



LOSSAN RAIL CORRIDOR AGENCY BOARD of DIRECTORS MEETING

**Wednesday, January 30, 2019
12:30 p.m. - 2:30 p.m.**

Orange County Transportation Authority Headquarters
Board Room – Conference Room 07
550 South Main Street
Orange, California

Teleconference Sites

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

Solana Beach City Hall
635 South Highway 101
Mayor's Conference Room
Solana Beach, 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.



BOARD OF DIRECTORS AGENDA

2019 BOARD OF DIRECTORS

(revision as of -1-23-19)

County	Members	Alternates
San Luis Obispo: 1 vote	Fred Strong Council Member, City of Paso Robles Member, San Luis Obispo Council of Governments	Jeff Lee Mayor City of Grover Beach Member, San Luis Obispo Council of Governments
Santa Barbara: 1 vote	Gregg Hart Supervisor, 2nd District Santa Barbara County Board of Supervisors Member, Santa Barbara County Association of Governments	Cathy Murillo Mayor, City of Santa Barbara Member, Santa Barbara County Association of Governments
Ventura: 1 vote	Bryan MacDonald (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 Mayor, 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 (Vice Chairman) Executive Director City of Tustin Chamber of Commerce Representing, Orange County Transportation Authority Tim Shaw Council Member, 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, City of Orange Member, Orange County Transportation Authority

BOARD OF DIRECTORS AGENDA

County	Members	Alternates
Riverside: 1 vote	Vacant	Dana Reed Council Member, City of Indian Wells Member, Riverside County Transportation Commission
San Diego: 2 votes	Jewel Edson Deputy Mayor, Solana Beach City Council Member, North County Transit District Caylin Frank Council Member, City of Poway Member, San Diego Metropolitan Transit System Ellie Haviland Deputy Mayor, City of Del Mar Member, San Diego Association of Governments	Priya Bhat-Patel City Council Member, District 3 Carlsbad City Council Member, North County Transit District Bill Sandke Mayor Pro Tem, City of Coronado Member, San Diego Metropolitan Transit System Ron Morrison Vice Mayor, City of National City Member, San Diego Association of Governments
Ex-Officio Members: Amtrak	Eric Hosey 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	Vacant 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

2. Administration of the Oath of Office to New Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Board of Directors

Oath of Office will be administered to new Board of Directors.

3. Election of Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Board of Directors Chairman

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency bylaws state that, at its first meeting each year, the Board of Directors shall elect a Chairman who shall preside over meetings. Per updated Board Policy No. 1, the sitting Chairman shall call for nominations for the position of Chairman, which shall be made from among the existing Board Members.

4. Election of Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Board of Directors Vice Chairman

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency bylaws state that, at its first meeting each year, the Board of Directors shall elect a Vice Chairman who shall preside in the Chairman's absence.

5. Salute to Outgoing Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Board of Directors and Retiring Amtrak Police K-9 Officer

Present Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Resolutions of Appreciation to outgoing Board of Directors and retiring Amtrak Police K-9 Officer.

Consent Calendar (Items 6 through 12)

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.

6. **Approval of Minutes**

Approval of the minutes of the LOSSAN Board of Directors meeting of November 28, 2018.

7. **Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Fiscal Year 2017-18 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 2017-18 and has issued its independent auditors' opinion.

Recommendation

Receive and file the fiscal year 2017-18 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency audited annual financial statements and accompanying independent auditor's report.

8. **Agreement for Project Report and Environmental Documentation Services for the Central Coast Layover Facility Expansion Project** James D. Campbell

Overview

On September 17, 2018, the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Board of Directors approved the release of a request for proposals for consultant services to provide a project report and environmental document for the Central Coast Layover Facility Expansion Project. Proposals have been received and evaluated in accordance with the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency's procurement policies and procedures for architectural and engineering services. Board of Directors' approval to authorize the Managing Director to negotiate and execute an agreement for these services is requested.

8. (Continued)**Recommendations**

- A. Approve the selection of HDR Engineering, Inc. to provide a project report and environmental document for the Central Coast Layover Facility Expansion Project.
- B. Authorize the Managing Director to negotiate and execute Agreement No. L-8-1897 between the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency and HDR Engineering, Inc. for project report and environmental documentation services for the Central Coast Layover Facility Expansion Project.
- C. Approve Resolution No. 2019-L005 authorizing the Managing Director to act on behalf of the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency to execute any agreements, amendments, and program supplements necessary for the utilization of state transportation improvement funds.

9. Cooperative Agreement for On-Time Performance Incentive Program with North County Transit District
James D. Campbell**Overview**

As part of the 2018 Transit and Intercity Rail Capital Program grant awarded by the California State Transportation Agency, funding was provided to initiate an On-Time Performance Incentive Program between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District. The Program will provide incentive-based performance payments to the North County Transit District for meeting Pacific Surfliner on-time performance goals and provide additional funding to support the on-going railroad right-of-way maintenance on the infrastructure over which the Pacific Surfliner operates. Staff has worked with the North County Transit District and Amtrak to draft an agreement establishing the roles, responsibilities, and performance terms of the program. Staff is seeking Board of Directors' approval to negotiate and execute the agreement with the North County Transit District.

Recommendation

Authorize the Managing Director to negotiate and execute Agreement No. L-9-0002 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and North County Transit District to implement an On-Time Performance Incentive Program.

10. Agreement for Viriato Software Purchase

Roger M. Lopez

Overview

On December 6, 2017, the Board of Directors approved the submittal of a program of projects for fiscal year 2017-18 State Rail Assistance formula funds. Included in that submittal was a request for funds for the purchase of Viriato rail planning software and maintenance services. Proposals were solicited and received from SMA and Partners Ltd., TRENOLab Srl., and Deutsche Bahn Engineering & Consulting USA, Inc., in accordance with the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency's procurement policies and procedures for sole source procurements for professional and technical services. Approval is requested to negotiate and execute agreements for these services.

Recommendations

- A. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0021 between the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency and SMA and Partners Ltd., Switzerland, in the amount of \$195,480, for Viriato rail planning software and maintenance services.
- B. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0022 between the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency and TRENOLab Srl., in the amount of \$24,000, for Viriato rail planning software and maintenance services.
- C. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0023 between the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency and Deutsche Bahn Engineering & Consulting USA, Inc., in the amount of \$60,000, for Viriato rail planning software and maintenance services.

11. Final Draft of the 2019 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program

Dustin J. 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 2019 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program has been prepared for consideration by the Board of Directors.

11. (Continued)**Recommendation**

Adopt the final draft of the 2019 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program.

12. Fiscal Year 2018-19 First Quarter Budget Status Report

Jason Jewell

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency's Fiscal Year 2018-19 budget was approved by the Board of Directors on March 29, 2018, in conjunction with the approval of the annual business plan for Fiscal Years 2018-19 and 2019-20. This report provides a summary of financial activities and performance through the first quarter of Fiscal Year 2018-19.

Recommendation

Receive and file as an information item.

Regular Calendar**13. Annual Business Plan and Budget Assumptions for Fiscal Year 2019-20 and Fiscal Year 2020-21**

Jason Jewell

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency is required to submit an annual business plan to the California State Transportation Agency by April 1 of each year that provides the basis for its annual budget request and any proposed changes to the Pacific Surfliner service. A list of key assumptions used in developing the budget and business plan for fiscal year 2019-20 and fiscal year 2020-21 is presented for Board of Directors' review.

Recommendation

Direct staff to incorporate the key assumptions into the development of the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency business plan for fiscal year 2019-20 and 2020-21.

14. Capital Improvement Program - Priority Projects List

Roger M. Lopez

Overview

The Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency receives funding for small capital improvement projects on an annual basis. Funding is provided by California Department of Transportation, Division of Rail and Mass Transportation minor capital projects funds, as well as State Rail Assistance Formula funds administered by the California State Transportation Agency. A capital improvement program has been developed in coordination with Amtrak engineering, member agencies, and station owners and hosts for the use of these funds. A capital improvement program is presented for Board of Directors review and discussion.

Recommendations

- A. Review and approve the proposed Los Angeles - San Diego - San Luis Obispo rail corridor capital improvement program.
- B. Authorize the Managing Director to negotiate and execute the necessary agreements and program supplements to facilitate the utilization of State Rail Assistance and minor capital improvement project funding.
- C. Authorize the Managing Director to utilize up to \$100,000 in either minor capital project or State Rail Assistance funds for emergency capital projects.

Discussion Items**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 at **12:30 p.m. on Wednesday, February 20, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07-08, Orange, California.



MINUTES

Board of Directors' Meeting

Call to Order

The November 28, 2018 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 Murray at 12:40 p.m., at the Los Angeles County Metropolitan Transportation Authority (LA Metro), Board Room – Third Floor, Orange, California

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, Chairman
 Al Murray, Vice Chairman
 Michael T. Bennett, SBCAG
 Lorie Bragg, SDMTS (teleconference)
 John Fasana, Metro
 Ed Gallo (teleconference)
 Ellie Haviland, SANDAG (teleconference)
 David Perry, Metro
 Dana Reed, RCTC
 Tim Shaw, OCTA (teleconference)
 Fred Strong, SLOCOG
 Art Brown, SCAG, Ex -Officio
 Eric Hosey, Amtrak, Ex-Officio
 Michelle Boehm, CHSRA, Ex-Officio

Directors Absent: Tony Kranz, NCTD
 Greg Pettis, RCTC
 Kyle Gradinger, Caltrans, Ex-Officio

Staff Present: Jennifer L. Bergener, Managing Director
 Olga Prado, LOSSAN Agency Clerk of the Board
 James Donich, General Counsel

Pledge of Allegiance

The pledge of allegiance was led by Chairman MacDonald.

1. Public Comments

Public comments was heard from:

Janet Rogers (via teleconference from San Diego), Train Coalition, Santa Fe Depot, referenced the minutes of the September 17, 2019 Board meeting and clarified that the trains be rearranged instead of shutting the trains down by 11:00 p.m. Ms. Rogers stated that there are a list of requests given to several of the Board Members and thinks Jennifer L. Bergener, Managing Director, is aware of requests.

Ms. Rogers went over the requests as follows:

- The locomotives are being moved/rearranged between 1:00 a.m. – 2:00 a.m.
- The trains be arranged in an orderly fashion so that people can sleep with rearrangement by 11:00 p.m. and not start up again until 7:00 a.m.
- A process to shut down the trains and switch to ground power within 30 minutes.
- Unless there is a maintenance issue, the trains be shut down immediately after the maintenance issue has been corrected.
- To not park engines along residential buildings at night because it is extremely disruptive, noisy, and pollution goes into residential housing.
- Significantly reduce the run time of the locomotive prior to departure as there is no one hour requirement and asked to accelerate the request.
- Short-term to schedule the SC44 locomotives for overnight layovers at the Santa Fe Depot which will reduce the noise significantly.
- Sound absorption for the vacuum cleaning unit used at night to clean the trains.

Fred Hottinger (via teleconference from San Diego), Train Coalition, Santa Fe Depot, stated that the Train Coalition commented at the June 18, 2018 Board meeting about the excessive number and lengthy public announcements made by the conductors using the external car speakers. Mr. Hottinger clarified his comments to state that the announcements are not related to safety or security and solely for guiding passengers. He played an audio of the announcement made on August 24, 2018 and asked that those type of announcements on the external speakers be stopped.

1. (Continued)

Bob Manning, Co-Chair of California Passenger Rail Summit, invited everyone to the seventh annual summit to be held April 24 – 25, 2019 in Oakland, California and detailed announcements will be forth coming.

Paul Dyson, President of RailPAC, asked for consideration of railroad electrification. He stated that the Tier IV locomotive emissions reduction benefits are yet to be seen in daily practice, and the air quality agency has expressed concerns about Tier IV trucks emissions. Mr. Dyson asked the Board to support RailPAC legislative efforts this coming year for pilot programs and cleaner prototype locomotives for the Pacific Surfliner services.

Peter Warner stated the bus schedules servicing the Pacific Surfliner need to show actual run times that are not based on 1995 traffic study timings and referenced as an example 5811 bus schedule. Mr. Warner also stated there needs to be better communication between the three joint powers boards, as well as restore rail connections to San Jose before a public time table is released.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 10)

2. Approval of Minutes

A motion was made by Director Fasana, seconded by Director Bennett, and following a roll call vote, declared passed 10-0, to approve the minutes of the LOSSAN Agency's Board of Directors meeting of September 17, 2018.

Director Gallo was not present to vote on this item.

3. Agreement with Siemens for Charger Locomotive Branding

A motion was made by Director Fasana, seconded by Director Bennett, and following a roll call vote, declared passed 10-0, to:

- A. Authorize the Managing Director to enter into a sole source agreement with Siemens to fund updates to the paint scheme and exterior decals on 12 Charger locomotives that will be used on the Pacific Surfliner service, in an amount not to exceed \$436,840.70.
- B. Approve an amendment to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Fiscal Year 2018-19 operating budget of \$437,000 to reflect expected project expenditures and associated revenues from the California Department of Transportation.

Director Gallo was not present to vote on this item.

4. Conflict of Interest Code and 2018 Annual Statement of Economic Interests Filing

A motion was made by Director Fasana, seconded by Director Bennett, and following a roll call vote, declared passed 10-0, to direct the Clerk of the Board to distribute and monitor the 2018 annual Statement of Economic Interests - Form 700 to Members of the Board of Directors and designated positions, to be filed by April 1, 2019.

Director Gallo was not present to vote on this item.

5. Draft 2019 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program

This item was pulled for a public comment, and Paul Dyson, President of RailPAC, asked for consideration to modify or repeal Senate Bill (SB) 804. Mr. Dyson provided background on SB 804 and reported the number of Greyhound buses service to many California rural towns and communities have diminished and the objective of SB 804 is no longer relevant, as well as provided additional comments.

A motion was made by Director Strong, seconded by Director Murray, and following a roll call vote, declared passed 11-0, to direct staff to incorporate requested changes to the initial draft of the 2019 Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Legislative Program and return to the Board of Directors for final approval.

5. (Continued)

A discussion ensued regarding:

- Director Strong reported that a passenger was left with no options due to a Greyhound bus service being cancelled in a rural community with no accommodations.
- Director Strong referenced Attachment A of the Staff Report and requested an amendment to “II. Connectivity and Integration, letter e” based on a change in legislative policy by the National League of Cities and the National Association of Regional Councils.

The amended language would include the following: “Support planning efforts . . . including a financially sustainable access rate.”

- The motion made by Director Strong would incorporate Mr. Dyson’s request to modify or repeal SB 804, add language to the legislative program in “II. Connectivity and Integration, letter e”, and adopt this item’s recommendation.

A motion was made by Director Strong, seconded by Vice Chairman Murray, and following a roll call vote, declared passed 11-0, to direct staff to incorporate requested changes to the initial draft of the 2019 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program and return to the Board of Directors for final approval.

6. Agreements for Pacific Surfliner Marketing Services

This item was pulled for a public comment, and Peter Warner asked with the train schedule change and updated layover facilities that two storage tracks in Paso Robles could be used for additional train layovers not being used by the Union Pacific Railroad, as well as review a small rail yard in San Miguel.

Director Strong commented that the issue using those facilities is that trip from San Luis Obispo to Paso Robles is one hour and currently unreasonable until the Pacific Surfliner service is extended.

Director Gallo asked if both marketing contracts could be combined to one vendor instead of splitting the work. He expressed concern that the two firms scopes of work overlap and both vendors efforts need to be coordinated.

6. (Continued)

Jennifer L. Bergener, Managing Director, responded the contracts were split to ensure competitiveness within the bids and to ensure the best possible vendors perform the unique scopes of work, etcetera.

Michael Litschi, LOSSAN Agency, stated there will be close coordination between both vendors and LOSSAN Agency's marketing staff.

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

- A. Approve the selection of Civilian, Inc. and Monarch Sports, LLC as the firms to provide consultant services for the Pacific Surfliner marketing program.
- B. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0011 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and Civilian, Inc. in the amount of \$1,000,000, to provide strategic creative and advertising services for the Pacific Surfliner marketing program for a one-year initial term through December 31, 2019, with two, two-year option terms.
- C. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0012 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and Monarch Sport, LLC in the amount of \$600,000, to provide outreach and field marketing services for the Pacific Surfliner marketing program for a one-year initial term through December 31, 2019, with two, two-year option terms.

7. Status Report of State Legislation Enacted in 2018

Director Strong pulled this item and commented that SB 477 failed passage and asked if the LOSSAN Agency's legislative advocate could look for another sponsor and similiar legislation this coming term.

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

8. Fiscal Year 2017-18 Fourth Quarter Budget Status Report

A motion was made by Director Fasana, seconded by Director Bennett, and following a roll call vote, declared passed 10-0, to receive and file as an information item.

Director Gallo was not present to vote on this item.

9. Agreement for Corridor Optimization Consultant Services

This item was pulled for public comments as follows:

Paul Dyson, President of RailPAC, commented that he respects the recommended firm and offered his concerns about not paying much attention to the theoretical review of capacity available without taking into account the daily realities of the Pacific Surfliner service on the LOSSAN corridor, as well as provided other comments.

Eric Reese asked consideration to the optimization support service to create a centralized and consolidated dispatch and rail operations center because the LOSSAN corridor is the second busiest in the United States, as well as provided additional reasons for the suggestion.

Director Strong asked Mr. Reese to also convey his remarks to the Federal Railroad Administration in Washington, D.C.

Director Bennet emphasized that its critically important for the various member agencies staff work with the consultant and if possible within the scope of work to review the dispatching issues on the northern part of the corridor.

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

- A. Approve the selection of Deutsche Bahn Engineering & Consulting USA, Inc. to provide corridor optimization support services for the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency.
- B. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0017 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and Deutsche Bahn Engineering & Consulting USA, Inc., in the amount of \$990,238, for corridor optimization support services for a three-year term.

10. Los Angeles - San Diego - San Luis Obispo Rail Corridor Trends for the Third Quarter of Federal Fiscal Year 2017-18

Director Bennett pulled this item and asked Ms. Bergener's opinion on the Pacific Surfliner decline of the five percent ridership.

Ms. Bergener responded that in April 2018 there was a significant schedule change to allow for peak period service into Santa Barbara and Ventura counties including bifurcation to an existing 700 series train and believes the changes have attributed to the decline in ridership.

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

Regular Calendar

11. Pacific Surfliner April 2018 Schedule Change Performance Update

Roger Lopez, LOSSAN Manager of Planning and Analysis, provided an update on the April 2018 schedule change and anticipated decrease in ridership as noted in the Staff Report.

Director Strong inquired if there has been consideration of reestablishment of the most popular train, could the schedule be accommodated, and would additional equipment be needed.

Ms. Bergener responded that reinstatement of 761 is important for moving forward and staff continues negotiations with Union Pacific Railroad for additional operating slots north of Moore Park. Additionally, Union Pacific's modeling results are expected at the end of the calendar year and trains available would need to be determined.

Director Strong also inquired if there are additional costs involved and would the costs be covered. Mr. Bergener responded that there would be additional costs with running any additional service as it relates to crew, mechanical costs, fuel, and other consumables and the cost would be subsidized by the state.

Public comments were heard from:

Paul Dyson, President of RailPAC, commented that the success of the LOSSAN corridor began in 1991 with running trains from San Diego to Santa Barbara and later to Goleta and San Luis Obispo. Mr. Dyson provided additional comments and let us restore trains that cross Los Angeles because they are the ones that pay the bills.

11. (Continued)

Eric Reese provided his concerns about the bifurcation of service and agrees with Mr. Dyson's comments that the passenger miles are extended as much as possible. Additionally, he commented on concerns with the earlier train to Santa Barbara and connections with Metrolink and COASTER are very important.

Director Perry asked if this item will return to the Board. Ms. Bergener responded that this item and overall schedules will return to the Board in the first quarter of 2019.

Director Bennett reported that this was a two year pilot project, Santa Barbara County of Association of Governments (SBCAG) subsidized the train for the two year period, there is potential for increased ridership, the early train leaving Union Station needs to be adjusted, train out of Moore Park considerations, and work with the stakeholders for the optimization support service study, as well as provided other comments.

Ms. Bergener provided clarification that staff commented to report to the Board after a six-month period and still not enough time to fully assess the service. Staff is working with SBCAG and Ventura County Transportation Commission to promote the service

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

12. Proposed 2019 Board of Directors and Committee Meeting Schedule

Jennifer L. Bergener, Managing Director, reported on the proposed 2019 Board of Directors and Committee meeting schedule that includes input from the member agencies and Technical Advisory Committee.

A discussion ensued regarding:

- Board meeting locations and travel time to attend Board meetings.
- Light Board agenda push items to the next meeting.
- Rotate Board meetings between Orange County Transportation Authority (OCTA) Headquarters and LA Metro to the extent possible.
- Conflicts and difficult to reserve rooms at LA Metro.
- No cost to reserve rooms at LA Metro.
- Once a year have Board meetings out of LA Metro and OCTA on north and south locations of the corridor if possible and reasonable.

12. (Continued)

Vice Chairman Murray offered that the motion would include consideration of a Board meeting held at the north/south part of the corridor.

A motion was made by Director Murray, seconded by Chairman MacDonald, and following a roll call vote, declared passed 11-0, to approve the 2019 Board of Directors and Committee meeting schedule for the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency.

Discussion Items

13. Managing Director's Report

Jennifer L. Bergener, Managing Director, reported on the following:

- Referenced Item 12 on today's agenda that the north and south part of the corridor hosting the Board meetings are North County Transit District and Ventura County Transportation Commission. She asked the Board Members to email her suggested Board dates for those Board meeting locations.
- The next regular Board meeting is scheduled January 30, 2019 and some of the agenda items are as follows:
 - Elect the new Chair and Vice Chair at the meeting
 - Board Members will be recognized at the next Board meeting
 - Rewarded of the San Diego layover study and the Goleta and San Luis Obispo layover expansion
- Traveling next week to Washington, D.C. to attend the several passenger rail committee meetings and key meetings with Amtrak executive staff.
- A video of the charger locomotive event was shown to the Board and also highlighted in the Steel Wheel magazine provided to the Board at the dais.

14. Board Members' Report

Director Haviland announced that on December 3, 2018 Hasan Ikhata will be starting as the new Executive Director for the San Diego Association of Governments, and with additional track work, there will be a work window of January 12-13 to support construction of the projects.

14. (Continued)

Ms. Bergener, Managing Director, announced that there are two new LOSSAN Agency staff, and introduced Nereida Villasenor who will work on finance and analysis and Karen Tran, who will work marketing and passenger communications. Additionally, Kris Garbowski, Senior Marketing Specialist, welcome her baby girl on Thanksgiving Day.

Director Bragg reported the Janet Rogers and Fred Hottinger from the Train Coalition at the Santa Fe Depot mentioned that there seems to be trouble with the Positive Train Control (PTC) and could there be a future agenda regarding PTC.

Director Bragg asked that the concerns mentioned today by the Train Coalition be addressed and possible placed on the January 30, 2019 Board meeting agenda. In addition, the outcome and plan of action with the meeting taking place in December 2018 with the Train Coalition and the LOSSAN Agency staff be placed on the January 30, 2019 Board meeting agenda. She stated that this is her last Board meeting and enjoyed serving on the Board.

Ms. Bergener, Managing Director, responded that there are no issues with PTC and is fully implement, and Amtrak staff could provide an update at a future Board meeting.

Eric Hosey, Ex-Officio Board Member and Amtrak representative, responded that the PTC works well. Vice Chairman Murray asked Director Hosey to report out on PTC at the next Board meeting.

Director Gallo announced that this is his last Board meeting and enjoyed the opportunity to serve on the Board and complimented the professional LOSSAN Agency staff. He asked that the video link be sent to him again.

Director Bennett announced that this is his last Board meeting and concurred with all the positive compliments about staff. He plans on participating on the RailPAC and be involved with the LOSSAN corridor.

Chairman MacDonald reported on a commented made by newscaster Chris Burrous that Amtrak is always late and his message to Mr. Burrous that there is more to be known about the service and will invite him to experience how the service works.

Director Strong introduced new San Luis Obispo Council of Governments (SLCOG) staff Anna Devers replacing Pete Rogers who was promoted to Chief Executive Officer of SLCOG, and Ms. Devers has national and local rail experience. Director Strong commented that the state provided an approximate \$11 million grant to fund the PTC north of San Luis Obispo to connect to northern California.

14. (Continued)

Director Reed announced that he was re-elected for another four years and will stay on this Board as a primary or alternate and complimented the LOSSAN Agency staff and looks forward to serving on the Board. He wished everyone a happy holiday, be safe, and take the train.

Director Brown commented on his train trip to today's Board meeting and that he was talking to the conductor who to fix the schedule and especially train schedule 767, as well as explained to a passenger the dispatching system. The passenger wanted the Board to know that he enjoys the service and keep up the good work.

Vice Chairman Murray thanked everyone for their service on the Board and wished everyone happy holidays.

15. Closed Session

There was no Closed Session scheduled.

16. Adjournment

The meeting of the LOSSAN Agency's Board adjourned at 2:03 p.m. The next regularly scheduled meeting of this Board will be held:

Wednesday, January 30, 2019

12:30 p.m. – 2:30 p.m.

Orange County Transportation Authority Headquarters

Board Room – Conference Room 07

550 South Main Street

Orange, California

ATTEST:


Bryan MacDonald
LOSSAN Chairman

Olga Prado
Clerk of the Board



January 30, 2019

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 2017-18 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 2017-18 and has issued its independent auditors' opinion.

Recommendation

Receive and file the fiscal year 2017-18 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency audited annual financial statements and accompanying independent auditor's 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, 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.

LOSSAN Agency staff has prepared the annual financial statements since FY 2015-16 and will continue to do so in future years.

Discussion

On January 7, 2019, VTD completed its annual audit and issued an unmodified opinion of the LOSSAN Agency financial statements for the FY that ended June 30, 2018 (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, 2018, 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).

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, 2018. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has audited the 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, 2018
- 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, 2018

(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, 2018

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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, 2018, 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, 2018, and the changes in its financial position and 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 January 7, 2019, 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 solely 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 the effectiveness of the LOSSAN Agency's 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
January 7, 2019

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2018

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, 2018. 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 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 presents 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 12-19 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, 2018, the LOSSAN Agency’s net position was \$213,169, an increase of \$7,662 from June 30, 2017.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2018

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

	2018	2017	Difference Increase (Decrease)	% Increase (Decrease)	
Current assets	\$ 33,377,294	\$ 26,108,318	\$ 7,268,976	27.8	%
Current liabilities	33,164,125	25,902,811	7,261,314	28.0	%
Net position:					
Unrestricted	\$ 213,169	\$ 205,507	\$ 7,662	3.7	%

In fiscal year 2018, total assets increased by \$7,268,976, primarily due to an increase in cash and receivables. Receivables increased by \$5,458,899 in due from other governments, primarily from state payments for May and June train operating expenses, administrative expenses, and grant reimbursements for Transit Transfer Program expenses. Cash increased by \$2,114,418 primarily due to the LOSSAN Agency receiving funding allocations from the State of California Department of Transportation (Caltrans) Division of Rail and Mass Transportation (DRMT) for fiscal year 2018 train operations and administrative services.

Total liabilities increased by \$7,261,314 primarily due to an increase in unearned revenue, offset by a decrease in accounts payable. Unearned revenue increased by \$10,600,682, which is comprised of an increase of \$5,221,273 in deferred train operations funds that will be carried forward to fiscal year 2019 per the interagency transfer agreement. The increase in unearned revenue also contains a net increase of \$3,329,469 for grant revenue from the California Office of Emergency Services and \$2,008,625 for State Rail Assistance fund grant revenues. This is offset by a decrease in accounts payable by \$3,491,535 primarily due to June amounts owed to Amtrak for train operations as well as amounts owed to various other vendors for advertising and marketing services paid in June.

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 requirements. Unrestricted net position changed from \$205,507 at June 30, 2017 to \$213,169 at June 30, 2018. This increase of \$7,662 was primarily due to interest revenue earned.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2018

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

Table 2
LOSSAN Rail Corridor Agency
Changes in Net Position

	2018	2017	Difference Increase (Decrease)	% Increase (Decrease)
Operating expenses:				
Contracted services for train operations	\$ 23,416,027	\$ 20,894,595	\$ 2,521,432	12.1 %
Administrative fees	2,557,355	2,216,532	340,823	15.4 %
Marketing services	2,022,670	1,340,960	681,710	50.8 %
Other administrative expenses	169,490	209,170	(39,680)	(19.0) %
Total operating expenses	28,165,542	24,661,257	3,504,285	14.2 %
Operating income (loss)	(28,165,542)	(24,661,257)	(3,504,285)	(14.2) %
Nonoperating revenues (expenses):				
State funding for train operations	23,416,027	20,894,595	2,521,432	12.1 %
State funding for administration and marketing	4,749,515	3,766,662	982,853	26.1 %
State funding for minor projects facility enhancements	11	144,489	(144,478)	(99.9) %
Minor projects facility enhancement expenses	(11)	(144,489)	144,478	99.9 %
Grants for transit programs and security projects	121,795	1,908,700	(1,786,905)	(93.6) %
Contributions to other agencies grant expenses	(129,424)	(1,920,438)	1,791,014	93.3 %
Other miscellaneous revenue	3,500	7,777	(4,277)	(55.0) %
Investment income	11,791	7,662	4,129	53.9 %
Total nonoperating revenues (expenses)	28,173,204	24,664,958	3,508,246	14.2 %
Changes in net position	7,662	3,701	3,961	107.0 %
Total net position – beginning	205,507	201,806	3,701	1.8 %
Total net position – ending	\$ 213,169	\$ 205,507	\$ 7,662	3.7 %

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, 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 \$3,508,246 due to funds

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management's Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2018

received from Caltrans DRMT for train operations, administrative and marketing funding. Total operating expenses increased by \$3,504,285 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 2017-18, the original budget was \$42,293,315. This includes \$32,888,641 in revenue to fund the operations of train and bus feeder services. It also includes \$5,004,674 in administrative and marketing funding, \$3,900,000 in grant funds, and \$500,000 for minor projects. A budget amendment was completed which adjusted the total original revenue budget from \$42,293,315 down to \$41,944,436. 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 \$13,641,797. 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 2017-18 was \$42,293,315 and consisted of \$32,888,641 for payments to Amtrak for train operations and bus feeder services, \$5,004,674 in administrative and marketing expenses, \$3,900,000 in grant expenses, and \$500,000 for minor projects. A budget amendment was completed which adjusted the total original expense budget from \$42,293,315 down to \$41,944,436. 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 \$13,649,459. This is primarily due to actual overall net train operating costs coming in lower than budgeted by \$9.1 million. The LOSSAN Agency Board of Directors (Board) amended budget for train operations of \$32,539,762 included funding capacity to implement an additional round trip from San Diego to San Luis Obispo and peak period service into Santa Barbara County. The State level of funds scheduled to be provided was based on the Amtrak operating agreement amount of \$26,891,144, creating a budget variance of approximately \$5.6 million. The actual State funds needed to offset net train operations came in lower at \$23,416,026. Net train operating costs came in lower than forecast by \$3.5 million due to total revenues coming in higher than forecast, offset by fuel expenses coming in higher than forecast. Grant expenses were lower than budgeted by approximately \$3.7 million due to lower than anticipated activity with the Transit Transfer Program, the California Office of Emergency Services station security projects and Transit and Intercity Rail Capital Program corridor wide optimization study. State funded minor projects came under budget by approximately \$500,000 as no projects were completed during the fiscal year. Administrative expenses underran the budget by approximately \$277,829 during the year primarily due to a position vacancy.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2018

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 Legislature, and to the extent required, programmed by the California Transportation Commission to carry out the purposes of the interagency transfer agreement (ITA) between the LOSSAN Agency and Caltrans.

The LOSSAN Agency has historically negotiated and entered into annual agreements with Amtrak to provide Pacific Surfliner intercity passenger rail service and connecting bus feeder services for the LOSSAN Rail Corridor. An agreement was entered into October 1, 2016, in which the term covered October 1, 2016 through September 30, 2017. A new two year agreement was entered into on October 1, 2017, with a term from October 1, 2017 through September 30, 2019. The LOSSAN Agency plans on amending the second year term amount to reflect the fiscal year 2018-19 adopted budget.

Per the ITA and the LOSSAN Joint Powers Agreement, the LOSSAN Agency must develop an annual business plan to be approved by the LOSSAN Agency Board and submitted to the Secretary of the California State Transportation Agency (CalSTA) by April 1 of each year. The business plan is a two-year planning, operations, and budget document that outlines operating and service goals for the Pacific Surfliner service. The Board approved the business plan for fiscal years 2018-19 and 2019-20, including a draft budget for fiscal year 2018-19, on March 19, 2018. On June 18, 2018, the Board amended the business plan for fiscal years 2018-19 and 2019-20 to reflect a revised budget in order to incorporate Amtrak’s operating revenue and expense forecast and other adjustments. The revised business plan for fiscal years 2018-19, including the amended budget for fiscal year 2018-19 was submitted to CalSTA on June 26, 2018.

The LOSSAN Agency’s fiscal year 2018-19 amended budget includes \$33,811,911 for net Amtrak operations, including \$480,768 for transit connectivity and integration programs. The budget includes \$6,428,904 for administrative and marketing funding and \$500,000 for minor projects. The budget also includes \$1,500,000 in transit and intercity rail capital program (TIRCP) grant funds to continue the transit transfer program. The budget includes \$1,000,000 in TIRCP funds for a corridor wide optimization study. The budget also includes \$1,500,000 for station security upgrades funded by the California Office of Emergency Services. The budget also includes \$4,900,000 in state rail assistance funds for various corridor improvement projects and \$1,500,000 in state transportation improvement program funds for the project approval and environmental phase of the central coast layover facility expansion.

During fiscal year 2017-18, CalSTA announced the recommendation to award the LOSSAN Agency \$188.3 million in TICRP grant funding. This grant funding is provided through Senate Bill 1 and proceeds from the State’s Cap and Trade program, and will help to advance much-needed capital improvements and planning studies on both the northern and southern ends of the LOSSAN Rail corridor. The LOSSAN Agency has not received any of these funds as of June 30, 2018. It is anticipated

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Management’s Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2018

that some of the projects will begin in fiscal year 2019. Further detail on grants can be found in the notes to the financial statements.

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, 2018**

Assets:

Current Assets

Cash and investments	\$ 27,520,616
Prepaid Expense	199,792
Receivables:	
Due from other governments	5,649,109
Other receivables - National Railroad Passenger Corporation	7,777

Total current assets	<u>33,377,294</u>
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Liabilities:

Current Liabilities

Accounts payable	478,533
Due to other governments	588,248
Unearned revenue	32,097,344

Total current liabilities	<u>33,164,125</u>
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Net position:

Unrestricted	213,169
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Total net position	<u><u>\$ 213,169</u></u>
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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, 2018

Operating Expenses:	
Contracted services for train operations and bus feeder services	\$ 23,416,027
Administrative fees and other expenses	2,726,845
Marketing services	2,022,670
Total Operating Expenses	28,165,542
Operating Loss	(28,165,542)
Nonoperating revenues (expenses)	
State funding for train operations	23,416,027
State funding for administration and marketing	4,749,515
State funding for minor projects facility enhancements	11
Minor projects facility enhancement expenses	(11)
Grants for transit programs and security projects	121,795
Contributions to other agencies grant expenses	(129,424)
Miscellaneous revenue	3,500
Interest income	11,791
Total nonoperating revenues (expenses)	28,173,204
Change in net position	7,662
Net position, beginning of year	205,507
Net position, end of year	\$ 213,169

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, 2018

Cash flows from operating activities	
Payments for train operations and bus feeder services	\$ (24,273,202)
Payments for marketing and administrative services	(5,366,652)
Net cash used in operating activities	<u>(29,639,854)</u>
Cash flows from noncapital related financing activities	
Receipts from State for train operations and bus feeder services	24,006,302
Receipts from State for marketing and administrative services	3,834,836
Receipts for grant programs	7,108,926
Payments for grant expenses	(3,207,583)
Net cash provided by noncapital financing activities	<u>31,742,481</u>
Cash flows from investing activities	
Interest received on investments	11,791
Net cash provided by investing activities	<u>11,791</u>
Net increase in cash and cash equivalents	2,114,418
Cash and cash equivalents at beginning of year	25,406,198
Cash and cash equivalents at end of year	<u>\$ 27,520,616</u>
Cash and investments	\$ 27,520,616
Total cash and cash equivalents	<u>\$ 27,520,616</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	(28,165,542)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in deposits with Amtrak	489,167
(Increase) decrease in prepaid expense	(184,825)
Increase (decrease) in accounts payables	(1,903,699)
Increase (decrease) in due to other governments	125,044
Net cash used in operating activities	<u>\$ (29,639,855)</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, 2018

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, California. 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 full 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, 2018

(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, 2018. All amounts in the overnight repurchase sweep account as of June 30, 2018 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 an amount due 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 funds received in advance or amounts due from the State that are not used to offset current 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, 2018

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 2018. 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) Operating Reserve Fund

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, 2018 the Operating Reserve Fund balance is \$4,125,755.

(k) 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. The funds are collateralized by a U.S. Treasury note. Each business day, the bank automatically transfers the balance in the sweep account and interest earned back into the LOSSAN Agency bank deposit account.

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

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, 2018, the LOSSAN Agency has \$14,967 in prepaid expenses to Amtrak that will be applied to fiscal year 2018-19 operating expenses.

During fiscal year 2017-18, the LOSSAN Agency purchased various marketing advertising that will be utilized in both fiscal years 2017-18 and 2018-19. Prepaid expenses includes \$184,825 in marketing advertising that relates to fiscal year 2018-19.

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6. Due From Other Governments

Due from other governments consists of amounts due to the LOSSAN Agency from Caltrans DRMT to fund administration and May and June train operations and bus feeder services. It also includes grant revenue from Caltrans DRMT for transit transfer program reimbursements.

	2018
Due from Caltrans DRMT for train operations	\$ 4,635,534
Due from Caltrans DRMT for administration	955,993
Due from Caltrans DRMT grant reimbursements	57,582
Total	<u>\$ 5,649,109</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, 2018.

	2018
Due to OCTA for administrative services	\$ 561,124
Due to transit agencies for transit transfer program	27,124
Total	<u>\$ 588,248</u>

8. Unearned Revenue and Other Liabilities

Unearned revenue consists of amounts received from the State for fiscal year 2018 operating, administrative and marketing funding, in advance of incurring the expenses. It also includes unearned revenues from prior-year State operating and marketing funding received. It includes grant revenue from the California Office of Emergency Services for facility security and safety enhancements, State Rail Assistance grant revenues, and grant revenue from the Transit and Intercity Rail Capital Program grant for the transit transfer program. The table below shows detail of unearned revenue as of June 30, 2018.

	2018
Unearned advanced train operating funds	\$ 22,305,831
Unearned advanced marketing funds	2,255,052
Unearned grant revenue	7,225,094
Unearned advanced administrative funds	307,406
Unearned miscellaneous revenue	3,961
Total	<u>\$ 32,097,344</u>

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
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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, 2017, which goes through September 30, 2019.

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, 2018 is \$23,354,505 net of adjustments due to year end reconciliation with Amtrak from results of operations.

Beginning April 1, 2018, Amtrak implemented peak period hour rail service between Ventura and Santa Barbara counties. The LOSSAN Agency intends to enter into a cost sharing agreement with the Santa Barbara County Association of Governments (SBCAG) to offset costs associated with the service. The intent of the agreement is have SBCAG fund half of the cost to run the new service, with the State of California funding the other half of the costs. In addition, SBCAG will fund any fare discounts that were provided during the implementation and promotion of the new service. It is anticipated that the agreement will be executed in fiscal year 2019.

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. A new administrative services agreement with OCTA was entered into on June 25, 2018, effective July 1, 2018 for a three year term through June 30, 2021. The agreement may be extended by mutual agreement for two additional three-year terms through June 30, 2027.

The LOSSAN Agency incurs other administrative charges for services as detailed in the table below.

	2018
Administrative Services	\$ 2,557,354
Marketing Expenses	2,022,670
Professional Services	36,340
Insurance	44,224
Legal Services	36,046
Travel	23,811
Audit Services	17,908
Other Business Expenses	11,162
Total	<u>\$ 4,749,515</u>

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
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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 (Caltrans) entered into an interagency transfer agreement (ITA), which transferred the administrative responsibility for the operation of rail services along the LOSSAN corridor. The ITA carried 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.

On June 30, 2018, the LOSSAN Agency and Caltrans entered into the first amended ITA, with a term commencing on July 1, 2018 and ceasing on the third anniversary date, June 30, 2021, with two four-year options for renewal.

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 the California State Transportation Agency. The California Transportation Commission (CTC) approved the allocation of \$1,675,000 for this pilot program. As of June 30, 2018, the total receivable is \$57,582 and is included as part of due from other governments.

The LOSSAN Agency was awarded grants from the California Office of Emergency Services for security and safety enhancements for rail facilities. In fiscal year 2017, a total of \$3,774,000 was received in which \$1,887,000 was recognized as revenue to offset program expenses, and \$1,887,000 was deferred. In fiscal year 2018, \$67,611 of the prior year deferred revenue of \$1,887,000 was recognized as revenue to offset program expenses, with the remaining balance of \$1,819,389 being deferred. In addition, \$3,397,080 in grant revenue was received during fiscal year 2018, which has been deferred until it is recognized to offset program expenses. This brings the total revenue deferred for these funds to \$5,216,469.

During fiscal year 2018, the LOSSAN Agency was awarded \$2,323,000 of State Rail Assistance (SRA) funds, of which \$2,008,625 was received during the year. Funding for this program comes from Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017. The program funds will be used to improve rail service along the LOSSAN corridor, and includes projects for the San Luis Obispo platform repair, replacement of station siding, update of the LOSSAN Corridor strategic plan, corridor optimization software, and an interregional connectivity improvement project. These projects are anticipated to start in fiscal year 2019, and therefore the revenue received during the current fiscal year is deferred as of June 30, 2018.

During fiscal year 2018, the LOSSAN Agency was awarded \$188 million in Transit and Intercity Rail Capital Program grant funds to advance capital improvements and planning studies on both the northern and southern ends of the LOSSAN rail corridor. The funding is provided through SB 1 and the proceeds from the Cap and Trade program. On the northern end of the corridor, the program of projects includes construction of additional double track and siding extensions, station and layover facility enhancements, incentives for improved on-time performance, and signal switches and upgrades. On the southern end of

Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
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the corridor, the program of projects includes signal improvements, creating a more robust capital maintenance program, installing new fencing in San Diego County and a feasibility study for a new maintenance and layover facility in San Diego. The LOSSAN Agency has not received these grant funds as of June 30, 2018. It is anticipated that some of these projects will begin in fiscal year 2019.

13. Commitments and Contingencies

The LOSSAN Agency has various outstanding contracts. Total outstanding purchase commitments at June 30, 2018 were \$14,075,713. The most significant is with Amtrak at \$12,129,190 which includes \$10,376,273 for train operations and bus feeder services, and \$1,691,396 for facility safety and security enhancements, and \$61,521 for marketing related costs for bus feeder services. Other purchase commitments for professional marketing services total \$1,533,974, while administrative and other professional services total \$133,736. 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 total \$278,813 as of June 30, 2018. The Transit Transfer Program agreements are also on a reimbursement basis, where the LOSSAN Agency is only billed when passengers use the program.

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 99% 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.



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**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, 2018, 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 January 7, 2019.

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
January 7, 2019



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

Letter to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Board of Directors Regarding Vavrinek, Trine, Day & Co., LLP
Auditor Communications



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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, 2018. 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 July 23, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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.

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 January 7, 2019.

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

January 7, 2019



January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Agreement for Project Report and Environmental Documentation Services for the Central Coast Layover Facility Expansion Project

Overview

On September 17, 2018, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Board of Directors approved the release of a request for proposals for consultant services to provide a project report and environmental document for the Central Coast Layover Facility Expansion Project. Proposals have been received and evaluated in accordance with the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's procurement policies and procedures for architectural and engineering services. Board of Directors' approval to authorize the Managing Director to negotiate and execute an agreement for these services is requested.

Recommendations

- A. Approve the selection of HDR Engineering, Inc. to provide a project report and environmental document for the Central Coast Layover Facility Expansion Project.
- B. Authorize the Managing Director to negotiate and execute Agreement No. L-8-1897 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and HDR Engineering, Inc. for project report and environmental documentation services for the Central Coast Layover Facility Expansion Project.
- C. Approve Resolution No. 2019-L005 authorizing the Managing Director to act on behalf of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency to execute any agreements, amendments, and program supplements necessary for the utilization of state transportation improvement funds on future projects.

Discussion

The existing layover facility in San Luis Obispo supports the storage of one Pacific Surfliner trainset overnight. The expansion of the facility is necessary to advance service expansion and enhancement goals for the Pacific Surfliner service. The California Department of Transportation (Caltrans) has programmed \$12.5 million in State Transportation Improvement Program (STIP) funds to advance the Central Coast Layover Facility Expansion Project (Project) through project approval and environmental clearance, design and construction.

On May 15, 2018, Caltrans authorized the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) to be the lead agency for implementation of the Project.

Procurement Approach

This procurement was handled in accordance with Board of Directors (Board)-approved procedures for architectural and engineering (A&E) services that conform to both federal and state laws. Proposals are evaluated and ranked in accordance with the qualifications of the firm, staffing and project organization, and work plan. As this is an A&E procurement, price is not an evaluation criterion pursuant to state and federal laws. Evaluation of the proposals was conducted on the basis of overall qualifications to develop a competitive range of offerors. The highest-ranked firm is requested to submit a cost proposal, and the final agreement is negotiated. Should negotiations fail with the highest-ranked firm, a cost proposal will be solicited from the second-ranked firm in accordance with the Board-approved procurement policies.

On September 17, 2018, the LOSSAN Agency Board authorized the release of Request for Proposals (RFP) 8-1897. The project was advertised in a newspaper of general circulation on September 17 and 24, 2018. A pre-proposal conference was held on September 24, 2018, with 15 attendees representing 11 firms. Two addenda were issued to provide a copy of the pre-proposal conference registration sheets and presentation, provide responses to questions received, and to address administrative issues related to the RFP.

On October 24, 2018, three proposals were received. An evaluation committee consisting of LOSSAN Agency staff, Orange County Transportation Authority staff from the Contracts Administration and Materials Management Department and the Environmental Programming Department, as well as external representatives from Amtrak met to review all proposals received. The proposals were evaluated based on the following Board-approved evaluation criteria and weights:

- Qualifications of the Firm 25 percent

- Staffing and Project Organization 40 percent
- Work Plan 35 percent

Several factors were considered in developing these weights. Staffing and project organization was weighted highest at 40 percent, as the qualifications of the project manager and proposed project team needed to demonstrate familiarity with required technical specializations in terms of knowledge, skills, and experience. Work plan was weighted at 35 percent to emphasize the importance of the firm's technical approach to the Project, demonstrating its ability to provide solutions specific to the LOSSAN Agency's needs.

Qualifications of the firm was weighted at 25 percent because, due to the breadth and depth of the requested services, the successful firm needs to have a proven track record for meeting the requirements outlined in the scope of work. As this is an A&E procurement, price was not an evaluation criterion pursuant to state and federal laws.

On November 13, 2018, the evaluation committee reviewed the proposals received from the three firms listed below in alphabetical order:

Firm and Location

HDR Engineering, Inc. (HDR)
Irvine, California

RailPros, Inc (RailPros)
Irvine, California

STV Incorporated (STV)
Irvine, California

On November 29, 2018, the evaluation committee interviewed the three firms. The interviews consisted of a presentation to demonstrate the firms' understanding of the LOSSAN Agency's requirements. The firms' project managers and key team members had an opportunity to present qualifications and respond to the evaluation committee's questions. Questions were asked relative to the firms' understanding of the scope of work, experience designing similar projects, and experience working with the key stakeholders, as well as specific clarification questions related to each firm's proposal.

After considering the presentations and responses to questions asked during the interviews, the evaluation committee adjusted the preliminary scores for all firms, which changed the overall ranking of the top two firms. As a result, HDR is the top-ranked firm with the highest cumulative score. Based on the evaluation

of written proposals and interviews, staff recommends HDR as the firm to provide the project report and environmental document for the Project. The firm ranked highest among proposing firms because of its extensive experience with rail design and environmental documents; the proposed manager's recent, highly relevant experience; a detailed work plan that addressed all requirements of the scope of work; and an excellent interview with focused responses to interview questions.

All firms submitted proposals addressing the requirements of the RFP. Brief summaries of the evaluation results follow.

Qualifications of the Firm

All three firms are qualified and demonstrated experience in developing conceptual layouts and designs for rail layover and maintenance facilities.

HDR is a worldwide firm with nearly 10,000 employees, including 400 locally, providing an array of services to support rail projects. Examples of relevant experience include efforts on the Riverside-Downtown Metrolink Layover Facility, Metrolink Eastern Maintenance Facility Expansion, and the Metrolink Downtown San Bernardino Passenger Rail Project. HDR has experience working on projects with some of the proposed subconsultants, all of which are experienced in their respective fields, including 1 Zephyr UAS which created several conceptual design exhibits for the layover facility being considered under an on-call engineering services contract with Caltrans Division of Rail.

STV has over 2,200 employees in the United States and Canada, including over 140 in Southern California. STV has experience preparing preliminary engineering plans, reports and studies and conducting environmental analyses for rail layover and maintenance facilities in California. Examples of relevant experience include efforts on the Metrolink commuter rail layover yards in Los Angeles, Riverside, and Ventura counties. STV has experience working on projects with some of the proposed subconsultants, all of which are experienced in their respective fields.

RailPros is a nationwide firm founded in 2000, with over 600 employees, headquartered in the City of Irvine. RailPros has wide-ranging experience in the rail and transportation construction industry. RailPros has completed over 20 projects under the Southern California Regional Rail Authority's Metrolink on-call services contract, providing project and construction management services in the past eight years. RailPros is also providing design, engineering peer review, design standards development, and project management support to the San Diego Association of Governments (SANDAG) on 21 LOSSAN rail corridor rail improvement projects. The subconsultants are experienced in their respective fields and RailPros has experience working with some of the firms on previous projects.

Staffing and Project Organization

Each short-listed firm proposed a team of qualified personnel with relevant rail experience.

HDR's proposed project manager (PM) has over 11 years of experience in railroad engineering, with both freight and transit design experience. The PM is managing the design of the Riverside-Downtown Metrolink layover facility, which shares many of the challenges of the Central Coast Layover Facility, including developing innovative designs that maximize the available constrained space while maintaining current railroad operations. HDR has proposed highly-experienced technical leads for the stakeholder coordination, conceptual layout, site selection, and environmental disciplines. The other proposed key personnel have at minimum 21 years of experience. The proposed personnel are well qualified with technical expertise across the areas within the scope of work and demonstrated relevant experience working with stakeholders.

STV's proposed PM has more than 20 years of experience developing conceptual layouts and final designs for all sizes of layover and maintenance facilities, including eight Metrolink layover facilities and two others in Ventura County. STV has proposed experienced technical leads for the planning/environmental, design and outreach disciplines, with experience ranging from 11 to 16 years. However, none of the proposed technical leads were in attendance at the interview. The proposed personnel are well qualified with technical expertise across the areas within the scope of work and the written proposal demonstrated relevant experience working with stakeholders.

RailPros proposed a team of qualified staff. The proposed PM has over ten years of experience in railroad program and project management, engineering design and coordination. Relevant experience includes developing the plans, specifications and estimate package for safety improvements at five multi-track at grade crossings and program management support of SANDAG's LOSSAN rail corridor projects. Overall, RailPros proposed a qualified team of subconsultants with experience across many disciplines and relevant experience working with stakeholders.

Work Plan

All three firms provided detailed work plans addressing all elements of the scope of work, demonstrating an understanding of the required services and elements necessary for successful design and environmental services. The firms emphasized the importance of effective communication between LOSSAN Agency staff, the consultant team, Union Pacific Railroad, Amtrak, and all other stakeholders. Each firm identified potential challenges and solutions.

HDR's work plan was inclusive of all elements identified in the scope of work. Responsibility for each task was designated by key personnel and technical groups. A specific approach for the delivery of each task was provided, supported by specific project details where the HDR team successfully implemented each approach. The proposal included a good discussion on potential issues critical to the project with proposed solutions. The other necessary work plan elements were sufficiently addressed, such as stakeholder coordination and environmental requirements. HDR's proposal was supported by an excellent interview where the team provided well organized, specific and thorough responses to interview questions, and demonstrated a cohesive, well-structured team approach.

STV's work plan included all elements identified in the scope of work. Responsibility for each task was designated by key personnel and technical groups in a good process flowchart. The proposal includes conceptual plans. The work plan demonstrated good knowledge of the preliminary engineering and environmental document process and application of lessons learned. The other required elements were sufficiently addressed, such as stakeholder coordination and environmental requirements. STV's interview responses were not as detailed or organized as those of the recommended firm.

RailPros' work plan provided a good approach to all elements of the scope of work. The plan addressed alternative locations and preliminary assessments of their advantages. However, the environmental approach was not thorough. Other work plan elements were addressed. Interview responses were not as detailed as those of the recommended firm.

Procurement Summary

Based on the evaluation of the written proposals, team qualifications, work plan, and information obtained from the interviews, the evaluation committee recommends the selection of HDR as the top-ranked firm to prepare the project report and environmental document for the Project. HDR presented a comprehensive proposal, a highly qualified team of key personnel, resources to provide all required services and demonstrated a thorough understanding of the overall project requirements.

Fiscal Impact

Funding for the Project was approved in the LOSSAN Agency's Fiscal Year 2018-19 Business Plan and is provided through the STIP. This funding from the STIP was allocated to the LOSSAN Agency by the California Transportation Commission at their October 2018 meeting in Stockton, California.

Board Resolution

To facilitate the usage of STIP funding, Caltrans guidelines require a formal resolution of the Board authorizing the Managing Director, or their designee, to accept state funding allocated to this project by the CTC. Resolution No. 2019-L005 is included as Attachment A. Following Board approval of the required resolution, LOSSAN Agency staff will work with Caltrans to execute any necessary agreements and/or program supplements with Caltrans. This is a necessity if preliminary engineering and environmental clearance of the Central Coast Layover Facility Expansion Project is to begin.

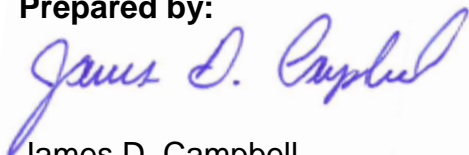
Summary

Based on the information provided, Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency staff recommends the Board of Directors authorize the Managing Director to negotiate and execute Agreement No. L-8-1897 with HDR Engineering, Inc., to prepare a project report and environmental document for the Central Coast Layover Facility Expansion Project.

Attachments

- A. Resolution of the Board of Directors of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Authorization for the Execution of Agreements for State-Funded Transportation Projects
- B. Review of Proposals, RFP 8-1897 Consultant Services to Prepare Project Report and Environmental Document of the Central Coast Layover Facility
- C. Proposal Evaluation Criteria Matrix, RFP 8-1897: Consultant Services to Prepare Project Report and Environmental Document of the Central Coast Layover Facility
- D. Contract History for the Past Two Years, RFP 8-1897 Consultant Services to Prepare Project Report and Environmental Document of the Central Coast Layover Facility

Prepared by:



James D. Campbell
Deputy Managing Director
(714) 560-5390

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

**AUTHORIZATION FOR THE EXECUTION OF AGREEMENTS
FOR STATE-FUNDED TRANSPORTATION PROJECTS**

WHEREAS, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) may receive state funding from the California Department of Transportation (Department) now or sometime in the future for transit, rail, intercity rail, urban commuter, and other transportation projects; and

WHEREAS, the LOSSAN Agency is an eligible recipient of State transit, rail, intercity rail, urban commuter, and other transportation funds; and

WHEREAS, the statutes related to state-funded projects require a local or regional implementing agency to execute an agreement with the Department before it can be reimbursed for project expenditures; and

WHEREAS, the Department utilizes agreements for state-funded projects, along with associated program supplements and amendments, for the purpose of administering and reimbursing state funds to local agencies; and

WHEREAS, the LOSSAN Agency, per the agency governing documents, delegates authorization to execute these agreements and any amendments thereto to the Managing Director.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the LOSSAN Agency that the fund recipient agrees to comply with all conditions and requirements set forth in this agreement and applicable statutes, regulations, and guidelines for all state-funded transit or rail projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that Jennifer L. Bergener, Managing Director, and/or her designee, is hereby authorized to execute these agreements for state-funded transit, rail, intercity rail, urban commuter, and other transportation projects and any amendments thereto with the Department.

ADOPTED, SIGNED AND APPROVED this 30th day of January, 2019.

AYES:

NOES:

ABSENT:

ATTEST:

Laurena Weinert
Clerk of the Board

Bryan MacDonald, Chairman
Los Angeles – San Diego –
San Luis Obispo Rail Corridor Agency

Review of Proposals
RFP 8-1897 Consultant Services to Prepare Project Report and Environmental Document of the Central Coast Layover Facility
PRESENTED TO THE BOARD OF DIRECTORS - JANUARY 30, 2019
3 proposals were received, 3 firms were interviewed, 1 firm is being recommended

Overall Ranking	Proposal Score	Firm & Location	Subconsultants	Evaluation Committee Comments
1	77	HDR Engineering, Inc. Irvine, California	HMMH MNS Engineers, Inc. Regency Right-of-Way Zephyr UAS, Inc.	Highest ranked firm overall Excellent qualifications and relevant experience providing design and environmental consultant services for rail projects Project manager is well qualified with relevant experience Highly qualified, dedicated expert leads for engineering, environmental and outreach disciplines Highly-qualified staff with technical expertise in all areas of scope of work Subconsultant with direct experience with project scope Very good work plan that addressed and provided an approach for each task with innovative solutions Excellent interview with well organized, detailed and thorough responses to all interview questions
2	73	STV Incorporated Irvine, California	ICF Jones & Stokes, Inc. Rincon Consultants, Inc. SurvWest Solution LLC Earth Systems Pacific North Coast Engineering, Inc.	Second ranked firm overall Very good qualifications and relevant experience providing design and environmental consultant services for rail projects Project manager is well qualified with relevant experience Qualified, dedicated expert leads for engineering, environmental and outreach disciplines Qualified staff with technical expertise in all areas of scope of work Good work plan that addressed and provided an approach for each task Interview that may have benefitted from more preparation and team cohesion
3	67	RailPros, Inc. Irvine, California	AMF Media Bender Rosenthal Karl Hovanitz Leighton Consulting Psomas Rincon Consultants, Inc.	Third ranked firm overall Very good qualifications and relevant experience providing design and environmental consultant services for rail projects Project manager is well qualified with relevant experience Qualified staff with technical expertise in all areas of scope of work Good work plan General responses to technical interview questions

Evaluation Panel (5 members):

Internal:

Contracts Administration and Materials Management (1)
Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (1)
Project Development (1)

External:

Amtrak (3)

Evaluation Criteria

Staffing and Project Organization
Work Plan
Qualifications of the Firm

Weight Factors

40%
35%
25%

PROPOSAL EVALUATION CRITERIA MATRIX

RFP NO. 8-1897: Consultant Services To Prepare Project Report and Environmental Document
of the Central Coast Layover Facility

HDR Engineering, Inc.							Weights	Average Score
Evaluator Number	1	2	3	4	5	6		
Qualifications of Firm	3.5	4.0	4.0	4.0	3.5	3.5	5	18.8
Staffing/Project								
Organization	4.0	4.0	3.5	4.0	3.5	4.0	8	30.7
Work Plan	4.0	4.0	4.0	4.0	4.0	3.5	7	27.4
Overall Score	77.5	80.0	76.0	80.0	73.5	74.0		77
STV Incorporated							Weights	Overall Score
Evaluator Number	1	2	3	4	5	6		
Qualifications of Firm	4.0	4.0	4.0	4.0	4.0	4.0	5	20.0
Staffing/Project								
Organization	3.0	3.5	3.0	3.0	3.5	4.0	8	26.7
Work Plan	3.5	3.5	4.0	3.5	4.0	4.0	7	26.3
Overall Score	68.5	72.5	72.0	68.5	76.0	80.0		73
RailPros, Inc.							Weights	Overall Score
Evaluator Number	1	2	3	4	5	6		
Qualifications of Firm	3.5	4.0	3.0	3.5	3.5	3.0	5	17.1
Staffing/Project								
Organization	3.5	3.5	3.0	3.5	3.5	3.5	8	27.3
Work Plan	3.0	3.5	3.0	3.5	3.0	3.0	7	22.2
Overall Score	66.5	72.5	60.0	70.0	66.5	64.0		67

CONTRACT HISTORY FOR THE PAST TWO YEARS


RFP 8-1897 Consultant Services to Prepare Project Report and Environmental Document of the Central Coast Layover Facility

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
HDR Engineering, Inc..						
Contract Type: N/A	None	N/A	N/A	N/A	N/A	\$ -
Subconsultants: N/A						
Sub Total						\$ -
RailPros, Inc.						
Contract Type: N/A	None	N/A	N/A	N/A	N/A	\$ -
Subconsultants: N/A						
Sub Total						\$ -
STV Incorporated						
Contract Type: N/A	None	N/A	N/A	N/A	N/A	\$ -
Subconsultants: N/A						
Sub Total						\$ -



January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Cooperative Agreement for On-Time Performance Incentive Program with North County Transit District

Overview

As part of the 2018 Transit and Intercity Rail Capital Program grant awarded by the California State Transportation Agency, funding was provided to initiate an On-Time Performance Incentive Program between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District. The Program will provide incentive-based performance payments to the North County Transit District for meeting Pacific Surfliner on-time performance goals and provide additional funding to support the on-going railroad right-of-way maintenance on the infrastructure over which the Pacific Surfliner operates. Staff has worked with the North County Transit District and Amtrak to draft an agreement establishing the roles, responsibilities, and performance terms of the program. Staff is seeking Board of Directors' approval to negotiate and execute the agreement with the North County Transit District.

Recommendation

Authorize the Managing Director to negotiate and execute Agreement No. L-9-0002 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and North County Transit District to implement an On-Time Performance Incentive Program.

Background

The Pacific Surfliner service operates over four different host railroads (Union Pacific Railroad, Metrolink, BNSF Railway, and North County Transit District) along the 351-mile Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor. These host railroads are responsible for dispatching trains and maintaining the right-of-way (ROW) on which the Pacific Surfliner operates.

To help address the high costs for operating and maintaining the railroad, many of the host railroads and ROW owners enter into agreements with the “guest” rail services operating on their railroad. These agreements generally cover access fees to contribute to the ongoing operations and maintenance of the railroad, and sometimes incentive payments to help ensure a certain level of on-site performance is maintained. This is a common arrangement across the country for most railroads on which intercity passenger rail service operates (whether State-supported or Amtrak funded).

Amtrak has agreements with all host railroads that are governed by the Rail Passenger Services Act of 1970 (Act), including those over which the Pacific Surfliner operates, but the regulations presented as part of the Act set limits on the amount Amtrak can pay to the host railroads. This amount is typically lower than current fair market value and the actual cost to maintain the railroad. To increase the payments to levels more commensurate with the actual cost of maintenance, and to incentivize the host railroads, some intercity passenger rail services, like the Capitol Corridor Joint Powers Authority in Northern California, have implemented capitalized access and incentive payments to improve the prioritization of the passenger rail service operating over the host railroad.

Discussion

Of the \$188.3 million of Transit and Intercity Rail Capital Program (TIRCP) funding awarded to the LOSSAN Rail Corridor Agency (Agency) in April 2018, approximately \$45 million was to implement capitalized access and On-Time Performance (OTP) Incentive programs with the Union Pacific Railroad and North County Transit District (NCTD). In October 2018, the California Transportation Commission allocated the TIRCP funding to implement the OTP Incentive Program (Program) with NCTD.

Currently, 24 Pacific Surfliner trains operate each day along the San Diego Subdivision, which is dispatched and maintained by NCTD. These 24 trains comprise 46 percent of the total weekday train movements along this subdivision and 63 percent of the total weekend train movements. With the proposed increases in Pacific Surfliner service planned between Los Angeles and San Diego, this percentage could increase to 50 percent of total weekday and 67 percent of total weekend train movements by 2021. The Program will increase access fees provided to NCTD to a level more commensurate with the Pacific Surfliner share of the actual costs for maintaining the railroad, which includes tie and rail replacement, bridge rehabilitation, stabilization of the Del Mar bluffs and other tasks necessary to keep the railroad operating safely.

The Program is also intended to help achieve the 90 percent OTP metric required by the State of California. Reliability of the Pacific Surfliner service along the San Diego Subdivision has consistently failed to meet the metric, with

an average OTP in fiscal year 2017-18 of 78 percent. The Program will allow for incentivized payments to NCTD based on achieving the OTP goal. Additionally, the incentive payments would be reduced as OTP diminishes utilizing a methodology agreed to by NCTD. The incentive payments can also be adjusted as Pacific Surfliner service is added in San Diego County.

To implement the Program, LOSSAN Agency staff, working in coordination with NCTD, have prepared a draft cooperative agreement consistent with the terms of the TIRCP grant award and the assumptions and objectives presented above. The term of the agreement is 28 months consistent with the available funding, February 1, 2019 through June 30, 2021.

Summary

With funding provided by the 2018 Transit and Intercity Rail Capital Program, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency has prepared a draft cooperative agreement with North County Transit District to implement an On-Time Performance Incentive Program. The Program will provide incentive payments to the North County Transit District for meeting Pacific Surfliner on-time performance goals and provide additional funding to support the operations and maintenance of the right-of-way to a level that is more commensurate with the actual costs for maintaining the railroad on which the Pacific Surfliner operates. Staff is seeking Board of Directors' approval to negotiate and execute an agreement with the North County Transit District to implement this program.

Attachment

- A. (DRAFT) Cooperative Agreement No. L-9-0002 between Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and North County Transit District for Increased Service Frequencies Including On-Time Performance Payment

Prepared by:



James D. Campbell
Deputy Managing Director
(714) 560-5390

COOPERATIVE AGREEMENT NO. L-9-0002

COOPERATIVE AGREEMENT NO. L-9-0002

BETWEEN

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

AND

NORTH COUNTY TRANSIT DISTRICT

FOR

INCREASED SERVICE FREQUENCIES INCLUDING ON-TIME PERFORMANCE PAYMENT

THIS COOPERATIVE AGREEMENT (“Agreement”), is effective this ____ day of _____, 2019 (“Effective Date”), by and between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency (“LOSSAN Agency”), a joint powers authority as amended pursuant to Senate Bill 1225 (Chapter 802, Statutes of 2012) and the North County Transit District (“NCTD”) a public agency existing under the laws of the State of California, pursuant to California Public Utility Code Sections 125000, et seq., (LOSSAN Agency and NCTD are each sometimes referred to herein as a “Party” and collectively referred to as “Parties”).

RECITALS

WHEREAS, pursuant to 49 U.S.C. §24308 and the Operating Agreement between NCTD and the National Railroad Passenger Corporation (“Amtrak”) dated October 1, 1994 (the “Operating Agreement”), Amtrak operates intercity passenger trains over the tracks which are owned and or controlled by NCTD (railroad reporting mark NCTC); and

WHEREAS, the LOSSAN Agency is a joint powers authority as amended pursuant to Senate Bill 1225 (Chapter 802, Statutes of 2012) enabling regional governance of the state-supported Amtrak Pacific Surfliner service by the LOSSAN Agency, with the goal of transforming the Pacific Surfliner into a service under local management; and

1 **WHEREAS**, consistent with LOSSAN Agency Business Plan for Fiscal Years 2017-18 and 2018-
2 19, the California State Rail Plan and associated supporting planning documents, and subject to funding
3 availability, the LOSSAN Agency desires to provide additional Amtrak operated intercity passenger rail
4 service, enhanced service reliability and to support improved on-time performance for the Pacific Surfliner
5 that meets and or exceeds specified goals; and

6 **WHEREAS**, Amtrak provides a track access fee to NCTD for the use of NCTD owned or
7 controlled tracks as specified in the Operating Agreement; and Amtrak is expected to continue to operate
8 the state-supported Pacific Surfliner service managed by the LOSSAN Agency over NCTD right of way
9 under the terms and conditions of the Operating Agreement; and

10 **WHEREAS**, NCTD and the LOSSAN Agency acknowledge the addition of one roundtrip
11 operating on the NCTC, effective November 2015, and the planned increase of frequencies in Pacific
12 Surfliner service to accommodate hourly operations beginning with up to two additional frequencies by
13 October 2019 and continuing to increase thereafter to achieve hourly service (the "Frequency
14 Improvement"); and

15 **WHEREAS**, the parties agree that the Operating Agreement provides the legally required
16 reimbursement for Amtrak to operate on the NCTC, and that this provides an incremental reimbursement
17 to NCTD for the costs associated with maintenance of the right of way and dispatch operations; and

18 **WHEREAS**, the parties agree that without respect to federal requirements which limits
19 reimbursement from Amtrak to NCTD for use of tracks for the provision of intercity passenger rail service,
20 that it is in the best interest of both LOSSAN Agency and NCTD to increase the funding provided by the
21 LOSSAN Agency through a separate agreement between the LOSSAN Agency and the State of
22 California to aid in offsetting the NCTD costs associated with maintenance of NCTC and to promote
23 greater on-time performance in a manner more commensurate with the significant levels of current and
24 future operations of the Pacific Surfliner;

WHEREAS, the parties wish to establish a performance-based incentive payment, whereby NCTD would be paid for the on-time performance of the Pacific Surfliner service, the methodology for which is outlined in Attachment B; and

AGREEMENT

NOW, THEREFORE, in accordance with the foregoing Recitals, which are incorporated into this Agreement by reference, and for and in consideration of the mutual covenants and agreements hereafter set forth, the mutual benefits to the parties to be derived herein, and for other valuable consideration, the receipt and sufficiency of which the parties acknowledge, it is hereby agreed as follows:

Upon execution of this Agreement and any additional Agreements that may be required, and any necessary Agreements between the parties and Amtrak, the parties agree to implement the Frequency Improvements by cooperatively working with Amtrak to develop an operating plan that provides for complimentary service advancing the goal of hourly intercity passenger rail service between Los Angeles and the San Diego Santa Fe Depot.

The parties agree that the Amtrak Operating Agreement provides the legally required reimbursement for Amtrak to operate on the NCTC and that this provides an incremental reimbursement of the actual costs associated with the operations maintenance of the right of way and dispatch operations. The parties agree to initial payments of \$2,299,000 for the remainder of the fiscal year ending June 30, 2019 (FY 2018-19) and of \$2,183,500 for the fiscal year ending June 30, 2020

(FY 2019-20). Subsequently, the parties agree to increase the incremental reimbursement amount to NCTD for operation of the Pacific Surfliner along the San Diego subdivision beginning fiscal year ending June 30, 2021 (FY 2020-21) to an annual amount commensurate to the number of Pacific Surfliner trains operating on the San Diego subdivision as defined in Attachment "B". Additionally, the parties agree to an annual maximum incentive performance payment beginning in FY 2019-20 as defined in Attachment "B", that is commensurate to the number of Pacific Surfliner trains operating on the San Diego subdivision. The maximum annual payment for the cost reimbursement and the incentive performance payment can be adjusted upon mutual agreement of the parties through amendments to this Agreement or a new agreement and is also subject to the availability of funding.

ARTICLE 3. PERFORMANCE PAYMENT

1. Quantification of On-Time Performance Incentive Payment. NCTD shall be paid incentives for the operation of Pacific Surfliner trains based on the number of minutes of railroad delay Pacific Surfliner trains incur. The data contained in Amtrak's on-time performance Monitor Report System ("MRS") shall be used as the official data source for all information required for measuring performance under this Agreement and shall be considered the definitive delay data for audit purposes, except to the extent that NCTD provides data that both parties agree is more accurate. The data in the MRS is derived from Amtrak's delay reporting process. Following the end of each calendar month, prior to the LOSSAN Agency preparing a report for NCTD's review and concurrence, Amtrak and NCTD shall identify and agree to correct any errors found in the MRS by comparing with reports provided by NCTD and to work jointly to resolve any disputes that may exist concerning the clarity or accuracy of all delay reports before NCTD receives any incentive payment.

2. Attachment "A" of this Agreement presents the current, as of October 8, 2018, origin and destination times for Pacific Surfliner trains on NCTD territory. The scheduled departure and arrival times are to be equivalent to the published Amtrak public timetable effective as of the date the parties have executed this Agreement. To the extent that the parties agree to change the schedule times in Amtrak's public timetable, the parties shall amend Attachment "A" to reflect the updated schedule.

1 3. If the minutes of delay between the origin and destination on NCTD's territory (including
2 delays attributed to NCTD that delay a train from entering or departing its territory) are equal to or less
3 than the delay tolerance for the Pacific Surfliner trip, the LOSSAN Agency shall pay NCTD the
4 maximum incentive payment per train as specified in Attachment "B".

5 4. If the minutes of delay between the origin and destination on NCTD's territory (including
6 delays attributed to NCTD that delay a train from entering or departing its territory) are greater than
7 the delay tolerance for the Pacific Surfliner trip, the LOSSAN Agency shall reduce the incentive
8 payment, at the incentive rate per minute presented in Attachment "B", for each minute the delay is
9 greater than the delay tolerance and up to a delay threshold of 15 minutes beyond the delay tolerance.
10 No on-time performance incentive will be paid to NCTD for trains delayed greater than 15 minutes,
11 plus the accepted delay tolerance, except as otherwise stated in Article 5 of this Agreement.

12 5. The performance payments contemplated in this section shall be in addition to costs
13 attributable to passenger use which may be paid to NCTD by Amtrak under the Operating Agreement.

14 **ARTICLE 4. DETERMINATION OF ON-TIME TRAINS**

15 Except as otherwise provided in this Agreement, a train trip will be determined to be on-time if
16 the train completes a trip within its scheduled running time or less as defined in the schedule presented
17 in Attachment "A" to this Agreement between Control Point Songs and Control Point Ash, plus any
18 one or more of the following:

19 1. A delay tolerance of five (5) minutes.

20 2. The amount of time a train departs late from San Diego, except where the delay in
21 departing the point of origin is due to the actions or inactions of NCTD.

22 3. The net amount of time by which the actual total station dwell times exceed the total allowed
23 station dwell time for the trip, except where the delay in departing the point of origin is due to the
24 actions or inactions of NCTD. The allowed station dwell time is the total time between arrival and
25 departure for the currently approved schedule as submitted by Amtrak and approved by NCTD.
26

1 4. The amount of time a train is delayed due to a sick or disruptive passenger at a location
2 other than a scheduled station stop; COASTER passengers traveling via the Rail 2 Rail Program are
3 not included in this provision.

4 5. The amount of time a train is delayed due to passenger train locomotive, car, or other
5 equipment failure, breakdown, damage, destruction, replacement or inability to run at schedule
6 speeds.

7 6. The amount of time a train is delayed due to the actions, inactions or incapacity of Amtrak
8 crews or other Amtrak personnel.

9 7. The amount of time a train is delayed due to the actions or inactions of other railroads that
10 cross or have joint use of any segment of the Line.

11 8. The amount of time a train is delayed due to: (1) scheduled construction, emergency
12 maintenance or repair of the Line or Right-of-Way or adjacent railroad property affecting the Line as
13 to which Amtrak has been advised under the Operating Agreement, (2) or the amount of time a train
14 is delayed due to construction, repair or other activity of governmental bodies, entities, agencies,
15 departments, public utility commission or their contractors or public utilities or their contractors of
16 highways, bridges, utility lines and/or other facilities on, over, under or affecting the Line, and (3)
17 construction, maintenance and repair of highways, bridges, utility lines and/or other facilities when
18 such activity is ordered or is being performed in conjunction with a governmental body, entity, agency,
19 department, public utility commission or similar entity or public utilities or any of their contractors.

20 **ARTICLE 5. TRAIN TRIPS EXCLUDED FROM ON-TIME PERFORMANCE CALCULATION**

21 Train trips encountering the following described situations shall not be considered in the on-
22 time performance incentive calculations:

23 1. A train trip terminated, detoured, re-routed or annulled because of force majeure or other
24 conditions which NCTD does not have the ability to control.

25 2. A train trip that is late due to the events described below provided that the train trip had not
26 already been late, tolerances considered, due to reasons described below:

- a. A train has struck a pedestrian or vehicle or is blocked by a pedestrian or vehicle;
- b. A train is blocked by fire hoses, emergency vehicles or held by civil authorities;
- c. A train is delayed due to strikes or work stoppages, other accidents, extraordinary weather conditions, floods, earthquakes, high winds requiring special precautions, other acts of God or natural disasters, terrorist acts, criminal acts, acts of war or other events that significantly disrupt operations on the NCTC tracks and that are beyond the reasonable control of NCTD.
- d. A train is delayed by more than ten (10) minutes due to acts of vandalism on the NCTC tracks, which acts require the train to stop or to be operated at reduced speeds for a portion of the trip.
- e. The train is delayed due to an emergency, including the need for NCTD to perform emergency Right of Way repairs following accidents or unforeseen sudden damage due to weather or other unforeseen events.
- f. The train is delayed, terminated, detoured, re-routed or annulled by the laws, regulations, demands, warnings or orders of any federal, state or local governmental body, entity, agency, department, court, official or judge with jurisdiction or authority.

ARTICLE 6. DATA FOR DETERMINING ON-TIME PERFORMANCE

For purposes of this Agreement, delays will be identified, determined and calculated based on Amtrak's on-time performance Monitor Report System (MRS), and shall also be considered the definitive delay data for audit purposes, except to the extent that NCTD provides data that both parties agree is more accurate.

ARTICLE 7. REPORTING, INVOICING AND REMITTANCE OF PAYMENTS

1. The annual reimbursement payment will be submitted to NCTD within forty-five (45) calendar days following the approval of the LOSSAN Agency's annual fiscal year business plan and the associated Master Fund Transfer Agreement and its appropriate supplements by the State of California.

2. For the incentive performance payment, the LOSSAN Agency within 45 calendar days following the conclusion of each calendar month and following the reconciliation of any errors or disputes between Amtrak and NCTD in the cause of the delays as reported, shall submit a report to NCTD for review and concurrence reflecting on-time performance calculated pursuant to the terms and conditions of this Agreement. This report shall contain a statement of the amount due on account of on-time performance during the reported month and justification for any delay not included in the on-time performance calculation. This report shall be submitted to NCTD in the form and manner agreed to by the parties.

3. Upon agreement of the report, the LOSSAN Agency shall provide NCTD the performance incentive payment per this Agreement within thirty (30) days, including supporting documentation.

4. Payment of the incentive performance payments shall not be unreasonably withheld, conditioned or delayed.

5. The parties shall keep detailed and complete records verifying all performance-based payments pursuant to this Agreement. The parties agree to maintain such records for a period of three years following each submitted payment. The parties shall have the right, upon reasonable notice, to audit all records related to this Agreement.

ARTICLE 8. MUTUAL RESPONSIBILITIES

1. Statement of Mutual Support; Independent Contractors; No Third-Party Beneficiaries.

The parties to this Agreement are independent contractors. Neither party shall be considered the agent, partner or joint venture of the other party under this Agreement. The terms and provisions of this Agreement are intended for the sole and exclusive benefit of the parties. Nothing in this Agreement is intended to, or may be construed to, give any person, firm, corporation, or other person or entity, other than the parties hereto and their respective parents, subsidiaries, affiliates, successors, and assigns, and any of the officers, directors, employees or agents of any of them, any right pursuant to any provision or term of this Agreement.

2. Notices. All reports, invoices, notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by facsimile directed to the party to whom notice is to be given at the facsimile number listed below, or (ii) at the earlier of actual receipt or the third business day following deposit in the United States mail, postage prepaid. Notices and other communications shall be directed to the parties at the address shown below:

For LOSSAN Agency:

Jennifer L. Bergener
LOSSAN Rail Corridor Agency
600 S. Main Street
Orange, CA 92863

For NCTD:

Matthew O. Tucker
North County Transit District
810 Mission Avenue
Oceanside, CA 92054

3. Dispute Resolution. The Parties hereby consent to a dispute escalation as outlined below. Any disputes not resolved through the escalated dispute resolution process will be decided through a binding arbitration process. The Dispute Resolution process will be initiated by the project manager at NCTD and responded to by the LOSSAN Agency equivalent. If not resolved the issue will escalate to the Executive Director for NCTD and the Managing Director for the LOSSAN Agency. If not resolved the issue will then be submitted for formal binding arbitration.

4. Term of Agreement. The term of this Agreement shall be effective on February 1, 2019 and shall be in full force and effect through June 30, 2021, unless otherwise extended or modified through amendments to this agreement.

5. Amendments: This Agreement may be amended in writing at any time by the mutual consent of both Parties. No amendment shall have any force or effect unless executed in writing by both Parties.

6. Funding. The funding necessary to support this Agreement is anticipated to be provided through a variety of state funding sources. Payments are subject to the availability of the funding,

1 which the Parties believe to be reasonably anticipated and available to support this Agreement. Should
2 this funding not be made available, the Parties mutually agree to work in coordination to identify
3 alternative sources to further support this Agreement.

4 7. Default; No Punitive or Consequential Damages. (i) Either party shall be deemed in
5 default with respect to this Agreement upon the failure of such party to observe or perform any
6 covenant, condition or agreement on its part to be observed or performed hereunder, and the
7 continuance of such failure for a period of thirty (30) days after the defaulting party has received written
8 notice specifying such failure and demanding that it be remedied (provided, however, that with respect
9 to any default not reasonably capable of cure within the 30-day period default shall not occur if the
10 breaching party commences curative actions within 30 days and thereafter diligently prosecutes such
11 curative actions to completion). In addition to any remedies that may be available at law, which
12 remedies shall be cumulative, the non-defaulting party shall, at its option, have the right to terminate
13 this Agreement for cause. (ii) No claim for punitive or exemplary damages shall be made nor shall
14 any such damages be collected for or on behalf of any party to this Agreement from any other party
15 to this Agreement under any term or provision of this Agreement or for the breach of or failure to
16 perform any condition, requirement, duty or obligation required by any term or provision of this
17 Agreement.

18 8. Governing Law. This Agreement shall be governed and interpreted under the laws of the
19 State of California.

20 9. Counterparts. This Agreement may be executed in any number of counterparts, each of
21 which when executed and delivered shall be an original, but all such counterparts shall constitute one
22 and the same instrument.
23
24
25
26

1 **IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement No. L-9-0002 to be
2 executed as of the date of the last signature below.

3
4 **NORTH COUNTY TRANSIT DISTRICT**

5 **LOSSAN RAIL CORRIDOR AGENCY**

6 By: _____

7 By: _____

8 Mathew O. Tucker
9 Executive Officer

10 Jennifer Bergener
11 Managing Director

12 Date: _____

13 Date: _____

14 Attest:

15 Approved as to Form:

16 By: _____

17 By: _____

18 Lori A. Winfree
19 General Counsel

20 James M. Donich
21 General Counsel

22 Date: _____

23 Date: _____

Attachment A

October 8, 2018 Pacific Surfliner Schedule

Attachment B

Incentive Payment Methodology

For the incentive payment, an incentive rate of \$11.66 per minute of delay will be used. This rate was calculated based on the maximum annual budget identified of \$2,298,500, that would be allocated for the incentive payment. The maximum budget was then divided by the number of days the agreement would be in effect each fiscal year, divided by the maximum number of Pacific Surfliner trains anticipated to be operating under an hourly schedule and dividing this number by the maximum delay threshold of 15 minutes (which is 20 percent of the average scheduled running time between County Line and Control Point Ash.

Example for FY2019-20: $((\$2,298,500 / 365) / 36) / 15 = \11.66 per minute of delay

Using this rate per minute, the maximum annual reimbursement and incentive payments available by number of trains operating was calculated as follows:

No. of Trains	Reimbursement Payment	Maximum Incentive Payment	Total Max Payment Possible
26	\$1,659,801	\$1,659,801	\$3,319,602
28	\$1,787,478	\$1,787,478	\$3,574,956
30	\$1,915,155	\$1,915,155	\$3,830,310
32	\$2,042,832	\$2,042,832	\$4,085,664
34	\$2,170,509	\$2,170,509	\$4,341,018
36	\$2,298,500	\$2,298,500	\$4,597,000

The attached spreadsheet template will be used to calculate the minutes of delay based on the conditions and exceptions defined in this Agreement.



January 30, 2019

To: Members of the Board of Directors
From: Jennifer L. Bergener, Managing Director
Subject: Agreement for Viriato Software Purchase

Overview

On December 6, 2017, the Board of Directors approved the submittal of a program of projects for fiscal year 2017-18 State Rail Assistance formula funds. Included in that submittal was a request for funds for the purchase of Viriato rail planning software and maintenance services. Proposals were solicited and received from SMA and Partners Ltd., TRENOLab Srl., and Deutsche Bahn Engineering & Consulting USA, Inc., in accordance with the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's procurement policies and procedures for sole source procurements for professional and technical services. Approval is requested to negotiate and execute agreements for these services.

Recommendations

- A. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0021 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and SMA and Partners Ltd., Switzerland, in the amount of \$195,480, for Viriato rail planning software and maintenance services.
- B. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0022 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and TRENOLab Srl., in the amount of \$24,000, for Viriato rail planning software and maintenance services.
- C. Authorize the Managing Director to negotiate and execute Agreement No. L-8-0023 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and Deutsche Bahn Engineering & Consulting USA, Inc., in the amount of \$60,000, for Viriato rail planning software and maintenance services.

Discussion

On December 6, 2017, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) authorized the submittal of a program of projects for fiscal year 2017-18 State Rail Assistance formula funds, which included a request for funding to purchase Viriato rail planning software and maintenance services.

Viriato rail service and operations planning software provides rail operators with a full suite of modules addressing all aspects of the planning process. It is the standard software for rail planning used by the State of California and Metrolink, and the model results are supported by BNSF Railway. Viriato and the accompanying suite of software modules is a joint effort from SMA and Partners Ltd. (SMA), TRENOLab Srl. (TRENO), and Deutsche Bahn Engineering & Consulting USA, Inc. (DBE&C). The software is provided through the purchase of perpetual virtual licenses, ongoing software and database maintenance, and server hosting services. SMA provides the license and maintenance for the Viriato planning software. TRENO provides the license and maintenance for the TRENOanalysis software used for operations analysis, and DBE&C provides database maintenance, administration of the server, and technical support for the Viriato software.

Procurement Approach

The procurement was handled in accordance with the LOSSAN Agency's Board-approved procedures for sole source procurements.

SMA, TRENO, and DBE&C are the exclusive owners of all proprietary rights for the Viriato software and the sole entities able to market and sell the software, support, maintenance, and server hosting services. Therefore, SMA, TRENO, and DBE&C meet the LOSSAN Agency's criteria for sole source procurements, and based on their technical ability and financial status, all three firms are deemed responsible.

SMA, TRENO, and DBE&C's proposals were reviewed by staff from the LOSSAN Agency and the Orange County Transportation Authority's (OCTA) Contracts Administration and Materials Management (CAMM) department to ensure compliance with the contract terms and conditions, as well as the technical requirements.

A price review of the proposed pricing from SMA, TRENO, and DBE&C was completed by staff from the LOSSAN Agency and OCTA's CAMM department, and it was concluded that the pricing quoted to the LOSSAN Agency for the Viriato software, support, maintenance, and server hosting services is consistent with the pricing quoted to other government agencies. Therefore, the proposed pricing from SMA, TRENO, and DBE&C is deemed fair and reasonable.

Based on the above, it is recommended that contracts are awarded to SMA, TRENO, and DBE&C.

Fiscal Impact

Funding was approved in the LOSSAN Agency's Fiscal Year 2018-19 Business Plan and is funded with State Rail Assistance funds provided by the State of California.

Summary

Based on the information provided, Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency staff recommends that the Board of Directors authorize the Managing Director to negotiate and execute Agreement No. L-8-0021 with SMA and Partners Ltd., in the amount of \$195,480, Agreement No. L-8-0022 with TRENOLab Srl., in the amount of \$24,000, and Agreement No. L-8-0023 with Deutsche Bahn Engineering & Consulting USA, Inc., in the amount of \$60,000, for Viriato rail planning software and maintenance services.

Attachments

None.

Prepared by:


A handwritten signature in black ink, appearing to read 'Roger M. Lopez', with a long horizontal flourish extending to the right.

Roger M. Lopez
Manager, Planning and Analysis
(714) 560-5438



January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Final Draft of the 2019 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 2019 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 2019 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's (Agency) Board of Directors (Board) annually adopts a legislative program (Program). 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 2019 Program, included as Attachment A, incorporates changes requested by the Board on November 30, 2018. No other changes are recommended at this time.

The Board may review and amend the Program as legislation or legislative issues arise, when deemed appropriate, to ensure the maximum applicability of the Program. 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 LOSSAN Agency's member agencies can be leveraged to advance the positions and goals outlined in the Program.

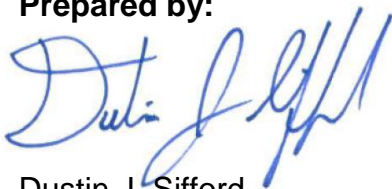
Summary

The final draft of the 2019 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program is presented for consideration and adoption.

Attachment

- A. 2019 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program

Prepared by:



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



2019 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Legislative Program

TOP PRIORITIES FOR 2019:

- **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 finalize implementation of the Fixing America's Surface Transportation Act and participate in reauthorization discussions to advocate for 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 the 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 2019 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, including a financially sustainable access rate.

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 and operate Positive Train Control (PTC), and request federal assistance in considering the fiscal, technological, and logistical challenges faced by entities implementing and operating PTC safety technology.
- 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.



January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director

Subject: Fiscal Year 2018-19 First Quarter Budget Status Report

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's Fiscal Year 2018-19 budget was approved by the Board of Directors on March 29, 2018, in conjunction with the approval of the annual business plan for Fiscal Years 2018-19 and 2019-20. This report provides a summary of financial activities and performance through the first quarter of Fiscal Year 2018-19.

Recommendation

Receive and file as an information item.

Background

On March 29, 2018, 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) 2018-19 and FY 2019-20 (Business Plan), as well as the FY 2018-19 budget. Included in both the adopted budget and Business Plan is funding for FY 2018-19 administrative and marketing services in the amount of \$6,174,329, as well as \$ 36,493,957 for net train operations (including \$500,000 for minor projects and \$1,177,275 reimbursement from other agencies), and \$8,900,000 for grant programs, bringing the total adopted budget to \$51,568,286. 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) 2018-19 operating revenue and expense forecast on March 30, 2018. The California State Transportation Agency (CalSTA) allowed for the LOSSAN Agency to submit a revised budget and resubmittal of the Business Plan by June 30, 2018, in order to incorporate Amtrak's FFY 2018-19 forecast. A budget amendment was approved by the Board on June 18, 2018, which adjusted the net train operations

budget to \$44,489,186 (including \$500,000 for minor projects), to align the budget with the Amtrak forecast. The budget includes estimates to implement additional round trips, one-time positive train control host railroad costs, emergency bus bridge services, design for Coachella special train service, minor projects, and a reimbursement from other agencies of \$1,177,275. The gross train operations budget including minor capital is \$45,666,461. The budget amendment also increased grant revenues and expenses by \$1,500,000, and increased administration revenues and expenses by \$258,775, bringing the total budget to \$62,499,565.

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 2018-19 (July 2018 through September 2018). A summary of these activities is provided below.

Budgeted revenues through the first quarter of FY 2018-19 totaled \$11,092,286, which is comprised of \$10,466,236 in state advance operating funds, \$625,000 in grant funds, and \$1,050 for interest revenue.

Actual revenues through the first quarter totaled \$5,169,818, versus a budgeted amount of \$11,092,286. The actuals are primarily comprised of operating funds from the state of \$4,894,959, grant funds of \$271,427, and interest revenue of \$3,432. The variances are primarily due to operating funds being provided by the state at the FFY 2018-19 Amtrak forecast amount of \$26.4 million (less \$1.2 million in other agency reimbursement) vs. the net train operating funding level approved by CalSTA at \$ 33.8 million, which includes the operating funds to implement additional Pacific Surfliner service and additional operating items. The remainder of the variance in net state operating funding of approximately \$3.1 million is due to lower than anticipated actual revenues recognized to offset expenses due to overall lower than anticipated net train operating expense. This is due to a higher budget allocation from July through September. The budget versus actual variances are further detailed in Attachment A.

Budgeted expenses through the first quarter of FY 2018-19 total \$12,013,524, which is primarily comprised of \$10,466,236 for Amtrak operations, and \$1,547,288 for administrative and marketing services. Actual expenses through

the first quarter totaled \$5,515,679, versus a budgeted amount of \$12,013,524. The major areas experiencing budget variances are within net train operating expenses, administrative staffing, and marketing services. These variances are further detailed in Attachment A.

The LOSSAN Agency bylaws also call for a report of all expenditures under \$100,000 to 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 2018-19, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's actual revenues and expenses are below budget. A portion of the variance in both net train operating revenues and expense are due to operating funds provided by the state at the federal fiscal year 2018-19 Amtrak forecast level of \$26.4 million (less \$1.2 million in other agency reimbursement) versus the California State Transportation Agency approved funding amount of \$33.8 million (excluding \$500,000 for minor projects). Other variances in both revenues and expenses are due to higher budget allocations for July through September due to cyclical activity. Expense variances are also due to vacant administrative positions, and lower than planned activity within grant programs.

Attachments

- A. Quarterly Budget Status Report, First Quarter of Fiscal Year 2018-19
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, First Quarter Financial Activity Report, Fiscal Year 2018-19
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of September 30, 2018

Prepared by:

A handwritten signature in black ink, appearing to read 'J. Jewell', is written over a light gray rectangular background.

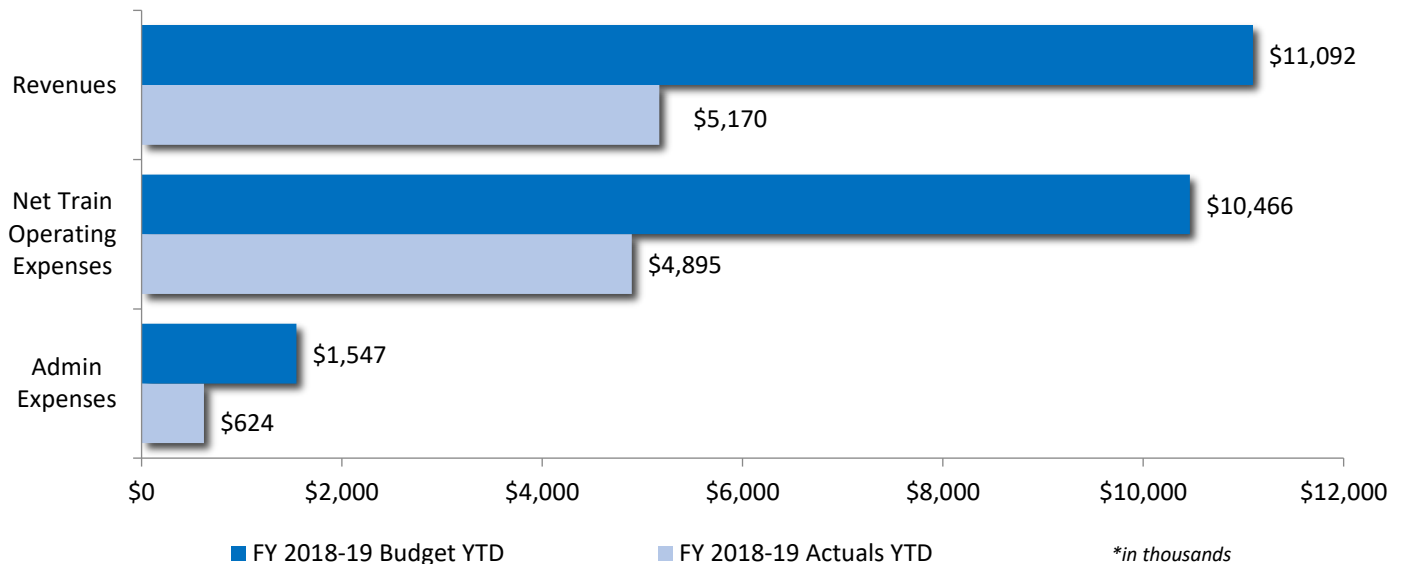
Jason Jewell
Finance and Administration Manager
(714) 560-5086



Quarterly Budget Status Report

First Quarter of Fiscal Year 2018-19

FY 2018-19 Budget to Actuals Year-To-Date



OVERVIEW

On March 29, 2018, 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) 2018-19 and FY 2019-20 (Business Plan) as well as the FY 2018-19 budget. Included in the Business Plan and budget is funding for FY 2018-19 administrative and marketing services in the amount of \$6,174,329, as well as \$36,493,957 for net train operations (including \$500,000 for minor projects and \$1,177,275 reimbursement from other agencies), and \$8,900,000 for grant programs, bringing the total adopted budget to \$51,568,286. The adopted budget for operations was based on preliminary cost estimates available at the time of adoption.

The LOSSAN Agency received Amtrak's federal fiscal year (FFY) 2018-19 operating revenue and expense forecast on March 30, 2018. The California Transportation Agency (CalSTA) allowed for a revised budget and resubmittal of the business plan by June 30, 2018, in order to incorporate Amtrak's FFY 2018-19 forecast. A budget amendment was approved by the Board on June 18, 2018, which adjusted the net train operations budget to \$44,489,186 (including \$500,000 for minor projects) to align the budget with the Amtrak forecast.

The budget includes estimates to implement additional round trips, one-time positive train control host railroad costs, emergency bus bridge services, design for Coachella special train service, minor projects, and a reimbursement from other agencies of \$1,177,275. The gross train operations budget including minor capital is \$45,666,461. The budget amendment also increased grant revenues and expenses by \$1,500,000, and increased administration revenues and expenses by \$258,775, bringing the total budget to \$62,499,565..

The LOSSAN Agency submitted a revised FY 2018-19 and FY 2019-20 Business Plan to CalSTA on June 18, 2018 for approval, which was subsequently approved by CalSTA on September 11, 2018. The net train operating funding level approved by CalSTA includes the FFY 2018-19 Amtrak forecast amount for train operations at \$26,442,664, less \$1,177,275 revenue cost share for re-timed trains from the Santa Barbara County Association of Governments (SBCAG). The approved funding also includes \$8,065,754 to implement additional round trips from San Diego to San Luis Obispo, as well as funding for emergency bus bridge services (\$120,000) and design for Coachella special train service (\$300,768). The

REVENUES

	FY 2018-19 Adopted Budget	FY 2018-19 Working Budget	FY 2018-19 Working Budget Year To Date	FY 2018-19 Actual Year To Date	\$ Variance Year To Date	% Variance Year To Date	Percent of Budget Used to Date
State Administrative Funding	\$ 4,170,129	\$ 4,428,904	\$ -	\$ -	\$ -	N/A	N/A
State Marketing Funding	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	N/A	N/A
State Operating Funding	\$ 34,816,682	\$ 43,989,186	\$ 10,466,236	\$ 4,894,959	\$ (5,571,276)	-53%	11.1%
Other State Funding ¹	\$ 8,900,000	\$ 10,400,000	\$ 625,000	\$ 271,427	\$ (353,573)	-57%	2.6%
Reimbursements from other Agencies	\$ 1,177,275	\$ 1,177,275	\$ -	\$ -	\$ -	N/A	N/A
State Capital Funding ²	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	N/A	N/A
Net State/Other Agency Funded	\$ 51,564,086	\$ 62,495,365	\$ 11,091,236	\$ 5,166,386	\$ (5,924,849)	-53%	8.3%
Interest Revenue	\$ 4,200	\$ 4,200	\$ 1,050	\$ 3,432	\$ 2,382	227%	81.7%
Total Revenues	\$ 51,568,286	\$ 62,499,565	\$ 11,092,286	\$ 5,169,818	\$ (5,922,468)	-53%	8.3%

¹ Includes Transit & Intercity Rail Capital Program, California Transit Security Grant Program, State Rail Assistance and State Transportation Improvement Program Funds

² Includes State Minor projects funding

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

FFY 2018-19 Amtrak forecast amount for train operations of \$26,442,664, was based on the current service levels at the time of execution, and does not include additional round trips, bus bridge service or Coachella special train service. As these services are implemented, amendments will be brought to the Board to amend the Amtrak agreement and adjust the state funding supplements as necessary. Included in the FY 2018 LOSSAN Agency working budget is \$9,000,000 for one-time positive train control host railroad costs. The state has funded this from FY 2017-18 funds.

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 2018-19 adopted budget assumes the California Department of Transportation Division of Rail and Mass Transportation 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 2018-19.

REVENUES

Budgeted revenues through the first quarter of FY 2018-19 are \$11,092,286 which is comprised of \$10,466,236 in state advance operating funds, \$625,000 in Transit & Intercity Rail Capital Program (TIRCP) funds, and \$1,050 for interest revenue. Actual revenues through the first quarter totaled \$5,169,818

versus the budgeted amount of \$11,092,286. The actuals are primarily comprised of state operating funds of \$4,894,959, grant funds of \$271,427, and interest revenue of \$3,432.

The majority of the variance in revenues through the first quarter is in state operating funding. Part of this variance is due to operating funds being provided by the state at the FFY 2018-19 Amtrak forecast amount of \$26,442,664 (less \$1,177,275 SBCAG revenue) vs. the LOSSAN Agency budget amount, which includes an additional \$8.5 million for additional round trips, emergency bus bridge service and Coachella special train service which have not been implemented yet. Funding will be provided by the State as these projects are implemented. This attributes to approximately \$2.5 million in budget variance in the first quarter. The remainder of the variance in net state operating funding of approximately \$3.1 million is due to lower than anticipated expenses, causing lower than anticipated actual revenues recognized to offset the expenses. The variance in net train operating expenses is explained in the operating expenses section.

The variance in grant programs is due to lower reimbursements in TIRCP funds for the transit transfer program and corridor optimization study due to lower than anticipated expenses.

OPERATING EXPENSES

Budgeted expenses through the first quarter of FY 2018-19 total \$12,013,524, which is primarily comprised of \$10,466,236 for Amtrak operations, and \$1,547,288 for administrative and marketing services. Actual expenses

EXPENSES

	FY 2018-19 Adopted Budget	FY 2018-19 Working Budget	FY 2018-19 Working Budget Year To Date	FY 2018-19 Actual Year To Date	\$ Variance Year To Date	% Variance Year To Date	FY 2018-19 Percent of Budget Used to Date
Administrative Budget Line Items							
Administration - Staffing	\$ 3,831,179	\$ 4,089,954	\$ 1,022,489	\$ 507,029	\$ 515,460	50%	12.4%
Legal Services	\$ 50,000	\$ 50,000	\$ 12,500	\$ 4,326	\$ 8,174	65%	8.7%
Travel	\$ 26,950	\$ 26,950	\$ 6,250	\$ 2,226	\$ 4,024	64%	8.3%
Marketing	\$ 2,000,000	\$ 2,000,000	\$ 500,000	\$ 106,688	\$ 393,312	79%	5.3%
Insurance	\$ 57,000	\$ 57,000	\$ -	\$ -	\$ -	N/A	N/A
Contracted services (Audit, Planning)	\$ 200,000	\$ 200,000	\$ 5,000	\$ -	\$ 5,000	100%	0.0%
Dues & Memberships	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	N/A	N/A
Net State Funded Services	\$ 6,170,129	\$ 6,428,904	\$ 1,546,238	\$ 620,268	\$ 925,970	60%	9.6%
Banking Services	\$ 4,200	\$ 4,200	\$ 1,050	\$ 688	\$ 362	34%	16.4%
Total Admin Services	\$ 6,174,329	\$ 6,433,104	\$ 1,547,288	\$ 620,957	\$ 926,332	60%	9.7%
Non Budgeted Expenses							
Other Business Expenses	\$ -	\$ -	\$ -	\$ 3,068	\$ (3,068)	N/A	N/A
Non Budgeted Admin Services	\$ -	\$ -	\$ -	\$ 3,068	\$ (3,068)	N/A	N/A
Total Administrative Services	\$ 6,174,329	\$ 6,433,104	\$ 1,547,288	\$ 624,025	\$ 923,264	60%	10%
Operating/Capital Budget Line Items							
	FY 2018-19 Adopted Budget	FY 2018-19 Working Budget	FY 2018-19 Working Budget Year To Date	FY 2018-19 Actual Year To Date	\$ Variance Year To Date	% Variance Year To Date	FY 2018-19 Percent of Budget Spent to Date
Train Operating Expenses	\$ 35,993,957	\$ 45,166,461	\$ 10,466,236	\$ 4,894,959	\$ 5,571,277	53%	10.8%
Minor Projects	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	N/A	N/A
Grant Programs ¹	\$ 8,900,000	\$ 10,400,000	\$ -	\$ (3,305)	\$ 3,305	N/A	N/A
Total Operating/Capital Budget	\$ 45,393,957	\$ 56,066,461	\$ 10,466,236	\$ 4,891,654	\$ 5,574,582	53%	8.7%
Total Budget	\$ 51,568,286	\$ 62,499,565	\$ 12,013,524	\$ 5,515,679	\$ 6,497,846	54%	8.8%

¹ Includes Transit & Intercity Rail Capital Program, California Transit Security Grant Program, State Rail Assistance and State Transportation Improvement Program Funds
Working budget is the adopted budget plus any amendments approved during the year.

through the first quarter totaled \$5,515,679 versus a budgeted amount of \$12,013,524. The major areas experiencing budget variances are within net train operating expenses, administrative staffing, and marketing expenses.

The actuals in these categories are comprised of net train operating expenses of \$4,894,959, administrative staffing expenses of \$507,029, and marketing expenses of \$106,688. As explained in the revenue section, part of this variance is due to operating funds being provided by the state at the executed FFY 2018-19 Amtrak agreement amount of \$26,442,664 (less \$1,177,275 in SBCAG revenue) vs. the LOSSAN Agency budget amount, which includes an additional \$8.5 million (for funding capacity for additional round trips, emergency bus bridge service for Coachella special train service). This creates approximately a \$2.5 million budget variance in both revenues and operating expenses through the first quarter.

The additional budget variance within net train operations is primarily due to a higher budget allocation from July through September anticipating higher net expenses during the

summer months, which did not occur. Actual net route costs came in lower than the forecast by approximately \$3.1 million because of this. Actual fuel costs are slightly higher than forecast by approximately \$425,000 due to the budget assumption of \$2.06 cost per diesel gallon of fuel compared to the average actual price of \$2.61 per gallon during the first quarter. Beginning in the second quarter, the fuel assumption for federal fiscal year 2019 is \$2.33 per gallon. This expense will continue to be monitored throughout the year. The LOSSAN Agency has approximately \$4.1 million in operating reserve funds that can be used to fund variances in operating expenses if needed.

Overall operating revenues are slightly lower than forecast by approximately \$350,000, which is offset by host railroad fees coming in lower than forecast by \$280,000 and additives lower than forecast by \$535,000. These are all due to a higher budget allocation from July through September.

The administrative staffing line item budget variance is driven by five administrative positions which remained vacant

throughout the first quarter of FY 2018-19. These positions include the LOSSAN Mechanical and Equipment Manager, LOSSAN Planning & Analysis Manager, LOSSAN Financial and Accounting Analyst, LOSSAN Marketing Programs Administrator, and LOSSAN Marketing Specialist Senior.

Marketing expenses came in lower than budgeted by \$393,312. Marketing expenses are anticipated to increase through the second quarter, as work on branding, outreach and direct response marketing continue.



Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
First Quarter Financial Activity Report
Fiscal Year 2018-19

Date	Payee	Debit	Credit	Balance
July				
7/1/2018	Bank Account Balance Forward			27,520,616.14
7/10/2018	Bank of the West - Credit Card Charges Various	776.34		27,519,839.80
7/11/2018	Deputy Managing Director Travel	197.90		27,519,641.90
7/11/2018	Deputy Managing Director Travel	46.10		27,519,595.80
7/11/2018	Making Waves - Professional Marketing Services	6,205.00		27,513,390.80
7/11/2018	North County Transit District - Transit Transfer Program	240.56		27,513,150.24
7/11/2018	Orange County Transportation Authority (OCTA) Administrative Services April/May	194,981.15		27,318,169.09
7/11/2018	Truth and Advertising - Marketing professional services	10,142.25		27,308,026.84
7/12/2018	Amtrak - Monthly Advance	2,928,035.00		24,379,991.84
7/18/2018	Deposit - State Operating Funds May and June		4,635,534.00	29,015,525.84
7/18/2018	Union Pacific - Corridor Analysis	17,500.00		28,998,025.84
7/19/2018	Amtrak - Monthly Advance	2,729,931.00		26,268,094.84
7/20/2018	Bank of the West - Bank Fees	331.72		26,267,763.12
7/24/2018	Executive Assistant - Travel	15.60		26,267,747.52
7/24/2018	Anaheim Transportation Network - Transit Transfer Program	4,778.00		26,262,969.52
7/24/2018	Facebook - Advertising	42,866.40		26,220,103.12
7/24/2018	Google - Advertising	75,800.20		26,144,302.92
7/24/2018	Principal Transportation Analyst - Travel	31.20		26,144,271.72
7/31/2018	Bank of the West - Interest		1,209.98	26,145,481.70
August				
8/1/2018	Anaheim Transportation Network - Transit Transfer Program	5,478.00		26,140,003.70
8/1/2018	Marketing Manager - Travel	39.80		26,139,963.90
8/1/2018	Operations, Compliance & Safety Manager - Travel	260.85		26,139,703.05
8/1/2018	Senior Marketing Specialist - Travel	39.80		26,139,663.25
8/1/2018	Goal Productions - Videography	20,716.73		26,118,946.52
8/1/2018	Finance and Administration Officer - Travel	69.82		26,118,876.70
8/1/2018	OCTA Administrative Services May/June	311,244.27		25,807,632.43
8/1/2018	OCTA - Transit Transfer Program	3,633.70		25,803,998.73
8/1/2018	Truth and Advertising - Marketing professional services	167,544.65		25,636,454.08
8/1/2018	Web Advanced - Web Marketing Services	2,556.00		25,633,898.08



Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
First Quarter Financial Activity Report
Fiscal Year 2018-19

Date	Payee	Debit	Credit	Balance
8/1/2018	Woodruff, Spradlin & Smart - July Legal Services	5,175.60		25,628,722.48
8/8/2018	Managing Director Travel	96.00		25,628,626.48
8/8/2018	Amtrak - Bus Branding	61,521.25		25,567,105.23
8/9/2018	Bank of the West - Credit Card Charges Various	636.79		25,566,468.44
8/9/2018	Deposit - Amtrak Transit Access Pass cards		7,777.00	25,574,245.44
8/15/2018	Managing Director Travel	111.00		25,574,134.44
8/15/2018	Deputy Managing Director Travel	309.99		25,573,824.45
8/15/2018	Facebook - Advertising	274.50		25,573,549.95
8/15/2018	City of Glendale - Reversed 9/21/18	2,353.52		25,571,196.43
8/15/2018	Google - Advertising	49,547.45		25,521,648.98
8/15/2018	PGI Pacific Graphics Printing	16,109.95		25,505,539.03
8/16/2018	Deposit - Transit Transfer Grant Funds		10,672.89	25,516,211.92
8/20/2018	Bank of the West - Bank Fees	352.69		25,515,859.23
8/22/2018	Santa Barbara Metropolitan Transit District	10,151.50		25,505,707.73
8/22/2018	Truth and Advertising - Marketing professional services	10,798.30		25,494,909.43
8/30/2018	Deposit - State Rail Assistance Grant Funds		314,375.00	25,809,284.43
8/30/2018	Bank of the West - Interest		1,102.67	25,810,387.10
<hr/>				
September				
9/5/2018	Amtrak September Operations Advance	2,384,742.00		23,425,645.10
9/5/2018	Operations, Compliance & Safety Manager - Travel	212.11		23,425,432.99
9/5/2018	Amtrak - Station Upgrades	10,475.75		23,414,957.24
9/5/2018	Truth and Advertising - Marketing professional services	5,680.15		23,409,277.09
9/6/2018	Deposit - July/August Operations, Fiscal year 2018 Administration		6,613,959.30	30,023,236.39
9/11/2018	Bank of the West - Credit Card Charges Various	4,174.82		30,019,061.57
9/12/2018	Operations, Compliance & Safety Manager - Travel	159.59		30,018,901.98
9/12/2018	Facebook - Advertising	21,422.33		29,997,479.65
9/12/2018	Senior Marketing Specialist - Travel	31.20		29,997,448.45
9/12/2018	Google - Advertising	45,193.89		29,952,254.56
9/12/2018	Amtrak - Station Upgrades	3,844.26		29,948,410.30
9/12/2018	North County Transit District - Transit Transfer Program	1,963.63		29,946,446.67



Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
First Quarter Financial Activity Report
Fiscal Year 2018-19

Date	Payee	Debit	Credit	Balance
9/12/2018	Truth and Advertising - Marketing professional services	4,360.00		29,942,086.67
9/12/2018	Woodruff, Spradlin & Smart - August Legal Services	4,326.22		29,937,760.45
9/13/2018	Deposit - Managing Director Travel Reimbursement		444.42	29,938,204.87
9/20/2018	Bank of the West - Bank Fees	335.52		29,937,869.35
9/21/2018	City of Glendale - Reversed 9/21/18		2,353.52	29,940,222.87
9/26/2018	Operations, Compliance & Safety Manager - Travel	184.17		29,940,038.70
9/26/2018	Truth and Advertising - Marketing professional services	2,932.75		29,937,105.95
9/27/2018	Amtrak September Operations Advance		2,384,742.00	32,321,847.95
9/30/2018	Bank of the West - Interest		1,118.94	32,322,966.89

**Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Open Agreements Listing as of September 30, 2018**

AGREEMENT NUMBER	VENDOR	DESCRIPTION	EXECUTED	TERMINATES	CONTRACT AMOUNT	AMOUNT PAID TO DATE	CONTRACT BALANCE	CONTRACT STATUS
C-4-1816	Woodruff Spradlin & Smart	Professional legal services. Piggyback off of Orange County Transportation Authority's (OCTA) contract.	7/1/15	6/30/29	\$160,000	\$117,213	\$42,787	OPEN
C-5-3490	Joanna Capelle	Professional services for financial programming, coordination and reporting services relating to grants. Piggyback off of OCTA's contract.	9/4/15	9/30/18	\$44,550	\$9,815	\$34,735	OPEN
L-5-0001	California Department of Transportation	Interagency Transfer Agreement Between California Department of Transportation and Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency	7/1/15	6/30/18	N/A	N/A	N/A	OPEN
L-5-0002	N/A	Joint Powers Agreement Concerning the LOSSAN Agency	N/A	N/A	N/A	N/A	N/A	OPEN
L-5-0004	Orange County Transportation Authority	Agreement between the LOSSAN Agency and OCTA for Managing Services in the Oversight of Pacific Surfliner Intercity Rail Service.	7/1/15	6/30/18	Reimbursable Agreement	\$6,030,287	N/A	OPEN
L-5-0005	Web Advanced Corporation	Consultant Services for Website Development and Implementation for the LOSSAN Agency - Pacific Surfliner.	4/6/16	12/31/18	\$250,000	\$108,867	\$141,133	OPEN
L-5-0006	Goal Productions	Consultant Services for Professional Video services for the LOSSAN Agency - Pacific Surfliner.	5/16/16	12/31/18	\$200,000	\$173,887	\$26,113	OPEN
L-5-0012	Vavrinek, Trine, Day & Company, LLP	Independent Auditing Services for the LOSSAN Agency	4/1/16	3/31/19	\$75,000	\$35,788	\$39,212	OPEN
L-6-0003	Southern California Regional Rail Authority (SCRRA), Amtrak	Cooperative Agreement with SCRRA, Amtrak for Rail 2 Rail Program.	7/1/15	6/30/19	No Funds Flow Through LOSSAN	N/A	N/A	OPEN
L-6-0005	Santa Barbara Metropolitan Transit District	Cooperative Agreement with Santa Barbara Metropolitan Transit District for Pacific Surfliner Transit Transfer Agreement	6/6/16	6/30/21	\$40,000	\$21,343	\$18,658	OPEN
L-6-0006	San Luis Obispo Transit	Cooperative Agreement with San Luis Obispo Transit for Pacific Surfliner Transit Transfer Agreement.	7/1/16	6/30/21	\$10,000	\$20	\$9,980	OPEN
L-6-0007	South County Transit	Cooperative Agreement with South County Transit for Pacific Surfliner Transit Transfer Agreement.	6/1/16	6/30/21	\$5,000	\$24	\$4,976	OPEN
L-6-0009	OCTA	Cooperative Agreement with OCTA for Pacific Surfliner Transit Transfer Agreement.	6/6/16	6/30/21	\$95,000	\$31,509	\$63,491	OPEN
L-6-0010	Anaheim Resort Transit	Cooperative Agreement with Anaheim Resort Transit for Pacific Surfliner Transit Transfer Agreement.	6/2/16	6/30/21	\$40,000	\$35,274	\$4,726	OPEN
L-6-0012	Ventura County Transportation Commission	Cooperative Agreement with Ventura County Transportation Commission for Pacific Surfliner Transit Transfer Agreement	6/1/16	6/30/21	\$15,000	\$72	\$14,928	OPEN
L-6-0013	Gold Coast Transit	Cooperative Agreement with Gold Coast Transit for Pacific Surfliner Transit Transfer Agreement.	7/1/16	6/30/21	\$20,000	\$1,158	\$18,842	OPEN
L-6-0015	San Luis Obispo Regional Transportation Authority	Cooperative Agreement with San Luis Obispo Regional Transportation Authority for Pacific Surfliner Transit Transfer Agreement.	6/1/16	6/30/21	\$18,000	\$12	\$17,988	OPEN
L-6-0016	Glendale Beeline	Cooperative Agreement with Glendale Beeline for Pacific Surfliner Transit Transfer Agreement.	6/22/16	6/30/21	\$7,500	\$2,967	\$4,533	OPEN
L-6-0017	North County Transit District	Cooperative Agreement with North County Transit District for Transit Transfer Agreement	6/6/16	6/30/21	\$95,000	\$2,315	\$92,685	OPEN
L-6-0023	Amtrak and OCTA	Cooperative Agreement with OCTA and Amtrak for Emergency bus bridge agreement. Funds flow between Amtrak and OCTA.	7/10/17	5/31/19	\$50,000	N/A	N/A	OPEN
L-7-0003	Truth and Advertising	Consultant services for professional marketing, branding, public outreach services for the LOSSAN Agency - Pacific Surfliner	10/2/17	8/31/18	\$300,000	\$292,480	\$7,520	OPEN


**Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
Open Agreements Listing as of September 30, 2018**

AGREEMENT NUMBER	VENDOR	DESCRIPTION	EXECUTED	TERMINATES	CONTRACT AMOUNT	AMOUNT PAID TO DATE	CONTRACT BALANCE	CONTRACT STATUS
L-7-0004	Truth and Advertising	Consultant services for integrated advertising and direct response marketing for the LOSSAN Agency - Pacific Surfliner	10/2/17	8/31/18	\$1,150,000	\$704,653	\$445,347	OPEN
L-7-0008	Amtrak	Operating Agreement with Amtrak for the provision of passenger rail service for Fiscal Years 2017-18 and 2018-19	10/1/17	9/30/19	\$26,891,144	\$24,557,579	\$2,333,565	OPEN
L-7-0011	Marsh Risk and Insurance Services	Consultant services to provide Insurance brokerage services	7/1/17	6/30/22	\$50,000	\$10,000	\$40,000	OPEN
L-7-0014	Union Pacific Rail Road Corporation	Corridor analyst reimbursement agreement for proposed additional Pacific Surfliner intercity passenger rail service (Capacity analysis)	12/8/17	At Completion	\$35,000	\$17,500	\$17,500	OPEN
L-7-0016	Marsh Risk and Insurance	Purchase Order: General liability, crime, and errors & omissions insurance policy	1/1/18	12/31/18	\$44,224	\$44,224	\$0	OPEN
L-7-1917	Making Waves USA, Inc.	Consultant services for website design and development services for the LOSSAN Agency - Pacific Surfliner	3/28/18	3/15/20	\$650,000	\$84,180	\$565,820	OPEN
L-8-0001	Bank of the West	Commercial Banking Services	9/6/18	8/31/23	\$25,000	\$0	\$25,000	OPEN
L-8-0003	Monarch Sport LLC	Pacific Surfliner Field Marketing	7/16/18	7/15/19	\$50,000	\$9,510	\$40,490	OPEN
L-8-0004	Outdoor Media	Sole Source PO for Outdoor Advertising for Summer Campaign	6/4/18	9/30/18	\$99,561	\$0	\$99,561	OPEN
L-8-0005	Ace Agency	Pacific Surfliner Public Relations	8/8/18	6/30/19	\$50,000	\$0	\$50,000	OPEN
L-8-0006	Pacific Graphics	Specialty Printing Services for the Pacific Surfliner	6/26/18	6/30/19	\$50,000	\$16,110	\$33,890	OPEN
L-8-0008	Pastilla	Creative Design and Strategic Communications Program	10/9/18	8/31/19	\$50,000	\$0	\$50,000	OPEN
L-8-0009	California Department of Transportation	Interagency Transfer Agreement Between State of California Department of Transportation and Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency	7/1/18	6/30/21	N/A	N/A	N/A	OPEN
L-8-0010	Orange County Transportation Authority	Managing Agency Agreement for OCTA to provide administrative services to LOSSAN	7/1/18	6/30/21	\$4,089,954	\$0	\$4,089,954	OPEN
L-8-0013	North County Transit District, Amtrak	Rail to Rail Cooperative Agreement with LOSSAN, NCTD & Amtrak	8/1/18	7/31/19	\$353,600	\$0	\$353,600	OPEN
L-8-0016	Amtrak, Capitol Corridor Joint Powers Authority, San Joaquin Joint Powers Authority	Cooperative agreement for Amtrak to install connecting motor coach branding decals	12/15/2017	Project Completion	\$61,521	\$61,521	\$0	OPEN



January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Annual Business Plan and Budget Assumptions for Fiscal Year 2019-20 and Fiscal Year 2020-21

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is required to submit an annual business plan to the California State Transportation Agency by April 1 of each year that provides the basis for its annual budget request and any proposed changes to the Pacific Surfliner service. A list of key assumptions used in developing the budget and business plan for fiscal year 2019-20 and fiscal year 2020-21 is presented for Board of Directors' review.

Recommendation

Direct staff to incorporate the key assumptions into the development of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal year 2019-20 and 2020-21.

Background

Per the interagency transfer agreement (ITA) between the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) and the California Department of Transportation, as well as the LOSSAN Joint Powers Agreement, the LOSSAN Agency must annually develop a business plan to be approved by the LOSSAN Agency Board of Directors (Board). This business plan must be submitted to the Secretary of the California State Transportation Agency (CalSTA) by April 1 of each year. The business plan is a two-year planning, operations, and budget document that serves as the LOSSAN Agency's formal annual budget request to CalSTA. CalSTA is required to review and approve the annual business plan by September 1 of each year. The annual business plan must be consistent with the most recently adopted State Rail Plan, and California High-Speed Rail Authority business plan.

The annual business plan is required to include a report on performance of the Pacific Surfliner service; an overall operating plan, including proposed service

enhancements to increase ridership and accommodate travel demand; a marketing plan; a short-term and long-term capital improvement program; funding requirements for the upcoming fiscal year (FY); and an action plan with specific performance goals and objectives. The business plan must also document any planned operational changes necessary to provide the service, including operating plans to serve peak-period trips, and consideration of other service expansions and enhancements.

In addition, the business plan must clearly delineate how funding and accounting for state-sponsored intercity passenger rail service will be separate from locally sponsored services in the rail corridor. Proposals to expand or modify passenger services are required to be accompanied by the identification of all associated costs and ridership projections. The business plan also establishes, among other things: fares, operating strategies, and other initiatives designed to meet performance standards established in the ITA.

Discussion

The initial LOSSAN Agency business plan was submitted to CalSTA concurrent with the ITA in June 2016, and covered FY 2015-16 and FY 2016-17. It included a detailed background and history on the Pacific Surfliner service as it was the first business plan prepared by the LOSSAN Agency. The business plan for FY 2019-20 and FY 2020-21 will largely focus on charting the LOSSAN Agency's progress toward meeting the goals and objectives set forth in the first four business plans, as well as outlining planned updates, operational strategies, equipment, and marketing initiatives, along with a discussion of upcoming planning studies. Draft budget projections will also be provided as part of the updated business plan as a placeholder, but will be revised and resubmitted for final approval by June 30, 2019, following receipt of operating cost estimates from Amtrak for federal FY 2019-20. These costs estimates are typically received March 31, with the deadline for submitting the business plan being April 1.

The following key assumptions are proposed to be incorporated into the FY 2019-20 and FY 2020-21 business plan:

- Implementation of a new roundtrip between San Diego and San Luis Obispo, creating a 13th roundtrip between San Diego and Los Angeles, a 6th roundtrip between San Diego and Goleta, and a 3rd roundtrip between San Diego and San Luis Obispo
- Model various operating forecast scenarios with Amtrak: 1) one new roundtrip, San Diego to San Luis Obispo (13th roundtrip between Los Angeles and San Diego, 6th roundtrip between Los Angeles and Goleta, 3rd roundtrip between Goleta and San Luis Obispo); 2) one new

roundtrip only between Los Angeles and San Diego; 3) one new roundtrip only between Los Angeles and San Luis Obispo.

- Additional seasonal service for holidays and special events
- 1 percent ridership growth and 2 percent revenue growth if service remains unchanged
- 2 percent ridership growth and 2.5 percent revenue growth if the 13th round trip is implemented
- Continuation of Rail 2 Rail Program with Metrolink at a reimbursement rate of at least \$7 per boarding, consistent with the average Metrolink fare per boarding
- Continuation of Rail 2 Rail Program with COASTER at a reimbursement rate consistent with average COASTER fare per boarding, subject to possible changes in operating policy
- Continuation of Pacific Surfliner Transit Transfer Program using remaining Transit and Intercity Rail Capital Program (TIRCP) funds
- Fourteen full-time staff positions, with the addition of one full-time Program Manager
- Four percent performance-based merit increase pool for administrative employees and three percent special award pool, consistent with Orange County Transportation Authority budget proposal for FY 2019-20
- Annual marketing budget of \$2 million, plus use of prior year surplus
- Minor capital revenue from state of \$500,000 per year with multi-year program of projects
- Professional services budget of \$450,000 to fund fare integration, audit state advocacy, and on-call consulting services for planning, modeling, and project management
- State Rail Assistance funding of \$5.1 million in FY 2019-20
- Continue progress on design and construction of the Goleta layover facility expansion, funded by State Rail Assistance and TIRCP funds
- Continue progress on planning and design for central coast layover facility, funded by State Transportation Improvement Program funds
- Move forward with study for San Diego layover facility

Next Steps

Staff will finalize the draft business plan and budget for FY 2019-20 and FY 2020-21, and return to the Board for review and approval prior to the April 1, 2019 submittal deadline.

Summary

Staff has developed key assumptions for use in the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency budget and business plan for fiscal year 2019-20 and fiscal year 2020-21. Staff will finalize the draft business plan and budget and return to the Board of Directors for final review and approval prior to the April 1, 2019 submittal deadline.

Attachment

None.

Prepared by:

A handwritten signature in black ink, appearing to read 'J. Jewell', is written over a light gray rectangular background.

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



January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director

Subject: Capital Improvement Program – Priority Projects List

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency receives funding for small capital improvement projects on an annual basis. Funding is provided by California Department of Transportation, Division of Rail and Mass Transportation minor capital projects funds, as well as State Rail Assistance Formula funds administered by the California State Transportation Agency. A capital improvement program has been developed in coordination with Amtrak engineering, member agencies, and station owners and hosts for the use of these funds. A capital improvement program is presented for Board of Directors review and discussion.

Recommendations

- A. Review and approve the proposed Los Angeles – San Diego – San Luis Obispo rail corridor capital improvement program.
- B. Authorize the Managing Director to negotiate and execute the necessary agreements and program supplements to facilitate the utilization of State Rail Assistance and minor capital improvement project funding.
- C. Authorize the Managing Director to utilize up to \$100,000 in either minor capital project or State Rail Assistance funds for emergency capital projects.

Background

The California Department of Transportation (Caltrans) Division of Rail and Mass Transportation (DRMT) allocates approximately \$500,000 annually for the delivery of minor capital improvement projects to passenger rail facilities on the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor. Projects funded through this program include station and track improvements, informational signage, and minor safety and security enhancements.

Additionally, Senate Bill 1 (SB 1) 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 LOSSAN Rail Corridor Agency (Agency) is an eligible recipient of these funds. LOSSAN Agency staff is requesting Board of Directors' (Board) approval of the LOSSAN rail corridor capital improvement program for the utilization of available fiscal year (FY) 2016-17 and 2017-18 minor capital improvement funds and FY 2017-18 and 2018-19 SRA funds.

Discussion

Minor capital improvement projects must follow the approval process specified by the State Public Contract Code and the Master Fund Transfer agreement with Caltrans DRMT. In general, the program guidelines require eligible projects to involve the construction, installation, alteration, or repair of a physical improvement to rail facilities, such as stations, maintenance yards, or tracks. Projects submitted for funding under the program must also be under the cost limit established by the California Public Contract Code for a "minor" capital improvement (currently set at \$291,000). On August 21, 2017, the Board approved a list of priority projects to utilize available FY 2015-16 minor capital projects funding as shown in Attachment A.

The SRA program is intended to provide intercity rail agencies with a source of supplemental revenue that can be used to fund both operational and capital Improvements and is administered by the California State Transportation Agency (CalSTA). No dollar threshold for projects is included under the SRA program.

Currently, the LOSSAN Agency has approximately \$640,000 in available minor capital projects funding, with an additional \$5.2 million in SRA funding. Recently, LOSSAN Agency staff and personnel from Amtrak engineering, in cooperation with member agencies, station owners, and the state of California, conducted a thorough audit of all stations and facilities on the LOSSAN rail corridor. An expansive list of capital improvement projects was developed as part of that effort. Additional time was spent with Amtrak engineering to refine the list and identify projects that could be completed under the two funding programs, with consideration given to any dollar thresholds and completion deadlines associated with each fund type.

On January 17, 2019, LOSSAN Agency staff met with the LOSSAN Agency Technical Advisory Committee and reviewed the potential project list against the available funding. The proposed LOSSAN Agency Capital Improvement Program is included in Attachment B. The list was developed with the highest priority given to safety-critical projects and consideration given to maintain

geographic equity, while giving attention to specific needs that have been identified as part of station and facilities audits. The specific source of funds, whether minor capital or SRA funds, has not been identified. This is to allow the flexibility to move projects between the two funding programs should project deadlines change or additional funds become available.

Emergency Capital Project Funding

Occasionally, capital project funding is needed to fund unanticipated projects that arise as a result of an identified safety hazard or security issue. These situations have been encountered in the past, and in some cases, the repairs were put on hold pending the approval of funding through the Board. Currently, there is no available fund source to effect emergency repairs to facilities along the LOSSAN rail corridor. Because of this, LOSSAN Agency staff is requesting that the Board authorize the Managing Director to utilize up to \$100,000 in either minor capital or SRA funds for the quick implementation of any future emergency capital projects. Any use of these funds would be only for emergency projects that address an immediate safety and/or security need. These projects, as well as a justification of the use of the available emergency funds, would be reported on to the Board as part of the semi-annual capital improvement program status report.

Next Steps

Upon Board approval of the proposed program of projects, LOSSAN Agency staff will submit the projects for approval by Caltrans DRMT and CalSTA. Depending on feedback received during the approval process, projects and/or scopes of work may be adjusted as needed to receive approval. Once the project implementation process begins, LOSSAN Agency staff will return to the Board with semi-annual status updates on all minor capital improvement projects.

Summary

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency receives funding for capital improvement projects on an annual basis by way of the minor capital and State Rail Assistance programs. Staff has developed a capital improvement program that will utilize available fiscal year 2016-17 and 2017-18 minor capital improvement funds and fiscal year 2017-18 and 2018-19 State Rail Assistance funds. The draft capital improvement program is presented for Board of Directors' review and approval.

Attachments

- A. LOSSAN Minor Capital Improvement Projects – FY 2015-16 Funding Allocations
- B. DRAFT LOSSAN Agency Capital Improvement Program – 2018 – 2020

Prepared by:



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

LOSSAN MINOR CAPITAL IMPROVEMENT PROJECTS - FY 2015-16 FUNDING ALLOCATIONS

Project	Description	Funding Amount
Minor Capital Funding		
Van Nuys Air Conditioning	Repair and/or replace malfunctioning air conditioning unit at Van Nuys station	\$ 26,703
Goleta Trainwash Design	Design new trainwash for Goleta to include dual chemical spray arches, new rack with brushes and air blowers.	\$ 111,989
San Luis Obispo Restroom Upgrades	Purchase and install three hand dryers for restrooms	\$ 13,179
Carpinteria Exterior Canopy Maintenance	Pressure wash, paint, repair downspout and seal joints on existing canopy	\$ 14,203
Solana Beach Restroom Upgrades	Purchase and install three hand dryers for restrooms	\$ 9,423
Van Nuys Stairwell Lighting Improvements	Install new additional lighting in stairwell	\$ 4,985
Oceanside Door Replacement	Repair and replace sliding door closet in ticket agent office	\$ 4,985
Los Angeles Security Monitoring Facility	Construction of a centralized security monitoring facility at Los Angeles Union Station <i>(also funded via California Office of Emergency Services (CalOES))</i>	\$ 23,658
Video Surveillance System Upgrade	San Luis Obispo, Van Nuys, Santa Ana, Anaheim, Solana Beach, and Oceanside: Surveillance Equipment upgrade <i>(also funded via CalOES)</i>	\$ 51,396
Video Surveillance System New	Carpinteria, Guadalupe, Grover Beach, Lompoc-Surf, Santa Barbara, and Goleta: Surveillance Equipment new installation <i>(also funded via CalOES)</i>	\$ 51,935
Sante Fe Depot Security Upgrades	Installation of safety and security upgrades <i>(also funded via CalOES)</i>	\$ 17,501
Santa Barbara Queing System	Installation of director queing system with 32" monitor	\$ 12,701
Oxnard Public Address System Upgrade	Upgrade existing public address system	\$ 30,660
San Juan Capistrano Passenger Information Display System upgrade	Purchase and install four passenger information displays on the platforms (two on the North and two on the South)	\$ 80,065
San Diego Power Stand Repair and Reconfiguration	Purchase and install (1) 800A, (2) 600A breaker, reconfigure panel and load test. To allow two Surfliner trainsets to be powered on one track and repair 480V ground damage.	\$ 46,503
	Cumulative Program Total	\$ 499,886

Station	Location	Project Description	Project Cost
San Luis Obispo	San Luis Obispo	Painting exterior of building and repair wood damage on shelter base	\$ 312,455.00
San Luis Obispo	San Luis Obispo	Painting ticket counter and office area	\$ 7,643.00
San Luis Obispo	San Luis Obispo	Concrete arm rest for existing bench (6)	\$ 8,174.00
San Luis Obispo	San Luis Obispo	3 new benches for platform	\$ 7,562.00
San Luis Obispo	San Luis Obispo	New flooring for ticket office	\$ 3,822.00
Grover Beach	Grover Beach	New platform tactile and striping and repaint handrail	\$ 289,930.00
Grover Beach	Grover Beach	New platform and parking lot LED upgrade (46)	\$ 119,400.00
Guadalupe	Guadalupe	New platform tactile and striping	\$ 188,075.00
Guadalupe	Guadalupe	Paint interior and exterior of shelter canopy	\$ 16,792.00
Guadalupe	Guadalupe	Provide and install arm rest for existing benches (Concrete swale 8)	\$ 9,244.00
Surf	Lompoc	New platform, parking lot and canopy fixture upgrade 32 fixtures total	\$ 113,146.00
Surf	Lompoc	Paint, restriped platform tactile, repair expansion joint, clean and polish handrails on platform	\$ 33,817.00
Goleta	Goleta	New platform tactile	\$ 132,093.00
Goleta	Goleta	Crew room rehab (paint, flooring, bathroom, ceiling tile)	\$ 76,435.00
Goleta	Goleta	Restripe platform	\$ 21,413.00
Goleta	Goleta	10 swale for concrete benches	\$ 8,327.00
Goleta	Goleta	Canopy repair and canopy lighting upgrade (6)	\$ 5,269.00
Goleta	Goleta	Design of expanded layover facility	\$ 260,000.00
Santa Barbara	Santa Barbara	Microphone in baggage room	\$ 2,293.00
Carpinteria	Carpinteria	New tactile and striping	\$ 100,928.00
Carpinteria	Carpinteria	Paint and restriped platform	\$ 18,298.00
Carpinteria	Carpinteria	6 benches	\$ 13,066.00
Oxnard	Oxnard	New tactile and striping	\$ 157,525.00
Oxnard	Oxnard	Platform striping	\$ 31,141.00
Oxnard	Oxnard	5 new benches with arm rest	\$ 11,384.00
Oxnard	Oxnard	Flooring for ticket area and office	\$ 3,822.00
Oxnard	Oxnard	New ceiling panel	\$ 3,057.00
Oxnard	Oxnard	New exhaust for bathroom	\$ 1,529.00
Simi Valley	Simi Valley	Tactile and striping	\$ 126,928.00
Chatsworth	Chatsworth	Tactile and striping for both platform	\$ 154,166.00
Chatsworth	Chatsworth	Furnish and install 4 benches for platform	\$ 9,855.00
Van Nuys	Van Nuys	Flooring behind ticket counter and Agent's office	\$ 5,350.00
Van Nuys	Van Nuys	Hand dryer in three bathrooms	\$ 5,350.00
Van Nuys	Van Nuys	New fiberglass reinforced plastic panel in the server room	\$ 1,529.00
Van Nuys	Van Nuys	New shelving outside inside the cage	\$ 1,529.00
Burbank	Burbank	Update signage	\$ 33,782.00
Burbank	Burbank	Platform striping and verbiage	\$ 32,925.00
Fullerton	Fullerton	New ticket counter	\$ 328,669.00
Fullerton	Fullerton	Paint inside ticket office, agent's office and baggage area	\$ 8,408.00
Fullerton	Fullerton	New ceiling tiles inside ticket area and baggage area	\$ 7,643.00
Fullerton	Fullerton	New Flooring inside ticket office and Agent's office	\$ 6,879.00
Fullerton	Fullerton	Hand dryer in bathroom	\$ 2,293.00
Anaheim	Anaheim	Cross hatched in red by rollup fire door and stencil "Keep Clear" and repair both baggage rollup door for code compliance	\$ 4,586.00
San Juan Capistrano	San Juan Capistrano	Repaint inside waiting area and ticket office	\$ 12,994.00
San Juan Capistrano	San Juan Capistrano	Purchase and install 5 benches similar to Maricopa	\$ 9,855.00

DRAFT LOSSAN AGENCY CAPITAL IMPROVEMENT PROGRAM - 2018 -2020

Station	Location	Project Description	Project Cost
San Juan Capistrano	San Juan Capistrano	New Flooring inside ticket office	\$ 3,822.00
San Juan Capistrano	San Juan Capistrano	Relocate one camera in front of the entrance	\$ 1,529.00
Solana Beach	Solana Beach	Platform tactile replacement	\$ 289,172.00
Old Town	San Diego	Tactile and Striping	\$ 110,830.00
Old Town	San Diego	Platform shelter and platform LED lighting upgrade 28	\$ 97,859.00
San Diego	San Diego	480 V panel installation-2 (800A) for platform 2 & 3, 1 (800A) for platform 1, 1(200A) for private car	\$ 812,986.00
San Diego	San Diego	Platform tactile replacement (6000 LF)	\$ 693,123.00
San Diego	San Diego	Upgrade existing camera system to Genetec	\$ 560,520.00
San Diego	San Diego	Bathroom upgrades: Mens (4 stall including 1 ADA, 2 urinal, 4 sink, 2 hand dryer, lighting) and Womens (5 stall including 1 ADA, 4 sink, 2 hand dryer, lighting)	\$ 229,304.00
LOSSAN Administration	Orange	Annual maintenance costs for Viriato software (for 3 years)	\$ 260,000.00
			\$ 5,768,526.00