



**ITEM ID:** 2023-300-0

**TRANSMITTAL DATE:** September 15, 2023

**MEETING DATE:** September 22, 2023

**TO:** Board of Directors

**FROM:** Arnold Hackett, Chief Financial Officer

**SUBJECT:** Amendments to FY2023-24 Budget:

- Addition of Revenue Service to the Antelope Valley Line;
- Continuing expenses for Emergency Railroad Track Stabilization Project at San Clemente Track Mile Post 206.8 "San Clemente #1";
- Continuing expenses for Support Wall Project at Track Mile Post 204.6 "San Clemente #2";
- Oxnard settlement

**Issue**

The Los Angeles County Metropolitan Transportation Authority (Metro) has requested an increase to service frequency on the Antelope Valley Line.

Continuing activities at the two San Clemente slide locations, Cyprus Shores and Casa Romantica, require the remainder of funds approved for each project in prior year budgets to be added to the FY24 Budget.

A settlement has been reached with respect to claims related to the 2015 Oxnard incident.

**Recommendation**

Audit and Finance Committee recommended (4-1) that the Board adopt these amendments as part of the FY24 Adopted Budget.

**Strategic Commitment**

This report aligns with the Strategic Business Plan commitments of:

- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to bring them on board. The new service proposed here will provide increased benefits to our passengers.
- **Safety is Foundational:** We will stay on the leading edge by deploying new technologies and processes to enhance the safety and security of our riders, our fellow employees, and the communities we serve. Immediate response to slide incidents in San Clemente were emblematic of our ongoing commitment to safety.
- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees.

## **Background**

### New Service

Additional Service on the Antelope Valley Line has been requested by Metro to better serve their customer base.

### San Clemente #1 (Cyprus Shores)

An active landslide was identified on September 11, 2021, at MP 206.8 in the City of San Clemente. Emergency work to stabilize the slope and protect the track is funded by the Orange County Transportation Authority (OCTA). Work on the project is in the wrap up stages.

### San Clemente #2 (Casa Romantica)

On June 23, 2023, the Board authorized emergency work to protect the track at MP 204.6 in San Clemente. The contractor completed its work on July 16, and service in that area resumed on July 17.

### Oxnard Settlement

In February 2015 a derailment occurred causing injuries to persons and damage to property. Since that time, litigation on this matter has been ongoing.

## **Discussion**

### New Service

After considering several alternatives, Metro requests new service as displayed on Attachment A. The new service includes additional weekday and weekend trains beginning in October 2023.

Attachment B displays the amendments needed to the FY24 Adopted Budget to include this new service.

The reallocation of costs among all Member Agencies results from the effect of added train miles for Metro, increasing the Metro percentage of train miles, while decreasing the percentage for all other Member Agencies, thus reducing those members' allocation of certain costs.

The amount by which the FY24 Budget would be amended is as shown in Attachment B.

#### San Clemente #1 (Cyprus Shores)

Although the immediate problem is believed under control, additional funds are needed to continue to monitor the tracks for movement.

#### San Clemente #2 (Casa Romantica)

A barrier wall has been completed to protect the tracks. Additional funds are required to monitor the effectiveness of the wall and any changing conditions.

#### Oxnard Settlement

A settlement has been reached with respect to liability claims in the matter of the 2015 Oxnard incident.

The total of Metrolink's share of the settlement is \$3.5 million.

Allocation of the settlement is based on Lagged Train Miles. An average of Lagged Train Miles for five years was utilized for the allocation. The attached schedule shows the share of this settlement for each Member Agency.

Because payment must be made promptly on this settlement, it is requested that funding not be provided in the form of grants requiring application and award.

### **Budget Impact**

#### New Service

Approval of this amendment will increase the FY24 Budget as follows:

- Revenue: increased by \$1,268,684 to a new total of \$54,047,905
- Expense: increased by \$2,482,593 to a new total of \$305,920,777
- Support: increased by \$1,213,989 to a new total of \$251,872,872

This amendment requires the approval of all Member Agency boards.

#### San Clemente #1 (Cyprus Shores)

Approval of this amendment will increase the Extraordinary Item "San Clemente #1" in FY24 below the operating line by \$1,588,252.80. This cost is borne in its entirety by OCTA, whose Board has previously approved the amount.

#### San Clemente #2 (Casa Romantica)

Approval of the amendment will increase the Extraordinary Item "San Clemente #2" in FY24 below the operating line by \$4,888,109.39.

The estimated cost for this effort is \$6,000,000. This cost is borne by OCTA for \$3,000,000 -

whose Board has previously approved the amount - with an additional \$3,000,000 to be provided by the State of California, Department of Transportation.

Oxnard Settlement

Approval of this item by the Board of Directors will add \$3,500,000 to the FY24 Budget. SCRRRA anticipates sufficient FY23 deferred revenue enabling the option for Member Agencies to utilize this fund source to cover their share of the settlement. The exact amount of FY23 deferred revenue will not be available until completion of the year-end financial audit.

**Next Steps**

This budget amendment requires approval from each Member Agency's Board of Directors.

Prepared by: Christine J. Wilson, Senior Finance Manager

Approved by: Arnold Hackett, Chief Financial Officer

**Attachment(s)**

[Attachment A - AVL Schedule Additions](#)

[Attachment B - AVL Summary](#)

[Presentation - Budget Amendment](#)