Inventory Management will be updated accordingly and the updated SOP will be implemented and followed.

**Corrective Action Plan:**
Fare Collections Services (FCS) will provide a copy of the current SCRRA Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management to Xerox Transport. Furthermore, *SCRRA Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management* approved by the Board in 2014 will be updated based on the services provided by the Contractor that is awarded the new TVD RFP. In parallel with the design build of the new TVD, FCS will update the *Standard Operating Procedures (SOP) for Ticket Stock Inventory Management*.

**Target Implementation Date:**
- By March 17, 2017 – FCS will provide and communicate a copy of the current *Standard Operating Procedures for TAP Enabled Ticket Stock Inventory Management* to Xerox Transport.
• By October 31, 2017 (tentative date based on TVD award) – FCS will update SOP for Ticket Stock Inventory Management based on the impacts of the award of the TVD.

**Responsible for implementation**
Andy Ly, Manager, Fare Collections
Kimberly Yu, DCOO, Planning & Project Delivery

**Accountable for implementation**
Gary Lettengarver, COO, Commuter Operations

3. The Fare Collections Services should conduct an annual physical inventory of SCRRA’s portable equipment and request Contractor to provide a listing of equipment annually.

**Management Response:**
Agree. SCRRA’s ticket stock portable equipment should be managed.

**Corrective Action Plan:**
FCS will conduct an annual physical inventory of SCRRA’s ticket stock portable equipment and will also work with Asset Management to determine if these items need to be recorded.

**Target Implementation Date:**
By March 31, 2017

**Responsible for implementation**
Andy Ly, Manager, Fare Collections
Kimberly Yu, DCOO, Planning & Project Delivery

**Accountable for implementation**
Gary Lettengarver, COO, Commuter Operations

4. The Fare Collections Services should enhance the Contractor’s responsibilities in Contract No. MS227-15, if feasible, including ticket stock inventory planning, procurement, management, perpetual or physical inventory requirement, and ticket stock data management.

**Management Response:**
Agree. Contractor’s responsibilities within Contract No. MS227-15 can be better defined. However, with the timing of the procurement of the new TVD, this may not be feasible.
Corrective Action Plan:
FCS will better define Contractor's responsibilities in the new contract for the new TVD system in October 2017, including ticket stock inventory management, physical inventory requirement and ticket stock data management.

Target Implementation Date:
By October 31, 2017 (Tentative date based on TVD award)

Responsible for implementation
Andy Ly, Manager, Fare Collections
Kimberly Yu, DCOO, Planning & Project Delivery

Accountable for implementation
Gary Lettengarver, COO, Commuter Operations

2. TICKET STOCK PURCHASE PRICES

Objective
Determine whether ticket stock purchase costs were fair and reasonable, and the Cost/Price analysis and Independent Cost Estimate (ICE) were performed in accordance with SCRRA Contracts and Procurement Policies and Procedures Manual.

Criteria
- SCRRA Contracts and Procurement Policies and Procedures.
- TVM Maintenance Services Contract, MS227-15 (Xerox Transport)
- TAP Enabled Ticket Stock Contract, PO464-14 (EDM, Inc.)
- TAP Enabled Ticket Stock Contract, PO570-14 (ASK-ingTAG, LLC)

Condition
We reviewed Contract No. MS227-15, SCRRA Contracts and Procurements Policies and Procedures, and FTA Best Practices Procurements & Lessons Learned Manual to understand the procedures performed by management for ensuring that ticket stock purchase prices were fair and reasonable. We also analyzed the schedules of ticket stock purchase prices procured directly from the suppliers and the respective invoices under Contracts PO464-14 (EDM) and PO570-14 (ASK-ingTAG). Contract No. MS227-15 was awarded to Xerox Transport by the Board as a sole source and non-competitive procurement. Based on our review and analysis performed, we noted the following exceptions:

- Independent Cost Estimate (ICE) for Contract No. MS227-15 was not located and provided for our verification to ensure that ticket stock price was fair and
reasonable. SCRRA Contracts and Procurement Policies and procedures, CON-5, Cost and Price Analysis, requires that the requesting department (FCS) should submit independent cost estimate (ICE) to the Contracts and Procurement Department prior to comments of any procurement actions. The Contracts and Procurement Department must determine bidder’s or proposer’s price is fair and reasonable, comparing with the independent cost estimate. The requesting department (FCS) should maintain documentation in their files as to how the independent cost estimate (ICE) was derived. However, FCS could not locate or provide the ICE report for our verification.

- Cost/Price Analysis for Contract No. MS227-15 was not located or provided for our verification to ensure that ticket stock price was fair and reasonable. SCRRA Contracts and Procurement Policies and procedures, CON-5, Cost and Price Analysis, requires that cost and/or price analysis must be performed for each procurement action. CON-5 provides that “Contract Administration and Procurement Division should be responsible for determining and requesting the performance of a cost and/or price analysis for each procurement.” However, the Contracts and Procurement Department could not locate or provide the cost/price analysis report for our verification.

SCRRA Contracts and Procurement Policies and Procedures, CON-5, Cost and Price Analysis, provides that:

- Section 1.2. (Price Analysis): Price analysis shall be used in all other instances [in instances which cost analysis is not applicable] to determine the reasonableness of price. Price reasonableness may be determined on the basis of catalogue, market price, or previous purchases of a commercial item sold in substantial quantities to the general public or if law or regulation sets prices. If previous purchase is to be used in the price analysis, ensure that the previous price was fair and reasonable.

- Section 2.0. (Definition–Independent Estimate): The requesting department should maintain documentation in their files as to how the independent estimate was derived.

- Section 2.0. (Definition–Price Analysis): Catalogue, market, or previous price of a commercial product sold in substantial quantities to the general public, or prices set by law or regulation are used to determine the fairness and reasonableness of the offer.

- Section 3.0. (Responsibilities–Requesting Department or Division): The requesting department or division [should be] responsible for submitting an independent estimate with each properly approved requisition.

- Section 3.0. (Responsibilities–CA&P Division): Contract Administration and Procurement Division [should be] responsible for determining and requesting the performance of a cost and/or price analysis for each procurement.

SCRRA Contracts and Procurement Policies and Procedures, CON-19, Sole Source and Non-Competitive Negotiated Procurements, also provides that:
• In accordance with Policy CON-5, Cost and price Analysis, all sole source or non-competitive negotiated procurements of $50,000 or more shall have a cost and price analysis performed to determine if the price is fair and reasonable.

FTA Best Practices Procurement & Lessons Learned Manual (2016) also provides that:

• If the competition is deemed to be adequate or the recipient determines a sole source award is justified, a price analysis must be performed to determine the reasonableness of the bid price. Various price analysis techniques may be used, and they include (among others) comparison to previous purchases, bidder’s catalogue, market prices, or comparison to a valid independent cost estimate (ICE). If, on the basis of a price analysis, it is determined that the price is fair and reasonable, and if the bid is responsive and responsible, recipients may proceed with award. If, however, the reasonableness of the bid price cannot be established, recipients must proceed with a cost analysis discussed in Section 4.6, Cost and Price Analysis, below.

There was no assurance that the ticket stock purchase prices under Contract No. MS227-15 were fair and reasonable since there were no records that the required cost/price analysis and independent cost estimate were performed. Tables 2 and 3, as presented below, are our analysis of ticket stock unit price comparison and projected ticket stock cost comparison under Contract No. MS227-15.

Ticket stock unit prices comparison

| Table 3: Unit Price Comparison for Ticket Stock Purchase (FY 2014-2016) |
|--------------------------|----------------|----------------|----------------|
| Contract Type            | Unit           | Xerox Transport | EDM Inc.       | ASK-ingTAG, LLC |
| Monthly Pass (TAP)       | Per TAP ticket | $0.4800         | $0.2482        | $0.3150         |
| 7 Day Pass (TAP)         | Per TAP ticket | $0.4800         | $0.2555        | $0.3150         |
| Weekend Pass (TAP)       | Per TAP ticket | $0.4800         | $0.2482        | $0.3150         |
| OW/RT (TAP)              | Per TAP ticket | $0.4800         | $0.2438        | $0.3150         |
| OW/RT (Non-TAP)          | Per non-TAP ticket | $0.0300       | $0.0216        | $0.0200         |
| Audit Paper (Rolls)      | Per Roll       | $15.2300        | $7.3000        | $10.0000        |

(Source: SCCRA’s Contracts; Contract & Procurement Department)

Table 3 is the ticket stock prices under Contract No. MS227-15, compared with the ticket stock purchase prices from two previous suppliers: Contract PO464-14 (EDM Inc.) and PO570-14 (ASK-ingTAG, LLC) for FYs 2014-2016.

In FYs 2014 and 2015, SCRRA purchased the TAP/non-TAP ticket stocks directly from EDM Inc. or ASK-ingTAG, LLC, and provided Xerox Transport with the ticket stocks for installation and management. In March 2015, SCRRA transferred the responsibilities of ticket stock procurement to Xerox Transport, holding Xerox Transport accountable for TVM performance. In FY 2016, under Contract No. MS227-15, Xerox Transport purchased the same TAP/non-TAP ticket stocks directly from ASK-ingTAG, LLC. or EDM Inc. and installed them into TVMs at its discretion.
Projected ticket stock cost comparison (FY 2016)

<table>
<thead>
<tr>
<th>Ticket Type</th>
<th>Tickets Quantity (^a)</th>
<th>Xerox Transport</th>
<th>EDM Inc.</th>
<th>ASK-ingTAG, LLC</th>
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<tr>
<td>Monthly Pass (TAP)</td>
<td>273,000</td>
<td>$131,040</td>
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<td>OW/RT (Non-TAP)</td>
<td>500,000</td>
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<td>Audit Paper (Rolls)</td>
<td>2,080</td>
<td>$31,678</td>
<td>$15,184</td>
<td>$20,800</td>
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<td><strong>Total Ticket Stock Cost</strong></td>
<td><strong>3,580,080</strong></td>
<td><strong>$1,524,118</strong></td>
<td><strong>$781,510</strong></td>
<td><strong>$1,000,370</strong></td>
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<td><strong>Difference</strong></td>
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<td><strong>$742,609</strong></td>
<td><strong>$523,748</strong></td>
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</table>

(Source: SCRRR A Contracts; Contracts & Procurement Department)

\(^a\) Estimated ticket quantity to be ordered as per Contract MS227-15.

Table 4 shows a comparison of projected ticket stock purchase costs among Xerox Transport and two previous suppliers—EDM Inc. and ASK-ingTAG, LLC—for the first base contract period (for 15 months; April 1, 2015 to June 30, 2016). Xerox Transport's projected ticket stock cost was approximately $742,609 (95.0%) and $523,748 (52.4%) higher than previous suppliers EDM Inc. and ASK-ingTAG, LLC., respectively.

**Cause**

- SCRRR A Contracts and Procurements Policies and Procedures, CON-5, Cost and Price Analysis, was not followed.

**Effect**

- There is a risk that the negotiated unit prices for the ticket stock purchased under the contract term MS227-15 were not the most economical and efficient for SCRRR A.

**Recommendations**

5. The Fare Collections Services should conduct Independent Cost Estimate (ICE) to ensure that the ticket stock unit prices are fair and reasonable and maintain documentation in their files as to how the ICE was derived.

**Management Response:**

Agree. An Independent Cost Estimate (ICE) should have been prepared prior to Contractor award to determine unit prices were fair and reasonable. However, since this contract was awarded in April 1, 2015, FCS cannot recreate ICE from that time.

**Corrective Action Plan:**

FCS will provide an ICE based on today's projected prices. In addition, FCS will conduct an ICE for all future contracts and provide the ICE to the Contracts &
Procurement Department for them to conduct their price analysis. FCS will maintain a copy of the ICE in their files for review and audit.

**Target Implementation Date:**
By March 10, 2017

**Responsible for implementation**
Andy Ly, Manager, Fare Collections
Kimberly Yu, DCOO, Planning & Project Delivery

**Accountable for implementation**
Gary Lettengarver, COO, Commuter Operations

6. The Contracts & Procurement Department should perform a Cost/Price Analysis for all sole source or non-competitive negotiated procurements of $50,000 or more to determine if the price is fair and reasonable and maintain documentation in its file as to how the Cost/Price Analysis was derived.

**Management Response**
Agree. A cost analysis was performed prior to execution of the agreement with Xerox that determined that the prices proposed by Xerox were fair and reasonable. The cost analysis report has been misplaced and a duplicate copy cannot be found due to the departure of the staff managing this contract.

**Corrective Action Plan**
The Contracts and Procurement Department will engage an outside consultant to perform a cost analysis to review Xerox’s prices to document the file. Effective immediately, the Contracts and Procurement Department will perform a cost analysis using outside consultants or in-house staff and maintain the cost analysis documentation in the department’s file in accordance with the Contracts and Procurement Policies and Procedures.

**Target Implementation Date**
The request to engage a consultant will be sent by mid-March 2017 with a completion date of April 30, 2017.

**Responsible for implementation**
Lia McNeil-Kakaris, Assistant Director, Contracts and Procurement

**Accountable for implementation**
Elissa Konove, DCEO
3. **TICKET STOCK INVENTORY DATA MANAGEMENT**

**Objective**

Determine whether the ticket stock inventory data—ticket type, quantity, validity, location and serial number—were accurate, complete, and timely and the ticket stock inventory management system was effective.

**Criteria**

- Fare Collection Services Policies and Procedures Manual, *TAP Enabled Ticket Stock Inventory Management*, approved by the Board on May 9, 2014
- “*Standards for Internal Control in the Federal Government*” (Green Book) issued by the Comptroller General of the United States
- “*Internal Control Integrated Framework*”, issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO)

**Condition**

We interviewed key members and observed the AssetWorks inventory program within FCS department, IT Department, and Contractor Xerox Transport to understand the system and data management. SCRRRA FCS uses an AssetWorks Inventory Control system and an SAP Business Intelligence system to manage the ticket stock inventory. Based on our discussion and observation with FCS and IT staff, we noted that FCS and Xerox Transport have been tracking the ticket stocks at the roll level, not at the individual ticket level.

Currently, Contractor directly ordered and received the ticket stock rolls at its warehouse in Los Angeles and provided SCRRRA FCS with an email listing of ticket stock rolls received. FCS staff manually uploaded the ticket stock roll data into AssetWorks Inventory Control system to register each new roll. Once the new roll is registered into the AssetWorks system, each movement of the ticket stock rolls can be tracked by handheld scanning devices. The handheld scanning devices collect the ticket movement data (1) when the ticket stock rolls leave the Xerox warehouse, (2) when the old ticket stock rolls are taken from TVMs, (3) when the new ticket stock rolls are installed into TVMs, (4) when the old ticket stock rolls are loaded onto the Xerox trucks, and (5) when the old ticket stock rolls are checked into the warehouse. Each scanned data is transmitted to the AssetWorks Inventory system.

**Ticket stock inventory management system**

Based on our observations, we noted deficiencies in AssetWorks system in implementing the Fare Collection Services Policies and Procedures Manual, *TAP Enabled Ticket Stock Inventory Management*, approved by the Board on May 9, 2014.
• AssetWorks system was unable to generate Inventory Control Reports (ICR), Exemption Report (ER), and Component Relationship report (CRR) referred on the FCS Policies and Procedures.
• AssetWorks system was unable to track the life of individual smart ticket by using method described in the Policies and Procedures.
• AssetWorks system was unable to manage the inventory of equipment and smart tickets effectively.

Best Practice, GAO Standards for Internal Control in the Federal Government, Information and Communication Principle 13 provides that “management should use quality information to achieve the entity’s objectives.” and the Monitoring Principle 16 provides that “management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”

**Ticket stock inventory data**

Below are key findings from our observation and review performed:

• **Reconciliations of ticket stocks in AssetWorks with source documents were not performed.** Reconciliations of ticket stock inventory in AssetWorks with the source documents were not performed. FCS Management informed us that they were unable to perform the reconciliations of the AssetWorks data to the source documents due to inaccurate and incomplete data entries into the AssetWorks inventory system.

• **Annual physical inventory was not performed.** Annual physical ticket stock inventory was not performed to ensure the ticket stock data is complete and accurate. Therefore, the ticket stock inventory data in the perpetual inventory system (AssetWorks) was not accurate and complete.

• **Records of disposition of obsolete ticket stocks were not maintained.** The obsolete ticket stocks include returned tickets, expired tickets, damaged tickets, unused leftover tickets, etc. During our interviews with Contractor and FCS staff, we noted that FCS disposed of approximately five to seven 175-gallon bins of unused non-TAP tickets around May 2015. No disposition records were maintained or available for our review and verification. The unused tickets were disposed subsequent to a decision made by SCRRA FCS in June/July 2015 to replace all ticket stocks with the new ticket stocks supplied by ASK. We were unable to verify the accurate quantity, approval process, and justification of the ticket disposal due to the lack of the records. We also noted that there is no written policies and procedures for the disposition of SCRRA ticket stocks.

**Cause**

• Reconciliations of ticket stock inventory were not completed because the policies and procedures requiring the procedures has not been properly established and implemented.
• The annual physical inventory was not performed because the policies and procedures requiring the procedures has not been properly established and implemented.
• The obsolete ticket stocks were disposed without maintaining the records because the policies and procedures addressing ticket stock disposal has not been properly established.

Effect

• Management does not have accurate and sufficient information from AssetWorks to make effective and efficient decisions in forecasting, ticket ordering, and other significant business processes.
• There is a risk that management does not make effective and efficient decisions without accurate, complete, and timely ticket stock inventory data and of undetected loss or waste of tickets.
• There is a risk of illegal use of the disposed tickets—especially blank TAP tickets—if ticket disposal process is not properly controlled and tracked. This will result in loss of revenue.

Recommendations

7. The Fare Collections Services should complete reconciliations of the ticket stock inventory data in AssetWorks with the source documents immediately to improve the data reliability for effective decision-making or establish an alternative simplified reconciling process using the Excel spreadsheet.

Management Response:
Agree. The current ticket stock inventory data in AssetWorks has not been reconciled with physical inventory ticket stock. FCS has been working with IT to extract reports in AssetWorks to reconcile ticket stock inventory data. However, data integrity may not be feasible with the reliability of the current system. Future reconciliations will be performed in the new TVD system when the updated SOP of Ticket Stock Inventory Management is implemented.

Corrective Action Plan:
Once the ticket stock data can be extracted from AssetWorks, FCS will work with the current vendor to compare the ticket stock inventory data in AssetWorks to the physical inventory tickets stock. FCS will monitor ticket stock inventory data in AssetWorks with the tools available. Meanwhile, FCS will add measures to ticket stock inventory management to improve data reliability in the new system.

Target Implementation Date:
By June 30, 2017
**Responsible for implementation**
Andy Ly, Manager, Fare Collections
Kimberly Yu, DCOO, Planning & Project Delivery

8. The Fare Collections Services should establish an effective Ticket Stock Inventory Data Management Procedures manual to include disposition of ticket stocks, annual physical count, and reconciliations of the ticket stock inventory data in AssetWorks to the source documents.

**Management Response:**
**Agree.** As of June 2016, FCS have been maintaining a record of all ticket stock that was disposed. Disposal of obsolete tickets and reconciliation of the ticket stock inventory data need to be included in the *SOPs for Ticket Stock Inventory Management*. Pending the procurement of the new TVD, AssetWorks may or may not be the software used for ticket stock Inventory Data Management.

**Corrective Action Plan:**
FCS will establish a SOP for Ticket Stock Inventory Management and include disposal of obsolete tickets and reconciliation of ticket stock inventory data. Please see Implementation Plan of Action for Recommendation No. 2.

**Implementation Date:**
By October 31, 2017 (tentative date based on TVD award)

**Responsible for implementation**
Andy Ly, Manager, Fare Collections
Kimberly Yu, DCOO, Planning & Project Delivery

**Accountable for implementation**
Gary Lettengarver, COO, Commuter Operations
APPENDIX A: SAMPLE BLANK TICKETS AND TVM SPOOLS

(1) Sample Blank Tickets

(2) TVM Spools

(Source: Xerox Transport)
APPENDIX B: SAMPLE PRINTED TICKETS
Performance Audit of Fare Revenue Ticket Stock Inventory Controls (Phase II): 2017-03-IA

SCRRA Internal Audit Department

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Reviewed and accepted by:

Arthur T. Leahy
Chief Executive Officer
March 16, 2017
Date

for Elissa Konove
Deputy Chief Executive Officer
March 14, 2017
Date

Gary Lettengarver
Chief Operating Officer
March 13, 2017
Date

Kimberly Yu
Deputy Chief Operating Officer
Planning and Project Delivery
March 16, 2017
Date

Edward Pederson
Deputy Chief Operating Officer
System Safety, Security and Compliance
March 10, 2017
Date
TRANSMITTAL DATE: March 17, 2017
MEETING DATE: March 24, 2017

TO: Board of Directors
FROM: Arthur T. Leahy
SUBJECT: Internal Audit Department Update

Issue

The following status of audit activities of the Internal Audit Department (Internal Audit) at the Authority is for informational purposes.

Recommendation

The Board may receive and file this report.

Strategic Goal Alignment

This report aligns with the strategic goal to maintain fiscal sustainability and improve organizational efficiency.

Background

I. Internal Audit Activities:

   A. Pre-award cost analysis for Contract No. E742-16 – PTC Communication & Signal Systems Design & Engineering Services for three prime contractors (E742A-16, E742B-16, E742C-16). Internal Audit engaged an external firm to perform the analysis. The reports for E742A-16, E742B-16, and E742C-16 were finalized and distributed to Contracts.

   B. Internal Audit distributes monthly report of the department activities to the TAC members and member agency Chief Financial Officers. See Attachment A for the monthly report as of February 2017.

   C. Internal Quality Control System Review for Internal Audit (Peer Review) – As required by the Government Auditing Standards issued by the Comptroller General of the United States and International Standards for the Professional Practice of Internal Auditing (IIA Standards), an external peer review should be performed for
the Internal Audit Department. *Government Auditing Standards* and *IIA Standards* require an external peer review to be conducted at least once every three years and five years, respectively. The Internal Audit Department is tentatively scheduled for an external peer review for April 2017. The external peer review will be conducted by the Association of Local Government Auditors (ALGA). The purpose is to determine whether, during the period under review:

a. The Internal Audit Department’s internal quality control system was adequate

b. Quality control policies and procedures were being complied with to provide the Internal Audit Department with reasonable assurance of conforming to applicable professional standards.

The Internal Audit Department should take remedial and corrective actions as needed based on the results of the peer review.

D. Interim Contract Audit H1636-10 – Positive Train Control System – Parsons Transportation Group Inc. (2017-05-CA) is completed. See the report in item 33.

E. Performance Audit Fare Revenue Ticket Inventory Controls (Phase II) (2017-13-IA) is completed. See the report in item 34.

F. Corrective Action Matrices for the following past audits/reviews are attached:

a. 2014-03A-IA: Performance Audit of Fare Revenue Reconciliation Processes and Data Integrity (Phase I)(see Attachment B)

b. 2015-07-SR: Advisory Services on Timely Invoice Payment – Architectural/Engineering, Maintenance, and Public Works/Construction Contracts (see Attachment C)

Internal Audit is tracking the implementation of the corrective action plan.

II. External Audits

A. The Federal Transit Administration (FTA) 2016 Triennial Review – all findings are closed and corrective actions are accepted.

B. Member Agency Memorandum of Understanding (MOU) Audit with Los Angeles County Metropolitan Transportation Authority (LACMTA) for the FY2015-16 is in the report writing stage.

D. Engagement to Perform Agreed Upon Procedures of Common Area Maintenance Expense at Los Angeles Union Station for the calendar years ended 2012, 2013 and 2014 was completed and a final report received. Metrolink management is in the process of reviewing the results of the report with LACMTA and its management company, Morlin Asset Management, Inc.

E. California Department of Transportation (Caltrans) Proposition 1B Audit. The audit fieldwork is in progress.

F. FTA Subrecipient Compliance Review – The Orange County Transportation Authority (OCTA) and the Riverside County Transportation Commission (RCTC) conducted an on-site Subrecipient Compliance Review of the Authority as required by the FTA in December 2016. A final report will be delivered to the Authority.

**Budget Impact**

There is no immediate budget impact resulting from this status report.

Prepared by: Elisabeth Lazuardi, Interim Audit Manager

Elisabeth Lazuardi  
Interim Audit Manager
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<th>Department</th>
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<td>Completed</td>
</tr>
<tr>
<td>Internal Audit Served as Liaison</td>
<td>Finance</td>
<td>2015/16 CAFR</td>
<td>Completed</td>
</tr>
<tr>
<td>Internal Audit Served as Liaison</td>
<td>Finance</td>
<td>2015/16 Single Audit</td>
<td>Completed - Corrective Action being tracked</td>
</tr>
<tr>
<td>Internal Audit Served as Liaison</td>
<td>Operations &amp; Finance</td>
<td>Agreed-Upon Procedure - Annual NTD report 2015/16</td>
<td>Completed</td>
</tr>
<tr>
<td>Internal Audit Served as Liaison</td>
<td>Finance</td>
<td>2015/16 LACMTA MOU</td>
<td>In Progress</td>
</tr>
<tr>
<td>Internal Audit Served as Liaison</td>
<td>Entity-Wide</td>
<td>Caltrans Proposition 1B Audit</td>
<td>In Progress</td>
</tr>
<tr>
<td>Internal Audit Served as Liaison</td>
<td>Entity-Wide</td>
<td>OCTA &amp; RCTC FTA Subrecipient Review</td>
<td>In Progress</td>
</tr>
</tbody>
</table>
## Southern California Regional Rail Authority
### Internal Audit Department
#### Recommendation Follow-up Status Update
(As of March 3, 2017)

**Audit No.: 2014-03A-IA**  
**Performance Audit of**  
Fare Revenue Reconciliation Processes and Data Integrity (Phase I)

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Status</th>
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</thead>
</table>
| **#1. Fare Collection Services (FCS)** - Establish comprehensive fare collection and revenue management policy and procedures to manage fare revenue collection and counting services effectively and efficiently. The comprehensive policy and procedures should include:  
  (1) General fare revenue collection services  
  (2) TVM cash collection  
  (3) TVM Credit card collection  
  (4) Cash collection from Union Station windows  
  (5) Cash count process  
  (6) Revenue data integrity and retention  
  (7) Ticket and equipment inventory | Implemented  
FCS completed the recommended Standard Operating Policies on 11/30/2016:  
- General fare revenue collection services  
- TVM cash collection  
- TVM Credit card collection  
- Cash collection from Union Station windows  
- Cash count process  
- Revenue data integrity and retention  
- Ticket and equipment inventory | 12/31/2015  
2/29/2016  
3/31/2016  
**11/30/2016 Implemented** |
| **#4. FCS** - Ensure that the Contractor followed up on cash shortages or has reimbursed SCRRA for cash shortages over $25. | Implemented  
FCS has conducted cash count observation on 6/29/2016 and 10/26/2016. The next scheduled cash count observation is scheduled for March 8, 2017.  
- The only discrepancy found during these cash count observations was a shortage of $1,716.75 that the contractor claims was never reconciled from 2013/2014. FCS is working with Finance to determine to correct resolution. | 12/31/2015  
2/29/2016  
3/31/2016  
7/31/2016  
**12/31/2016 Implemented** |
| **#14. Finance** - Establish policies and procedures on credit card refunds and chargebacks and implement a formal dispute process for the refunds and chargebacks to avoid potential loss of fare revenue. | Implemented  
Finance Accounts Receivables and Collection Unit revised Finance Policy, FIN 9-1 (Account Receivable, Credit and Collections) and | 6/30/2015  
3/31/2016  
**12/31/2016 Implemented** |
Audit No.: 2014-03A-IA  
Performance Audit of  
Fare Revenue Reconciliation Processes and Data Integrity (Phase I)  

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</table>
## Recommendation Follow-up Status Update

### As of March 7, 2017

**Audit No.: 2015-07-SR**

**CEO Request – Advisory Services on Timely Invoice Payment – Architectural/Engineering, Maintenance, and Public Works/Construction Contracts**

<table>
<thead>
<tr>
<th>Recommendation / Corrective Action Plan</th>
<th>Status</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recommendation 1b</strong> &lt;br&gt;Operations - Develop Policies and Procedures covering the extent of duties and responsibilities of the Business Administrators/ Analysts (BAs) with respect to invoice review.</td>
<td>In Progress &lt;br&gt;Policies and Procedures draft will be updated for additional recommendation from Internal Audit</td>
<td>2/4/2016 &lt;br&gt;6/30/2016 &lt;br&gt;12/31/2016 &lt;br&gt;4/7/2017</td>
</tr>
<tr>
<td><strong>Recommendation 2d</strong> &lt;br&gt;IT - Automatically alert AP Clerk upon invoice approval.</td>
<td>Not Applicable &lt;br&gt;Not feasible with current AX system. Staff will continue to research possibilities for automation in the future</td>
<td>12/31/2015 &lt;br&gt;3/31/2016 &lt;br&gt;12/31/2016 &lt;br&gt;Closed</td>
</tr>
<tr>
<td><strong>Recommendation 2f</strong> &lt;br&gt;Operations &amp; IT - Provide sufficient access to BAs to effectively use the system for invoice processing and develop AX user manual.</td>
<td>Implemented</td>
<td>1/1/2016 &lt;br&gt;6/30/2016 &lt;br&gt;12/31/16 &lt;br&gt;Implemented</td>
</tr>
<tr>
<td><strong>Recommendation 2h</strong> &lt;br&gt;Operations &amp; IT - Applicable checklist and Contract Payment Voucher should be automated in AX.</td>
<td>Not Applicable &lt;br&gt;Not feasible with current AX system. Checklist and Contract Payment Voucher has been revised and standardized. Staff will continue to research possibilities for automation in the future</td>
<td>2/4/2016 &lt;br&gt;6/30/2016 &lt;br&gt;12/31/2016 &lt;br&gt;Closed</td>
</tr>
<tr>
<td><strong>Recommendation 2i</strong> &lt;br&gt;Operations &amp; Finance - Invoice reviewing/approving should be performed through AX and BAs are responsible to ensure the most updated version of invoices are in AX.</td>
<td>Implemented</td>
<td>2/4/2016 &lt;br&gt;6/30/2016 &lt;br&gt;12/31/2016 &lt;br&gt;Implemented</td>
</tr>
<tr>
<td><strong>Recommendation 2j</strong> &lt;br&gt;Operations &amp; IT - All AX user should be required to have proper training.</td>
<td>Implemented</td>
<td>2/4/2016 &lt;br&gt;3/31/2016 &lt;br&gt;12/31/2016 &lt;br&gt;Implemented</td>
</tr>
</tbody>
</table>
## Comprehensive Annual Financial Review (CAFR) & Single Audit Fiscal 2015-16

<table>
<thead>
<tr>
<th>Finding / Recommendation / Corrective Action Plan</th>
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</table>
| **Finding 2016-001 (Material Weakness in Internal Control)**<br>Annual Financial Reporting<br><strong>Recommendation:</strong>  
- Establish well-designed and efficient annual and month-end closing process that entail timely preparation and review of monthly reconciliations between general ledgers to sub-ledgers for all significant accounts. Establish well-documented roles and responsibilities.  
- Formally documenting current policies for the opening and creation of new projects.  
- Take advantage of financial reporting components of the financial system  
- Outline revenue recognition policies related to member subsidies.  | A month-end close calendar is being developed to present to Moss Adams for review by 3/31/17.  
Standard operating procedure development is ongoing as various tasks are performed and documented. Cross training has occurred in payroll and a number of general accounting tasks.  
Project setups are now being routed through all Finance managers for approval before initiating to ensure appropriate configuration.  
Training and collaboration with IT relating to enhanced use of FIS system is ongoing in areas such as accounts payable, capital assets and inventory. Significant progress will be made by the end of FY17, but optimization will likely not be reached until the end of calendar year 2017.  
Revenue recognition policies are in development with a goal of completing by fiscal year end. | 3/31/17, Ongoing, Complete, 12/31/17, 6/30/17 |
## Finding 2015-002 (Material Weakness in Internal Control)

**Capital Assets and Project Management**

**Recommendation:**
- Evaluate the use of the capital asset module to track activity
- Timely review of newly constructed capital assets as either depreciable or on-depreciable
- All departments continue to receive training on then policies & procedures surrounding capital assets
- Revise its capitalization policies on the capitalization of interest and overhead and indirect costs.

**Corrective Action Plan:**

1. Develop policies and standard operating procedures to address capital asset classification criteria, useful life designations, treatment of capitalized interest, treatment of overhead and indirect costs, and asset addition and disposal procedures.
2. Train all authority staff on these related policies and procedures to ensure compliance
3. Schedule a training with IT staff to gain a deeper understanding of the fixed asset module within the financial accounting system.
4. Evaluate the PTC system to determine correct treatment for capitalization and depreciation purposes.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Existing policies are being reviewed and best practices are being researched. Some SOPs have been drafted, such as disposals of vehicles. Policies will be finalized by fiscal year-end.</td>
<td>6/30/17</td>
</tr>
<tr>
<td>Training of staff will occur once policies and procedures are finalized.</td>
<td>9/30/17</td>
</tr>
<tr>
<td>Training of Finance staff responsible for capital asset accounting on the asset module in FIS has been completed. Continuing consultation is occurring as best practices are being identified and implemented.</td>
<td>Complete</td>
</tr>
<tr>
<td>Evaluation of the PTC system is expected to begin in March. Consultants have been engaged by Operations in another, but related, capacity that may aid in this process. Ideally, this work will be achieved before the financial books are closed for FY16.</td>
<td>8/15/17</td>
</tr>
</tbody>
</table>
### Comprehensive Annual Financial Review (CAFR) & Single Audit Fiscal 2015-16

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</table>
| **Finding 2015-003 (Significant Deficiency in Internal Control)**  
Reconciliation and Valuation of Inventory  
**Recommendation:**  
- Prioritize the evaluation of obsolete inventory items and develop a well-defined methodology for reserve calculation  
- Perform final reconciliation to agree total disbursements on inventory acquisitions to total costs per Asset Works  
**Corrective Action Plan:**  
1. Develop policies and standard operating procedures to address the identification and valuation of obsolete or over-valued inventory.  
2. Schedule a training with IT staff to gain a deeper understanding of the unintegrated inventory system to enable Finance to better monitor the activity processed through that software. | Best practices are being identified and policies will be developed. Work is being coordinated with Authority staff responsible for developing the Transit Asset Management plan. Existing reports are being identified and/or new reports are being developed to aid in monitoring of obsolete inventory.  
Training on the inventory life cycle and the role of the FIS and AssetWorks systems in that cycle are expected to begin soon. | 4/30/17 |
| **Finding 2015-004 (Significant Deficiency in Internal Control)**  
Claims and Judgments Valuation  
**Recommendation:**  
- Establish a policy that follows GAAP for estimating contingent liability and risk exposure. Perform periodic reconciliation to monitor claims and judgment activity.  
**Corrective Action Plan:**  
1) Develop policies and standard operating procedures to guide legal staff in preparing claims estimates according to GAAP.  
2) Track payments on claims related to existing reserves to aid in evaluation of the reasonableness of ongoing and future estimates | Work in this area has not started but is expected to be complete by fiscal year-end. | 6/30/17 |
| **Finding 2015-005 (Significant Deficiency in Internal Control)**  
Equipment Management  
**Recommendation:**  
- Evaluate methods to include all required information for tracking in accordance with applicable award regulations.  
**Corrective Action Plan:**  
1) Develop policies and procedures to address asset addition and disposal procedures and to ensure | Existing policies maintained by Finance and Procurement are being evaluated for needed revisions. Some standard operating procedures have been developed regarding disposal of vehicles. Disposal forms will be modified to ensure sufficient information and appropriate approvals / notifications are obtained upon disposal. | 5/31/17 |
## Comprehensive Annual Financial Review (CAFR) & Single Audit Fiscal 2015-16

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<tbody>
<tr>
<td>complete and timely communication of capital asset activity.</td>
<td>Training of Finance staff responsible for capital asset accounting on the asset module in FIS has been completed. Continuing consultation is occurring as best practices are being identified and implemented.</td>
<td>Complete</td>
</tr>
<tr>
<td>2) Training with IT staff to gain a deeper understanding of the fixed asset module within the financial accounting system.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TRANSMITTAL DATE: March 17, 2017

MEETING DATE: March 24, 2017

TO: Board of Directors

FROM: Arthur T. Leahy

SUBJECT: Assembly Bill 1234 Meetings Attended by Members of the Board of Directors

Issue

A report on meetings attended by members of the Board of Directors is provided in compliance with the Authority’s policies and "Assembly Bill 1234" (AB 1234) (Government Code Section 53232 et seq).

Recommendation

The Board may receive and file this report.

Strategic Goal Alignment

This report aligns with the strategic goal to improve communications to customers and stakeholders.

Background

The Authority amended its policies to be consistent with the requirements of state law effective in 2005 and known as "AB 1234". Among the changes on expense reports was a requirement that members of a legislative body “provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.” For purposes of this report, attendance at regular or special meetings of the Board and its committees for which per diem compensation is provided are not included within this requirement.

Members of the Board of Directors have requested that reports be filed with the Board relating to meetings or activities that they have attended on behalf of the Authority in the performance of official duties during the previous month for which they have claimed reimbursable expenses. Staff provides the Board with the following reports pursuant to these requests.
On Wednesday, February 1, 2017, Chair Kotyuk traveled to Sacramento with Arthur T. Leahy, Chief Executive Officer, Patricia Bruno, Chief of External Affairs, and Whitney O'Neill, Government and Regulatory Affairs Manager for a state advocacy trip. The delegation met with key leadership including Assembly Transportation Committee Chair Jim Frazier and Senate Transportation and Housing Chair Jim Beall. The meetings also included Senator Connie Leyva and Tony Mendoza. The delegation also met with Assembly Members Freddie Rodriguez, Tom Daly, Eloise Gomez Reyes, Richard Bloom and Raul Bocanegra. The Authority discussed their legislative priorities and specifically our position on the transportation bills. The purpose of the travel was to oversee the board adopted position of Work with Author, Seek Amendment on SB 1 and AB 1 to direct any potential funding for commuter rail in SB 1 in a manner that benefits the Authority, and to seek the same provision in AB 1.

Monday, February 13 through Wednesday, February 15, 2017, Chair Kotyuk and Vice-Chair Humphrey traveled along with Arthur T. Leahy and Whitney O'Neill to Washington DC. The delegation engaged in multiple meetings with policymakers to reinforce the Authority’s priorities as a national infrastructure package is being crafted by the Administration and Congress. The delegation met with House Transportation and Infrastructure (T&I) Chairman Bill Shuster, Senator Diane Feinstein, Representative Calvert, and Chairman of the Railroads, Pipelines and Hazardous Materials Subcommittee on T&I, Jeff Denham, among many others. In addition, the delegation engaged in a productive conversation with Dan Slain from the Trump transition team.

Saturday, March 11 through Wednesday, March 15, 2017, Chair Kotyuk and Vice-Chair Humphrey attended the 2017 American Public Transportation Association (APTA) Legislative Conference held in Washington DC. The conference was attended by industry leaders from across the country. The delegation took the opportunity to visit congressional staff, including the offices of House Majority Leader McCarthy and Representative Knight. In addition, the team met with Senate Commerce Committee professional staff member Patrick Fuchs and his team.

**Budget Impact**

Funds for eligible expense reimbursement are provided in the FY2016-17 budget.

Prepared by: Kari Holman, Assistant to the CEO / Board Secretary
Whitney O’Neill, Government and Regulatory Affairs Manager

Patricia Bruno
Chief of External Affairs