



LOSSAN RAIL CORRIDOR AGENCY SPECIAL BOARD OF DIRECTORS MEETING

Wednesday, December 6, 2017
12:45 p.m. to 2:45 p.m.

Los Angeles County Metropolitan Transportation Authority
Board Room - Third Floor
One Gateway Plaza
Los Angeles, California

Teleconference Sites

Amtrak
530 Water Street,
Room 10, 5th Floor
Oakland, CA

Orange County Transportation Authority – Headquarters
600 South Main Street
Conference Room 1234 – 12th Floor
Orange, CA

Paso Robles City Hall
Human Resources Conference Room – Second Floor
1000 Spring Street
Paso Robles, CA

San Diego Metropolitan Transit System
1255 Imperial Avenue, 10th Floor
Executive Committee Room
San Diego, CA

Any person with a disability who requires a modification, accommodation or agenda materials in an alternative format in order to participate in the meeting should contact the LOSSAN Clerk of the Board, telephone 714-560-5676, no less than two (2) business days prior to this meeting to enable LOSSAN to make reasonable arrangements to assure accessibility to this meeting.

Agenda Descriptions

The agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Board of Directors may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Comments on Agenda Items

Members of the public may address the Board of Directors regarding any item. Please complete a speaker's card and submit it to the Clerk of the Board or notify the Clerk of the Board the item number on which you wish to speak. Speakers will be recognized by the Chairman at the time the agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes.

All documents relative to the items referenced in this agenda are available for public inspection at www.lossan.org or through the LOSSAN Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

2017 BOARD OF DIRECTORS

(revision as of 11-13-17)

County	Members	Alternates
San Luis Obispo: 1 vote	Fred Strong Council Member, City of Paso Robles San Luis Obispo Council of Governments	John Shoals Mayor, City of Grover Beach San Luis Obispo Council of Governments
Santa Barbara: 1 vote	Helene Schneider Mayor, City of Santa Barbara Member, Santa Barbara County Association of Governments	Michael T. Bennett Council Member, City of Goleta Member, Santa Barbara County Association of Governments
Ventura: 1 vote	Bryan MacDonald (Vice Chairman) Council Member, City of Oxnard Member, Ventura County Transportation Commission	Jim White Representative, Ventura County Transportation Commission
Los Angeles: 2 votes	(Vacant) John Fasana Council Member, City of Duarte Member, Los Angeles County Metropolitan Transportation Authority	David Perry Representative, Los Angeles County Metropolitan Transportation Authority Mary Lou Echternach Representative, Los Angeles County Metropolitan Transportation Authority
Orange: 2 votes	Al Murray Mayor Pro Tem, City of Tustin Member, Orange County Transportation Authority Tim Shaw Mayor Pro Tem, City of La Habra Member, Orange County Transportation Authority	Lisa A. Bartlett Supervisor, 5 th District Orange County Board of Supervisors Member, Orange County Transportation Authority Mark A. Murphy Mayor Pro Tem, City of Orange Member, Orange County Transportation Authority

BOARD OF DIRECTORS AGENDA

County	Members	Alternates
Riverside: 1 vote	Greg Pettis Mayor Pro Tem, City of Cathedral City Member, Riverside County Transportation Commission	Dana Reed Council Member, City of Indian Wells Member, Riverside County Transportation Commission Deborah Franklin Mayor Pro Tem City of Banning Member, Riverside County Transportation Commission
San Diego: 2 votes	Tony Kranz (Chairman) Council Member, City of Encinitas Member, North County Transit District Lorie Bragg Council Member, City of Imperial Beach Member, San Diego Metropolitan Transit System Terry Sinnott Mayor, Representative, San Diego Association of Governments	Ed Gallo Council Member, City of Escondido Member, North County Transit District Harry Mathis Chairman of the Board for San Diego Metropolitan Transit System Ron Morrison Mayor, City of National City Member, San Diego Association of Governments
Ex-Officio Members: Amtrak	Jeff Snowden Representative, Amtrak	
Caltrans	Kyle Gradinger Representative, California Department of Transportation	
California High-Speed Rail Authority	Michelle Boehm California High-Speed Rail Authority	
Southern California Association of Governments	Art Brown Council Member, City of Buena Park Member, Southern California Association of Governments	

Call to Order

Pledge of Allegiance

1. Public Comments

At this time, members of the public may address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors, but no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per speaker, unless different time limits are set by the Chairman subject to the approval of the Board of Directors.

Special Calendar

There are no Special Calendar Matters.

Consent Calendar (Items 2 through 8)

All items on the Consent Calendar are to be approved in one motion unless a Board Member or a member of the public requests separate action or discussion on a specific item.

2. Approval of Minutes

Approval of the minutes of the LOSSAN Board of Directors meeting of September 8, 2017.

3. Proposed 2018 Board of Directors and Committee Meeting Schedule

Jennifer L. Bergener

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency staff has developed a proposed Board of Directors and Committee meeting schedule for calendar year 2018. The proposed schedule is reflective of prior informal direction from the Board of Directors and is consistent with the development of key deliverables and actions for calendar year 2018.

Recommendation

Review and approve the 2018 Board of Directors and Committee meeting schedule for the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency.

4. Status Report on State Legislation Enacted in 2017
Jaymal Patel

Overview

At the conclusion of the 2017 legislative session, 859 bills were signed and chaptered by Governor Jerry Brown, while 118 bills were vetoed. A report containing a brief analysis of legislation relevant to the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency is provided.

Recommendation

Receive and file as an information item.

5. Final Draft of the 2018 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program
Dustin Sifford

Overview

Annually, the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency adopts a legislative program to guide its legislative activities for the upcoming session. A final draft of the 2018 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program has been prepared for consideration by the Board of Directors.

Recommendation

Adopt the final draft of the 2018 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program.

6. Fiscal Year 2017-18 First Quarter Budget Status Report
Jason Jewell

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Fiscal Year 2017-18 Budget was approved by the Board of Directors on March 20, 2017, in conjunction with the approval of the annual business plan for fiscal years 2017-18 and 2018-19. This report provides a summary of financial activities and performance through the first quarter of Fiscal Year 2017-18.

Recommendation

Receive and file as an information item.

7. Release of Request for Proposals for Corridor Optimization Support Services

Jennifer L. Bergener

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency was awarded Transit and Intercity Rail Capital Program grant funds as part of the 2016 grant cycle. This award included grant funds for planning studies to optimize the current and future operations of the Pacific Surfliner intercity passenger rail service. Staff has developed a scope of work to initiate the competitive procurement process to retain corridor optimization support services.

Recommendations

- A. Approve the release of a Request for Proposals for Corridor Optimization Support Services.
- B. Approve the proposed evaluation criteria and weightings for a Request for Proposals for selection of consultant to provide Corridor Optimization Support Services.

8. Los Angeles - San Diego - San Luis Obispo Rail Corridor Trends for the Third Quarter of Federal Fiscal Year 2016-17

Roger M. Lopez

Overview

A report on ridership, revenue, and on-time performance trends for passenger rail services on the Los Angeles - San Diego - San Luis Obispo rail corridor, including the Pacific Surfliner, Metrolink, and COASTER, covering the third quarter of federal fiscal year 2016-17, is presented for consideration.

Recommendation

Receive and file as an information item.

Regular Calendar

9. Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Fiscal Year 2016-17 Annual Financial Audit

Jason Jewell

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency is required to complete an annual financial audit pursuant to Government Code Section 6505.6, and as specified in the joint powers agreement, bylaws, and the administrative support agreement. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed the annual audit of the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency financial statements for fiscal year 2016-17 and has issued its independent auditor's opinion.

Recommendation

Receive and file the fiscal year 2016-17 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency audited annual financial statements, and accompanying independent auditors' report.

10. Fare Restructuring - Final Policy Approval and Implementation Plan

Roger M. Lopez

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency has undertaken an effort to restructure the Pacific Surfliner fares to address the inconsistencies that exist in the current pricing and discount methodologies. Revised fare tables were previously approved by the Board of Directors. Staff has concluded the 60-day public outreach campaign utilizing the revised fare tables. A finalized fare policy and implementation plan are presented for Board of Directors review and approval.

Recommendations

- A. Review and approve the final fare policy developed as part of the 2017 Pacific Surfliner fare restructuring effort.
- B. Approve the proposed implementation plan and schedule for the revised Pacific Surfliner fare structure.

11. 2018 Transit and Intercity Rail Capital Program Grant Application
Michael Litschi

Overview

The California State Transportation Agency issued a call for projects on October 13, 2017 for the 2018 Transit and Intercity Rail Capital Program, which provides funding for transit, commuter rail, and intercity rail projects that help reduce greenhouse gas emissions. An overview of the strategy for submission of projects located along the Los Angeles - San Diego - San Luis Obispo rail corridor is provided for review.

Recommendations

- A. Approve the draft program of projects for inclusion in the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency's 2018 Transit and Intercity Rail Capital Program grant application.
- B. Authorize the Managing Director to submit a 2018 Transit and Intercity Rail Capital Program grant application and process all necessary agreements to facilitate the submission and acceptance of grant funds.

12. State Rail Assistance Program
Roger M. Lopez

Overview

Senate Bill 1, the Road Repair and Accountability Act of 2017, will provide over \$50 billion in funding over the next ten years to maintain and improve California's transportation system. An element of this the State Rail Assistance program, which will provide funding for both operations and capital improvements to commuter and intercity rail services. An overview of the program, as well as a program of projects for the first year of available funding is being presented for Board of Directors review and approval.

Recommendations

- A. Approve the recommended program of projects for fiscal year 2017-18 State Rail Assistance formula funds.
- B. Direct staff to develop a program of operational and capital improvement projects, in coordination with the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Technical Advisory Committee, utilizing fiscal years 2018-19 and 2019-20 State Rail Assistance formula funds, for future Board of Directors approval.

12. (Continued)

- C. Approve Resolutions No. 2017-L001 and No. 2017-L002 authorizing the Managing Director to act on behalf of the Los Angeles – San Diego - San Luis Obispo Rail Corridor Agency in obtaining funding under the State Rail Assistance Program.
- D. Authorize the Managing Director to negotiate and execute necessary agreements and program supplements to facilitate the utilization of State Rail Assistance funding.

13. **Amendment to Contract with Truth and Advertising to Support Pacific Surfliner Winter Marketing Campaign**

Emilia Doerr

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency is responsible for promoting the Pacific Surfliner intercity passenger rail service and implementing marketing programs aimed at increasing ridership, revenue, and awareness. Staff has prepared an expenditure plan for a winter marketing campaign for Board of Directors' review and approval. The campaign will begin in early 2018 and is designed to promote use of the Pacific Surfliner service during months that traditionally see lower ridership.

Recommendations

- A. Approve the proposed expenditure plan for the 2018 Pacific Surfliner winter marketing campaign.
- B. Authorize the Managing Director to amend Agreement No. L-7-0004 with Webb & Duffy's, doing business as Truth and Advertising, by \$400,000, for direct costs of purchasing campaign advertising.

Discussion Items

14. **Retiming Update**

Jennifer L. Bergener

Staff has been working with the host railroad, the California State Transportation Agency, and member agencies to advance the effort to provide peak period service to Ventura and Santa Barbara Counties. A general update on those efforts will be presented to the Board of Directors.

15. **Managing Director's Report**

16. Board Members' Report

17. Closed Session

There is no Closed Session scheduled.

18. Adjournment

The next regularly scheduled meeting of this Board will be held:

Monday, January 29, 2018

12:30 p.m. to 2:30 p.m.

Orange County Transportation Authority Headquarters

Board Room – Conference Room 07

550 South Main Street

Orange, California

Call to Order

The September 18, 2017 Board of Directors (Board) meeting of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) was called to order by Vice Chairman MacDonald at 12:39 p.m., at the Los Angeles County Metropolitan Transportation Authority, Board Room – Third Floor, One Gateway Plaza, Los Angeles, California.

Vice Chairman MacDonald announced that several of the Directors would participate in today's meeting via teleconferencing, and all votes would be taken by roll call.

Directors Present: Bryan MacDonald, Vice Chairman
 Ed Gallo, NCTD
 Fred Strong, SLOCOG
 Helene Schneider, SBCAG
 Mary Lou Echternach, Metro
 David Perry, Metro
 Al Murray, OCTA (teleconference)
 Tim Shaw, OCTA (teleconference)
 Greg Pettis, RCTC
 Harry Mathis, SDMTS (teleconference)
 Terry Sinnott, SANDAG (teleconference)
 Michelle Boehm, CHSRA, Ex-Officio
 Art Brown, SCAG, Ex-Officio (teleconference)

Directors Absent: Tony Kranz, Chairman
 John Fasana, Metro
 Lorie Bragg, SDMTS
 Jeff Snowden, Amtrak, Ex-Officio
 Kyle Gradinger, Caltrans

Staff Present: Jennifer L. Bergener, Managing Director
 Michael Litschi, Deputy Managing Director
 Olga Prado, LOSSAN Agency Clerk of the Board
 Cassie Trapesonian, Associate General Counsel

Pledge of Allegiance

The pledge of allegiance was led by Director Strong.

1. Public Comments

Robert Manning, President, Southwest Rail Passenger Association, extended an invitation to the Board to the 6th Annual California Passenger Rail Summit, which will be held on April 18-19, 2018, at the Los Angeles Union Station, and provided background information on the event.

Jennifer Bergener, Managing Director, introduced Kerry McKelvey, Vice President of Marketing and Sales, and Interim Executive Vice President, Marketing & Business Development, Amtrak. Ms. Bergener also provided background information on Mr. McKelvey.

Mr. McKelvey introduced himself and reported that he is looking forward to working with the Board and LOSSAN Agency staff.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 4)

2. Approval of Minutes

A motion was made by Director Murray, seconded by Director Strong, and following a roll call vote, declared passed 11-0, to approve the minutes of the LOSSAN Agency's regular Board of Directors meeting of August 21, 2017.

Director Fasana was not present to vote on this item.

3. Approval to Release Request for Proposals for Website Design and Development Services

A motion was made by Director Murray, seconded by Director Strong, and following a roll call vote, declared passed 11-0, to:

- A. Approve the proposed evaluation criteria and weightings for Request for Proposals 7-1917 for selection of consultant to provide website design and development services for the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency.
- B. Approve the release of Request for Proposals 7-1917 for website design and development services for the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency for a two-year initial term with three, one-year option terms.

Director Fasana was not present to vote on this item.

4. Fiscal Year 2016-17 Fourth Quarter Budget Status Report

A motion was made by Director Murray, seconded by Director Strong, and following a roll call vote, declared passed 11-0, to receive and file as an information item.

Director Fasana was not present to vote on this item.

Regular Calendar

5. Draft 2018 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program

Jennifer Bergener, Managing Director, provided opening remarks and introduced Dustin Sifford, Senior Government Relations Representative, LOSSAN.

Mr. Sifford provided a brief overview on the Draft 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program and reported the following changes were made from the 2017 Legislative Program:

- Passage of SB 1 (Chapter 5, Statutes of 2017);
- Update of the federal grant programs, specifically the FASTLANE Grant Program;
- Minor changes to the connectivity language to reflect that increased connectivity is a goal within all of the LOSSAN Agency's efforts; and
- Broadened language related to emergency preparedness.

5. (Continued)

Director Strong clarified, for the record, that the language on Page 2, second bullet of the Staff Report, reads “regional and intercity rail...,” and in the context of the Staff Report, is different than “regional nationally” language.

A motion was made by Director Schneider, seconded by Director Strong, and following a roll call vote, declared passed 11-0, to direct staff to incorporate requested changes to the Draft 2018 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program and return to the Board of Directors for final approval.

Director Fasana was not present to vote on this item.

6. 2018 Transit and Intercity Rail Capital Program Call for Projects

Jennifer Bergener, Managing Director, provided opening remarks and introduced Michael Litschi, Deputy Managing Director.

Mr. Litschi provided a brief overview on the 2018 Transit and Intercity Rail Capital Program (TIRCP) call for projects as follows:

- Goal of the TIRCP is to modernize California’s transit, commuter, and intercity rail services.
- Projects submitted under the program are also required to show benefits to disadvantaged communities.
- This marks the third round of funding the State has put out for TIRCP, and LOSSAN has submitted an application and has been successful in securing funding in the previous two funding cycles (2015 and 2016).
- Staff will work with all Member Agencies to identify competitive improvement projects and will put together a comprehensive TIRCP application for 2018.
- A follow-up discussion to better refine the project list is planned for the October 5, 2017 LOSSAN Technical Advisory Committee meeting with a presentation to the full Board of Directors in November.
- The formal call for projects is expected to be issued on October 13, 2017, with applications due January 12, 2018.

A short discussion ensued regarding:

- The LOSSAN Agency manages the Amtrak Thruway bus service that connects to the Pacific Surfliner, with three routes under the LOSSAN Agency’s control.

6. (Continued)

- A number of other Amtrak Thruway routes are managed by the other two Joint Power Authorities, and staff continues to work closely with those agencies to ensure that the bus service is well-timed to meet services offered.
- Look at the possibility of electric bus purchases.
- Autonomous vehicles impact to rail services on the LOSSAN Rail Corridor.
- The types of projects staff has compiled for consideration for the TIRCP application, and staff is communicating with Member Agencies to prioritize the list of projects.
- Movement on the effort to try to repeal SB 1 next year, and when appropriate, ensure the LOSSAN Agency joins the coalition of various organizations to ensure SB 1 is not repealed.
- An item to discuss SB 1 will be presented at a future Board meeting to provide information on the impact upon rail service.
- Staff plans to return to Board in November with a comprehensive list of projects for consideration and approval.

No action was taken on this receive and file information item.

Discussion Items

7. October Schedule Change

Jennifer Bergener, Managing Director, reported that in April and October of each year, the Pacific Surfliner, COASTER, and Metrolink coordinate schedule changes for passenger rail services, and provided a PowerPoint presentation as follows:

- Overview (Three Major Goals);
- Summary of Proposed Changes;
- Proposed Changes; and
- Next Steps.

A discussion ensued regarding:

- Staff will provide a memorandum to the Board with a comparative train-by-train schedule in a timetable format. Staff will also return to the Board in November to provide an update on the peak-period service retiming.

7. (Continued)

- On-time performance is reviewed on a monthly basis, and staff understands the goal of providing more adequately-spaced train service into and out of San Luis Obispo.
- When significant changes are made, staff reviews ridership and revenue to ensure core services are not impacted.
- Typical timeframe for advance notice to commuters for changes is 30 days, and staff is currently working on outreach efforts to provide information on the proposed changes.
- With the proposed changes, some trains will have up to a 10-minute shift in travel times between San Diego and Los Angeles to account for long-term track work in San Diego County. The goal is to keep runs between Los Angeles and San Diego County.
- The scheduling parameters attempt to always keep runs between Los Angeles and San Diego at three hours.
- The Camarillo Station has constraints which currently do not allow for the use of both station tracks. In an effort to maintain service to the Camarillo Station, some trains have been shifted and/or respaced to stop at Camarillo.
- Staff is working with Amtrak to identify the necessary station improvements to enable the use of both station tracks at Camarillo.
- As part of the peak period service effort, staff continues to look for opportunities to move the Goleta train departure to a time later than 4:32 p.m.
- Staff will report back ridership/performance to the Board, as the proposed changes take place in October.
- Amtrak is conducting an analysis regarding the 13th roundtrip.

No action was taken on this discussion item.

8. Quarterly Marketing Update

Michael Litschi, Deputy Managing Director, provided opening remarks and introduced Emilia Doerr, Marketing & Communications Officer, and Kriss Garbowski, Senior Marketing Specialist, who provided a PowerPoint presentation as follows:

- Performance Summary;
- Digital Channel Summary;
- Broad Reach Advertising;
- Radio Endorsements (audio commercial was played);
- Targeted Digital Advertising;
- Visitors Bureaus;
- Hyper Local Advertising;
- New Wi-Fi Landing Page;
- Menu Refresh;
- 2017 Silver Telly Award;
- Proposed Fare Restructuring; and
- Looking Ahead.

A short discussion ensued regarding:

- Referral traffic to Amtrak.
- Correlation between marketing efforts and generated revenue.
- Next year, discuss the Paso Robles Station Amtrak revenue increase during the California Mid-State Fair and the various wine festival events, which draw large amounts of people.

No action was taken on this discussion item.

9. Managing Director's Update

Jennifer Bergener, Managing Director, reported that:

- She and staff will be traveling to Oakland, California, this week to attend the State-Amtrak Intercity Passenger Rail Committees meetings.

Jason Jewell, LOSSAN Chief Financial Officer, was selected as one of only two State-supported members to of the States and Amtrak Intercity Passenger Rail Committee to serve on the new 209 Methodology and Descriptions Project Team.

9. (Continued)

- Progress continues on the Operating Agreement and staff expects to have the agreement signed by the end of the month. The Board will be provided updates either via email or through the LOSSAN weekly updates.
- A recent email was sent to the Board outlining the State's proposed approach to remedy the issues with the current equipment purchase. The State was anticipated to be in attendance at today's meeting to provide a general update on equipment, unfortunately, the contract has not been finalized; therefore, the State has committed to attend the November Board meeting for an update.
- Staff is awaiting approval of the LOSSAN Agency's Annual Business Plan from the State. Approval of the Business Plan is anticipated to be finalized by the end of the week, and once received, will be forwarded to the Board.

10. Board Members' Report

Vice Chairman MacDonald reported that earlier this week, he met with Nate Kaplan, State Director, GORAIL, which is a new, nonprofit, 501 (C) 4 lobbying representative group, and discussed the proposed rules being promulgated by the Service Transportation Board. He suggested that this may be something the Board would like to discuss at the next Board meeting.

Director Strong reported that last week, he attended the California League of Cities Annual Conference, and asked staff to check with the University of California, Berkeley Law School, about its statewide study of rail stations. Director Strong also reported that he visited their booth at the conference, and noted that the only reports provided were related to transit. He also provided information to the Board regarding the marks for northern California, southern California, Los Angeles Metro, and the Bay Area Rapid Transit agency.

11. Closed Session

There was no Closed Session scheduled.



MINUTES

Board of Directors' Meeting

12. Adjournment

The meeting was adjourned in memory of Director Jeff Snowden's father who recently passed away.

The meeting of the LOSSAN Board adjourned at 1:52 p.m. The next regularly scheduled meeting of this Board will be held:

Wednesday, November 29, 2017

12:30 p.m. to 2:30 p.m.

Los Angeles County Metropolitan Transportation Authority

Board Room – Third Floor

One Gateway Plaza

Los Angeles, California

ATTEST

Bryan MacDonald
LOSSAN Vice Chairman

Olga Prado
Clerk of the Board



December 6, 2017

To: Members of the Board of Directors
From: Jennifer L. Bergener, Managing Director
Subject: Proposed 2018 Board of Directors and Committee Meeting Schedule

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency staff has developed a proposed Board of Directors and Committee meeting schedule for calendar year 2018. The proposed schedule is reflective of prior informal direction from the Board of Directors and is consistent with the development of key deliverables and actions for calendar year 2018.

Recommendation

Review and approve the 2018 Board of Directors and Committee meeting schedule for the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency.

Background

Each year, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) reviews and approves a proposed meeting schedule for the Board, Executive Committee, and Technical Advisory Committee (TAC) meetings for the following calendar year. A proposed meeting schedule for calendar year 2018 has been developed based on prior informal discussions with the Board, Executive Committee, the TAC, and with consideration of key deliverables for calendar year 2018.

Discussion

The proposed schedule for 2018 maintains regular Board meetings which have historically been held the third Monday of each month.

To avoid conflicts with federal holidays, the January Board meeting is proposed to be held the fifth Monday of the month, and the February meeting on the third Wednesday of the month. The May Board meeting is proposed to be held on the third Wednesday of the month, and the November meeting is proposed to be held

on the fourth Wednesday of the month to avoid conflicts with the Thanksgiving Holiday. No meetings are proposed for August, October, or December.

Board meetings will generally be held at the Los Angeles County Metropolitan Transportation Authority's Board chambers, unless otherwise noted. The proposed 2018 schedule reflects two of the meetings to be held in the other geographic regions of the LOSSAN corridor, including one meeting each in San Luis Obispo (North) and San Diego (South). In addition, the January meeting will be held in Orange County (South Central).

Executive Committee meetings are proposed to be held the months of March, May, June, and November. Additional meetings may be added to the schedule as needed.

TAC meetings are proposed to be held the months of January, February, March, May, June, July, September, and November, prior to scheduled Board meetings.

The Chairman of the Board retains the right to call a Special meeting at any time should unforeseen circumstances arise which warrant a meeting. The complete proposed 2018 LOSSAN Board and Committee meeting calendar is included as Attachment A.

Summary

Staff has developed a proposed 2018 LOSSAN Board and Committee meeting calendar for the LOSSAN Agency Board's review and approval.

Attachment

- A. LOSSAN Board of Directors Calendar – 2018 Board and Committee Meetings – Draft 12.06.17



LOSSAN BOARD OF DIRECTORS CALENDAR

2018 Board and Committee Meetings - Draft 12.06.17

ATTACHMENT A

JANUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOTE: January Board Meeting @ OCTA: Time 12:30 p.m. - 2:30 p.m.

FEBRUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
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25	26	27	28			

MARCH						
SUN	MON	TUE	WED	THU	FRI	SAT
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APRIL						
SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

NOTE: April Board Meeting @ SLO: Time TBD

MAY						
SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JUNE						
SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
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24	25	26	27	28	29	30

JULY						
SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
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22	23	24	25	26	27	28
29	30	31				

AUGUST						
SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
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12	13	14	15	16	17	18
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26	27	28	29	30	31	

SEPTEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

NOTE: September Board Meeting @ NCTD: Time TBD

OCTOBER						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOVEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
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11.28.17

LOSSAN Board of Directors regular meeting
12:30 p.m. - 2:30 p.m.
All meetings held at L.A. Metro unless otherwise noted

Holidays

Executive Committee
TBD

Technical Advisory Committee
12:30 p.m. - 2:30 p.m.



December 6, 2017

To: Members of the Board of Directors
From: Jennifer L. Bergener, Managing Director
Subject: Status Report on State Legislation Enacted in 2017

Overview

At the conclusion of the 2017 legislative session, 859 bills were signed and chaptered by Governor Jerry Brown, while 118 bills were vetoed. A report containing a brief analysis of legislation relevant to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is provided.

Recommendation

Receive and file as an information item.

Discussion

2017 Legislative Session Adjourns

Following the State Legislature's adjournment, Governor Jerry Brown had until October 15, 2017, to either sign or veto all legislation submitted to his office. Of the 977 bills sent to the Governor in 2017, 118 bills were vetoed; about 12 percent of the total number of bills presented to his office. This is consistent with the 13 percent average veto rate dating back to 1967, and is lower than the 15 percent he vetoed in 2016. This was the fourth highest number of bills he has had to consider as Governor since 2011.

A detailed summary of legislation relevant to the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) is included as Attachment A. Among the bills considered this session were the following transportation proposals:

Status of Legislation Considered in 2017 - Bills Signed

Senate Bill (SB) 1 (Chapter 5, Statutes of 2017): Transportation Funding
LOSSAN Position: Support

SB 1 (Chapter 5, Statutes of 2017) increases both gasoline and diesel taxes, while also creating a value-based transportation improvement fee and a new zero-emission vehicle registration fee to raise \$5.2 billion annually in new transportation revenues, which will be targeted to fix-it-first purposes. It is expected that SB 1 will provide increased funding for rail services as follows, over a ten-year period: \$40 million a year for intercity and commuter rail purposes, including the Pacific Surfliner, COASTER, and Metrolink, with eligibility for both capital and operating expenses, and \$245 million a year for the Transit and Intercity Rail Capital Program, both administered by the California State Transportation Agency (CalSTA). The LOSSAN Agency, and its member agencies, may also be eligible to compete in some of the new competitive programs created by SB 1 that provide funding for capital improvements. SB 1 also enacts several transparency and accountability reforms including reporting requirements on project performance and delivery status, and the creation of the position of Transportation Inspector General within the California Department of Transportation to audit and investigate state and local projects to ensure expenditures are made in conformance with existing law. The provisions included in SB 1, and later follow-up legislation, will allow the LOSSAN Agency and its member agencies to more effectively apply for longer term projects and seek multi-year funding commitments.

Status of Legislation Considered in 2017 – Two-Year Bills

The following bills that the LOSSAN Agency took a position on failed to make it to the Governor for consideration:

SB 477 (Canella, R-Ceres): Intercity Rail Corridors: Extensions
LOSSAN Agency Position: Support in Concept

Sponsored by the Transportation Agency for Monterey County, SB 477 (Canella, R-Ceres) would have provided flexibility to intercity rail corridors to allow for future expansion beyond the existing statutory-defined corridors. Specifically, SB 477 would have provided the LOSSAN Agency the opportunity to consider future expansion further north or eastward if an expansion was recommended and justified in the business plan adopted by the LOSSAN Agency, signed by the CalSTA Secretary, and determined by the LOSSAN Agency that the extension would not jeopardize or come at the expense of other existing intercity rail services. However, if SB 477 were chaptered, additional legislation would have been needed to appropriately redefine the boundaries of the LOSSAN rail corridor under statute, and its associated joint powers authority (JPA), before service could have been.

Despite support from the Capitol Corridor JPA, the San Joaquin JPA, and other agencies, the bill was ultimately held up in the Assembly Appropriations Committee and has become a two-year bill. The Assembly Appropriations Committee analysis expressed concerns over the lack of a revenue stream to

support an expansion of intercity rail services and the unknown cost pressures associated with one-time capital improvements and increased operating subsidies.

Additional Bills of Interest – Two-Year Bills

Assembly Bill (AB) 1421 (Dababneh, D-Woodland Hills): Railroads: Noise and Vibration Levels

LOSSAN Agency Position: Monitor

AB 1421 (Dababneh, D-Woodland Hills) would have required the California Department of Public Health to conduct a study to determine the noise and vibration levels associated with all railroad lines in the vicinity of residential areas or schools that have an average day-night sound level in excess of 60 decibels. However, given concerns over potential costs and the lack of a current funding source for mitigating the excessive noise and vibration of existing rail lines, the bill became a two-year bill to allow for further discussions to take place. Staff will continue to monitor the bill and remain active in discussions moving forward.

SB 502 (Portantino, D-La Cañada Flintridge): Public Rail Systems: Availability of Automated External Defibrillators (AED)

LOSSAN Agency Position: Monitor

SB 502 (Portantino, D-La Cañada Flintridge) would have required a public entity that operates a rail transit system or a commuter train system to ensure that each train has an AED as part of its safety equipment. In addition, the bill would have exempted a public entity from the liability of any civil damages resulting from the emergency care use of the AED. The bill was ultimately pulled by the author and has become a two-year bill to allow for further discussions to take place to address concerns over potential costs, employee training, and maintenance. All Pacific Surfliner trains currently have an AED located in the Café car. Staff will continue to monitor the bill and remain active in any discussions that occur in the upcoming legislative session.

Summary

A summary report on all state legislation enacted in 2017 affecting the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is provided for review by the Board of Directors.

Attachment

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency 2017
End of Year Legislative Report

Prepared by:



Jaymal Patel
Associate Government Relations
Representative
(714) 560-5475



LOS ANGELES – SAN DIEGO – SAN LUIS OBISPO RAIL CORRIDOR AGENCY 2017 END OF YEAR LEGISLATIVE REPORT

LEGISLATION ENACTED

I. Environment

Assembly Bill (AB) 246 (Santiago, D-Los Angeles) Environmental Quality: Jobs and Economic Improvement Through Environmental Leadership Act of 2011 (Chapter 522, Statutes of 2017)

AB 246 extends until January 1, 2020, the authority of the Governor, under the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, to certify a residential, retail, commercial, sports, cultural, or recreational use project that will not have a significant effect on the environment. Provides that the certification expires and is no longer valid if the lead agency fails to approve a certified project before January 1, 2021. Establishes procedures for expedited judicial review, which requires courts to resolve the California Environmental Quality Act (CEQA) lawsuits within 270 days from the date the certified record of proceedings is filed with the court. Requires contractors and subcontractors to pay all construction workers at least the general prevailing rate of per diem wages and provides for the enforcement of this requirement.

AB 398 (Garcia, D-Coachella) Emissions: Compliance Mechanisms: Tax Exemptions (Chapter 135, Statutes of 2017)

AB 398 extends California's cap-and-trade program through 2030. Requires the California Air Resources Board (ARB) to establish a price ceiling on greenhouse gas (GHG) emission allowances. Adds new conditions governing the management and allocation of allowances and reduces the limits on compliance offsets. Requires the ARB to update the scoping plan, and authorizes all GHG emissions rules and regulations to be consistent with the scoping plan. Establishes priorities for cap-and-trade expenditures with regards to air quality, low-and-zero carbon transportation alternatives, sustainable agricultural practices, climate pollutants, healthy forests, urban greening, and climate and clean energy research.

AB 617 (Garcia, D-Bell Gardens) Nonvehicular Air Pollution: Criteria Air Pollutants (Chapter 136, Statutes of 2017)

AB 617 requires the ARB to develop a uniform system for reporting of emissions of criteria air pollutants and toxic air contaminants for use by stationary sources. Requires the ARB to prepare a plan regarding technologies for monitoring criteria air pollutants and toxic air contaminants. Requires the ARB to prepare a statewide strategy to reduce emissions of toxic air contaminants and criteria pollutants in impacted and disadvantaged communities. Authorizes the ARB to establish a statewide clearinghouse that identifies the best available control technology, best available retrofit technology for criteria air pollutants, and related technologies for the control of toxic air contaminants.

AB 733 (Berman, D-Palo Alto) Enhanced Infrastructure Financing Districts: Climate Change

(Chapter 657, Statutes of 2017)

AB 733 adds climate change projects to the existing list of projects that may be undertaken by an Enhanced Infrastructure Financing District (EIFD). Specifically, the bill envisions projects that help communities address higher average temperatures, decreased air and water quality, the spread of diseases, extreme weather events, sea level rise, flooding, heat waves, wildfires, and drought.

Assembly Constitutional Amendment (ACA) 1 (Mayes, R-Yucca Valley) Greenhouse Gas Reduction Reserve Fund

(Chapter 105, Statutes of 2017)

ACA 1 would, if approved by voters in June of 2018, require a two-thirds vote in each house for any appropriation from the cap-and-trade program after January 1, 2024. The intent is to create a one-time two-thirds vote requirement sometime between now and the expiration of the cap-and-trade program on January 1, 2031, as outlined in AB 398 (Chapter 135, Statutes of 2017).

II. Funding

AB 56 (Holden, D-Pasadena) California Infrastructure and Economic Development Bank: Housing

(Chapter 289, Statutes of 2017)

AB 56 clarifies the definition of housing-related infrastructure for the purposes of programs administered through the California Infrastructure and Economic Development Bank, including projects funded through the Infrastructure State Revolving Fund. Specifically, the bill ensures that the Infrastructure and Economic Development Bank can finance house-related infrastructure, such as streets, drainage, water supply, and flood control facilities

AB 467 (Mullin, D-South San Francisco) Local Transportation Authorities: Transactions and Tax

(Chapter 640, Statutes of 2017)

AB 467 exempts a county elections official from including, on a measure to impose a retail transactions and use tax, the entire transportation expenditure plan in the voter information guide as long as the transportation authority posts the plan on its website. The transportation authority must ensure that the sample ballot and the voter information guide sent to voters includes information on viewing an electronic version of the plan on the website, as well as instructions for how to obtain a printed copy of the plan if a voter so desires.

**AB 805 (Gonzalez Fletcher, D-Sherman Heights) County of San Diego: Transportation Agencies
(Chapter 658, Statutes of 2017)**

AB 805 imposes state-mandated changes to the governing structure and voting authority of the San Diego Association of Governments (SANDAG). The bill mandates that the mayor and city council president of San Diego serve on the SANDAG Board of Directors while removing a provision requiring that the chair of the County of San Diego Board of Supervisors serve on the Board. It also creates a weighted vote process, institutes an audit committee, requires SANDAG to submit an annual report to the State Legislature, allows the San Diego Metropolitan Transit System and the North County Transit District to institute taxes, and implement certain project labor agreement requirements. The bill also requires that the regional comprehensive plan address GHG emissions reduction targets set by the ARB, including a specific requirement that the plan contain strategies that provide for a modal shift to public transportation.

**AB 1113 (Bloom, D-Santa Monica) State Transit Assistance Program
(Chapter 86, Statutes of 2017)**

AB 1113 revises the State Transit Assistance (STA) program to clarify several ambiguities. AB 1113 ensures that only STA-eligible operators can receive an allocation from the portion of program funds based on transit operator revenues. The bill also requires the State Controller's Office (SCO) to design and adopt a uniform system of accounts and records under which operators prepare and submit annual reports of their operation. The reports must be submitted within seven months after the end of the fiscal year and must contain underlying data from audited financial statements.

**AB 1189 (Garcia, D-Coachella Valley) Riverside County Transportation Commission
(Chapter 642, Statutes of 2017)**

AB 1189 authorizes the Riverside County Transportation Commission (RCTC) to impose, subject to voter approval, a maximum tax rate for transportation purposes of one percent instead of one-half of one percent. The bill also specifies that the tax rate imposed by RCTC would not be considered for purposes of the two percent countywide limit.

**AB 1568 (Bloom, D-Santa Monica) Enhanced Infrastructure Financing Districts
(Chapter 562, Statutes of 2017)**

AB 1568 establishes the Neighborhood Infill and Transit Improvements Act in EIFD law and allows EIFDs to receive sales and use and transaction and use taxes for certain affordable housing purposes.

**ACA 5 (Frazier, D-Oakley) Motor Vehicle Fees and Taxes: Expenditure Restriction
(Chapter 30, Statutes of 2017)**

ACA 5 would, if approved by voters in June of 2018, add an article to the California Constitution requiring that revenues derived from vehicle fees imposed be used solely for transportation purposes. ACA 5 would prohibit these revenues from being used for the payment of principal and interest on state transportation general obligation bonds

and would require that portions of the sales and use tax on diesel fuel be used for certain transportation planning or mass transportation purposes.

**SB 1 (Beall, D-San Jose) Transportation Funding
(Chapter 5, Statutes of 2017)**

SB 1 increases both gasoline and diesel taxes, while also creating a value-based transportation improvement fee and a new zero-emission vehicle registration fee to raise over \$5 billion annually in new transportation revenues. Requires tax rates and fees, excluding the diesel sales tax, to be adjusted annually based on the California Consumer Price Index. Resets the price-based excise tax on July 1, 2019, and provides that \$706 million in outstanding loans made to the General Fund be repaid over three years. Creates the Road Maintenance and Rehabilitation program and deposits the revenue into the Road Maintenance and Rehabilitation Account. Prioritizes investments towards fix-it-first purposes on local street and roads and highways, transit operations and maintenance, capital investments, and active transportation. Provides new revenues for 18 new and existing programs administered by the California Transportation Commission (CTC), the California State Transportation Agency (CalSTA), the California Department of Transportation (Caltrans), SCO, the Workforce Development Board, and the Joint Legislative Transportation and Budget Committees. In addition, expands reporting requirements on project performance and delivery status, and creates the position of Transportation Inspector General within Caltrans to audit and investigate state and local projects to ensure expenditures are made in conformance with existing law. Also creates and funds an Advance Mitigation Program (AMP), administered by Caltrans, to protect natural resources and advance project delivery.

III. Planning

**AB 184 (Berman, D-Pal Alto) Sea Level Rise Planning: Database
(Chapter 338, Statutes of 2017)**

AB 184 postpones until January 1, 2023, the repeal of existing law, which requires the Natural Resources Agency to create and post on an Internet website a Planning for Sea Level Rise Database describing the steps being taken throughout the state by public agencies and private entities to prepare and plan for sea level rise.

**AB 1282 (Mullin, D-San Mateo) Transportation Permitting Taskforce
(Chapter 643, Statutes of 2017)**

AB 1282 directs the Secretary of CalSTA, in consultation with the Secretary of the National Resources Agency, to create a Transportation Permitting Task Force (Task Force) to streamline permit approvals for transportation projects. The Task Force includes certain state agencies, regional water quality control boards, and other relevant state or public entities. Requires the Secretary of CalSTA to prepare and submit a report of the Task Force's findings to the appropriate legislative policy and fiscal committees by December 1, 2019.

SB 150 (Allen, D-Santa Monica) Regional Transportation Plans (Chapter 646, Statutes of 2017)

SB 150 requires the ARB to prepare a report to assess the progress of metropolitan planning organizations (MPOs) in meeting GHG targets under SB 375 (Chapter 728, Statutes of 2008). Requires the ARB to prepare the report on or before September 1, 2018, and every four years thereafter to align with the target setting process under SB 375. Requires the report to include changes to GHG emissions in each region and data-supported metrics for the strategies utilized to meet the targets, and also a discussion of best practices and challenges faced by the MPOs in meeting the targets, including the effects of state policies and funding. Requires the report to be developed in consultation with the MPOs and affected stakeholders. In addition, SB 150 amends the process for setting GHG emission targets under SB 375, to also take into account additional state GHG emission reduction goals, including that in SB 32 (Chapter 249, Statutes of 2016), which set the statewide GHG reduction target at 40 percent below 1990 levels by 2030.

IV. Public Works

SB 680 (Wieckowski, D-Fremont) San Francisco Bay Area Rapid Transit District (Chapter 100, Statutes of 2017)

SB 680 extends the allowable distance for the San Francisco Bay Area Rapid Transit District (BART) to engage in transit-oriented joint development projects from one-quarter mile to one-half mile. Defines transit-oriented joint development as a commercial, residential, or mixed-use development project that is undertaken with transit facilities located a half mile or less.

V. Rail

AB 695 (Bocanegra, D- Pacoima) Avoidance of On-Track Equipment (Chapter 110, Statutes of 2017)

AB 695 defines on-track equipment as any locomotive or any other car, rolling stock, equipment, or other device that is operated on stationary rail. Adds on-track equipment to the requirements for vehicles or pedestrians to safely cross a railroad, rail transit grade crossing, or a railroad grade crossing, and requires them to stop at no less than 15 feet away from the nearest rail before proceeding safely. In addition, requires vehicles such as buses and commercial vehicles to stop no less than 15 nor more than 50 feet away from the nearest rail, and requires them to track, listen, and look in both directions before proceeding safely.

SB 614 (Hertzberg, D-Sherman Oaks) Public Transportation Agencies: Penalties (Chapter 219, Statutes of 2017)

SB 614 caps the administrative penalties for fare evasion and other misconduct violations at \$125 for the first and second violation and \$200 for the third and subsequent violations. This bill ensures that the administrative penalties generated from the fare evasion or misconduct violations are to be deposited with the public transportation agency that issued the citation. The bill also requires an administrative hearing to determine if

community service is needed for minors and people facing financial hardship, although the community service can be waived in certain situations pertaining to repeat offenders.

SB 797 (Hill, D-San Mateo) Peninsula Corridor Joint Powers Board: Use Tax (Chapter 653, Statutes of 2017)

SB 797 authorizes the Peninsula Corridor Joint Powers Board (PCJPB), subject to voter approval, to implement a transactions and use tax above the two percent countywide limit in current law in order to fund operating and capital expenses on the Caltrain rail service. The tax must be approved by the PCJPB; by two-thirds of voters in the counties of San Francisco, San Mateo, and Santa Clara; and by a majority vote of each transportation agency's governing board, including the San Francisco Municipal Transportation Agency, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority. The new tax cannot exceed a 0.125 percent rate.

VI. State Budget

AB 97 (Ting, D-San Francisco) Budget Act of 2017 (Chapter 14, Statutes of 2017)

AB 97 makes \$125.1 billion worth of appropriations to support the state government for fiscal year (FY) 2017-18, which is \$1.1 billion higher than the May Revise. The bill also includes funding to bring the state's rainy day fund to \$8.5 billion. The bill appropriates \$1.5 billion in transportation funding pursuant to SB 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017, including:

- \$280 million of STA funding on top of the \$305 million of base funding;
- \$445.4 million for Local Streets and Roads (LSR);
- \$845.4 million for the State Highway Operation and Protection Program and bridge and culvert maintenance;
- \$330 million for the Transit and Intercity Rail Capital Program (TIRCP);
- \$250 million for the Solutions for Congested Corridors Program (SCCP);
- \$200 million for the Local Partnership Program (LPP);
- \$199.8 million for the Trade Corridor Enhancement Account (TCEA);
- \$100 million for the Active Transportation Program;
- \$25 million for intercity and commuter rail;
- \$25 million for Freeway Service Patrol; and
- \$25 million for local planning grants.

AB 115 (Assembly Budget Committee) Transportation (Chapter 20, Statutes of 2017)

AB 115 serves as one of the budget trailer bills for transportation. The bill ensures that LPP funding authorized in SB 1 is allocated to local or regional transportation agencies that have secured voter approval for local sales tax measures or have imposed fees for transportation purposes. AB 115 also requires Caltrans and CalSTA, in developing SB 1 guidelines, to post formal drafts online and hold at least two public workshops 30 days before adoption. The bill also makes other technical and non-substantive changes to

SB 1. AB 115 also authorizes Construction Manager/General Contractor (CMGC) project delivery authority for up to 12 additional projects delivered by Caltrans, with two projects reserved for RCTC. The bill also allows RCTC to use the CMGC authority for grade separation and bridge rehabilitation projects, and to utilize “cost-plus-time” bidding procedure for projects they were provided funding under SB 132 (Chapter 7, Statutes of 2017), a companion bill to SB 1.

**AB 119 (Assembly Budget Committee) State Government
(Chapter 21, Statutes of 2017)**

AB 119 serves as one of the budget trailer bills for state government operations. Among its provisions, the bill prohibits the release of personal email addresses as part of a public record request under the California Public Records Act. There is an exception for email addresses used for public purposes. AB 119 also clarifies that only lead agencies are required to prepare an environmental impact report under CEQA. As such, the bill exempts from CEQA actions provided by the State Public Works Board and the Department of Finance pertaining to bond issuances, capital outlay projects, or real estate transactions. AB 119 also mandates that public employers provide the exclusive representative of its employee organizations, mandatory access to its new employee orientations, and at least 10 days notice for any orientation, unless a specific agreement is reached between the employer and the exclusive representative. The bill also requires public employers to provide the exclusives representatives with information about new hires within 30 days of employment.

**AB 134 (Assembly Budget Committee) Budget Act of 2017
(Chapter 254, Statutes of 2017)**

AB 134 serves as the budget trailer bill acting as the expenditure plan for the cap-and-trade program. The bill appropriates \$900 million Greenhouse Gas Reduction Reserve Fund revenues to the ARB for an array of programs. Of note, the bill appropriates \$180 million for ARB’s Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, with \$35 million guaranteed for zero-emission bus purchases. The bill also appropriates \$250 million to local air districts for the Carl Moyer program, with \$107.5 million for the Southern California Air Quality Management District. Each air district may use up to 40 percent of these funds for clean truck programs, consistent with ARB’s Proposition 1B guidelines. The bill also contains \$240 million for various clean freight programs.

**AB 135 (Assembly Budget Committee) Transportation
(Chapter 255, Statutes of 2017)**

AB 135 serves as one of the budget trailer bills for transportation. Among its provisions, the bill expands and clarifies the use of the Letter of No Prejudice authority for the TIRCP, SCCP, LPP, and the TCEA. Provides a 90-day grace period after the CTC project list deadline for cities and counties to submit their project lists to become eligible for SB 1 funding. Allows cities and counties the option to adopt a project list through a resolution at a regularly scheduled public hearing to establish eligibility for LSR funding. Amends existing reporting requirements to include all SB 1 expenditures of LSR funds in a given fiscal year. Allows transportation planning agencies to receive from Caltrans a single

advance payment of no more than \$300,000 for programming, planning, and monitoring activities. Appropriates \$274.5 million from the Federal Trust Fund to Caltrans for FY 2017-2018 and allows CalSTA to assume responsibilities under the National Environmental Policy Act for any railroad, public transportation, or multimodal project.

**SB 103 (Senate Budget and Fiscal Review Committee) Transportation
(Chapter 95, Statutes of 2017)**

SB 103 serves as a budget trailer bill for transportation. Among its provisions, the bill authorizes Caltrans to implement the AMP, including, among other things, purchasing or funding the purchase of mitigation credits from mitigation banks, conservation banks, or in-lieu fee programs approved by a regulatory agency to pay for the mitigations of environmental impacts of transportation projects. Revises and recasts the requirements of the Trade Corridors Improvement Fund and makes them applicable to the TCEA created by SB 1. Requires the CTC to allocate 60 percent of available funding from the TCEA to projects nominated by regional transportation agencies for infrastructure improvements along trade corridors that have a high volume of freight movement, with the remaining 40 percent to be allocated for eligible projects nominated by Caltrans. Requires Caltrans to develop and share with the Legislature a detailed outreach plan intended to increase procurement opportunities for new and limited contracting small business enterprises, in all the transportation programs. Requires Caltrans to achieve a minimum of 25 percent small business participation in state-funded contracts and procurements.

**SB 132 (Senate Budget & Fiscal Review Committee) Budget Act of 2017
(Chapter 7, Statutes of 2017)**

SB 132 serves as a trailer bill to appropriate certain items, including: \$100 million for a Caltrans project at the University of California, Merced; \$400 million for the extension of the Altamont Corridor Express to Ceres and Merced; \$180 million for the 91 Toll Connector to Interstate 15; and \$199.15 million for grade separation projects in Riverside County. The bill also convenes a task force of state, local, and private sector experts to examine the authorizations given in AB 115 to accelerate project delivery in Riverside County.

VII. Transit

**AB 468 (Santiago, D-Los Angeles) Transit Districts: Prohibition Orders
(Chapter 192, Statutes of 2017)**

AB 468 adds the Los Angeles County Metropolitan Transportation Authority to the list of transit districts authorized to issue prohibition orders to disruptive passengers on transit facilities, and extends the application of these provisions to BART indefinitely.

**AB 730 (Quirk, D-Hayward) Transit Districts: Prohibition Orders
(Chapter 46, Statutes of 2017)**

AB 730 repeals the sunset on the prohibition order authority granted to BART. Under current law, BART's prohibition order authority expired on January 1, 2018. As such, AB 730 gives BART permanent authority to issue prohibition orders for various offenses,

including interfering with the operation of a train, committing acts that may injure a person or property, and willfully disturbing a transit facility, among the various violations listed in the bill.

**SB 20 (Hill, D-San Mateo) Vehicles: Buses: Seatbelts
(Chapter 593, Statutes of 2017)**

SB 20 requires bus drivers and passengers to wear safety belts in buses that are equipped with safety belts. Requires bus drivers to inform passengers of the safety belt requirement and the associated fine for violating the requirement or allow for posted signs to be placed in the bus detailing the requirements and penalties. Exempts school buses, which already require the use of safety belts.

VIII. Other Legislation

**AB 551 (Levine, D-San Rafael) Political Reform Act of 1974: Postemployment
(Chapter 196, Statutes of 2017)**

AB 551 prohibits certain local government officials – a local elected official; a chief administrative officer of a county, city manager; or a general manager or chief administrator of a special district – from appearing before or communicating with their former agency – or any committee, subcommittee, or present member of that local government agency, or any officer or employee of the local government agency – for compensation as an independent contractor for another government agency within a year after leaving that position. The prohibition includes working to influence agency decisions on rules or regulations that the employee’s former agency may be considering.

**SB 225 (Stern, D-Canoga Park) Human Trafficking: Notice
(Chapter 565, Statutes of 2017)**

SB 225 would require that human trafficking notices, developed by the Department of Justice (DOJ), specify that a person can text a specified number for services and support. The bill also requires that the DOJ revise and update the notice by January 1, 2019. Any business or establishment required to post the model notice is not required to post the updated model notice until on and after January 1, 2019.

**SB 595 (Beall, D-San Jose) Metropolitan Transportation Commission: Toll Bridge
(Chapter 650, Statutes of 2017)**

SB 595 requires the City and County of San Francisco and the other eight counties in the San Francisco Bay Area to place a third regional measure (RM3) on the ballot to increase the toll rate by \$3 on state-owned toll bridges. If approved by the voters, authorizes the Bay Area Toll Authority to phase in the toll increase, six months after the election, over a period of time that can be adjusted to inflation based on the California Consumer Price Index. Allows for revenue to be expended on bridge maintenance and rehabilitation, and other projects and programs, such as the BART extension to San Jose, the Caltrain Downtown Extension, and other corridor improvements in the Bay Area region that will be known as the RM3 expenditure plan. Sets aside 16 percent of increased revenues, up to \$60 million annually, for transit operating assistance. SB 595 also modifies provisions related to a high-occupancy toll lane between the Counties of Santa Clara and San Mateo,

and requires excess revenues to be used for purposes outlined in an expenditure plan adopted by the City and County Association of Governments of San Mateo, and the San Mateo County Transportation Authority. Establishes an independent oversight committee to ensure RM3 toll revenues are expended consistent with the authority being granted.



December 6, 2017

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Final Draft of the 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program

Overview

Annually, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency adopts a legislative program to guide its legislative activities for the upcoming session. A final draft of the 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program has been prepared for consideration by the Board of Directors.

Recommendation

Adopt the final draft of the 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program.

Discussion

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) annually adopts a legislative program (Program) to guide legislative efforts. The Program outlines broad policy positions to guide staff when engaging in legislative activities and making recommendations to the Board. Official LOSSAN Agency positions not addressed by the Program are brought to the Board for separate action during the legislative sessions of the United States Congress and the California State Legislature.

The final draft of the 2018 Program, included as a strikeout version in Attachment A, was reviewed by the Board on September 18, 2017. The only change made since the Board meeting is as follows:

- The language in Section I, subsection (c) in support of efforts to generate new sources of revenue was updated to include support for initiatives that protect existing revenues.

This change was made in direct response to ensure the maximum applicability of the Program, the Board may review and amend the Program as legislation or legislative issues arise when deemed appropriate. In addition, to most effectively

advocate for the Program's goals and principles, LOSSAN Agency staff will continue to explore and identify opportunities where the legislative resources and expertise of the member agencies can be leveraged to advance the positions and goals outlined in the Program.

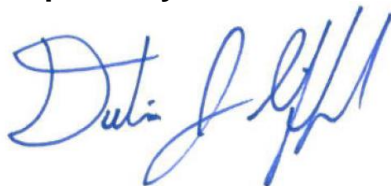
Summary

The final draft of the 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program is presented for consideration and adoption.

Attachment

- A. Draft 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program

Prepared by:



Dustin Sifford
Senior Government Relations Representative
(714) 560-5389



Draft 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program

TOP PRIORITIES FOR 2018:

- **Maximize the share of long-term, sustainable funding sources to support passenger rail operations and capital projects in the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor, including funds made available by the federal rail title and ensuring the continued eligibility for the LOSSAN Rail Corridor Agency (Agency) to compete for state funding, such as funding provided by SB 1 (Chapter 5, Statutes of 2017) and the cap-and-trade program.**
- **Support efforts to further enhance connectivity of regional and intercity rail and local transit services within the LOSSAN rail corridor.**
- **Continue to study and advance infrastructure and service improvement projects and programs.**

I. SECURE SUSTAINABLE FUNDING

- a) Support efforts to pursue and maximize the LOSSAN Agency's share of stable, recurring sources of operating and capital funding to support intercity rail operations, equipment and safety needs, and LOSSAN Agency Priority Projects.
- b) Support member agency grant funding requests consistent with the LOSSAN Agency's Legislative Program and annual Business Plan and permit the LOSSAN Chairman or the Managing Director to sign letters of support.
- c) Support **the protection of existing revenues and** the generation of new revenue sources; maximize flexibility in use of federal and state funds, including emerging funding programs. Advocate for intercity rail as an eligible recipient of any new revenue sources.
- d) Support efforts to lower the current two-thirds voter requirement for special purpose taxes that provide for transportation and quality of life improvements.
- e) Support efforts to apply for the use of SB 1 and cap-and-trade funding for LOSSAN Agency priority projects, advocating for intercity rail as an eligible recipient, flexibility in revenue use and a streamlined allocation process.
- f) Secure emergency preparedness funds through any grant program that funds safety and security activities in order to complete more rail system and passenger protection projects.
- g) Support efforts to implement the Fixing America's Surface Transportation Act in terms of appropriate funding levels, transit and rail investments, and expedited federal actions.
- h) Support the implementation of the federal rail title, and seek opportunities for funding to enhance the safety and operation of passenger rail services along the LOSSAN rail corridor.
- i) Support the development of future federal rail capital investment programs.
- j) Support efforts to apply for federal rail capital matching program funds, including Passenger Rail Investment and Improvement Act annual appropriations, and Infrastructure For Rebuilding America grants for LOSSAN Agency priority projects.
- k) Support mechanisms and funding providing for the implementation of the LOSSAN Corridor wide Strategic Implementation Plan, California State Rail Plan, and other rail improvement plans.
- l) Oppose efforts to minimize or reduce the funding commitments that support passenger rail services along the LOSSAN rail corridor.



Draft 2018 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program

II. CONNECTIVITY AND INTEGRATION

- a) Continue working with California Intercity Rail Program partners on the planning, advocacy, and promotion of existing and future passenger rail service at the federal, state, and local level.
- b) Seek opportunities to support and advocate for the LOSSAN rail corridor, as well as emerging rail corridors, services, and high-speed rail.
- c) Support efforts to streamline and enhance transit services that provide for first-and-last mile connections to intercity, commuter, and high-speed rail passenger rail services and stations.
- d) Support state, federal, and local policies and programs that facilitate intermodal connectivity between passenger rail services on the LOSSAN rail corridor and other public transportation systems, including train to plane connections at local airports.
- e) Support efforts that would allow for the future extension of service to connect to areas outside of the existing LOSSAN rail corridor.

III. INFRASTRUCTURE, SERVICE, AND SAFETY IMPROVEMENTS

- a) Support legislation that encourages smart growth and transit-oriented development, mixed-use development, and joint development opportunities, including improved connectivity to and from rail stations.
- b) Support goods movement initiatives that provide infrastructure and throughput improvements for passenger rail systems.
- c) Support legislation promoting rail safety and rail security, including efforts to fund and responsibly implement Positive Train Control (PTC), and request federal assistance in considering the fiscal, technological, and logistical challenges faced by PTC implementing entities.
- d) Monitor any administrative reform efforts that may impact rail safety regulatory agencies such as the California Public Utilities Commission.
- e) Monitor the development of federal notices of proposed rulemakings (NPRM), and identify any impacts such proposals may have on passenger rail services. Seek opportunities to engage with, and submit comments to, NPRM-sponsoring agencies to communicate LOSSAN Agency concerns or support related to NPRMs.



December 6, 2017

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director

Subject: Fiscal Year 2017-18 First Quarter Budget Status Report

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Fiscal Year 2017-18 Budget was approved by the Board of Directors on March 20, 2017, in conjunction with the approval of the annual business plan for fiscal years 2017-18 and 2018-19. This report provides a summary of financial activities and performance through the first quarter of Fiscal Year 2017-18.

Recommendation

Receive and file as an information item.

Background

On March 20, 2017, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) approved the LOSSAN Agency Annual Business Plan for Fiscal Year (FY) 2017-18 and FY 2018-19 (Business Plan), as well as the Fiscal Year 2017-18 budget. Included in both the adopted budget and Business Plan is funding for FY 2017-18 administrative and marketing services in the amount of \$5,004,674, as well as \$33,388,641 for operations (including minor projects). The adopted budget for operations was based on preliminary cost estimates available at the time of adoption.

The LOSSAN Agency received Amtrak's federal FY (FFY) 2017-18 operating revenue and expense forecast on March 30, 2017. The California Transportation Agency (CalSTA) allowed for a revised budget and resubmittal of the business plan on June 20, 2017, in order to incorporate Amtrak's FFY 2017-18 forecast. A budget amendment was approved by the Board on June 19, 2017, which adjusted the net train operations budget to \$33,039,762 (including minor projects) to align the budget with the Amtrak forecast. The budget amendment did not change the FY 2017-18 administrative or marketing amounts.

Amtrak operates on a FFY of October – September, thus the operating contract has historically been executed on a FFY basis.

Discussion

The LOSSAN Agency bylaws state that a quarterly written report shall be filed with the Board reporting the amount of money held, the amount and source of receipts since the last report, and the amount and recipient of the amounts paid out since the last report. The Quarterly Budget Status Report (Attachment A) provides a detail level overview of financial activity, including a comparison of budget to actuals and explanations for any budget-to-actual variances through the first quarter of FY 2017-18 (July 2017 through September 2017). A summary of these activities is provided below.

Budgeted revenues through the first quarter of FY 2017-18 totaled \$10,140,062, which is comprised of \$9,788,864 for state advance operating funds, \$349,998 for the California Transit Security Grant and Transit and Intercity Rail Capital Grant Program and \$1,200 for interest revenue.

Actual revenues through the first quarter totaled \$9,461,042 versus a budgeted amount of \$10,140,062. The actuals are comprised of operating funds from the state of \$9,788,864, other state funding for grant programs of \$(41,760), state minor capital funds of \$(288,977) and interest revenue of \$2,915. The variances are primarily due to timing differences due to FY 2016-17 year end accruals that were reversed in the first quarter, anticipating the receipt of revenue. The budget vs. actual variances are further detailed in Attachment A.

Budgeted expenses through the first quarter of FY 2017-18 total \$11,355,233, which is comprised of \$9,788,864 for Amtrak operations, \$1,216,371 for administrative and marketing services and \$349,998 for grant programs. Actual expenses through the first quarter totaled \$4,115,353 versus a budgeted amount of \$11,355,233. The major areas experiencing budget variances are within net train operating expenses, administrative and marketing line items and grant programs. These variances are further detailed in Attachment A.

The LOSSAN Agency bylaws also call for a report of all expenditures under \$100,000 to also be provided on a quarterly basis. This report is included as Attachment B.

The LOSSAN Agency Board has also directed staff to provide a listing of all open agreements, including vendor, description of purchase, contract number, contract amount, amount spent, remaining balance, and expiration date on a quarterly basis. This report is provided in Attachment C.

Summary

Through the first quarter of fiscal year 2017-18, actual revenue and expenses are below budget. The revenue variance is primarily due to timing differences related to accruals. The majority of the expense variance is due to lower than anticipated expenses in the areas of train and engine crew labor, car and locomotive maintenance, host railroad fees, connecting motor coach, train fuel and power, as well as actual ticket and food and beverage revenues coming in higher than projected. Expense variances are also due to less than anticipated expenses in marketing, a vacant administrative position, the timing of payments on security upgrade projects and lower than expected activity with the Transit Transfer program.

Attachments

- A. Quarterly Budget Status Report, First Quarter of Fiscal Year 2017-18
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, First Quarter Financial Activity Report, Fiscal Year 2017-18
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of September 30, 2017

Prepared by:



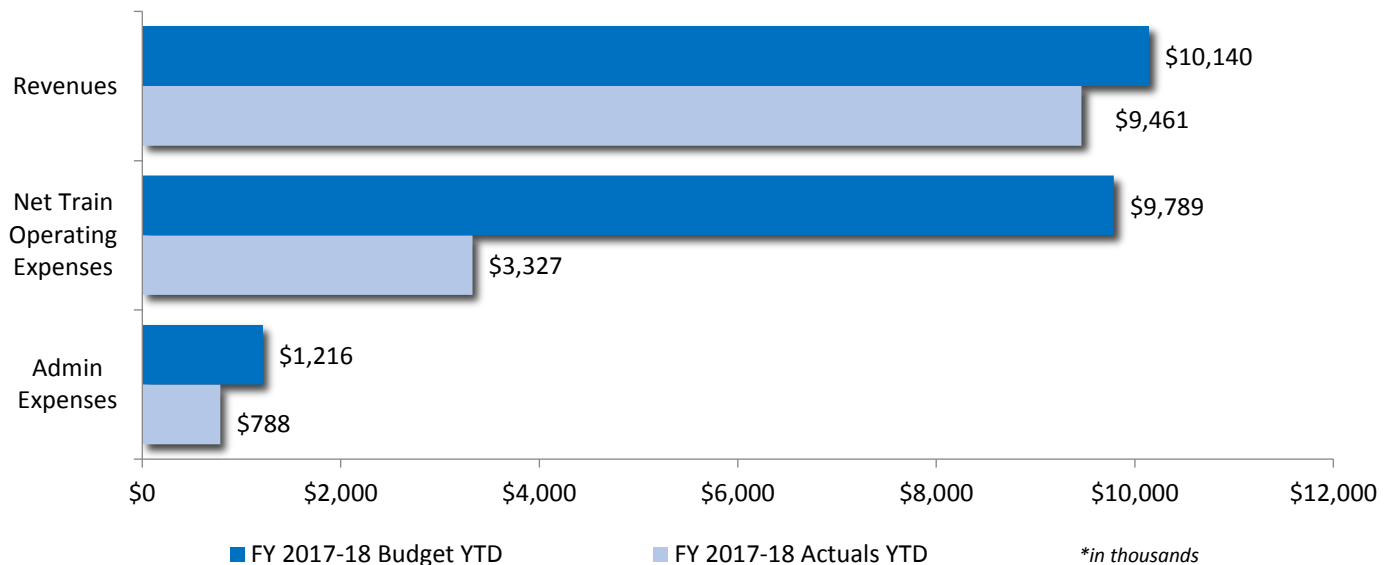
Jason Jewell
Finance and Administration Manager
(714) 560-5086



Quarterly Budget Status Report

First Quarter of Fiscal Year 2017-18

FY 2017-18 Budget to Actuals Year-To-Date



OVERVIEW

On March 20, 2017, the Board of Directors (Board) approved the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Business Plan for Fiscal Year (FY) 2017-18 and FY 2018-19 (Business Plan) as well as the FY 2017-18 budget. Included in the Business Plan and budget is funding for FY 2017-18 administrative and marketing services in the amount of \$5,004,674, as well as \$33,388,641 for net train operations (including minor projects). The budgeted amounts were based on preliminary cost estimates available at the time of adoption.

The LOSSAN Agency received Amtrak's federal FY (FFY) 2017-18 operating revenue and expense forecast on March 30, 2017. The California Transportation Agency (CalSTA) allowed for a revised budget and resubmittal of the Business Plan by June 20, 2017, in order to incorporate Amtrak's FFY 2017-18 forecast. A budget amendment was approved by the Board on June 19, 2017, which adjusted the net train operations budget to \$33,039,762 (including minor projects) to align the budget with the Amtrak forecast. The budget amendment did not change the FY 2017-18 administrative or marketing amounts.

The LOSSAN Agency submitted a revised FY 2017-18 and FY 2018-19 Business Plan to CalSTA on June 20, 2017 for approval. It is anticipated that we will receive a response in the second quarter of FY 2017-18.

Amtrak operates on a FFY of October through September, thus the operating contract has historically been executed on a FFY basis. The LOSSAN Agency operates on a FY between July and June.

The FY 2017-18 adopted budget assumes the California Department of Transportation (Caltrans) Division of Rail and Mass Transportation (DRMT) will directly fund equipment capital charges for the Amtrak-owned railcars and locomotives used on the three state-supported corridors. As a result, equipment capital charges are not included in the operating agreement between Amtrak and the LOSSAN Agency.

This report highlights the major variances between the budget and actual revenues and expenses through the first quarter of FY 2017-18.

REVENUES

Revenues: Budgeted revenues through the first quarter of FY 2017-18 total \$10,140,062 which is comprised of \$9,788,864 for state advance operating funds, \$349,998 for the California Transit Security Grant and Transit and Intercity Rail Capital Grant programs and \$1,200 for interest revenue. Actual revenues through the first quarter totaled \$9,461,042 versus the budgeted amount of \$10,140,062. The actuals are comprised of operating funds from the state of \$9,788,864, other state funding for grant programs of \$(41,760), state minor capital funds of \$(288,977) and interest revenue of \$2,915.

The variance in revenues through the first quarter is primarily due to timing differences. Accruals related to FY 2016-17 were reversed in FY 2017-18, anticipating the receipt of actual revenue. The variances will decrease once the revenues relating to FY 2016-17 accruals are received.

OPERATING EXPENSES

Expenses: Budgeted expenses through the first quarter of FY 2017-18 total \$11,355,233, which is comprised of \$9,788,864 for Amtrak operations, \$1,216,371 for administrative and marketing services and \$349,998 for grant programs. Actual expenses through the first quarter totaled \$4,115,353 versus a budgeted amount of \$11,355,233.

The major areas experiencing budget variances are within net train operating expenses, administrative and marketing line items and grant programs. The actuals are comprised of net train operating expenses of \$3,326,785, administrative expenses of \$656,993, marketing expenses of \$130,921 and grant programs expenses of \$654. Within net train operating expenses, the majority of the variance is due to lower than anticipated expenses in the areas of train and engine crew labor, car and locomotive maintenance, host railroad fees, connecting motor coach and train fuel and power, as well as actual ticket and food and beverage revenues coming in higher than projected.

Train and engine crew labor costs came in approximately \$784,000 lower than projected, due to a reduction in crew overtime as well as the budget allocation for July through September being higher than other months during the year. The budget assumed higher costs allocated to July through September, due to the historical increase in operating expenses due to special events and the summer season. Car and locomotive maintenance costs came in approximately \$724,000 lower than projected due to fewer repairs during the period. Host railroad fees came in \$751,000 lower than projected due to higher budgeted amounts for the quarter vs. other months. In addition, host railroad fees are approximately \$1,000,000 lower than projected for the year due to Amtrak's FFY17 projection being based on FFY15 actuals

REVENUES

	FY 2017-18 Adopted Budget	FY 2017-18 Working Budget Year To Date	FY 2017-18 Actual Year To Date	\$ Variance Year To Date	% Variance Year To Date
State Administrative Funding	\$ 3,004,674	\$ -	\$ -	\$ -	N/A
State Marketing Funding	\$ 2,000,000	\$ -	\$ -	\$ -	N/A
State Operating Funding	\$ 32,888,641	\$ 9,788,864	\$ 9,788,864	\$ -	0%
Other State Funding ¹	\$ 3,900,000	\$ 349,998	\$ (41,760)	\$ (391,758)	-112%
State Capital Funding ²	\$ 500,000	\$ -	\$ (288,977)	\$ (288,977)	N/A
Interest Revenue	\$ 4,800	\$ 1,200	\$ 2,915	\$ 1,715	143%
Other Revenue	\$ -	\$ -	\$ -	\$ -	N/A
Total Revenues	\$ 42,298,115	\$ 10,140,062	\$ 9,461,042	\$ (679,020)	-7%

¹ Includes Transit & Intercity Rail Capital grant funds & California Transit Security grant funds

² Includes State Minor projects funding

Working budget is the adopted budget plus any amendments approved during the year.

Quarterly Budget Status Report - LOSSAN

First Quarter of FY 2017-18

in which the host railroad fees were higher than current year actuals. Connecting motor coach costs came in approximately \$563,000 lower than projected due to Amtrak negotiating agreements with bus contractors at lower rates. Train fuel and power costs were approximately \$480,000 lower than projected due to the cost per gallon averaging \$2.05 for the quarter compared to the forecast amount assuming \$2.13 per gallon (July through September falls within FFY 2017 forecast assumptions). Actual ticket and food and beverage revenues came in approximately \$943,000 over forecast, continuing the upwards trend in revenue growth. All of these factors drive the net train operating expense coming in lower than anticipated.

The LOSSAN Agency has received preliminary approval from CalSTA to convert the LOSSAN Mechanical Compliance Officer into a planning and analysis manager in FY 2017-18.

Marketing expenses came in lower than budgeted by \$369,074. Marketing expenses are anticipated to increase, as new agreements are in place which will provide branding, outreach and direct response marketing totaling \$550,000.

The majority of the grant programs budget variance is due to the timing of payments for the transit facility safety and security upgrades, and as well as transit transfer program activity being lower than anticipated through the first quarter.

The administrative staffing line item budget variance is driven by a vacant administrative position. One position (LOSSAN Mechanical Compliance Officer) remained vacant through the first quarter.

EXPENSES					
	FY 2017-18 Adopted Budget	FY 2017-18 Working Budget Year To Date	FY 2017-18 Actual Year To Date	\$ Variance Year To Date	% Variance Year To Date
Administrative Budget Line Items					
Administration - Staffing	\$ 2,766,324	\$ 691,581	\$ 647,446	\$ 44,135	6%
Legal Services	\$ 50,000	\$ 12,495	\$ 1,865	\$ 10,630	85%
Travel	\$ 26,950	\$ 6,250	\$ 2,422	\$ 3,828	61%
Marketing	\$ 2,000,000	\$ 499,995	\$ 130,921	\$ 369,074	74%
Insurance Premiums	\$ 57,000	\$ -	\$ -	\$ -	N/A
Contracted services (Audit, Planning)	\$ 100,000	\$ 5,000	\$ 4,000	\$ 1,000	20%
Banking Services	\$ 4,200	\$ 1,050	\$ 694	\$ 356	34%
Dues & Memberships	\$ 5,000	\$ -	\$ -	\$ -	N/A
Budgeted Admin Services	\$ 5,009,474	\$ 1,216,371	\$ 787,348	\$ 429,023	35%
Non Budgeted Expenses					
Other Business Expenses	\$ -	\$ -	\$ 566	\$ (566)	N/A
Non Budgeted Admin Services	\$ -	\$ -	\$ 566	\$ (566)	N/A
Total Administrative Services	\$ 5,009,474	\$ 1,216,371	\$ 787,914	\$ 428,457	35%
	FY 2016-17 Adopted Budget	FY 2016-17 Working Budget Year To Date	FY 2016-17 Actual Year To Date	\$ Variance Year To Date	% Variance Year To Date
Operating/Capital Budget Line Items					
Train Operating Expenses	\$ 32,888,641	\$ 9,788,864	\$ 3,326,785	\$ 6,462,079	66%
Minor Projects	\$ 500,000	\$ -	\$ -	\$ -	N/A
Grant Programs ¹	\$ 3,900,000	\$ 349,998	\$ 654	\$ 349,344	100%
Total Operating/Capital Budget	\$ 37,288,641	\$ 10,138,862	\$ 3,327,439	\$ 6,811,423	67%
Total Budget	\$ 42,298,115	\$ 11,355,233	\$ 4,115,353	\$ 7,239,880	64%

¹ Includes Transit & Intercity Rail Capital grant funds & California Transit Security grant funds

Working budget is the adopted budget plus any amendments approved during the year.



Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
First Quarter Financial Activity Report
Fiscal Year 2017-18

Date	Payee	Debit	Credit	Balance
July				
7/1/2015	Bank Account Balance Forward			25,406,198.26
7/6/2017	Marketing Manager - Travel	683.84		25,405,514.42
7/6/2017	Finance and Administration Officer - Travel	136.18		25,405,378.24
7/6/2017	Klein & Klein - Marketing Services	3,265.00		25,402,113.24
7/6/2017	Deputy Director - Travel	596.52		25,401,516.72
7/6/2017	PB Americas Inc. - Consulting Services	3,269.63		25,398,247.09
7/7/2017	Amtrak - Advance Operating payments June & July	5,849,831.78		19,548,415.31
7/12/2017	Bank of the West - Credit Card Charges Various	2,378.28		19,546,037.03
7/12/2017	Circlepoint - Marketing Services	64,102.62		19,481,934.41
7/12/2017	Facebook - Advertising	14,282.40		19,467,652.01
7/12/2017	Google - Advertising	57,452.39		19,410,199.62
7/12/2017	Klein & Klein - Marketing Services	968.75		19,409,230.87
7/12/2017	MLB Advanced Media - Advertising	17,500.00		19,391,730.87
7/12/2017	Amtrak - Station Security Upgrades	22,256.32		19,369,474.55
7/12/2017	Web Advanced - Web marketing services	13,689.75		19,355,784.80
7/19/2017	Anaheim Transportation Network - Transit Transfer Program	2,818.00		19,352,966.80
7/19/2017	AAA - Advertising	8,042.00		19,344,924.80
7/19/2017	Marketing Manager - Travel	294.77		19,344,630.03
7/19/2017	Deputy Director - Travel	18.00		19,344,612.03
7/19/2017	San Diego Magazine - Advertising	1,845.00		19,342,767.03
7/20/2017	Deposit - State Advance July		3,537,233.00	22,880,000.03
7/20/2017	Bank of the West - Bank Fees	372.74		22,879,627.29
7/26/2017	Facebook - Advertising	73,460.78		22,806,166.51
7/26/2017	Goal Productions - Videography	2,329.25		22,803,837.26
7/26/2017	Gold Coast Transit - Transit Transfer Program	186.55		22,803,650.71
7/26/2017	Principal Transportation Analyst Travel	126.00		22,803,524.71
7/26/2017	Orange County Transportation Authority - Transit Transfer Program	3,888.59		22,799,636.12
7/26/2017	Web Advanced - Web marketing services	9,351.50		22,790,284.62
7/30/2017	Bank of the West-Interest		943.85	22,791,228.47



Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
First Quarter Financial Activity Report
Fiscal Year 2017-18

Date	Payee	Debit	Credit	Balance
August				
8/2/2017	Goal Productions - Videography	300.00		22,790,928.47
8/2/2017	Google - Advertising	133,215.83		22,657,712.64
8/9/2017	Managing Director - Travel	111.00		22,657,601.64
8/9/2017	Google - Advertising	25,638.83		22,631,962.81
8/9/2017	Principal Transportation Analyst Travel	405.98		22,631,556.83
8/10/2017	Bank of the West - Credit Card Charges Various	3,653.69		22,627,903.14
8/11/2017	Managing Director - Reimbursement		11.56	22,627,914.70
8/16/2017	Circlepoint - Marketing Services	199,257.16		22,428,657.54
8/16/2017	Woodruff, Spradlin & Smart - June Legal Services	4,457.60		22,424,199.94
8/16/2017	Amtrak - Advance Operating payments August	1,908,499.40		20,515,700.54
8/17/2017	Bank of the West - State Advance August		3,317,368.00	23,833,068.54
8/21/2017	Bank of the West - Bank Fees	347.19		23,832,721.35
8/23/2017	Marketing Manager - Travel	205.93		23,832,515.42
8/23/2017	Operations, Compliance & Safety Manager - Travel	105.72		23,832,409.70
8/23/2017	Facebook - Advertising	22,001.05		23,810,408.65
8/23/2017	City of Glendale - Transit Transfer Program	411.06		23,809,997.59
8/23/2017	Goal Productions - Videography	3,550.00		23,806,447.59
8/23/2017	Google - Advertising	29,411.16		23,777,036.43
8/23/2017	Outfront Media - Advertising	249,179.00		23,527,857.43
8/23/2017	Woodruff, Spradlin & Smart - July Legal Services	1,865.36		23,525,992.07
8/30/2017	Managing Director - Travel	110.00		23,525,882.07
8/30/2017	Web Advanced - Web marketing services	27,283.75		23,498,598.32
8/31/2017	Bank of the West-Interest		995.52	23,499,593.84
September				
9/7/2017	Circlepoint - Marketing Services	60.00		23,499,533.84
9/7/2017	Santa Barbara MTD - Transit Transfer Program	2,166.50		23,497,367.34
9/7/2017	Ventura County Transportation Commission - Transit Transfer Program	42.35		23,497,324.99
9/12/2017	Bank of the West - Credit Card Charges Various	1,572.51		23,495,752.48
9/20/2017	Bank of the West - Bank Fees	347.16		23,495,405.32
9/20/2017	Google - Advertising	19,361.17		23,476,044.15
9/20/2017	Principal Transportation Analyst Travel	144.00		23,475,900.15



Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
First Quarter Financial Activity Report
Fiscal Year 2017-18

Date	Payee	Debit	Credit	Balance
9/20/2017	Vavrinek Trine and Day - Audit services	4,000.00		23,471,900.15
9/21/2017	Deposit - State Advance September		2,934,263.00	26,406,163.15
9/27/2017	iHeart Media - Advertising	75,000.00		26,331,163.15
9/27/2017	Truth and Advertising - Marketing Services	26,533.11		26,304,630.04
9/30/2017	Bank of the West-Interest		975.58	26,305,605.62

**Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Open Agreements Listing as of September 30, 2017**

Agreement Number	Vendor	Description	Contract Term	Contract Amount	Amount Paid to Date	Contract Balance	Contract Status
C41816	Woodruff Spradlin & Smart	Professional legal services. Piggyback off of Orange County Transportation Authority's (OCTA) contract.	7/1/15-until terminated	\$110,000	\$78,707	\$31,293	Open
C53490	Joanna Capelle	Professional services for financial programming, coordination and reporting services relating to grants. Piggyback off of OCTA's contract.	9/4/2015-9/30/2018	\$44,550	\$975	\$43,575	Open
L-5-0001	California Department of Transportation (Caltrans)	Interagency Transfer Agreement Between California Department of Transportation and Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency	N/A	N/A	N/A	N/A	Open
L-5-0002	N/A	Joint Powers Agreement Concerning Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency	N/A	N/A	N/A	N/A	Open
L-5-0003	North County Transit District (NCTD), Amtrak, Caltrans	Cooperative Agreement for Continuance of Rail 2 Rail Program between NCTD, Amtrak, Caltrans and LOSSAN.	8/1/15 to 7/31/16	No Funds Flow Through LOSSAN	N/A	N/A	Closed
L-5-0004	OCTA	Agreement between LOSSAN and OCTA for Managing Services in the Oversight of Pacific Surfliner Intercity Rail Service.	7/1/15-6/30/18	Reimbursable Agreement	\$3,482,729	N/A	Open
L-5-0005	Web Advanced Corporation	Consultant Services for Website Development and Implementation for LOSSAN Corridor Pacific Surfliner. Effective 8/17/15 to 6/30/16. Amendment extends term until 12/31/17.	4/6/2016 - 12/31/17	\$250,000	\$93,616	\$156,384	Open
L-5-0006	Goal Productions	Consultant Services for Professional Video services for LOSSAN Corridor Pacific Surfliner. Amendment extends term until 12/31/17.	5/16/16 - 12/31/17	\$200,000	\$66,974	\$133,026	Open
L-5-0007	Circlepoint	Professional Marketing Services for LOSSAN Corridor Pacific Surfliner for one year with one -year option term. Amendment extends term until 9/30/17.	2/18/16 - 9/30/17	\$400,000	\$367,672	\$32,329	Open
L-5-0009	Klein and Klein	Piggyback Contract on C-5-3172 with Klein and Klein to develop creative design for the LOSSAN Agency Pacific Surfliner Holiday Campaign. Amendments added \$1,600, and exercised option year for \$25,000	10/19/15 - 10/31/17 plus one-year option	\$46,600	\$38,674	\$7,926	Open
L-5-0012	Vavrinek, Trine, Day & Company, LLP	Independent Auditing Services for LOSSAN	4/1/16 - 3-31-19	\$75,000	\$21,880	\$53,120	Open
L-6-0003	Southern California Regional Rail Authority (SCRRA), Amtrak	Cooperative Agreement between LOSSAN, SCRRA, Amtrak for Rail 2 Rail Program. Amendment 1 extends term to 12/31/16 and added \$738,000. Amendment 2 extends term to 6/30/17 and added \$662,000. Amendment 3 extends term until 6/30/18 and not to exceed \$2,177,000	7/1/2015-6/30/18	No Funds Flow Through LOSSAN	N/A	N/A	Open
L-6-0005	Santa Barbara Metropolitan Transit District	Cooperative Agreement between LOSSAN and Santa Barbara Metropolitan Transit District for Pacific Surfliner Transit Transfer Agreement	6/6/2016-6/30/2017	\$40,000	\$5,629	\$34,371	Open
L-6-0006	San Luis Obispo Transit	Cooperative Agreement between LOSSAN and San Luis Obispo Transit for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	7/1/2016-6/30/2018	\$10,000	\$20	\$9,980	Open
L-6-0007	South County Transit	Cooperative Agreement between LOSSAN and South County Transit for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/1/2016-6/30/2018	\$5,000	\$11	\$4,989	Open


**Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Open Agreements Listing as of September 30, 2017**

Agreement Number	Vendor	Description	Contract Term	Contract Amount	Amount Paid to Date	Contract Balance	Contract Status
L-6-0008	NCTD	Cooperative Agreement between LOSSAN and NCTD for Rail 2 Rail Program	8/1/2016-7/31/2017	No Funds Flow Through LOSSAN	N/A	N/A	Open
L-6-0009	OCTA	Cooperative Agreement between LOSSAN and OCTA for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/6/2016-6/30/2018	\$95,000	\$18,968	\$76,032	Open
L-6-0010	Anaheim Resort Transit	Cooperative Agreement between LOSSAN and Anaheim Resort Transit for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/2/2016-6/30/2018	\$40,000	\$16,108	\$23,892	Open
L-6-0012	Ventura County Transportation Commission	Cooperative Agreement between LOSSAN and Ventura County Transportation Commission for Pacific Surfliner Transit Transfer Agreement	6/1/2016-6/30/2018	\$15,000	\$42	\$14,958	Open
L-6-0013	Gold Coast Transit	Cooperative Agreement between LOSSAN and Gold Coast Transit for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	7/1/2016-6/30/2018	\$20,000	\$699	\$19,301	Open
L-6-0014	Guadalupe Flyer	Cooperative Agreement between LOSSAN and Guadalupe Flyer for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/1/2016-6/30/2018	\$2,000	\$0	\$2,000	Open
L-6-0015	San Luis Obispo Regional Transit Authority	Cooperative Agreement between LOSSAN and San Luis Obispo Regional Transit Authority for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/1/2016-6/30/2018	\$18,000	\$0	\$18,000	Open
L-6-0016	Glendale Beeline	Cooperative Agreement between LOSSAN and Glendale Beeline for Pacific Surfliner Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/22/2016-6/30/2018	\$5,000	\$1,502	\$3,498	Open
L-6-0017	NCTD, Amtrak, Caltrans	Cooperative Agreement with NCTD for Transit Transfer Agreement. Amendment extends term until 6/30/18.	6/6/2016-6/30/2018	\$95,000	\$0	\$95,000	Open
L-6-0021	Parsons Brinkerhoff, Inc.	Pacific Surfliner re-timing North analysis	10/19/16-2/1/2019	\$69,517	\$65,393	\$4,124	Open
L-6-0022	Amtrak	Agreement with Amtrak for the provision of passenger rail service	10/1/2016-9/30/2017	\$33,006,040	\$20,578,034	\$12,428,006	Open
L-6-0023	Amtrak and OCTA	Emergency bus bridge agreement. Funds flow between Amtrak and OCTA.	7/10/17-5/31/2019	\$50,000	N/A	N/A	Open
L-7-0001	Amtrak	Safety and security projects. Transit and Intercity Rail Capital Program funded	At completion of projects	\$1,887,000	\$453,483	\$1,433,517	Open
L-7-0002	Truth and Advertising	Marketing creative design services	5/23/17-5/31/2018	\$49,000	\$26,533	\$22,467	Open
L-7-0003	Truth and Advertising	Professional marketing, branding, public outreach services	10/2/17-8/31/18	\$300,000	\$0	\$300,000	Open
L-7-0004	Truth and Advertising	Professional marketing/branding services	10/2/17-8/31/18	\$250,000	\$0	\$250,000	Open
L-7-0005	Outfront Media	Purchase order for outdoor advertising, billboards	5/15/17-7/31/17	\$33,850	\$33,850	\$0	Open
L-7-0006	Outfront Media	Purchase order for outdoor advertising, bus shelters	5/15/17-7/31/17	\$215,329	\$215,329	\$0	Open
L-7-0009	Outfront Media	Purchase order for outdoor advertising, fall campaign	9/7/17-7/31/18	\$88,000	\$0	\$88,000	Open



December 6, 2017

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Release of Request for Proposals for Corridor Optimization Support Services

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency was awarded Transit and Intercity Rail Capital Program grant funds as part of the 2016 grant cycle. This award included grant funds for planning studies to optimize the current and future operations of the Pacific Surfliner intercity passenger rail service. Staff has developed a scope of work to initiate the competitive procurement process to retain corridor optimization support services.

Recommendations

- A. Approve the release of a Request for Proposals for Corridor Optimization Support Services.
- B. Approve the proposed evaluation criteria and weightings for a Request for Proposals for selection of consultant to provide Corridor Optimization Support Services.

Discussion

On August 16, 2016, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) was awarded \$82 million in grant funds as part of the 2016 Transit and Intercity Rail Capital Program (TIRCP) for a package of projects that will help expand and improve passenger rail service along the LOSSAN rail corridor. Included in this award was \$1 million for planning studies to improve coordination between all trains operating throughout the LOSSAN rail corridor, including Metrolink and COASTER commuter rail service, Pacific Surfliner intercity rail service, and freight service operated by BNSF Railway and Union Pacific Railroad.

The purpose of the planning studies to be conducted cover two primary elements. First is the comprehensive review and analysis of the current

operations along the LOSSAN rail corridor, particularly the area from Los Angeles Union Station to San Luis Obispo, in an effort to develop strategies and operational plans for improvements within the existing corridor constraints. Second will be the development of a plan to optimize and better integrate passenger rail service along the entire corridor from San Diego to San Luis Obispo.

Staff has developed a scope of work (Attachment A) to initiate the competitive procurement process to retain consultant services to assist in this corridor optimization effort. The scope includes the following key elements:

- A review and documentation of current rail operations in an effort to develop plans for operational improvements utilizing existing infrastructure and shared-use agreements.
- Engage the various stakeholders on the LOSSAN rail corridor to develop near- and mid-term service goals.
- Develop operating scenarios for the expansion of the Pacific Surfliner service in the area from Los Angeles Union Station to San Luis Obispo.
- Design specific operating plans to reflect the existing, optimized existing and planned future levels of service. This includes a review of existing capital investment plans, as well as updating near and long-term capital investment plans that will assist in overcoming barriers to improved and increased service.
- Development of dispatching policies and procedures that can be applied uniformly across all hosts and dispatching agencies.

The LOSSAN Board-approved contracting and procurement policy requires that the Board approve the release of any request for proposals (RFP) over \$100,000, as well as approve the evaluation criteria and weightings that will be used to evaluate the proposals received in response to the RFP. The proposed evaluation criteria and weights are as follows:

- | | |
|-------------------------------------|------------|
| • Qualifications of the Firm | 25 percent |
| • Staffing and Project Organization | 25 percent |
| • Work Plan | 30 percent |
| • Cost and Price | 20 percent |

Several factors were considered in developing these weights. Work plan is weighted at 30 percent to emphasize the importance of the firm demonstrating its ability to provide solutions specific to the LOSSAN Agency's needs. Qualifications of the firm is weighted at 25 percent because, due to the breadth and depth of the requested services, the successful firm must have a proven track record for meeting the requirements outlined in the scope of work. Staffing and project organization is also weighted at 25 percent as the firm's proposed project team must demonstrate familiarity with required specializations in terms

of knowledge, skills, and experience. Cost and price is weighted at 20 percent to ensure the LOSSAN Agency receives the best value for the requested services.

With Board of Directors approval, staff will release the request for proposals to retain corridor optimization support services. The contract term is anticipated to be for an initial term of one year with two, one-year option terms at a firm fixed price.

Fiscal Impact

The project was included in the LOSSAN Agency's fiscal year (FY) 2017-18 and FY 2018-19 Business Plan, and is funded with state funds through the TIRCP.

Summary

Consultant services are needed to support the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's efforts in optimizing current operations as well as developing operational and capital improvement plans for future service expansion. Staff has developed a scope of work to secure these services.

Attachment

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor, Optimization Effort Scope of Work

**Los Angeles – San Diego – San Luis Obispo Rail Corridor
Optimization Effort Scope of Work**

INTRODUCTION:

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) is requesting consultant services to perform a comprehensive review and analysis of current and future operations along the LOSSAN rail corridor, focused on the segment between Los Angeles Union Station and San Luis Obispo, but including consideration and integration along the entire 351-mile corridor from San Diego to San Luis Obispo.

Conduct a planning and analysis effort that includes:

- An analysis of the current operations practices and development of a comprehensive understanding of the infrastructure, the dependencies, and the variability of operations in the current infrastructure.
- Design specific operating plans to reflect the existing, optimized existing and planned levels of service and control schedule variability, including review of existing capital investment plans and development of prioritized near- and long-term capital investment plans that will assist in overcoming barriers to improved and increased service.
- Development of dispatching policies and procedures that can be applied uniformly across all hosts and dispatching agencies to improve reliability.

BACKGROUND:

The 351-mile LOSSAN Rail Corridor travels through a six-county coastal region in southern California and is the second busiest intercity passenger rail corridor in the United States. The LOSSAN Agency manages the state-supported, Amtrak operated Pacific Surfliner intercity passenger rail service, which has an annual ridership of nearly 3 million. There are currently 24 daily Pacific Surfliner trains between Los Angeles and San Diego, with 10 trains extending to Santa Barbara/Goleta and four to San Luis Obispo. The Pacific Surfliner serves 29 stations between San Diego and San Luis Obispo. The LOSSAN Agency will promote the Pacific Surfliner as a viable transportation option for travelers to destinations along the LOSSAN rail corridor and beyond. In addition to rail service, dedicated Amtrak Thruway bus connections supplement the train by providing transportation to and from San Luis Obispo for rail passengers making connections to Pacific Surfliner trains in Santa Barbara. Thruway buses also provide connections between northern and southern California, and between Orange County and Palm Springs/Coachella Valley.

TASKS

Task 1: Review and document current operations along the corridor, with consideration and differentiation for operations from San Diego to Los Angeles, and from Los Angeles to San Luis Obispo including the use of current timetables, string charts and performance reports including detailed operations statistics data. Develop strategies and operational plans for improvements within the existing constraints and parameters of the

infrastructure and shared use agreements; and utilizing prior corridor optimization efforts, improvement and coordinated planning efforts as documented in this scope of work.

- Gather and document input data
- Identify specific areas of variability
- Verify run time data, perform ride checks
- Identify areas of incremental improvement
 - Analyze suggested operational improvements
 - Assess opportunities for more efficient train meets
 - Describe trade-offs and impacts
- Document and utilize coordinated planning parameters based on prior work efforts

Task 1 Deliverable:

- Written report including timetables and string line charts for improved operations within the existing number of train slots, documented constraints and opportunities, consideration of prior work efforts (noted below) and lay the foundation for subsequent objectives.

Task 2: Stakeholder Engagement: Engage stakeholders which may include host railroads, members of the LOSSAN Technical Advisory Committee (TAC), other operators on the LOSSAN rail corridor and others, in the study process and establish goals for near (5 years), mid (5 – 10 years) and long-term (beyond 10 years with a 2030 horizon) service efforts. Familiarize stakeholders with planning approach and subsequent need for input and guidance. Tasks under this objective will include:

- Engage stakeholders, present an overview of the planning methodology and level of guidance and input that is required from each stakeholder
- Identify each stakeholder's primary responsibilities
- Identify the desired service outcomes based on the LOSSAN Agency's Annual Business Plan and direction provided by the Board of Directors (Board)
- Document the constraints, opportunities, and operational needs that passenger rail services must comply with from the host railroads
- Document currently funded capital projects and any capital projects necessary for enhanced or increased service

Task 2 Deliverables:

- Written summary of each stakeholder's expectations and requests for this effort
- Stakeholder meeting notes
- Regular communication, via email to stakeholders regarding next steps and opportunities for participation
- Prepare and present project updates to the LOSSAN Board and TAC, estimated to be six or more meetings.

Task 3: Service Expansion Operating Scenario Development: Develop operating scenarios for the Pacific Surfliner 13th, 14th, and 15th roundtrips, two of which extend to

Goleta and one of which extends to San Luis Obispo. These scenarios will include a discussion of the opportunities and constraints of each scenario and will also consider impacts to both COASTER and Metrolink services, as well as freight trains operating in the corridor.

Task 3 Deliverables:

- Written report that summarizes the operating scenarios for the 13th, 14th, and 15th round trips as noted above. This report will include a detailed discussion of the opportunities, constraints and options for each operating scenario. The estimated number of model runs is at least 6.
- Develop and provide comprehensive timetable grid and stringlines for each incremental service increase from 13th to 14th and 15th daily Pacific Surfliner trains. All stringline charts will include COASTER and Metrolink passenger trains.

Objective 4: Capital Projects Review, including:

- Review existing capital project program lists included in all LOSSAN, State and stakeholder planning documents. This will include but is not limited to the current LOSSAN Agency Annual Business Plan, the 2018 California State Rail Plan, the San Diego Association of Governments 2030 Plan, the LOSSAN Strategic Implementation Plan, and the California Department of Transportation (Caltrans) Service Development Plans for LOSSAN North and LOSSAN South corridors.
- Compile a comprehensive list of all planned projects including the current status and programmed funding.
- Based on the comprehensive list of projects, develop a prioritized list that quantifies the capacity improvements, time savings and other measurable benefits of each capital projects and a strategy that links projects for phased delivery consistent with the service expansion plans including the 13th, 14th, and 15th Pacific Surfliner round trips (all trips between Los Angeles – San Diego, options for extending two of those trips to Goleta and one to San Luis Obispo).
- Based on operations modeling, identify any new capital project needs not included in existing plans that are necessary to provide requested service increases, as well as improvements to reliability and travel time.

Objective 4 Deliverables:

- Written reports that provides a comprehensive listing of the existing capital improvement projects included in approved planning documents. These projects should be grouped by funding commitments, project benefits and schedule.
- Written report that includes recommendations for the implementation of a prioritized list of capital projects that quantifies the capacity improvements, time savings and other measurable benefits, including ability to accommodate planned 13th, 14th, and 15th Pacific Surfliner roundtrips.

Objective 5: Review and develop a combined operating strategy(ies) that achieves consistent and integrated schedule patterns for both intercity and commuter trains on the LOSSAN rail corridor. The operating strategies should include a review of the current number of trains and operating patterns. Utilizing the data compiled from this review, consultant shall develop a plan that reschedules all of the existing trains to a regular, consistent and integrated approach leading to a pulse-type service and optimizing the existing capacity within the corridor. This effort shall include realizing transfers at key stations, potentially reducing the number of trains on some segments to realize efficiency, and should assume fully integrated services between both commuter and intercity services.

Objective 5 Deliverables:

- Written report that summarizes the operating strategies for a fully integrated corridor that includes coordinated, pulse-type service for both intercity and commuter trains. This report will include a detailed discussion of the opportunities, constraints and options for each operating scenario.
- Comprehensive timetable grid and stringlines for each incremental service increase from 13th to 14th and 15th daily Pacific Surfliner trains. All stringline charts will also include COASTER and Metrolink passenger trains, and will achieve integrated, coordinated and pulse-type service.

Objective 6: Conduct operating and maintenance cost analysis in order to develop conceptual, high-level Operations and Maintenance (O&M) costs for each of the service scenarios developed. The analysis should include the projected ongoing O&M for any capital improvements (new track, signals, etc.), as well as an expected cost per mile of operating any new services proposed.

Objective 6 Deliverables:

- Written report detailing assumptions used to develop O&M cost estimates for each service scenario.
- Summary matrix detailing anticipated ongoing O&M costs for each capital improvement and service scenario.

Objective 7: Cost and Revenue Options:

Develop options for cost and revenue sharing for passenger rail services operating on the LOSSAN rail corridor. The three existing passenger rail operators currently cross-honor each agency's respective fare media to allow for maximum flexibility for passengers traveling on the corridor. In order to ensure equitable cost and revenue sharing, an assessment of each agencies cost and revenue structure will be performed. An assessment of existing similar agreements, such as those in place between Amtrak, Virginia Railway Express and MARC Trains, will be performed. In addition to reviewing existing programs offering comparable benefits, the consultant shall also consider strategies including but not limited to:

- Single-use step up options
- Guaranteed capacity (number of seats)

- Tiered passes that afford passengers different travel options based on tier of the pass they purchase

Option 7 Deliverables:

Written report that outlines multiple revenue and cost sharing options between the LOSSAN Agency (via Amtrak), Metrolink and COASTER. This report will include the opportunities and challenges of each option.


Prior Work Efforts:

1. Southern California Coordinated Planning – SMA Consulting
2. San Joaquin Corridor 8 – Slot Schedule – SMA Consulting
3. LOSSAN Agency Business Plan for Fiscal Years 2017-18 and 2019-20
4. LOSSAN Strategic Implementation Plan (2012)
5. Caltrans Service Development Plans for LOSSAN North and LOSSAN South (2013)



December 6, 2017

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Los Angeles – San Diego – San Luis Obispo Rail Corridor Trends for the Third Quarter of Federal Fiscal Year 2016-17

Overview

A report on ridership, revenue, and on-time performance trends for passenger rail services on the Los Angeles – San Diego – San Luis Obispo rail corridor, including the Pacific Surfliner, Metrolink, and COASTER, covering the third quarter of federal fiscal year 2016-17, is presented for consideration.

Recommendation

Receive and file as an information item.

Background

The 351-mile Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor travels through a six-county coastal region in Southern California and is the busiest state-supported intercity passenger rail corridor in the United States. The LOSSAN rail corridor includes 41 stations and more than 150 daily passenger trains, with an annual ridership of more than 2.9 million on Pacific Surfliner intercity trains and 4.5 million on Metrolink and COASTER commuter trains (Attachment A).

Discussion

This report provides an update on the performance of the passenger rail services on the LOSSAN rail corridor by presenting the current trends of the service in three specific areas: usage (ridership and passenger miles), efficiency (revenue and farebox recovery), and quality (on-time performance and customer satisfaction). The report includes the Pacific Surfliner intercity passenger rail service, as well as commuter rail service on Metrolink's Ventura County Line (VCL) and Orange County Line (OCL), and the North County Transit District's COASTER system. Amtrak national data is included for comparative purposes. The reporting

period is the third quarter of federal fiscal year (FFY) 2016-17, covering the months of April, May, and June 2017.

Usage

For the third quarter of FFY 2016-17, total LOSSAN rail corridor ridership on the three services was 1,947,338, a 0.5 percent increase compared to the same period the previous year. This is the first quarter in over a year that shows overall growth on the LOSSAN rail corridor. This modest growth is in part due to an exceptional quarter for the Pacific Surfliner as well as Metrolink's VCL and OCL. A 24 month ridership chart for the corridor, with the specifics of each service, can be found in Figure 1.1.

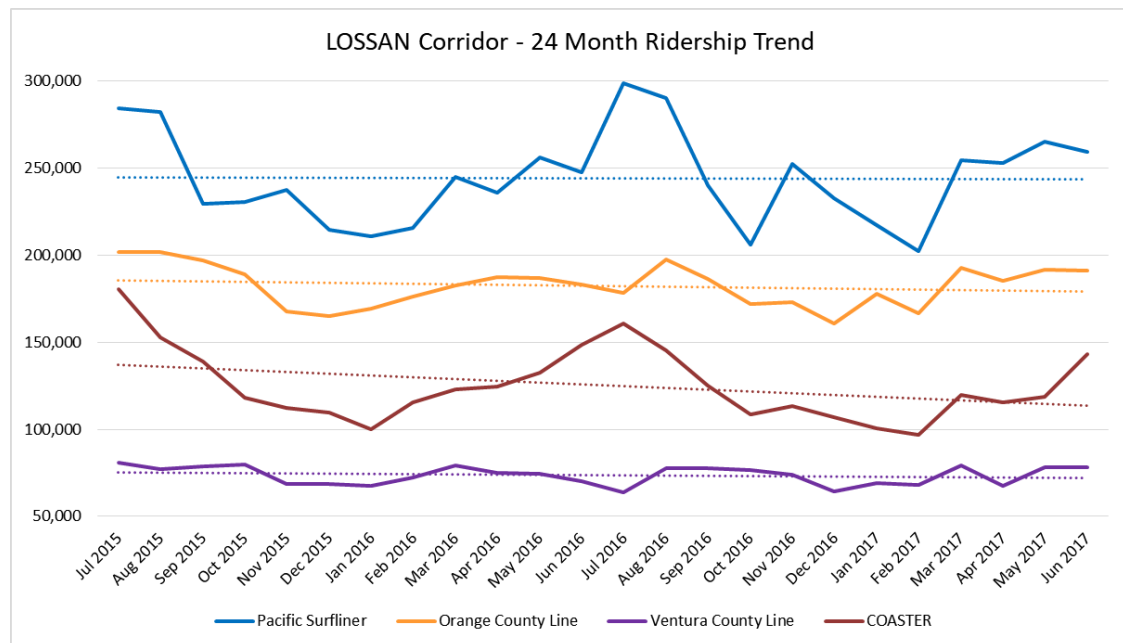


Figure 1.1

In Figure 1.1, 24 months of ridership data is included to provide a more accurate indicator of the overall growth along the corridor. Due to the seasonal variances, a complete ridership trend is difficult to discern from a single 12-month period. Including 24 months of data accounts for the seasonal variation and provides sufficient information to allow for the development of a linear trendline for each service. In addition to this overall corridor data, details on the performance of each service are provided below.

Pacific Surfliner

Contributing to the overall LOSSAN rail corridor ridership increase was the significant growth seen on Pacific Surfliner (San Luis Obispo to San Diego) intercity rail service. During the third quarter of FFY 2016-17, ridership increased

by 5.2 percent when compared to the same period last year. This significant growth equates to nearly 40,000 additional riders and continues the year-over-year trend of ridership increase as demonstrated in Figure 1.2. Pacific Surfliner ridership in this report includes Metrolink and COASTER pass holders utilizing the Rail 2 Rail (R2R) Program, which allows Metrolink monthly pass holders and COASTER passengers to ride Pacific Surfliner trains within the stations identified on their valid fare media, subject to certain restrictions.

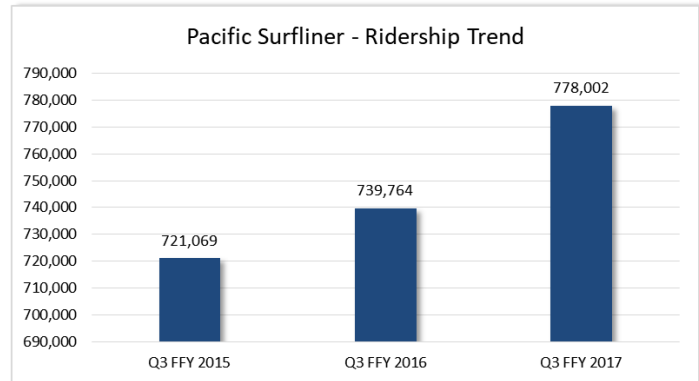


Figure 1.2

Metrolink

Overall corridor ridership was positively impacted by the modest ridership growth experienced by Metrolink on both the VCL and the OCL as demonstrated in Figure 1.3. The VCL, which serves East Ventura to Los Angeles, had a 1.8 percent increase in the third quarter compared to the same period last year. The OCL, which serves Los Angeles to Oceanside, likewise saw a 1.8 percent increase in ridership over the same report period in the prior year.

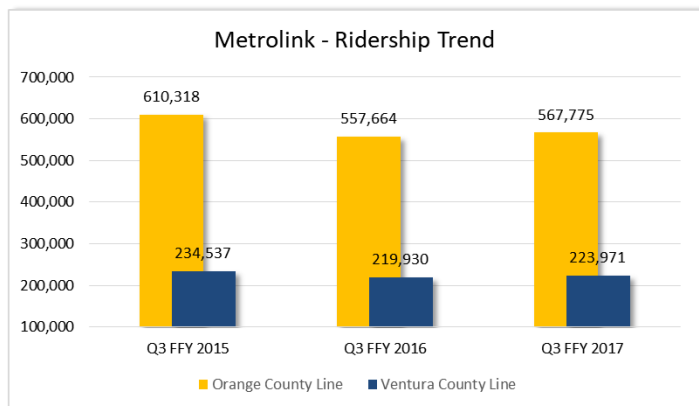


Figure 1.3

Overall system ridership for Metrolink was down by 2 percent in the third quarter of FFY 2016-17 when compared to the same period in FFY 2015-16. This also continues the year over year trend of ridership decreases.

Metrolink pass holders riding Pacific Surfliner trains, utilizing R2R, averaged 1,327 per weekday for the third quarter of FFY 2016-17, which is an increase of 8.2 percent compared to the same period last year.

COASTER

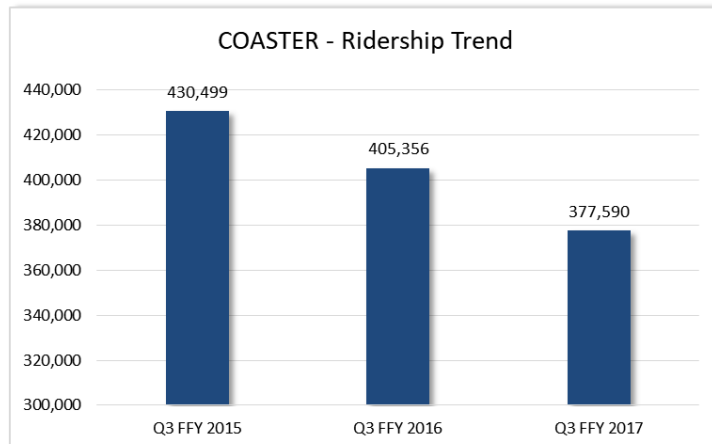


Figure 1.4

COASTER (serving Oceanside to San Diego) ridership saw a decrease of 6.8 percent during the third quarter of FFY 2016-17, when compared to the same period the prior year as shown in Figure 1.4.

The third quarter of FFY 2016-17, saw an average of 311 total COASTER pass holders

per day on Pacific Surfliner trains, utilizing the R2R program. This was a decrease of 25 percent when compared to last year.

Amtrak System

Amtrak service nationwide had a cumulative ridership increase of 4.2 percent for the third quarter of FFY 2016-17 compared with the prior year, as demonstrated in Figure 1.5.

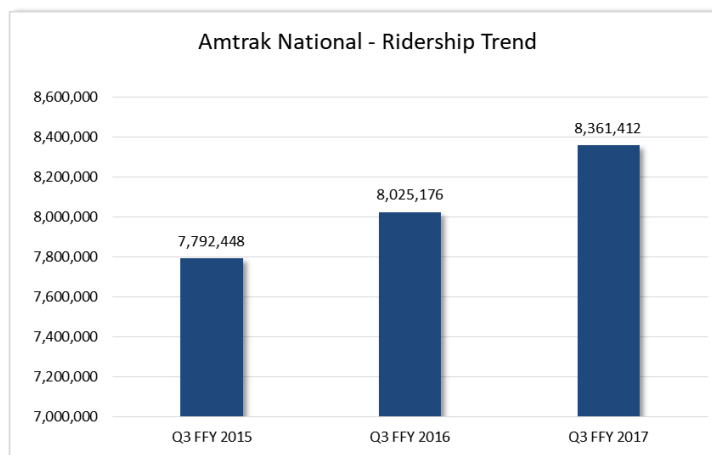


Figure 1.5

The Pacific Surfliner has consistently performed as one of the best state supported corridors in the national network, with growth that surpasses the national average.

Amtrak's Coast Starlight (Seattle to Los Angeles) saw ridership decrease by 10.4 percent compared

with the same period last year. The Capitol Corridor (Auburn/Sacramento to Oakland and San Jose) and the San Joaquins Corridor (Sacramento/Oakland to Bakersfield) are the other two California intercity passenger rail services operated by Amtrak, and although serving significantly different markets, do provide a comparison to the Pacific Surfliner service. Ridership on the Capitol Corridor increased by 5.3 percent and San Joaquins ridership increased by 6.1 percent in the third quarter compared to the same period last year.

Passenger Miles

A passenger mile is defined as one passenger traveling one mile. As an example, 10 passengers, each traveling 100 miles, would then generate 1,000 passenger miles. This metric depicts the growth in passenger usage and distance traveled.

The Pacific Surfliner generated over 66.9 million passenger miles during the third quarter of FFY 2016-17, which is a 5.7 percent increase compared to the same period in the prior year. Factoring in the average pounds of carbon dioxide (CO²) emissions per passenger mile in a private automobile versus riding on passenger rail, those 66.9 million passenger miles resulted in a reduction of over 24,000 tons of greenhouse gases. That is the CO² emission equivalent to the energy used by over 290 tanker trucks of unleaded gasoline.

Efficiency

Revenue

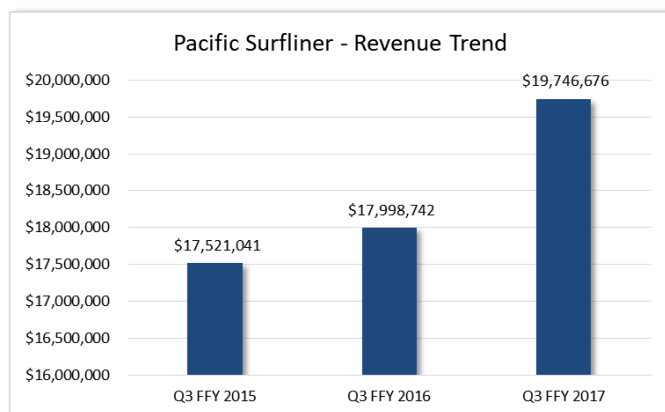


Figure 1.6

Pacific Surfliner ticket revenue increased by an incredible 9.7 percent for the third quarter of FFY 2016-17 when compared with the same period in the prior year. This continues the trend of year over year increase as shown in Figure 1.6.

For the Capitol Corridor, total revenue increased by 9.2 percent for the third quarter, whereas the San Joaquins corridor saw an increase of 8 percent, and the Coast Starlight decreased by 9.5 percent.

Farebox Recovery

The Pacific Surfliner is legislatively required to achieve a minimum of 55 percent farebox recovery. As a performance measure, farebox recovery is normally calculated on an annual basis. Expenses throughout the year are not linear, and can cause significant fluctuations in the farebox recovery ratio from quarter to quarter.

The California Department of Transportation (Caltrans) Division of Rail and Mass Transportation (DRMT) reports quarterly to the California Transportation Commission (CTC) on all state-supported corridors via the *California Department of Transportation's Intercity Passenger Rail Operations Report*. On March 15, 2017, Caltrans DRMT reported to the CTC on the third quarter of FFY 2016-17 (fourth quarter of state fiscal year 2016-17) and indicated the Pacific Surfliner realized an 81.4 percent farebox ratio. This represents a 3.2 percent increase over the prior year and is significantly over the legislative mandate of 55 percent.

Quality

On-Time Performance

The methodologies for calculating on-time performance (OTP) vary significantly between intercity and commuter rail services. Commuter trains are considered late if trains arrive six or more minutes late to the terminal location. Pacific Surfliner trains operating between the cities of Goleta and San Diego are considered late if trains arrive 10 or more minutes after scheduled arrival times, and 20 minutes or more for trains operating between the cities of San Luis Obispo and San Diego. There also are different practices as to whether annulled trains are included in OTP calculations.

In the third quarter of FFY 2016-17, average endpoint Pacific Surfliner OTP was 64.5 percent, which was a 17.9 percent decrease over the same period in the prior year. All-station OTP, which is calculated by combining and averaging OTP at each station, averaged 80.6 percent. By comparison, the endpoint OTP on the Capitol Corridor averaged 93.3 percent, and the San Joaquins averaged 80.2 percent during the report period. Amtrak system wide OTP averaged 70.6 percent for the third quarter.

The 12-month on-time performance trend for the Pacific Surfliner can be seen in Figure 1.7, and as can be seen, OTP continues to be an area of concern, with a significant downward trend over the last two quarters. Weather and mechanical related delays impacted overall OTP. The LOSSAN Rail Corridor Agency (Agency) continues to work collaboratively with our partners at Amtrak as well as with the host railroads to identify operational improvements that can favorably impact OTP. A primary goal of the October 2017 schedule change was to improve reliability and OTP. Additionally, a quarterly corridor improvement team meeting, facilitated by the LOSSAN Agency, brings all of the various operators and hosts together to provide updates on OTP and discuss the issues that impact it. Favorable results are being seen from these efforts. As will be reported in a future corridor trends report, we are seeing significant improvement. October 2017 saw system-wide OTP of 81.5 percent, which is the highest reported since April 2016.

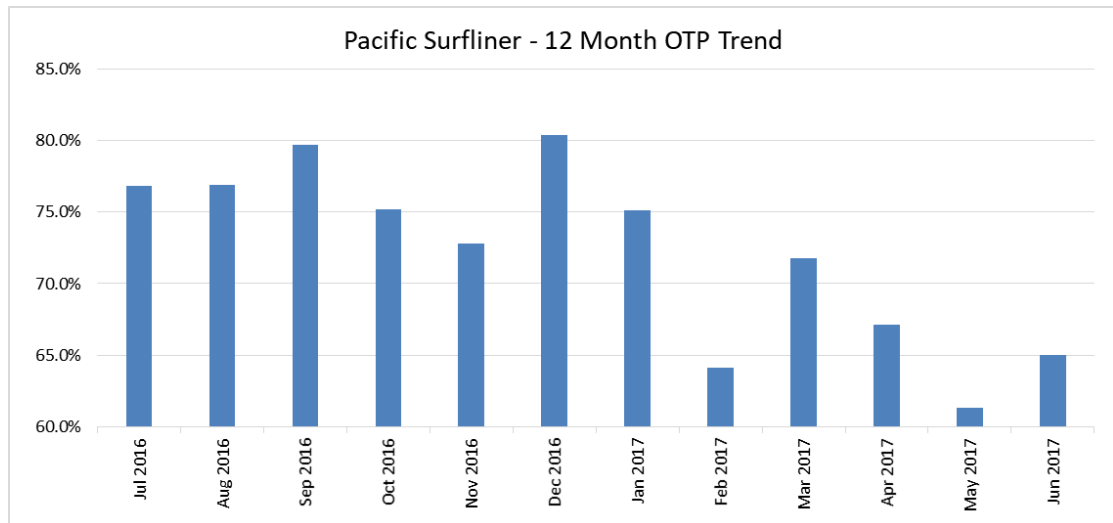


Figure 1.7

Customer Satisfaction

Amtrak reports an Electronic Customer Service Index (eCSI) score monthly for all routes, in which a 'very satisfied' percentage is calculated out of 100 passengers via surveying. For the third quarter of FFY 2016-17, the Pacific Surfliner scored an average eCSI of 85.7 percent, which was a decrease of 2.7 percent when compared with the eCSI score reported for the same period in the prior year. Overall eCSI scores have seen a somewhat downward trend over the last three quarters. A detailed analysis has shown that the biggest drivers for this downward turn are issues with reliability or on-time performance, and a lack of information given about problems or delays on the train. As can be seen in Figure 1.8, overall eCSI follows a similar trend to reported OTP, with months that report the lowest OTP reporting some of the lowest eCSI scores. As we see OTP improve in the fourth quarter, staff is anticipating a corresponding rise in overall eCSI.

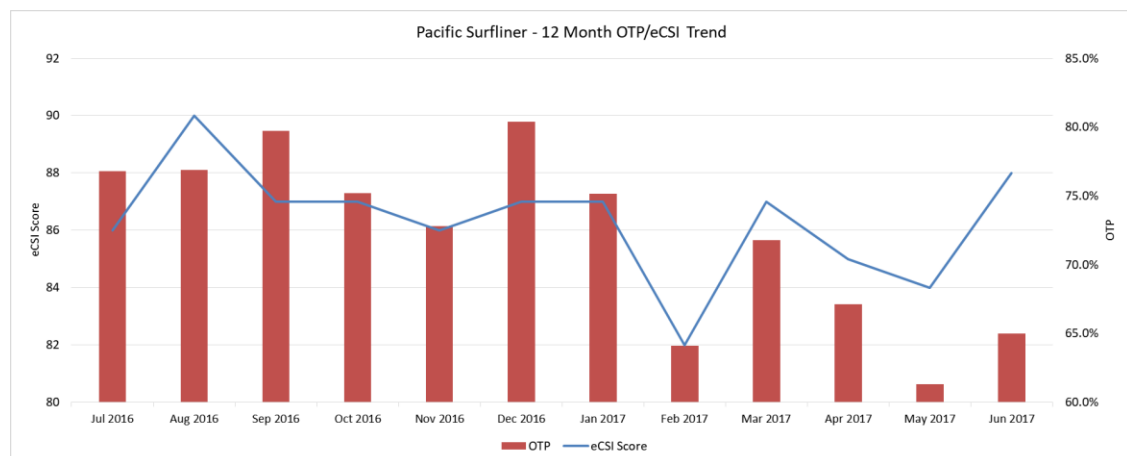


Figure 1.8

Additional Performance Indicators

Food and Beverage Sales

The LOSSAN Agency's focus on improving service quality and the customer experience has prompted additional attention to the food and beverage selections offered in the Pacific Surfliner Café car. Continual effort is being made to ensure that menu items are meeting the expectations of our passengers. As part of that effort, LOSSAN Agency staff closely monitors food and beverage sales in an effort to gauge the success of what is being offered and to highlight items that need to be adjusted.

<i>Sales Category</i>	<i>Quarter 3 FFY 2015-16</i>	<i>Quarter 3 FFY 2016-17</i>	<i>Increase</i>
Baked Goods	\$78,153	\$94,451	20.9%
Beer	\$283,765	\$320,754	13.0%
Beverages	\$272,146	\$298,937	9.8%
Dairy Products	\$5,154	\$3,985	-22.7%
Packaged Snack Foods	\$565,985	\$790,693	39.7%
Fresh Prepared Foods	\$191,234	\$190,571	-0.3%
Liquor	\$83,584	\$111,152	33.0%
Miscellaneous Merchandise	\$5,715	\$5,678	-0.6%
Salads	\$17,107	\$19,090	11.6%
Wine	\$325,301	\$390,768	20.1%
	\$1,828,143	\$2,226,079	21.8%

Figure 1.9

For the third quarter of FFY 2016-17, food and beverage sales increased by an incredible 21.8 percent over the same quarter in the prior year. Details on the performance of each specific sales category are included in Figure 1.9.

Amtrak Thruway Bus Service

Detailed ridership data associated with this service is being supplied by Amtrak as of January 2017 and is now a part of the standard monthly ridership reports. Performance of the Amtrak Thruway Bus service will be included in the quarterly trends report when a minimum of 12 months of historical data exists to allow for trends analysis.

Additional Metrics

A summary table of the ridership, revenue, and OTP for the LOSSAN rail corridor can be found in Attachment B. There are additional performance indicators that, while not necessarily beneficial in trend analysis, are helpful in calculating the value and efficiency of the service and its associated facilities. These indicators, such as boardings/alightings by station and ridership/revenue by station pair, are included in Attachment C.

Summary

This report provides an update of trends for the usage, efficiency, and quality of the passenger rail services on the Los Angeles – San Diego – San Luis Obispo rail corridor, including the Pacific Surfliner, Metrolink, and COASTER for the third quarter of federal fiscal year 2016-17. During the third quarter, total Los Angeles – San Diego – San Luis Obispo rail corridor ridership increased by 0.5 percent compared to the same period last year. Ridership and revenue for the Pacific Surfliner continued a strong growth trend, with ridership increasing by 5.2 percent, and revenue increasing by 9.7 percent, when compared to the same period last year.

Attachments

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Map
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Performance Summary, Third Quarter Federal Fiscal Year 2016-17
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Additional Performance Indicators

Prepared by:



Roger M. Lopez
Principal Transportation Analyst
(714) 560-5438

Los Angeles – San Diego – San Luis Obispo Rail Corridor Map



**Los Angeles – San Diego – San Luis Obispo Rail Corridor Performance Summary
Third Quarter Federal Fiscal Year 2016-17**

<u>Service</u>	<u>Ridership (total)</u>	<u>Ridership - Growth Over Same Quarter Previous Year</u>	<u>Revenue (total)</u>	<u>Revenue - Growth Over Same Quarter Previous Year</u>	<u>Endpoint OTP (3 mo. avg)</u>
Pacific Surfliner	778,002	5.2%	\$ 19,746,676	9.7%	64.5%
Metrolink Ventura County Line	223,971	1.8%	---	---	97.4%
Metrolink Orange County Line	567,775	1.8%	---	---	92.1%
COASTER	377,590	-6.8%	---	---	90.6%
LOSSAN Total/Average	1,947,338	0.5%			86.2%

Amtrak Nationwide	8,361,412	4.2%	\$ 600,710,234	5.5%	70.6%
Capitol Corridor	420,227	5.3%	\$ -	9.2%	93.3%
San Joaquin	296,492	6.1%	\$ -	8.0%	80.2%
Coast Starlight	104,081	-10.4%	\$ -	-9.5%	62.0%

Los Angeles – San Diego – San Luis Obispo Rail Corridor Additional Performance Indicators

Station Pair Ridership/Revenue - Federal Fiscal Year 2016-17 - Year to Date Total

<u>Station Pair by Ridership</u>	<u>Ridership</u>	<u>Rank</u>	<u>Station Pair by Revenue</u>	<u>Revenue</u>
Los Angeles - San Diego	202,242	1	Los Angeles - San Diego	\$7,824,491
Los Angeles - Solana Beach	99,150	2	Los Angeles - Solana Beach	\$3,235,763
Los Angeles - Oceanside	88,321	3	Los Angeles - Old Town San Diego	\$3,202,220
Los Angeles - Old Town San Diego	82,330	4	Los Angeles - Oceanside	\$2,422,421
Irvine - Los Angeles	60,230	5	Los Angeles - Santa Barbara	\$1,530,578
Los Angeles - Santa Barbara	53,455	6	Irvine - San Diego	\$1,210,959
Fullerton - Los Angeles	53,268	7	Anaheim - San Diego	\$1,197,954
Irvine - San Diego	49,483	8	Irvine - Los Angeles	\$1,048,804
Anaheim - Los Angeles	42,710	9	Fullerton - San Diego	\$975,009
Anaheim - San Diego	41,623	10	San Diego - Santa Barbara	\$699,656
Irvine - Solana Beach	41,083	11	Irvine - Solana Beach	\$672,506
Fullerton - San Diego	33,125	12	San Diego - San Juan Capistrano	\$640,373
Los Angeles - San Juan Capistrano	31,299	13	Fullerton - Los Angeles	\$612,494
San Diego - San Juan Capistrano	31,291	14	Los Angeles - San Juan Capistrano	\$609,685
Los Angeles - Santa Ana	28,958	15	San Diego - Santa Ana	\$590,465
Irving - Old Town San Diego	24,177	16	Anaheim - Los Angeles	\$583,232
San Diego - Santa Ana	22,068	17	Irving - Old Town San Diego	\$578,772
Anaheim - Solana Beach	19,289	18	Anaheim - Old Town San Diego	\$556,684
Anaheim - Old Town San Diego	19,161	19	Los Angeles - San Luis Obispo	\$464,846
San Diego - Santa Barbara	16,031	20	Fullerton - Old Town San Diego	\$461,319
Fullerton - Solana Beach	15,956	21	Los Angeles - Santa Ana	\$458,048
Fullerton - Old Town San Diego	15,551	22	Goleta - Los Angeles	\$457,719
Goleta - Los Angeles	14,104	23	Anaheim - Solana Beach	\$402,719
Los Angeles - San Luis Obispo	11,399	24	Oceanside - Santa Barbara	\$367,367
Oceanside - Santa Barbara	9,036	25	Fullerton - Solana Beach	\$365,263
<i>All other markets</i>	1,038,185		<i>All other markets</i>	\$23,338,632
	2,143,525			\$54,507,979

Note : due to forced ticket lifts total station pair data may vary slightly from total annual ridership.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Additional Performance Indicators


Boardings/Alightings by Station - Federal Fiscal Year 2016-17 - Year to Date Total

		Oct - June FFY 2016-17	Oct - June FFY 2015-16	% Change
Code	Station Name	Total	Total	Total
LAX	Los Angeles, CA	1,054,950	979,134	+7.7
SAN	San Diego, CA	540,740	542,186	-0.3
IRV	Irvine, CA	321,873	328,193	-1.9
OSD	Oceanside, CA	297,019	309,844	-4.1
FUL	Fullerton, CA	276,080	263,767	+4.7
SOL	Solana Beach, CA	265,029	268,998	-1.5
OLT	San Diego, CA - Old Town	210,270	188,877	+11.3
SBA	Santa Barbara, CA	209,534	212,087	-1.2
ANA	Anaheim, CA	203,385	200,142	+1.6
SNC	San Juan Capistrano, CA	160,543	164,011	-2.1
SNA	Santa Ana, CA	141,777	138,000	+2.7
GTA	Goleta, CA	60,733	59,536	+2.0
OXN	Oxnard, CA	58,718	59,700	-1.6
VNC	Van Nuys, CA	54,845	53,693	+2.1
CWT	Chatsworth, CA	52,029	51,821	+0.4
BUR	Burbank, CA	49,617	45,945	+8.0
SLO	San Luis Obispo, CA	49,511	52,158	-5.1
VEC	Ventura, CA	46,343	45,113	+2.7
GDL	Glendale, CA	39,872	38,402	+3.8
CML	Camarillo, CA	39,462	37,578	+5.0
SIM	Simi Valley, CA	34,350	33,905	+1.3
CPN	Carpinteria, CA	22,199	21,244	+4.5
SRB	San Diego, CA - SV	19,301	14,427	+33.8
MPK	Moorpark, CA	15,339	15,551	-1.4
GVB	Grover Beach, CA	13,061	13,759	-5.1
CBV	Carlsbad, CA - Village	10,091	10,453	-3.5
SNP	San Clemente, CA - Pier	9,613	10,038	-4.2
ENC	Encinitas, CA	9,309	8,938	+4.2
GUA	Guadalupe, CA	8,801	9,092	-3.2
POI	Carlsbad, CA - Poinsettia	7,167	7,317	-2.1
LPS	Surf, CA	5,489	5,761	-4.7
Total				+2.3



December 6, 2017

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Fiscal Year 2016-17 Annual Financial Audit

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is required to complete an annual financial audit pursuant to Government Code Section 6505.6, and as specified in the joint powers agreement, bylaws, and the administrative support agreement. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed the annual audit of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency financial statements for fiscal year 2016-17 and has issued its independent auditor's opinion.

Recommendation

Receive and file the fiscal year 2016-17 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency audited annual financial statements, and accompanying independent auditors' report.

Background

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) contracted with an independent public accounting firm to perform an annual audit of the accounts of the LOSSAN Agency pursuant to Government Code Section 6505.6, and as specified in the LOSSAN joint powers agreement, bylaws, and the administrative support agreement (ASA).

Following a joint competitive procurement with the managing agency, the Orange County Transportation Authority, on January 19, 2016, the LOSSAN Agency entered into an agreement with Vavrinek, Trine, Day & Company, LLP (VTD) to perform the LOSSAN Agency annual financial audits for fiscal years (FY) 2015-2016, 2016-2017, and 2017-2018. VTD also provided annual financial audit services to the LOSSAN Agency for FY 2013-14 under separate LOSSAN Agency Board of Directors authorization.

Per the ASA, the LOSSAN Agency utilized accounting staff of the managing agency to prepare its annual financial statements for FY 2013-14 and FY 2014-15. LOSSAN Agency staff prepared the annual financial statements for FY 2015-16 and FY 2016-17, and will continue to do so in future years.

Discussion

On November 6, 2017, VTD completed its annual audit and issued an unmodified opinion of the LOSSAN Agency financial statements for the FY that ended June 30, 2017 (Attachment A). The audit was conducted in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This unmodified opinion indicates that the LOSSAN Agency financial statements, “present fairly, in all material respects, the financial position of the LOSSAN Agency, as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

As part of its financial statement audit, VTD is required to communicate significant audit findings. VTD has communicated no significant audit findings (Attachment B). While conducting the audit, VTD recommended the adjustment of one transaction, which LOSSAN Agency management adjusted and reflected in the financial statements.

As part of the annual audit, VTD also reported on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. VTD found no deficiencies in internal control over financial reporting and no instances of noncompliance or other matters that are required to be reported.

Summary

Staff prepared the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's annual financial statements for the fiscal year that ended June 30, 2017. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has audited these financial statements and has issued an unmodified opinion as to the fairness of the financial statements' presentation.

Attachments

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Basic Financial Statements, Year Ended June 30, 2017, (With Independent Auditors' Report Thereon)
- B. Letter to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Board of Directors Regarding Vavrinek, Trine, Day & Co., LLP Auditor Communications

Prepared by:



Jason Jewell
Finance and Administration Manager
(714) 560-5086

**LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO
RAIL CORRIDOR AGENCY**

Basic Financial Statements

Year Ended June 30, 2017

(With Independent Auditors' Report Thereon)

LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO
RAIL CORRIDOR AGENCY

Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency
Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LOSSAN Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LOSSAN Agency, as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, on our consideration of the LOSSAN Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LOSSAN Agency's internal control over financial reporting and compliance.



Laguna Hills, California
November 6, 2017

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management's Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2017

Introduction

The following discussion and analysis of the financial performance and activity of the Los – Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) provides an introduction and understanding of the basic financial statements of the LOSSAN Agency for the year ended June 30, 2017. This discussion was prepared by management. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 9.

The LOSSAN Agency is a joint powers authority originally formed in 1989 that works to increase ridership, revenue, capacity, reliability, coordination and safety on the 351 mile coastal rail line between San Diego, Los Angeles and San Luis Obispo. The LOSSAN rail corridor travels through six counties: San Diego, Orange, Los Angeles, Ventura, Santa Barbara, and San Luis Obispo, and is currently the second busiest intercity passenger rail corridor in the United States.

The LOSSAN Agency is governed by a Board of Directors composed of eleven voting members from the Los Angeles County Metropolitan Transportation Authority, North County Transit District, San Luis Obispo Council of Governments, Santa Barbara County Association of Governments, Ventura County Transportation Commission, Orange County Transportation Authority (OCTA), Riverside County Transportation Commission, San Diego Metropolitan Transit System, and San Diego Association of Governments. The LOSSAN Agency also includes four non-voting, ex-officio members representing the National Passenger Railroad Corporation (Amtrak), State of California Department of Transportation (Caltrans) Division of Rail and Mass Transit (DRMT), California High Speed Rail Authority and Southern California Association of Governments.

On September 29, 2012, Governor Jerry Brown signed SB1225 which authorized the LOSSAN Agency to oversee the state-supported intercity passenger rail service, commonly referred to as the Pacific Surfliner, subject to approval of an interagency transfer agreement (ITA) with the State of California. The ITA commenced on July 1, 2015 along with the transition of administrative responsibility for the Pacific Surfliner service to the LOSSAN Agency. The overall goal of the governance change is to transform the existing Pacific Surfliner intercity rail service into a service under local control that is more responsive to local needs, issues and consumer desires.

The LOSSAN Agency entered into an administrative support services agreement with OCTA on November 21, 2013, to provide staffing and administrative services to the Agency. The start-up term of the agreement commenced November 21, 2013 through June 30, 2015, and the initial term of the agreement is from July 1, 2015 through June 30, 2018.

The LOSSAN Agency negotiates and enters into annual agreements with Amtrak to provide Pacific Surfliner intercity passenger rail service and connecting bus feeder services for the LOSSAN Rail Corridor. The most recent agreement was entered into on October 1, 2016, in which the term is from October 1, 2016 through September 30, 2017. The LOSSAN Agency plans on entering into a new agreement to provide service beginning October 1, 2017.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2017

The Basic Financial Statements

The basic financial statements provide information about the LOSSAN Agency’s enterprise fund. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the LOSSAN Agency’s financial statements. The financial statements are comprised of two components: 1) the financial statements and 2) the notes to the financial statements.

The statement of net position presents information on all assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the LOSSAN Agency is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the LOSSAN Agency’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of cash flows present information using the direct method and include a reconciliation of cash to the statement of net position.

The financial statements can be found on pages 9-11 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12-18 of this report.

Statements of Net Position

As noted previously, net position may serve over time as a useful indicator of the LOSSAN Agency’s financial position. At June 30, 2017, the LOSSAN Agency’s net position was \$205,507, an increase of \$3,701 from June 30, 2016.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2017

The analysis below focuses on net position (Table 1) and changes in net position (Table 2, next page) of the LOSSAN Agency’s financial activities.

Table 1
LOSSAN Rail Corridor Agency
Net Position

	2017	2016	Difference Increase (Decrease)	% Increase (Decrease)	
Current assets	\$ 26,108,318	\$ 10,477,867	\$ 15,630,451	149.2	%
Current liabilities	25,902,811	10,276,061	15,626,750	152.1	%
Net position:					
Unrestricted	\$ 205,507	\$ 201,806	\$ 3,701	1.8	%

In fiscal year 2017, total assets increased by \$15,630,451, primarily due to an increase in cash and prepaid amounts to Amtrak. Cash increased by \$21,978,102 primarily due to the LOSSAN Agency receiving monthly funding allocations from Caltrans DRMT for fiscal year 2017 train operations. Assets also increased due to amounts prepaid with Amtrak as a result of a reconciliation of actual costs for train operations compared to advance payments made. As of June 30, 2017, the prepaid amount to Amtrak is \$504,133. Deposits with Amtrak decreased by \$7,029,711 due to utilizing prior year funds on deposit with Amtrak to cover train operations and bus feeder expenses. Receivables increased by \$170,150 in due from other governments, primarily from state grant reimbursements for Transit Transfer Program expenses and for minor projects.

Total liabilities increased by \$15,626,750 primarily due to an increase in unearned revenue and accounts payable. Unearned revenue increased by \$11,676,601, which is comprised of an increase of \$10,054,847 in deferred train operations funds that will either be carried forward to fiscal year 2018 or returned to Caltrans DRMT per the interagency transfer agreement. Unearned revenue is also comprised of recognizing revenue from fiscal year 2016 carry-over administrative and marketing funding in the amount of \$2,790,350, and the deferral of fiscal year 2017 administrative and marketing funding in the amount of \$2,521,143. Unearned revenue also contains \$1,887,000 for grant revenue from the California Office of Emergency Services. Accounts payable increased by \$3,914,730 primarily due to June payables owed to Amtrak for train operations and station improvements, amounts owed to OCTA for providing administrative management services to the LOSSAN Agency, as well as amounts owed to various other vendors for advertising and marketing services.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management's Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2017

requirements. Unrestricted net position changed from \$201,806 at June 30, 2016 to \$205,507 at June 30, 2017. This increase of \$3,701 was primarily due to interest revenue earned.

The analysis in Table 2 below focuses on the changes in net position.

Table 2
LOSSAN Rail Corridor Agency
Changes in Net Position

	2017	2016	Difference Increase (Decrease)	% Increase (Decrease)
Operating expenses:				
Contracted services for train operations	\$ 20,894,595	\$ 1,126,784	\$ 19,767,811	1,754.4 %
Administrative fees	2,216,532	1,312,202	904,330	68.9 %
Marketing services	1,340,960	381,318	959,642	251.7 %
Other administrative expenses	209,170	133,643	75,527	56.5 %
Total operating expenses	24,661,257	2,953,947	21,707,310	734.9 %
Operating income (loss)	(24,661,257)	(2,953,947)	(21,707,310)	(734.9) %
Nonoperating revenues (expenses):				
State funding for train operations	20,894,595	1,126,784	19,767,811	1,754.4 %
State funding for administration and marketing	3,766,662	1,827,163	1,939,499	106.1 %
State funding for minor projects facility enhancements	144,489	0	144,489	N/A
Minor projects facility enhancement expenses	(144,489)	0	(144,489)	N/A
Grants for transit programs and security projects	1,908,700	20,060	1,888,640	9,415.0 %
Contributions to other agencies grant expenses	(1,920,438)	(20,060)	(1,900,378)	9,473.5 %
Other miscellaneous revenue	7,777	0	7,777	N/A
Investment income	7,662	1,671	5,991	358.5 %
Total nonoperating revenues (expenses)	24,664,958	2,955,618	21,709,340	734.5 %
Changes in net position	3,701	1,671	2,030	121.5 %
Total net position – beginning	201,806	200,135	1,671	0.8 %
Total net position – ending	\$ 205,507	\$ 201,806	\$ 3,701	1.8 %

The LOSSAN Agency's operating expenses consist of net Amtrak charges for train operations and bus feeder services, marketing and administrative expenses and other expenses. Starting in fiscal year 2016,

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management's Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2017

operating expenses are financed from funds received from Caltrans DRMT. This funding is reported as nonoperating revenue under State funding for administration and marketing and State funding for train operations. The LOSSAN Agency's total nonoperating revenues increased by \$21,709,340 due to funds received from Caltrans DRMT for train operations, administrative and marketing funding. Total operating expenses increased by \$21,707,310 due to the cost for train operations, as well as administrative and marketing expenses.

Budgetary Highlights

Revenues

The primary sources of revenue for the LOSSAN Agency is from Caltrans DRMT. In fiscal year 2016-17, the original budget was \$48,631,088. This includes \$39,569,076 in revenue to fund the operations of train and bus feeder services. It also includes \$5,223,512 in administrative and marketing funding, \$3,335,000 in grant funds, \$500,000 for minor projects, and \$3,500 for interest revenue. A budget amendment was completed which adjusted the total original revenue budget from \$48,631,088 down to \$41,839,452. The budget amendment was completed in order to align the original budget with the funds approved by the state as part of the annual business plan approval.

Actual revenues were lower than the final budget by \$15,109,567. This is primarily related to the deferral of revenue for the remaining balance of train operations, administrative and marketing funds, which were not used to cover expenses.

Expenses

The original expense budget for fiscal year 2016-17 was \$48,631,088 and consisted of \$39,569,076 for payments to Amtrak for train operations and bus feeder services, \$3,227,012 in administrative and marketing expenses, \$3,335,000 in grant expenses, and \$500,000 for minor projects. A budget amendment was completed which adjusted the total original expense budget from \$48,631,088 down to \$41,839,452. The budget amendment was completed in order to align the original budget with the funds approved by the state as part of the annual business plan approval.

Actual expenses were lower than the final budget by \$15,113,268. This is due to actual overall net train operating costs coming in lower than budgeted by \$12.1 million due to total Amtrak fare and other revenues being higher than forecasted, as well as fuel, host railroad, train and engine crew labor, and connecting motor coach costs being lower than projected. Grant expenses were lower than budgeted by approximately \$1.4 million due to lower than anticipated activity with the Transit Transfer Program. Administrative and marketing expenses underran the budget by approximately \$1.4 million during the year primarily due to position vacancies and less than anticipated expenses in professional marketing services.

Economic and Other Factors

Funding for the LOSSAN Agency for administration, marketing, train and bus feeder operations is provided by Caltrans DRMT. This funding is subject to annual budget appropriation by the State

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Management's Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2017

Legislature, and to the extent required, programmed by the California Transportation Commission to carry out the purposes of the ITA.

Contacting the LOSSAN Agency's Management

This financial report is designed to provide the LOSSAN Agency's Board of Directors, management, creditors, legislative and oversight agencies, citizens and customers with an overview of the Agency's finances and to demonstrate its accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the LOSSAN Agency, at the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

**LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO
RAIL CORRIDOR AGENCY**

**Statement of Net Position
June 30, 2017**

Assets:

Current Assets

Cash and investments	\$ 25,406,198
Prepaid Expense	504,133
Receivables:	
Due from other Governments	190,210
Other receivables - National Railroad Passenger Corporation	7,777
Total current assets	<u>26,108,318</u>

Liabilities:

Current Liabilities

Accounts payable	3,970,068
Due to other governments	436,081
Unearned revenue	21,496,662
Total current liabilities	<u>25,902,811</u>

Net position:

Unrestricted	205,507
Total net position	<u><u>\$ 205,507</u></u>

See accompanying notes to the financial statements.

**LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO
RAIL CORRIDOR AGENCY**

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2017

Operating Expenses:	
Contracted services for train operations and bus feeder services	\$ 20,894,595
Administrative fees	2,216,532
Marketing services	1,340,960
Other Administrative expenses	209,170
Total Operating Expenses	<u>24,661,257</u>
Operating Loss	<u>(24,661,257)</u>
Nonoperating revenues (expenses)	
State funding for train operations	20,894,595
State funding for administration and marketing	3,766,662
State funding for minor projects facility enhancements	144,489
Minor projects facility enhancement expenses	(144,489)
Grants for transit programs and security projects	1,908,700
Contributions to other agencies grant expenses	(1,920,438)
Miscellaneous revenue	7,777
Interest income	7,662
Total nonoperating revenues (expenses)	<u>24,664,958</u>
Change in net position	<u>3,701</u>
Net position, beginning of year	<u>201,806</u>
Net position, end of year	<u><u>\$ 205,507</u></u>

See accompanying notes to the financial statements.

**LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO
RAIL CORRIDOR AGENCY**

Statement of Cash Flows

Year Ended June 30, 2017

Cash flows from operating activities	
Payments for train operations and bus feeder services	\$ (12,819,703)
Payments for marketing and administrative services	(2,823,591)
Net cash used in operating activities	<u>(15,643,294)</u>
Cash flows from noncapital related financing activities	
Receipts from State for train operations and bus feeder services	30,808,056
Receipts from State for marketing and administrative services	3,497,456
Receipts for grant programs	3,775,463
Payments for grant expenses	(467,241)
Net cash provided by noncapital financing activities	<u>37,613,734</u>
Cash flows from investing activities	
Interest received on investments	7,662
Net cash provided by investing activities	<u>7,662</u>
Net increase in cash and cash equivalents	21,978,102
Cash and cash equivalents at beginning of year	3,428,096
Cash and cash equivalents at end of year	<u><u>\$ 25,406,198</u></u>
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and investments	\$ 25,406,198
Total cash and cash equivalents	<u><u>\$ 25,406,198</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	(24,661,257)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in deposits with Amtrak	7,029,711
(Increase) decrease in prepaid expense	(504,133)
Increase (decrease) in accounts payables	2,456,966
Increase (decrease) in due to other governments	35,419
Net cash used in operating activities	<u><u>\$ (15,643,294)</u></u>

See accompanying notes to the financial statements.

Los Angeles - San Diego – San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. Reporting Entity

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) is a joint powers authority originally formed in 1989 that works to increase ridership, revenue, capacity, reliability, coordination and safety on the 351 mile coastal rail line between San Diego, Los Angeles and San Luis Obispo. The Agency consists of eleven member agencies which include the Los Angeles County Metropolitan Transportation Authority, North County Transit District, San Luis Obispo Council of Governments, Santa Barbara County Association of Governments, Ventura County Transportation Commission, Orange County Transportation Authority, Riverside County Transportation Commission, San Diego Metropolitan Transit System and San Diego Association of Governments. The governing board of the Agency is comprised of eleven voting members representing the member agencies, as well as four non-voting, ex-officio members representing Amtrak, California Department of Transportation (Caltrans) Division of Rail and Mass Transit (DRMT), California High Speed Rail and Southern California Association of Governments.

On September 29, 2012, Governor Jerry Brown signed SB1225 which authorized the LOSSAN Agency to oversee the state-supported intercity passenger rail service, commonly referred to as the Pacific Surfliner, subject to approval of an interagency transfer agreement (ITA) with the State of California. The ITA commenced on July 1, 2015 along with the transition of administrative responsibility for the Pacific Surfliner service to the LOSSAN Agency. The overall goal of the governance change is to transform the existing Pacific Surfliner intercity rail service into a service under local control that is more responsive to local needs, issues and consumer desires.

The LOSSAN Agency receives funding from Caltrans DRMT for administration and management of the Pacific Surfliner train service. The train equipment used in the LOSSAN Rail Corridor service is owned by the State of California and the train service is operated by the National Railroad Passenger Corporation (Amtrak) under contract to the LOSSAN Agency. The railroad track is owned by Burlington Northern and Santa Fe Railway (BNSF), Union Pacific Railroad Company (UPRR), Metrolink, and North County Transit District. The LOSSAN Agency is staffed by the Orange County Transportation Authority (OCTA) under a management services agreement.

2. Summary of Significant Accounting Policies

The accounting policies of the LOSSAN Agency are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

(a) Basis of Accounting and Presentation

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, consisting primarily of funding from Caltrans DRMT, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues received from Caltrans DRMT are received in advance and used by the LOSSAN Agency to fund train operations provided by Amtrak.

The financial statements are reported using an Enterprise fund and full accrual method of accounting.

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

(b) Proprietary Accounting and Financial Reporting

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The primary funding source of the LOSSAN Agency is funding received by the Caltrans DRMT for both train operations and marketing and administration. This revenue is considered nonoperating revenue. Operating expenses for the LOSSAN Agency include the cost of train operations and bus feeder services, charges for marketing and administration, and other operating expenses. All expenses not meeting this definition are reported as nonoperating expenses.

(c) Cash and Investments

The LOSSAN Agency currently does not have a written investment policy. The treasurer of the managing agency, the Orange County Transportation Authority (OCTA), serves as the Agency's treasurer. The treasurer serves as the depository of funds and has custody of funds for the Agency.

The LOSSAN Agency entered into an interest earning investment contract with its bank in September 2015. Under the repurchase agreement, funds are transferred on a daily basis into an overnight sweep account. Funds are then transferred back into LOSSAN Agency's deposit account the next day with interest earned. The interest earned is a fixed amount of .05% on the daily balance transferred into the account. The amounts transferred to the overnight repurchase sweep account are valued at cost. The LOSSAN Agency did not have any other investments as of June 30, 2017. All amounts in the overnight repurchase sweep account as of June 30, 2017 represent cash and cash equivalents for cash flow purposes. See Note 3.

(d) Cash and Cash Equivalents

The LOSSAN Agency considers all short-term investments with an initial maturity of three months or less to be cash equivalents.

(e) Receivables

Receivables are recorded for amounts invoiced to Caltrans DRMT that are due and payable for actual Amtrak train operations and bus feeder services. Receivables also include grant funding due from the State and a reimbursement from Amtrak to cover expenses of the LOSSAN Agency Transit Transfer Program.

(f) Unearned Revenue

The LOSSAN Agency receives advance funding from the State to pay for Amtrak provided train operations and bus feeder services. The LOSSAN Agency recognizes revenues in the period in which the related expenses are incurred. Any revenues received over and above actual expenses are classified as unearned revenue.

(g) Net Position

Net position represents the residual interest in the LOSSAN Agency's assets after liabilities are deducted. The statement of net position reports total net position. This amount reported is considered unrestricted net position since it is accessible for general use and is not invested in capital assets or restricted by third parties, constitutional provisions or enabling legislation.

Los Angeles - San Diego – San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

When both restricted and unrestricted resources are available for use, it is the LOSSAN Agency's policy to use restricted resources first and then unrestricted resources as needed and in accordance with the ITA.

(h) Operating Revenues and Expenses

Operating revenues generally result from providing services in conjunction with the LOSSAN Agency's principal ongoing operations. The LOSSAN Agency had no revenues classified as operating revenues for fiscal year 2017. Operating expenses consist of costs associated with train operations and bus feeder services, marketing and administrative expenses. Under the operating agreement the LOSSAN Agency has with Amtrak, the Agency pays Amtrak a predetermined annual amount to operate the train and bus feeder service. The contractual amount is based on Amtrak's anticipated annual costs of operating the service net of projected passenger fares that will be collected. Actual amounts are reconciled on a monthly basis within forty five days following the end of the month. Any surplus or deficits are applied to the following months invoice. Under the managing agency agreement the LOSSAN Agency has with OCTA, the Agency pays OCTA the fully burdened cost (including overhead) for administrative staffing services.

(i) Nonoperating Revenues and Expenses

Nonoperating revenues consists of funding from Caltrans DRMT for the administration of the LOSSAN Agency, including funding for marketing, operations for train and bus feeder services and minor projects for facility improvements. Nonoperating revenues and expenses also include grant revenues and related expenses for grant programs. In addition, nonoperating revenues and expenses include miscellaneous revenue and interest income earned from the overnight repurchase agreement sweep account. See Note 3.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

3. Cash and Cash Equivalents

Beginning in September 2015, the LOSSAN Agency entered into a fixed interest investment repurchase agreement with Bank of the West, in which the daily balance of its checking account is transferred into an overnight sweep account. Under the repurchase agreement, the LOSSAN Agency earns a fixed .05% interest rate on the daily amount transferred to the sweep account, regardless of any fluctuation in the market price of the underlying securities purchased by the bank. Each business day, the bank automatically transfers the balance in the sweep account and interest earned back into the LOSSAN Agency bank deposit account. The amount swept into the overnight sweep account as of June 30, 2017 is \$25,406,198.

The repurchase agreement is measured at cost, based upon the deposit account value that is transferred to the sweep account.

The LOSSAN Agency has setup an Operating Reserve Fund in accordance with the ITA. Funds provided by the state for train operations which exceed the actual billings, are considered surplus funds and can be used to fund future variability in operating costs that may vary from the budgeted amount. The maximum level of funds allowed to be retained is 12.5% of the state subsidy level in the most recently completed Amtrak contract year. As of June 30, 2017 the Operating Reserve Fund balance is \$4,312,377.

Los Angeles - San Diego – San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

4. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. California Government Code Section 53652 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the agency's deposits.

Under the terms of the repurchase agreement with the bank, amounts transferred into the overnight sweep account for investment by the bank is not a deposit and is not insured by the Federal Deposit Insurance Corporation or guaranteed by the government. The LOSSAN Agency retains a security interest in the amount of collateral placed into the sweep account, which is in a U.S. Treasury Note. Pursuant to the Master Repurchase Agreement the amounts in the overnight repurchase agreement sweep account are collateralized 102 percent with the collateral held by the bank's custodian.

If the bank were to fail, the LOSSAN Agency would be treated as either the owner of the securities or as a secured creditor of the bank. If the aggregate market value of the LOSSAN Agency's security were to decline, the LOSSAN Agency would become an unsecured creditor of the Bank to the extent that the aggregate market value becomes less than the account balance and accrued interest.

Upon completion of the daily sweep, funds transferred back into the LOSSAN Agency checking deposit account on a daily basis are considered deposits and the amounts are covered by federal depository insurance or were collateralized by the pledging financial institution as required by Section 53652 of the California Government Code. Such collateral is held by the pledging financial institution's trust department or agent in the Agency's name.

5. Prepaid Expense

The LOSSAN Agency pays Amtrak on a monthly basis for providing train and bus feeder services. The amount paid is a contractual amount based on Amtrak's anticipated annual costs of operating the service net of projected passenger fares that will be collected. Actual amounts are reconciled on a monthly basis within forty-five days following the end of the month. Any surplus or deficits are applied to the following months invoice. Through the reconciliation of actual expenses through June 30, 2017, the LOSSAN Agency has \$504,133 in prepaid expenses to Amtrak that will be applied to fiscal year 2017-18 operating expenses. The June 2017 advance payment to Amtrak in the amount of \$2,312,599 less the actual expenses for June of \$1,407,864, created an additional \$904,735 in credit to the LOSSAN Agency. However due to the payment being sent in July and received by Amtrak in July, the credit is not recorded as a prepayment for June and will be applied to fiscal year 2017-18 operating expenses.

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

6. Due From Other Governments

Due from other governments consists of amounts due to the LOSSAN Agency from Caltrans DRMT for minor projects reimbursements, as well as grant revenue from the California Transportation Agency (CalSTA) for transit transfer program reimbursements.

	2017
Due from Caltrans DRMT for minor projects	\$ 144,489
Due from CalSTA grant reimbursements	45,721
Total	<u>\$ 190,210</u>

7. Due To Other Governments

Due to other governments consists of amounts due to OCTA for administrative services and to various other government agencies for transit services provided under the transit transfer program. The table below provides detail of due to other governments as of June 30, 2017.

	2017
Due to OCTA for administrative services	\$ 427,222
Due to transit agencies for transit transfer program	8,859
Total	<u>\$ 436,081</u>

8. Unearned Revenue and Other Liabilities

Unearned revenue consists of amounts received from the State for fiscal year 2017 operating, administrative and marketing funding, in advance of incurring the expenses. It also includes unearned grant revenue from the California Office of Emergency Services for facility security and safety enhancements, and grant revenue from a Transit and Intercity Rail Capital Program grant for a transit transfer program. The table below shows detail of unearned revenue as of June 30, 2017.

	2017
Unearned advanced train operating funds	\$ 17,084,558
Unearned advanced marketing funds	2,277,722
Unearned grant revenue	1,887,000
Unearned advanced administrative funds	243,421
Unearned miscellaneous revenue	3,961
Total	<u>\$ 21,496,662</u>

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

9. Contracted Services for Train Operations

The LOSSAN Agency negotiates and enters into annual agreements with Amtrak to provide Pacific Surfliner intercity passenger rail service and connecting bus feeder services for the LOSSAN Rail Corridor. A new agreement was entered into beginning October 1, 2016, and ending September 30, 2017. The LOSSAN Agency plans on entering into a new agreement to provide service beginning October 1, 2017.

Payment to Amtrak by the LOSSAN Agency is based on a projected amount mutually agreed to by both parties as part of the agreement. This projected amount is net of related fare revenues. The actual amounts are reconciled and provided to the LOSSAN Agency on a monthly basis. Any surplus or deficits are applied to the following months invoice. The actual net expense for train operations as of June 30, 2017 is \$20,894,595, net of adjustments due to year end reconciliation with Amtrak from results of operations.

10. Charges for Marketing and Administration

Effective, November 21, 2013, the Agency entered into an agreement with OCTA to provide administrative support services through the initial term of the ITA (June 30, 2018). In accordance with the agreement, OCTA is reimbursed by the Agency for administrative staff time including an agreed upon overhead rate. Charges from OCTA for these services are highlighted in the table below under administrative services.

The LOSSAN Agency incurs other administrative charges for services such as marketing, legal, insurance, audit, travel and banking service, which are also detailed in the table below.

	2017
Administrative Services	\$ 2,216,532
Marketing Expenses	1,340,960
Professional Services	64,143
Insurance	56,295
Legal Services	31,532
Travel	23,684
Audit Services	17,880
Other Business Expenses	15,636
Total	<u>\$ 3,766,662</u>

11. State Funding for Train Operations and Administrative and Marketing

Effective July 1, 2015, the LOSSAN Agency and the State of California Department of Transportation entered into an interagency transfer agreement (ITA), which transfers the administrative responsibility for the operation of rail services along the LOSSAN corridor. The ITA carries an initial three year term through June 30, 2018. As part of the ITA, the LOSSAN Agency entered into a Master Fund Transfer Agreement (MFTA) with the State. The MFTA provides for State funding, appropriated by the State Budget Act and allocated to the LOSSAN Agency in accordance with the provisions of the MFTA and ITA, for the LOSSAN corridor rail service. In accordance with the MFTA and ITA provisions, funding is contributed towards actual marketing and administrative costs, as well as train operations.

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

12. Grants for Transit Programs

Beginning in June 2016, the LOSSAN Agency initiated a Pacific Surfliner Transit Transfer Program (Program) on a one year pilot basis, and has since continued the program for an additional year. The Program allows Pacific Surfliner passengers to transfer to connecting transit services by presenting a valid Pacific Surfliner ticket. The program is funded by Transit and Intercity Rail Capital Program grants awarded by CalSTA. The California Transportation Commission (CTC) approved the allocation of \$1,675,000 for this pilot program. As of June 30, 2017, the total receivable is \$45,721 and is included as part of due from other governments.

The LOSSAN Agency was awarded two grants from the California Office of Emergency Services for security and safety enhancements for rail facilities, both for \$1,887,000. As of June 30, 2017, \$1,887,000 has been recognized as revenue under grants for transit programs and security projects, to offset program expenses. The remaining \$1,887,000 has been deferred until program expenses are incurred.

13. Commitments and Contingencies

The LOSSAN Agency has various outstanding contracts. Total outstanding purchase commitments at June 30, 2017 were \$16,906,890. The most significant is with Amtrak at \$15,792,308 which includes \$14,336,505 for train operations and bus feeder services, and \$1,455,773 for facility safety and security enhancements. Other purchase commitments for professional marketing services totaled \$659,386. Administrative and other professional services totaled \$146,446. This amount does not include a value for the administrative services agreement with OCTA, as this is an actual cost based reimbursable agreement. Cooperative agreements in place with other transit agencies for the Transit Transfer Program totaled \$308,780 as of June 30, 2017.

14. Risk Management

As part of the annual operating agreement with Amtrak, Amtrak is responsible to pay any settlement or final judgment of claims against the LOSSAN Agency arising directly from Amtrak's operations of the rail passenger and bus feeder service. The LOSSAN Agency pays an allocated share of the cost of Amtrak's master insurance policies as they relate to the services being provided by Amtrak under contract. The LOSSAN Agency also purchases general liability and excess liability insurance with an aggregate limit of \$4,000,000, errors and omissions public officials' liability of \$1,000,000 and crime liability of \$2,000,000. There have been no claims or settlements that have exceeded insurance coverages within the past three fiscal years.

15. Concentration of Funding

Funding for the administration of the LOSSAN Agency as well as funding for marketing, train and bus feeder operations is provided by Caltrans DRMT, and is subject to annual budget appropriation by the California State Legislature (Legislature) and programming by the California Transportation Commission (CTC). This represents 93% of total LOSSAN Agency revenue. There is no guaranty that funding will actually be appropriated by the Legislature and to the extent required, programmed by the CTC.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LOSSAN Agency's basic financial statements, and have issued our report thereon dated November 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LOSSAN Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LOSSAN Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the LOSSAN Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LOSSAN Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Laguna Hills, California

November 6, 2017



Board of Directors
Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency
Orange, California

We have audited the financial statements of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 25, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the LOSSAN Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the LOSSAN Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they appeared reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Refer to Attachment A for adjustment identified as part of the audit and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the LOSSAN Agency’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the LOSSAN Agency’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the LOSSAN Agency and is not intended to be, and should not be, used by anyone other than these specified parties.



Laguna Hills, California
November 6, 2017

LOSSAN

Adjusting Journal Entries - Recorded

June 30, 2017

Number	Account Description	Debit	Credit
1	Accounts Payable	\$ 904,735	
	Prepaid Expense		\$ 904,735
	<i>To remove Prepaid Expenses and related Accounts Payable for amounts paid by LOSSAN after June 30, 2017.</i>		



December 6, 2017

To: Members of the Board of Directors
From: Jennifer L. Bergener, Managing Director
Subject: Fare Restructuring – Final Policy Approval and Implementation Plan

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency has undertaken an effort to restructure the Pacific Surfliner fares to address the inconsistencies that exist in the current pricing and discount methodologies. Revised fare tables were previously approved by the Board of Directors. Staff has concluded the 60-day public outreach campaign utilizing the revised fare tables. A finalized fare policy and implementation plan are presented for Board of Directors review and approval.

Recommendations

- A. Review and approve the final fare policy developed as part of the 2017 Pacific Surfliner fare restructuring effort.
- B. Approve the proposed implementation plan and schedule for the revised Pacific Surfliner fare structure.

Background

The current fare structure for the Pacific Surfliner has remained largely unchanged since 2013. Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) staff completed an analysis of the current fare structure and identified areas of inconsistent pricing and discount methodologies that merited adjustment. The fare restructuring process was completed and the final fare tables were approved by the LOSSAN Board of Directors (Board) on August 21, 2017. In addition to approving the final fare tables, the Board directed staff to engage in a 60-day public outreach campaign and to return with the results as well as a final implementation schedule for the new Pacific Surfliner fare structure.

Discussion

The fare restructuring efforts thus far have focused primarily on the methodology for calculating fares and generating new fare tables based on these methodologies. The fare structure now utilizes a consistent distance-based formula, with the cost per mile of travel decreasing as the distance increases. Discounts for 10-trip tickets are consistent across all station pairs at a static 40 percent. Monthly pass fares are calculated based on the current zone-based fare structure with minor modifications. Passes on the north end of the LOSSAN rail corridor (station pairs between San Luis Obispo and Camarillo) are calculated based on the single ride base fare multiplied by a factor of 11. Monthly passes for station pairs on the south end of the LOSSAN rail corridor (station pairs between Moorpark and San Diego) are calculated based on a factor of 18, which is in-line with Amtrak national practice.

Although the Pacific Surfliner is not subject to the requirements of Title VI in regard to the implementation of fare adjustments, as directed by the Board, LOSSAN Agency staff engaged in a comprehensive public outreach campaign to educate and inform passengers and the public about the proposed fare adjustments. The goal of this effort was to foster an understanding of the overall goals of the restructuring efforts, and to clearly show any possible impacts this will have on Pacific Surfliner passengers.

Efforts were made to engage community members and allow them an opportunity to express their opinions and concerns through a variety of methods. A dedicated webpage was created at PacificSurfliner.com highlighting the proposed adjustments to the fare structure and included the Board approved fare tables. This page also included an online survey that allowed passengers to express their concerns while gathering information about the passengers, riding and purchasing habits. A banner message was included on the AmtrakConnect onboard Wi-Fi portal directing passengers to the fare restructuring website. Rack cards were placed on trains and at stations offering an overview of the efforts and likewise pointing passengers to the website.

Public Outreach Results

A detailed summary of the outreach effort as well as the respondents and responses received is included in Attachment A. Staff has collated the results of the online survey submissions and of the total of 110 responses received, 60 were comments pertaining to the proposed fare structure. Of the comments pertaining to the proposed fare adjustments, the majority of respondents felt that the proposals are fair and the price adjustments minor.

In addition, 50 comments were directly related to the proposed adjustments to the 10-trip tickets. Proposed adjustments to the 10-trip tickets included an extension of the validity period from 45 days up to 60 days from the first use. This was a positive adjustment for many respondents as it provided greater flexibility and made the 10-trip tickets a more viable option for occasional riders. Also proposed was modifying the 10-trip ticket to make it valid for a single named passenger. The vast majority of respondents were opposed to this adjustment. The responses indicated that this removed flexibility for passengers, particularly for families, in the absence of discounts for groups of less than 15 passengers.

Impact of Public Outreach Effort

As a result of the comments received, staff is recommending that the proposed modifications to the 10-trip be adjusted. As previously recommended, the period of use will be extended from 45 day to 60 days. This makes the 10-trips a more viable option for the occasional rider and may be what encourages them to make the Pacific Surfliner their method of travel over other modes. However, the proposed adjustment to make the 10-trip valid for only a single named passenger is recommended to be deferred. This makes the 10-trip ticket a continued option for families and small groups until a new small group discount program is introduced.

Staff continues to pursue a methodology for the implementation of a small group discount with Amtrak. Additionally, in response to comments received, staff is looking into ways to enhance the current Amtrak Rewards loyalty program, especially as it pertains to monthly passes.

Need for Additional Fare Policy Modifications

On November 8, 2017, the LOSSAN Agency was notified by Amtrak of upcoming changes to Amtrak's national tariff policy. A number of modifications are being instituted with the implementation currently scheduled for January 9, 2018. The most significant of these are reductions to various passenger discount programs and the complete elimination of others. The proposed changes reduce the discount for seniors and the disabled from 15 percent down to 10 percent, with age of eligibility for the senior discount being increased from 62 to 65 years. The national student discount is being discontinued. Current policy allows for two children to receive a 50 percent discount per each full fare paying adult. The proposed adjustment would make that ratio one child per adult. Another adjustment being implemented in the first quarter of 2018 is the elimination of the 10 percent discount offered to American Automobile Association members.

The LOSSAN Agency has expressed serious reservations about many of these adjustments to Amtrak and has rejected a number of these changes. The

proposed changes to the Amtrak tariff policy would adversely impact students, seniors and the disabled, segments of our ridership who may be on fixed incomes and have limited choices concerning methods of transportation. Staff recommends the LOSSAN Agency adopt a revised fare and tariff policy that maintains the current discounts. The details of the proposed fare and tariff policy are shown in Attachment B. Included in the fare and tariff policy are only those discounts that would vary from the currently proposed Amtrak national tariff policy. Items such as the discount for active military are not impacted by the proposed changes, and thus are not included in the LOSSAN Agency fare and tariff policy.

Implementation Schedule

With Board approval, staff will develop a public messaging campaign to inform passengers of the upcoming adjustments to fares. Included in this campaign will be a recognition of the input that our passengers had on the proposed fare restructuring and the direct impact it had on the changes to 10-trip tickets. This campaign will begin on January 15, 2018, after the busy holiday season concludes. The messaging campaign will last for approximately 45 days. During this time period, staff will work with Amtrak to ensure the proposed fare policies and revised fare tables are in place and ready when they go into effect on March 1, 2018.

Once the new fare structure is in place, staff will continue to monitor closely the detailed monthly reports to determine what impacts, if any, are being realized in ridership and revenue patterns. This will be reported on in the quarterly corridor trends report.

Next Steps

With Board approval of the fare policy and implementation schedule, staff will develop a public messaging campaign to inform Pacific Surfliner riders of the upcoming adjustments, to begin on January 15, 2018. The updated fare structure will go into effect on March 1, 2018.

Summary

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency staff has concluded a 60-day public outreach effort related to the revised fare tables developed as part of the fare restructuring effort. Input from this effort has been incorporated into the proposed fare structure. Staff has developed additional policy modifications and an implementation schedule for the revised Pacific Surfliner fare structure. The fare policy as well as the implementation schedule are presented for Board of Directors review and approval.

Attachments

- A. Proposed Fare Restructuring: Public Outreach Results
- B. Pacific Surfliner Fare and Tariff Policy

Prepared by:



Roger M. Lopez
Principal Transportation Analyst
(714) 560-5438



Proposed Fare Restructuring: Public Outreach Results

Board of Directors
December 6, 2017

 **PACIFIC
SURFLINER**



LOSSAN

Outreach Overview

September – October 2017

Outreach Efforts	Results
Webpage on PacificSurfliner.com	3,400 unique page views
Online survey	110 responses (60 related to fare structure)
Social posts	26,200 impressions and 850 interactions
Rack Cards	10,000 distributed on trains and at stations
Banner on AmtrakConnect Wi-Fi portal	930 clicks to the webpage

PROPOSED FARE ADJUSTMENTS



Pacific Surfliner Fare Restructuring

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is working with Amtrak on a proposed fare restructuring designed to standardize pricing and discount methodologies for Pacific Surfliner fares. The proposed adjustments represent an effort to create a more uniform fare structure using a consistent distance-based formula. As a result, fare between some station pairs may increase slightly, while others will decrease. We welcome your feedback as we continue to finalize the proposed changes to the fare policy.

Please specify your most frequent trips

	Origin Station	Destination Station	How often do you take this trip?
Trip 1			
Trip 2			
Trip 3			

What type of ticket do you most frequently use when riding the Amtrak Pacific Surfliner?

☐ Amtrak one-way/round trip ticket
☐ Amtrak 10-trip ticket
☐ Amtrak monthly pass
☐ Metrolink monthly pass
☐ COASTSTAR pass



Pacific Surfliner
@PacSurfliners

We're evaluating potential changes to the [#PacificSurfliner](#) fare structure. View proposed changes & take a survey: bit.ly/ProposedAdjust...



PROPOSED FARE ADJUSTMENTS



FARE RESTRUCTURING

We'd like to hear from you.

In an effort to standardize Pacific Surfliner® fares and discounts, the LOSSAN Rail Corridor Agency* and Amtrak® are evaluating possible updates to the current fare policy.

Proposed changes include:

- Base fares calculated using a distance-based formula
- Consistent 40 percent discount for 10-trip tickets
- Lower aggregate monthly fares
- 20 percent discount for groups of 10 or more
- More time to use non-transferable 10-trip tickets

See more details on reverse.

View the proposed fares by station pair and submit feedback on our website: pacificsurfliner.com/update

PACIFIC SURFLINER

*The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, comprised of Pacific Surfliner and the Coast Star Line, is a public agency created by the California State Legislature.

THE DETAILS

The current fare structure for the Pacific Surfliner has remained largely unchanged since 2013, when a 4 percent increase to the base fare took effect. Rather than adjustments to an across-the-board fare increase, the LOSSAN Agency is proposing adjustments that use a consistent distance-based formula to create a more uniform fare structure.

While one-way and roundtrip fares between some station pairs will increase slightly, others will decrease, resulting in an aggregate increase of 3.5 percent to the base fare. Other proposed changes include:

- **Lower monthly fares:** Monthly pass fares will be only modestly higher than the current fare structure with discounts of 1.5 percent.
- **10-trip group tickets:** Discounts offered to groups of 10 or more will increase from 10 percent to 20 percent.
- **More time to use 10-trip tickets:** 10-trip tickets will now be valid for use only for a single round-trip journey. The validity period will be extended from 45 days to 90 days.

See the proposed one-way, 10-trip, and monthly fares by station pair at pacificsurfliner.com/update

WHAT DO YOU THINK?
We welcome your feedback as we continue to finalize the proposed updates to the fare policy. Visit our website to fill out a survey – or write to us.

LOSSAN Agency
Attn: Fare Restructuring
600 S. Main St.
Orange, CA 92668

PACIFIC SURFLINER

Survey Results: Overview

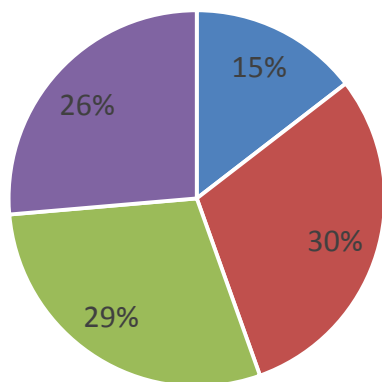
Overall, feedback for the proposed fare structure was positive. Comments supported a more uniform fare policy and reasonable increases to base fares. A primary area of concern is related to the 10-trip adjustment to make it a non-transferrable ticket.

Of 110 responses, 60 comments were about the fares and 50 were specific to the 10-Trip Ticket.

	Positive	Negative
Base Fares / Monthly Fares (60 responses)	<ul style="list-style-type: none">• Support calculating fares based on distance• Support fare decreases and reasonable/minor increases to base fares	<ul style="list-style-type: none">• Fares are already too expensive and warrant larger decreases or better discount programs• Service issues should be addressed before any fare increase is implemented
10-Trip Ticket (50 responses)	<ul style="list-style-type: none">• Extending the validity period to 60 days would offer flexibility and better value, especially for occasional riders	<ul style="list-style-type: none">• Modifying the ticket to be used by a single passenger takes away affordability for couples, small groups and families• Some station pairs are seeing too high of an increase

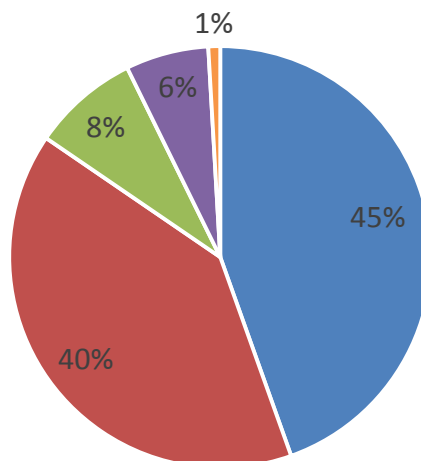
Snapshot of Respondents

Frequency of Travel on the Pacific Surfliner:



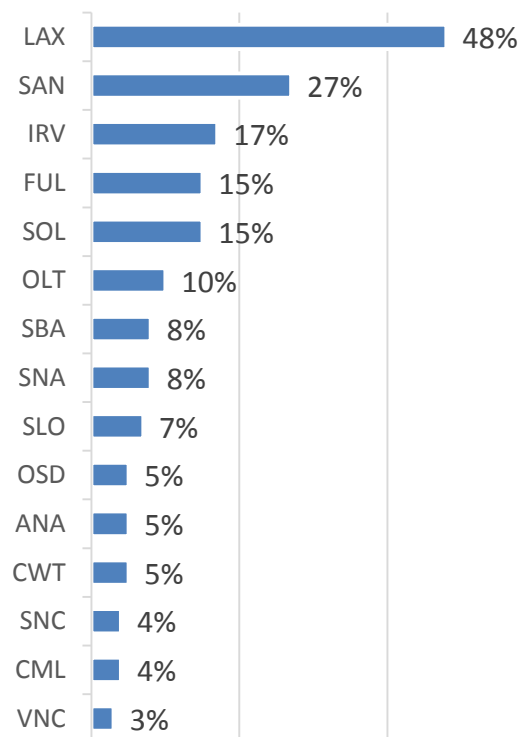
- 5+ days / week
- 2-4 days / week
- Few times / month
- Few times / year

Most Frequently Used Ticket Type:



- Amtrak one-way/round-trip ticket
- Amtrak 10-trip ticket
- Metrolink monthly pass
- Amtrak monthly pass
- COASTER pass

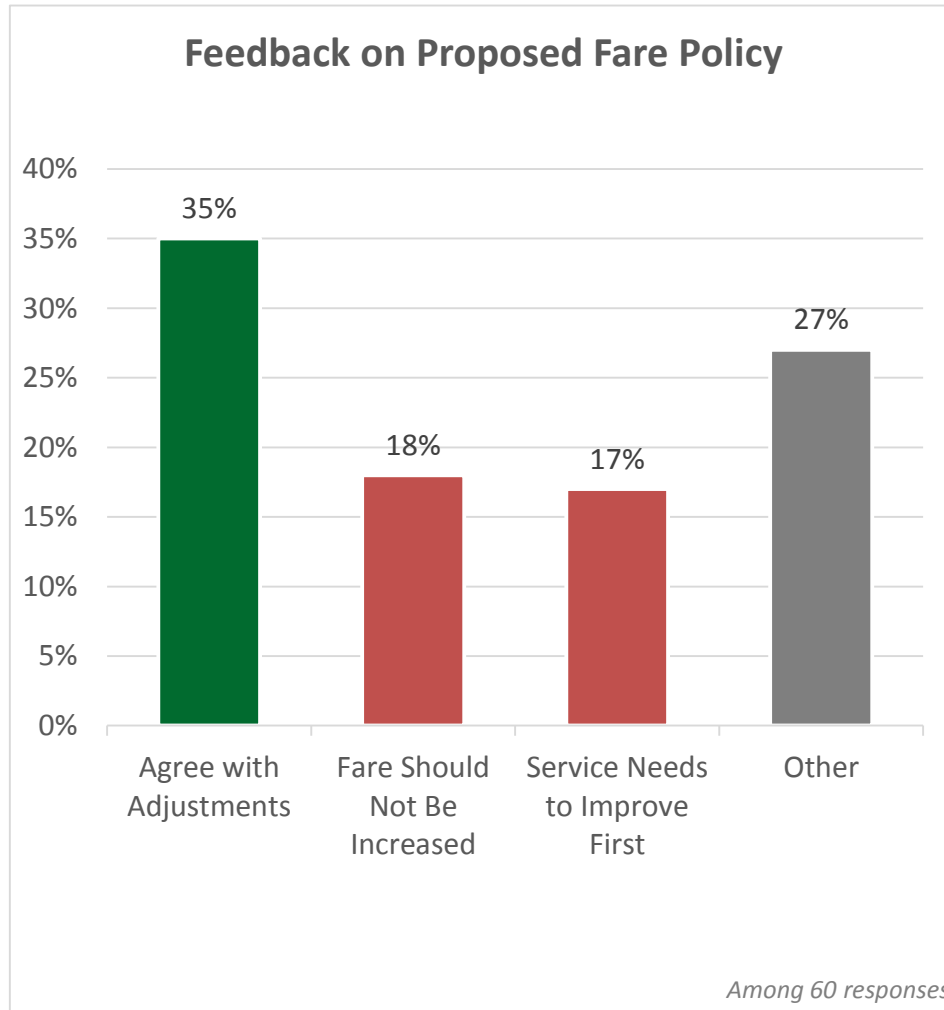
Most Commonly Traveled to Stations:



Origin and Destination

Among 110 responses

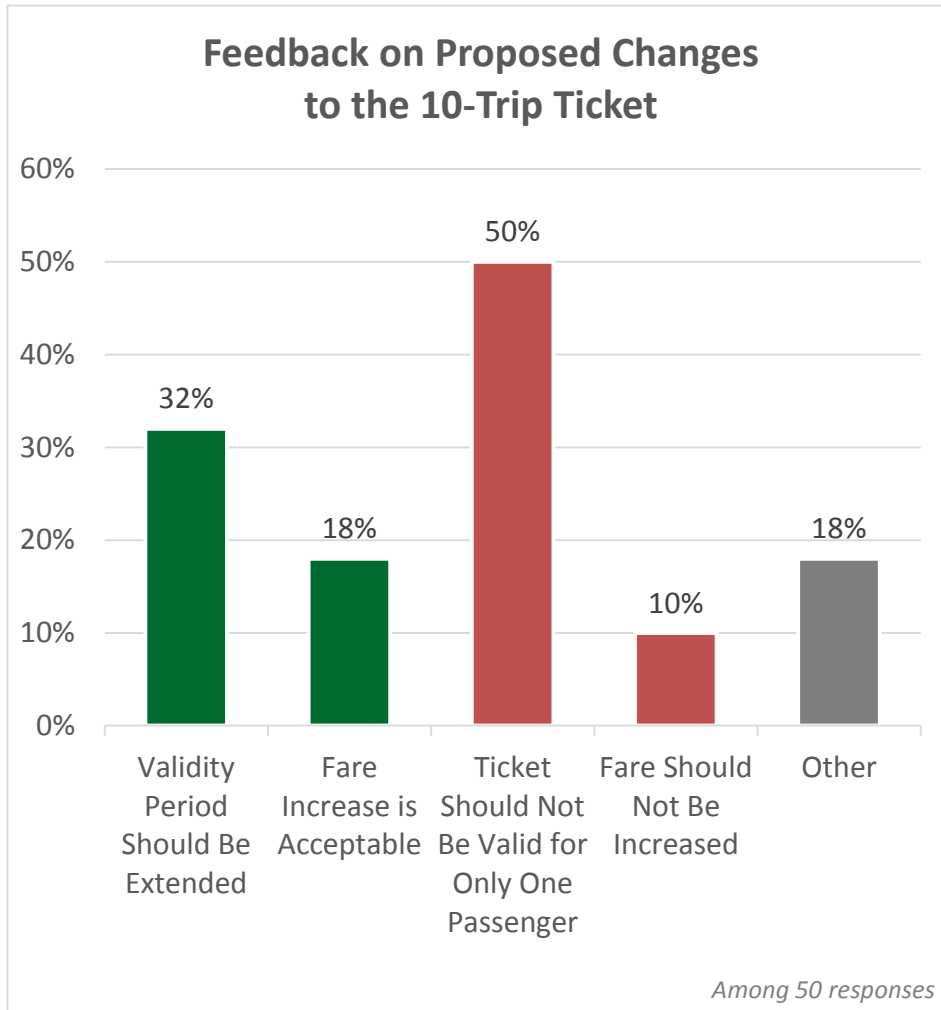
Overall Fare Policy



Of 60 responses about the proposed adjustments to the fare structure:

- 35 percent believe plan is reasonable/fair
 - Distance-based pricing
 - Minor adjustments to price
- 18 percent believe existing fares are too expensive and should not be increased but instead further reduced to make it an attractive alternative to driving
- 17 percent believe any increase or adjustment is not acceptable prior to improving the service
 - Address overcrowding, mechanical issues, availability of information
- “Other” comments expressed interest in enhancing/increasing current discounts offered in concert with any fare adjustments

10-Trip Ticket



50 of 110 survey responses pertained to the 10-Trip ticket. Of these responses:

- 32 percent agree with extending the validity period from 45 days to 60 days
- 50 percent disagree with modifying the ticket to be used by a single passenger
 - Takes away flexibility and makes it too expensive for couples, small groups, and families
 - Currently no price breaks/incentives for groups of 2-14
- Those opposed to the adjustment to the 10-Trip Ticket believe that the cost is already too high, or that the increase is too high for specific station pairs
- “Other” comments expressed interest in making it easier for multi-ride ticket holders to upgrade to Business Class

Additional Comments

- Consider making monthly passes valid for 30 days from first use rather than for one calendar month for added flexibility
- Consider adding transit perks to the monthly passes to benefit frequent riders (free transfers to FlyAway Shuttles and LA Metro light rail, monthly discount on parking, etc.)
- Consider shortening the advance purchase window for everyday discounts (AAA, students) for added flexibility

Pacific Surfliner Fare and Tariff Policy

EVERYDAY DISCOUNTS

Seniors

Travelers aged 62 and over receive a 15 percent discount on one-way and roundtrip fares anywhere the Pacific Surfliner travels, all year long. Valid government-issued identification may be requested as proof of age. Business class upgrades are permitted upon payment of full accommodation charge.

Children

Children and infants must travel with an adult who is at least 18 years or older. Children aged 2 through 12 receive a 50 percent discount on one-way and roundtrip fares anywhere the Pacific Surfliner travels, all year long, when accompanied by at least one person paying an adult rail fare.

Students

The Pacific Surfliner offers students, aged 13 through 25, a 15 percent discount on one-way and roundtrip fares, available all year long, subject to available inventory. Valid student identification may be requested as proof of student status for passengers over age 18.

Customers with Disabilities and their Companions

The Pacific Surfliner offers a 15 percent rail fare discount to adult customers with disabilities and one traveling companion. Child passengers with disabilities are eligible for the everyday 50 percent child discount plus an additional 15 percent off the discounted child's fare.

Group and Convention Travel

Passengers traveling together in groups of 15 or more will receive a 20 percent discount off one-way and roundtrip fares when tickets are purchased as part of a group travel reservation. Business class upgrades are permitted upon payment of full accommodation charges. Note that group space may be limited and group travel requests are subject to approval based on space availability. Group discounts must be booked through Amtrak at 1-800-USA-1GRP.

MEMBERSHIP DISCOUNTS

American Automobile Association

American Automobile Association (AAA) members and their immediate family members, spouses and dependents (up to six persons total) receive a 10 percent discount on one-way and roundtrip fares, all year long (up to two dependent children aged 2-12 per adult family member pay one-half the adult AAA rail fare) as part of the AAA "Show Your Card and Save" program. A valid AAA membership card and valid photo identification may be requested as proof at time of travel.



December 6, 2017

To: Members of the Board of Directors
From: Jennifer L. Bergener, Managing Director
Subject: 2018 Transit and Intercity Rail Capital Program Grant Application

Overview

The California State Transportation Agency issued a call for projects on October 13, 2017 for the 2018 Transit and Intercity Rail Capital Program, which provides funding for transit, commuter rail, and intercity rail projects that help reduce greenhouse gas emissions. An overview of the strategy for submission of projects located along the Los Angeles – San Diego – San Luis Obispo rail corridor is provided for review.

Recommendations

- A. Approve the draft program of projects for inclusion in the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's 2018 Transit and Intercity Rail Capital Program grant application.
- B. Authorize the Managing Director to submit a 2018 Transit and Intercity Rail Capital Program grant application and process all necessary agreements to facilitate the submission and acceptance of grant funds.

Background

On October 13, 2017, the California State Transportation Agency (CalSTA) issued final guidelines and a formal call for projects for the 2018 Transit and Intercity Rail Capital Program (TIRCP). The TIRCP was created by Senate Bill (SB) 862 (Chapter 36, Statutes of 2014) and modified by SB 9 (Chapter 710, Statutes of 2015) to support transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, while significantly reducing emissions of greenhouse gases, vehicle miles traveled, and traffic congestion.

The goal of the TIRCP is to provide funding for capital improvements and operational enhancements that benefit public transit services in California and achieve the following objectives:

- Reduction of greenhouse gas emissions
- Expand and improve transit service to increase ridership
- Integrate service of the state's various rail operations, including integration with the high-speed rail system
- Improve transit safety

In addition, per SB 862, at least 25 percent of available TIRCP funding is expected to fund projects that provide a direct, meaningful, and assured benefit to disadvantaged communities.

Eligible applicants include public agencies and joint powers authorities that operate, or have planning responsibility for, existing or planned intercity rail (and associated feeder bus service), commuter rail, commuter bus, bus and rail transit, vanpool, and ferry transit services. As a result, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency), as well as a number of its member agencies, are eligible to apply for TIRCP funding.

In 2015, the LOSSAN Agency submitted a successful TIRCP application and was awarded \$1.675 million to initiate the Pacific Surfliner Transit Transfer Program, which was launched in July 2016. In 2016, the LOSSAN Agency submitted a TIRCP application in partnership with the San Diego Association of Governments, the North County Transit District, and the Orange County Transportation Authority, and was awarded \$82 million for a package of projects including high-priority capital improvements in San Diego and Orange counties, a five-year capitalized lease of new passenger rail cars, and funding for planning studies. This represented the largest single award in the 2016 TIRCP.

The 2018 TIRCP is expected to provide approximately \$2.4 billion statewide during the five-year programming period of fiscal year (FY) 2018-19 through FY 2022-23. Additional five-year programs will be approved by CalSTA by April 1 of each even-numbered year thereafter. There is no local match requirement for the TIRCP, though use of existing funding to leverage TIRCP funds will be considered in the evaluation process.

Discussion

During previous TIRCP rounds, CalSTA has indicated that favorable consideration will be given to grant applications that maximize greenhouse gas reductions and travel benefits by combining multiple smaller projects into a comprehensive program of scalable projects that includes multiple agencies. As a result, staff has initiated coordination efforts with all LOSSAN member agencies as well as host railroads including Metrolink, BNSF Railway, and Union Pacific Railroad, to assess candidate projects along the LOSSAN rail corridor.

A draft TIRCP project list was discussed with staff from each LOSSAN member

agency during an initial set of meetings on October 16, 2017, and further discussed at the LOSSAN Technical Advisory Committee meeting on November 16, 2017. In addition, LOSSAN Agency staff participated in three formal consultation meetings regarding the 2018 TIRCP on November 9, 2017, with staff from the California Department of Transportation (Caltrans) and CalSTA. These joint meetings included staff from several LOSSAN member agencies and provided an opportunity to discuss the proposed LOSSAN Agency project list and application approach with TIRCP grant managers from Caltrans and CalSTA.

The LOSSAN Agency plans to submit a total of three TIRCP applications in collaboration with its member agencies. The first two applications are focused on capital improvements on the northern and southern ends of the LOSSAN rail corridor that will allow increased service frequency while also helping to reduce travel time and improve on-time performance. A draft project list is included as Attachment A. The third application is being developed in close consultation with the Riverside County Transportation Commission to fund special intercity rail service from Los Angeles to music festivals in the Coachella Valley over a five-year demonstration period.

Staff is seeking Board of Directors' (Board) concurrence on the proposed program of projects for inclusion in the LOSSAN Agency's 2018 TIRCP grant application. The program of projects is consistent with the LOSSAN Agency's goals and will seek to enhance and improve the Pacific Surfliner service and operations on the LOSSAN rail corridor. Given the relatively tight timeframe for the TIRCP grant application development, staff further recommends the Board authorize the Managing Director to revise the program of projects as necessary to ensure the most competitive application is submitted.

In addition to the three TIRCP applications planned to be submitted by the LOSSAN Agency, staff is also working with Metrolink, the Los Angeles County Metropolitan Transportation Authority and the California High-Speed Rail Authority to support a joint application that will be submitted by Metrolink. This application includes additional capital improvements along the LOSSAN rail corridor in Los Angeles, Orange and Ventura counties that will benefit both the Metrolink commuter rail and Pacific Surfliner intercity passenger rail services.

Next Steps

Applications for the 2018 TIRCP are due to CalSTA on January 12, 2018. Staff is currently working with LOSSAN member agencies and host railroads to finalize details on the list of candidate projects and begin the technical work necessary complete the TIRCP applications prior to the deadline. Projects recommended for award are scheduled to be announced by CalSTA in May 2018.

Summary

A call for projects to be funded by the 2018 Transit and Intercity Rail Capital Program was issued on October 13, 2017, with applications due on January 12, 2018. Staff is working with member agencies and host railroads to submit two applications for capital improvements along the Los Angeles – San Diego – San Luis Obispo rail corridor that would directly benefit the Pacific Surfliner service, as well as an application to support future special event service from Los Angeles to the Coachella Valley.

Attachment

- A. Draft Los Angeles – San Diego – San Luis Obispo (LOSSAN) 2018 Transit and Intercity Rail Capital Program Project List

Prepared by:



Michael Litschi
Deputy Managing Director
(714) 560-5581

**DRAFT LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO (LOSSAN)
2018 TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM PROJECT LIST -
FOR DISCUSSION ONLY**

Project Title	Description	Phase	Funding Request	County
LOSSAN South				
San Onofre Bridge Replacements and Turnout	Replace three aging timber bridges at milepost 207.6, 207.8, and 209.9, and turnout replacement at milepost 208.6)	Construction	\$15,200,000	San Diego
San Onofre to Pulgas Double Track, Phase 1, Stage 2	Construct remaining 1.6 miles of second main track and bridges.	Construction	\$30,000,000	San Diego
Batiquitos Lagoon Bridge Replacement and Double Track	Add 0.7 miles of double track and replacement of Batiquitos Lagoon bridge.	Construction	\$68,000,000	San Diego
Eastbrook to Shell Double Track	Add 0.6 miles of double track and replacement of San Luis Rey bridge in Oceanside	Construction	\$70,000,000	San Diego
Sorrento to Miramar Phase 2 Double Track	Add 1.8 miles of double track and curve straightening	Construction	\$110,000,000	San Diego
San Dieguito Lagoon Double Track and Platform Construction	Add 2.1 miles of double track and improvements, including San Dieguito bridge replacement and special events platform at Del Mar Racetrack	Construction	\$180,000,000	San Diego
Fencing	Construct new fencing in Oceanside, Encinitas, and Del Mar	Construction	\$1,300,000	San Diego
San Diego Maintenance/Layover Facility	Study alternatives for new maintenance/layover facility for Pacific Surfliner trains in downtown San Diego	Planning	TBD	San Diego
Carlsbad Village Trenching	Final design for railroad trench, pending Preliminary Engineering, and environmental	Final Design	\$10,000,000	San Diego
Signal respacing (San Diego County - Metrolink applying for north of San Diego)	Respace signals to allow increased frequency/closer headways on existing infrastructure - study and implementaton funding	Construction	TBD	San Diego
Platform length extensions study	Study extensions of existing station platforms to allow for use of longer consists in the future	Planning	TBD	Multiple
Single track "bottleneck" study	Study possible improvements/alternatives for remaining single track segments on south end of LOSSAN Corridor in Del Mar, San Clemente, and Dana Point/ San Juan Capistrano	Planning	TBD	Orange / San Diego
Capitalized track access	Fee and performance incentives	Other	TBD	N/A

TOTAL \$484,500,000

**DRAFT LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO (LOSSAN)
2018 TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM PROJECT LIST -
FOR DISCUSSION ONLY**

Project Title	Description	Phase	Funding Request	County
<u>LOSSAN North</u>				
Camarillo station improvements	Construct pedestrian undercrossing and other station improvements	Construction	\$4,500,000	Ventura
Leesdale siding	Siding extension to allow operational flexibility	Construction	\$8,000,000	Ventura
Ortega Siding	Reconstruct siding to increase passenger and freight capacity on 17-mile stretch of single track	Construction	\$20,000,000	Santa Barbara
Double track Carpinteria station	Construct second track and platform at Carpinteria station	Construction	TBD	Santa Barbara
Goleta layover improvements for storage	Expand Goleta storage facility to allow two sets to layover	Construction	\$10,000,000	Santa Barbara
Access fees and performance incentives with UP to buy additional track capacity	Acquire two additional slots for Pacific Surfliner service between Los Angeles and Santa Barbara/ San Luis Obispo	Other	TBD	N/A
Platform length extensions study	Study extensions of existing station platforms to allow for use of longer consists in the future	Planning	TBD	Multiple
Island Centralized Traffic Control	Install Centralized Traffic Control at select locations to allow operational flexibility	Construction	\$30,000,000	San Luis Obispo / Santa Barbara
Signal upgrade and respacing	Upgrade existing signal system and respace signals to allow increased frequency/closer headways on existing infrastructure	Construction	TBD	Multiple
Non-powered to powered switches	Replace hand-thrown with automated switches	Construction	TBD	Multiple
New Crossovers	Construct new crossovers to improve operational flexibility at key locations	Construction	TBD	Multiple
TOTAL			\$72,500,000	

**DRAFT LOS ANGELES - SAN DIEGO - SAN LUIS OBISPO (LOSSAN)
2018 TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM PROJECT LIST -
FOR DISCUSSION ONLY**

Project Title	Description	Phase	Funding Request	County
<u>Other Potential Demonstration Projects</u>				
Unified mobile ticketing with Metrolink, COASTER, transit agencies	Integrate mobile ticketing systems for all three passenger rail operators on LOSSAN corridor	Other	TBD	Multiple
Signage improvements at shared stations	Improve directional signage at and near stations serving Pacific Surfliner, as well as shared stations with COASTER and Metrolink	Construction	TBD	Multiple



December 6, 2017

To: Members of the Board of Directors
From: Jennifer L. Bergener, Managing Director
Subject: State Rail Assistance Program

Overview

Senate Bill 1, the Road Repair and Accountability Act of 2017, will provide over \$50 billion in funding over the next ten years to maintain and improve California's transportation system. An element of this the State Rail Assistance program, which will provide funding for both operations and capital improvements to commuter and intercity rail services. An overview of the program, as well as a program of projects for the first year of available funding is being presented for Board of Directors review and approval.

Recommendations

- A. Approve the recommended program of projects for fiscal year 2017-18 State Rail Assistance formula funds.
- B. Direct staff to develop a program of operational and capital improvement projects, in coordination with the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Technical Advisory Committee, utilizing fiscal years 2018-19 and 2019-20 State Rail Assistance formula funds, for future Board of Directors approval.
- C. Approve Resolutions No. 2017-L001 and No. 2017-L002 authorizing the Managing Director to act on behalf of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency in obtaining funding under the State Rail Assistance Program.
- D. Authorize the Managing Director to negotiate and execute necessary agreements and program supplements to facilitate the utilization of State Rail Assistance funding.

Background

Senate Bill 1 (SB 1) is intended to provide a significant source of funding to improve California's transportation infrastructure. This includes approximately \$440 million directed specifically to commuter and intercity rail services through the State Rail Assistance (SRA) program. The SRA is intended to fund both operational and capital improvements through a combination of formula and competitive distribution. The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) is an eligible recipient of these funds. The SRA program will be administered by the California State Transportation Agency (CalSTA), which is responsible for validating the eligibility of projects and disbursing funds.

Discussion

The SRA program is intended to provide intercity rail agencies with a dependable source of supplemental revenue that is flexible and can be used to fund a variety of rail service improvements. These improvements primarily fall into two major categories as summarized below.

- Operational Improvements: funds can be used for service development plans, strategic plans, ridership modeling, multi-agency integration efforts, schedule optimization, customer outreach and engagement, and improving customer amenities.
- Capital Improvements: funds can be used for equipment purchases and track and station improvements with the intent of increasing capacity, reducing travel delays, improving accessibility and enhancing the customer experience.

Considerable flexibility is included in the SRA program. The role of CalSTA is largely confined to certifying project eligibility and ensuring the accurate reporting of program expenditures. Primary responsibility is assigned to the each recipient rail agency to ensure the funds are expended in a cost effective manner that maximizes the public benefit. A copy of the complete guidelines for the SRA program is included in Attachment A.

The SRA program formula distribution process begins with fiscal year (FY) 2017-18 and the LOSSAN Agency has been allocated an initial distribution of \$3.1 million. Future year allocation estimates will be updated annually and will fluctuate somewhat with the current price of diesel fuel. The guidelines pertaining to the formula funds available for FY 2017-18 were published by CalSTA on October 13, 2017. Included with these guidelines was a preliminary timeline that requires a submittal of allocations requests for FY 2017-18 by December 15, 2017.

This extremely tight deadline provided minimal time for coordination with the LOSSAN Agency Technical Advisory Committee (TAC) in the development of a project list that could utilize the \$3.1 million available in FY 2017-18. With this being the case, staff has developed a list of projects for the initial year's funding, based on immediate need and maximum benefit. The details of these proposed projects are included in Attachment B and are presented for Board of Directors (Board) approval.

These projects primarily focus on operational improvements that will work to improve on-time performance and interregional connectivity. A single capital improvement project is being included for emergency platform repair at the San Luis Obispo station. Two other projects are software based and will focus on allowing interagency transfers and the improvement of the LOSSAN Agency's ability to optimize operations. The fourth project is planning in nature, allowing the LOSSAN Agency to update a long term strategic plan. The balance of the available funding for FY 2017-18 will be used as a local match for Transit and Intercity Rail Capital Program (TIRCP) requests as part of the 2018 TIRCP grant cycle. If no projects were submitted for allocation, these funds have no guaranteed availability in future fiscal years. Staff worked to select projects that would benefit the entire corridor while ensuring that these funds could be allocated by the deadline.

Upon Board approval of the proposed FY 2017-18 projects, staff will work with CalSTA to submit the necessary documentation to receive the project allocation. Included in the required documents is a governing body resolution that authorizes the Managing Director to submit project allocation requests on behalf of the LOSSAN Agency. A copy of that resolution is included in Attachment C and is presented for Board approval.

Upon Board direction, staff will work with the TAC and Amtrak to develop a comprehensive program of operational and capital improvement projects to utilize the FY 2018-19 and 2019-20 formula funds that are covered under the current guidelines. The draft program of projects will then be brought through the LOSSAN Executive Committee and Board for final review and approval.

Summary

The State Rail Assistance program, an element of Senate Bill 1, is intended to provide a reliable funding source to commuter and intercity rail services for both operational and capital improvements. The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is an eligible recipient of these funds. Staff has prepared a project list for the utilization of funds that must be allocated by December 15, 2017. This project list, along with a governing body resolution authorizing the Managing Director to submit documentation on behalf of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, is being submitted for Board of Directors approval. With direction, staff will work with the Technical Advisory Committee to develop a program of projects for use of future State Rail Assistance program funds, and will return for future Board of Directors approval.

Attachments

- A. State Rail Assistance, Allocation per Public Utilities Code 99312.3, Guidelines, October 13, 2017, Applicable for 2017-18 through 2019-20 Funding
- B. State Rail Assistance Program, Fiscal Year 2017-18, Recommended Project List
- C. Resolution of the Board of Directors of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Authorization for the Execution of the Certifications and Assurances and Authorized Agent Forms for the State Rail Assistance
- D. Resolution of the Board of Directors of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Authorization for the Execution of State Rail Assistance Projects for Fiscal Years 2017-18 Through 2019-20

Prepared by:



Roger Lopez
Principal Analyst
(714) 560-5438

STATE RAIL ASSISTANCE

ALLOCATION PER PUBLIC UTILITIES CODE 99312.3

GUIDELINES

OCTOBER 13, 2017

APPLICABLE FOR 2017-18 THROUGH 2019-20 FUNDING



SRA Discussion Guidelines 2017-18 through 2019-20

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Executive Summary

Senate Bill 1 (The Road Repair and Accountability Act of 2017) is a historic transportation measure that will provide over \$50 billion in the next decade to maintain and improve California's transportation system. Over the next ten years, SB 1 sets-aside approximately \$7.6 billion for rail and transit investments, and within that amount, approximately \$440 million is directed specifically to commuter rail and intercity rail. The scope of these guidelines is limited to the funding directed to commuter rail and intercity rail in section 99312.3 of the Public Utility Code, as added by SB 1. Similar to the State Transit Assistance program, these funds may be used for both operations and capital improvements. For the purpose of these guidelines, these commuter rail and intercity rail funds are referred to as State Rail Assistance (SRA).

State Rail Assistance will benefit the public by providing the state's commuter and intercity rail agencies with dependable supplemental revenue that is flexible to invest in the most cost-effective manner to improve rail service including, but not limited to the following:

1. Operations funding for expanded service, outreach, increased customer amenities, and discounted tickets, with a purpose of increasing ridership
2. Capital investments such as new and cleaner-emissions rolling stock (to increase capacity and reduce emissions), as well as track and station investments (which will reduce travel times, delays, improve accessibility and enhance the customer experience).

Public Utility Code section 99312.3 continuously appropriates the revenue received from a 0.5 percent sales tax on diesel fuel to State Rail Assistance. This revenue is estimated to be approximately \$25 million in 2017-18, \$39 million in 2018-19, and \$41 million in 2019-20. These revenue numbers are provided for planning purposes only. The estimates are based on the Department of Finance's May Revision Budget Forecast from May 2017 and future budgets forecasts will include new revenue estimates.

Public Utility Code section 99312.3 directs 50 percent of State Rail Assistance to intercity rail agencies, 50 percent to commuter rail agencies, and allows loans among agencies within each category. For commuter rail, statute directs an equal split of the funding from 2018-19 and 2019-20 to the state's five commuter rail providers. Future guidelines will define the distribution formula for 2020-21 and thereafter. For intercity rail, statute directs a minimum of 25 percent of funding to each of the state's three intercity rail corridors with regularly scheduled service. CalSTA will determine the allocation of the remaining 25 percent.

Based on statutory requirements and the May 2017 revenue forecast, allocations are expected as follows:

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Commuter Rail Agency	Estimated Distribution		
	2017-18	2018-19	2019-20
Altamont Corridor Express Authority (ACE)	\$2.5M	\$3.9M	\$4.1M
North County Transit Development Board (Coaster)	\$2.5M	\$3.9M	\$4.1M
Peninsula Corridor Joint Powers Board (Caltrain)	\$2.5M	\$3.9M	\$4.1M
Sonoma-Marín Area Rail Transit District (SMART)	\$2.5M	\$3.9M	\$4.1M
Southern California Regional Rail Authority (Metrolink)	\$2.5M	\$3.9M	\$4.1M
	Estimated Distribution		
	2017-18	2018-19	2019-20
Capitol Corridor Joint Powers Authority	\$3.1M	\$4.9M	\$5.1M
LOSSAN Rail Corridor Agency (Pacific Surfliner)	\$3.1M	\$4.9M	\$5.1M
San Joaquin Joint Powers Authority	\$3.1M	\$4.9M	\$5.1M
Flexible for intercity rail agencies, public agencies authorized to plan and/or manage intercity rail operations for aspiring corridors, and Caltrans	\$3.1M	\$4.9M	\$5.1M

For the formula funds, each of the five commuter rail agencies and the three intercity rail agencies may request allocations up to the amounts listed above. For the intercity rail funds that are flexible for award to existing corridors, aspiring corridors, and Caltrans; CalSTA will award these funds after dialogue with eligible recipients and stakeholders. Prior to award of any flexible funds, CalSTA will provide public notice, invite public comment, and invite eligible recipients to meet with CalSTA to discuss project ideas.

Recipient agencies will report on the planned operations and capital improvements funded with these revenues, so the state can include the benefit of this program in Road Repair and Accountability Act of 2017 reporting. These guidelines describe the processes for project reporting and anticipated timeline for allocation.

Introduction

Senate Bill 1 and State Rail Assistance

Senate Bill 1 (The Road Repair and Accountability Act of 2017) is a historic transportation measure that will provide over \$50 billion in the next decade to maintain and improve California's transportation system. Over the next ten years, SB 1 sets-aside approximately \$440 million specifically to commuter rail and intercity rail. The scope of these guidelines is limited to the funding directed to commuter rail and intercity rail in section 99312.3 of the Public Utility Code, as added by SB 1. Similar to the State Transit Assistance program, these funds may be used for both operations and capital improvements. For the purpose of these guidelines, the commuter rail and intercity rail funds are referred to as State Rail Assistance (SRA).

Senate Bill 1 and other rail and transit funding programs

In addition to State Rail Assistance, SB 1 funds other transit and rail programs through multimodal funding programs, and creates other opportunities to fund rail and transit improvements. Other SB 1 rail and transit funding programs include: an augmentation for State Transit Assistance (about \$4.3 billion over ten years) and an augmentation for Transit and Intercity Rail Capital Program (about \$3.0 billion over ten years). SB 1 multimodal programs that may be used for transit and rail include: the Solutions for Congested Corridors Program (\$2.5 billion over ten years), the Local Partnership Program (\$2 billion over ten years), and an augmentation to the State Transportation Improvement Program (\$1.1 billion over ten years). In addition to SB 1 funding, rail also continues to benefit from California Climate Investment Program funds from Cap and Trade auctions, which fund the Transit and Intercity Rail Capital Program and Low Carbon Transit Operations Program. Finally, intercity rail benefits from ongoing state funding for existing operations and rolling stock through the Caltrans Intercity Rail Program budget. Rail agencies are encouraged to consider the range of funding available from local, state, and federal sources, and accordingly decide how they can utilize the State Rail Assistance program to maximize the quality of the rail service for riders.

State Rail Plan, California Transportation Plan 2040, and Regional Transportation Plans

The draft State Rail Plan will be under review in 2017, and the final plan adopted in 2018. This plan, with the broader California Transportation Plan 2040 and Regional Transportation Plans that include SB 375 Sustainable Community Strategies, will guide rail investments in ways that integrate the services of multiple rail and transit operators to maximize public benefits. The State Rail Assistance funds are primarily formulaic, but they present the opportunity for recipient agencies to use these SB 1 funds in collaboration with partners to further the benefits of coordinated service and planning. This will strengthen the future projects in competitive SB 1 funding programs.

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Public Benefit from Rail Investments

As part of the development of the State Rail Plan, Caltrans recently released a summary report from the University of California, Berkeley called *Rail and the California Economy*. Passenger rail benefits riders and non-riders in many ways, including: providing a peak travel-time option that is often faster than congested highways, providing a comfortable travel option for passengers to relax or work on the train, improving the environment by generally reducing pollution relative to individual car trips and encouraging high density and compact land development to increase environmental and natural land preservation benefits.

State Rail Assistance Funding Process

As added by SB 1, Public Utility Code section 99312.3 continuously appropriates the revenue received from a 0.5 percent sales tax on diesel fuel to State Rail Assistance. This revenue is estimated to be approximately \$25 million in 2017-18, \$39 million in 2018-19, and \$41 million in 2019-20. These revenue numbers are provided for planning purposes only. The estimates are based on the Department of Finance's May Revision Budget Forecast from May 2017, and future budgets forecasts will include new revenue estimates.

Public Utility Code section 99312.3 directs 50 percent of State Rail Assistance to intercity rail agencies, 50 percent of revenue to commuter agencies, and allows loans among agencies within each category. For commuter rail, statute directs an equal split of the funding from 2018-19 and 2019-20 to the state's five commuter rail providers. Future guidelines will define the distribution formula for 2020-21 and thereafter. For intercity rail, statute directs a minimum of 25 percent of funding to each of the state's three intercity rail corridors with regularly scheduled service, these guidelines direct the process for allocation of the remaining 25 percent.

Based on statutory requirements and the May 2017 revenue forecast, allocations are estimated as follows; however, these numbers will fluctuate somewhat due to future changes in the price of diesel fuel and consumption:

Commuter Rail Agency	Estimated Distribution		
	2017-18	2018-19	2019-20
Altamont Corridor Express Authority (ACE)	\$2.5M	\$3.9M	\$4.1M
North County Transit Development Board (Coaster)	\$2.5M	\$3.9M	\$4.1M
Peninsula Corridor Joint Powers Board (Caltrain)	\$2.5M	\$3.9M	\$4.1M
Sonoma-Marín Area Rail Transit District (SMART)	\$2.5M	\$3.9M	\$4.1M
Southern California Regional Rail Authority (Metrolink)	\$2.5M	\$3.9M	\$4.1M
	Estimated Distribution		
	2017-18	2018-19	2019-20
Capitol Corridor Joint Powers Authority	\$3.1M	\$4.9M	\$5.1M
LOSSAN Rail Corridor Agency (Pacific Surfliner)	\$3.1M	\$4.9M	\$5.1M
San Joaquin Joint Powers Authority	\$3.1M	\$4.9M	\$5.1M

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Flexible for intercity rail agencies, public agencies authorized to plan and/or manage intercity rail operations for aspiring corridors, and Caltrans	\$3.1M	\$4.9M	\$5.1M
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For the formula funds, each of the five commuter rail agencies and the three intercity rail agencies may request allocation up to the amounts listed above, unless otherwise directed by CalSTA. New forecast numbers will be available from the California Department of Finance when the Governor's Budget is released each January and with the May Revision of the Governor's Budget each May. Since funding levels will fluctuate with the price of diesel fuel, and given the continuous appropriation of funds to this program, programming requests that utilize all or most of the three fiscal years of funding indicated in the table above may be permitted with CalSTA approval to utilize FY 2020-21 funding should actual revenues fall short of the estimates. In the case of Commuter Rail Agencies, which are subject to a revised formula starting in FY2020-21, the adjustment required to handle any shortfalls would be off-the-top of FY2020-21 funding, and only remaining funds would be subject to the new formula in FY2020-21.

For the intercity rail funds that are flexible for award to existing corridors, aspiring corridors, and Caltrans; CalSTA will award these funds after dialogue with eligible recipients and stakeholders. Prior to award of any flexible funds, CalSTA will provide public notice, invite public comment, and invite eligible recipients to meet with CalSTA to discuss project ideas. Eligible recipients will be invited to submit a letter formally requesting flexible funds and describing their proposed project. CalSTA will favor projects that will promote connectivity, integration of intercity rail service, and projects that have the greatest potential to grow rail ridership. CalSTA will consider geographic balance over multiple award cycles, but retains flexibility in any given funding round to select the best project or projects.

Implementation – Approval of Projects and/or Spending Plans

CalSTA will work with rail agencies and other stakeholders through draft guideline development, to project completion, including guideline adoption and project selection. After State Rail Assistance guidelines are adopted, CalSTA will invite eligible agencies to submit an Allocation Request for purposes of validating project eligibility, documenting expected benefits of the spending, and especially, for purposes of transparency and accountability for SB 1 expenditures. The guidelines describe the process that each agency must follow to receive their allocation. The agency will receive their allocation of funds once they have submitted an Allocation Request, and CalSTA has determined the project meets all requirements of the program. Disbursements may occur as frequently as each quarter, if requested by the recipient agency.

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Stakeholder Consultation to Maximize Public Benefits

Since the majority of these funds are distributed by formula, the State's role is largely confined to certifying project eligibility and ensuring reporting and accountability of program expenditures. Primary responsibility is assigned to each recipient rail agency and their respective public boards to ensure funds are spent in a cost-effective manner to *maximize* public benefit. Recipient rail agencies are strongly encouraged to engage with stakeholders in crafting State Rail Assistance expenditure plans. Stakeholders should include, but should not necessarily be limited to the following groups:

- Individuals and groups representing the general public, including those representing disadvantaged and low income communities
- Elected representatives at the local, state and federal levels, and plans and policies developed at all levels of government
- State, Regional, and Local transportation planning entities and their respective transportation plans
- The California Air Resources Board and regional air boards, who may be provide expertise and be funding partners in clean technology and investment

To ensure public transparency and opportunities for public engagement, recipient rail agencies must adopt their State Rail Assistance expenditure plan at a public meeting of their boards.

Updates to the Guidelines

These guidelines cover the funding period 2017-18 through 2019-20. CalSTA reserves the right to reopen and revise these guidelines at any time, at its discretion. CalSTA will issue a new set of guidelines prior to 2020-21 to cover funding in from that year and subsequent years.

Roles and Responsibilities

Department of Tax and Fee Administration

The Department of Tax and Fee Administration collects the sales tax on diesel fuel, of which 0.5 of the rate is directed to State Rail Assistance. The Department of Tax and Fee Administration already reports estimated diesel sales tax revenue quarterly, for purposes of State Transit Assistance, and reports this information to the Department of Finance.

Department of Finance

Upon receipt of quarterly diesel sales tax reports from the Department of Tax and Fee Administration, the Department of Finance will forward this information to CalSTA.

California State Transportation Agency

CalSTA is responsible for developing and updating the program guidelines, including administrative and reporting requirements and disbursement of funds. CalSTA will utilize the expertise of the Caltrans Division of Rail and Mass Transportation in administering this program, and may delegate certain duties or responsibilities of the program to the Department.

Recipient Rail Agencies

Recipient rail agencies are responsible for adhering to the requirement of statute and guidelines as a condition of receiving State Rail Assistance funds.

Eligible Recipients & Loan Authority

Eligible recipients are those that meet the definition in Public Utilities Code 99312.3, which are (1) public agencies, including joint powers agencies, responsible for state-supported intercity rail services, and (2) public agencies, including joint powers agencies, responsible for commuter rail services. For the purpose of these guidelines, public agencies responsible for state-supported intercity rail services include Regional Transportation Planning Agencies located on the routes under study for new intercity rail service, or “aspiring rail corridor”.

Commuter Rail Agency
Altamont Corridor Express Authority (ACE)
North County Transit Development Board (Coaster)
Peninsula Corridor Joint Powers Board (Caltrain)
Sonoma-Marín Area Rail Transit District (SMART)
Southern California Regional Rail Authority (Metrolink)
Capitol Corridor Joint Powers Authority
LOSSAN Rail Corridor Agency (Pacific Surfliner)
San Joaquin Joint Powers Authority
Caltrans & public agencies authorized to plan and/or manage intercity rail operations for aspiring rail corridors

Statute directs that guidelines include provisions providing authority for loans among agencies within each category of Commuter Rail and Intercity Rail. Eligible Recipients are defined below as either a Lead Agency or a Contributing Sponsor to facilitate loans or transfers between agencies.

Lead Agency

The Lead Agency is an eligible recipient of State Rail Assistance funds that is responsible for requesting funds and the implementation of the project or expenditure plan. The Lead Agency is also responsible for submitting a complete Allocation Request, and ensuring funds are only applied to approved expenditures, in accordance with these guidelines. Lead Agencies may receive funds from contributing sponsors that support the approved project, where the Lead Agency will also ensure that the appropriate signatures are included with final Allocation Requests from the contributing sponsor. Once an Allocation Request is approved and authorized for funding, the CalSTA will send State Rail Assistance funds directly to that Lead Agency. The Lead Agency is also responsible for:

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1. Oversight and/or performance of all work from receipt of funding through completion of the project.
2. Establishing a bank account for SRA funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to SRA funds.
3. All project documentation including but not limited to: Allocation Request, Corrective Action Plans, Reports, Project Audits, and any additional information needed in the event of an audit. Please review the Reporting section for greater detail.
4. Comply with all applicable California Environmental Quality Act (CEQA), civil rights and environmental justice obligations under state and federal law.
5. Maintaining copies of project records for three years after the Final Project report or Final Phase report is submitted.

Contributing Sponsor

The contributing sponsor is an Eligible Recipient that passes some or all of their SRA funds to the Lead Agency to support a project. CalSTA is not responsible for tracking funding agreements (borrowing, loaning, delegating, relinquishing funds, etc.) between Eligible Recipients, including the lead agencies and contributing sponsor. CalSTA will track allocation amounts to ensure funding is accurate per the formula distribution and track contributing sponsors signature of agreement in order to pass their fund to the Lead Agency who will carry out the project requirements.

Project Eligibility

State Rail Assistance was created to provide operating and capital assistance for commuter and intercity rail agencies. Public Utilities Code 99312.3 does not provide any additional direction beyond subdivision (c) of that section that specifies: *The funds made available by this section may be used for operations and capital improvements.* These guidelines permit projects that cover a full range of transportation planning and mass transportation purposes, with the direction that rail agencies spend these funds in a cost-effective manner to provide operations and capital improvements for the benefit of the public. Transportation planning efforts includes, but is not limited to, service development plans, environmental reporting, feasibility studies, alternative analysis, strategic plans, ridership modeling, multi-agency integration efforts, schedule optimization, and long-and short-range transit planning. The Allocation Request section of these guidelines, requires reporting of expenditures by category for purpose of SB 1 reporting and accountability; however, primary responsibility is assigned to the recipient rail agencies to *maximize* public benefit with these funds. The State role is to confirm operations and capital improvement are likely to be achieved with the proposed projects or expenditure plans submitted, and that proposed expenditures are consistent with the broad definition of mass transportation purposes.

A companion measure to SB 1 is Assembly Constitutional Amendment 5 (ACA 5), which if approved by voters at the November 2018 general election would amend Article XIXA of the California Constitution to restrict expenditure of these funds to only transportation planning and mass transportation purposes. Given that mass transportation service is the core service provided by all of the agencies eligible to receive these funds, the adoption of ACA 5 is not expected to impact the projects approved for State Rail Assistance. However, agencies spending SRA funding will be expected to comply with all statutory and constitutional requirements whether specifically addressed in the SRA guidelines or not.

Allocation Request and Award Requirements

This section will highlight how an agency should request their allocation and the requirements for the awarded projects that the Lead Agency and Contributing Sponsor must comply with and or submit. Allocation Request materials are available in an Excel format at:

<http://calsta.ca.gov/state-rail-assistance-program/>

Allocation Request Form

The Lead Agency must submit to CalSTA a description of the proposed rail expenditure or expenditures it intends to fund with the State Rail Assistance allocation. A guide for this form is available as Attachment A. The State Rail Assistance Allocation Request form is the basis for CalSTA's verification that the project is consistent with State Rail Assistance requirements and is provided as Attachment B. This document, provided as an excel document with multiple worksheets, will include all project information, project sponsors, authorized signature page, detailed description of projects major benefits, project schedule, etc. Please note that a complete Allocation Request must be submitted for each project in order to receive an agency's apportionment. This will allow the state to release funds annually or quarterly to the Lead Agency's bank account where funds could potentially accrue interest.

Any Contributing Sponsor(s) must also sign the Allocation Request form indicating the dollar amounts to be contributed, or provide a signed letter detailing this information. If there are multiple contributing sponsors, each sponsor must sign the Allocation Request indicating their respective portion of funds being contributed or submit a signed letter with the required information as described above.

Authorized Agent Form

The executive authority of an eligible recipient of State Rail Assistance funds must submit to CalSTA a signed and dated Authorized Agent form that is Board approved, identifying the agent(s) who is (are) given authority to act for the executive authority to submit the Allocation Request form and all reporting documents. If there is a change in the Authorized Agent(s), the eligible recipient must submit a new form. This form is required even when the Authorized Agent is the executive authority. The form is provided as Attachment C.

Certifications and Assurances Form

Before submitting an Allocation Request, the eligible recipient must submit a self-certification that he/she will meet all requirements of the State Rail Assistance Guidelines, including all reporting deadlines. Only Allocation Requests from agencies with a signed Certifications and Assurances document on file will be accepted. Agencies who do not have this form on file must submit a signed Certification and Assurances with their Allocation Request. This form must be Board approved and is provided as Attachment D.

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Total Project Cost and Funding Plan

Attachment E provides an itemized list of all fund sources for full project costs. This will detail a break-out of each fiscal year of State Rail Assistance contributions. The Lead Agency must provide a Total Project Cost and Funding Plan for the project that shows **all** fund sources (not just the SRA portion) needed to complete the project. If future year State Rail Assistance funding is to be dedicated to the project, include those funds on the Total Project Cost and Funding Plan sheet and list the estimated amount in the appropriate fiscal year. The **Authorized Agent must sign the statement on the Funding Plan to assume all fiscal responsibilities.**

To ensure that State Rail Assistance expenditures are *not supplanting* existing transit funding sources, a recipient agency receiving SRA funds shall certify that the funds will not be used to supplant revenue that would otherwise be available for rail operations and capital improvements. CalSTA may authorize a recipient agency to shift funds across projects or across project phases, if the recipient agency certifies the shifts do not reduce available funding for rail operations and capital improvements. CalSTA may audit recipient agencies' to determine whether SRA funds are being used to supplant funding. If it is determined by the State, that an agency is in fact supplanting SRA funds, that agency may be subject to adverse action.

Board Resolutions

The Authorized Agent, Certifications and Assurances Board Resolution, and Project Board Resolution may be combined into one Board Resolution. A sample is provided as Attachment F and G in the Appendix.

The Project Resolution must include a description of the project, the amount of State Rail Assistance funds requested. This resolution is crucial and demonstrates the project was publicly reviewed. It is recommended that agencies utilize the sample project board resolution for use when submitting the Allocation Request to ensure all language is captured. A Lead Agency may combine multiple SRA Projects on one resolution, but each project must be listed separately or bulleted. Board Resolutions are also available at: (website pending).

Bank Account

Once an Allocation Request is approved, CalSTA will release the allocation amount to the Lead Agency. The Lead Agency must deposit funds into a dedicated bank account that will hold only SRA funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to SRA funds. When the agency submits their Semi-Annual reports, they are required to submit a copy of their most recent bank statement.

Fund Roll-Over

If the agency is not prepared to initiate a project in the current fiscal year, they may roll funds over into a subsequent fiscal year, accruing a maximum of **4** years of SRA funds for a more

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substantial project. All funds must be applied to the project within four years. Approved projects must also be completed and funds expended within the subsequent 4 years.

If the Lead Agency intends to roll over funds or hold funds for a more substantial project, a **full Allocation Request must be submitted for each year**. For the period covered by these guidelines (2017-18 through 2019-20), a Lead Agency may submit all years up front or submit annual requests each year. Unrequested funds **will** be held by the state during the 2017-18 through 2019-20 period. Future guidelines may include provision for loans or reallocation of any 2017-18 through 2019-20 funds that do not have an allocation request. After the project has been fully reviewed and approved, CalSTA will release the requested funds to the Lead Agency as often as quarterly as funds are received to be deposited in the dedicated SRA bank account. Funding received in the first year will remain in the account while the subsequent year(s) funds are accrued and added to the account. Upon receipt of the *final* year's funding, whether it's for four years or less, the agency will have six months to begin the project.

Reassigning Funds to a New or Existing Eligible State Rail Assistance Project

Lead Agencies may find that they have surplus funds at the completion of an approved SRA project or they may determine the funded SRA project is no longer a high priority or feasible. As a result, the Lead Agency may apply to reassign funds to a different approved SRA project. If the project is complete and there are surplus funds, an agency should include the proposed use for the surplus funds as part of the required Final Report. If use of surplus funds has not yet been determined, CalSTA staff shall treat the project as on-going (incomplete) until the agency identifies an eligible SRA project to receive the surplus funds. If the agency elects to reprioritize eligible projects and redirect approved SRA funds to an alternate project, a Corrective Action Plan (CAP) for the original project must be submitted. The alternate project must be approved by CalSTA. If the alternate project is not a previously approved SRA project, the project lead must submit a completed Allocation Request and comply with all requirements of the application process.

Reassigning Funds to a NEW Eligible State Rail Assistance Project:

- The Allocation Request for the reassigned funds should be treated the same as an Allocation Request submitted for new funding, and all required documents must be submitted in the same manner.
- The new project must expend the funds within the time limits of the original allocation of funds.
- CalSTA will review and approve or deny the reassignment within 30 days. The new Allocation Request must have all the authorized signatures of the same agencies as the original project, indicating all contributing sponsors are aware of the new use of their contributed funds.

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- **The Lead Agency may not expend surplus funds from the new project before receiving written approval from CalSTA authorizing the Lead Agency to do so.**

Reassigning Funds to an EXISTING State Rail Assistance Project:

- The Lead Agency must submit a CAP for the project that will no longer be using SRA funds. The justification should list the project that will receive the reassigned funds.
- An additional CAP is to be submitted for the existing approved SRA project receiving the reassigned funds. This CAP should list the original fund amounts and the revised amounts based on the transfer of funds following the steps listed above.
- The reassigned funds must be expended within the time limits of the original allocation of funds.
- If there are any contributing sponsors to the reassigned funds, the Lead Agency must have sign-off from the contributing sponsor for the change in use of their funds. This may be documented by adding signature lines to the CAP or including a signed letter from the contributors indicating agreement of the use of their funds.
- If Caltrans staff determines an agency has a pattern/history of reassigning the same funds multiple times, the agency may be placed on the list of high risk project leads and could be subject to a spot audit (see section on spot audits).

Agencies who fail to submit revisions made to the CAP as requested by CalSTA and/or are delinquent in other required reports and submittals, may have additional allocations of SRA funds suspended until all delinquent items have been submitted and approved, as determined by CalSTA.

Interest Earned

Interest on SRA funds must be used in the same manner as the principal. Interest earned must only be used for approved SRA projects. If the project costs exceed the amount on the approved Allocation Request, any interest earned may be applied to the project. The Lead Agency must first submit a CAP and receive Caltrans approval of that CAP before any interest earned may be applied to the project. Interest remaining after a project closeout must be applied to another approved SRA project. Any unused interest not applied to a current project should be applied to the next Allocation Request submitted and used prior to or along with, the allocation of additional funds. CalSTA will inquire about the status of unused interest every six months until said interest earned is exhausted.

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State Rail Assistance 2017-18 Calendar

Allocation Request Schedule:	
CalSTA posts Final State Rail Assistance Guidelines	October 13, 2017*
CalSTA notifies agencies of available funding	October 13, 2017*
Transit agencies submit Allocation Requests to CalSTA	December 15 2017*
CalSTA approves project lists	January 31 2018*
CalSTA commences quarterly allocations	February 2018*
Reporting Schedule:	
Semi-Annual Report due to CalSTA (on data January 1 – June 30)	August 15 th Starting 2018
Semi-Annual Report due to CalSTA (on data July 1 - December 31) <small>*Subject to Change</small>	February 15 th Starting 2019

State Rail Assistance Allocation Request Submittal

The following required documents must be mailed hard-copy to CalSTA. This includes:

- Signed original Allocation Request
- Authorized Agent form
- Certifications and Assurances
- Funding Plan
- Board Resolutions

Mailed to:
State Rail Assistance Program
California State Transportation Agency
915 Capitol Mall
Sacramento, CA 95814

In addition, a scanned copy of the completed request **and excel documents** of the Allocation Request, Total Project Cost, Funding Plan are required to be **e-mailed** to SRA@CalSTA.ca.gov.
One Allocation Request per email to be sent by the Lead Agency.

Please note: An agency must submit revisions to any documents requested by CalSTA and should not be delinquent in required reports. Agencies may not receive additional allocations of SRA funds until all delinquent items have been submitted and approved.

Reporting Obligations

State Rail Assistance requires reporting so the State can itself report on the use of the funds and status of projects, and in order to reflect project progress in other funding, planning and approval processes of the state. This section will highlight all of the reporting requirements that rail agencies must complete.

Project Profile

The following project information is required from each Project Lead and is provided in the Allocation Request:

1. ID Number (file number assigned by CalSTA after all allocations are received)
2. Project Type (i.e., expand transit service, enhancement projects)
3. Project Description
4. Location (address, county, Lat/Long, etc.)
5. Total amount of SRA dollars to be allocated
6. Total Project Cost and leveraged funds
7. Project Schedule
8. Estimated Co-benefits (i.e., connectivity and integration with other rail operators, benefits to disadvantaged or low income communities, benefits for station-area development, or other benefits Project Leads may wish to cite)

Semi-Annual Progress Report

The project's Lead Agency is required to report semi-annually to CalSTA on the activities and progress of each approved and allocated project to ensure activities are performed timely, within approved scope and cost, and are achieving the intended purpose for which they are to be utilized. The Lead Agency must notify CalSTA when allocated SRA funds have been liquidated and must provide completed and signed progress reports every six months until an approved project is completed, and the final project report has been filed.

Reports will cover information accrued from July 1st to December 31st and January 1st to June 30th. The reports will be due by February 15th and August 15th, respectively.

The report consists of two sections, the “Semi-Annual Report” and the “Semi-Annual Itemized Expenditure Table”. This report must contain accurate and up-to-date information on the progress of each project. Reports will only be accepted by CalSTA staff when determined to be complete and accurate. **Bank statements for June 30th or December 31st must be attached to the expenditure table.**

All projects are expected to begin work within six months of becoming fully funded. Should a project experience any delays, the cause of such delay must be reported as an amendment, under “Justification for Change”. This amendment section should only be used for minor changes to the project and to discuss delays in the start date. Should there be a major change, a full

SRA Discussion Guidelines 2017-18 through 2019-20

Corrective Action Plan (CAP) is required. Any justification deemed inadequate by CalSTA will be questioned and the agency will be asked to provide further information. If projects have not begun within six months of the project becoming fully funded, the report must include a clear description of the circumstances delaying the project which leaves no question that the circumstances were unforeseen, uncommon, and beyond the control of the agency. The description must include information indicating specific steps the agency plans to take to keep the project on task. Agencies with a project that is repeatedly delayed will be encouraged to reassign the funds and complete a CAP.

If the agency is accruing SRA funds over a period of two years or more, a full Semi-Annual report will not be required until the project is fully funded and ready to go. However, a bank statement will still be required to verify the receipt of each year of SRA funds and the establishment of the dedicated bank account. A copy of the bank statement will continue to be required, due concurrently with Semi-Annual report requirements, until the project has started, at which time the Semi-Annual reports will begin. Funding received in the first year may remain in the account until the second, third and/or fourth year funds are accrued and added to the account. At that time, assuming the project is fully funded, the agency will have six months to begin the project.

All reports must reflect accurate and complete project information. Any incomplete or inaccurate reports will not be accepted and will be considered delinquent until submitted with corrections and/or additional information as requested by CalSTA. Agencies found to have submitted inaccurate information will be placed on the list of high risk project leads and could be subject to additional spot audits.

Upon receiving a written request that includes a justification for reduced reporting, CalSTA may allow reporting on an annual basis for projects receiving State Rail Assistance funding, and will indicate its approval in writing. However, should supplemental reporting be needed in order to support state decision-making, Lead Agencies will be expected to be responsive in a timely fashion in providing up-to-date project reporting.

Agencies, with delinquent reports will not receive further State Rail Assistance allocations until reports have been received by CalSTA.

Corrective Action Plan

To change an approved Allocation Request, including any changes to the originally approved scope, schedule, or cost, the Lead Agency must first obtain approval from CalSTA by submitting a Corrective Action Plan (CAP). This must be done before funds can be applied to any use other than the current project's approved scope of work. Funds may not be used on an alternate project until the CAP has been submitted and approved. If the funds are being applied to an alternate project, it must have an approved SRA Allocation Request on file. The CAP must indicate any potential changes in the scope, approved funding amounts, and schedule. If the scope of work

SRA Discussion Guidelines 2017-18 through 2019-20

changes the type or level of benefits, the changes must also be reflected in the benefit description, with revised estimates of benefits listed.

If the project schedule is being revised to reflect any delays or obstacles, an adequate justification must be given in the CAP. All CAPs must have the justification for change completed. If a justification is not deemed adequate by CalSTA, the agency will be asked to provide a revised justification before the CAP is approved. The project change may not move forward until CalSTA has approved the CAP.

If it is discovered that an agency has begun spending funds on a task or project outside the approved scope of work prior to submitting a CAP or prior to CalSTA approval of the CAP, the agency will be placed on the list of high risk Lead Agency. The State is entitled to recover any and all funds that are spent on an ineligible expenses.

Upon receipt of the CAP, CalSTA has 30 days to review and approve/not approve the document. Agency may not proceed without CalSTAs' approval of the CAP.

Final Project Report

Once a project has been completed, the Lead Agency must notify CalSTA by email or letter and submit a final project report within six months of completion. Please note, once an agency has received all SRA funding for a particular project, the project must be fully expended within four years. The final project report includes:

1. Final Project Report Form: Includes the comparison of actual project performance of the final project to project performance when the allocation was requested. It will also include summarized information regarding co-benefits for the project.
2. Final Project Itemized Expenditure Table: Complete this table and attach the latest bank statement from the SRA dedicated bank account.
3. Verification: Project completion as scoped must be verified. The Lead Agency will provide evidence of project completion, including photograph(s) of the completed project. Evidence of project completion can be satisfied by submitting the required photographs and one or more of the following: A copy of the final invoicing; and a copy of the punch list from the facility's final walk through; and a copy of the Title, if the project is to procure a vehicle. This list includes a samples of what can be used to show evidence regarding completion of a project. Please contact SRA staff to discuss alternatives that may exist for your circumstances. In the case of a planning project, the completed plan shall be submitted to satisfy verification requirements.
4. Savings: If the project has been completed with a savings, the report should indicate the amount of savings and how those funds will be applied towards an approved SRA project. Any project cost savings not reassigned to current project should be applied to the next Allocation Request submitted, and used prior to, or along with, the allocation of

SRA Discussion Guidelines 2017-18 through 2019-20

additional funds. CalSTA, will inquire about the status of any outstanding cost savings every six months until said savings are exhausted.

Please ensure that expended interest and all other information in the final report are properly reported. Incomplete or incorrect reports will not be accepted and will be considered delinquent until corrections are provided. Agencies with delinquent reports **will not** receive further SRA allocations until completed and/or corrected reports have been received by CalSTA.

Project Audit

Annual audit of public transportation operators required under the Transportation Development Act (TDA), per PUC 99245, must include verification of receipt and appropriate expenditure of funds. Project leads receiving SRA funds in a fiscal year for which a TDA audit is conducted must submit a copy of the audit to Caltrans by December 31st, six months after the close of the fiscal year (closes June 30th). Audits will be made available to the Legislature and the SCO. Lead agencies may request a 90-day extension from the December 31st deadline to March 31st. They must notify Caltrans in writing via e-mail or a formal letter. Project leads who fail to submit an expanded TDA audit documenting all SRA funding allocated to date will not receive future SRA allocations until the required document(s) have been submitted to Caltrans.

Spot Audit and On-site Monitoring

Spot audits and on-site monitoring can take place at any time at the discretion of CalSTA without prior warning given to the agency. Either a spot audit or monitoring may be conducted concerning specific issue or function. Any evidence or information that supports the need for compliance audit action or monitoring will be pursued by Caltrans at the direction of CalSTA. High risk lead agencies are likely to become the subject of a spot audit or on-site monitoring. Agencies or projects will be placed on the high risk list for the following:

1. Delinquent with reporting requirements and or not providing documentation as stipulated in the SRA guidelines
2. Agencies with frequent errors or that have not conformed to the requirements of previous awards
3. Agencies engaged in multiple reassignments of funds
4. Projects with 0% progress one year after allocation
5. Agencies suspected of supplanting funds and other special situations

Caltrans under the direction of CalSTA, will select agencies periodically and perform an extensive review of all SRA related information from the agency. If selected, an agency may be asked to provide additional documents pertinent to the State Rail Assistance program and projects that have been funded. If inconsistencies are found, agencies will be provided an opportunity to correct those errors. If discrepancies are not corrected, the agency will not be eligible to receive future funding.

Read Me (Attachment A) 2017-18 through 2019-20

The following is to be used as a guide to completing the CalSTA State Rail Assistance (SRA) Allocation Request form.

To help make the fiscal year 2017-2018 through 2019-20 Allocation Requests user friendly, the request spreadsheet includes a large number of features including drop down lists, auto fill cells and cells that perform calculations. Light Yellow Cells are cells with drop down lists, Light Blue Cells auto populate, Light Green Cells include a calculation. A Lead Agency must complete an Allocation Request form and a Funding Plan form for each project proposed for SRA funds. Pursuant to the current estimate of funding available to the SRA Program for 2017-18 through 2019-20, each Commuter Rail Agency should request no more \$10.5 million and each Intercity Rail Joint Powers Agency should request no more than \$13.1 million.

Allocation (page 1)

The Allocation section must be submitted by the Lead Agency along with a signed copy and PDF version of the document. The Allocation section should be signed by an Authorized Agent of the Lead Agency and if there is a Contributing Sponsor(s) by an Authorized Agent from each of the Contributing Sponsors. An official signed letter can be submitted by Contributing Sponsor(s) in lieu of signing the Allocation Page. The SAR funding amount should populate from the amounts listed in the funding section on page 4.

Lead Agency Information (page 1-2)

The Lead Agency must complete all questions on the Lead Agency page including Name, Address, Regional Entity, Agency Website, Contact information, and Authorized Agent information. Some of this information will population from the first page (Light Yellow).

Project Information (page 2-3)

The Lead Agency must complete all questions in the Project Information section. The Lead Agency also needs to include information on project life, project type, start and end date. The Lead Agency must also describe how the SRA funds will not supplant other funds.

The Lead Agency must provide clear and concise descriptions of their proposed project in the Project Information section. Describe what the project is and what it entails. If the proposed project is a capital project, the description of the project should include the number of items being purchased with SRA funding, the type, and any appropriate descriptions of the project to provide a clear understanding of the intent of the project. If the proposed project is an operational project, the description of the project should include the type of service, the number of trips, the number of additional revenue service hours, the number of additional revenue service miles and the purpose of the additional service. Attach any additional pages if necessary.

The Lead Agency must also provide information regarding their project area, transit service, fare structure and any information on the planning process for the proposed project.

Funding Information (page 4 and TAB)

The Lead Agency completes this section and provides information about the amount and the number of years of SRA funding needed to complete the project. If there is a Contributing Sponsors to the proposed project contact information for that entity needs to be provided. Please include SRA funds in the 99312 section and other funding in the Other section. The green cells will calculate the total amount entered. Please complete the Funding Plan Tab as well. Please input the funding in the appropriate row. Use the first grouping will be total funding and calculated. The second grouping will be for SRA funds. There other sections please write in the type of funding that will be associated with this project. This page will need a signature by the authorize agent as well.

Co-Benefits (page 5) The Lead Agency must explain how the proposed project might have additional/co-benefits besides reducing Greenhouse Gas and increasing transit mode share.

Read Me (Attachment A)

2017-18 through 2019-20

AA, C&A, Sample Board Resolutions (Tabs) Please fill out the Authorized Agent form and the Certs and Assurances forms. The last two tabs are two sample board resolutions please revise as necessary.

Lead Agency:		
Project Name:		
DOCUMENTS	COMPLETE	NOTES
Allocation Request		
Project Allocation (page 1)		
Lead Agency's Allocation (including signature)		
Contributing Sponsor(s) Allocations (including signature)		
Lead Agency Information (page 2)		
Project Information (page 2-3)		
Project Information		
Transit Service Information		
Funding Information (page 4)		
Lead Agency Funds		
Contributing Sponsor Funds		
Local Funding		
SRA Funds		
Co-Benefits (page 5)		
Project Maps		
Authorized Agent Form		
Certifications and Assurances		
Total Project Cost and Funding Plan		
Board Resolution approving above forms		
Board Resolution approving Project		

Allocation Request (Attachment B)

Lead Agency:

Project Title:

Lead Agency: I certify the scope, cost, schedule, and benefits as identified in the attached Allocation Request (Request) and attachments are true and accurate and demonstrate a fully funded operable project. I understand the Request is subject to any additional restrictions, limitations or conditions that may be enacted by the State Legislature, including the State's budgetary process and/or auction receipts. In the event the project cannot be completed as originally scoped, scheduled and estimated, or the project is terminated prior to completion, Lead Agency shall, at its own expense, ensure that the project is in a safe and operable condition for the public. I understand this project will be monitored by the California State Transportation Agency.

Authorized Agent:

Title:

Lead Agency:

Signature:

Date:

SAR Funding Amount: \$

-

Contributing Sponsor(s): *If this project includes funding from more than one project sponsor, the project lead above becomes the "recipient agency" and the additional contributing project sponsor(s) must also sign and state the amount of SAR funds. Sign below or **attach a separate officially signed letter providing that information.** **If there is more than one contributing sponsor, please submit additional page, or a letter from the additional contributors.**

Authorized Agent:

Title:

Agency:

Signature:

Date:

SAR Funding Amount:

FY 2016-2017 SRA Allocation Request

Lead Agency Information

Name:	
Address:	
City, State, Zip Code:	
County:	
Agency Website:	

Allocation Request Prepared by

Name:	
Title:	
Phone #:	
E-mail:	

Contact (if different then "Prepared by")

Name:	
Title:	
Phone #:	
E-mail:	

Authorized Agent

Name:	
Title:	
Phone #:	
E-mail:	

Legislative District Numbers

Assembly*:				
Senate*:				
Congressional*:				

*if you have more Districts please provide an attachment

Project Information

Name:			
General Area (City/County):			
Specific Area (Lat-Long or Address) use separate sheet if needed:			
Description (Short): <i>Should not be more than 3 lines.</i>			
Type:		Start date (anticipated):	
		End date (anticipated):	
Project Life - For capital projects, state the "Useful Life" of the project. For operation projects state the number of months service will be funded.			
Capital:		Operations:	
Description - Describe the project using comprehensive overall project description regarding improvements to be made, increased level of service and project goals (include for operations projects number of trips, span, frequency improvements and number of days of operation; for capital projects include product specifications).			

Project Information (continued)**Area** - Describe the project area including the city, town, community (rural, suburban, urban & demographics)**Service** - Describe the service you provide and how the project plays into your overall operations plan.**Service** - Describe the fare structure for your system and how the project will affect that structure if at all.**Costs** - Describe the assumptions and process for how the projects costs were developed.**Planning** - Explain the planning process this project went through, including any public outreach/input, or workshops.**Supplanting Funds** - Describe how the SRA funds will not supplant other funding sources.

FY 2016-2017 SRA Allocation Request

Funding Information

Project Name:	
Lead Agency:	

SRA Allocation Year		FY 17-18	FY 18-19	FY 19-20	Total
PUC 99312.3 Amount:					\$ -
Other Funds:					\$ -
Total Project Cost:		\$ -	\$ -	\$ -	\$ -

Is the Lead Agency rolling over SRA funds:	No	How many years will the funds be rolled over:	
---	----	--	--

Lead Agency:	Amount:	
Contact Person:		
Contact Phone #:		
Contact E-mail:		

Contributing Sponsor:	Amount:	
Contact Person:		
Contact Phone #:		
Contact E-mails:		

Contributing Sponsor:	Amount:	
Contact Person:		
Contact Phone #:		
Contact E-mails:		

Contributing Sponsor:	Amount:	
Contact Person:		
Contact Phone #:		
Contact E-mails:		

Contributing Sponsor:	Amount:	
Contact Person:		
Contact Phone #:		
Contact E-mails:		

Contributing Sponsor:	Amount:	
Contact Person:		
Contact Phone #:		
Contact E-mails:		

Contributing Sponsor Amount:	
Total FY 2017-18 through 2019-20 SRA Funding:	\$ -

FY 2016-2017 SRA Allocation Request

**FY 2016-2017 SRA
Allocation Request**

Co-Benefits

Co-Benefits - Check all additional Benefits/Outcomes.

<input type="checkbox"/> Improved Safety	<input type="checkbox"/> Coordination with Educational Institution
<input type="checkbox"/> Improved Public Health	<input type="checkbox"/> College <input type="checkbox"/> Grades K-12
<input type="checkbox"/> Reduced Operating/Maintenance Costs	<input type="checkbox"/> Promotes Active Transportation
<input type="checkbox"/> Increase System Reliability	<input type="checkbox"/> Promotes Integration w/ other modes of
<input type="checkbox"/> Other Benefits	<input type="checkbox"/> Transportation

Co-Benefits - Describe benefits indicated above and other benefits not listed.



Authorized Agent (Attachment C)
2017-18 through 2019-20

AS THE _____
(Chief Executive Officer/Director/President/Secretary)

OF THE _____
(Name of County/City Organization)

I hereby authorize the following individual(s) to execute for and on behalf of the named Regional Entity/Transit Operator, any actions necessary for the purpose of obtaining State Rail Assistance (SRA) funds provided by CalSTA. I understand that if there is a change in the authorized agent, the project sponsor must submit a new form. This form is required even when the authorized agent is the executive authority himself. I understand the Board must provide a resolution approving the Authorized Agent. The Board Resolution appointing the Authorized Agent is attached.

(Name and Title of Authorized Agent) OR

(Name and Title of Authorized Agent) OR

(Name and Title of Authorized Agent)

(Print Name) _____
(Title)

(Signature)

Approved this _____ day of _____, 20 _____

Only needed if there is a change in the Authorized Agent(s).

Lead Agency:

Project Name:

Prepared by:

The California State Transportation Agency (CalSTA) has adopted the following Certifications and Assurances for State Rail Assistance (SRA). As a condition of the receipt of SRA funds, project lead must comply with these terms and conditions.

A. General

1. The project lead agrees to abide by the current SRA Guidelines and applicable legal requirements.
2. The project lead must submit to CalSTA a signed Authorized Agent form designating the representative who can submit documents on behalf of the project sponsor and a copy of the board resolution appointing the Authorized Agent.

B. Project Administration

1. The project lead certifies that required environmental documentation is complete before requesting an allocation of SRA funds. The project lead assures that projects approved for SRA funding comply with Public Resources Code § 21100 and § 21150.
2. The project lead certifies that a dedicated bank account for SRA funds only will be established within 30 days of receipt of SRA funds.
3. The project lead certifies that when SRA funds are used for a transit capital project, that the project will be completed and remain in operation for its useful life.
4. The project lead certifies that it has the legal, financial, and technical capacity to carry out the project, including the safety and security aspects of that project.
5. The project lead certifies that they will notify CalSTA of pending litigation, dispute, or negative audit findings related to the project, before receiving an allocation of funds.
6. The project lead must maintain satisfactory continuing control over the use of project equipment and facilities and will adequately maintain project equipment and facilities for the useful life of the
7. Any interest the project lead earns on SRA funds must be used only on approved SRA projects.
8. The project lead must notify CalSTA of any changes to the approved project with a Corrective Action Plan (CAP).
9. Under extraordinary circumstances, a project lead may terminate a project prior to completion. In the event the project lead terminates a project prior to completion, the project lead must (1) contact CalSTA in writing and follow-up with a phone call verifying receipt of such notice; (2) pursuant to verification, submit a final report indicating the reason for the termination and demonstrating the expended funds were used on the intended purpose; (3) submit a request to reassign the funds to a new project within 180 days of termination.
10. Funds must be encumbered and liquidated within the time allowed

C. Reporting

1. The project lead must submit the following SRA reports:
 - a. Semi-Annual Progress Reports by August 15th (starting 2018) and February 15th (starting 2019)
 - b. A Final Report within six months of project completion.

D. Cost Principles

1. The project lead agrees to comply with Title 2 of the Code of Federal Regulations 225 (2 CFR 225), Cost Principles for State and Local Government, and 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
2. The project lead agrees, and will assure that its contractors and subcontractors will be obligated to agree, that:
 - a. Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allow ability of individual project cost items and
 - b. Those parties shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving SRA funds as a contractor or sub-contractor shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
3. Any project cost for which the project lead has received funds that are determined by subsequent audit to be unallowable under 2 CFR 225, 48 CFR, Chapter 1, Part 31 or 2 CFR, Part 200, are subject to repayment by the project lead to the State of California (State). All projects must reduce greenhouse gas emissions, as required under Public Resources Code section 75230, and any project that fails to reduce greenhouse gases shall also have its project costs submit to repayment by the project lead to the State. Should the project lead fail to reimburse moneys due to the State within thirty (30) days of demand, or within such other period as may be agreed in writing between the Parties hereto, the State is authorized to intercept and withhold future payments due the project lead from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

A. Record Retention

1. The project lead agrees, and will assure that its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred project costs and matching funds by line item for the project. The accounting system of the project lead, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), and enable the determination of incurred costs at interim points of completion. All accounting records and other supporting papers of the project lead, its contractors and subcontractors connected with SRA funding shall be maintained for a minimum of three (3) years after the "Project Closeout" report, and shall be held open to inspection, copying, and audit by representatives of the State and the California State Auditor. Copies thereof will be furnished by the project lead, its contractors, and subcontractors upon receipt of any request made by the State or its agents. In conducting an audit of the costs claimed, the State will rely to the maximum extent possible on any prior audit of the project lead pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the project lead's external and internal auditors may be relied upon and used by the State when planning and conducting additional audits.
2. For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with the performance of the project lead's contracts with third parties pursuant to Government Code § 8546.7, the project sponsor, its contractors and subcontractors and the State shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire project period and for three (3) years from the date of final payment. The State, the California State Auditor, or any duly authorized representative of the State, shall each have access to any books, records, and documents that are pertinent to a project for audits, examinations, excerpts, and transactions, and the project lead shall furnish copies thereof if requested.
3. The project lead, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by the State, for the purpose of any investigation to ascertain compliance with this document.

F. Special Situations

CalSTA may perform an audit and/or request detailed project information of the project sponsor's SRA funded projects at CalSTA's discretion at any time prior to the completion of the SRA funded project.

I certify all of these conditions will be met.

(Print Authorized Agent)

(Title)

(Signature)

(Date)

Funding Plan (Attachment E)

2017-18 through 2019-20

The following Funding Plan has been reviewed and approved by the undersigned. It includes a complete list of funds for this project and is the total cost of the project, including SRA funds. The Lead Agency certifies that the requested SRA funds for the proposed project will not be used to supplant other funding sources.

Lead Agency:		Project Name:	
Authorized Agent Name:		Prepared by:	
Phone:		Phone:	
E-mail:		E-mail:	
Signature:		Date:	

Green shaded fields are automatically calculated. Please do not fill these fields.

Proposed Total Project Cost								Project
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

State Rail Assistance								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Plan (Attachment E)

2017-18 through 2019-20

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 18-19	FY 18-19	FY 18-19	FY 18-19	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

Funding Source:								
Component	Prior	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
PA&ED								
PS&E								
R/W								
CON								
Veh/Equip Purchase								
Operations/Other								
TOTAL								

**Sample Board Resolution #1
(Attachment F)**

SAMPLE

RESOLUTION #_____

**AUTHORIZATION FOR THE EXECUTION OF THE
CERTIFICATIONS AND ASSURANCES AND AUTHORIZED AGENT FORMS
FOR THE STATE RAIL ASSISTANCE (SRA)**

(The following is sample language that could be included in your Board Resolution, necessary for execution of Certification and Assurances and Authorized Agent forms)

WHEREAS, the (Agency) is an eligible project sponsor and may receive state funding from State Rail Assistance (SRA) 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 1 (2017) named the California State Transportation Agency (CalSTA) as the administrative agency for the SRA; and

WHEREAS, CalSTA has developed guidelines for the purpose of administering and distributing SRA funds to eligible project sponsors (Agencies identified as eligible recipients of these funds) and

WHEREAS, the (Agency) wishes to delegate authorization to execute these documents and any amendments thereto to (Name and title).

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

NOW THEREFORE, BE IT FURTHER RESOLVED that (*Name and Title*) be authorized to execute all required documents of the SRA program and any Amendments thereto with the California Transportation Agency.

AGENCY BOARD DESIGNEE:

BY: _____

**Sample Board Resolution #2
(Attachment G)**

SAMPLE

RESOLUTION #_____

**AUTHORIZATION FOR THE EXECUTION OF THE
STATE RAIL ASSISTANCE (SRA) PROJECT:
(NAME OF PROJECT(S) AND DOLLAR AMOUNT)**

(The following is sample language for the Board Resolution for SRA Project, necessary for approval of Allocation Request for SRA funds)

WHEREAS, the (Agency) is an eligible project sponsor and may receive state funding from State Rail Assistance (SRA) now or sometime in the future 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 1 (2017) named the California State Transportation Agency (CalSTA) as the administrative agency for SRA; and

WHEREAS, CalSTA has developed guidelines for the purpose of administering and distributing SRA funds to eligible project sponsors (local agencies); and

WHEREAS, the (Agency) wishes to implement the SRA project(s) listed above,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the (Agency) that the fund recipient agrees to comply with all conditions and requirements set forth in the applicable statutes, regulations and guidelines for all SRA funded transit projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the (Agency) that it hereby authorizes the submittal of the following project nomination(s) and allocation request(s) to CalSTA in FY 2017-18 SRA funds:

List project(s), including the following information:

Project Name:

Amount of SRA funds requested:

Short description of project:

Contributing Sponsors (if applicable):

Agency Board Designee:

BY: _____

**STATE RAIL ASSISTANCE PROGRAM
FISCAL YEAR 2017-18
RECOMMENDED PROJECT LIST**

Project Title	Description	Funding Amount	Fiscal Year
State Rail Assistance Program Funds			
San Luis Obispo Platform Tactile and Electrical Repair	Emergency repair and replacement of platform tactile and electrical conduits damaged during construction of Union Pacific track improvements.	\$ 395,500	2017-18
Interregional Connectivity Improvement Project	Capital and services associated with adjustments to optical readers at Los Angeles Union Station to allow for the scan of Pacific Surfliner fare media to facilitate seamless transfers between services.	\$ 520,000	2017-18
Corridor Optimization Software	Purchase of virtual servers and two perpetual licenses for Viriato timetabling and optimization software for use by Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) and Amtrak, for service and operational planning and the efficient disposition of rolling stock.	\$ 208,000	2017-18
LOSSAN Strategic Plan Update	Update the long term plan for the continued improvement of the Pacific Surfliner service. The plan will develop an updated vision for the LOSSAN Agency, using a short-term 2020 horizon, a near-term 2025 horizon and a long-term 2035 horizon.	\$ 400,000	2017-18
2018 Transit and Intercity Rail Capital Program Grant Match	Local match funds for the 2018 Transit and Intercity Rail Capital Program grant submittals by the LOSSAN Agency.	\$ 1,576,500	2017-18
Total (All Projects)		\$ 3,100,000	

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS ANGELES – SAN DIEGO – SAN LUIS OBISPO RAIL
CORRIDOR AGENCY**

**AUTHORIZATION FOR THE EXECUTION OF THE
CERTIFICATIONS AND ASSURANCES AND AUTHORIZED AGENT FORMS
FOR THE STATE RAIL ASSISTANCE**

WHEREAS, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is an eligible project sponsor and may receive state funding from State Rail Assistance (SRA) 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 1 (2017) named the California State Transportation Agency as the administrative agency for the SRA; and

WHEREAS, the California State Transportation Agency has developed guidelines for the purpose of administering and distributing SRA funds to eligible project sponsors, and

WHEREAS, the California State Transportation Agency requires the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency to complete and submit a Governing Body Resolution for the purposes of identifying agent(s) authorized to act on behalf of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency to execute actions necessary to obtain SRA funds from the California State Transportation Agency and ensure continued compliance with SRA assurances, and

WHEREAS, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency wishes to delegate authorization to execute these documents and any amendments thereto to Jennifer L. Bergener, Managing Director.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances and the Authorized Agent documents and applicable statutes, regulations and guidelines for all SRA funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that Jennifer L. Bergener, Managing Director, and/or her designee, is hereby authorized to execute for and on behalf of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, a public entity established under the laws of the State of California, all required documents of the SRA program and any Amendments thereto with the California Transportation Agency.

ADOPTED, SIGNED AND APPROVED this 6th day of December, 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Olga Prado
Clerk of the Board

Tony Kranz, Chairman
Los Angeles – San Diego –
San Luis Obispo Rail Corridor Agency

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS ANGELES – SAN DIEGO – SAN LUIS OBISPO RAIL
CORRIDOR AGENCY**

**AUTHORIZATION FOR THE EXECUTION OF
STATE RAIL ASSISTANCE PROJECTS FOR FISCAL YEARS 2017-18 THROUGH
2019-20**

WHEREAS, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is an eligible project sponsor and may receive state funding from State Rail Assistance (SRA) 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 1 (2017) named the California State Transportation Agency as the administrative agency for the SRA; and

WHEREAS, the California State Transportation Agency has developed guidelines for the purpose of administering and distributing SRA funds to eligible project sponsors, and

WHEREAS, the California State Transportation Agency requires the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency to complete and submit a Governing Body Resolution for the purposes of authorizing the execution of SRA projects, and

WHEREAS, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency wishes to implement SRA projects in fiscal years 2017-18 through 2019-20.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency that the fund recipient agrees to comply with all conditions and requirements set forth in the applicable statutes, regulations and guidelines for all SRA funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency hereby authorizes the submittal of project nominations and allocations requests to CalSTA for the utilization of SRA funds in FY 2017-18 through 2019-20.

ADOPTED, SIGNED AND APPROVED this 6th day of December, 2017.

AYES:

NOES:

ABSENT:

ATTEST:


Olga Prado
Clerk of the Board

Tony Kranz, Chairman
Los Angeles – San Diego –
San Luis Obispo Rail Corridor Agency



December 6, 2017

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Amendment to Contract with Truth and Advertising to Support Pacific Surfliner Winter Marketing Campaign

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is responsible for promoting the Pacific Surfliner intercity passenger rail service and implementing marketing programs aimed at increasing ridership, revenue, and awareness. Staff has prepared an expenditure plan for a winter marketing campaign for Board of Directors' review and approval. The campaign will begin in early 2018 and is designed to promote use of the Pacific Surfliner service during months that traditionally see lower ridership.

Recommendations

- A. Approve the proposed expenditure plan for the 2018 Pacific Surfliner winter marketing campaign.
- B. Authorize the Managing Director to amend Agreement No. L-7-0004 with Webb & Duffy's, doing business as Truth and Advertising, by \$400,000, for direct costs of purchasing campaign advertising.

Background

Per the terms of the interagency transfer agreement with the State of California, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) is responsible for marketing the Pacific Surfliner intercity passenger rail service in order to enhance public awareness of the service and increase ridership and revenue. A \$2 million budget for marketing services is included in the fiscal year 2017-18 Board of Directors (Board)-approved business plan.

The LOSSAN Agency works closely with its consultant team and external partners to develop and implement an array of marketing activities designed to strengthen the Pacific Surfliner brand, build a strong online presence, improve the customer experience, add value for passengers, and leverage strategic

partnerships. These marketing activities have contributed to year-over-year increases in ridership, revenue, and farebox recovery on the Pacific Surfliner.

Discussion

On August 21, 2017, the Board approved Agreement No. L-7-0004 between the LOSSAN Agency and Truth and Advertising, in the amount of \$250,000, to provide consulting services for integrated advertising and direct response marketing for the Pacific Surfliner for a one-year initial term with two, one-year option terms. The LOSSAN Agency has worked with Truth and Advertising and subconsultant U.S. International Media (USIM) to plan and execute marketing campaigns for the Pacific Surfliner. The planned winter marketing campaign aims to promote the Pacific Surfliner during a traditionally lower ridership season from January to March 2018.

To facilitate the winter marketing campaign, staff has developed a proposed expenditure plan that will include investments in digital, print, and outdoor advertising designed to maximize reach and engagement with target audiences living along the Pacific Surfliner route. The campaign will be designed to generate interest and engagement with the Pacific Surfliner service, while highlighting the onboard experience and great destinations served. By encouraging customers to “know, like, and trust” the Pacific Surfliner brand, the LOSSAN Agency can drive customers to PacificSurfliner.com and ultimately Amtrak points of sale to purchase tickets. LOSSAN Agency staff plans to further expand on digital tactics and will continue working with Amtrak to implement better sales and conversion tracking on the Amtrak.com site. The winter campaign will include the specific elements outlined below.

Winter Campaign - Expenditure Plan

Outdoor advertising (billboards, transit vehicle and shelter ads)	\$110,000
Radio and streaming audio	\$50,000
Destination-based advertising/partnerships	\$20,000
Digital advertising (Facebook, Google, Twitter, Instagram, YouTube, Waze, Programmatic display, and video)	\$220,000
Total	\$400,000

Outdoor Advertising

General advertising along the corridor is necessary to generate a high number of impressions and create interest in the Pacific Surfliner service while

highlighting key selling points such as scenic views, stress-free travel, and the comfort and convenience of onboard amenities. The outdoor campaign for Pacific Surfliner will be broad-reaching, covering the area between San Luis Obispo and San Diego, mainly targeting the areas surrounding train stations to reach people with easy access to the train system.

Radio and Streaming Audio

Engaging in broad reach advertising campaigns on radio and streaming audio services will help increase brand exposure while extending the reach of key messages to new markets. LOSSAN Agency staff will implement a media plan that includes a mix of coverage on radio and streaming audio channels.

Destination-Based Advertising and Partnerships

Focusing on destination-based marketing allows the LOSSAN Agency to reach customers researching trip ideas and planning transportation. Staff will continue to work with partners, including local convention and visitors' bureaus, to engage in cooperative partnerships that highlight the great destinations accessible via the Pacific Surfliner, and connecting transit services.

Advertisements in printed guides and cross-promotional opportunities through these partners extends the potential reach of marketing efforts to audiences in destinations along our route, including out-of-state visitors.

Digital Advertising

The proposed expenditure plan focuses heavily on digital advertising, as this medium has a proven track record of generating website traffic, audience engagement, and ticket sales. A mix of digital advertising channels will be used to implement short- and long-term integrated campaigns to increase market share, strengthen customer relationships, and encourage trial and repeat ridership. This includes, but is not limited to, investments in digital advertising targeting specific audiences on Facebook, Google, Twitter, Instagram, YouTube, Waze, iHeartRadio, programmatic display formats, and more.

Through digital advertising, key market segments can be identified in various combinations of location, age, interests, income, online behaviors, purchasing patterns, and more. Programmatic display and video advertising will allow the LOSSAN Agency to reach individuals through behavioral, contextual, demographic and geographic targeting, delivering the right message to the right online audience. The strength in this medium is in the ability to retarget individuals based on their actions and perceived interests, creating a guided

customer funnel that drives a user from initial awareness to action. Pre-roll video will supplement and expand on the reach of television broadcast advertising in a highly targeted and efficient way – sharing the sights and sounds of the Pacific Surfliner experience with consumers in a very relevant way where they are spending their time online.

The ability to track ticket sale conversions (number of tickets sold and associated revenue) on Amtrak.com, in addition to other user actions on the Pacific Surfliner site, will allow the LOSSAN Agency to optimize digital advertising in real time, driving more qualified users to the website that are likely to purchase tickets, not just higher website traffic overall. This will create efficiencies across all digital tactics and provide measurable return on investment.

In order to achieve workflow and cost efficiencies, staff recommends amending contract L-7-0004 with Truth and Advertising to include direct costs of purchasing the campaign media outlined above, as opposed to purchasing media separately from individual vendors. This will allow the vendor to act as the LOSSAN Agency's agency of record with the authority to buy advertising space and/or time on its behalf, centralizing advertising efforts and eliminating the need for multiple, smaller contracts. By purchasing media through the Truth and Advertising contract, the LOSSAN Agency is able to utilize the media planning expertise and buying power of USIM in order to negotiate lower costs as well as secure enhanced advertising placements and schedules.

Next Steps

LOSSAN Agency marketing staff will continue to develop analytics reporting to demonstrate return on investment, provide audience insight, and help inform future marketing efforts.

Summary

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency staff has prepared a proposed Pacific Surfliner winter marketing campaign expenditure plan for the Board of Directors' review and approval.

Attachment

None.

Prepared by:



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Marketing & Communications Officer
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