



Board Report

File #: 2019-0620, File Type: Program

Agenda Number: 20.

FINANCE, BUDGET, AND AUDIT COMMITTEE SEPTEMBER 18, 2019

SUBJECT: METROLINK ADDITIONAL FY 2020 FUNDING

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. REPROGRAMMING \$2,088,793 of forecasted FY 2018-19 (FY19) surplus to fund the Southern California Regional Rail Authority's (SCRRA operated as "Metrolink") FY 2020 CEO Workplan; and
- B. AMENDING and APPROVING Metro's revised share of the FY 2019-20 (FY20) Metrolink Budget for a new total programming amount of \$119,976,796.

ISSUE

Metrolink is requesting approval of \$3.75 million of their forecasted FY 19 year end surplus be reprogrammed and carried forward into the Metrolink FY 20 Operating Budget. Metro's share of the \$3.75 million is \$2,088,793 which would increase Metro's FY 20 Metrolink funding share to a new total programming amount of \$119,976,796. The Metro Board approved Metro's funding share of the Metrolink FY 20 budget in the amount of \$117,888,003 at the Board of Directors meeting on May 23, 2019. As a member of the Metrolink Joint Powers Authority, Metro is required to approve Metro's funding share of the Metrolink budget on an annual basis. Staff's recommended Board action will increase Metro's funding share of the Metrolink FY 20 budget by \$2,088,793 from \$117,888,003 to \$119,976,796.

DISCUSSION

Metrolink staff analyzed their FY 19 budget actual revenue and expenditures in comparison to their adopted budget and identified an FY 19 forecasted budget surplus of \$7.5 million as of May 31, 2019. The FY 19 forecasted budget surplus is a result of lower than budgeted operational expenditures amounting to a cost savings of \$10.1 million. However, Metrolink is forecasting a revenue shortfall of \$2.5 million which is being deducted from the \$10.1 million for a net forecasted surplus of \$7.5 million.

Metrolink is requesting to use 50% of the FY 19 forecasted surplus, totaling \$3,734,202 to focus on

improved fiscal sustainability, strengthened partnerships with member agencies and modernization of business practices by supporting the Metrolink CEO Initiatives of updating the strategic business plan, exploratory rebranding studies and promoting an operational excellence program (refer to Attachment A-Metrolink's Update on Forecasted Comparative Operating Statement dated June 25, 2019).

Metrolink's preliminary allocation of the forecasted surplus by Member Agency is presented below in Table 1.

TABLE 1: FORECASTED SURPLUS BY MEMBER AGENCY (as of 5/31/19)

Member Agency	Metro	OCTA	RCTC	SBCTA	VCTC	TOTAL
Forecasted Surplus	\$4,177,585	\$1,649,452	\$722,940	\$652,775	\$265,653	\$7,468,404
Metrolink's 50% surplus request	\$2,088,793	\$824,726	\$361,470	\$326,388	\$132,826	\$3,734,202

Generally, Metrolink identifies member agency surplus through their year-end budget closing process and completion of their annual audit and Comprehensive Annual Financial Report (CAFR) in December 2019. Upon completion of Metrolink's annual audit and CAFR, Metrolink notifies the member agencies that there are surplus funds available to reprogram or refund to the member agencies. Metro routinely reprograms the surplus funds to future fiscal year operating costs to reduce Metro's operating contribution.

Metro's share of the FY 19 forecasted surplus is \$4,177,585 of which \$2,088,793 will be reprogrammed and budgeted to be used for the CEO Initiatives. Metrolink will provide monthly reporting of the CEO Initiatives to the Member Agency Advisory Committee.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Reprogramming Metro's share of the FY 19 forecasted surplus totaling \$2,088,793 to fund the CEO Workplan would not require any additional funding from Metro since Metrolink already has the funds in their possession. If the actual surplus is less than \$7.5 million after Metrolink completes their year-end close, there should be enough surplus funding available to absorb the difference.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Staff's recommendation supports strategic plan goal #1.2 to improve L.A. County's overall transit

network and assets. Metro staff will work with the Southern California Regional Rail Authority to provide more frequent and reliable Metrolink services, improve customer satisfaction, and support better transit connections throughout the region.

ALTERNATIVES CONSIDERED

As a member of the SCRRA JPA, Metro is required to approve its share of the SCRRA budget. However, the Metro Board could elect to decline approving this additional funding. Metro staff does not recommend declining an approval of staff's recommendation as it is important to support the Metrolink CEO's Initiatives of customer focused operation, doubling ridership in 5 years and reducing member agency subsidy.

NEXT STEPS

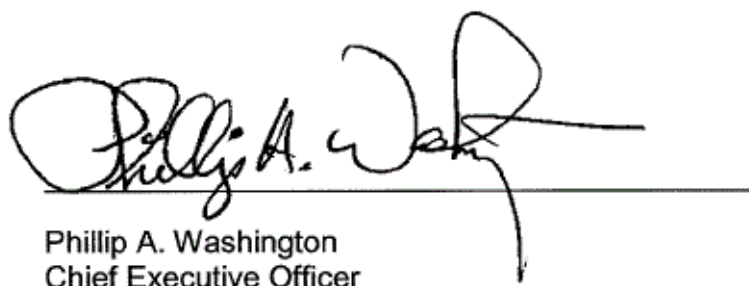
Staff will continue to work collaboratively with Metrolink and monitor implementation of SCRRA's budget and programs. Metro staff will report back to the Metro Board with any issues requiring Board action.

ATTACHMENTS

Attachment A - Metrolink's Update on Forecasted Comparative Operating Statement dated June 25, 2019

Prepared by: Yvette Reeves, Manager, Transportation Planning (213) 418-3176
Jeanet Owens, Sr. Executive Officer, Regional Rail (213) 418-3189

Reviewed by: Richard Clarke, Chief Program Management Officer (213) 922-7557



Phillip A. Washington
Chief Executive Officer



TRANSMITTAL DATE: June 25, 2019

MEETING DATE: June 28, 2019 **ITEM 19**

TO: Board of Directors

FROM: Stephanie Wiggins, Chief Executive Officer

SUBJECT: Update on Forecasted Comparative Operating Statement for Fiscal Year Ending June 30, 2019

Issue

Staff provided a Forecast for the Full Fiscal Year Ending June 30, 2019 when presenting the Comparative Operating Statement Actual vs. Adopted Budget through the Third Quarter of Fiscal Year 2019 on May 10, 2019. Staff committed to monitoring the activities for April and May and providing an update on the Forecast to the Board in a June Meeting.

Recommendation

It is recommended that the Board:

- 1) Receive and File the Update on the Forecasted Comparative Operating Statement;
- 2) Approve 50% or \$3.75 Million of the Forecasted FY19 Year- End Surplus be Reprogrammed and Carried Forward into the FY20 Operating Budget; and
- 3) Amend the FY20 Operating Budget by \$3.75 Million.

Strategic Goal Alignment

This report aligns with the strategic goals to *maintain fiscal sustainability, improve organizational efficiency, improve communication to customers & stakeholders, and retain & grow ridership.*

Background

The Board adopted the FY19 Budget on July 13, 2018. The total FY19 Operating Budget of \$251.4 million (M) consists of \$193.4M for Train Operations, \$41.3M for Maintenance of Way (MOW) and \$16.6M for Insurance.

Staff analyzes actual revenue and expenditures in comparison to the Adopted budget on a quarterly basis. The previous forecast as of March 31, 2019 is summarized in Attachment A. Attachment B provides detail of actual operating results through May 31, 2019 with a forecast of June revenue and expenditures to complete the current fiscal

year. All information presented is preliminary and unaudited and includes estimates where actual amounts are unavailable.

Discussion

FY19 Actual Revenue and Expenses through May 31, 2019

- Revenues were \$89.9M.
- Expenses were \$218.7M.
- Budgeted subsidy is \$150.5M.

FY19 Forecast to Year End as of May 31, 2019

- Revenues forecasted to be \$98.2M and under budget by \$2.6M or 2.6%.
- Expenses forecasted to be \$241.3M and under budget by \$10.1M or 4.0%.
- Budgeted subsidy is \$150.5M, providing a forecasted surplus of \$7.5M.

The major revisions to the forecast previously provided include:

1. Less than forecasted Transfers to Other Operators: The Authority have spent \$1.0 million less than forecasted due to the continued decrease of passengers transferring from Metrolink to multiple bus operators.
2. Less than forecasted for Operations – Non-Labor: The Authority have spent \$1.4 million less than forecasted due to less charges from IT and Professional services.
3. Less than forecasted Indirect Administrative Expenses: The Authority have spent \$1.1 million less than forecasted in Indirect Administration due to lower than projected PTC costs.
4. Legal: It was forecasted that the Authority would spend \$1.2m less than budgeted. After accounting for claims accrual activity, staff is now forecasted to spend \$2.3 million less than budgeted after properly accounting for claims accrual.

This \$5.8 million in additional expenditure savings when combined with the \$4.3 million identified in March provide for the forecasted FY19 Expenditure underrun of \$10.1 million. As revenue is yet forecasted to experience a \$2.5m shortfall as identified in March, the forecasted Operating Surplus would be \$7.5 million at the end of the current fiscal year.

The preliminary allocation of the Revised Forecasted Operating Surplus by Member Agency is presented below:

MEMBER AGENCY	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
FORECASTED SURPLUS	4,177,585	1,649,452	722,940	652,775	265,653	7,468,404

Use of FY19 Forecasted Surplus

As a mechanism to continue with the Chief Executive Officer (CEO) Workplan from the 90 Day Plan Findings to focus on Improved Fiscal Sustainability, Strengthened Partnerships with the Member Agencies, and Modernizing Business Practices, staff recommends carrying forward 50% of the Forecasted Surplus for use in FY20.

The request for 50% carryforward of surplus is shown below by Member Agency:

MEMBER AGENCY	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
FORECASTED SURPLUS	4,177,585	1,649,452	722,940	652,775	265,653	7,468,404
50% CARRYFORWARD	2,088,793	824,726	361,470	326,388	132,826	3,734,202

As these funds have previously been approved to support commuter rail operations, the funds would be reprogrammed to support the following CEO Initiatives:

1. Strategic Business Plan (SBP)

The current Authority Strategic Plan was approved in 2015. Over the last four years, significant changes have taken place (i.e. Southern California Optimized Rail Expansion [SCORE]) and the Strategic Plan needs to be updated. The SBP will serve as the update to the 2015 Strategic Plan. This will allow for a strengthened partnership with the Member Agencies by providing a shared vision regarding service levels, growth, and financial sustainability.

The SBP will fully address both the need to maintain the current infrastructure (State of Good Repair backlog) and build out towards SCORE levels of service. The SBP will address a long-range view of the fleet management plan and rolling stock needs, including emissions technology. In addition, the cost elements and drivers resulting from the Bundled Operations & Maintenance Contract will be incorporated in the SBP.

2. Rebranding Exploration

There is brand confusion that serves as a barrier to attracting riders. The Authority will work collaboratively with a branding expert to explore the possibilities of a rebrand for the Authority and develop a comprehensive recommendation.

3. Operational Effectiveness

As part of the effort to improve fiscal sustainability, the Operational Excellence Program (OpEx) was established by the CEO in May to encourage employees to identify ideas to generate new revenue, reduce expenditures, and identify process improvements.

As these new ideas are advanced, these surplus funds are needed to support the implementation.

Use of the FY19 Forecasted Surplus would be administered by the Office of the CEO and reported on a monthly basis to the Member Agency Advisory Committee (MAAC). The remaining 50% of the FY19 Forecasted Surplus would be accounted for at year-end as Unearned Revenue. In most recent years, at the direction of the Member Agencies, this amount has been used to offset funding Operating Subsidy in the following year's budget. The Joint Powers Agreement does not address use of Operating Surplus. Finance Policy 1.2, Section 1.8.1 states that budget authorization for unexpended operating budget "Operating Surplus" expires at June 30th of each year. Approval of this request would be an exception to that policy.

The requested use of FY19 Forecasted Surplus was discussed with both the MAAC and Member Agency CEO's during their June meeting. As of this transmittal date, all of the Member Agency CEOs have expressed their support of this request to carry forward 50% of the Forecasted Surplus for use in FY20. The balance of the surplus will be programmed by the Member Agencies.

Budget Impact

Allowing the carryforward of the requested portion of the FY19 Forecasted Operating surplus would amend the FY20 Budget by the corresponding amounts, or approximately \$3.75M. Precise allocations by individual Member Agency would be reconciled as part of the fiscal year end close.

Prepared by: Christine Wilson, Senior Manager, Finance



Ronnie Campbell
Chief Financial Officer

Attachment A: March 31, 2019 Forecast for 12 Months Ending June 30, 2019
Attachment B: May 31, 2019 Revised Forecast for 12 Months Ending June 30, 2019

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
 FORECAST OPERATING STATEMENT
 FOR THE 12 MOS. ENDING JUNE 30, 2019

Attachment A

(Unaudited)

FULL FISCAL YEAR 2019 FORECAST							
	<u>2019 4TH QTR PROJECTIONS</u>	<u>2019 ADOPTED BUDGET</u>	<u>2018 ACTUAL</u>	<u>VARIANCE from Adopted</u>		<u>VARIANCE from Prior Year</u>	
				<u>Budget Over/(Under)</u>		<u>Over/(Under)</u>	
				<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating Revenues							
Farebox Revenue	79,402,514	82,903,871	82,541,709	(3,501,357)	(4.2%)	(3,139,195)	(3.8%)
Fare Reduction Subsidy	3,276,135	2,731,794	156,923	544,341	19.9%	3,119,212	1987.7%
Subtotal-Pro Forma FareBox	82,678,650	85,635,665	82,698,632	(2,957,015)	(3.5%)	(19,982)	(0.0%)
Dispatching	2,052,631	2,120,270	2,132,855	(67,639)	(3.2%)	(80,224)	(3.8%)
Other Revenues	57,274	489,500	463,278	(432,226)	-88.3%	(406,004)	(87.6%)
MOW Revenues	12,863,203	12,560,897	12,788,918	302,306	2.4%	74,285	0.6%
Total Operating Revenue	97,651,758	100,806,332	98,083,683	(3,154,574)	(3.1%)	(431,925)	(0.4%)
Operating Expenses							
<u>Operations & Services</u>							
Train Operations	44,980,929	46,871,756	42,115,799	(1,890,827)	(4.0%)	2,865,130	6.8%
Equipment Maintenance	36,012,090	38,133,426	34,242,475	(2,121,336)	(5.6%)	1,769,615	5.2%
Fuel	22,075,119	18,744,335	17,576,876	3,330,784	17.8%	4,498,243	25.6%
Non-Sched Rolling Stock Repairs	151,110	260,000	55,909	(108,890)	(41.9%)	95,201	170.3%
Operating Facilities Maintenance	1,733,437	1,684,292	1,492,674	49,145	2.9%	240,763	16.1%
Other Operating Train Services	1,129,598	482,276	721,831	647,322	134.2%	407,767	56.5%
Rolling Stock Lease	229,950	335,500	10,950	(105,550)	(31.5%)	219,000	2000.0%
Security - Sheriff	6,367,247	5,889,371	5,662,304	477,876	8.1%	704,943	12.4%
Security - Guards	2,616,783	2,450,000	1,931,493	166,783	6.8%	685,290	35.5%
Supplemental Additional Security	153,338	690,000	226,844	(536,662)	(77.8%)	(73,506)	(32.4%)
Public Safety Program	316,300	389,000	192,711	(72,700)	(18.7%)	123,589	64.1%
Passenger Relations	1,801,113	1,731,999	1,723,215	69,114	4.0%	77,898	4.5%
TVM Maint/Revenue Collection	7,894,294	9,055,316	8,188,246	(1,161,022)	(12.8%)	(293,952)	(3.6%)
Marketing	4,867,378	5,379,600	1,306,880	(512,222)	(9.5%)	3,560,498	272.4%
Media & External Communications	282,461	458,002	319,775	(175,541)	(38.3%)	(37,314)	(11.7%)
Utilities / Leases	2,782,523	3,472,560	2,804,426	(690,037)	(19.9%)	(21,903)	(0.8%)
Transfers to Other Operators	5,998,923	6,495,964	3,817,973	(497,041)	(7.7%)	2,180,950	57.1%
Amtrak Transfers	1,438,914	2,400,000	1,678,089	(961,086)	(40.0%)	(239,175)	(14.3%)
Station Maintenance	1,496,559	1,805,500	1,575,405	(308,941)	(17.1%)	(78,846)	(5.0%)
Rail Agreements	5,734,374	5,399,736	4,938,063	334,638	6.2%	796,311	16.1%
Subtotal Operations & Services	148,062,441	152,128,633	130,581,938	(4,066,192)	(2.7%)	17,480,503	13.4%
<u>Maintenance-of-Way</u>							
MoW - Line Segments	41,380,911	40,710,762	42,410,528	670,149	1.6%	(1,029,617)	(2.4%)
MoW - Extraordinary Maintenance	776,126	590,604	594,027	185,522	31.4%	182,099	30.7%
Subtotal Maintenance-of-Way	42,157,037	41,301,366	43,004,555	855,671	2.1%	(847,518)	(2.0%)
<u>Administration & Services</u>							
Ops Salaries & Fringe Benefits	13,763,246	13,781,917	12,507,199	(18,671)	(0.1%)	1,256,047	10.0%
Ops Non-Labor Expenses	7,866,546	7,635,164	5,890,332	231,382	3.0%	1,976,214	33.6%
Indirect Administrative Expenses	17,197,364	17,096,430	19,333,036	100,934	0.6%	(2,135,672)	(11.0%)
Ops Professional Services	2,605,829	2,579,038	2,686,676	26,791	1.0%	(80,847)	(3.0%)
Subtotal Admin & Services	41,432,986	41,092,549	40,417,243	340,437	0.8%	1,015,743	2.5%
Contingency (Non-Train Ops)	-	204,000	15,000	(204,000)	(100.0%)	(15,000)	(100.0%)
Total Operating Expenses	231,652,463	234,726,548	214,018,736	(3,074,085)	(1.3%)	17,633,727	8.2%
Insurance Expense/(Revenue)							
Liability/Property/Auto/Misc	9,401,717	11,418,392	9,747,595	(2,016,675)	(17.7%)	(345,878)	(3.5%)
Net Claims / SI	4,725,208	4,000,000	8,550,608	725,208	18.1%	(3,825,400)	(44.7%)
Claims Administration	1,281,049	1,211,088	584,868	69,961	5.8%	696,181	119.0%
Net Insurance Expense	15,407,974	16,629,480	18,883,071	(1,221,506)	(7.3%)	(3,475,097)	(18.4%)
Total Expenses	247,060,437	251,356,028	232,901,807	(4,295,591)	(1.7%)	14,158,630	6.1%
Net Loss	(149,408,679)	(150,549,696)	(134,818,124)	1,141,017	(0.8%)	(14,590,555)	10.8%
Member Subsidies*							
Operations	133,920,216	133,920,216	124,736,037	-	0.0%	9,184,179	7.4%
Insurance	16,629,480	16,629,480	17,662,779	-	0.0%	(1,033,299)	(5.9%)
Total Member Subsidies	150,549,696	150,549,696	142,398,816	-	0.0%	8,150,880	5.7%
Net Loss	(149,408,679)	(150,549,696)	(134,818,124)	1,141,017	-0.8%	(14,590,555)	10.8%
All Member Subsidies	150,549,696	150,549,696	142,398,816	-	0.0%	8,150,880	5.7%
Surplus / (Deficit)	1,141,017	-	7,580,692	1,141,017	n/a	(6,439,675)	n/a

** Numbers may not foot due to rounding.

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
REVISED FORECAST OPERATING STATEMENT
FOR THE 12 MOS. ENDING JUNE 30, 2019**

	<u>ACTUAL THRU</u> <u>5/31/19</u>	<u>FORECAST FOR</u> <u>THE MONTH OF</u> <u>JUNE 2019</u>	<u>REVISED</u> <u>FORECAST FY</u> <u>ENDING JUNE 2019</u>	<u>ADOPTED BUDGET</u> <u>June 30, 2019</u>	<u>Revised Forecast vs Adopted</u> <u>Budget</u>	
					<u>\$ VARIANCE</u>	<u>% VARIANCE</u>
Operating Revenues						
Farebox Revenue	72,499,200	6,800,009	79,299,209	82,903,871	(3,604,662)	(4.3%)
Fare Reduction Subsidy	2,980,819	273,011	3,253,830	2,731,794	522,036	19.1%
Subtotal-Pro Forma FareBox	75,480,019	7,073,020	82,553,039	85,635,665	(3,082,626)	(3.6%)
Dispatching	1,916,612	171,092	2,087,704	2,120,270	(32,566)	(1.5%)
Other Revenues	583,566	0	583,566	489,500	94,066	19.2%
MOW Revenues	11,932,412	1,031,201	12,963,613	12,560,897	402,716	3.2%
Total Operating Revenues	89,912,609	8,275,313	98,187,922	100,806,332	(2,618,410)	(2.6%)
Operating Expenses						
Operations & Services						
Train Operations	40,801,482	4,243,855	45,045,337	46,871,756	(1,826,419)	(3.9%)
Equipment Maintenance	33,172,482	3,139,552	36,312,034	38,133,426	(1,821,392)	(4.8%)
Fuel	21,037,066	1,738,965	22,776,031	18,744,335	4,031,696	21.5%
Non-Scheduled Rolling Stock Repairs	82,456	6,087	88,543	260,000	(171,457)	(65.9%)
Operating Facilities Maintenance	1,405,802	221,725	1,627,527	1,684,292	(56,765)	(3.4%)
Other Operating Train Services	1,076,768	67,379	1,144,147	482,276	661,871	137.2%
Rolling Stock Lease	229,950	19,110	249,060	335,500	(86,440)	(25.8%)
Security - Sheriff	5,807,947	540,911	6,348,858	5,889,371	459,487	7.8%
Security - Guards	2,150,878	284,898	2,435,776	2,450,000	(14,224)	(0.6%)
Supplemental Additional Security	44,545	36,917	81,462	690,000	(608,538)	(88.2%)
Public Safety Program	200,004	39,818	239,822	389,000	(149,178)	(38.3%)
Passenger Relations	1,620,312	162,561	1,782,873	1,731,999	50,874	2.9%
TVM Maintenance/Revenue Collection	7,163,108	835,967	7,999,075	9,055,316	(1,056,241)	(11.7%)
Marketing	4,064,575	870,802	4,935,377	5,379,600	(444,223)	(8.3%)
Media & External Communications	312,810	42,200	355,010	458,002	(102,992)	(22.5%)
Utilities / Leases	2,561,009	292,567	2,853,576	3,472,560	(618,984)	(17.8%)
Transfers to Other Operations	4,430,650	593,667	5,024,317	6,495,964	(1,471,647)	(22.7%)
Amtrak Transfers	1,359,734	126,000	1,485,734	2,400,000	(914,266)	(38.1%)
Station Maintenance	1,532,860	62,540	1,595,400	1,805,500	(210,100)	(11.6%)
Rail Agreements	5,252,653	431,603	5,684,256	5,399,736	284,520	5.3%
Subtotal Operations & Services	134,307,091	13,757,123	148,064,214	152,128,633	(4,064,419)	(2.7%)
Maintenance-of-Way						
MoW - Line Segments	38,050,278	3,521,369	41,571,647	40,710,762	860,885	2.1%
MoW - Extraordinary Maintenance	766,560	40,503	807,063	590,604	216,459	36.7%
Subtotal Maintenance-of-Way	38,816,838	3,561,872	42,378,710	41,301,366	1,077,344	2.6%
Administration & Services						
Ops Salaries & Fringe Benefits	12,244,248	1,197,792	13,442,040	13,781,917	(339,877)	(2.5%)
Ops Non-Labor Expenses	5,361,951	1,047,209	6,409,160	7,635,164	(1,226,004)	(16.1%)
Indirect Administrative Expenses	13,944,949	1,738,363	15,683,312	17,096,430	(1,413,118)	(8.3%)
Ops Professional Services	2,095,841	520,066	2,615,907	2,579,038	36,869	1.4%
Subtotal Administration & Services	33,646,989	4,503,430	38,150,419	41,092,549	(2,942,130)	(7.2%)
Contingency (Non-Train Ops)	0			204,000	(204,000)	(100.0%)
Total Operating Expenses	206,770,918	21,822,424	228,593,342	234,726,548	(6,133,206)	(2.6%)
Insurance Expense/(Revenue)						
Liability/Property/Auto/Misc	8,642,515	777,258	9,419,773	11,418,392	(1,998,619)	(17.5%)
Claims / SI	2,791,172	-414,984	2,376,188	4,000,000	(1,623,812)	(40.6%)
Claims Administration	534,768	345,142	879,910	1,211,088	(331,178)	(27.3%)
Net Insurance Expense	11,968,455	707,416	12,675,871	16,629,480	(3,953,609)	(23.8%)
Total Expense	218,739,373	22,529,840	241,269,213	251,356,028	(10,086,815)	(4.0%)
Total Loss	(128,826,764)	(14,254,528)	(143,081,292)	(150,549,696)	7,468,404	(5.0%)
Member Subsidies*						
Operations	122,126,639	11,793,577	133,920,216	133,920,216	-	0.0%
Insurance	15,493,694	1,135,786	16,629,480	16,629,480	-	0.0%
Total Member Subsidies	137,620,333	12,929,363	150,549,696	150,549,696	-	0.0%
Surplus / (Deficit)	8,793,569	(1,325,165)	7,468,404	-	7,468,404	N/A



Carryforward/Reprogramming of FY19 Forecasted Operating Surplus

September 18, 2019

Implementing CEO's Vision



Strategic Business Plan (SBP)

The current Authority Strategic Plan was approved in 2015. Over the last four years, significant changes have taken place (i.e. SCORE) and the Strategic Plan needs to be updated.

Purpose of Strategic Business Plan:

- Update to the 2015 Strategic Plan
- Strengthen partnerships with Member Agencies by providing a shared vision on service levels, growth, and financial sustainability
- Address need to maintain current infrastructure (State of Good Repair backlog) and build out towards SCORE levels of service
- Address long-range view of fleet management plan and rolling stock needs, including emissions technology, and cost elements/drivers resulting from Bundled Operations & Maintenance Contract

Rebranding Exploration

There is brand confusion that serves as a barrier to attracting riders.

Purpose of Rebranding Exploration:

- To work with a branding expert to explore the possibilities of a rebrand for the Authority
- To develop a comprehensive recommendation on a possible rebranding effort

Operational Effectiveness

The Operational Excellence Program (OpEx) was established by the CEO in May to improve fiscal sustainability.

Purpose of Operation Effectiveness (OpEx Program):

- To encourage employees to identify ideas to generate new revenue, reduce expenditures, and identify process improvements
- To support the implementation of these innovative employee ideas

Carryforward of FY19 Operating Surplus



Allocation by Member Agency

MEMBER AGENCY	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
FORECASTED SURPLUS	4,177,585	1,649,452	722,940	652,775	265,653	7,468,404
50% CARRYFORWARD	2,088,793	824,726	361,470	326,388	132,826	3,734,202

Use of the FY19 Forecasted Surplus would be administered by the Office of the CEO and reported on a monthly basis to the Member Agency Advisory Committee.

METROLINK MISSION

**TO PROVIDE SAFE, EFFICIENT, DEPENDABLE AND ON-TIME
TRANSPORTATION SERVICE THAT OFFERS OUTSTANDING
CUSTOMER EXPERIENCE AND ENHANCES QUALITY OF LIFE.**



SAFETY | PEOPLE | GROWTH | QUALITY | EFFICIENCY