



Board Report

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AD HOC REGIONAL RAIL COMMITTEE MEETING FEBRUARY 17, 2016

SUBJECT: METROLINK SHORT RANGE TRANSIT PLAN AND TEN YEAR STRATEGIC PLAN

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report on the Metrolink Short Range Transit Plan and Ten Year Strategic Plan.

ISSUE

The Southern California Regional Rail Authority (Metrolink) has been developing their Short Range Transit Plan and Ten Year Strategic plans. Draft versions of this document have been issued to the Member Agencies. The Metrolink Board is planning on adopting these plans in March of 2016.

DISCUSSION

The Southern California Regional Rail Authority (SCRRA) operates the Metrolink commuter rail system in six southern California counties. Metrolink has been developing their strategic plan over the past year. The development of this plan included two workshops involving the Board, Chief Executive Officers of the Member Agencies, and Technical Advisory Committee members. There are two components to the overall strategic planning for the agency; the Short Range Transit Plan (S RTP) and the Ten Year Strategic Plan. These plans address the five Guiding Principles of; Focus/Discipline, Customer Value, Connectivity, Transparency, and Collaboration.

These plans address the following challenges stated by the Metrolink Chief Executive Officer:

- Bring the way that business is done up to date;
- Infrastructure that has reached capacity and is at the end of its useful life;
- Build on a foundation of the people and change the working culture.

Metrolink has also described successes that are indicating progress in the agency:

- Implementation of Positive Train Control,
- Launch of Mobile Ticketing,
- Innovation in Fares,
- Clean High-horsepower Locomotives,

- Great Collaboration with their Partners,
- Local Coordination of Rail Service,
- Improved Financial Reporting,
- Higher Cash Balances, and
- Extension of the Line to Perris Valley.

At a December workshop Metrolink unveiled a draft of the Strategic Plan to Metrolink Board members and the Member Agency Chief Executive Officers, Chief Financial Officers, and Technical Advisory Committee members.

The SRTP and the 10-year Strategic Plan examined the following items:

- Stakeholder Perspectives (Surveys and interviews): This is feedback gained from public surveys as well as surveys and interviews conducted with SCRRA Board members and alternates, Member Agency Chief Executive Officers (CEO), and the Technical Advisory Committee (TAC) members
- Cost and budget assessment: This assessment evaluated the historical cost trends at SCRRA over the past ten years. This identified the largest contributors to the growth in costs and what the 10 - year cost projection would be based on historical trends.
- Analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT): A comprehensive review around the five guiding principles approved by the SCRRA Board; Customer Value, Focus (Discipline), Connectivity, Collaboration, and Transparency.
- Market Analysis: An assessment of the market to review existing commuter rail usage and summarize the projections for growth, or reductions within the region.
- Core Institutional Needs: A summary of the core institutional needs identified to give focus to a number of core concerns that were identified through the interviews.
- Evaluation of Service Growth Scenarios: A summary of potential growth scenarios
- Summary Matrix of Capital Projects and Cost Estimates: A matrix of identified capital projects necessary to support the reliability and growth of the system.

Key Findings

After a review of Metrolink the following key findings were noted:

- Aging Infrastructure:
 - o Existing infrastructure is 20 plus years old.
- Cost Growth:
 - o If the "Big 5" contracts continue to grow at 4% per year, then there will be a 56% increase in operating budget in the year 2024. Metrolink contracts out railroad operations, equipment maintenance, signal maintenance, and track and infrastructure maintenance. The increase in these contracts has been a significant portion of the cost increases over recent years.
- Changing Income Demographics:
 - o Lower average income of riders than comparable systems.
- Market Growth
 - o Outlying areas of the region are growing rapidly
 - o There is a growth of off-peak and bi-directional travel.

The strategic plan discusses a two part strategy for the future of Metrolink.

1. Strengthening the core of Metrolink.

Strengthening the core of Metrolink will be an important step as the strategic plan is implemented. There are seven goals for this part of the strategy

- Goal 1: Ensure a safe operating environment,
- Goal 2: Achieve fiscal sustainability,
- Goal 3: Invest in people and assets,
- Goal 4: Retain and grow ridership,
- Goal 5: Increase regional mobility,
- Goal 6: Improve communication to customers and stakeholders, and
- Goal 7: Improve organizational efficiency.

Attachment A provides the elaboration on how these goals relate to the plan's guiding principles and how they will be addressed with specific strategies.

2. Investments for the future.

Part 2 of the Strategic Plan discussed the evaluation of three scenarios that address Metrolink's service growth in the coming years. These include moderate growth scenarios and growth with the addition of high speed rail into southern California. The strategic plan does not commit to any scenario. The evaluation concluded that each scenario requires an investment in the fleet and the infrastructure. In particular the following was noted:

- Asset Rehabilitation:
 - o Locomotives, Rolling Stock, TVMs, Track and Structures, and Signals
- New Capital for Growth
 - o Service reliability and frequency enhancements (in partnerships with the member agencies and the host railroads).
 - Additional Main Tracks
 - Additional sidings
 - New service delivery models
 - o Safety enhancements
 - Grade crossing enhancements
 - Grade separations

Next Steps

The following next steps were developed defining how the Strategic Plan will be utilized:

- Frame budget process with the member agencies,
- Support grant pursuits at the State and Federal levels,
- Provide technical background for county sales tax efforts,

- Capital programming,
- Tie investments to service growth,
- Establish performance targets for the agency, and
- Pursue investments in rehabilitation (asset management).

Metrolink plans on adopting the Strategic Plan in March of 2016.

Metro Comments

Staff has reviewed the Strategic Plan and the SRTP and is providing comments. Some of the items that stand out in the documents are as follows:

- Metrolink is a unique agency in that governance is different from most other commuter railroads in the country. Governance has been a significant issue for Metrolink for some time. Recently there was a Governance Task Committee established to address the governance of the agency and how the agency relates to its board and Member Agencies. There should be more discussion of that work or the findings of the task committee.
- The Strategic Plan addresses the growth assumptions of the agency. In particular a growth in subsidies of 27.8% is shown in the SRTP. Overall funding is a significant issue for the agency. There is little discussion of where this funding will come from other than the Member Agencies. There should be additional discussion about the role that the Member Agencies will have in the increasing subsidy requirements of the agency. In addition, there needs to be further discussion on how Metrolink is minimizing costs and what will be done to reduce this substantial growth in costs. It should be noted that incorporating projected costs and subsidy amounts into the Strategic Plan does not infer approval of the budget by the Metro Board. This is done on an annual basis.
- The Metrolink funding formulas are confusing and difficult to follow. These formulas impact rehabilitation, capital improvements, and operational funding. The Board members and the Member Agencies have been raising the issue of the formulas for some time and a review of the allocation formulas is planned to be conducted. In many places the discussion of funding of particular items (i.e. rehabilitation) does not provide sufficient explanation as to the method of allocating costs to the Member Agencies. This occurs throughout the document.

DETERMINATION OF SAFETY IMPACT

There is no apparent impact to safety with the study of the advancement of this system analysis.

FINANCIAL IMPACT

The Strategic Plan proposes subsidy growth that will be a significant issue for Metro. It is stated that the subsidies will grow 27.8% over the next five years. Metro would see approximately half of that subsidy growth.

Impact to Budget

This Strategic Plan explores various scenarios of that involve a growth in subsidies over the next five years. It is noted that the Metro budget is approved annually and that these forecasted numbers are not yet budgeted for Metro and should not be considered as concrete budget numbers.

ALTERNATIVES CONSIDERED

Metro is a Member Agency of Metrolink. The Metrolink service is important for the overall mobility within the southern California and L.A. County in particular. Five of the six Metrolink lines operate in Los Angeles County. An alternative would be not to fund the service. This would significantly impact the transportation system in the County.

NEXT STEPS

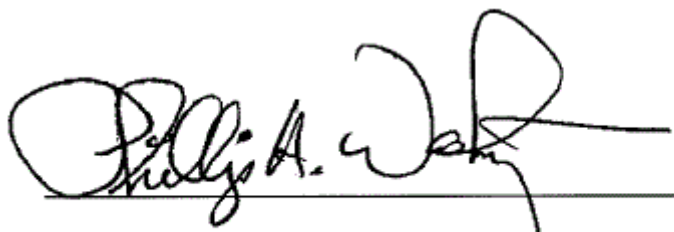
Staff will continue to work with the Metro Board and Metrolink to ensure that Metro's interests are upheld.

ATTACHMENTS

Attachment A - Strengthening the Core of Metrolink

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Part I - Strengthening the Core of Metrolink

GOALS & OBJECTIVES

Goal 1: Ensure a Safe Operating Environment	Goal 2: Achieve Fiscal Sustainability	Goal 3: Invest in People & Assets	Goal 4: Retain & Grow Ridership	Goal 5: Increase Regional Mobility	Goal 6: Improve Communication to Customers & Stakeholders	Goal 7: Improve Organizational Efficiency
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GUIDING PRINCIPLES

Focus	Focus	Focus	Focus	Focus	Focus	Focus
Customer Value	Customer Value		Customer Value	Customer Value	Customer Value	
			Connectivity	Connectivity		
	Transparency				Transparency	
				Collaboration	Collaboration	Collaboration

STRATEGIES

Maintain Sufficient Oversight of Operations	Increase Fare Revenues	Maintain State of Good Repair	Improve On-Time Performance	Improve Connectivity of Regional Transit Agency Services to Metrolink	Improve Customer Amenities	Clearly Define Roles and Responsibilities
Reduce Operating Rule Violations	Increase Non-Fare Revenues	Maintain Culture to Recruit and Maintain a Qualified and Diverse Workforce	Develop Comprehensive Marketing Plan and Update it Annually	Expand and Enhance Partnerships and Coordination with Station Cities	Enhance Passenger Information Systems	Improve Internal Communications
Reduce Train Accidents	Reduce Cost Per Revenue Vehicle Mile (VRM)		Retain Ridership		Reduce Customer Complaints	Improve External Communications
Reduce Employee Injuries	Reduce Operating Contractor Costs		Grow Ridership		Improve Ticket Vending Machine (TVM) Reliability	
Continue to Update the Metrolink System Safety Program Plan	Secure Multi-Year Funding Commitments from Member Agencies for Operations and Rehabilitation and an agreement on Capital Project priorities				Strengthen Role of Technical Advisory Committee in Reviewing Technical and Policy Issues	
	Secure Clean Opinions on Annual Audits				Improve Communication and Partnerships with Member Agencies	