

Agenda



Southern California Regional Rail Authority

BUDGET, AUDIT, AND FINANCE COMMITTEE

SEPTEMBER 11, 2026

Los Angeles County Metropolitan Transportation Authority

Orange County Transportation Authority

Riverside County Transportation Commission

San Bernardino County Transportation Authority

Ventura County Transportation Commission

Chair Chaffee will be participating via teleconference from 315 Marion Blvd, Fullerton, CA 92835

Director Spiegel will be participating via teleconference from 1800 S. Main Street, Corona, CA 92882

Director Najarian will be participating via teleconference from 500 N Brand Blvd. Ste 830, Glendale, CA 91203

Director Marquez will be participating via teleconference from 15922 Old Carbon Canyon Road, Chino Hills, CA 91709

BUDGET, AUDIT, AND FINANCE COMMITTEE ROSTER SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

COUNTY

MEMBER

Orange:

1 vote

Doug Chaffee (*Chair*)

Riverside:

1 vote

Karen Spiegel

Ventura:

1 vote

Tony Trembley

Los Angeles:

1 vote

Ara Najarian

San Bernardino:

1 vote

Ray Marquez

BUDGET, AUDIT, AND FINANCE COMMITTEE MEETING

FRIDAY, SEPTEMBER 11, 2026 – 9:00 AM

[HTTPS://SCRRR.ZOOM.US/J/85422978504](https://scrra.zoom.us/j/85422978504)

METROLINK HEADQUARTERS
RIVERSIDE CONFERENCE ROOM
900 WILSHIRE BLVD. SUITE 1500
LOS ANGELES, CA 90017

AGENDA DESCRIPTIONS

The agenda descriptions are intended to give notice to members of the public of a brief general description of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Authority may take any action that it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action. The Chair reserves the right to discuss the items listed on the agenda in any order.

A person with a disability may contact the Board Clerk's office at (213) 452-0255 or via email BoardSecretary@scrra.net at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

SUPPORTING DOCUMENTATION

The agenda, staff reports and supporting documentation are available from the Board Clerk, located at 900 Wilshire Blvd., Suite 1500, Los Angeles, CA 90017, and on the Metrolink website at www.metrolinktrains.com under About > Agendas & Documents.

PUBLIC COMMENTS ON AGENDA ITEMS AND ITEMS NOT ON THE AGENDA

Metrolink welcomes comments from the public. Please fill out a Speaker's Form and submit it to the Board Clerk before the start of the meeting. If you know in advance of the meeting that you would like to make a public comment during the meeting, you may also email BoardSecretary@scrra.net. Please include your name and the number of the agenda item on which you would like to speak, or if you would like to speak on a non-agenda item. Each speaker will be allotted no more than 3 minutes to speak. This time frame may be extended or limited by the Board Chair in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting. **Public Comment on Non-Agenda Items:** Please indicate on your speaker form that you wish to speak on a non-agenda item. Comments should be limited to matters within Metrolink's subject matter jurisdiction. **Public Comment on Agenda Items:** Speakers on individual agenda items will be called in order of sign-up before any Board action is taken on the item. Comments should be limited to the agenda item.

1. **Call to Order**
2. **Safety Briefing**
3. **Pledge of Allegiance**
4. **Roll Call**
5. **Public Comment**
6. **REGULAR CALENDAR**

6.A Approval of Meeting Minutes - July 10, 2026 Budget, Audit and Finance Committee

It is recommended that the Committee approve the Minutes of the July 10, 2026 Budget, Audit and Finance Committee Meeting.

6.B Proposed FY27 Arrow Service Budget - Request to Transmit

Arrow Service provides Diesel Multiple Unit (DMU) and Zero Emission Multiple Unit (ZEMU) transportation over a 9-mile rail corridor from San Bernardino-Downtown to Redlands-University.

An approved budget is required to provide funding for this service for FY27. This service is funded solely by SBCTA.

It is recommended that the Committee recommend the Board approve transmittal of the Proposed FY27 Arrow Service Budget to the San Bernardino County Transportation Authority (SBCTA) for their review and adoption.

There is no budget impact as a result of the transmission of this Proposed FY27 Budget.

6.C Proposed Employee Reclassifications and Salary Adjustments to Employee Compensation

Board approval is needed for salary adjustments to employee compensation, in accordance with HR Policy No. 2.1.

It is recommended that the Committee recommend the Board approve:

1. Proposed employee reclassifications; and
2. Proposed salary adjustments to employee compensation.

The amount of \$267,601 to increase salaries for thirty-five (35) employees is included in the Proposed FY27 Budget and is contingent upon the adoption of the proposed FY27 Operating Budget.

6.D First Annual Review of the Working Capital Fund (WCF)

SCRRA Working Capital Fund Policy - FIN 9.7 indicates the following:

"The Working Capital Fund status shall be reviewed annually by SCRRA Board of Directors. The Member Agencies and SCRRA Board of Directors will consider the adequacy of the Working Capital Fund amount and will recommend any changes, as deemed necessary."

The Working Capital Fund Standard Operating Procedure (SOP) further clarifies the first annual review shall take place in the September 2026 Board reporting cycle. The purpose of this Agenda item is to present summary WCF activity as well as anticipated future needs, in order to facilitate the Board's consideration of any necessary changes.

It is recommended that the Committee recommend the Board maintain the current level of deposits in the WCF at \$50 million due to anticipated growth in Capital Program incurred expenses in FY27. No changes are recommended to the WCF Policy or Statement of Operating Procedures (SOP) at this time.

There is no anticipated Budget impact associated with this report. However, should the WCF facility be terminated or the funding commitment reduced, there would be negative liquidity impacts related to the Operating Budget as operating funds would be required to resume pre-funding of Capital program expenses.

6.E FY2025-26 Working Capital Fund Report, Quarter Ending June 30, 2026

SCRRA Working Capital Fund Policy - FIN 9.7, as well as executed Member Agency MOUs related thereto, require quarterly reporting of Working Capital Fund (WCF) activity to the SCRRA Board of Directors.

This quarterly report and accompanying attachments provide the following information:

1. Summary and project-level detail for WCF advances and repayments;
2. WCF interest income received; and
3. Reconciliation of beginning and ending quarterly WCF balances.

Receive and file.

6.F FY2025-26 Preliminary Quarterly Investment Report - Quarter Ended June 30, 2026

The Authority's Annual Investment Policy requires the Treasurer to make a quarterly investment report to the Board of Directors. Section 53646 of the California Government Code encourages local agencies to file this report and provides requirements for report content and disclosures. This report is for the quarter ended June 30, 2026, and contains estimated information published prior to the conclusion of the Authority's fiscal year close and is subject to adjustment.

Receive and file.

6.G FY2025-26 Preliminary Quarterly Accounts Receivable Status Report - Quarter Ended June 30, 2026

This report presents an update on the Authority's Accounts Receivable for the quarter ended June 30, 2026. The report covers outstanding receivables, unbilled balances, and provides a status related to billing and collection efforts.

Receive and file.

6.H Fiscal Year 2026 Annual Audit Activities Review

The Internal Audit Department (Internal Audit) is providing the Fiscal Year (FY) 2026 annual report to the Board as required by the Internal Audit Charter.

Receive and file.

6.I Corrective Action Status Update - Fourth Quarter Ended June 30, 2026

The Internal Audit Department (Internal Audit) provides the Board with a quarterly report on the status of the corrective actions of prior audits.

Receive and file.

6.J Performance Audit: Fuel Purchase Policy FIN 11.1 Rev. 3

Internal Audit completed the annual performance audit of the Fuel Purchase Program as required by Fuel Purchase Policy FIN-11.1.

Receive and file.

6.K FY2025-26 Quarterly Fuel Purchase Program Update - Quarter Ending June 30, 2026

Staff is providing an update on the Authority's Fuel Purchase Program for the quarter ended June 30, 2026.

Receive and file.

6.L Report of FY27 Financial Results for the One Month Ended July 2026

This report covers monthly Ridership, Revenue, and Financial Operating Performance for the first month of FY27. The Ridership and Revenue data emphasizes "By Line" performance. The reporting also displays the effect of farebox subsidies in this year compared to last year. Financial performance reporting emphasizes adherence to budget, particularly at the Member Agency Support Line.

Receive and file.

7. Chief Executive Officer's Report

8. Committee Members' Comments

9. Chair's Comments

10. ADJOURNMENT



metrolinktrains.com/meeting

ITEM ID: 2026-308-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Michelle Pena, Board Clerk

SUBJECT: Approval of Meeting Minutes - July 10, 2026 Budget, Audit and Finance Committee

Recommendation

It is recommended that the Committee approve the Minutes of the July 10, 2026 Budget, Audit and Finance Committee Meeting.

Prepared by: Michelle Pena, Board Clerk

Approved by: Noelia Rodriguez, Chief of Staff
Don Del Rio, General Counsel

Attachment(s)

[Attachment A - DRAFT 07.10.26 BAFCOM Minutes](#)



metrolinktrains.com/meeting

MINUTES OF THE BUDGET, AUDIT, AND FINANCE COMMITTEE
Friday, July 10, 2026

BOARD MEMBERS/ALTERNATES IN ATTENDANCE:

<u>COUNTY</u>	<u>MEMBER</u>
Riverside: 1 vote	Brian Berkson (<i>Chair</i>) Karen Spiegel
Orange: 1 vote	Mark Tettemer
Ventura: 1 vote	--
Los Angeles: 1 vote	Ara Najarian
San Bernardino: 1 vote	Larry McCallon

STAFF/PRESENTERS:

DARREN KETTLE, Chief Executive Officer
DON DEL RIO, General Counsel
NOELIA RODRIGUEZ, Chief of Staff
RAYMOND BARRERA, Senior Counsel, Risk Manager
SAMANTHA CERDA, Assistant Board Clerk
GEOFFREY FORGIONE, Associate General Counsel
ELISABETH LAZUARDI, Audit Director
MICHELLE PENA, Board Clerk

Meeting minutes are prepared in a format that corresponds with the Board Meeting Agenda, which is incorporated by reference with these minutes. Board Agendas are available online at www.metrolinktrains.com under the Meeting and Agendas link or from the Board Clerk at (213) 452-0255.

1. Call to Order

The July 10, 2026 Budget, Audit, and Finance Committee Meeting was called to order at 9:02 a.m. by Vice-Chair Berkson via teleconference.

2. Safety Briefing

Hilary Konczal, Chief Safety, Security and Compliance Officer, conducted the safety briefing.

3. Pledge of Allegiance

Mr. Konczal led the group in the pledge of allegiance.

4. Roll Call

The Board Clerk called roll and confirmed that a quorum of the Committee was present.

5. Public Comment – None.

6. REGULAR CALENDAR

6.A Approval of Meeting Minutes - June 12, 2026 Budget, Audit and Finance Committee

ACTION: Upon a single motion by Director Tettemer and seconded by Director Najarian the Committee (4-0) approved the minutes of the June 12, 2026 Budget, Audit and Finance Committee Meeting.

6.B FY27 Budget Development Update

Chief Executive Officer Darrent Kettle provided an update on the status of development of the FY27 Budget. The Board gave direction to staff at the last Board meeting to focus budget development efforts on Scenario 4 which is the current level of service being operated today and is about a 20% reduction in service from the optimized schedule. He explained the Finance team is looking for additional savings within the agency itself and looking at how costs are distributed by the all-share formula to the five member agencies. He presented two budget schedule alternatives and noted Alternative 1 allows for an adopted budget within the

continuing resolution September 30 deadline. Mr. Kettle stated at the end of next week member agencies will receive the numbers based on Scenario 4 and will give feedback by July 30. He noted the assumption is there will be consensus among the five counties that the budget developed for Scenario 4 is "good." He went over the timeframe for budget transmittal and adoption under Alternative 1 where the budget would be effective October 1 and foregoes the Budget, Audit, and Finance Committee (BAFCOM) in August and September. He went over the Alternative 2 timeline which would necessitate a continuing resolution extension for a November 1 budget effective date. He furthered if there's no agreement on the Scenario 4 budget and adjustments are needed staff will have to go back to the drawing board on schedules, crews, and running the all-share formula which may add another two months to the process and would become Alternative 3. He mentioned tentative approval of a continuing resolution extension to avoid special meetings being called beyond the calendar. He noted the preference would be Alternative 1 to allow for full Board participation in the budget process.

Director Tettemer asked how closely Scenario 4 and the budget are aligned. He voiced concern they are not aligned and the agencies will have to go through an iterative process.

Mr. Kettle stated he will be fully briefed on those numbers next week. There is a 20% reduction in service plus \$15M in unrealized fare revenue from last year that will not be made up in the next year. Staff has re-baselined that and based on some preliminary analysis he believes the agency will be somewhere around the budget from last year plus annual escalators. He added the desire from OCTA was to find a \$5.2M reduction from the prior year and he does not know if Metrolink can get to that number. In the case of LA Metro, staff may find more savings because of the nature of how the LA system works.

Director Tettemer stated last year OCTA's contribution was around \$52M and requested it be pared back to about \$46M but it appears the reduction asked for could not be realized partly because of contractual increases.

Mr. Kettle explained the Budget and Finance team is doing a lot of work but based on his professional experience and what he has seen the last few months with service reductions the reality is fare revenues didn't align with how Metrolink built the budget last year.

Director Tettemer opined the member agencies are headed toward an iterative process given the reduction OCTA requested is now not going to be in this first round Scenario 4 discussion.

Director Najarian stated he would like to do this quickly but he does not want to rush it. He was all right with bypassing the BAFCOM and going to the full Board because his colleagues are going to want a say in the budget. Member agencies wanted Scenario 4 and looking at those scenarios, there are only a few variables like crews and fuel. He asked if staff is going through and costing out the lines and seeing which ones are most productive and which ones are least productive and could be done away. He noted in the case of the Orange County proposition, they have a budget and are only going to be able to fund so much which will cause a lot of back and forth to make a proposal to the MAAC and member agencies. He asked if staff is being realistic about the time and back and forth discussion of the costing and the savings to meet either Alternative 1 or Alternative 2 and how long it will take Metrolink to realize cost savings.

Mr. Kettle stated the timing will depend on how deep cuts are made to crews as there are time limits on which to give Alstom notice on crew reductions. What has happened somewhat organically is Alstom has lost crews already due to the uncertainty of Metrolink's financial position. He added when service was reduced at the end of March because of mechanical challenges, the team went through and cut the least effective, efficient, and least ridden trains. The Orange County Line trains are by far the most productive so those lines yield the greatest benefit but with the budgetary constraint staff has to reevaluate regardless of how well a line performs so staff will have to work with OCTA to get to their number but reducing service to meet the budget will likely cause reductions in supporting lines in Los Angeles and Riverside because those two counties have lines that are part of the Orange County network.

Director McCallon stated it doesn't make sense to him because Metrolink reduced the schedule and that did not significantly reduce any ridership. He noted Mr. Kettle stated Scenario 4 would be about the same as now.

Mr. Kettle explained the agency built the FY26 budget based on a revenue of an initial \$15M that doesn't exist so it is a big part of the impact looking forward. The expenditures for FY27 will be reduced but it won't make up for the unrealized revenues of FY26 that need to be factored into FY27 plus the annual escalators.

Director McCallon stated he was hopeful Orange County will see that Metrolink has right-sized now and has a schedule that is working and hasn't reduced revenue that much and hopefully will find the money to support it.

In discussion about the committee recommending an Alternative, Mr. Kettle explained he will have to speak with Legal and Finance and may have to look at a tentative continuing resolution up to an additional quarter at the July 24 Board meeting to allow for the time needed to do an iterative process. He anticipated the iterative process will take some time and he should have a good idea by the Board meeting if it's going to be necessary or not since the MAAC will have the bottom-line number of the member agencies' shares and whether they are supported by their respective member agency boards.

Vice-Chair Berkson noted in the event once the numbers come out and if OCTA is still short from what they're willing to put out, Metrolink would have to review alternatives with them a few times and if they don't want to put more money in, there still won't be a budget that can be approved. He asked how that element fits into these alternatives.

Mr. Kettle explained that would be Alternative 3 and Metrolink would need that full continuing resolution extension to work with OCTA and the other member agencies. Because of the nature of the system RCTC and Metro are integral in the process to determine how staff will find reductions to get to the target for OCTA which will take some time.

Director Tettemer shared concerns around Alternative 1 because it lays out OCTA is going to have to essentially meet last year's amount and he would rather spend the time to get this right. He explained OCTA looks forward in terms of available funding for Metrolink and the current trajectory laid out will run out of money before the end of Measure M2 funds. OCTA's approach was informed by an attempt to stretch those dollars as long as possible. He added if going with Alternative 1 he will have to go back to the OCTA Board and explain though they requested \$46M they will have to pay \$52M anyway.

Mr. Kettle stated Alternative 1 allows the agency to keep to the timeline but staff has worked really closely with the CEOs, CFOs, and member agency staff. He doesn't want any Board members to not feel like there is a compelling case for Metrolink back at their member agencies. If Metrolink staff hears there is not a path forward from any of the member agency staff that does trigger the need for a longer-term continuing resolution.

Director Tettemer explained he will not support Alternative 1 because OCTA would have to essentially rescind the requested \$6M reduction and he doesn't know that his Board would support that. He opined it is inevitable there will be an iterative process.

ACTION: Upon a single motion by Director McCallon and seconded by Director Najarian the Committee recommended (3-1) the Alternative 1 timeline for aspirational budget adoption, with Director Tettemer voting no.

6.C Report of Financial Results for the 11 Months Ending May 2026

Assistant Finance Director Christine Wilson covered the monthly ridership, revenue, and financial operating performance through May 31, 2026. She went over ridership and farebox revenue recovery, operating statement results, budget savings and cost avoidance, and Arrow Service's revenue and operating statement. She touched on the accounts receivables past due and the agency's cash position and provided a ridership update.

Director Najarian asked what the agency is going to do with the \$13.8M surplus.

Ms. Wilson replied the member agencies aren't going to get it and it's going to be spent.

Director Najarian noted in the past few years the agency has been under the projected expenses in the budget and asked if staff is adjusting those expense figures or re-hashing them to come in at a lower number.

Mr. Kettle stated his direction to the team was to look at the trends for last five years and cut the difference between budget and actuals by half across the board in every cost center, especially travel, training, and memberships.

Director Najarian opined the Alstom numbers are fairly fixed so there aren't any unexpected savings there.

Mr. Kettle added the fuel hedge helps but diesel fuel has gone through the roof so the next contracts are uncertain and insurance was \$600,000 higher because of the change in the federal liability cap.

Director Tettemer mentioned a cushion in the budget development process to add some financial capacity and suggested rather than have the agency provide that cushion independently, staff should provide the most precise number and have a conversation about a contingency that the agencies can consider. It may help reduce the surpluses in working with a more precise forecast.

The Committee received and filed this report.

6.D Internal Audit - Proposed Fiscal Year 2027 Annual Audit Plan

Audit Director Elisabeth Lazuardi stated the Internal Audit Department (Internal Audit) completed the FY 2027 Annual Audit Plan and is requesting Board approval. She went over the five-step process used to develop the Audit Plan, the newly proposed audits, and carried forward audits.

Director McCallon noted the delay in transmitting the FY27 budget is identified as a high-risk area however it's not recommended in the FY27 Audit Plan. The report cites OCTA and LA Metro subsidy reductions as contributing factors but it does not acknowledge the ridership and revenue forecasting gaps that also contributed to a larger shortfall. He added the report notes that the creation of multiple service scenarios combined with limitations in the financial models that prevented running multiple budget scenarios contributed to the delay. While it is positive that ticket-based ridership estimation process is included in the Audit Plan which may support Metrolink's ridership forecasting, these other processes and limitations also contributed to the delay and SBCTA recommends that these areas be revisited in the budget development guidelines or audited ahead of future budget developments.

Ms. Lazuardi explained there are a lot of high-risk areas in the report that were not selected for next year's annual audit partly because of available resources and some of the areas management is actively working towards addressing some of the issues. She stated should the Board choose to direct Internal Audit to perform any audits in the future, the department has allotted a certain number of hours for special requests like this.

Director McCallon noted his comments weren't necessarily directed toward the Audit Department but primarily to the budget development guidelines and process.

Mr. Kettle shared staff has already started meeting with vendors for a new budget and finance tool that modernizes the system because the current system is antiquated and requires a tremendous amount of manual effort to produce various budgets. Through this committee staff will be looking at modifying budget development guidelines since it is a year-round exercise and ensures budget development starts early to reduce that level of risk in both factors – the budget development guidelines and the tools the agency uses.

Director Najarian asked how regularly and to what extent Alstom and their contractual obligations are audited across the board.

Ms. Lazuardi explained staff has not performed any audit on Alstom but did perform an audit on the Amtrak contract two years ago and tracked corrective actions related to that. She noted Alstom is a fairly new contract. She indicated in the report an audit will be considered sometime in the future. She reiterated the Board can choose to direct staff to audit this upcoming fiscal year.

Director Najarian suggested that the Board consider it just to make sure everyone is up to speed. Going back to the parts issues with the spider shaft, he underlined the need to figure out how Metrolink got caught unaware of supply chain issues and failure of that component that led to that reduction in service back in March. He asked if Alstom is in a better position to monitor the failure rates, supply chain issues, and inventory rather than in-house. He opined there would appear to be separation between Alstom with their immediate knowledge and Metrolink staff and requested moving forward proactively to be notified of any unusual failures that would disrupt service.

Ms. Lazuardi referred to an audit on obsolete inventory and the finding related to technology as critical to the process of identifying parts that was noted in the report.

Mr. Kettle explained the spider shaft is manufactured by Progress Rail, the manufacturer of the F-125 locomotive. It has had material quality problems so Alstom has brought in some of their own engineers to work with Progress Rail to try to improve the reliability of the part. Staff has been working with Progress Rail to get the inventory and they have improved their availability of the spider shaft and now they are working with Alstom engineers who are looking at the material design of the spider shaft. He added the current problem part is the fuel manifold canisters that were cracking and Caterpillar has already come out with a redesign of that part and they are being installed in all the F-125s and appear to be functioning well. He added Metrolink is just a little over one year into the contract with Alstom and did put Alstom on notice by letter yesterday of issues related to availability of fleet and the importance of Alstom staffing the mechanical maintenance team to get past the backlog of some of the equipment that's been parked. He reiterated the operations and mechanical team are hitting this issue head-on.

Director Tettemer asked if materials management and equipment maintenance is not part of the audit.

Ms. Lazuardi confirmed staff just recently performed an inventory obsolescence and works closely with management with monthly meetings between Mr. Kettle and the team on a regular basis. She furthered management has recently established their own working group to evaluate the whole process improvement.

Director Tettemer received confirmation that what might have been addressed in the full audit plan has been pulled out because of the ongoing discussions to address some of the issues. He suggested this come back to the full Board as a standalone audited item once staff gets through the process.

Mr. Kettle stated there is some new leadership on the management side along with a new tiger team being led by Chief Technology Officer that was established two months ago that is laser-focused on this inventory and mechanical issue. He requested giving the new leadership an opportunity to perform and if the agency continues to be hammered on mechanical issues it would be more than appropriate for the Board to request Internal Audit dig a little deeper.

Director Tettemer understood giving staff time to navigate and get their feet under the issues but didn't want to wait for a whole year to pass because it's had a big impact on Metrolink and he would like to see something done within a few months separate from the rest of the audit plan.

Mr. Kettle confirmed staff can bring a quarterly report back to provide that information to the Board for a constant check-in on how the trains are doing.

ACTION: Upon a single motion by Director Najarian and seconded by Director McCallon the Committee recommended (4-0) that the Board approve the proposed FY2027 Annual Audit Plan.

There is no budgetary impact as a result of this report.

8. Chief Executive Officer's Report

Mr. Kettle noted today is last day of World Cup in Southern California and mentioned running special trains with employee volunteers during game days was a great opportunity to get outside the normal routine. He posited this would be a mini test case in anticipation for operating for the Olympics and shared his positive experience taking the train and an LA Metro bus to and from the Spain/Austria match and commended staff at Metro.

9. Committee Members' Comments

Vice-Chair Berkson attended Fan Fest at Union Station and felt like it was a precursor to the Olympics and he also applauded Metro staff.

10. Chair's Comments – None.

11. ADJOURNMENT

There being no further business for consideration by the Committee, the meeting was adjourned at 10:20 a.m.

Prepared by,



Michelle Peña
Board Clerk

metrolinktrains.com/meeting

ITEM ID: 2026-303-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: Proposed FY27 Arrow Service Budget - Request to Transmit

Issue

Arrow Service provides Diesel Multiple Unit (DMU) and Zero Emission Multiple Unit (ZEMU) transportation over a 9-mile rail corridor from San Bernardino-Downtown to Redlands-University.

An approved budget is required to provide funding for this service for FY27. This service is funded solely by SBCTA.

Recommendation

It is recommended that the Committee recommend the Board approve transmittal of the Proposed FY27 Arrow Service Budget to the San Bernardino County Transportation Authority (SBCTA) for their review and adoption.

Strategic Commitment

This report aligns with the Strategic Business Plan commitments of:

- **Safety is Foundational:** We will stay on the leading edge by deploying new technologies and processes to enhance the safety and security of our riders, our fellow employees, and the communities we serve.
- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to bring them on board.

- **Connecting and Leveraging Partnerships:** We will forge new and enhanced relationships with our public and private partners to integrate and coordinate connecting services, providing residents throughout Southern California with better, seamless, sustainable alternatives to driving.
- **Advancing Key Regional Goals:** We will grow the role of regional rail in addressing climate change, air quality, and other pressing issues by advancing toward zero emissions, making rail a compelling alternative to single-occupant automobiles and advancing equity-focused opportunities for all communities throughout Southern California.

Background

Budgetary difficulties have deferred the transmittal and adoption of the Arrow Service Budget for FY27. In order to provide funding for continuing operations, the Metrolink Board passed a three-month Continuing Appropriations Resolution on June 26, 2026 and a three-month extension to that resolution on July 24, 2026, in total providing funding through December of 2026. At such time as an FY26 Budget is adopted, the Continuing Resolution amounts will be replaced with the Adopted Budget.

Discussion

The Proposed FY27 Arrow Service Budget has been reviewed in detail with the staff of SBCTA. The Proposed FY27 Operating Budget for Arrow Service reflects:

- Revenue of \$309K
- Expenses of \$18.9M
- Support required of \$18.3M

The comparisons of the Proposed FY27 Budget to the FY26 Adopted Budget, including category details are shown in Attachment A. Attachment B shows the historical details of Operating Statements for Arrow Service.

Capital Program Budget

- State of Good Repair (SGR) is \$501K
- No New Capital for FY27

A cash flow for the Capital Program is included as Attachment C. A detail of the State of Good Repair budgeted for FY27 is in Attachment D. Attachment E is a detail of the carryover projects in FY27 (projects approved in prior years - not yet completed). New Capital Carryover is in Attachment F.

Operating Revenue

Operating Revenue consists of:

- Farebox Revenue in the amount of \$226K, a decrease of \$145K or 39.1% from FY26 Budget, amounts from the CPP College Pass Program in the amount of \$34K, *Mobility for All* subsidy in the amount of \$7K, and LCTOP Grant for reduced student fares in the amount of \$42K
- Subtotal Farebox Revenues in the amount of \$309K, a decrease of \$126K or 29% from the FY26 budget.

Operating Revenue also includes MOW Revenue in the amount of \$261K provided by freight railroads to compensate for usage of track owned by SBCTA. In total, Operating Revenue at \$569K is a decrease of \$120K or 17% from FY26 Budget.

Expense consists of the following Major categories:

- Train Operations = \$14.7M, an increase from FY26 Budget of \$527K or 3.7%
- Maintenance of Way = \$2.1M, an increase of \$301K from FY26 Budget or 16.9%
- Administration and Services = \$2.0M, a decrease of \$121K or 5.6% from the FY26 Budget
- Insurance and Legal = \$0.1M

The major expense drivers are:

- Equipment Maintenance = \$5.3M (Stadler will be overhauling engines in FY27 and adding storage for parts)
- Train Operators = \$4.1M
- Security = \$2.6M (including both Sheriffs and Guards)
- MOW = \$2.1M
- Materials = \$405K

Expenses total \$18.3M, an increase of \$0.8M or 3.8% from the FY26 Budget

Support required = \$18.3M, an increase of \$810K or 4.6% from the FY25 Budget

Budget Impact

There is no budget impact as a result of the transmission of this Proposed FY27 Budget.

Next Steps

The Arrow Budget will be adopted at the regular September Board Meeting.

Prepared by: Christine J. Wilson, Assistant Director, Finance

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - Arrow Budget FY27 Compared to FY26](#)

[Attachment B - Arrow Operating Statement History](#)

[Attachment C - FY27 Arrow Capital Projects Cash Flow](#)

[Attachment D - FY27 SGR Arrow Proposed Project](#)

[Attachment E - FY27 SGR Arrow Carryover](#)

[Attachment F - FY27 New Capital Arrow Carryover](#)

[Presentation - Proposed FY27 Arrow Service Budget](#)

Arrow Service
FY27 Proposed Operating Budget

Attachment A

	FY 27 Proposed Budget	FY26 Adopted Budget	Variance FY 27 Budget vs FY26 Budget	
			\$	%
Operating Revenue				
Farebox Revenue	226,200	371,453	(145,253)	-39.1%
CPP College Pass Program	33,800	0	33,800	n/a
Mobility 4 All	7,450	9,704	(2,254)	-23.2%
Student Youth Discount Grant	41,600	53,708	(12,108)	-22.5%
Subtotal Pro Forma Farebox	309,050	434,865	(125,815)	-28.9%
Other Revenues	0	0		
MOW Revenues	260,675	254,643	6,032	2.4%
Total Operating Revenues	569,725	689,508	(119,783)	-17.4%
Operating Expenses				
<u>Operations & Services</u>				
Train Operators	4,067,870	4,147,901	(80,031)	-1.9%
Train Dispatch	180,685	182,464	(1,779)	-1.0%
Equipment Maintenance	5,380,563	4,230,614	1,149,949	27.2%
Materials	405,047	1,390,868	(985,821)	-70.9%
Fuel	567,770	435,494	132,276	30.4%
Operating Facilities Maintenance	426,702	461,509	(34,807)	-7.5%
Other Operating Train Services	18,023	17,498	525	3.0%
Security - SB Sheriffs	2,614,125	2,301,698	312,427	13.6%
Security - Guards	298,579	276,462	22,117	8.0%
Public Safety Program	2,000	16,665	(14,665)	-88.0%
Passenger Relations	15,816	13,907	1,909	13.7%
TVM Maint/Revenue Collection	94,979	101,042	(6,063)	-6.0%
Marketing	195,000	200,026	(5,026)	-2.5%
Media & External Communications	5,000	4,373	627	14.3%
Utilities / Leases	385,844	351,534	34,310	9.8%
Transfers to Other Operators	11,000	10,000	1,000	10.0%
Subtotal Operations & Services	14,669,003	14,142,055	526,948	3.7%
<u>Maintenance-of-Way</u>				
Maintenance-of-Way Fee	2,085,311	1,784,033	301,278	16.9%
<u>Administration & Services</u>				
Ops Salaries & Benefits	836,353	1,008,728	(172,375)	-17.1%
Ops Non-Labor Expenses	269,556	261,776	7,780	3.0%
Indirect Administrative Expenses	931,117	879,745	51,372	5.8%
Ops Professional Services	0	7,585	(7,585)	-100.0%
Subtotal Administration & Services	2,037,026	2,157,834	(120,808)	-5.6%
<u>Insurance Expense (Recoveries)</u>				
Liability/Property/Auto/Misc	104,450	104,450	0	0.0%
Net Claims / SI	9,250	9,250	0	0.0%
Claims Administration	5,000	5,000	0	0.0%
Subtotal Insurance Expense (Recoveries)	118,700	118,700	0	0
Total Operating Expenses	18,910,040	18,202,622	707,418	3.9%
CFR Compliance	0	16,332	(16,332)	n/a
Total Expenses	18,910,040	18,218,954	691,086	3.8%
Loss/Member Support Required	(18,340,315)	(17,529,446)	(810,869)	4.6%

Note: Addition of \$375,000 for additional storage facility in *Equipment Maintenance* Category

ARROW SERVICE
Historical Actual and Budgeted Operating Statements

Attachment B

	FY27 PROPOSED BUDGET	FY26 ADOPTED BUDGET	VARIANCE FY27 VS FY26 OVER/(UNDER)		FY25 ACTUAL
			AMOUNT	%	
Operation Revenue					
Farebox Revenue	226,200	371,453	(145,253)	(39.1%)	201,449
CPP College Pass Program	33,800	0	33,800	n/a	0
Mobility 4 All	7,450	9,704	(2,254)	(23.2%)	6,500
Student Youth Discount Grant	41,600	53,708	(12,108)	(22.5%)	0
Student Adventure Pass	0	0	0	n/a	185,323
Subtotal Pro Forma Farebox	309,050	434,865	(125,815)	(28.9%)	393,271
Other Revenues	0	0	0	n/a	66,125
MOW Revenues	260,675	254,643	6,032	2.4%	252,268
Total Operating Revenues	569,725	689,508	(119,783)	(17.4%)	711,664
Operating Expenses					
<u>Operations & Services</u>					
Train Operators	4,067,870	4,147,901	(80,031)	(1.9%)	3,781,138
Train Dispatch	180,685	182,464	(1,779)	(1.0%)	173,567
Equipment Maintenance	5,380,563	4,230,614	1,149,949	27.2%	3,673,422
Materials	405,047	1,390,868	(985,821)	(70.9%)	120,801
Fuel	567,770	435,494	132,276	30.4%	371,939
Operating Facilities Maintenance	426,702	461,509	(34,807)	(7.5%)	227,518
Other Operating Train Services	18,023	17,498	525	3.0%	10,238
Security - SB Sheriffs	2,614,125	2,301,698	312,427	13.6%	2,306,984
Security - Guards	298,579	276,462	22,117	8.0%	255,186
Public Safety Program	2,000	16,665	(14,665)	(88.0%)	0
Passenger Relations	15,816	13,907	1,909	13.7%	13,489
TVM Maint/Revenue Collection	94,979	101,042	(6,063)	(6.0%)	76,217
Marketing	195,000	200,026	(5,026)	(2.5%)	134,790
Media & External Communications	5,000	4,373	627	14.3%	0
Utilities / Leases	385,844	351,534	34,310	9.8%	270,101
Transfers to Other Operators	11,000	10,000	1,000	10.0%	11,000
Mobilization Arrow	0	0	0	n/a	1,076,040
Subtotal Operations & Services	14,669,003	14,142,055	526,948	3.7%	12,502,430
<u>Maintenance-of-Way</u>					
Maintenance-of-Way Fee	2,085,311	1,784,033	301,278	16.9%	1,906,284
<u>Administration & Services</u>					
Ops Salaries & Benefits	836,353	1,008,728	(172,375)	(17.1%)	731,986
Ops Non-Labor Expenses	269,556	261,776	7,780	3.0%	307,241
Indirect Administrative Expenses	931,117	879,745	51,372	5.8%	415,877
Ops Professional Services	0	7,585	(7,585)	(100.0%)	3,562
Subtotal Administration & Services	2,037,026	2,157,834	(120,808)	(5.6%)	1,458,666
<u>Insurance Expense (Recoveries)</u>					
Liability/Property/Auto/Misc	104,450	104,450	0	0.0%	104,460
Net Claims / SI	9,250	9,250	0	0.0%	0
Claims Administration	5,000	5,000	0	0.0%	0
Subtotal Insurance Expense (Recoveries)	118,700	118,700	0	0.0%	104,460
Total Operating Expenses	18,910,040	18,202,622	707,418	3.9%	15,971,840
CFR Compliance	0	16,332	(16,332)	(100.0%)	0
Total Expenses	18,910,040	18,218,954	691,086	3.8%	15,971,840
Loss/Member Support Required	(18,340,315)	(17,529,446)	(810,869)	4.6%	(15,260,175)

Cash flow

	FY27	FY28	FY29	FY30	FY31
Arrow					
SGR	\$ 154,584	\$ 300,200	\$ 325,350	\$ 300,300	\$ 50,100
New Capital	\$ 773,526	\$ 699,585	\$ 524,689	\$ 127,200	\$ -
Total	\$ 928,110	\$ 999,785	\$ 850,039	\$ 427,500	\$ 50,100

Note: Numbers may not foot due to rounding

											FUNDINGS					
PROJECT #	TYPE	ROUTE	SUBDIVISION	MILEPOSTS	CONDITION	IMPACT	ASSET TYPE	PROJECT	SCOPE	PROJECT COST	METRO	OCTA	RCTC	SBCTA	VCTC	OTHER
3449	Rehab	Arrow	Redlands	n/a - n/a	Marginal	Low	Business Systems	FY27 Annual Systemwide PTC Onboard Rehabilitation Program	For PTC Onboard team who oversee the PTC onboard hardware and software on SCRRA locomotives, cab car and multiple unit fleet. The systemwide PTC Onboard rehabilitation program encompasses a range of onboard systems and components to ensure they are maintained in a state of good repair. This includes power supplies and regulators; communication systems such as PTC 220 MHz radios, cellular modems, Wi-Fi, antennas, and filters; onboard computers (Train Management Computer); the cab display unit (CDU); event recorder; GPS; axle generators and speed sensors; test equipment to validate new functionalities; and other supporting technologies installed across the Metrolink fleet. Collectively, these systems support daily train operations and ensure safe, reliable PTC functionality—critical for safety critical service, as trains cannot operate without PTC and are reduced in speed when PTC fails en-route. a program that is part of the larger Metrolink Rehabilitation Plan (MRP), which provides a comprehensive evaluation of the condition, maintenance, useful life, and necessary overhauls of Metrolink’s rail system assets. The MRP helps prioritize and guide rehab and improvement projects, as well as shape funding requests to member agencies to make sure the system remains safe and reliable for the next 25 years. It also helps address the backlog of aging systems—caused by past funding not fully meeting needs—and ensures there’s consistent year-to-year funding to keep assets in good working order.	\$501,000	\$0	\$0	\$0	\$501,000	\$0	\$0
SGR TOTAL										\$501,000	\$0	\$0	\$0	\$501,000	\$0	\$0
PROJECT COUNT										1						

PROJECT : FY27 ANNUAL SYSTEMWIDE PTC ONBOARD REHABILITATION PROGRAM

SCOPE				TYPE: SGR MRP					
For PTC Onboard team who oversee the PTC onboard hardware and software on SCRRA locomotives, cab car and multiple unit fleet. The systemwide PTC Onboard rehabilitation program encompasses a range of onboard systems and components to ensure they are maintained in a state of good repair. This includes power supplies and regulators; communication systems such as PTC 220 MHz radios, cellular modems, Wi-Fi, antennas, and filters; onboard computers (Train Management Computer); the cab display unit (CDU); event recorder; GPS; axle generators and speed sensors; test equipment to validate new functionalities; and other supporting technologies installed across the Metrolink fleet. Collectively, these systems support daily train operations and ensure safe, reliable PTC functionality—critical for safety critical service, as trains cannot operate without PTC Mile Posts: n/a									
Division: Redlands County: SB Asset Type: Business Systems									
OBJECTIVES				RISKS CAUSING PROJECT DELAY					
1. (Goal 3: Invest in People and Assets) Maintain State of Good Repair									
2. (Goal 1: Ensure a Safe Operating Environment) Reduce train accidents									
3. (Goal 1: Ensure a Safe Operating Environment) Reduce train accidents									
4. (Goal 1: Ensure a Safe Operating Environment) Reduce train accidents									
5. (Goal 1: Ensure a Safe Operating Environment) Reduce train accidents									
JUSTIFICATION				RANKING // PROJECT READINESS					
The Train Control Systems rehabilitation outlined in the Metrolink Rehabilitation Plan (MRP) includes both Positive Train Control (PTC) and centralized train control systems and equipment. This need has been identified due to these assets falling below the State of Good Repair, as defined by SCRRA staff and industry standards. Some PTC hardware is already over 10 years old, with initial designs dating back an additional five years. Our onboard systems, first implemented in 2012, were cutting-edge at the time but now require updated hardware to maintain functionality and operational efficiency.				1. Condition of Asset..... Marginal					
				2. System Impact..... Average					
				Racking was based of hardware life cycle, usage and probability of hardware going down based of events reported in the field					
RISK CREATED BY NON-IMPLEMENTATION									
If the program is not implemented in full, the remaining work that is beyond the rehabilitation limits will be added to the backlog in future years.									
Current Age: 6 Year(s) Standard Lifespan: 15 Year(s)									
BUDGET				CASH FLOW					
	AMOUNT	START	END	FY	Q1	Q2	Q3	Q4	TOTAL
CONTRACT PACKAGING	\$0			2027	\$0	\$0	\$0	\$25,050	\$25,050
DESIGN	\$200,000								
ENVIRONMENTAL	\$0			2028	\$25,050	\$25,050	\$25,050	\$25,050	\$100,200
ROW ACQUISITION	\$0								
MATERIAL	\$160,000			2029	\$43,838	\$43,838	\$43,838	\$43,836	\$175,350
CONSTRUCTION	\$0								
SPECIAL RAIL EQUIP	\$0			2030	\$37,575	\$37,575	\$37,575	\$37,575	\$150,300
FLAGGING	\$0								
BUS BRIDGES	\$0			2031	\$12,525	\$12,525	\$12,525	\$12,525	\$50,100
CLOSE OUT	\$0								
DBE/LABOR	\$0			2032	\$0	\$0	\$0	\$0	\$0
PROJECT MANAGEMENT									
* P.M STAFF	\$53,000								
* SUPPORT STAFF	\$0								
* CONSULTANT	\$50,000								
Cash Flow is constructed based on overall % of project completion as determined by project management office. 1st year = 5%; 2nd year = 35%; 3rd year = 30%; 4th year = 30%									
CONTINGENCY	\$38,000								
TOTAL	\$501,000								

FY2026-27 State of Good Repair Carryover Projects

(000's)

Subdivision	Category	Project Number	ARROW	Total
Redlands Sub	Rolling Stock	\$525	\$130	\$130
Redlands Sub	Train Control	\$526	\$500	\$500
Grand Total			\$630	\$630

FY2026-27 New Capital Carryover Projects

(000's)

SUBDIVISION	CATEGORY	PROJECT	ARROW	TOTAL CARRYOVER
Redlands Sub	Facilities	425460	\$376	\$376
Redlands Sub	Facilities	426460	\$360	\$360
Redlands Sub	IT	425440	\$1,325	\$1,325
Redlands Sub	Non-Revenue Fleet	626450	\$64	\$64
Grand Total			\$2,125	\$2,125



METROLINK

Proposed FY27 Arrow Service Budget Review

Agenda

- FY27 Arrow Service Budget Assumptions
- Proposed FY27 Arrow Service Operating Budget
- Proposed FY27 Arrow Service Capital Program Budget



Proposed FY27 Operating Budget Assumptions

Service Level:

- Current Arrow Service Schedule

Revenue:

- Revenue / Ridership based on Historic Performance
- No Fare Increases
- Student/Youth Discount 50% (No Student Ride Free Program)
- CPP Free College Pass

Expenses:

- Contractor Increases only as Mandated by Agreements
- Statler will perform Engine overhauls in FY27 and add storage

Operating Budget

METROLINK

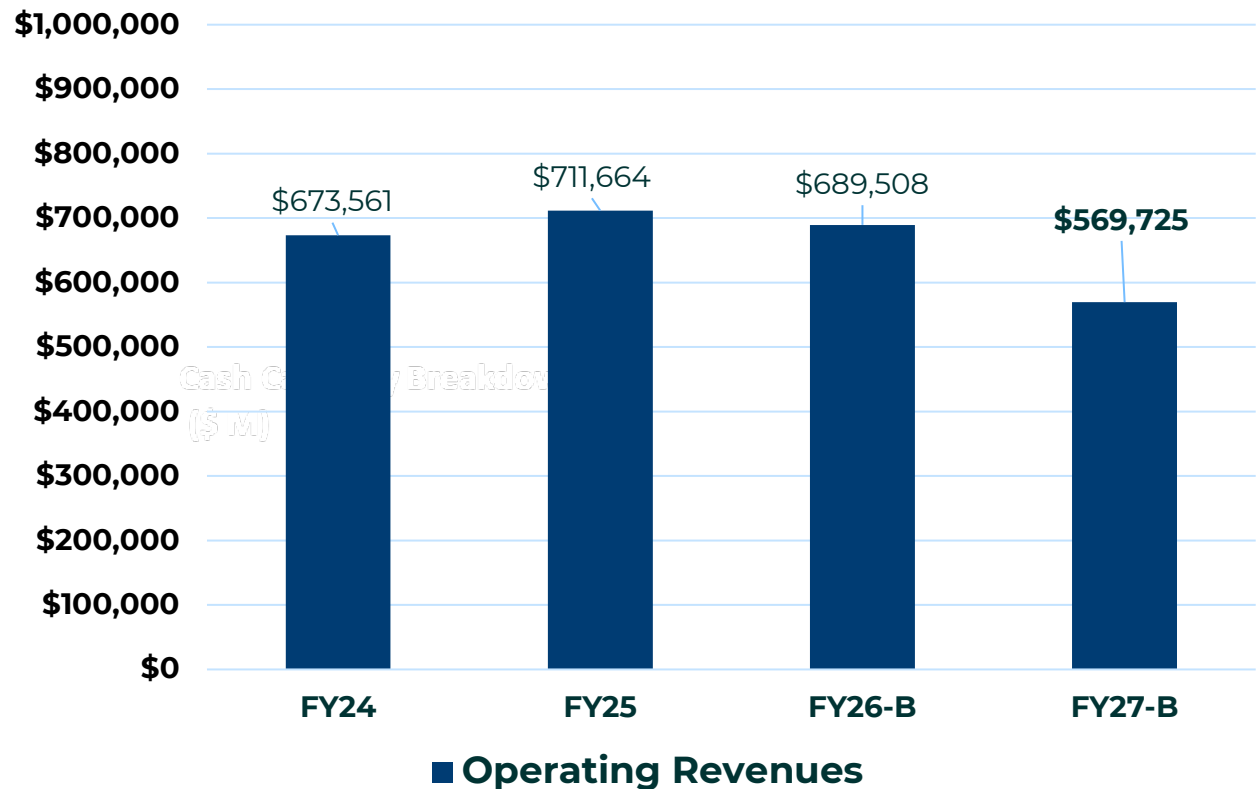


Proposed FY27 Arrow Service Operating Budget Summary

- Operating Revenue - **\$0.6M**
 - Decrease from FY26 of **\$0.1M** or **(17.4%)**
- Total Expenses - **\$18.9M**
 - Increase from FY26 of **\$0.7M** or **3.8%**
- Member Agency Support - **\$18.3M**
 - Increase from FY26 of **\$0.8M** or **4.6%**

Operating Revenues

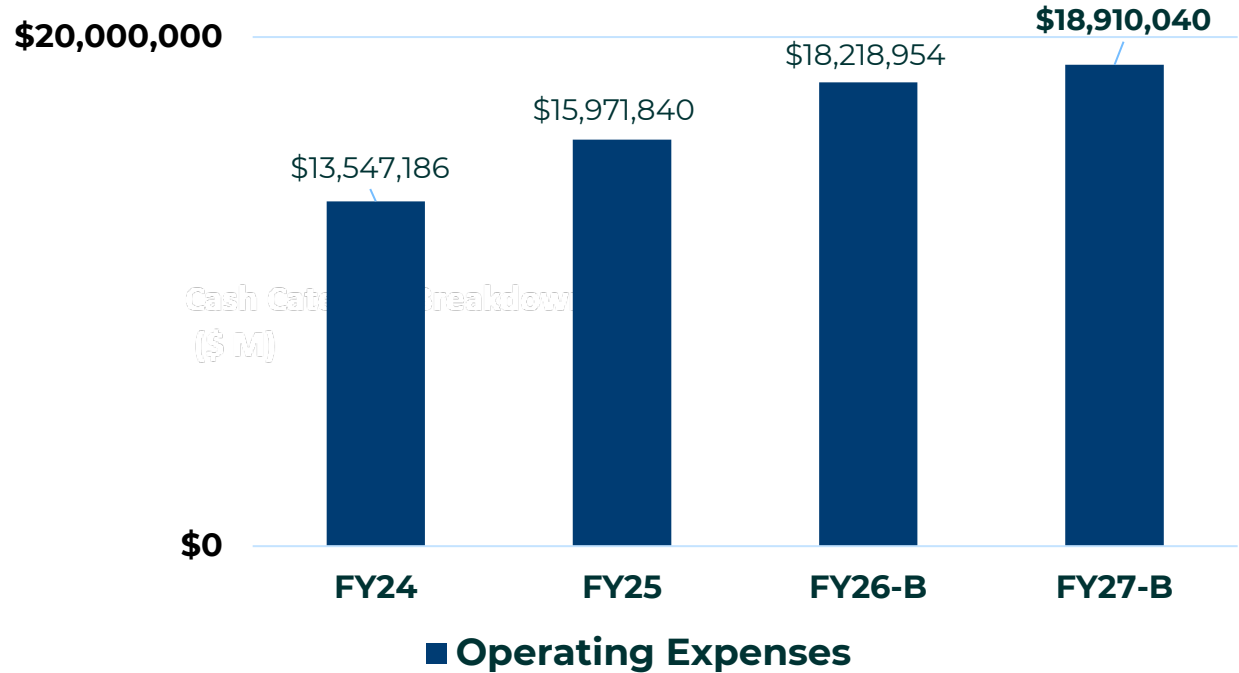
FY24 – FY27



Note:

- FY24 & FY25 Actuals
- FY26 & FY27 Budgets not Actuals

Operating Expenses *FY24 – FY27*



Notes:

- FY24 & FY25 Actuals
- FY26 & FY27 Budgets not Actuals

Capital Program Budget

METROLINK



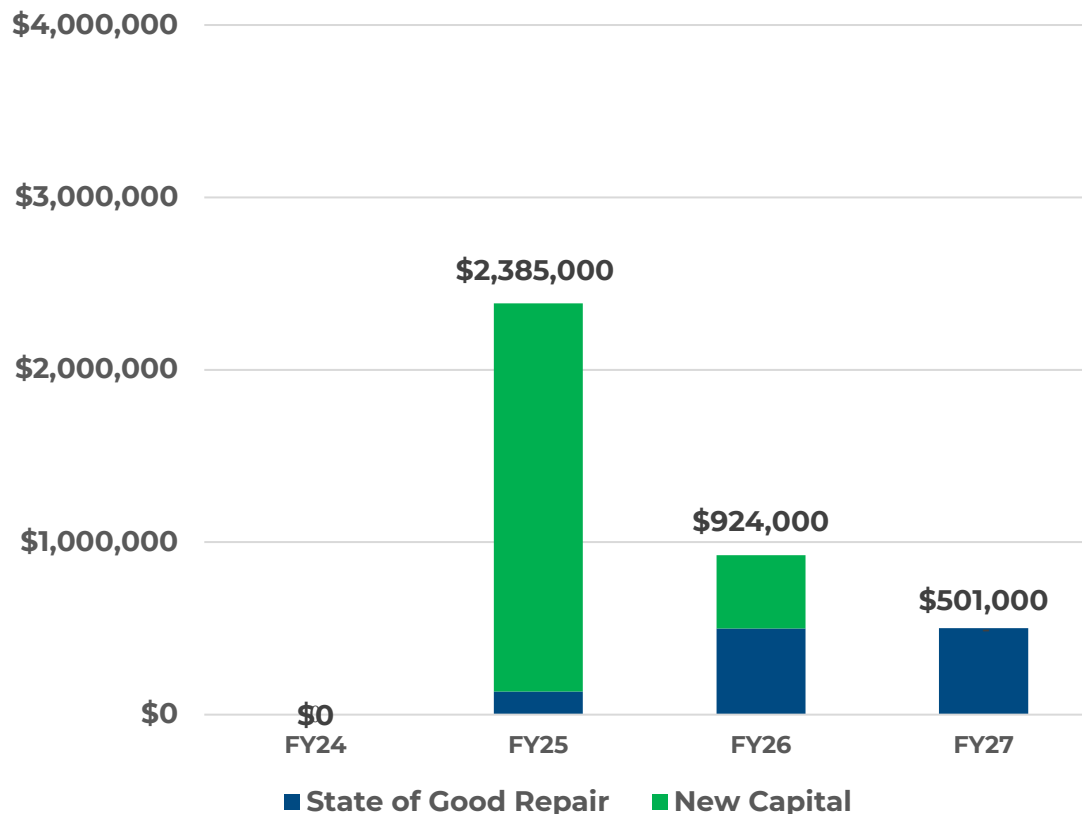
Proposed FY27 Arrow Service Capital Program Overview

- State of Good Repair - **\$0.5M**
 - The amount is the same last year



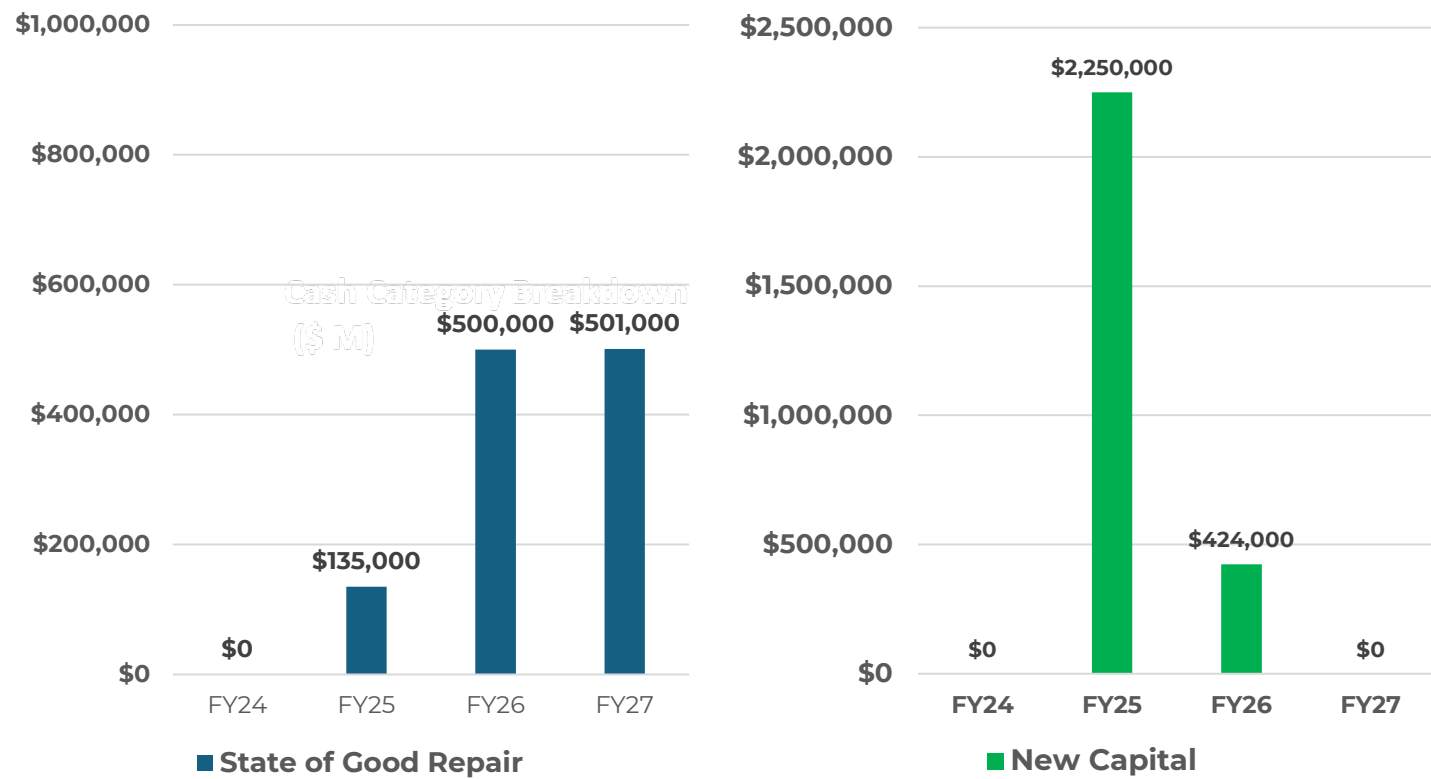
**FY27 Capital
Program
FY24 – FY27
- SGR
- New Capital**

**Proposed FY27 Arrow Service Capital Program
FY24 – FY27
State of Good Repair & New Capital**



**FY27 Capital
Program
FY24 – FY27
- SGR
- New Capital**

**Proposed FY27 Arrow Service Capital Program
FY24 – FY27
State of Good Repair & New Capital**





Thank you! Questions?


metrolinktrains.com/meeting

ITEM ID: 2026-298-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Alberto Lara, Chief People Officer

SUBJECT: Proposed Employee Reclassifications and Salary Adjustments to Employee Compensation

Issue

Board approval is needed for salary adjustments to employee compensation, in accordance with HR Policy No. 2.1.

Recommendation

It is recommended that the Committee recommend the Board approve:

1. Proposed employee reclassifications; and
2. Proposed salary adjustments to employee compensation.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Staff's recommendations contribute to this goal by ensuring that the Authority provides competitive salaries and accurate classifications to recruit and retain a qualified and diverse workforce.

Background

HR Policy No. 2.1, Wage and Salary Administration – Salary Program Administration, states in part: SCRRA shall review the Classification and Pay Plan on an annual basis. This permits

SCRRA an opportunity to periodically assess the competitiveness of its Classification and Pay Plan, including the salary structure, and make necessary adjustments to reflect changes in internal equity and labor market conditions. The addition of new job classifications and corresponding salary grade assignments, the addition of new salary grades, and salary grade/range adjustments are subject to approval of the Board of Directors.

In March 2025, staff initiated an annual review of its Classification and Salary Plan, during which employees were given the opportunity to submit a request for a classification and/or compensation review. Staff analyzed the requests to ensure alignment between employees' classifications and their position duties and responsibilities. Upon completion of the review, staff's recommendations included the reclassification of twenty-eight (28) employees to higher classifications and salary grades, to accurately reflect their duties and responsibilities.

Additionally, two executives proposed reorganizations of their departments for implementation in FY27 that change classifications and/or salaries for eleven (11) employees between both departments. Lastly, executive leadership also initiated requests to reclassify three (3) employees in other departments within the agency to higher classifications and salary grades due to changes in their duties and responsibilities.

Discussion

As part of the Human Resources-led project in March 2025, a total of forty-four (44) employees submitted requests to have their classification and/or compensation reviewed by Human Resources. After full review, analysis, and discussions with employees and their management team, twenty-eight (28) employees were recommended for reclassification and salary adjustments. The work was designed to ensure that employees are classified appropriately and compensated consistently with their job responsibilities. HR staff's recommendations added thirteen (13) new classifications to the Agency's Classification and Salary Plan to reclassify a total of fifteen (15) employees. The remaining thirteen (13) employees will be reclassified into existing classifications on the Plan. All twenty-eight (28) reclassified employees are proposed to receive 5%-10% salary adjustment.

The Integrated Digital and Technology Services (IDTS) Department is being reorganized to enhance efficiency, maximize resources, encourage career growth within the department, and ensure better alignment with the agency's mission, operational goals, customer expectations, and long-term strategic priorities. For many years, the department has been structured primarily to maintain existing systems and provide day-to-day support. While that work remains critical, the increasing complexity of technology, cybersecurity risks, and growing demand for digital services require a more modern and proactive approach.

This transformation is designed to strengthen accountability for the agency's technology systems, improve collaboration between IDTS and business departments, and create greater capacity to deliver innovative solutions more efficiently and effectively. The reorganization modernizes leadership roles, clarifies ownership of critical technology platforms, and allows our teams to focus more on strategic planning, service improvement, and problem-solving rather than manual and reactive work. By reimagining our technology workforce, streamlining operations, and expanding the use of automation and modern service practices, we are positioning IDTS to become a stronger strategic partner for the agency — one that can better support reliability, safety, customer experience, and future growth across Metrolink.

As part of the IDTS reorganization, HR staff's recommendations added four (4) new classifications to the Agency's Classification and Salary Plan to more accurately reflect the job duties and responsibilities of nine (9) employees. Of the nine (9) employees being reclassified, two (2) are proposed to receive a 5% salary adjustment.

The Customer Experience (CX) Department has been reorganized to enhance efficiency, maximize resources, encourage career growth within the department and align with SCRRA's overall strategy. Key changes included reshaping Marketing and Partnerships by giving each area a distinct focus. Marketing will continue to build ridership and strengthen brand awareness, while CX Innovation and Partnerships will bring together two complementary priorities: generating new revenue and driving innovation. On the revenue side, the team will focus on advertising, sponsorships, and other partnerships that create sustainable funding streams. On the innovation side, the team will explore new technologies, processes, and collaborations that directly enhance the rider experience.

Expanding the customer support function to provide strategic leadership and operational oversight across Metrolink's customer-facing support channels, including the Customer Contact Center, Communications Desk, Los Angeles Union Station/Field Customer Relations team, customer advocacy, service recovery, and customer communications. As the department has evolved, the role has grown beyond traditional complaint resolution to encompass cross-functional coordination, incident response, major event support, customer experience standards, continuous improvement initiatives, and the translation of customer feedback into operational enhancements. The reclassification recognizes the increased scope, complexity, and leadership responsibilities required to deliver a seamless and consistent customer experience across all customer touchpoints while supporting SCRRA's commitment to customer-focused service delivery.

As part of the Customer Experience's reorganization, staff's recommendations added two (2) new classifications to the Agency's Classification and Salary Plan to more accurately reflect the job duties and responsibilities of two (2) employees. Both employees reclassified are proposed to receive a 5% salary adjustment.

Lastly, outside of the HR lead classification and compensation review and the two department reorganizations discussed above, executive leadership in the Strategy division and Finance division, are recommending the reclassification a total of three (3) employees and corresponding salary adjustments. These proposed reclassifications are standalone and are due to a gradual change in increased duties and responsibilities for these three (3) employees that warrant a reclassification. All three (3) reclassified employees are proposed to receive a 5% salary adjustment.

Therefore, the staff is recommending the approval of the forty-two (42) employee reclassifications. Additionally, staff recommends approval of 5-10% salary adjustments for a total of thirty-five (35) employees discussed above, as detailed in Attachment A.

Budget Impact

The amount of \$267,601 to increase salaries for thirty-five (35) employees is included in the Proposed FY27 Budget and is contingent upon the adoption of the proposed FY27 Operating Budget.

Next Steps

If the Committee recommends the Board approve the proposed employee reclassifications and salary adjustments to employee compensation, and the Board concurs with the Committee's recommendation, and the Board adopts the FY27 Operating Budget as presented, Human Resources will implement and administer salary and classification adjustments consistent with the provisions of the Board adopted HR Policy No. 2.1 -Wage and Salary Administration. The reclassifications and compensation adjustments would be effective retroactively to July 1, 2026.

Prepared by: Cory Elmore, Manager I

Approved by: Alberto Lara, Chief People Officer

Attachment(s)

[Attachment A - Proposed Salary Adjustments](#)

[Presentation - Proposed Employee Reclassifications and Salary Adjustments](#)

ATTACHMENT A
Proposed Salary Adjustments

Current Classification Title	New Classification Title	Current Salary	New Salary	% Increase	Difference
Accountant I	Accountant II	\$103,447	\$108,620	5%	\$5,172
Assistant Director, Various	Director, Signal Systems	\$196,129	\$205,935	5%	\$9,806
Auditor II	Senior Auditor	\$127,047	\$139,752	10%	\$12,705
Business Analyst I	Business Analyst II	\$98,080	\$102,984	5%	\$4,904
Business Analyst II	Senior Business Analyst	\$121,932	\$128,029	5%	\$6,097
Coordinator, Fleet Maintenance	Fleet Manager	\$95,370	\$104,907	10%	\$9,537
Corporate Sales Specialist	Innovation & Partnerships Analyst	\$90,301	\$94,816	5%	\$4,515
Customer Relations Manager	Manager II (Various)	\$143,540	\$150,717	5%	\$7,177
Customer Relations Manager	Manager II (Various)	\$134,189	\$140,898	5%	\$6,709
District T & S Maintenance Supervisor	Track & Structure Maintenance Manager	\$143,540	\$150,717	5%	\$7,177
Executive Assistant I	Coordinator, Train Control & Communications	\$86,907	\$91,252	5%	\$4,345
Field Operations Manager	Senior Manager, System Safety	\$156,557	\$164,385	5%	\$7,828
Finance Analyst I	Finance Analyst II	\$89,585	\$94,064	5%	\$4,479
Human Resources Analyst I	Human Resources Analyst II	\$103,712	\$108,897	5%	\$5,186
Human Resources Analyst I	Human Resources Analyst II	\$103,712	\$108,897	5%	\$5,186
Management Analyst II	Government Relations Manager	\$106,532	\$111,859	5%	\$5,327
Manager I (Various)	Senior Technology Product Manager	\$143,540	\$150,717	5%	\$7,177
Manager I (Various)	Manager II (Various)	\$139,351	\$146,318	5%	\$6,968
Manager I (Various)	Senior Manager, Partnerships	\$133,653	\$140,336	5%	\$6,683
Manager I (Various)	Station Maintenance & Environmental Compliance Manager	\$140,000	\$147,000	5%	\$7,000
Manager II (Various)	Assistant Director, Human Resources	\$159,329	\$167,295	5%	\$7,966
Manager II (Various)	Senior Manager, Transit Asset Management	\$159,329	\$167,295	5%	\$7,966
Manager II (Various)	Senior Manager, Grants	\$159,329	\$167,295	5%	\$7,966
Manager II (Various)	Senior Manager, Business Operations	\$159,329	\$167,295	5%	\$7,966
Manager II (Various)	Emergency Manager	\$159,329	\$175,262	10%	\$15,933
Public Affairs Manager	Senior Manager, Community Relations	\$143,540	\$150,717	5%	\$7,177
Railroad Systems Engineer I	Senior Project Engineer	\$119,701	\$131,672	10%	\$11,970
Rolling Stock Engineering Manager II	Assistant Director, Rolling Stock	\$178,006	\$186,907	5%	\$8,900

ATTACHMENT A
Proposed Salary Adjustments

Senior Civil Design Specialist	CADD Designer and Database Administrator	\$108,868	\$119,755	10%	\$10,887
Senior Manager, Customer Relations	Assistant Director, Customer Experience	\$178,842	\$187,784	5%	\$8,942
Senior Manager, Information Technology	Assistant Director, Technology Infrastructure	\$184,822	\$194,063	5%	\$9,241
Supervisor, Communications Systems	Communications Systems Manager	\$143,540	\$150,717	5%	\$7,177
Supervisor, Communications Systems	Communications Systems Manager	\$143,540	\$150,717	5%	\$7,177
Supervisor, Signal Systems	Signal Systems Manager	\$143,540	\$150,717	5%	\$7,177
Supervisor, Signal Systems	Signal Systems Manager	\$143,540	\$150,717	5%	\$7,177
Total Cost:					\$267,601

Amounts in the “New Salary” column do not reflect the proposed FY27 COLA increase

Proposed Employee Reclassifications and Salary Adjustments to Employee Compensation



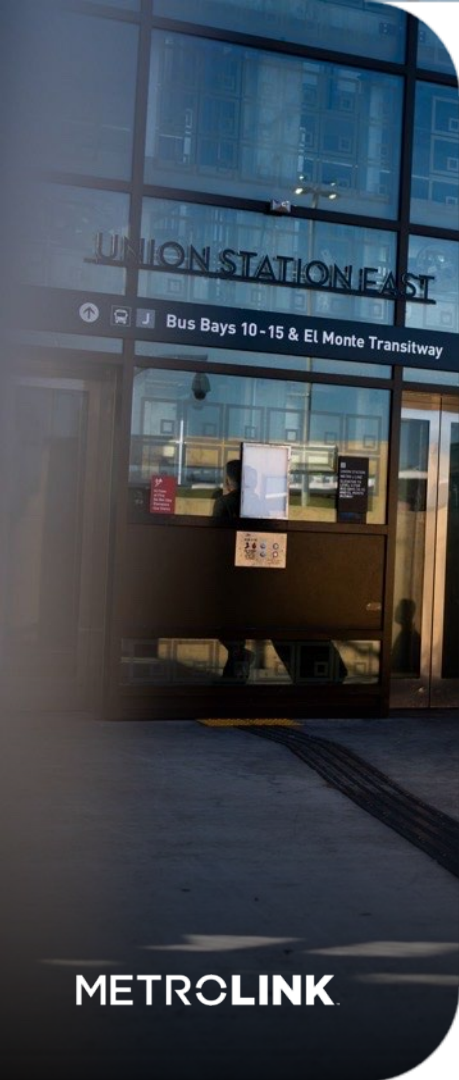
Background

In accordance with HR Policy Wage and Salary Administration No. 2.1 - Salary Program Administration, the addition of new job classifications and corresponding salary grade assignments, the addition of new salary grades, and salary grade/range adjustments are subject to approval of the Board of Directors.



Human Resources Review

- In March 2025, Human Resources (HR) staff initiated an annual review of its Classification and Salary Plan, during which employees were given the opportunity to submit a request for a review of their classification and/or compensation in relation to their job duties and responsibilities.
- HR staff received and analyzed forty-four (44) employee requests.
- Upon completion of the review, staff recommendations included the reclassification of twenty-eight (28) employees.
- As part of their reclassifications, staff also proposed a 5-10% salary adjustment for the twenty-eight (28) employees.



Division Reorganizations/Reclassifications

- The Integrated Digital & Technology Services (IDTS) and Customer Experience Divisions have been reorganized.
 - As part of the reorganization, staff recommends the reclassification of eleven (11) employees and a 5% salary adjustment for four (4) employees.
- The Finance and Strategy Divisions collectively requested that three (3) employees be reclassified.
 - As part of their reclassification, staff also recommends a 5% salary adjustment for the three (3) employees.

Summary of Changes

- Proposed reclassification of forty-two (42) employees
- Proposed salary adjustments for thirty-five (35) employees
- Salary adjustments between 5% and 10%
- Total cost to adjust salary for thirty-five (35) reclassified employees is \$267,601
- Salary budget increase included in the proposed FY27 Operating Budget
- Reclassifications and salary adjustments to become effective retroactively to July 1, 2026

Recommendation

It is recommended that the Committee recommend the Board:

1. Approve proposed employee reclassifications; and
2. Approve proposed salary adjustments to employee compensation.





METROLINK

Thank you.



metrolinktrains.com/meeting

ITEM ID: 2026-209-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: First Annual Review of the Working Capital Fund (WCF)

Issue

SCRRA Working Capital Fund Policy - FIN 9.7 indicates the following:

"The Working Capital Fund status shall be reviewed annually by SCRRA Board of Directors. The Member Agencies and SCRRA Board of Directors will consider the adequacy of the Working Capital Fund amount and will recommend any changes, as deemed necessary."

The Working Capital Fund Standard Operating Procedure (SOP) further clarifies the first annual review shall take place in the September 2026 Board reporting cycle. The purpose of this Agenda item is to present summary WCF activity as well as anticipated future needs, in order to facilitate the Board's consideration of any necessary changes.

Recommendation

It is recommended that the Committee recommend the Board maintain the current level of deposits in the WCF at \$50 million due to anticipated growth in Capital Program incurred expenses in FY27. No changes are recommended to the WCF Policy or Statement of Operating Procedures (SOP) at this time.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

In April of 2024, the SCRRA Board of Directors approved the establishment of the \$50 million Working Capital Fund (WCF). Pursuant to the Policy, the goal of the WCF shall be to begin a separation of Operating and Capital Funds, and to provide liquidity to fund the reimbursement cycle for grant-funded capital projects.

Member Agencies were invoiced for their respective WCF allocation deposits, based upon Track Miles Owned, in June of 2024. \$50,000,000 was collected and deposited in a segregated, interest-bearing money market demand account at U.S. Bank specifically established for this purpose. Funds in this account are not commingled with Operating Funds or used for operating expenses, nor are they used for the payment of any expenses pursuant to Third-Party Agreements or any other advance-funded capital project. WCF advance and repayment transactions are governed by the Policy and a detailed Standard Operating Procedures document, which have been provided to the Member Agencies. Both documents are attached for reference.

Discussion

The final Member Agency deposit was received into the WCF bank account in April of 2025. Subsequently, appropriate internal financial controls, processes, and responsibilities were finalized and documented within the detailed Standard Operating Procedure manual. A draft version of this manual was provided to all Member Agencies, and the final SOP was published October 20, 2025. WCF activity then began in earnest with October month capital program activity. To date, four out of the five Member Agencies have executed formal Agreements relating to the WCF. SCRRA is in compliance with the provisions of these Agreements, the Policy, and the SOP, including the provision to disburse annual interest within 90 days of each fiscal year end. FY26 interest earned was disbursed to Member Agencies in early August 2026.

The WCF bank account balance as of July 31, 2026, was \$25,051,558.76, and a summary reconciliation of its activity since inception is provided in the table below. In the eight months since WCF activity began, approximately 250 Capital Projects have received advance funding of over \$80 million. Had the WCF not been initiated, these expenses would have been advance-funded with operations or emergency Board Threshold funding. Prior to the WCF, the Board's requirement to maintain \$50 million in available cash was frequently breached within Q1 and Q2 as SCRRA struggled to fund both Operations and Capital cash outlays prior to Member Agency Annual MOU execution and given typical grant reimbursement timetables. This led to pressure to delay vendor payments and overall strained SCRRA liquidity. Since WCF inception, the \$50 million Board Threshold has not been breached, and Operations liquidity has improved substantially. The internal processes and financial controls established via the WCF have proven sound and no significant issues have arisen since inception.

WCF Cash Flow Activity, through July 31, 2026 (\$ in millions)	
Beginning Deposit Balance	\$50.0
Less: Capital Expenses	(80.4)
Plus: Capital Collections	54.3
Plus: Interest Received	2.2
Less: Interest Paid thru 7.31	(1.0)
Ending July Balance:	\$25.1

SCRRA recommends maintaining the Working Capital funding at its current level of \$50 M for FY27. This level shall be reviewed every year by the Board of Directors. This recommendation is due to anticipated growth in Capital Program cash flows.

Budget Impact

There is no anticipated Budget impact associated with this report. However, should the WCF facility be terminated or the funding commitment reduced, there would be negative liquidity impacts related to the Operating Budget as operating funds would be required to resume pre-funding of Capital program expenses.

Next Steps

Board approval of the continuation of the WCF is not required by Policy. However, the Board may take this opportunity to propose changes to the WCF Policy and the deposit amount. The next annual review of the WCF is scheduled for September of 2027.

Prepared by: Tom Schamber, Chief Financial Officer

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - Working Capital Fund Policy](#)

[Attachment B - WCF SOP](#)

[Presentation - Working Capital Fund Annual Review](#)



Southern California Regional Rail Authority Finance Policies

TITLE: Working Capital Fund Policy

NO. FIN – 9.7

ORIGINATING UNIT: Finance Department

EFFECTIVE DATE: April 2024

REVISION:

PURPOSE

To provide guidelines for the establishment and maintenance of a Working Capital Fund to support Capital Programs that are funded by Federal, State, and Local grants.

APPLICATION

This policy applies to all SCRRA staff responsible for tasks impacting the Working Capital Fund.

POLICY STATEMENT

SCRRA shall establish and maintain a Working Capital Fund unencumbered and uncommitted at a level of \$50,000,000. The Working Capital Fund is solely intended to serve a dynamic role and is available to be utilized as needed, devoted only to costs related to capital projects which are reimbursable.

STRATEGIES

1. Working Capital Fund shall be accounted for separate and apart from Operating Funds.
2. A separate bank account shall be established for the Working Capital Fund.
3. The funds will be invested in accordance with the SCRRA Investment Policy FIN-3.1 and the need to provide liquidity and stable principal value.
4. Records shall be maintained which reflect the contribution of each Member Agency plus any interest earned on the Working Capital Funds.



5. All interest earned shall be allocated to the Working Capital Fund based on Member Agency Track Miles Owned.
6. The Working Capital Fund goal shall be to maintain a separation of Operating and Capital Funds, and to provide liquidity to fund the reimbursement cycle for grant funded Capital Programs.

SOURCE

The \$50,000,000 of Working Capital Funds shall come from the Member Agencies' allocation based on Track Miles Owned. Any additions to this Fund shall be approved and provided by the Member Agencies with the additional amount allocated based on track miles owned existent at the time of the addition.

USES

1. Funds to cover reimbursable expenses for capital projects for which grants have been awarded.
Working Capital funds shall not be used for payment of operating expenses.

GOVERNANCE

- Procedures for approving use of the Working Capital Funds are described in the Working Capital Fund Standard Operating Procedure
- Creation of New Statement of Working Capital Funds to be presented to, in order, the Member Agency Advisory Committee (MAAC), Audit and Finance Committee (AFCOM), and the Board of Directors. Monthly reporting to CEO & Executive Leadership Team
- Quarterly Reporting to MAAC, AFCOM, and SCRRA Board of Directors

MAINTENANCE

At the end of each fiscal year, interest shall be calculated and assigned to the Member Agency portion of the Working Capital Fund with allocation based on Track Miles Owned as of the most recent addition to the Working Capital Fund. The status of the Working Capital Fund shall be calculated at the end of each fiscal year based upon audited financial results.

The Working Capital Fund status shall be reviewed annually by SCRRA Board of Directors. The Member Agencies and SCRRA Board of Directors will consider the adequacy of the Working Capital Fund amount and will recommend any changes, as deemed necessary.



RESPONSIBILITIES

Board of Directors is responsible for reviewing the Working Capital Fund Reports and determining that the expended funds are accomplishing the objectives contained therein.

Chief Executive Officer (CEO) reviews and approves the monthly Working Capital Fund report ensuring that the proposed Working Capital Fund reports are submitted to the Board of Directors and the Member Agencies within the required schedules.

Chief Financial Officer (CFO) is responsible for supervising and providing guidance and oversight to the Finance Department in the establishment and maintenance of the Working Capital Fund and all related analysis and presentations.

Chiefs are responsible for adhering to the Working Capital Fund Standard Operating Procedure.

Member Agencies are responsible for reviewing their share of the SCRRA’s Working Capital Fund.

REFERENCES

SCRRA Investment Policy FIN-3.1

POLICY HISTORY

April 2024 – FIN – 9.7

Approvals		
Department Chief	Legal Counsel	Chief Executive Officer



Working Capital Fund

FIN – 9.7

Standard Operating Procedures

October 20, 2025

Table of Contents

Introduction and Scope.....	3
WCF Funding	3
WCF Eligible Projects.....	3
Custody of WCF Cash.....	4
Hybrid Method for Separation of Operations and Capital	4
WCF Capital Projects Cash Flow Process.....	5
WCF Spending Controls and Contingency Planning	7
Interest Earnings	8
Reporting.....	8
Annual Review.....	9
Exhibit A: FIN – 9.7	
Exhibit B: WCF Reporting Deliverable Matrix	

Introduction and Scope

Working Capital Fund Policy, FIN 9.7, was approved by the SCRRA Board of Directors in April of 2024. Pursuant to the Policy, the primary goals of the Working Capital Fund (WCF) are to transition, to the extent possible, the separation of operating and capital funds, and to provide dedicated liquidity to fund the reimbursement cycle for eligible grant and Member Agency funded capital and rehabilitation projects (Capital Program). The purpose of this Standard Operating Procedure (SOP) document is to provide SCRRA staff responsible for the WCF with procedures to manage and report WCF activity, consistent with FIN 9.7.

WCF Funding

Eligible Projects, as further delineated herein, shall be provided with advance funding of \$50,000,000 to pay eligible capital expenses prior to grant reimbursement.

WCF Eligible Projects

As stated in FIN 9.7, Working Capital Funds shall not be used to pay operating expenses under any circumstances. SCRRA shall utilize the WCF only for reimbursable capital and rehabilitation projects for which no advance cash funding has been received.

For purposes of efficient management and consistent selection of eligible WCF projects, only capital projects beginning with a “4”, “5”, or “6” in SCRRA’s current project accounting system shall be eligible for WCF monies. These project codes correspond to SCRRA’s portfolio of core reimbursable capital and rehabilitation projects. Eligible projects shall include capital projects that are funded by and billed to Member Agencies as well as other direct grantors. For the avoidance of doubt, reimbursable projects related to the Southern California Optimized Rail Expansion program (SCORE) are eligible for WCF funding.

In certain cases, projects coded with a 4, 5, or 6 may be subject to the receipt of advance funding. Accounts Receivable (AR) and Grants Finance (GF) will identify and exclude any advance funded projects from the 4, 5, and 6 coded WCF eligible projects.

SCRRA projects commonly referred to as Third Party Agreements (TPAs) typically have advance cash funding requirements and are therefore not eligible for WCF funding. In addition, TPAs are also excluded from WCF funding eligibility in principle since these projects are performed at the request and benefit of third parties. For simplicity of management, all SCRRA capital program projects with approved account numbers beginning with an “8”, which are typically used to account for TPAs, are not eligible for the WCF. Operating projects, including projects not included in the SCRRA operating statement or budget beginning with a “2”, are also not eligible for WCF funding. WCF eligible projects shall hereafter be referred to as “WCF Capital Projects.” No exceptions to WCF eligible projects can be made without written approval by the CFO and in no circumstances can exceptions be made in violation of provisions of the Policy.

Custody of WCF Cash

A separate interest-bearing investment or bank account shall be established for the WCF pursuant to FIN 9.7. All WCF deposits shall be placed in this segregated account. The placement of the funds and the financial institution retaining custody of the WCF remains at the discretion

of the SCRRA CFO/Treasurer. The SCRRA CFO/Treasurer will have responsibility for establishing WCF bank account signature authority, permissions, and staff access to the WCF.

AR Finance shall monitor WCF cash balances and maintain a minimum balance of no less than the unpaid accumulated interest earned and payable to Member Agencies. No disbursements out of the WCF account shall be made that would result in compromise of this minimum threshold.

The WCF bank account will serve as the final settlement account for net consolidated monthly expenses and collections associated with WCF Capital Projects and shall reflect the net available working capital balance, plus interest earned on behalf of Member Agencies.

Specifically, the WCF bank account shall be directly involved in transactions for:

- (1) the receipt of all funding deposits
- (2) the accumulation of annual interest to Member Agencies
- (3) the payment of annual interest to Member Agencies
- (4) the reimbursement to the SCRRA operating account for WCF Capital Project expenses paid by the SCRRA operating account, made monthly in arrears
- (5) the receipt of WCF Capital Project cash collections as collected and transferred by the SCRRA operating account, made monthly in arrears

Hybrid Method for Separation of Operations and Capital

Introduction

SCRRA Finance, under the direction of the CFO, will retain primary responsibility to implement a hybrid accounting solution to provide for the separation, to the extent WCF funding allows, of operations and capital funds, to provide transparent reporting, maximize liquidity, and implement proper internal accounting controls. The Program Management Office (PMO) and Operations Staff shall bear primary responsibility for managing WCF Capital Project execution within the constraints of available funding and annual Capital Program spending levels as specifically delineated within individual Member Agency MOUs.

Physical Separation of WCF vs Operating Funds

AR Finance will physically segregate WCF deposits, interest earned, and settled net WCF Capital Project monthly expenses and collections within the WCF bank account.

Accounting Segregation of WCF vs Operating Funds

AR and Accounts Payable (AP) will continue to use the main operating bank account structure for all SCRRA disbursements and collections and will rely on its project accounting coding system to delineate, manage, and report WCF activity. AR will manage banking administration, and Budget, GF, and General Accounting will work with PMO and Operations, as their roles require, to ensure project budgets and invoices are appropriately funded and properly coded so that the accounting separation of operations and WCF activity can be ensured.

Background and Best Practices Research for Separation of WCF and Operations

Prior to the development of this SOP, AR Staff polled Finance representatives from each Member Agency to obtain best practices input and assess appropriate methods for the

separation of operating and working capital funds. Each Member Agency confirmed they employed no physical separation or segregation of operational and capital funds. Rather, separation is achieved through accounting segregation, and all Member Agency operating and capital funds are physically commingled. Notwithstanding these findings, for the purposes of enhanced transparency, SCRRA shall implement a separate WCF bank account which shall retain custody of settled WCF activity and remaining balances, including interest earned on behalf of Member Agencies.

Physical Separation of WCF Deposits and Net Settled Monthly Cash Flow Activity

The WCF account will not be utilized for daily transactions of WCF Capital Project cash flow activity, including disbursements to Capital Program vendors, payroll, inventory, and agency costs, nor to receive direct cash collections payments from grantors. The WCF bank account will retain earned interest income, any deposits, and net settled monthly cash flow activity, transferred in arrears from the main operating account within 30 days after each fiscal month end. The WCF bank account shall not initially be established with check writing capabilities, which may be re-evaluated at each WCF annual review. Direct disbursements out of the WCF are limited to electronic funds transactions (EFTs) of interest payments to Member Agencies and book transfers to the SCRRA Concentration account to reimburse Operations' payments for WCF Capital Project expenses. The CFO must approve any exceptions.

Accounting Segregation Method for Daily Capital Cash Flow Activity

All direct SCRRA payment and collections activity for both operations and capital will be administered within SCRRA's existing operating bank accounts for administrative simplicity and will be separated via the accounting segregation method.

WCF Capital Projects Cash Flow Process

Expenses

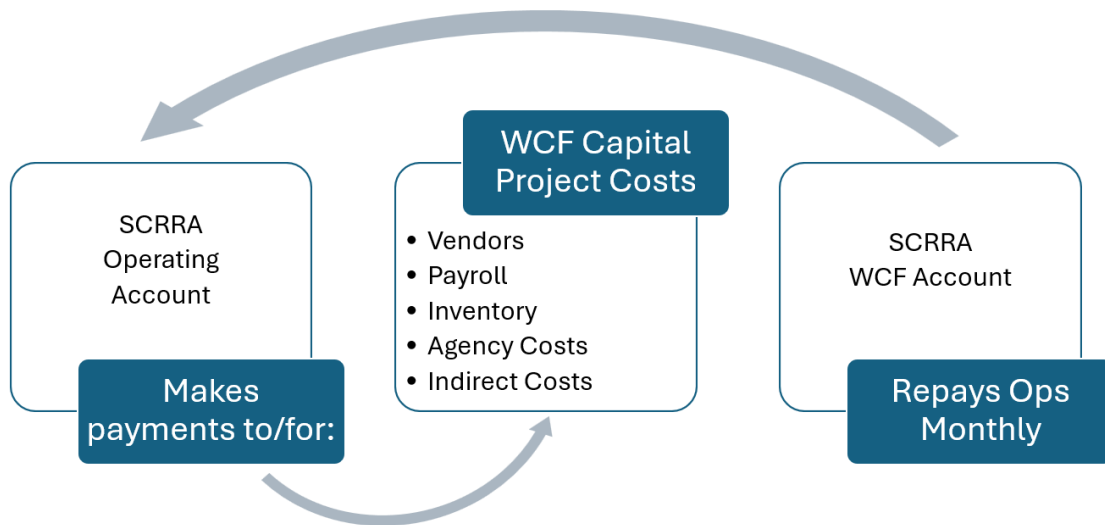
All expenses incurred on WCF Capital Projects, including but not limited to direct vendor payments, payroll, inventory stock charges, agency costs, and indirect/overhead costs, shall be disbursed in the normal course through SCRRA's existing main operating accounts. Said disbursements are managed by SCRRA AP.

After the conclusion of each fiscal month-end, GF will reconcile and calculate all expenses paid for each eligible WCF Capital Project in the preceding fiscal month. Expenses paid for each project in any given fiscal month shall be the total of:

- Direct vendor disbursements released in the prior fiscal month
- Payroll, inventory, and other agency expenses assessed in the prior month
- ICAP expenses allocated in the prior fiscal month
- Any adjustments or reconciling items from prior periods

The total of eligible WCF Capital Projects expenses will be referred to as "Monthly WCF Expenses." Shown below is a high-level process summary for the WCF Capital Projects disbursement process.

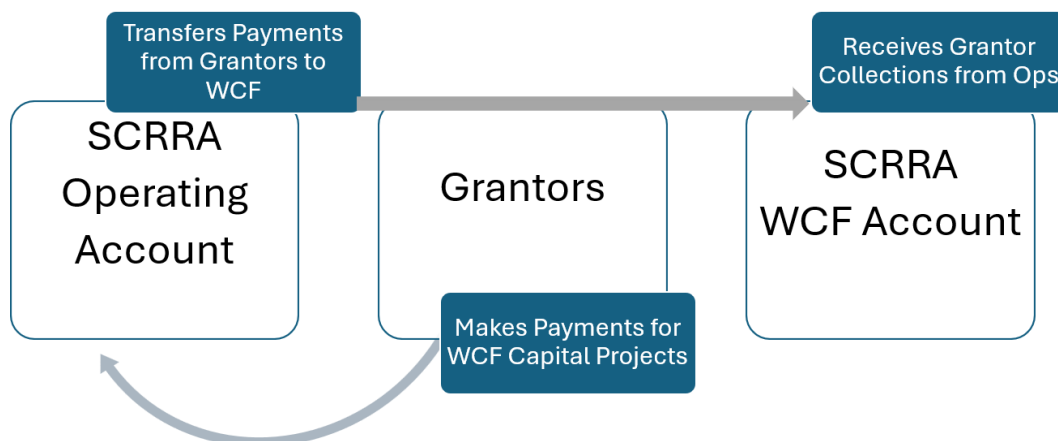
WCF Capital Projects Disbursement Cash Flow Process



Collections

All cash collections received on WCF Capital Projects shall be received in the normal course through SCRRA's main operating accounts. At the end of each fiscal month, GF will reconcile and calculate all cash collections received for WCF Capital Projects. Cash collections received for WCF Capital Projects will be limited to expenses paid or charged to WCF projects; WCF collections received will be determined by and matched on a line-item basis to their respective WCF expenses. The total of all WCF Capital Project collections received will be referred to as "Monthly WCF Collections." Collections for capital program expenses funded by Operations will similarly be identified and remain within SCRRA operating accounts, thereby providing for their repayment. Shown below is a high-level process summary of the WCF Capital Projects collections process.

WCF Capital Projects Collections Cash Flow Process



Net Monthly Transfers

These two calculations (Monthly WCF Expenses and Monthly WCF Collections) may require until the 25th calendar day of the following fiscal month to be completed, due to the complexity and volume of transactions to be analyzed and reconciled. All calculations shall be verified for accuracy by both the AR and GF Assistant Directors or their respective designees if not available. AR will then make two separate monthly bank transfers to properly true-up capital cash flow activity in the WCF bank account no later than the last day of the following fiscal month. These bank transfers must be reviewed and approved in normal course by two separate authorized senior SCRRA personnel.

- The first transfer shall be in the amount of the Monthly WCF Collections, which shall be a transfer of outgoing funds from the operating account to the WCF bank account (transfer of WCF Capital Project collections).
- The second transfer shall be for the Monthly WCF Expenses, which shall be a transfer of outgoing funds from the WCF bank account to the operating account (repayment to operations of WCF Capital project expenses).

AR Finance shall not make any outgoing transfer that would result in the WCF balance falling below the minimum threshold of the accumulated unpaid interest due to Member Agencies.

WCF Spending Controls and Contingency Funding

The WCF has been established at \$50,000,000. If the WCF cannot adequately fund eligible expenses within the \$50 million limit, Operations' excess available cash over and above the \$50 M Board Threshold may be used for this purpose only to the extent necessary to avoid late vendor payments and potential project shutdowns.

However, under no circumstances shall SCRRA Operations fund any Capital Program expenditures if the Operations "Available Cash Balance" as defined with SCRRA Investment Policy FIN 3.1 is below \$50 million at any time of measurement, or is anticipated to fall below \$50 million as a result of payment of the capital expenses under evaluation. SCRRA Finance must clearly disclose in reasonable detail any usage of Operations funds for WCF eligible projects in both monthly and quarterly required reporting.

Monthly WCF reporting will be provided to the SCRRA CEO and Executive Leadership Team (XLT), as required by FIN 9.7, showing WCF Capital Project expenditures, collections, and net WCF balance remaining (provided by AR/GF) so that WCF usage and availability may be adequately monitored.

If both the WCF and Operations' Available Cash are less than \$5 M and \$50 M, respectively, for the same monthly reporting period, the CFO shall promptly inform the CEO and the XLT and shall recommend corrective actions as necessary.

Interest Earnings

Interest earned on WCF balances will be calculated and allocated monthly to Member Agencies and paid out after the conclusion of each fiscal year. Interest earned shall be allocated in consideration of the date of the initial deposit, and based on the Member Agency percentage of deposits, which is assessed by Member Agency Track Miles Owned per FIN 9.7. Within three fiscal months after the conclusion of each fiscal year, AR shall finalize calculations and disburse

in cash to each Member Agency, the interest earned in the preceding fiscal year. The interest disbursement to Member Agencies, unlike the payment of the annual operating surplus, shall not be contingent upon the conclusions of SCRRA audits.

Reporting

Pursuant to FIN 9.7, monthly reporting regarding WCF balances and activity shall be provided to the CEO and the XLT. Quarterly reporting shall be provided to the MAAC, AFCOM, and Board Members.

AR and GF shall together prepare monthly and quarterly reporting that includes beginning and ending WCF balances, WCF Monthly Expenses, monthly WCF Monthly Collections, and monthly and cumulative interest earned. The monthly report shall be released to the CFO by AR by or on the final calendar day of each month for the preceding fiscal month's activity. Unless otherwise directed, the CFO shall distribute the monthly report to the CEO and the XLT.

The quarterly WCF report shall contain all information as provided monthly but may be augmented as appropriate with additional presentation materials and narrative. Quarterly reports shall be provided to the MAAC in November (Q1), February (Q2), May (Q3), and August or September (Q4). Quarterly reports shall be provided to AFCOM/Board of Directors in December (Q1), March (Q2), June (Q3), and September (Q4).

Annual Review

Pursuant to FIN 9.7, the WCF status shall be reviewed annually by the SCRRA Board of Directors. The Member Agencies and SCRRA Board of Directors will consider the adequacy of the WCF amount and will recommend any changes, as deemed necessary. Any changes to this SOP must be approved by the SCRRA CFO.

EXHIBIT A
Southern California Regional Rail Authority
Finance Policies

TITLE: Working Capital Fund Policy

NO. FIN – 9.7

ORIGINATING UNIT: Finance Department

EFFECTIVE DATE: April 2024

REVISION:

PURPOSE

To provide guidelines for the establishment and maintenance of a Working Capital Fund to support Capital Programs that are funded by Federal, State, and Local grants.

APPLICATION

This policy applies to all SCRRRA staff responsible for tasks impacting the Working Capital Fund.

POLICY STATEMENT

SCRRRA shall establish and maintain a Working Capital Fund unencumbered and uncommitted at a level of \$50,000,000. The Working Capital Fund is solely intended to serve a dynamic role and is available to be utilized as needed, devoted only to costs related to capital projects which are reimbursable.

STRATEGIES

1. Working Capital Fund shall be accounted for separate and apart from Operating Funds.
2. A separate bank account shall be established for the Working Capital Fund.
3. The funds will be invested in accordance with the SCRRRA Investment Policy FIN-3.1 and the need to provide liquidity and stable principal value.
4. Records shall be maintained which reflect the contribution of each Member Agency plus any interest earned on the Working Capital Funds.
5. All interest earned shall be allocated to the Working Capital Fund based on Member Agency Track Miles Owned.
6. The Working Capital Fund goal shall be to maintain a separation of Operating and Capital Funds, and to provide liquidity to fund the reimbursement cycle for grant funded Capital Programs.

SOURCE

The \$50,000,000 of Working Capital Funds shall come from the Member Agencies' allocation based on Track Miles Owned. Any additions to this Fund shall be approved and provided by the Member Agencies with the additional amount allocated based on track miles owned existent at the time of the addition.

USES

1. Funds to cover reimbursable expenses for capital projects for which grants have been awarded. **Working Capital funds shall not be used for payment of operating expenses.**

GOVERNANCE

- Procedures for approving use of the Working Capital Funds are described in the Working Capital Fund Standard Operating Procedure
- Creation of New Statement of Working Capital Funds to be presented to, in order, the Member Agency Advisory Committee (MAAC), Audit and Finance Committee (AFCOM), and the Board of Directors. Monthly reporting to CEO & Executive Leadership Team
- Quarterly Reporting to MAAC, AFCOM, and SCRRA Board of Directors

MAINTENANCE

At the end of each fiscal year, interest shall be calculated and assigned to the Member Agency portion of the Working Capital Fund with allocation based on Track Miles Owned as of the most recent addition to the Working Capital Fund. The status of the Working Capital Fund shall be calculated at the end of each fiscal year based upon audited financial results.

The Working Capital Fund status shall be reviewed annually by SCRRA Board of Directors. The Member Agencies and SCRRA Board of Directors will consider the adequacy of the Working Capital Fund amount and will recommend any changes, as deemed necessary.

RESPONSIBILITIES

Board of Directors is responsible for reviewing the Working Capital Fund Reports and determining that the expended funds are accomplishing the objectives contained therein.

Chief Executive Officer (CEO) reviews and approves the monthly Working Capital Fund report ensuring that the proposed Working Capital Fund reports are submitted to the Board of Directors and the Member Agencies within the required schedules.

Chief Financial Officer (CFO) is responsible for supervising and providing guidance and oversight to the Finance Department in the establishment and maintenance of the Working Capital Fund and all related analysis and presentations.

Chiefs are responsible for adhering to the Working Capital Fund Standard Operating Procedure.

Member Agencies are responsible for reviewing their share of the SCRRA's Working Capital Fund.

REFERENCES

SCRRA Investment Policy FIN-3.1

POLICY HISTORY

April 2024 – FIN – 9.7

Approvals		
Department Chief	Legal Counsel	Chief Executive Officer

EXHIBIT B

WCF REPORTING DELIVERABLE MATRIX

DELIVERABLE (Per Policy, MOUs)	RECIPIENTS – IN ORDER (Per Policy, MOUs)	REQUIRED FREQUENCY (Per Policy/MOUs)	TIMING (Per SOP)	DELIVERABLE/MEETING DATES
WCF Monthly Reporting	CEO/XLT	Monthly (By Policy)	Calendar month end	July month = Aug 31 Aug month = Sep 30 Sep month = Oct 31
WCF Quarterly Reporting	MAAC/MAS	Quarterly (MAAC-By Policy) (MAS-By Individual MOUs)	First MAAC meeting following delivery of monthly reporting to CEO/XLT	Q1 = Nov MAAC Meeting Q2 = Feb MAAC Meeting Q3 = May MAAC Meeting Q4 = Sep MAAC Meeting
WCF Quarterly Reporting	AFCOM/Board	Quarterly (By Policy)	Presented to AFCOM/BOARD in the third month after the fiscal quarter end to be reported	Q1 = Dec AFCOM/Board Q2 = Mar AFCOM/Board Q3 = June AFCOM/Board Q4 = Sep AFCOM/Board
WCF Annual Review	MAAC/MAS/AFCOM/ Board	Annually (By Policy) March 31 (By Individual MOUs)	September Board reporting cycle	September AFCOM/Board (First review in Sep 2026)
Payment of Interest to Member Agencies	MAS	Annually (By Policy) March 31 of following year (By Individual MOUs)	Annually, within three fiscal months of FYE	September 30



METROLINK

Working Capital Fund Annual Review

Working Capital Fund Annual Review

- FIN – 9.7 requires that the Working Capital Fund (WCF) status is reviewed annually by the SCRRA Board.
- Member Agencies and the Board are to consider the adequacy of the WCF amount and recommend changes.
- WCF advance activity began in November 2025 and to date, over \$80 M of liquidity for 250 Capital projects has been successfully provided, and SCRRA is compliant with all WCF provisions.
- SCRRA anticipates increased usage of the \$50 M in FY27 to fund expected growth in the Capital Program.
- Staff does not recommend any changes to the WCF Policy or Standard Operating Procedures.
- The next annual review shall take place in September of 2027.



METROLINK

Thank you.



metrolinktrains.com/meeting

ITEM ID: 2026-288-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY2025-26 Working Capital Fund Report, Quarter Ending June 30, 2026

Issue

SCRRA Working Capital Fund Policy - FIN 9.7, as well as executed Member Agency MOUs related thereto, require quarterly reporting of Working Capital Fund (WCF) activity to the SCRRA Board of Directors.

This quarterly report and accompanying attachments provide the following information:

1. Summary and project-level detail for WCF advances and repayments;
2. WCF interest income received; and
3. Reconciliation of beginning and ending quarterly WCF balances.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

In April of 2024, the SCRRA Board of Directors approved the establishment of the \$50 million Working Capital Fund (WCF). Pursuant to the Policy, the goal of the WCF shall be to begin a separation of Operating and Capital Funds, and to provide liquidity to fund the reimbursement cycle for grant-funded capital projects. Usage of the funds is limited under the Policy to advance fund reimbursable expenses for capital projects for which grants have been awarded. Given the anticipated volume of capital activity, the Working Capital Fund may need to be increased in the future in order to fully separate Operating Funds from Capital Funds.

Member Agencies were invoiced for their respective WCF allocation deposits, based upon Track Miles Owned, in June of 2024. \$50,000,000 has been collected and deposited in a segregated money market demand account at U.S. Bank specifically established for this purpose. Funds in this account are not commingled with Operating Funds, nor are they used for the payment of any expenses pursuant to Third-Party Agreements or any other advance-funded capital project. The WCF is not used for SCRRA on-going operations or operating projects of any kind. Funds are allocated to eligible Capital Program projects on a consolidated basis as incurred. WCF advance and repayment transactions are governed by the Policy and a detailed Standard Operating Procedures document which has been provided to the Member Agencies.

Discussion

Advance and repayment transactions for the Working Capital Fund began in November 2025. Advances taken against the WCF in Q4 FY26 totaled \$24,615,199.12. Collections, or repayments against WCF expenses totaled \$26,801,693.60 for the quarter, for a net WCF repayment of \$ 2,186,494.48. Further detail has been provided in Attachment B.

Fiscal year interest earned on unused WCF balances is returned to the Member Agencies within 90 days after the conclusion of each fiscal year. The total interest earned of \$1,131,990.23 in FY26 was paid to Member Agencies in August 2026. Interest earned for Q4 FY26 was \$164,619.77. Interest income has declined from prior quarters due to lower market interest rates and lower WCF balances resulting from the commencement of advance activities. Further details of interest earned have been provided in Attachment A.

The WCF ending balance as of June 30, 2026, was \$28,991,802.33, and a summary reconciliation is provided below.

WCF Activity and Balances, Q4 FY26 (\$ in millions)	
Beginning Quarter Balance	\$26.64
Less: Advances Taken	(24.62)
Plus: Collections Received	26.80
Plus: Interest Received	.16
Ending Quarter Balance	\$28.99

Next Steps

The Working Capital Fund report for the quarter ended September 30, 2026, will be provided in November 2026.

Prepared by: Tom Schamber, Chief Financial Officer

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - Member Agency Allocation of Interest](#)
[Attachment B - FY26 Q4 Eligible Capital Project Activity](#)
[Presentation - FY26 Q4 Working Capital Fund Report](#)

ATTACHMENT A

	MEMBER AGENCY ALLOCATION OF INTEREST					TOTAL	
	LACMTA	OCTA	RCTC	SBCTA	VCTC		
Date of Deposit	2/11/2025	6/30/2024	7/25/2024	7/17/2024	4/16/2025		
Initial Working Capital Deposit	\$ 29,290,000.00	\$ 7,150,000.00	\$ 4,765,000.00	\$ 5,330,000.00	\$ 3,465,000.00	\$ 50,000,000.00	
Deposit Allocation %	58.58%	14.30%	9.53%	10.66%	6.93%	100.0%	
<u>Interest Payment Date</u>						<u>Total Interest</u>	<u>Bank APY %</u>
7/31/2024	\$ -	\$ 27,438.71	\$ 3,660.70	\$ 8,774.48	\$ -	\$ 39,873.89	4.08%
8/31/2024	-	24,943.62	16,572.44	18,553.75	-	60,069.81	4.17%
9/30/2024	-	23,271.34	15,461.38	17,309.86	-	56,042.58	4.00%
10/31/2024	-	22,648.59	15,047.63	16,846.64	-	54,542.86	3.75%
11/30/2024	-	20,840.46	13,846.32	15,501.71	-	50,188.49	3.55%
12/31/2024	-	20,587.88	13,678.50	15,313.83	-	49,580.22	3.39%
1/31/2025	-	19,745.05	13,118.53	14,686.92	-	47,550.50	3.24%
2/28/2025	46,049.21	17,876.17	11,876.86	13,296.77	-	89,099.01	3.24%
3/31/2025	80,124.79	20,013.01	13,296.56	14,886.22	-	128,320.58	3.26%
4/30/2025	81,101.10	20,256.87	13,458.58	15,067.61	4,776.55	134,660.71	3.41%
5/31/2025	84,041.46	20,991.28	13,946.52	15,613.89	9,885.83	144,478.97	3.41%
6/30/2025	81,558.41	20,371.09	13,534.47	15,152.56	9,593.75	140,210.28	3.41%
Interest Earned, FY24-25	\$ 372,874.99	\$ 258,984.07	\$ 157,498.48	\$ 181,004.24	\$ 24,256.12	\$ 994,617.90	
7/31/2025	84,513.26	21,109.13	14,024.82	15,701.54	9,941.33	145,290.08	3.41%
8/31/2025	84,488.50	21,102.94	14,020.71	15,696.94	9,938.42	145,247.51	3.41%
9/30/2025	78,594.42	19,185.73	12,786.02	14,302.09	9,297.70	134,165.96	3.29%
10/31/2025	77,465.48	18,910.15	12,602.36	14,096.65	9,164.15	132,238.78	3.13%
11/30/2025	67,056.15	16,369.12	10,908.93	12,202.43	7,932.73	114,469.35	2.89%
12/31/2025	54,946.94	13,413.13	8,938.96	9,998.88	6,500.21	93,798.12	2.72%
1/31/2026	49,487.77	12,080.49	8,050.84	9,005.46	5,854.39	84,478.95	2.63%
2/28/2026	35,656.97	8,704.24	5,800.80	6,488.62	4,218.21	60,868.84	2.63%
3/31/2026	33,280.98	8,124.24	5,414.27	6,056.25	3,937.13	56,812.87	2.63%
4/30/2026	33,129.27	8,087.21	5,389.59	6,028.64	3,919.18	56,553.89	2.63%
5/31/2026	30,874.04	7,536.68	5,022.70	5,618.25	3,652.39	52,704.06	2.63%
6/30/2026	32,430.95	7,916.74	5,275.98	5,901.57	3,836.57	55,361.82	2.63%
Interest Earned, FY25-26 YTD	\$ 661,924.73	\$ 162,539.79	\$ 108,235.96	\$ 121,097.34	\$ 78,192.41	\$ 1,131,990.23	
Total Cumulative Interest	\$ 1,034,799.71	\$ 421,523.86	\$ 265,734.45	\$ 302,101.58	\$ 102,448.54	\$ 2,126,608.13	

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL
SUMMARY OF EXPENSES PAID AND COLLECTIONS RECEIVED

EXPENSES PAID FROM OPERATIONS DUE FROM WCF	
SOGGR Total	(\$17,745,998.42)
CAPITAL Total	(3,554,321.03)
SCORE Total	(3,314,879.67)
Totals	(\$24,615,199.12)
 Net WCF Repayment	 \$2,186,494.48

COLLECTIONS RECEIVED BY OPERATIONS DUE TO WCF	
SOGGR Total	\$18,339,361.33
CAPITAL Total	3,901,285.09
SCORE Total	4,562,117.02
Adjustment for Prior Period	(1,069.84)
Totals	\$26,801,693.60

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL

STATE OF GOOD REPAIR PROJECTS

COUNT	EXPENSES PAID FROM OPERATIONS ACCOUNT DUE FROM WCF				COLLECTIONS RECEIVED INTO OPERATING ACCOUNT DUE TO WCF			
	PROJECT TYPE	PROJECT #	PROJECT NAME	EXPENSES	PROJECT TYPE	PROJECT #	PROJECT NAME	COLLECTIONS
1	SOGR	524050	FY24 BOMBARDIER RAILCAR REBLD	(\$7,436,302.37)	SOGR	524050	FY24 BOMBARDIER RAILCAR REBLD	\$6,584,209.87
2	SOGR	520130	VENTURA FY20 SIGNAL REHAB	(\$788,678.16)	SOGR	518050	SYST - BOMBARDIER(SENTINEL) OH	\$1,427,490.92
3	SOGR	521052	FY21 LOCOMOTIVE PRELIM. ENG.	(\$760,836.02)	SOGR	520130	VENTURA FY20 SIGNAL REHAB	\$875,626.72
4	SOGR	524053	F125 LOCO "INTERMEDIATE" OVHL	(\$689,356.05)	SOGR	524053	F125 LOCO "INTERMEDIATE" OVHL	\$702,178.67
5	SOGR	525010	FY25 TRACK REHAB GRND & SRF	(\$459,131.50)	SOGR	523052	FY23 ROTEM HVAC OVERHAUL	\$606,281.60
6	SOGR	525091	FY25 EAM SOFTWARE ENHANCEMENT	(\$451,456.03)	SOGR	524010	FY24 TRACK REHAB GRND & SRF	\$566,017.19
7	SOGR	522320	FY22 VALLEY SUB STRCTRS REHAB	(\$394,180.93)	SOGR	522041	FY22 SYSTMWD TRAIN CNTRL REHAB	\$437,052.24
8	SOGR	524630	FY24 ORANGE SUB TC SIG REHAB	(\$377,305.00)	SOGR	524630	FY24 ORANGE SUB TC SIG REHAB	\$401,434.68
9	SOGR	525640	FY25 ORANGE SUB TC COMM REHAB	(\$354,713.68)	SOGR	525091	FY25 EAM SOFTWARE ENHANCEMENT	\$396,204.03
10	SOGR	524310	FY24 VALLEY SUB TRACK REHAB	(\$279,512.08)	SOGR	523041	FY23 SYSTMWD TRAIN CNTRL REHAB	\$393,324.16
11	SOGR	522420	FY22 SAN GABRIEL STRCTRS REHAB	(\$254,921.70)	SOGR	525640	FY25 ORANGE SUB TC COMM REHAB	\$387,997.89
12	SOGR	523052	FY23 ROTEM HVAC OVERHAUL	(\$243,244.56)	SOGR	522630	ORANGE TRAIN CNTRL REHAB SIG	\$282,437.66
13	SOGR	520330	VALLEY FY20 SIGNAL REHAB	(\$231,026.03)	SOGR	523630	FY23 ORANGE TRAIN CTRL REHB SG	\$277,824.44
14	SOGR	523056	FY23 MP36 LOCO SVC LIFE EXT	(\$225,789.51)	SOGR	523011	FY23 TRACK REHAB - INFRAS STDY	\$271,681.60
15	SOGR	524010	FY24 TRACK REHAB GRND & SRF	(\$220,756.15)	SOGR	523050	FY23 BOMBARDIER RAILCAR REBLD	\$268,593.37
16	SOGR	523090	FY23 MOW VEHICLES & EQUIPMENT	(\$213,702.40)	SOGR	519050	SYSTEM BOMBARDIER MIDLF O/HAUL	\$265,263.02
17	SOGR	523630	FY23 ORANGE TRAIN CTRL REHB SG	(\$187,328.78)	SOGR	521090	MOW VEHICLES & EQUIPMENT REHAB	\$237,647.89
18	SOGR	522630	ORANGE TRAIN CNTRL REHAB SIG	(\$183,429.86)	SOGR	525010	FY25 TRACK REHAB GRND & SRF	\$195,127.15
19	SOGR	524330	FY24 VALLEY SUB TC SIG REHA	(\$175,810.12)	SOGR	524040	FY24 OB TRAIN CNTRL SYS REHAB	\$178,435.65
20	SOGR	523011	FY23 TRACK REHAB - INFRAS STDY	(\$169,075.23)	SOGR	521130	VENTURA TRAIN CONTROL REHAB	\$174,581.69
21	SOGR	519054	SYSTEM RUBBR WNDW GASKET REPL	(\$122,026.97)	SOGR	521630	ORANGE TRAIN CONTROL REHAB	\$163,965.52
22	SOGR	521910	FY21 PVL DESIGN PHASE	(\$118,495.56)	SOGR	520330	VALLEY FY20 SIGNAL REHAB	\$161,966.44
23	SOGR	521130	VENTURA TRAIN CONTROL REHAB	(\$118,222.22)	SOGR	519120	VC VENT ARRYOSIMI SCOUR PRTN	\$145,977.00
24	SOGR	522430	SAN GABRIEL TRAIN CNTRL SYSTM	(\$115,538.46)	SOGR	520062	MOW VEHICLE REPLACEMENT	\$136,972.27
25	SOGR	525050	FY25 BOMBARDIER RAILCAR REBLD	(\$109,203.76)	SOGR	572303	Lubrication Truck Procurement	\$122,618.13
26	SOGR	525070	FY25 REHAB OF END_USR COMPUTER	(\$109,001.34)	SOGR	525070	FY25 REHAB OF END_USR COMPUTER	\$116,078.15
27	SOGR	519050	SYSTEM BOMBARDIER MIDLF O/HAUL	(\$105,973.45)	SOGR	524091	FY24 ELECTRIC VEHICLES	\$102,165.39
28	SOGR	522060	FY22 FACILITIES REHAB	(\$101,716.97)	SOGR	522420	FY22 SAN GABRIEL STRCTRS REHAB	\$98,260.39
29	SOGR	524730	FY24 RIVER SUB TC SIGNAL REHAB	(\$99,351.95)	SOGR	524061	FY24 CMF RESTROOM RENOVATION	\$91,826.06
30	SOGR	522050	FY22 ROLLING STOCK REHAB	(\$99,196.44)	SOGR	524011	FY24 TRACK REHAB - INFRAS STDY	\$91,447.02
31	SOGR	525011	FY25 TRACK MEASUREMENT	(\$98,316.63)	SOGR	525011	FY25 TRACK MEASUREMENT	\$91,355.84
32	SOGR	525056	FY25 HYUNDAI-ROTEM RLCR OVHL	(\$89,930.31)	SOGR	524060	FY24 CMF SWITCH GR & FIRE ALRM	\$85,071.00
33	SOGR	524061	FY24 CMF RESTROOM RENOVATION	(\$88,909.28)	SOGR	524640	FY24 ORANGE SUB TC COMM REHAB	\$78,018.91
34	SOGR	522360	LANCASTER CREW BASE RPLCMNT	(\$87,144.26)	SOGR	523056	FY23 MP36 LOCO SVC LIFE EXT	\$75,314.66
35	SOGR	524430	FY24 SAN GAB TC SIGNAL REHAB	(\$83,608.35)	SOGR	525056	FY25 HYUNDAI-ROTEM RLCR OVHL	\$67,810.28
36	SOGR	524011	FY24 TRACK REHAB - INFRAS STDY	(\$81,579.13)	SOGR	523060	FY23 FACILITIES REHAB	\$59,532.08
37	SOGR	523060	FY23 FACILITIES REHAB	(\$79,385.17)	SOGR	522430	SAN GABRIEL TRAIN CNTRL SYSTM	\$55,442.44
38	SOGR	522040	FY22 TRAIN CNTRL SYSTEMS REHAB	(\$77,632.90)	SOGR	521050	ROLLING STOCK REHABILITATION	\$55,043.35
39	SOGR	524060	FY24 CMF SWITCH GR & FIRE ALRM	(\$68,075.18)	SOGR	524430	FY24 SAN GAB TC SIGNAL REHAB	\$52,486.11
40	SOGR	523610	FY23 ORANGE SUB TRACK REHAB	(\$62,783.80)	SOGR	523720	FY23 WEST BANK RIVER STRCTRS	\$51,536.62
41	SOGR	522130	FY22 VENTURA TRAIN CNTRL REHAB	(\$58,530.08)	SOGR	524410	FY24 SAN GABRIEL TRACK REHAB	\$51,149.10

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL

STATE OF GOOD REPAIR PROJECTS

COUNT	EXPENSES PAID FROM OPERATIONS ACCOUNT DUE FROM WCF				COLLECTIONS RECEIVED INTO OPERATING ACCOUNT DUE TO WCF			
	PROJECT TYPE	PROJECT #	PROJECT NAME	EXPENSES	PROJECT TYPE	PROJECT #	PROJECT NAME	COLLECTIONS
42	SOG	523050	FY23 BOMBARDIER RAILCAR REBLD	(\$58,382.92)	SOG	525730	FY25 RIVER SUB TC SIGNAL REHAB	\$47,686.49
43	SOG	518050	SYST - BOMBARDIER(SENTINEL) OH	(\$57,426.82)	SOG	525130	FY25 VENTURA TC SIGNAL REHAB	\$46,410.84
44	SOG	521051	ROLLING STK REHAB 2ND PROJECT	(\$56,476.30)	SOG	524310	FY24 VALLEY SUB TRACK REHAB	\$45,914.52
45	SOG	522041	FY22 SYSTMWD TRAIN CNTRL REHAB	(\$56,061.18)	SOG	522040	FY22 TRAIN CNTRL SYSTEMS REHAB	\$42,952.60
46	SOG	524410	FY24 SAN GABRIEL TRACK REHAB	(\$54,009.16)	SOG	522060	FY22 FACILITIES REHAB	\$42,690.33
47	SOG	523720	FY23 WEST BANK RIVER STRCTRS	(\$52,751.20)	SOG	524230	FY24 VEN (LA) SUB TC SIG REHAB	\$42,152.31
48	SOG	524051	FY24 ROTEM HVAC OVERHAUL	(\$51,163.54)	SOG	521060	FACILITIES REHAB	\$39,842.90
49	SOG	523040	FY23 TRAIN CNTRL SYSTEMS REHAB	(\$49,253.80)	SOG	520430	SAN GABRIEL FY20 SIGNAL REHAB	\$38,999.68
50	SOG	524210	FY24 VEN SUB (LA) TRACK REHAB	(\$45,310.52)	SOG	522050	FY22 ROLLING STOCK REHAB	\$38,504.24
51	SOG	523041	FY23 SYSTMWD TRAIN CNTRL REHAB	(\$43,502.99)	SOG	524210	FY24 VEN SUB (LA) TRACK REHAB	\$37,695.37
52	SOG	521060	FACILITIES REHAB	(\$40,836.40)	SOG	524330	FY24 VALLEY SUB TC SIG REHA	\$36,019.90
53	SOG	525130	FY25 VENTURA TC SIGNAL REHAB	(\$40,835.39)	SOG	524730	FY24 RIVER SUB TC SIGNAL REHAB	\$33,906.41
54	SOG	524620	FY24 ORANGE SUB STRCTRS REHAB	(\$40,823.77)	SOG	523310	FY23 VALLEY SUB TRACK REHAB	\$33,077.06
55	SOG	524230	FY24 VEN (LA) SUB TC SIG REHAB	(\$36,510.56)	SOG	520620	ORANGE COUNTY STRUCTURES REHAB	\$32,670.62
56	SOG	519621	ORANGE BRIDGE REPL DES MP206	(\$34,373.03)	SOG	525430	FY25 SAN GAB TC SIGNAL REHAB	\$31,869.18
57	SOG	521630	ORANGE TRAIN CONTROL REHAB	(\$34,356.98)	SOG	524620	FY24 ORANGE SUB STRCTRS REHAB	\$31,335.37
58	SOG	519120	VC VENT ARRYOSIMI SCOUR PRTN	(\$32,799.53)	SOG	522130	FY22 VENTURA TRAIN CNTRL REHAB	\$31,179.11
59	SOG	520430	SAN GABRIEL FY20 SIGNAL REHAB	(\$31,279.21)	SOG	525050	FY25 BOMBARDIER RAILCAR REBLD	\$30,511.99
60	SOG	520620	ORANGE COUNTY STRUCTURES REHAB	(\$30,070.08)	SOG	524240	FY24 VEN(LA) SUB TC COMM REHAB	\$30,380.87
61	SOG	519020	SYSTEM ARRYO SECO BRIDGE DSIGN	(\$29,751.86)	SOG	523610	FY23 ORANGE SUB TRACK REHAB	\$30,325.75
62	SOG	523054	FY23 COMM SYSTEM OVERHAUL	(\$29,428.10)	SOG	525140	FY25 VENTURA TC COMM REHAB	\$29,863.28
63	SOG	525730	FY25 RIVER SUB TC SIGNAL REHAB	(\$29,088.70)	SOG	523040	FY23 TRAIN CNTRL SYSTEMS REHAB	\$29,750.68
64	SOG	521610	ORANGE SUB TRACK REHAB	(\$28,910.07)	SOG	520061	OVERHAUL CURR SPEC MOW EQ PH1	\$28,761.63
65	SOG	520331	PEDESTRIAN GATES AT STATIONS	(\$28,460.93)	SOG	521610	ORANGE SUB TRACK REHAB	\$28,450.85
66	SOG	519051	SYSTEM LOCOMTV&CAB CAMDVR REPL	(\$27,043.97)	SOG	524610	FY24 ORANGE SUB TRACK REHAB	\$26,358.91
67	SOG	524610	FY24 ORANGE SUB TRACK REHAB	(\$25,340.23)	SOG	522640	ORANGE TRAIN CNTRL REHAB COMM	\$25,561.25
68	SOG	522640	ORANGE TRAIN CNTRL REHAB COMM	(\$24,695.92)	SOG	519621	ORANGE BRIDGE REPL DES MP206	\$23,644.83
69	SOG	522230	VENTURA (LA) CNTRL REHAB SIG	(\$24,609.60)	SOG	521051	ROLLING STK REHAB 2ND PROJECT	\$20,114.26
70	SOG	525630	FY25 ORANGE SUB TC SIG REHAB	(\$24,018.60)	SOG	519051	SYSTEM LOCOMTV&CAB CAMDVR REPL	\$19,463.26
71	SOG	523051	FY23 ROLLING STOCK DAMAGE RPR	(\$23,912.74)	SOG	525410	FY25 SAN GABRIEL TRACK REHAB	\$18,197.57
72	SOG	520060	FACILITIES REHABILITATION	(\$22,742.58)	SOG	525110	FY25 VENTURA (VC) SUB TRK REHB	\$17,844.21
73	SOG	525430	FY25 SAN GAB TC SIGNAL REHAB	(\$21,534.61)	SOG	524710	FY24 RIVER SUB TRACK REHAB	\$17,681.71
74	SOG	572303	Lubrication Truck Procurement	(\$21,366.00)	SOG	523054	FY23 COMM SYSTEM OVERHAUL	\$17,584.94
75	SOG	523310	FY23 VALLEY SUB TRACK REHAB	(\$21,089.38)	SOG	523055	FY23 HVAC AIR QLTY SOL-C-19	\$16,966.15
76	SOG	523330	FY23 VALLEY TRN CTRL REHAB SIG	(\$19,661.09)	SOG	524052	FY24 LDVR & CAMERA RPLCMT	\$16,899.69
77	SOG	525110	FY25 VENTURA (VC) SUB TRK REHB	(\$18,825.89)	SOG	524320	FY24 VALLEY SUB STRCTRS REHAB	\$16,034.89
78	SOG	525330	FY25 VALLEY SUB TC SIG REHA	(\$17,080.29)	SOG	525630	FY25 ORANGE SUB TC SIG REHAB	\$14,263.14
79	SOG	524052	FY24 LDVR & CAMERA RPLCMT	(\$16,952.15)	SOG	522230	VENTURA (LA) CNTRL REHAB SIG	\$14,089.17
80	SOG	525040	FY25 OB TRAIN CNTRL SYS REHAB	(\$16,121.11)	SOG	520050	GEN1 HVAC OVERHAUL(ADD'N 40)	\$14,045.97
81	SOG	519052	SYSTEM O/HAUL ROTEM SIDEDR MTR	(\$15,073.76)	SOG	519020	SYSTEM ARRYO SECO BRIDGE DSIGN	\$13,610.27
82	SOG	525053	FY25 F125 LOCO INTERMEDT OVHL	(\$14,358.35)	SOG	525610	FY25 ORANGE SUB TRACK REHAB	\$13,033.53

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL

STATE OF GOOD REPAIR PROJECTS

COUNT	EXPENSES PAID FROM OPERATIONS ACCOUNT DUE FROM WCF				COLLECTIONS RECEIVED INTO OPERATING ACCOUNT DUE TO WCF			
	PROJECT TYPE	PROJECT #	PROJECT NAME	EXPENSES	PROJECT TYPE	PROJECT #	PROJECT NAME	COLLECTIONS
83	SOGR	522330	VALLEY TRAIN CNTRL REHAB SIG	(\$14,119.47)	SOGR	525710	FY25 RIVER SUB TRACK REHAB	\$12,899.03
84	SOGR	525063	FY25 SCADA SYSTM INSTL & MCC	(\$13,269.25)	SOGR	520060	FACILITIES REHABILITATION	\$11,334.45
85	SOGR	525410	FY25 SAN GABRIEL TRACK REHAB	(\$12,734.40)	SOGR	523010	FY23 TRACK REHAB GRINDING	\$10,952.93
86	SOGR	525610	FY25 ORANGE SUB TRACK REHAB	(\$12,028.07)	SOGR	523051	FY23 ROLLING STOCK DAMAGE RPR	\$10,660.84
87	SOGR	519034	SHORTWAY EMF IMPROV	(\$11,001.80)	SOGR	521920	PERRIS CONS PHASE SERVICE	\$10,382.89
88	SOGR	523340	FY23 VALLEY TRN CTRL REHB COMM	(\$10,987.56)	SOGR	523340	FY23 VALLEY TRN CTRL REHB COMM	\$10,347.28
89	SOGR	525710	FY25 RIVER SUB TRACK REHAB	(\$10,958.46)	SOGR	523330	FY23 VALLEY TRN CTRL REHAB SIG	\$10,052.21
90	SOGR	522011	TRACK REHAB - INFRSTRCTRE STDY	(\$10,773.36)	SOGR	520331	PEDESTRIAN GATES AT STATIONS	\$9,637.53
91	SOGR	524240	FY24 VEN(LA) SUB TC COMM REHAB	(\$9,865.01)	SOGR	525330	FY25 VALLEY SUB TC SIG REHA	\$9,107.57
92	SOGR	524054	FY24 MP36 LOCO OVERHAUL	(\$9,282.54)	SOGR	524110	FY24 VENTURA (VC) SUB TRK REHB	\$8,635.11
93	SOGR	524710	FY24 RIVER SUB TRACK REHAB	(\$8,925.23)	SOGR	524041	FY24 BO TRAIN CNTRL SYS REHAB	\$8,370.04
94	SOGR	524110	FY24 VENTURA (VC) SUB TRK REHB	(\$8,390.00)	SOGR	524220	FY24 VEN (LA/VC) STRCTRS REHAB	\$7,789.31
95	SOGR	525930	FY25 PERRIS VLY TC SIGNL REHAB	(\$8,232.00)	SOGR	523090	FY23 MOW VEHICLES & EQUIPMENT	\$7,519.75
96	SOGR	522340	VALLEY TRAIN CNTRL REHAB COMM	(\$8,125.70)	SOGR	525310	FY25 VALLEY SUB TRACK REHAB	\$7,120.47
97	SOGR	520050	GEN1 HVAC OVERHAUL(ADD'N 40)	(\$7,964.38)	SOGR	524051	FY24 ROTEM HVAC OVERHAUL	\$6,833.30
98	SOGR	524411	FY24 SHORT WAY SUB TRK REHAB	(\$7,908.85)	SOGR	519052	SYSTEM O/HAUL ROTEM SIDEDR MTR	\$6,622.47
99	SOGR	522440	SAN GABRIEL TRAIN CNTRL REHAB	(\$7,825.11)	SOGR	522011	TRACK REHAB - INFRSTRCTRE STDY	\$6,599.01
100	SOGR	525910	FY25 PERRIS VLY TRACK REHAB	(\$7,596.09)	SOGR	525053	FY25 F125 LOCO INTERMEDT OVHL	\$6,539.10
101	SOGR	521920	PERRIS CONS PHASE SERVICE	(\$7,374.19)	SOGR	524090	FY24 MOW VEHICLES & EQUIPMENT	\$6,502.85
102	SOGR	521620	ORANGE SUB STRUCTURES REHAB	(\$7,262.87)	SOGR	525910	FY25 PERRIS VLY TRACK REHAB	\$6,502.16
103	SOGR	524320	FY24 VALLEY SUB STRCTRS REHAB	(\$7,161.02)	SOGR	521052	FY21 LOCOMOTIVE PRELIM. ENG.	\$6,442.15
104	SOGR	524041	FY24 BO TRAIN CNTRL SYS REHAB	(\$6,827.37)	SOGR	524440	FY24 SAN GAB TC COMM REHAB	\$6,416.32
105	SOGR	523010	FY23 TRACK REHAB GRINDING	(\$6,657.09)	SOGR	521041	SYSTEMWIDE TRAIN CONTROL REHAB	\$6,298.67
106	SOGR	525140	FY25 VENTURA TC COMM REHAB	(\$6,069.85)	SOGR	525063	FY25 SCADA SYSTM INSTL & MCC	\$6,091.19
107	SOGR	519430	SAN GABRIEL GRADE XING REHAB	(\$5,877.11)	SOGR	524411	FY24 SHORT WAY SUB TRK REHAB	\$5,279.21
108	SOGR	524090	FY24 MOW VEHICLES & EQUIPMENT	(\$5,412.95)	SOGR	521040	TRAIN CONTROL SYSTEMS REHAB	\$4,833.97
109	SOGR	519732	RIVER WB P1 SIG SYS REHAB	(\$5,312.19)	SOGR	521620	ORANGE SUB STRUCTURES REHAB	\$4,248.08
110	SOGR	525310	FY25 VALLEY SUB TRACK REHAB	(\$4,733.47)	SOGR	525720	FY25 RIVER STRCTR DSGN DRN IMP	\$3,963.23
111	SOGR	522240	VENTURA (LA) TRAIN CNTRL REHAB	(\$4,588.12)	SOGR	523640	FY23 ORANGE TRN CTRL REHAB COM	\$3,956.02
112	SOGR	524440	FY24 SAN GAB TC COMM REHAB	(\$4,489.26)	SOGR	522440	SAN GABRIEL TRAIN CNTRL REHAB	\$3,808.44
113	SOGR	522940	PVL SUB TRAIN CNTRL REHAB COMM	(\$4,258.92)	SOGR	521520	OLIVE SUB STRUCTURES REHAB	\$3,798.62
114	SOGR	522140	VENTURA (VC) TRAIN CNTRL REHAB	(\$4,132.90)	SOGR	519732	RIVER WB P1 SIG SYS REHAB	\$3,696.28
115	SOGR	523640	FY23 ORANGE TRN CTRL REHAB COM	(\$4,009.45)	SOGR	519054	SYSTEM RUBBR WNDW GASKET REPL	\$3,586.93
116	SOGR	525720	FY25 RIVER STRCTR DSGN DRN IMP	(\$3,814.26)	SOGR	525930	FY25 PERRIS VLY TC SIGNL REHAB	\$3,533.74
117	SOGR	521050	ROLLING STOCK REHABILITATION	(\$3,812.53)	SOGR	525055	FY25 MP36 OUT OF SVC LOCO RHAB	\$3,468.37
118	SOGR	522930	PVL TRAIN CNTRL REHAB SIG	(\$3,612.85)	SOGR	521420	SAN GABRIEL STRUCTURES REHAB	\$3,406.52
119	SOGR	522010	FY22 TRACK REHAB GRINDING	(\$3,100.67)	SOGR	524054	FY24 MP36 LOCO OVERHAUL	\$3,000.54
120	SOGR	521110	VENTURA (VC) SUB TRACK REHAB	(\$3,085.03)	SOGR	525040	FY25 OB TRAIN CNTRL SYS REHAB	\$2,865.37
121	SOGR	524140	FY24 VENTURA TC COMM REHAB	(\$2,986.93)	SOGR	521120	VENTURA (VC) STRUCTURE REHAB	\$2,785.60
122	SOGR	525041	FY25 BO TRAIN CNTRL SYS REHAB	(\$2,933.70)	SOGR	525057	FY25 OUT-OF-SERVICE CAR REPAIR	\$2,737.96
123	SOGR	525090	FY25 MOW & OPS VHCLS & EQUIP	(\$2,933.70)	SOGR	525041	FY25 BO TRAIN CNTRL SYS REHAB	\$2,713.69

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL
STATE OF GOOD REPAIR PROJECTS

COUNT	EXPENSES PAID FROM OPERATIONS ACCOUNT DUE FROM WCF				COLLECTIONS RECEIVED INTO OPERATING ACCOUNT DUE TO WCF				
	PROJECT TYPE	PROJECT #	PROJECT NAME	EXPENSES	PROJECT TYPE	PROJECT #	PROJECT NAME	COLLECTIONS	
124	SOG	524132	FY24 VCTC SIGNAL REHAB	(\$2,721.26)	SOG	521110	VENTURA (VC) SUB TRACK REHAB	\$2,657.56	
125	SOG	519055	SYSTEM PSHBK CPLR O/HAUL ROTEM	(\$2,674.17)	SOG	525090	FY25 MOW & OPS VHCLS & EQUIP	\$2,468.85	
126	SOG	521520	OLIVE SUB STRUCTURES REHAB	(\$2,667.78)	SOG	522010	FY22 TRACK REHAB GRINDING	\$1,970.62	
127	SOG	525055	FY25 MP36 OUT OF SVC LOCO RHAB	(\$2,636.48)	SOG	524062	FY24 LAUS MAIN WATER LN RPLCMT	\$1,895.60	
128	SOG	525057	FY25 OUT-OF-SERVICE CAR REPAIR	(\$2,514.60)	SOG	524140	FY24 VENTURA TC COMM REHAB	\$1,838.88	
129	SOG	525020	FY25 SYSTMWD STRCTR MAINT	(\$2,416.84)	SOG	519430	SAN GABRIEL GRADE XING REHAB	\$1,836.44	
130	SOG	519730	RIVER SIGNAL REHAB	(\$2,353.99)	SOG	525020	FY25 SYSTMWD STRCTR MAINT	\$1,773.57	
131	SOG	524063	FY24 STORM WATER OIL SPR RPMT	(\$2,106.25)	SOG	522310	FY22 VALLEY SUB TRACK REHAB	\$1,453.33	
132	SOG	522910	FY22 PVL CONSTRUCTION PHASE	(\$2,016.60)	SOG	524121	FY24 VENTURA (VC) STRCTR REHAB	\$1,373.33	
133	SOG	525440	FY25 SAN GAB TC COMM REHAB	(\$1,493.94)	SOG	525052	FY25 LDVR & CAMERA RPLCMT	\$1,263.13	
134	SOG	521411	SAN GABRIEL TRACK REHAB	(\$1,489.79)	SOG	524063	FY24 STORM WATER OIL SPR RPMT	\$1,105.78	
135	SOG	520340	VALLEY ATCS/PTC/CIS/BACKHAUL	(\$1,387.54)	SOG	519310	VALLEY TNNL 25 TRACK REHAB	\$1,069.84	
136	SOG	522410	FY22 SAN GABRIEL TRACK REHAB	(\$1,280.55)	SOG	520052	OVERHAUL ROTEM DR MECH & COMPO	\$843.45	
137	SOG	525051	FY25 ROTEM HVAC OVERHAUL	(\$1,257.30)	SOG	525440	FY25 SAN GAB TC COMM REHAB	\$819.14	
138	SOG	523055	FY23 HVAC AIR QLTY SOL-C-19	(\$1,219.18)	SOG	522090	FY22 MOW VEHICLES & EQUIPMENT	\$710.61	
139	SOG	520420	SG SUB - STRUC REHAB	(\$1,046.44)	SOG	519730	RIVER SIGNAL REHAB	\$624.26	
140	SOG	522310	FY22 VALLEY SUB TRACK REHAB	(\$988.15)	SOG	525054	FY25 ROLL STK FLT PA/PEI COMM	\$551.39	
141	SOG	521120	VENTURA (VC) STRUCTURE REHAB	(\$803.85)	SOG	522410	FY22 SAN GABRIEL TRACK REHAB	\$539.82	
142	SOG	524121	FY24 VENTURA (VC) STRCTR REHAB	(\$627.87)	SOG	521411	SAN GABRIEL TRACK REHAB	\$472.92	
143	SOG	521420	SAN GABRIEL STRUCTURES REHAB	(\$627.84)	SOG	525072	FY25 REHAB OF NTRWK INFRSTR	\$419.10	
144	SOG	524120	FY24 ARROYO SIMI BRDG - DK RPR	(\$627.84)	SOG	525062	FY25 CMF HVAC REPLACEMENT	\$380.08	
145	SOG	524131	FY24 SPRING ROAD SIG IMPRVEMNT	(\$627.84)	SOG	525051	FY25 ROTEM HVAC OVERHAUL	\$359.29	
146	SOG	519033	SB SHORTWAY GRADE XING REHAB	(\$527.20)	SOG	520420	SG SUB - STRUC REHAB	\$313.70	
147	SOG	525054	FY25 ROLL STK FLT PA/PEI COMM	(\$419.10)	SOG	520310	VALLEY SUB TRACK REHAB	\$242.23	
148	SOG	525072	FY25 REHAB OF NTRWK INFRSTR	(\$419.10)	SOG	520340	VALLEY ATCS/PTC/CIS/BACKHAUL	\$239.49	
149	SOG	572002	CALAFIA BEACH CROSSING REHAB	(\$418.57)	SOG	519055	SYSTEM PSHBK CPLR O/HAUL ROTEM	\$237.23	
150	SOG	524130	FY24 VENTURA TC SIGNAL REHAB	(\$418.57)	SOG	519033	SB SHORTWAY GRADE XING REHAB	\$230.92	
151	SOG	522090	FY22 MOW VEHICLES & EQUIPMENT	(\$209.27)	SOG	524120	FY24 ARROYO SIMI BRDG - DK RPR	\$209.27	
152	SOG	521710	WEST BANK RIVER TRACK REHAB	(\$97.55)	SOG	520051	HVAC OVERHAUL 40 ROTEMCARS PH2	\$176.79	
153	SOG	520940	PVL ATCS/PTC/CIS/BACKHAUL	(\$1.57)	SOG	572304	VALLEY SUB TRACK REHAB AVL	\$81.00	
154	SOG	523091	GENERAL IT EQPMNT & SSTM REHAB	(\$0.00)	SOG	521710	WEST BANK RIVER TRACK REHAB	\$28.15	
155	SOG	519003	SYS PTC LAB SYS SUPPORT&TEST	\$0.00	SOG	572009	CP MISSION TRACK	\$24.76	
156	SOG	519064	SYSTEM STATION ENVLPE RPR/REPL	\$0.00	SOG	522910	FY22 PVL CONSTRUCTION PHASE	\$15.40	
157	SOG	519160	VENT VC REPL MOORPARK TLR	\$0.00	SOG	520053	MP36 LOCO & TIER IV STUDY	\$3.27	
SOG Total				(\$17,745,998.42)	SOG Total				\$18,339,361.33

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL

CAPITAL PROJECTS

COUNT	EXPENSES PAID FROM OPERATIONS ACCOUNT DUE FROM WCF				COLLECTIONS RECEIVED INTO OPERATING ACCOUNT DUE TO WCF				
	PROJECT TYPE	PROJECT #	PROJECT NAME	EXPENSES	PROJECT TYPE	PROJECT #	PROJECT NAME	COLLECTIONS	
1	CAPITAL	426091	OPEN LOOP PAYMENT PILOT PRGM	(\$1,055,937.83)	CAPITAL	419004	OC SAN JUAN CREEK BRIDGE	\$2,250,449.60	
2	CAPITAL	419004	OC SAN JUAN CREEK BRIDGE	(\$1,027,741.67)	CAPITAL	423090	FY23 PMIS PURCHASE & CONF	\$506,360.54	
3	CAPITAL	423090	FY23 PMIS PURCHASE & CONF	(\$666,174.46)	CAPITAL	450123	PTC WAYSIDE HARDWARE	\$279,452.24	
4	CAPITAL	423091	(EAM) IMPRV PROJ - PHASE II	(\$199,036.42)	CAPITAL	423091	(EAM) IMPRV PROJ - PHASE II	\$205,430.32	
5	CAPITAL	450123	PTC WAYSIDE HARDWARE	(\$131,635.17)	CAPITAL	424060	FY24 EV INFRASTRUCTURE	\$137,738.86	
6	CAPITAL	424090	FY24 PMIS IT PRJCT SPRT	(\$115,463.70)	CAPITAL	450130	LEVERAGE PTC - INCR CAPACITY	\$114,088.73	
7	CAPITAL	424060	FY24 EV INFRASTRUCTURE	(\$89,994.75)	CAPITAL	425040	FY25 NEW TRAIN CTRL SMLTR	\$73,923.59	
8	CAPITAL	450130	LEVERAGE PTC - INCR CAPACITY	(\$62,832.97)	CAPITAL	424090	FY24 PMIS IT PRJCT SPRT	\$70,232.66	
9	CAPITAL	423061	FY23 CMF MOD PH 1 DES & ENV	(\$39,317.53)	CAPITAL	450121	PTC UPSCALING ONBOARD	\$55,129.38	
10	CAPITAL	425090	FY25 PMIS IT PRJCT SPRT	(\$38,738.16)	CAPITAL	420310	BURBANK CORRIDOR SAFETY IMPROV	\$43,537.75	
11	CAPITAL	420001	RIVERSIDE YARD SWITCH	(\$29,054.29)	CAPITAL	425090	FY25 PMIS IT PRJCT SPRT	\$33,666.01	
12	CAPITAL	624054	FY24 PASSENGER CABIN CCTV	(\$21,799.45)	CAPITAL	672601	Tier 4 Locomotives	\$31,017.59	
13	CAPITAL	672601	Tier 4 Locomotives	(\$19,174.37)	CAPITAL	423061	FY23 CMF MOD PH 1 DES & ENV	\$26,447.96	
14	CAPITAL	425061	FY25 EV INFRASTRUCTURE	(\$15,510.37)	CAPITAL	450120	PTC UPSCALING PROJECT ADMIN	\$25,014.09	
15	CAPITAL	472501	FUEL EFFICIENCY STUDY	(\$14,295.34)	CAPITAL	616002	TIER 4 LOCOMOTIVES 21-37	\$20,710.71	
16	CAPITAL	420310	BURBANK CORRIDOR SAFETY IMPROV	(\$12,188.81)	CAPITAL	425061	FY25 EV INFRASTRUCTURE	\$8,396.95	
17	CAPITAL	425040	FY25 NEW TRAIN CTRL SMLTR	(\$5,876.68)	CAPITAL	624054	FY24 PASSENGER CABIN CCTV	\$7,095.80	
18	CAPITAL	624001	SPECIALIZED MAINT EQUIP PH 2	(\$5,314.52)	CAPITAL	624052	FY24 COMM SYSTM OVRHL PHASE I	\$4,737.23	
19	CAPITAL	616002	TIER 4 LOCOMOTIVES 21-37	(\$3,539.77)	CAPITAL	420001	RIVERSIDE YARD SWITCH	\$2,937.60	
20	CAPITAL	624052	FY24 COMM SYSTM OVRHL PHASE I	(\$292.53)	CAPITAL	624001	SPECIALIZED MAINT EQUIP PH 2	\$2,672.88	
21	CAPITAL	624053	FY24 PASSNGR CAR LUGGAGE RACK	(\$201.12)	CAPITAL	425460	AMF JACKS	\$1,761.29	
22	CAPITAL	624050	FY24 SMART MAINT - PHASE II	(\$201.12)	CAPITAL	624053	FY24 PASSNGR CAR LUGGAGE RACK	\$271.65	
23					CAPITAL	450122	PTS WAYSIDE UPGRADE	\$128.60	
24					CAPITAL	425091	FY25 PTC COLOCATION PHASE 2	\$83.06	
25					CAPITAL	421110	DEVONSHIRE ST CROSSING IMPROV	\$0.00	
26					CAPITAL	426091	OPEN LOOP PAYMENT PILOT PRGM	\$0.00	
CAPITAL Total				(\$3,554,321.03)	CAPITAL Total				\$3,901,285.09

Q4 FY 2026 ELIGIBLE CAPITAL PROJECT ACTIVITY DETAIL

SCORE PROJECTS

COUNT	EXPENSES PAID FROM OPERATIONS ACCOUNT DUE FROM WCF				COLLECTIONS RECEIVED INTO OPERATING ACCOUNT DUE TO WCF				
	PROJECT TYPE	PROJECT #	PROJECT NAME	EXPENSES	PROJECT TYPE	PROJECT #	PROJECT NAME	COLLECTIONS	
1	SCORE	462803	BNSF FULLRTN INTERLOCKR PA&ED	(\$815,462.14)	SCORE	462050	PH 1 BOMBARDIER REHAB CONST	\$2,040,795.77	
2	SCORE	462050	PH 1 BOMBARDIER REHAB CONST	(\$404,470.64)	SCORE	461701	LINK UNION STATION PS&E	\$381,748.35	
3	SCORE	461804	Fullertn-Raymnd to ATWD TRK 3	(\$351,012.91)	SCORE	461401	EL MONTE STN IMP PS&E	\$378,646.71	
4	SCORE	461305	Lancaster Terminal IMP PS&E	(\$282,343.58)	SCORE	461304	Canyon Siding Ext Proj PS&E	\$337,830.78	
5	SCORE	461303	Balboa Double Track Ext PS&E	(\$279,410.95)	SCORE	462801	NETWORK INTEG FLTIN TO SB CONS	\$257,590.93	
6	SCORE	461401	EL MONTE STN IMP PS&E	(\$143,607.11)	SCORE	461403	RANCHO SIDING EXT PS&E	\$170,271.21	
7	SCORE	461701	LINK UNION STATION PS&E	(\$130,022.51)	SCORE	461303	Balboa Double Track Ext PS&E	\$162,682.32	
8	SCORE	462402	MARENGO SIDING EXT CONSTR	(\$128,099.91)	SCORE	463101	SIMI VALLEY DBL TRK ROW	\$132,016.34	
9	SCORE	463201	CHATSWORTH STN PED UNDRPAS ROW	(\$114,793.10)	SCORE	461804	Fullertn-Raymnd to ATWD TRK 3	\$115,479.61	
10	SCORE	461304	Canyon Siding Ext Proj PS&E	(\$99,789.04)	SCORE	461101	SIMI VALLY DBL TRK VC VC PS&E	\$108,649.96	
11	SCORE	461101	SIMI VALLY DBL TRK VC VC PS&E	(\$98,285.72)	SCORE	462402	MARENGO SIDING EXT CONSTR	\$93,422.61	
12	SCORE	462403	RANCHO SIDING EXT CONSTR	(\$85,878.43)	SCORE	461305	Lancaster Terminal IMP PS&E	\$84,152.80	
13	SCORE	461403	RANCHO SIDING EXT PS&E	(\$65,899.49)	SCORE	461103	Ventura Sub TRK & STR REH PKG	\$48,886.32	
14	SCORE	463101	SIMI VALLEY DBL TRK ROW	(\$45,931.11)	SCORE	461406	Lilac to Sycamore Double Track	\$46,728.05	
15	SCORE	461406	Lilac to Sycamore Double Track	(\$41,709.69)	SCORE	461201	CHATSWRTH STN IMP VNT LA PS&E	\$37,995.85	
16	SCORE	461201	CHATSWRTH STN IMP VNT LA PS&E	(\$34,527.38)	SCORE	461105	Devonshire Street GRD Crossing	\$29,101.22	
17	SCORE	461102	Sequoia Ave GRD Cross Prj PSE	(\$33,206.66)	SCORE	462606	SP LA PALMA CONST.	\$23,420.36	
18	SCORE	460407	Eastern Maint Fac. Devp PA&ED	(\$28,439.69)	SCORE	462701	LINK UNION STATION CONSTR	\$23,207.60	
19	SCORE	462701	LINK UNION STATION CONSTR	(\$27,191.06)	SCORE	461402	MARENGO SIDING IMP PS&E	\$23,002.01	
20	SCORE	461606	SP LA PALMA PS&E	(\$21,234.10)	SCORE	461102	Sequoia Ave GRD Cross Prj PSE	\$21,755.37	
21	SCORE	461105	Devonshire Street GRD Crossing	(\$20,647.12)	SCORE	460407	Eastern Maint Fac. Devp PA&ED	\$21,301.39	
22	SCORE	461402	MARENGO SIDING IMP PS&E	(\$14,556.54)	SCORE	461104	Tunnel 26 TRK & Structures	\$11,776.05	
23	SCORE	463401	EL MONTE STATION IMPROVE	(\$13,746.88)	SCORE	462403	RANCHO SIDING EXT CONSTR	\$6,163.37	
24	SCORE	462606	SP LA PALMA CONST.	(\$8,567.12)	SCORE	462101	SIMI VALLEY DBL TRK CONST	\$2,671.80	
25	SCORE	461202	Chatsworth Station Pedestrian	(\$6,231.68)	SCORE	462002	FLEET & FACIL PH 1 OCMF CONST	\$1,294.03	
26	SCORE	460904	CP Riverside 2 Crossover PA&ED	(\$4,731.68)	SCORE	461202	Chatsworth Station Pedestrian	\$1,157.81	
27	SCORE	462103	Ventura Sub TRK & STRC REH PKG	(\$4,031.23)	SCORE	461106	Katherine Tampa Grade Crossing	\$368.40	
28	SCORE	461106	Katherine Tampa Grade Crossing	(\$3,447.69)	SCORE	461404	Tyler AVE GRD CRSSING IMP PS&E	\$0.00	
29	SCORE	461405	COGSWELL RD GRD CRSNG IMP PS&E	(\$2,909.67)	SCORE	461405	COGSWELL RD GRD CRSNG IMP PS&E	\$0.00	
30	SCORE	462801	NETWORK INTEG FLTIN TO SB CONS	(\$1,606.25)	SCORE	462802	BNSF FULLRTN INTERLOCKER PA&ED	\$0.00	
31	SCORE	461404	Tyler AVE GRD CRSSING IMP PS&E	(\$1,092.03)	SCORE	462803	BNSF FULLRTN INTERLOCKR PA&ED	\$0.00	
32	SCORE	462802	BNSF FULLRTN INTERLOCKER PA&ED	(\$1,033.39)	SCORE	463201	CHATSWORTH STN PED UNDRPAS ROW	\$0.00	
33	SCORE	462104	Tunnel 26 Track & Structures	(\$546.91)					
34	SCORE	462101	SIMI VALLEY DBL TRK CONST	(\$416.26)					
35	SCORE	461103	Ventura Sub TRK & STR REH PKG	\$0.00					
36	SCORE	461104	Tunnel 26 TRK & Structures	\$0.00					
37	SCORE	462002	FLEET & FACIL PH 1 OCMF CONST	\$0.00					
SCORE Total				(\$3,314,879.67)	SCORE Total				\$4,562,117.02



METROLINK

FY2025-26 Working Capital Fund (WCF) Report Quarter Ended June 30, 2026

Receive and file.

Summary of Q4 FY26 Working Capital Fund Activity

- The Working Capital Fund (WCF) was established to provide liquidity to fund the reimbursement cycle for grant-funded capital projects.
- WCF advance and repayment activity was successfully launched in November of 2025.
- Over 200 eligible Capital Program projects received total advance funding of \$24.6 million from the WCF in Q4 FY26.
- The WCF account balance as of June 30, 2026, was \$29M.
- WCF activity and reporting are in compliance with all Policy and SOP parameters.

Q4 FY26 WCF Bank Account Activity and Balances

Breakdown of Activity	April	May	June	TOTAL
Beginning Month Balance	\$26,640,688.08	\$23,638,881.83	\$24,950,444.03	\$26,640,688.08
Capital Collections*	2,705,162.90	10,982,290.26	13,114,240.44	26,801,693.60
Capital Expenses*	(5,763,523.04)	(9,723,432.12)	(9,128,243.96)	(24,615,199.12)
Interest Received	56,553.89	52,704.06	55,361.82	164,619.77
Ending Month Balance	23,638,881.83	24,950,444.03	28,991,802.33	28,991,802.33

**May project activity is reflected in June WCF balances, as true-up transfers between the WCF and Operational bank accounts are made the following month after reconciliation of expenses and collections.*

METROLINK

METROLINK
METROLINK

Q4 FY26 Member Agency WCF Balances and Interest Earned

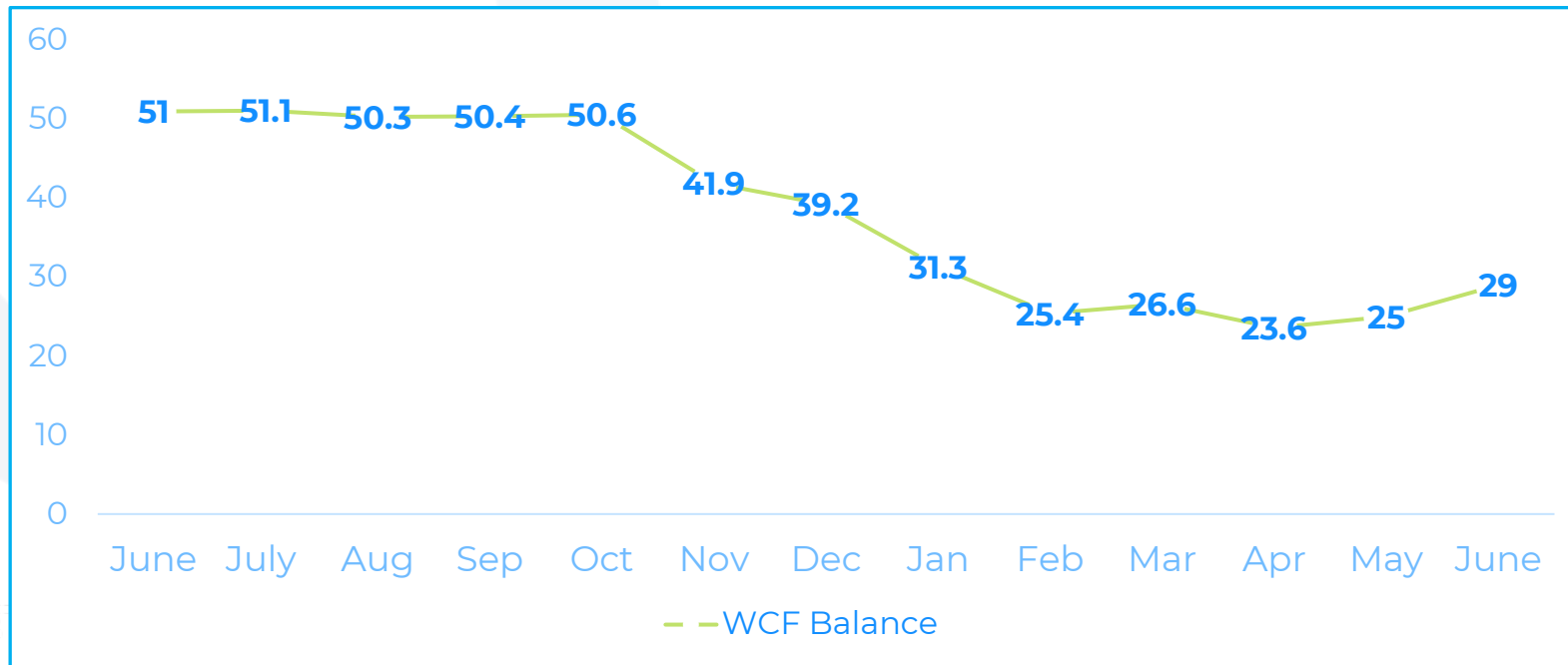
Q4 FY26	LACMTA	OCTA	RCTC	SBCTA	VCTC	TOTAL
Beginning Balance	\$15,604,919.92	\$3,810,283.58	\$2,539,214.87	\$2,840,324.52	\$1,845,945.17	\$26,640,688.08
Plus: Interest Earned	96,434.26	23,540.63	15,688.26	17,548.47	11,408.15	164,619.77
Plus: Net WCF Activity	<u>1,280,848.47</u>	<u>312,668.71</u>	<u>208,372.92</u>	<u>233,080.31</u>	<u>151,524.07</u>	<u>2,186,494.48</u>
Ending Balance	\$16,982,202.65	\$4,146,492.92	\$2,763,276.06	\$3,090,953.30	\$2,008,877.39	\$28,991,802.33
% Allocation*	58.58%	14.30%	9.53%	10.66%	6.93%	100.00%

*All WCF activity, including interest earned, deposits, and repayment/(advances) is based upon track miles %.

WCF Month Ending Balance Trend

June 2025 – June 2026

\$ in Millions



A Metrolink train is shown from a side-on perspective, moving along a track that runs parallel to a beach. The train is white with blue and grey horizontal stripes. The word "METROLINK" is printed in large blue letters on the side of the lead car, and the number "605" is visible below it. The train is positioned on the left side of the frame. To the right of the train is a rocky embankment, followed by a sandy beach. The ocean is visible on the far right, with waves breaking. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The overall scene is peaceful and scenic.

METROLINK

Thank you.



ITEM ID: 2026-208-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY2025-26 Preliminary Quarterly Investment Report - Quarter Ended June 30, 2026

Issue

The Authority's Annual Investment Policy requires the Treasurer to make a quarterly investment report to the Board of Directors. Section 53646 of the California Government Code encourages local agencies to file this report and provides requirements for report content and disclosures. This report is for the quarter ended June 30, 2026, and contains estimated information published prior to the conclusion of the Authority's fiscal year close and is subject to adjustment.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

The objective of the Authority's investment strategy is to ensure that its funds are prudently

invested to preserve capital, provide necessary liquidity, and achieve a market-average rate of return through economic cycles.

The Authority's funds are held in a variety of qualified financial institutions as indicated in the table below. The Authority's main operating accounts are maintained with U.S. Bank. The Authority also maintains savings and investment accounts with U.S. Bank, the State of California's Local Agency Investment Fund (LAIF), and Bank of Montreal (BMO).

Discussion

The Authority's total cash and investments decreased approximately \$28.9 million from the prior quarter, however, the March quarter end balance was unusually high due to the early collection of the LACMTA Q4 Member Support payment typically received in April. The balance of \$221.0 million in total cash and investments compares favorably to \$203 million in the prior year's comparable quarter.

Cash and Investment Portfolio as of June 30, 2026		
<i>(\$ in millions)</i>		
Restricted Funds		
LAIF - State Funds	\$6.0	
LAIF - VCTC Local Funds	17.9	<u>23.9</u>
Unrestricted Funds		
U.S. Bank Operating Account	102.5	
U.S. Bank WCF Account	29.0	
BMO Board Threshold Account	50.0	
U.S. Bank Reserve Bank Account	<u>15.6</u>	<u>197.1</u>
Total Estimated Net Cash and Investments		<u>\$221.0</u>

Restricted Funds

Local Agency Investment Fund (LAIF) State Grant Funds Account

The balance in the Authority's LAIF state grant funds account of \$6.0 million is funded by various grants and accumulated interest earnings earmarked for existing Operating, Capital, and State of Good Repair projects. The active projects are listed in Attachment B. These funds are not considered available until earned.

Local Agency Investment Fund (LAIF) Emergency Account

The remaining cash balance in this LAIF account as of June 30, 2026, was \$17.9 million. As of this date, all funds in this account belong to VCTC and are not available to SCRRA unless directed by VCTC.

Unrestricted Funds

U.S. Bank Operating Account

The U.S. Bank operating account balance as of June 30, 2026 was \$102.5 million. This figure

reflects the reported bank statement balance less in-transit items (outstanding check float). This estimated balance is preliminary and subject to completion of the monthly bank reconciliation. These funds include TPA deposits, Member Surpluses, and other unearned revenue that is not available to SCRRA. In 2024, SCRRA Finance Staff successfully negotiated with U.S. Bank to award interest on this main operational checking account, which has provided for additional income of approximately \$2.5 million per year since that time and currently yields 2.53%.

U.S. Bank Money Market Demand Account - Working Capital Fund

In FY24, the SCRRA Board approved a \$50 million Working Capital Fund (WCF) for the purpose of providing advance funding for Capital Program expenses. \$50,000,000 has been collected and deposited in a segregated interest-bearing money market demand account at U.S. Bank. The balance in this bank account as of June 30, 2026, was \$29.0 million. Advances and repayments to the WCF account began in Q2 FY26 and are detailed in separate quarterly reports provided to the Board.

BMO Money Market Demand Account - Board Threshold

The Authority maintained a \$50.0 million principal balance in the interest-bearing BMO Money Market Demand Account (MMDA) for the quarter ending June 30, 2026. These funds are available should liquidity concerns require their use.

U.S. Bank Money Market Demand Account - Reserved Funds

While these funds are not formally restricted, from time to time management of the Authority reserves funds for particular purposes. Currently, the funds in this interest-bearing account primarily relate to available excess funds liquidated from the Fuel Hedge account, and proceeds received from locomotive asset sales. These segregated funds totaled \$15.6 million at the end of the quarter.

Available Cash Analysis

In addition to restricted bank/investment accounts (LAIF, BMO Board Threshold, US Bank WCF and Reserve), the Authority carries unearned revenue within its operating account cash balance. These deferred revenue liabilities are subject to refund and adequate liquidity must be kept available for that purpose. After consideration of both segregated bank accounts and these additional cash claims in the form of deferred revenue, SCRRA's net liquidity, or available cash as of June 30, 2026, was \$98.3 million. This represents a decrease of \$17.6 million as compared to \$115.9 million for the previous quarter end. The \$98.3 million figure is a significant increase from the prior year and is generally attributable to the use of the WCF to fund Capital expenses versus the historical use of Operations funds, as well as the transfer of substantial former litigation reserves to the Operating account subsequent to final resolution of the Oxnard matter.

The June available cash balance meets the requirement of \$50 million per the Investment Policy. Finance staff monitors SCRRA liquidity on a daily basis and adjusts to address and properly fund operations as needed.

Available Cash Analysis June 30, 2026

*Does not include LAIF, reserved accounts, other unearned revenue
(\$ in millions)*

Cash Category:

Operating Cash Account	102.5
Board Threshold Account	<u>50.0</u>
Total Operating Cash	152.5

Less Unearned Revenue:

Member Agency Funds/(Grants)	(8.1)
TPA Advance Deposits	(23.6)
Member Agency Operating Surplus	(18.7)
Member Agency Capital Surplus	<u>(3.8)</u>

Available Cash to Spend: \$98.3

Interest Earned

Total interest earned and paid in Q4 FY26 was \$1,449,467, for a decrease of \$23,775 versus the prior quarter. Interest earned is a function of cash balances held throughout the quarter as well as fluctuating interest rates. The weighted average yield on investments in the quarter was 2.7%, equal to the prior quarter as interest rates have stabilized.

A detailed list of interest received by account is shown in Attachment A. It should be noted that interest shown represents actual cash received on all funds in SCRRA custody, which will differ from those shown in the SCRRA accrual-based operating statement and budget. LAIF and WCF interest do not accrue to SCRRA's operating statement and are for the direct benefit of external parties. All other interest is considered income to SCRRA and is budgeted and reflected as such on SCRRA Operating Statements. SCRRA is performing ahead of the Adopted Budget relative to interest income for FY26.

Investment Portfolio Compliance

The composition of the investment portfolio complies with all provisions of both the Authority's Annual Investment Policy and California Government Code Section 53600, et sec.

Code Section 53646 requires all local agencies reporting on a quarterly basis to indicate the sufficiency of available monies to fund expenses for the next six months or provide an explanation as to why sufficient money shall, or may, not be available. As of June 30, 2026, SCRRA cannot confirm sufficiency to adequately fund the next six months of expenses. SCRRA relies heavily upon external subsidies to fund its on-going operating expenses and has not yet gained approval for the FY27 Budget. While adequate operational subsidies are provided for in the Authority's annual budgeting process, receipt of these subsidies can be delayed for various reasons. While the Agency maintains operating reserves in the form of the \$50M Board Threshold, this figure represents less than two months of operating expenses. In addition, operational funding may be needed in addition to the WCF to advance-fund grant reimbursable capital project expenses based on anticipated future growth in capital and

rehabilitation costs. The cumulative effect of these factors impairs the Authority's ability to provide reasonable assurance that adequate funding exists for the next six-month period, a disclosure which is expressly required for governmental agencies by Code Section 53646.

Next Steps

The next Investment Report for the quarter ended September 30, 2026 will be provided to the Board in November of 2026.

Prepared by: Vivien Avella, Assistant Director, Finance
Diana Gregana, Senior Accountant, Grants Finance
Jeffrey Golfo, Finance Analyst I, Accounts Receivable

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - FY26 Q4 Quarterly Investment Report - Investment Balances and Interest Earned](#)

[Attachment B - FY26 Quarterly Investment Report
Presentation - FY26 Q4 Preliminary Investment Report](#)

Attachment A - FY2025-26 Quarterly Investment Report - Quarter Ended June 30, 2026
Detailed Bank/Investment Balances and Interest Comparison

Account	Purpose	<u>This Quarter, 06/30/26 (1)</u>			<u>Last Quarter, 03/31/26 (2)</u>			<u>Prior Year, 06/30/25 (2)</u>			Change vs. Last Q	Change vs. Last FY
		Ending Balance	Interest Paid	Yield	Ending Balance	Interest Paid	Yield	Ending Balance	Interest Paid	Yield		
<u>Restricted</u>												
LAIF - State Grant Funds	Various	\$ 5,955,368	\$ 64,609	3.98%	\$ 6,465,759	\$ 47,220	4.20%	\$ 5,044,410	\$ 213,410	4.48%	\$ 17,389	\$ (148,801)
LAIF - VCTC Local Funds	VCTC Funds	17,919,261	178,112	3.98%	18,081,149	193,090	4.20%	18,503,335	205,323	4.48%	(14,978)	(27,211)
<u>Unrestricted</u>												
US Bank, Money Market	Working Capital Fund	28,991,802	164,620	2.63%	26,640,688	202,161	2.63%	50,994,618	419,350	3.41%	(37,541)	(254,730)
US Bank, Money Market	Reserved	15,583,795	77,746	2.02%	15,583,049	64,609	2.02%	36,320,017	170,636	2.79%	13,137	(92,890)
US Bank, Demand Deposit	Main Checking	102,530,434	639,955	2.53%	133,079,803	645,055	2.53%	42,155,380	559,669	3.15%	(5,100)	80,287
Bank of Montreal, Money Market	Board Threshold	50,005,500	324,426	2.64%	50,011,132	321,107	2.64%	50,005,963	417,924	3.41%	3,318	(93,498)
Total		\$ 220,986,160	\$ 1,449,467	2.69%	\$ 249,861,580	\$ 1,473,243	2.70%	\$ 203,023,722	\$ 1,986,312	3.39%	\$ (23,775)	\$ (536,845)

(1) 06.30.26 estimated, fiscal year remains open.

(2) Amounts may reflect adjustments from prior reports subsequent to completion of G/L, bank reconciliations, and fiscal year closes.

Attachment B - FY2025-26 Quarterly Investment Report
Quarter Ended June 30, 2026

List of State Fund Projects and Funds Deposited		06/30/26 Balance
1	LCTOP STUDENT YOUTH DISCOUNT	\$ 1,888,480.50
2	RYRM	1,346,775.15
3	LCTOP FARE DISCOUNT	3,922.59
	Sub-Total	<u>\$ 3,239,178.23</u>
	Unallocated ¹	<u>\$ 2,716,189.28</u>
	Total	<u><u>\$ 5,955,367.51</u></u>

¹The total unallocated is programmed as follows: \$0.011M for fare reduction and \$2.705M for rehabilitation of tracks, signals, bridges and related assets. Funds are allocated to approved projects as milestone invoices are received.



METROLINK

FY2025-26 Preliminary Quarterly Investment Report Quarter Ended June 30, 2026

Receive and file.



Total SCRRA Cash and Investments

June 30, 2026

Cash Category \$ in millions	Estimated Balance 06.30.26	Estimated Balance 3.31.26	Change
<u>Restricted Funds</u>			
LAIF State Grant Funds/VCTC	\$23.9	\$24.5	\$(.6)
<u>Unrestricted Funds</u>			
US Bank Operating Account	102.5	133.1	(30.6)
BMO MMDA – Operating Threshold	50.0	50.0	0.0
US Bank MMDA – Reserved	15.6	15.6	0.0
US Bank MMDA - WCF	<u>29.0</u>	<u>26.6</u>	<u>2.4</u>
Total Cash and Investments	\$221.0	\$249.9	\$(28.9)



SCRRA Available Cash Analysis

Does not include restricted/reserved funds

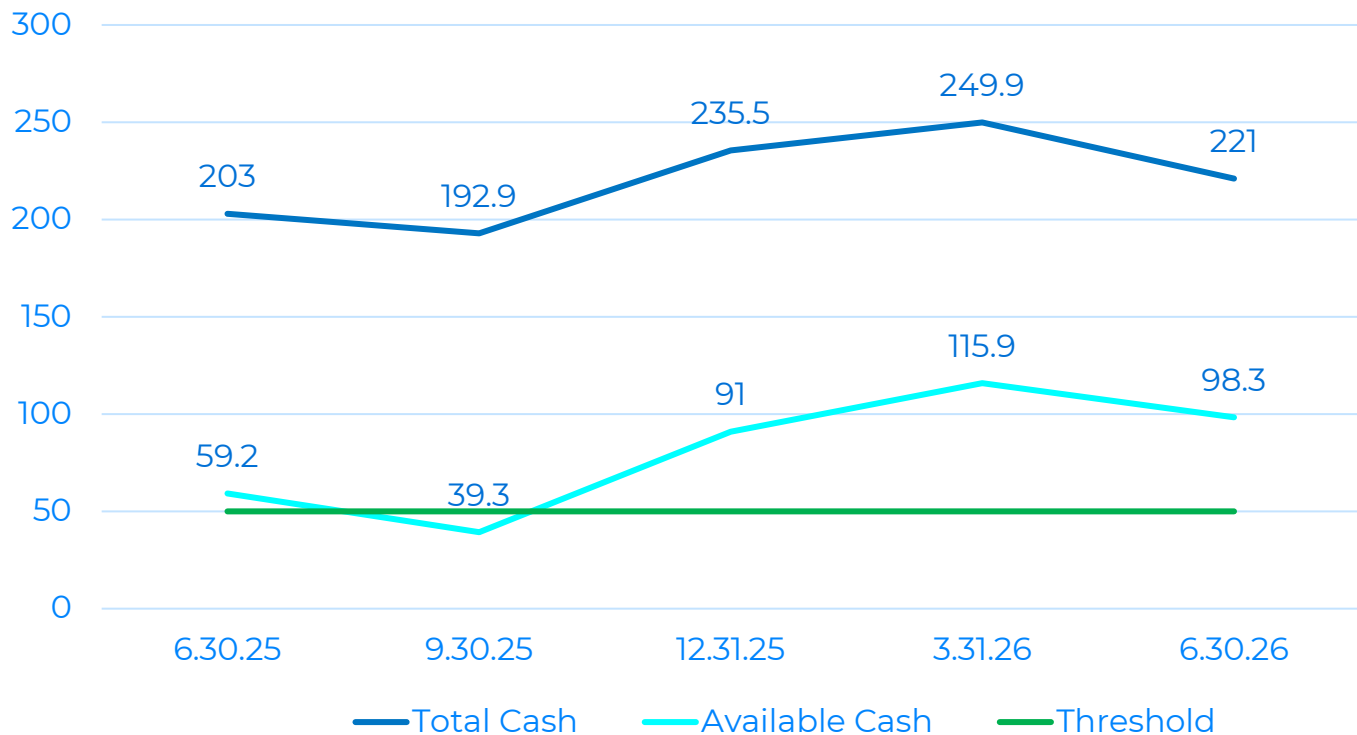
Cash Category Breakdown (\$ in millions)	April	May	June
Operating Cash	\$123.7	\$119.5	\$102.5
Board Threshold	<u>50.0</u>	<u>50.0</u>	<u>50.0</u>
Cash Before Claims:	173.7	169.5	152.5
Less: Claims on Cash	<u>(53.5)</u>	<u>(58.2)</u>	<u>(54.3)</u>
Available Cash to Spend:	120.3	111.4	98.3

Estimated preliminary figures, subject to completion of fiscal year end close.



METROLINK

Trend Comparison of SCRRA Cash Balances Q4 FY25 – Q4 FY26 \$ in millions





Q4 FY26 Interest Income Received

Category of Funds	Interest Q4 FY26	Interest Q3 FY26	Change
<u>Restricted Funds</u>			
LAIF – State Funds/VCTC	\$242,720	\$240,310	\$2,410
<u>Unrestricted Funds</u>			
US Bank Concentration	639,955	645,055	(5,100)
US Bank MMDA/Reserved	77,746	64,609	13,137
US Bank MMDA/WCF	164,620	202,161	(37,541)
BMO MMDA/Board Threshold	<u>324,426</u>	<u>321,107</u>	<u>3,318</u>
Total Interest Received	\$1,449,467	\$1,473,243	\$(23,775)



Required Quarterly Investment Report Disclosures (3)

California Government Code Section 53646:

- (1) Compliance with Investment Policy:
 - There are no known instances of non-compliance for the quarter.
- (2) Six-Month Cash Sufficiency:
 - SCRRA cannot confirm sufficiency to fund next six months.
 - Code Section 53646 Required Explanation:
 - Operations funding is partially derived from external grants with potentially delayed/unknown date of receipt.
 - Operations funding is heavily dependent upon Member Support.
 - SCRRA has not secured Board approval on the FY27 Budget.

SCRRA Statement of Investment Policy:

- (1) \$50 M Board Threshold
 - Available cash above threshold has been met.



METROLINK

Thank you.

metrolinktrains.com/meeting

ITEM ID: 2026-207-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY2025-26 Preliminary Quarterly Accounts Receivable Status Report - Quarter Ended June 30, 2026

Issue

This report presents an update on the Authority's Accounts Receivable for the quarter ended June 30, 2026. The report covers outstanding receivables, unbilled balances, and provides a status related to billing and collection efforts.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

The Authority's primary funding sources include passenger fares, revenues from dispatching and maintenance-of-way, operating and capital funding support from Member Agencies, and Federal, State, and local funding grants.

Discussion

Accounts Receivable (A/R) Balances

As of June 30, 2026, the total outstanding accounts receivables balance, as detailed in Attachment A, was \$25.8 million, of which \$22.6 million was current and \$3.2 million was past due. The \$3.2 million past due compares to \$3.3 million for the previous quarter.

Unbilled Balances/Pending Capital Billing

On June 30, 2026, total expenses paid out by the Authority and subject to grantor reimbursement related to the Capital Program (unbilled balances) were estimated at \$16.8 million, with virtually no change from the prior quarter. Unbilled balances continue to hover near historic lows. The level of unbilled balances is informed by the:

1. Volume and timing of Capital Program expenses;
2. Existence of supporting documentation to bill grantors;
3. Completion of all grant requirements; and
4. Staff resources.

Only 2.8% of unbilled balances are aged over 360 days, and these relate to a Capital Program project which is pending resolution of funding eligibility issues raised by the Federal Highway Administration.

San Clemente Unbilled Balances

San Clemente operating projects are tracked in a different manner versus core state of good repair and capital projects and are therefore presented separately. Total unbilled balances for the five San Clemente projects were \$596K as of June 30, 2026. Approximately 98% of cumulative expenses paid out on all San Clemente projects since inception have either been billed or advance funded. Finance staff meet monthly to prioritize and address the San Clemente portfolio of projects to ensure appropriate issue resolution and billing timeframes.

Next Steps

The Accounts Receivable report for the quarter ended September 30, 2026, will be presented in November 2026.

Prepared by: Vivien Avella, Assistant Director of Finance
Nancy Perez, Assistant Director of Finance
Edison Abrenica, Senior Finance Analyst

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - FY26 Q4 Accounts Receivable Status Report](#)
[Presentation - FY26 Q4 Preliminary Accounts Receivable Report](#)

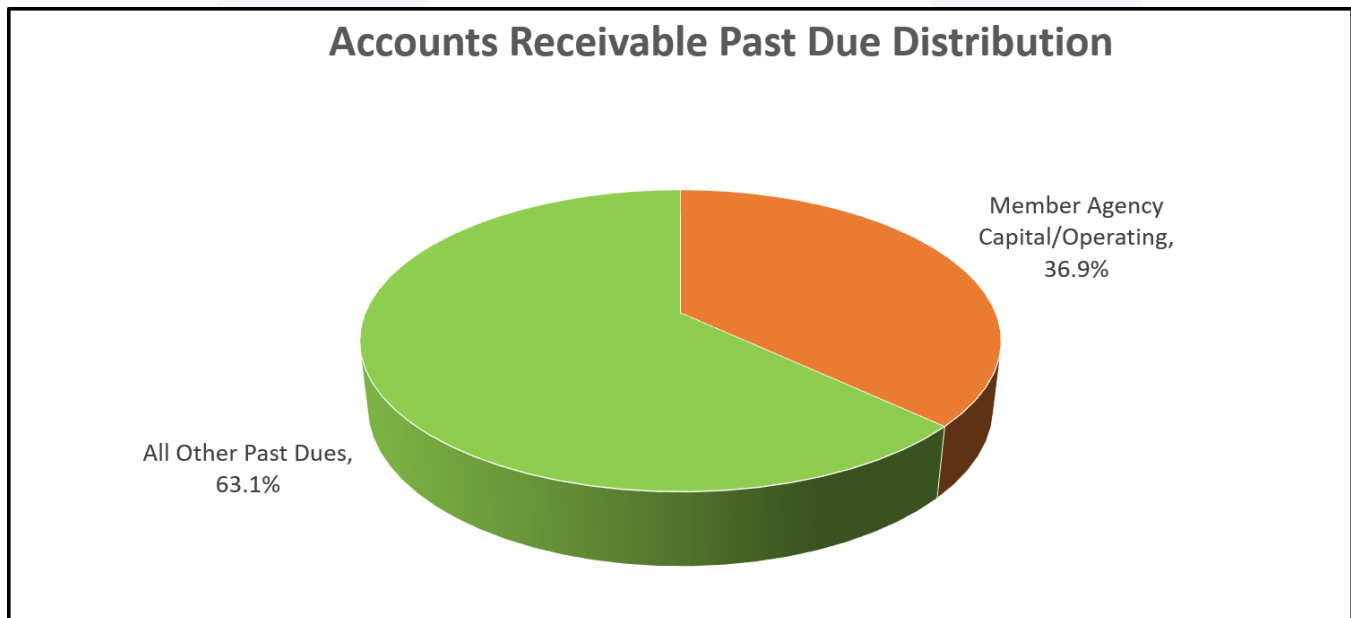


FY2025-26 Quarterly Accounts Receivable Status Report – Quarter Ended June 30, 2026

Billed Accounts Receivable

The charts and tables below provide summary breakdowns of A/R balances by category and aging status for the quarter ending June 30, 2026. All amounts are preliminary and subject to FYE adjustments/close entries. The tables and charts contained herein do not reflect billing and collections activity experienced after June 30.

The following chart provides information on delinquent accounts by customer category. Member Agency past due A/R balances comprise 36.9% of total past dues. The “All Other” customer category includes all customers other than Member Agencies, and can therefore include other grant funding sources, including federal, state and local agencies, as well as private third-party customers.



The following table provides a detailed breakdown of A/R balances by customer category and aging status at quarter end.



Detailed A/R Aging Report By Category (\$ in millions)								
	Total	Current	Past Due					Total Past Due
			1-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	
Member Agency Capital/Other Operating								
L.A. County Metro (LACMTA)	\$ 7.44	\$ 7.19	\$ -	\$ -	\$ -	\$ 0.24	\$ -	\$ 0.24
Orange County Transportation Authority (OCTA)	1.65	1.35	-	-	-	-	0.30	0.30
Ventura County Transportation Comm (VCTC)	0.15	0.15	-	-	-	-	-	-
San Bernardino County Trans Authority (SBCTA)	1.80	1.17	0.63	-	-	-	-	0.63
Riverside County Transportation Comm (RCTC)	0.64	0.64	-	-	-	-	-	-
Subtotal	11.68	10.51	0.63	-	-	0.24	0.30	1.17
All Other	14.12	12.12	1.19	0.32	0.45	0.31	(0.26)	2.00
Total	\$ 25.81	\$ 22.63	\$ 1.82	\$ 0.32	\$ 0.45	\$ 0.56	\$ 0.03	\$ 3.17
%	100.0%	87.7%	7.0%	1.2%	1.7%	2.2%	0.1%	12.3%

Unbilled Expenses

The following is a table of paid Capital Program expenses awaiting billing to grantors, broken out by individual vendors with balances over \$500,000.

CAPITAL PROGRAM UNBILLED AGING, VENDORS WITH BALANCES OVER \$500K							
Vendor Name	1-30	31-60	61-90	91-180	181-360	360 +	Grand Total
TALGO SYSTRA JOINT VENTURE	-	\$ 1,395,413	-	\$ 123,509	\$ 375,093	\$ -	\$1,894,015
HERZOG CONTRACTING CORPORATION	279,847	682,464	239,718	163,000	183,507	1,862	1,550,398
RAIL PROS, INC.	247,530	459,502	105,920	78,253	129,237	(2,242)	1,018,201
BALFOUR BEATTY INFRASTRUCTURE, INC	-	778,226	195,722	-	118	31,701	1,005,768
FLATIRON DRAGADOS CONSTRUCTORS, INC d.t	1,005,043	-	-	-	-	-	1,005,043
AECOM TECHNICAL SERVICES, INC.	350,825	202,130	257,911	72,350	35,773	-	918,989
KIMLEY-HORN & ASSOCIATES, INC	-	63,839	152,161	-	20,393	516,150	752,543
METEORCOMM LLC	-	40,826	-	475,214	-	-	516,040
HILL INTERNATIONAL, INC.	247,689	105,092	120,144	29,409	8,504	-	510,837
All Other Vendors	3,344,095	1,172,530	1,635,418	698,687	809,430	(70,208)	7,589,952
Grand Total	\$ 5,475,029	\$ 4,900,021	\$ 2,706,994	\$ 1,640,422	\$ 1,562,057	\$ 477,263	\$16,761,785

Historically, unbilled balances on reimbursable operating projects have not been significant or reported. Shown below are unbilled balances related to the five San Clemente operating projects. San Clemente projects are 98% billed or advance funded at quarter end.

PROJECT	PROJECT NAME	TOTAL PAID EXPENSES	TOTAL BILLED	TOTAL UN-BILLED PAID EXPENSES	% BILLED
205305	SAN CLEMENTE-CYPRESS SHORES	\$8,093,305	\$8,070,150	\$23,154	99.71%
205306	SAN CLEMENTE-CASA ROMANTICA	3,111,259	3,078,298	32,961	98.94%
205307	SAN CLEMENTE-MARIPOSA	5,828,218	5,684,710	143,509	97.54%
205308	SAN CLEMENTE-COASTAL STABILIZATION*	6,186,049	6,186,049	-	100.00%
205309	SAN CLEMENTE-THREE AREAS	9,352,364	8,956,001	396,363	95.76%
Grand Total		\$32,571,196	\$31,975,208	\$595,987	98.17%

*Billed amounts have been drawn down from on-hand funds per MOU. On-hand funds will be replenished subsequent to grant execution, billing, and collection.





METROLINK

FY2025-26 Preliminary Accounts Receivables Report Quarter Ended June 30, 2026

Receive and file.



Accounts Receivables as of June 30, 2026

Total Billed Receivables = \$25.80 M (\$ in millions)

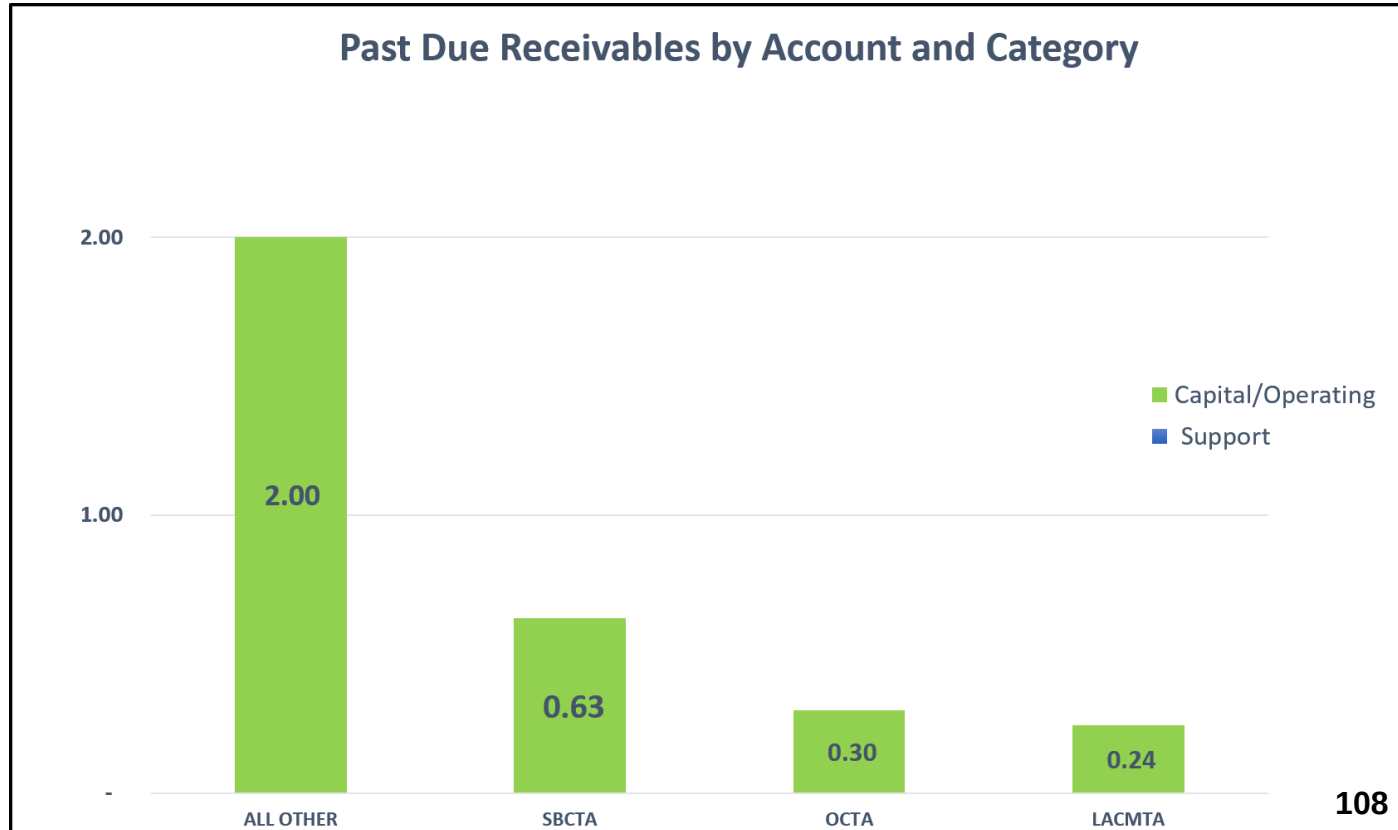
Receivables Category	Current	Total Past Due	Total
Member Agency*	\$10.51	\$1.17	\$11.68
Other	<u>12.12</u>	<u>2.00</u>	<u>14.12</u>
Totals as of June 30, 2026	22.63	3.17	25.80
<u>Prior Quarter Comparison</u>			
Total as of March 31, 2026	<u>15.21</u>	<u>3.26</u>	<u>18.47</u>
Increase/(Decrease) Q426 vs. Q326	\$7.42	\$(.09)	\$7.33

METROLINK

**Breakdown of Member Agency past dues is shown on the following page.*

Accounts Receivables Past Due Graph

Total Past Due Receivables = \$3.17M (\$ in millions)



Unbilled Balances as of June 30, 2026

Unbilled Capital Expenses Paid = \$16.8 million

CAPITAL PROGRAM UNBILLEDDS AGING, VENDORS WITH BALANCES OVER \$500K							
Vendor Name	1-30	31-60	61-90	91-180	181-360	360 +	Grand Total
TALGO SYSTRA JOINT VENTURE	-	\$ 1,395,413	-	\$ 123,509	\$ 375,093	\$ -	\$1,894,015
HERZOG CONTRACTING CORPORATION	279,847	682,464	239,718	163,000	183,507	1,862	1,550,398
RAIL PROS, INC.	247,530	459,502	105,920	78,253	129,237	(2,242)	1,018,201
BALFOUR BEATTY INFRASTRUCTURE, INC	-	778,226	195,722	-	118	31,701	1,005,768
FLATIRON DRAGADOS CONSTRUCTORS, INC d.b.a.	1,005,043	-	-	-	-	-	1,005,043
AECOM TECHNICAL SERVICES, INC.	350,825	202,130	257,911	72,350	35,773	-	918,989
KIMLEY-HORN & ASSOCIATES, INC	-	63,839	152,161	-	20,393	516,150	752,543
METEORCOMM LLC	-	40,826	-	475,214	-	-	516,040
HILL INTERNATIONAL, INC.	247,689	105,092	120,144	29,409	8,504	-	510,837
All Other Vendors	3,344,095	1,172,530	1,635,418	698,687	809,430	(70,208)	7,589,952
Grand Total	\$ 5,475,029	\$ 4,900,021	\$ 2,706,994	\$ 1,640,422	\$ 1,562,057	\$ 477,263	\$16,761,785

METROLINK

METROLINK

Unbilled Balances as of June 30, 2026

Unbilled San Clemente Expenses Paid = \$596K

PROJECT	PROJECT NAME	TOTAL PAID EXPENSES	TOTAL BILLED	TOTAL UN-BILLED PAID EXPENSES	% BILLED
205305	SAN CLEMENTE-CYPRESS SHORES	\$8,093,305	\$8,070,150	\$23,154	99.71%
205306	SAN CLEMENTE-CASA ROMANTICA	3,111,259	3,078,298	32,961	98.94%
205307	SAN CLEMENTE-MARIPOSA	5,828,218	5,684,710	143,509	97.54%
205308	SAN CLEMENTE-COASTAL STABILIZATION*	6,186,049	6,186,049	-	100.00%
205309	SAN CLEMENTE-THREE AREAS	9,352,364	8,956,001	396,363	95.76%
Grand Total		\$32,571,196	\$31,975,208	\$595,987	98.17%

**Billed amounts have been drawn down from on-hand funds per MOU. On-hand funds will be replenished subsequent to grant execution, billing, and collection.*

METROLINK



METROLINK

Thank you.


metrolinktrains.com/meeting

ITEM ID: 2026-276-0
TRANSMITTAL DATE: September 4, 2025
MEETING DATE: September 11, 2026
TO: Budget, Audit, and Finance Committee
FROM: Elisabeth Lazuardi, Director, Audit
SUBJECT: Fiscal Year 2026 Annual Audit Activities Review

Issue

The Internal Audit Department (Internal Audit) is providing the Fiscal Year (FY) 2026 annual report to the Board as required by the Internal Audit Charter.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Through the audits performed in FY 2026, process improvements were made in various areas.

Background

Internal Audit provides independent and objective assurance to the Authority. In conducting its day-to-day operations, Internal Audit is governed by the Board approved Internal Audit Charter and Internal Audit Policies. Internal Audit also follows the auditing standards:

- Government Auditing Standards (GAGAS) established by the U.S. Government Accountability Office; and
- The Institute of Internal Auditors' (IIA) Global Internal Audit Standards (GIAS).

Discussion

Reporting Organizational Independence

Auditing standards require auditors and audit organizations to maintain independence of mind and independence in appearance when performing audit services (GAGAS paragraphs 3.18 and 3.21). The Internal Audit function is organizationally independent, reporting functionally to the Board and administratively to the Chief Executive Officer. Staff is confirming the Internal Audit function's organizational independence for Fiscal Year 2026 in accordance with GIAS Standard 7.1.

Fiscal Year 2026 Annual Internal Audit Plan and Audit Activities Summary

1. External Audits – Served as audit liaison by coordinating and monitoring external audits, including those conducted by independent financial statement auditors and state and federal officials. Please refer to the Corrective Action Status Update - Fourth Quarter Ended June 30, 2026 report for the status of audit findings.
 - FY 2025 Annual Financial Report Audit and Single Audit.
 - FY 2026 Agreed Upon Procedures – Annual National Transit Database (NTD)
 - FY 2025 Member Agency Memorandum of Understanding (MOU) Audit with Los Angeles Metropolitan Transportation Authority (LACMTA).
 - The Federal Transit Administration (FTA) Triennial Review preparation
2. Internal Audits and Contract Cost Analysis - Conducted internal audits and contract cost analysis in accordance with the Board-approved Fiscal 2026 Annual Audit Plan. See Attachment A.
3. CEO Special Requests:
 - Assisted the Safety, Security, and Compliance Department in completing the System Safety Program internal safety audits as required by 49 CFR Part 270. IA assisted in performing the internal safety audits for these elements: Security Assessment and Safety Assurance.
4. Monitoring Corrective Action – Monthly follow-up on implementation of audit recommendations (internal and external audits) until the recommendations have been satisfactorily addressed. Activities included:
 - Review of support provided by management to close out corrective actions.
 - Meetings with management regarding pending items and deadlines; and
 - Quarterly updates to the Board of Directors on the status of corrective actions. Please refer to the Corrective Action Status Update - Fourth Quarter Ended June 30, 2026 report for the status of audit findings.
5. Internal Audit Department Projects - Conducted an agency-wide risk assessment, developed the FY 2027 Annual Audit Plan, updated Internal Audit Charter, Policies and Procedures, and Procedures Handbook to conform with the revised auditing standards, peer review preparation, and performed the annual internal quality assessment.
6. External Quality Assessment (Peer Review) - The Peer Review for the period of January 2023 through December 2025 was conducted on the week of February 9, 2026, there were no findings.
7. Internal Audit Administration – Activities included
 - participation and preparation for board and staff meetings
 - on-going On-Call Audit Services contract management
 - annual departmental budget preparation and ongoing budget monitoring

- participation in panels and committees assisting other departments procurements, agencywide events, and employee recruitments
- attended trainings as part of the Continuing Professional Education required by the auditing standards.

Internal Audit Productivity Fiscal Year 2026

Internal Audit has four full time auditor positions. The organizational structure is as follows: one (1) Director, two (2) Senior Auditors, and one (1) Auditor II. Table 1 shows the analysis of the total annual available and productive work hours, and Table 2 shows the allocation of the annual productive work hours for Internal Audit.

Table 1: Total Annual Available and Productive Work Hours

Item	Calculation for Projected Hours (4 FTEs)	Projected Hours FY 2026	Actual Hours FY 2026
Total Annual Available	2,080 Hours (per FTE) X 4 FTEs	8,320	8,352
Less: Vacation and Other Leaves of Absence	30 days (240 hours per FTE) x 4 FTEs	(960)	(998)
Less: Holidays	12 days (96 hours per FTE) x 4 FTEs	(384)	(384)
Total Annual Productive Work Hours		6,976	6,970

Table 2: Allocation of the Annual Productive Work Hours

Audit Activity	<i>Projected</i> Productive Work Hours FY2026	%	<i>Actual</i> Productive Work Hours FY 2026	%
(1) External Audits	90	1%	217	3%
(2) Internal Audits and Cost Analysis	2,690	39%	2,663	38%
(3) Special Requests	300	4%	124	2%
(4) Monitoring (Corrective Action Tracking)	300	4%	145	2%
(5) Internal Audit Department Projects	900	13%	1,311	19%
(6) External Quality Control Review (Peer Review)	296	4%	117	2%
(7) Internal Audit Administration	2,400	35%	2,393	34%
Total Annual Productive Work Hours	6,976	100%	6,970	100%

Next Steps

Internal Audit will report on the Board approved FY27 Audit Plan status on a quarterly basis.

Prepared by: Claudia Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Director, Audit

Attachment(s)

Attachment A - IA Status Update
Presentation - FY2026 Annual Audit Activities Review

SCRRA INTERNAL AUDIT DEPARTMENT
FY 2026 Q4 Audit Plan Update

ATTACHMENT A

Ref #	Audit Activity	Preliminary Objective	Auditable Unit	(A) Planned Staff Hours	(B) Staff Hours FY2026 YTD	(C)=(A)-(B) Under (Over)	Status
FY 2026 NEW AUDITS							
1	FY 2026 Fuel Purchase Program (Annual Audit)	Evaluate compliance to the Board approved Fuel Purchase Policy FIN-11.1 and identify best practices recommendations to the policy. *Outsourced	Finance, Fuel Management	50	37	13	In Progress - Reporting Target Completion Date: July 2026
2	SCORE - Grant Compliance	Evaluate the effectiveness of controls over the allocation of costs based on the a consisten methodology and in accordance with applicable grant requirements *Co-sourced	SCORE, PMO, Grants, Business Ops	400	257	143	In progress - Fieldwork Target Completion Date: July 2026 October 2026
3	Non revenue fleet management	Evaluate compliance to the applicable policy/ procedures and adequacy of oversight	Facilities and Fleet Maintenance	300	173	127	In progress - Fieldwork Target Completion Date: June 2026 October 2026
4	Materials Management - inventory obsolesence	Evaluate processes to identify, monitor, and manage obsolete, excess, or inactive inventory in a timely manner	Materials Management, Finance	500	364	136	Completed - Corrective action tracking
5	Travel & business expense reimbursement	Evaluate compliance to the policy & procedures and identify policy gap	Finance and Human Resources	500	674	-174	In progress - Reporting Target Completion Date: April 2026 May 2026 August 2026
CARRIED FORWARD AUDITS FROM FY 2025							
6	FY2025 Fuel Purchase Program (Annual Audit)	Evaluate compliance to the Board approved Fuel Purchase Policy FIN-11.1 and identify best practices recommendations to the policy. *Outsourced	Finance, Fuel Management	50	41	9	Completed
7	Contract Expiration Performance Audit	Evaluate whether contracts are administered effectively to prevent contract overruns and ordering from expired contracts. *Co-sourced	Contracts Administration	300	381	-81	Completed - Corrective action tracking
8	Contract OP151-21 Amtrak Management Audit	Evaluate efficiency and effectiveness of contract management process for Contract OP151-21. *Co-sourced	Operations, Contracts Administration	40	0	40	Completed (in FY 2025)- Corrective action tracking
9	Third-party agreements (TPA) projects administration	Evaluate the adequacy and effectiveness of Third-Party projects oversight	Program Delivery, Finance	300	708	-408	Completed - Corrective action tracking
ONGOING ENGAGEMENTS							
10	Pre-award & Incurred Cost Analysis	Contract cost analysis requested by CPMM related to proposed costs, incurred costs, contract closeouts, or other matters as needed. *Outsourced	Various cost proposals & contracts incurred costs	250	28	222	On Going
Total Hours (Internal Audits + Cost Analysis)				2690	2663	27	



METROLINK

Fiscal Year 2026 Annual Activities Review

Receive and fill **117**

Items Discussed

- Reporting Organizational Independence
 - Auditing Standards require that internal auditors be independent in fact and appearance with respect to the entities for which they perform audit services. The Internal Audit function is organizationally independent, reporting functionally to the Board, and administratively to the Chief Executive Officer. **Staff is confirming our independence for Fiscal Year 2026.**
- FY2026 Annual Internal Audit Plan and Audit Activities Summary
 - Summary descriptions and tables details are available in the Board Report.



METROLINK

Thank you.



metrolinktrains.com/meeting

ITEM ID: 2026-275-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Elisabeth Lazuardi, Director, Audit

SUBJECT: Corrective Action Status Update - Fourth Quarter Ended June 30, 2026

Issue

The Internal Audit Department (Internal Audit) provides the Board with a quarterly report on the status of the corrective actions of prior audits.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics, and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. By monitoring the status of corrective actions, we are providing transparency as to the status of business process improvements agency wide.

Background

At the July 28, 2017, Board meeting the Board directed Internal Audit to provide quarterly updates on corrective actions on internal and external audits.

Discussion

For the quarter ending June 30, 2026, three items were implemented and verified, two items implemented pending verification, no items past due, and 21 items not yet due.

The reporting of the corrective actions contains two attachments. Attachments A and B reflect all internal and external audits completed through June 30, 2026. The status of the corrective actions for these audits has been updated through the transmittal date of this report.

Attachment A: Corrective Action Outstanding Items. The attachment includes items that were not yet due, were past due, or were pending implementation as of June 30, 2026. Corrective actions related to external audit findings will remain on Attachment A until the external auditors clear those findings.

Attachment B: Corrective Action Closed Items. The attachment includes items that were implemented and verified or closed.

Table 1 below summarizes the activities from Attachments A and B up through the Fourth Quarter of FY 2026.

Table 1: Summary of Corrective Actions Activities

Audit Reports Issued for Q4 FY 2026	Report Date	Implemented	Implemented - Pending Verification	Past Due	Not Yet Due
2026-04-IA - Inventory Obsolescence	05/29/2026				3
Audit Reports Issued before Q4 FY 2026					
2025-06-IA TPA Project Administration	2/9/2026				6
2025-04-IA Contract Expiration Performance Audit	11/20/2025	3			1
2024-06-IA Contract OP151-21-NRPC (Amtrak)	6/3/2025				3
2024-14-IA PMO Baseline PM Schedule Audit	1/13/2025				1
2023-05-IA HR Recruitment & Selection Process	6/22/2023				2
2022-04-IA External DBELO and Labor Compliance	1/17/2023		1		1
2021-12-CA Bench Contract Vendor Selection Process	1/4/2022		1		

2026-01-EA ACFR & Single Audit FY 2025	12/8/2025				2
2026-10-EA LACMTA MOU FY 2025	2/28/2026				1
2025-10-EA LACMTA MOU FY 2024	2/28/2025				1
Total Q4 FY 2026		3	2		21

Notes:

DBELO & LC = Disadvantaged Business Enterprise Liaison Officer & Labor Compliance

ACFR = Annual Comprehensive Financial Report

Next Steps

Internal Audit will continue reporting on the status of the corrective actions.

Prepared by: Claudia Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Director, Audit

Attachment(s)

[Attachment A - Corrective Action Outstanding Items](#)

[Attachment B - Corrective Action Closed Items](#)

CORRECTIVE ACTION - OUTSTANDING ITEMS (as of 6/30/2026)

ATTACHMENT A

PROJECT #	PROJECT NAME	REC #	RECOMMENDATION	CORRECTIVE ACTION PLAN	DEPT	QTRLY DUE DATE	STATUS
INTERNAL AUDITS							
2026-04-IA	Inventory Obsolescence	1	Develop and document a comprehensive end-to-end procedure for managing obsolete inventory across its full lifecycle	A comprehensive inventory obsolescence SOP will be developed and implemented.	Materials Management	FY27-Q2	Not Yet Due
2026-04-IA	Inventory Obsolescence	2	Evaluate opportunities to enhance system functionality and processes to better support forecasting and inventory planning	A dedicated forecasting software solution will be identified and implemented subject to budgetary constraints.	Materials Management	FY28-Q2	Not Yet Due
2026-04-IA	Inventory Obsolescence	3	Ensure that procedures developed under Recommendation 1 address the handling of long-inactive inventory and materials stored at field locations. This should include documentation requirements for inventory write-offs, processes for recording materials returned from projects or removed from service, and guidance for tracking and disposing of scrap materials.	A comprehensive inventory obsolescence SOP will be developed and implemented, that includes the elements in this recommendation.	Materials Management	FY27-Q2	Not Yet Due
2025-06-IA	Third-Party Agreement (TPA) Project Administration	1	The Finance Department management should revise Finance Policy FIN-9.5 and develop detailed SOPs to provide guidance for TPA administration.	The Finance Department is currently revising Finance Policy 9.5 and the related SOP. All matters identified in this audit will be addressed.	Finance	FY26-Q4 FY27-Q1	Not Yet Due
2025-06-IA	Third-Party Agreement (TPA) Project Administration	2	The Program Delivery Department management should establish TPA specific SOPs covering the full project lifecycle, including agreement negotiation, project initiation, coordination with Finance, and project closeout procedures.	Program Delivery will revise the existing PMO SOP PC-1 for Project Initiation to include language addressing the Recommendations, along with modifications required to incorporate PMIS. Reference will be made to existing procedures where applicable.	Program Delivery	FY26-Q4 FY27-Q1	Not Yet Due
2025-06-IA	Third-Party Agreement (TPA) Project Administration	3	The Finance Department, in collaboration with the Program Delivery Department and Operations Department, should develop and implement formal reporting standards that establish appropriate criteria for TPA project updates to the Board and stakeholders.	The Finance Department will lead the development and delivery of a quarterly report on TPA activity to the Board, with assistance from Program Delivery and Operations.	Finance	FY26-Q4 FY27-Q1	Not Yet Due
2025-06-IA	Third-Party Agreement (TPA) Project Administration	4	The Finance Department management should develop a Standard Operating Procedure (SOP) for project code assignment.	The Finance Department is currently developing a comprehensive SOP for TPA projects that will incorporate guidance on project code assignments. The Finance Department will collaborate with the IDTS Department to develop automated reporting that captures TPA activity quickly and comprehensively.	Finance	FY27-Q1	Not Yet Due

CORRECTIVE ACTION - OUTSTANDING ITEMS (as of 6/30/2026)

ATTACHMENT A

PROJECT #	PROJECT NAME	REC #	RECOMMENDATION	CORRECTIVE ACTION PLAN	DEPT	QTRLY DUE DATE	STATUS
2025-06-IA	Third-Party Agreement (TPA) Project Administration	5	The Finance Department management should implement a system-generated report capturing all TPA projects.	The Finance Department is currently developing a comprehensive SOP for TPA projects that will incorporate guidance on project code assignments. The Finance Department will collaborate with the IDTS Department to develop automated reporting that captures TPA activity quickly and comprehensively.	Finance	FY27-Q1	Not Yet Due
2025-06-IA	Third-Party Agreement (TPA) Project Administration	6	The Finance Department management should collaborate with Program Delivery and Operations management to establish a formal TPA project report for all TPA projects agencywide and the formal reconciliation process between data sources.	The Finance Department is currently developing a comprehensive SOP for TPA projects that will incorporate guidance on project code assignments. The Finance Department will collaborate with the IDTS Department to develop automated reporting that captures TPA activity quickly and comprehensively.	Finance	FY27-Q1	Not Yet Due
2025-04-IA	Contract Expiration Performance Audit	3	Build key controls into the new Contract Lifecycle Management (CLM) system, such as automated expiration alerts, ownership reassignment notifications, routing visibility, and escalation of delays.	Factor these features in the scope of the new contract management system, considering features such as: o Automated alerts and dashboards (e.g., 180, 150, 120 etc.... day reminders before expiration). o Routing visibility to track amendment progress. o Automatic updates to routing status report to current Project Managers.	CPMM	FY27-Q4	Not Yet Due
2024-06-IA	Contract OP151-21 – National Railroad Passenger Corporation (Amtrak)	1	Internal Audit recommends that the Contracts and Procurement develop standardized solicitation and contract templates (based on contract type) with agency-approved terms. Any modifications to these templates in executed contracts must be approved by Director, CPMM and Legal.	CPMM to work with Legal to develop new solicitation and contract templates.	CPMM	FY26-Q4 FY27-Q2	Not Yet Due
2024-06-IA	Contract OP151-21 – National Railroad Passenger Corporation (Amtrak)	2	Internal Audit recommends that the Contracts and Procurement implement a contract management system to track key dates, send automated alerts, and store contract documents, ensuring compliance and preventing missed deadlines.	CPMM to collaborate with IDTS to implement a Contract Lifecycle Management (CLM) system. Funding in the FY27 budget is needed.	CPMM IDTS	FY27-Q4	Not Yet Due

CORRECTIVE ACTION - OUTSTANDING ITEMS (as of 6/30/2026)

ATTACHMENT A

PROJECT #	PROJECT NAME	REC #	RECOMMENDATION	CORRECTIVE ACTION PLAN	DEPT	QTRLY DUE DATE	STATUS
2024-06-IA	Contract OP151-21 – National Railroad Passenger Corporation (Amtrak)	4	We recommend that Finance research and evaluate the feasibility of implementing agency-wide training programs on Federal Cost Principles requirements to improve staff understanding, reduce the risk of noncompliance, and help prevent future overpayments. This training should be designed to support staff involved in administering future federally funded contracts.	Finance will examine the feasibility of implementing an agency-wide training program on Federal Cost Principles to improve staff understanding and support compliance with federally funded contracts. b. If feasible, Finance will develop and roll out the training.	Finance	4b. FY26-Q4 FY27-Q1	Not Yet Due
2024-14-IA	PMO Baseline Performance Audit	1	Update the outdated SOPs to reflect current practices, ensure alignment with other departments, in preparation for integration with the new Project Management Information System (PMIS).	1b. Refine Existing SOPs with the Consultant Work with the consultant to refine and draft updated SOPs, ensuring alignment with PMIS implementation.	PMO	1b. FY25-Q4 FY26-Q3 FY27-Q1	Not Yet Due
2023-05-IA	Performance Audit: HR Recruitment and Selection Process	1.1	Include Pay Transparency Rule statement in the employee handbook and on the career website page.	HR to update policies and procedures to reflect the suggestions. HR to work with IT to update the Careers page to include the Pay Transparency Rule statement.	Human Resources	FY24-Q2 FY24-Q3 FY24-Q4 FY25-Q2 FY25-Q4 FY26-Q1 FY26-Q3 FY26-Q4 FY27-Q1	Not Yet Due Pay transparency rule statement posted in the Career site. Pay transparency rule statement will be included in the revised P&P
2023-05-IA	Performance Audit: HR Recruitment and Selection Process	1.2	Update the Record Retention Policy as noted.	The Chief Technology Officer is in the process of procuring a vendor to review the Agency's Record Retention rules (in all departments) and has included an annual subscription service so we are always in conformance with any retention changes in law, rules and regulations.	Human Resources, IDTS	FY24-Q2 FY24-Q3 FY24-Q4 (retain a consultant) FY25-Q4 FY26-Q1 FY26-Q2 FY26-Q3 FY26-Q4 FY27-Q1	Not Yet Due Record Retention Policy update is completed pending Board approval

CORRECTIVE ACTION - OUTSTANDING ITEMS (as of 6/30/2026)

ATTACHMENT A

PROJECT #	PROJECT NAME	REC #	RECOMMENDATION	CORRECTIVE ACTION PLAN	DEPT	QTRLY DUE DATE	STATUS
2022-04-IA	Performance Audit: External DBELO (Disadvantaged Business Enterprise Liaison Officer) and Labor Compliance Monitoring Services Invoice Processing Controls	1	Management within Finance, Program Delivery, Special Projects, DBELO, and CPMM correct current DBE/LC work order processing defects to assure that work orders are adequately priced, costs are correctly charged, and invoices are paid in a timely fashion.	d. Team to identify corrective actions for any identified defects. e. Document (Manual, SOP, etc.), implement, create training module and monitor new DBE/LC process	DBELO CPMM Program Delivery	d. Implemented pending verification e. FY22-Q4 FY23-Q2 FY23-Q4 FY24-Q1 FY24-Q2 FY24-Q3 FY24-Q4 FY25-Q2 FY25-Q4 FY26-Q4 FY27-Q1	d. Implemented - Pending Verification e. Not Yet Due - A new monitoring system is in place. Labor Compliance monitoring work is currently performed in house.
2021-12-CA	Contract Audit: Bench Contract – Vendor Selection Process	6	In coordination with the Senior Management, CPMM develop appropriate amounts in which notification will be provided to Senior Management or a secondary approval by Senior Management on large CTOs. The procedures manual should be updated accordingly.	CPMM will develop the appropriate amount in which notifications will be provided to Senior Management. Furthermore, CPMM will issue a quarterly report which shows large dollar CTOs that were awarded the during the quarter. The procedures manual will be updated accordingly.	CPMM	Implemented pending verification	Implemented Pending Verification
EXTERNAL AUDITS							
2026-01-EA	FY25 Annual Financial and Single Audit	2025-001	Financial Statements (Financial Reporting): Because insurance settlement proceeds related to a 2015 incident were received over multiple fiscal years and not recognized in the appropriate accounting periods, the Authority should strengthen internal controls and year-end financial reporting procedures to ensure non-routine and multi-period revenues are properly identified, evaluated, and recorded in accordance with GAAP.	Management will enhance year-end close and review procedures for non-routine and multi-period transactions, including insurance settlements, to ensure revenues are recognized in the appropriate accounting period in accordance with GAAP.	Finance	FY27-Q4	Not Yet Due
2026-01-EA	FY25 Annual Financial and Single Audit	2025-002	Single Audit (Federal Awards): Because certain federally required contract provisions were not included or communicated to a contractor at the time of award for one federally funded contract, the Authority should strengthen procurement policies and procedures to ensure that all required federal contract provisions are consistently included and communicated to contractors prior to contract execution.	Management will update procurement procedures and contract templates and implement a pre-award compliance review to ensure all applicable federal contract provisions are included in federally funded contracts before award.	Finance	FY27-Q4	Not Yet Due

CORRECTIVE ACTION - OUTSTANDING ITEMS (as of 6/30/2026)

ATTACHMENT A

PROJECT #	PROJECT NAME	REC #	RECOMMENDATION	CORRECTIVE ACTION PLAN	DEPT	QTRLY DUE DATE	STATUS
2026-10-EA	EXTERNAL AUDIT: LACMTA MOU FOR FY 2025	2025-001	We recommend that SCRRA implement a policy to strictly monitor the adherence of the responsible parties to the compliance requirements of the Memorandum of Understanding. This is a repeat finding, originally identified in FY 2024.	The Outside 20' project will be restructured in FY26 and will be no longer administered as a cost reimbursed project. This change will be reflected in the FY26 MOU, under which invoicing to LACMTA for project related costs is no longer required. As a result, the conditions that previously led to delayed billing will no longer exist. Under the revised FY26 MOU, SCRRA will be required only to submit quarterly activity reports within 30 days following the end of each quarter. This reporting requirement is not dependent upon the timing of vendor invoice submissions or payments. SCRRA will establish internal controls and streamline processes to ensure that all quarterly reporting is completed in accordance with the required timelines.	Finance	FY27-Q4	Not Yet Due
2025-10-EA	EXTERNAL AUDIT: LACMTA MOU FOR FY 2024	2024-001	We recommend that SCRRA implement a policy to strictly monitor the adherence of the responsible parties to the compliance requirements of the Memorandum of Understanding.	Metrolink will focus on the timely submission of work orders to the vendors, review invoice billing from the vendors timely, and submit to Metrolink Accounts Payable in order to meet all applicable deadlines of the Metro MOU.	Operations/Finance	FY27-Q4	Not Yet Due

CORRECTIVE ACTION - CLOSED ITEMS (as of 6/30/2026)

ATTACHMENT B

PROJECT #	PROJECT NAME	REC#	RECOMMENDATION	CORRECTIVE ACTION PLAN	DEPARTMENT	STATUS
INTERNAL AUDITS						
2025-04-IA	Contract Expiration Performance Audit	1	Revise SOP CP-02 to require all amendments to be fully executed before contract expiration.	Revise SOP CP-02 to clearly state that all amendments must be signed by all parties before contract expiration.	CPMM	Implemented - Verified. Internal audit reviewed updated SOP language and CEO approval
2025-04-IA	Contract Expiration Performance Audit	4	Strengthen monitoring and reporting by: b. Assigning clear ownership of the report distribution list. c. Removing inactive or completed contracts from the expired tab to improve report usability.	b. Establish clear ownership and oversight of the report distribution list so that it remains current and accurate. CPMM will be responsible for updating the Contract Administrator column and working with IDTS to keep the report distribution list current. The CA will update PMs in the Oracle system as they receive items to process. c. Close completed contracts and remove them from the expired tab to improve usability and focus monitoring efforts on current items. Work with IDTS to close expired POs that do not require the formal close out process initiated by Project Managers.	CPMM	b. Implemented - Verified to updated procedures. C. Implemented - verified to updated Expired Contracts Report as of 5/18/2026.



ITEM ID: 2026-297-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Elisabeth Lazuardi, Director, Audit

SUBJECT: Performance Audit: Fuel Purchase Policy FIN 11.1 Rev. 3

Issue

Internal Audit completed the annual performance audit of the Fuel Purchase Program as required by Fuel Purchase Policy FIN-11.1.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Controls related to the fuel purchase program are improved through the annual audit of the program.

Background

As required by the Fuel Purchase Policy FIN-11.1, "the Fuel Purchase Program shall be audited annually. In addition, the Board shall establish an Ad Hoc Committee at the time of the annual audit for the limited purpose of reviewing audit results and reporting to the Board of Directors". Internal Audit engaged Crowe LLP to perform the audit.

Crowe LLP is a public accounting, consulting, and technology firm that has been in operation since 1942 with offices and resources worldwide. The Crowe team is led by partners and directors who not only have performance audit and derivative experience but also possess the institutional knowledge to help identify the relevant policy considerations for the Authority's fuel hedging program. Crowe has worked with fuel contracts, hedging contracts, and power purchase contracts for entities such as the City of Long Beach, the Chicago Transit Authority, the Indiana Bond Bank, and the State of Texas.

Crowe combined its significant experience in conducting high-quality performance audits for government agencies, in conformance with Generally Accepted Government Auditing Standards (GAGAS), and the demonstrated oil and gas expertise of Willis Graves & Associates, Inc. (WGA) to meet the needs of the Authority with respect to this performance audit. WGA's professionals have extensive industry experience with commodity pricing and in the design and completion of revenue audits in the oil and gas industry.

Discussion

The Board approved Finance Policy FIN-11.1, Fuel Management and Hedging, in January 2015 to establish guidance for the Authority's Fuel Management and Hedging Program. Blue Lacy currently serves as the Authority's fuel hedging advisor and assists with administration of the program.

The Board approved the amendment of the FIN-11.1 to improve the fuel hedge program by the development of four fuel hedge strategies and to rename the policy from "Fuel Management and Hedging Policy" to "Fuel Purchase Policy" in December 2020. Further amendments were subsequently made in May 2022 to revise one of the four fuel hedge strategies and in November 2022 to replace the role of the Fuel Hedge Oversight Consultant with SCRRA staff and to add language related to the effectiveness analysis of the fuel hedge program.

The objective of this audit was to determine compliance with FIN-11.1 Revision 3 for the audit period of January 1, 2025 through December 31, 2025. Based on the audit procedures performed, SCRRA management was determined to comply with all significant aspects of the audit objective. The audit result was presented to the Ad Hoc Committee on August 17, 2026. The audit report is attached to the item.

Prepared by: David Rogers, Senior Internal Auditor

Approved by: Elisabeth Lazuardi, Director of Internal Audit

Attachment(s)

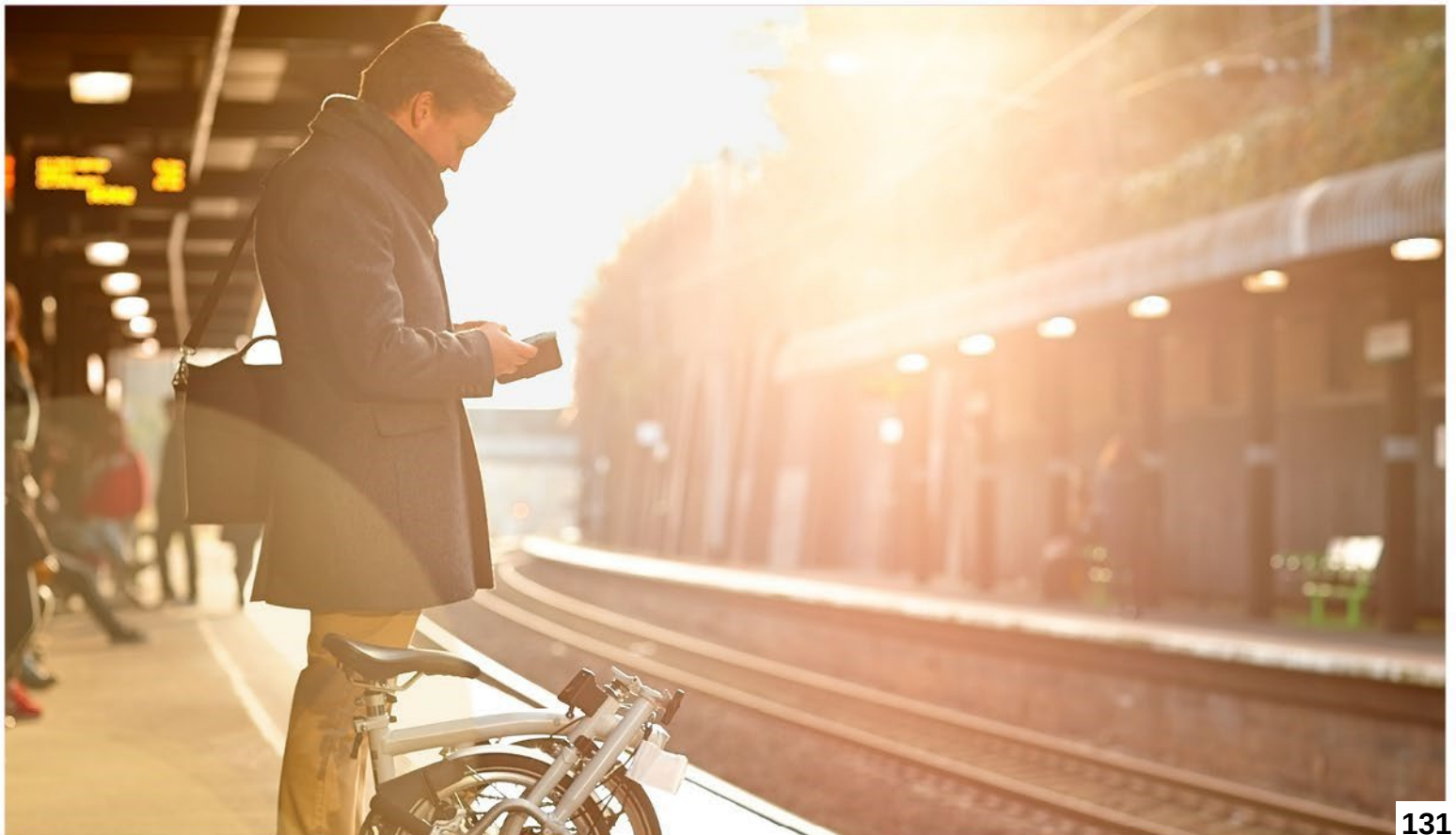
[Attachment A - CY2025 Fuel Hedging Performance Audit Report Presentation - Fuel Hedge Audit](#)



Smart decisions. Lasting value.™

**Southern California Regional Rail Authority (SCRRRA)
Performance Audit:
Fuel Purchase Policy FIN-11.1 Rev. 3**

July 22, 2026



EXECUTIVE SUMMARY

Southern California Regional Rail Authority (“SCRRA”) contracted Crowe to perform a Generally Accepted Government Auditing Standards (“GAGAS”) performance audit to evaluate SCRRA’s compliance with the Board-approved Fuel Management and Hedging Policy FIN-11.1 Rev 3 (“Fuel Purchase Policy”) and identify best practice recommendations to the policy.

SCOPE AND OBJECTIVE

The scope of this audit for the period January 1, 2025, through December 31, 2025, included the following objective:

1. Determine whether SCRRA was in compliance with FIN-11.1 revision 3 policies and procedures for January 1, 2025, to December 31, 2025.

There was one audit objective identified to determine SCRRA’s compliance within the scope of this audit. To achieve this objective, Crowe LLP representatives interviewed key SCRRA personnel, reviewed documentation, tested fuel purchases, tested brokerage statements, reviewed reports provided by Blue Lacy LLC, and considered the adequacy of operating effectiveness of internal controls related to the Fuel Management and Hedging Program. The detailed objective, methodology, and conclusion can be found on pages 7 – 8 of this report. The scope can be found on page 9 of this report.

We also have provided a management letter under separate cover that includes best practices for SCRRA management to consider.

REVIEW OF REPORT

Crowe provided the draft report to SCRRA on July 22, 2026, and held a draft review with management.

Those present at the meeting were:

- Darren Kettle, Chief Executive Officer
- Tom Schamber, Chief Financial Officer
- Elisabeth Lazuardi, Internal Audit Director
- David Rodgers, Senior Internal Auditor
- Alexander Barber, Assistant Director, General Accounting
- Bert Nuehring, Crowe Partner
- Jon Ellis, Willis, Graves & Associates, Inc. President
- Sam Twyman, Crowe Senior Manager
- Hugo Vereas, Crowe Senior Auditor

A final report was provided to the Internal Audit Department on July 28, 2026.

Crowe LLP thanks SCRRA Internal Audit, management and staff for their assistance and cooperation during our audit.

Independent Auditor's Report

To the Southern California Regional Rail Authority,
Office of the Internal Audit Department

We have conducted a performance audit over the Fuel Purchasing Policy that included assessing compliance with specific requirements of Southern California Regional Rail Authority ("SCRRA") policies and contractual obligations, for the period from January 1, 2025, through December 31, 2025.

We have conducted our performance audit in accordance with Generally Accepted Government Auditing Standards ("GAGAS"). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit was limited to the objective identified on pages 7 – 8 of this report. Management is responsible for SCRRA's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of SCRRA to determine the audit procedures that are appropriate for the purpose of providing a conclusion on SCRRA's compliance with the relevant requirements of SCRRA's policies and contractual obligations, as specified, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on internal controls.

We did not note findings as a result of our audit. We determined that the Southern Regional Rail Authority met the objective listed on pages 7 - 8 for the period January 1, 2025, through December 31, 2025, in all significant respects.

Crowe LLP
Crowe LLP

Los Angeles, California

July 22, 2026

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
SCOPE AND OBJECTIVE	2
REVIEW OF REPORT	3
ABBREVIATIONS	6
OBJECTIVE, METHODOLOGY, AND CONCLUSIONS.....	7
SCOPE	9
CONCLUSION	9
APPENDIX I – FIN-11.1 REV 3. FUEL PURCHASING POLICY	10
CEO ACKNOWLEDGEMENT	16

ABBREVIATIONS

Abbreviation	Full Term
Blue Lacy	Blue Lacy LLC
CFAR	Cash Flow at Risk
FIN-11.1	Fuel Purchasing Policy
GAGAS	Generally Accepted Government Auditing Standards
GASB 53	Governmental Accounting Standards Board (GASB) Statement No. 53, Accounting and Financial Reporting for Derivative Instruments
SCRRA	Southern California Regional Rail Authority
SOP	Standard Operating Procedure
WGA	Willis, Graves & Associates

OBJECTIVE, METHODOLOGY, AND CONCLUSIONS

Objective 1: Determine whether SCRRA was in compliance with FIN-11.1 Rev. 3 policies and procedures for January 1, 2025, through December 31, 2025.

Methodology:

1. Crowe obtained and reviewed evidence that an account was established with a Futures Commission Merchant (broker) for trading diesel futures contracts, including monthly broker statements for the audit period.
2. Crowe reviewed the population of futures contract positions and forecasted fuel consumption during the audit period to determine whether the program hedged more than 100% of Metrolink's forecasted consumption in any given month. We compared forecasted consumption to actual consumption to assess reasonableness.
3. Crowe obtained all monthly broker statements during the audit period and reviewed a sample of 20 futures contract purchases from a population of 199 purchases to determine whether the broker statement agreed to the Advisor's reports and the futures contract parameters established in Fuel Purchase Policy Sections 1.1.1 and 1.1.3 were met.
4. Crowe selected a sample of two out of 12 monthly broker statements in CY 2025 to determine whether the Advisor exited the futures contracts on a monthly basis so as to correspond to the actual purchase of fuel and in the same approximate volume.
5. Crowe engaged our Subject Matter Experts at Willis, Graves & Associates ("WGA") to review the population of monthly fuel volume purchased, monthly Advisor reports, and Mansfield fuel supply contract to determine whether the physical supply of fuel was maintained at reasonable levels (approximately 20,000 gallons per tank at each facility) to sustain uninterrupted operations in accordance with the Materials Management and Warehouse Standard Operating Procedure (SOP); evaluate whether physical fuel deliveries were consistently priced according to daily spot market rates and the terms of fuel supply contracts; and review whether the strategies implemented by the fuel advisor during the audit period were in compliance with the guidelines outlined in FIN-11.1, Revision 3, Section 1.1.6.
6. We conducted an interview with SCRRA's fuel Inventory Control Manager and reviewed weekly/monthly reports to determine whether fuel inventory levels were tracked, monitored, and maintained at reasonable levels (approximately 20,000 gallons per tank at each facility) to sustain continued support of operations in accordance with the Materials Management & Warehouse SOP.
7. Crowe obtained all Diesel Fuel and DEF Deliveries Reports generated by SCRRA's Inventory Control Manager during the audit period and reviewed a sample of 25 fuel purchases from a population of 1,803 purchases to determine whether the fuel purchase records in Diesel Fuel and DEF Deliveries Reports agree with the supporting invoice and Bill of Lading documentation.

Objective 1: Determine whether SCRRA was in compliance with FIN-11.1 Rev. 3 policies and procedures for January 1, 2025, through December 31, 2025.	
	8. We interviewed Metrolink's Assistant Director of General Accounting regarding the process for addressing strategy objectives in FIN-11.1; Revision 3; Section 1.1.6 (Spot Market and Hedging Strategy Guidelines).
	9. Crowe obtained all weekly advisor reports submitted during 2025 and reviewed a sample of six weekly reports to determine whether status updates and program results were provided to Finance Staff at Metrolink weekly.
	10. Crowe obtained all monthly reports submitted to the Fuel Manager by the Advisor and reviewed a sample of two monthly reports to determine whether the required risk analysis was included:
	a) Cash flow at risk (CFAR) analysis based on diesel futures implied option volatility.
	b) Projected variability of cost gross and net hedge at the one and two standard deviation levels.
	c) Budget risk analysis establishing a current probability of exceeding budget at strategic levels.
	11. Crowe obtained all quarterly reporting for the audit period and reviewed a sample of one quarterly board report and board packet information to determine whether program performance was reported, including purchases vs. spot market, and cost breakdowns by transaction and price variance as required by FIN-11.1, Revision 3, Section 1.1.7(g).
	12. We obtained and reviewed the GASB 53 Analysis from Metrolink to confirm the use of regression analysis for evaluating hedge effectiveness.
Conclusion:	SCRRA complied, in all significant respects, with Objective 1.

SCOPE

The scope of this performance audit was to evaluate SCRRA's compliance with the Fuel Purchasing Policy, FIN-11.1 Rev. 3. The objective of this audit falls within the full annual period of January 1, 2025, through December 31, 2025.

CONCLUSION

Crowe determined that SCRRA complied, in all significant respects, with the objective of the audit.

Appendix I – FIN-11.1 Rev 3. Fuel Purchasing Policy



METROLINK®

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

metrolinktrains.com/meeting

Southern California Regional Rail Authority Finance Policies

TITLE: Fuel Purchase Policy

NO. FIN-11.1

EFFECTIVE DATE: May 27, 2022

REVISION:3

Adopted by Board:

PURPOSE

The goal of the fuel management and hedging program is to minimize the budget risk resulting from the purchase of fuel. It will establish limits allowing the Chief Executive Officer to act on behalf of the Board of Directors in the procurement of fuel. In addition, it will identify how the fuel purchase program performance is monitored and reported to the board.

APPLICATION

This policy applies to the purchase of diesel fuel in current and future fiscal years.

POLICY STATEMENT

Ultra Low Sulfur California Air Resources Board (ULS CARB) # 2 Red Dyed Diesel Fuel is required to operate the Authority's fleet of diesel-powered locomotives. To minimize the risk of having large budget variances due to volatile fuel prices, a comprehensive energy management program will require the use of two instruments. The First is a Financial Instrument that will be executed through an established and maintained account with a Futures Commission Merchant (Broker) for the trading of Futures Contracts. The Second instrument uses the competitive purchase of fuel with daily market prices serving as the benchmark for supplier bids. It is important to note that in most cases, both instruments will be used together to effectively manage fuel procurement.

Metrolink will establish and maintain a fuel purchase management program that will:

- seek to decrease the volatility of diesel fuel cost;
- seek to increase the likelihood that actual net diesel fuel cost will remain below the budget;
- seek to increase the certainty of future diesel fuel cost;
- seek to attain a lower overall cost of diesel fuel in the long-term;



METROLINK.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

metrolinktrains.com/meeting

1. PROCEDURES

1.1 Financial Instrument Hedging

- 1.1.1 Instruments** – Metrolink will establish and maintain an account with a Futures Commission Merchant (broker) for trading Futures Contracts. Metrolink will, through the management and direction of an Advisor, acquire, hold, and dispose of futures contracts in the operation of this Program. The high correlation between the movement of the price that Metrolink pays for its fuel locally and the movement of the value of these Futures Contracts, that are traded on the New York Mercantile Exchange (NYMEX) for delivery in the New York Harbor, contributes to the Program's effectiveness as a hedge. The volume of each Futures Contract is 42,000 gallons.
- 1.1.2 Maximum Hedge Ratio** – Metrolink's fuel consumption is highly predictable without significant variability over time. Given this, the maximum total hedge ratio will be up to 100% of forecasted consumption as more specifically described in section 1.1.6.
- 1.1.3 Maximum Hedge Maturity** – To allow the establishment of cost certainty in current and future budget periods, the maximum maturity of the Futures Contracts taken in conjunction with this Program is 36 months forward from the acquisition date as more specifically described in section 1.1.6.
- 1.1.4 Exiting Market Positions** – The Advisor will exit the Futures Contracts on a monthly basis so as to correspond to the actual purchase of Metrolink's local fuel and in the same approximate volume. This even liquidation of futures hedges through time and the even purchase of fuel via Metrolink's supply process assures the effectiveness of the hedging process over a fiscal year. Based on the difference between the hedge price (entry price) and the settlement price (exit price), there will be a realized gain or loss that will appear in the futures account. Exceptions to this would be in extraordinary situations and upon the advice of the Advisor or recommendation of the Fuel Hedge Consultant, and at the direction and approval of the CEO, as follows:
- where the volume of forecasted fuel consumption unexpectedly decreases in which case the hedge position may be adjusted to comply with Policy and reduce exposure
 - Contracts with 6-18 months left on them are at a premium at a time when fuel spikes abnormally high, greater than 1 standard deviation above the average



METROLINK.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

metrolinktrains.com/meeting

- c. Where the national and/or global inventories show an increasing surplus trend or correction, contracts remaining can be sold to eliminate downside risk.

1.1.5 Physical Supply - The physical supply of fuel will be reasonable fuel levels to sustain continue support of operations consistent with the Materials Management and Warehousing standard operating procedures. The physical supply deliveries will be priced according to daily spot pricing and fuel supply contract(s).

1.1.6 Spot Market and Hedging Strategies Guidelines - The Strategies are how the Program's objective is achieved. The Strategies will utilize a process:

- That addresses market opportunities and market risks;
- that holds the risk of exceeding budget at or below an acceptable level;
- that monitors the 15 year one to three standard deviations as a length of contract term parameter of the OPIS diesel index;
- that is continuously applied through time;

The strategies use various historical pricing averages and ranges as pricing parameters;

Strategy 1 – Purchase at 15-year average spot pricing, global diesel demand is greatly being reduced year to year, no risk of delivery present, worldwide surplus present

- **\$219 and above purchase future contracts up to 6 months up to 80% of demand**

Strategy 2 – Protect average pricing by purchasing shorter term contracts in the lower 1st deviation of the OPIS diesel index 15-year parameters

- **\$152 - \$219 purchase future contracts up to 18 months up to 80% of demand**

Strategy 3 – Protect longer term average pricing by purchasing contracts in the 2nd deviation of the OPIS diesel index 15-year parameters

- **\$86 - 152 purchase future contracts up to 36 months up to 80% of demand**

Strategy 4 – Takes advantage of historically low pricing during times of low market demand or oversupply that occurs every 5 - 10 years



METROLINK.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

metrolinktrains.com/meeting

by purchasing contracts in the 3rd lower deviation of the OPIS diesel index 15-year parameters

- Below **\$86** purchase future contracts up to 100% demand

This will be accomplished by the Advisor executing the appropriate transactions at the appropriate times to create the desired effect within the constraints of the Policy.

1.1.7 Execution, Monitoring & Reporting

- a. The Advisor will be responsible for the day-to-day execution of the Program including the execution of transactions, generating reports on the program's status and results, and monitoring the Program and the energy markets.
- b. The Advisor will generate weekly update on the status and results of the Program
- c. The Advisor will generate monthly report regarding the status and results of the program including an analysis of risk. This analysis of risk will include (1) cash flow at risk (CFAR) analysis based on diesel futures implied option volatility; (2) projected variability of cost gross and net of hedge at the one and two standard deviation levels and (3) budget risk analysis establishing a current probability of exceeding budget at the strategic levels.
- d. To allow hedging to be more responsive to market conditions, the process may include; (a) reviewing current and forecast fuel markets as part of the annual budgeting and planning process to decide whether modifications to the current specifications are warranted; and (b) rebalancing fuel budget stability goals towards market responsiveness by adjusting the percentage of hedge volumes and/or adjusting the forward positions.
- e. The reports will be received by Metrolink Finance Staff.
- f. Oversight of the program will be primarily the responsibility of Finance Staff at Metrolink with support from the Finance bench.
- g. Reporting to the Board on the performance of the program will occur quarterly or more frequently if the Board deems appropriate. This will include performance of the purchases against the budget and spot market, with the cost of the program broken down by transaction costs and price variance of gallons delivered. The CFO will report on any program performance deviation outside the Spot Market and Hedging Strategies.
- h. The Fuel Purchase Program shall be audited annually. In addition, the board shall establish an Ad Hoc Committee at the time of the



METROLINK®

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

metrolinktrains.com/meeting

annual audit for the limited purpose of reviewing audit results and reporting to the Board of Directors.

1.1.8 Effectiveness Analysis

- a. Fuel-related futures contract transactions are recorded at fair value on the Balance Sheet as either an asset or liability depending on their fair value; the related realized gains and/or losses for effective hedges are deferred. Realized gains and losses on these transactions are recognized as fuel expense in the specific period in which the instrument is settled.
- b. With the assistance of our Fuel Hedge Advisor, the Authority uses regression analysis method to evaluate the effectiveness of our fuel hedge.
- c. The regression analysis method evaluates effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging instrument and the hedgeable item. The changes in cash flows or fair values of the potential hedging instrument substantially offset the changes in cash flows or fair values of the hedgeable item if all of the following criteria are met:
 - i. The R-squared of the regression analysis is at least 0.80.
 - ii. The F-statistic calculated for the regression model demonstrates that the model is significant using a 95 percent confidence interval.
 - iii. The regression coefficient for the slope is between -1.25 and -0.80 .
- d. The regression analysis should be based on sufficient data to determine if the potential hedging instrument is effective as of the end of the reporting period.

DEFINITION OF TERMS

Binding Contract – The agreement between two (or more) parties that creates a legal obligation to exchange consideration, usually money, for specific performance requirements (e.g., delivery of goods)



METROLINK.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

metrolinktrains.com/meeting

Futures Contract – A contract between two parties that fixes the date of delivery at the New York Harbor and the price on that date for a 42,000-gallon unit.

Oil Price Information Service (OPIS) – A nationally recognized, independent surveyor/index of the nation's energy markets.

Ultra-Low Sulfur Fuel (ULS) – Diesel fuel containing less than 15 ppm sulfur

Spot Pricing – Daily market price of diesel fuel as published by OPIS.

Advisor – The professional contracted by Metrolink to advise, execute, monitor, and report regarding the diesel futures hedging contract strategy and policy consistent with those responsibilities set forth in 1.1.7.

California Air Resources Board (CARB) – The clean air agency for the State of California.

RESPONSIBILITIES

Board of Directors – responsible for setting policy, due diligence, designating the Fuel hedging advisor and delegating specified approval authority for purchasing diesel fuel to the Fuel Manager.

Contracts Administration & Procurement Department (CA&P) - responsible for conducting, in accordance with Board approved policies, all procurement activities on behalf of the Authority and developing and maintaining procedures related to all procurement matters.

Metrolink Finance Staff– responsible for ensuring this policy is followed and approving contracts and purchase orders within authority levels delegated by the Board.

POLICY HISTORY

January 23, 2015 – New Policy and Procedures document approved

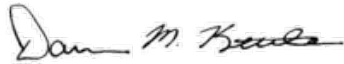
December 11, 2020 – New policy document approved

May 27, 2022 – Update strategy parameters

November 13, 2022 – Updated policy to replace the role of the Fuel Hedge Oversight Consultant with Metrolink Staff. Also, added GASB 53 Effectiveness Analysis and language regarding reporting any program performance deviation outside the Spot Market and Hedging Strategies.

CEO ACKNOWLEDGEMENT

Reviewed and acknowledged by:



August 25, 2026

Darren M. Kettle
Chief Executive Officer

Date



METROLINK

Performance Audit: Fuel Purchase Policy FIN 11.1 Rev. 3

Receive and file.

Objectives and Results

- Objective: Check compliance with FIN-11.1 Revision 3 for audit period Jan-Dec 2025
- Engaged Public Accounting Firm Crowe LLP
- Results: No exceptions
 - SCRRRA found to be in compliance with all significant aspects
 - Presented to the Fuel Hedge Ad Hoc Committee on August 19





METROLINK

Thank you.

metrolinktrains.com/meeting

ITEM ID: 2026-290-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY2025-26 Quarterly Fuel Purchase Program Update - Quarter Ending June 30, 2026

Issue

Staff is providing an update on the Authority's Fuel Purchase Program for the quarter ended June 30, 2026.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, object metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Working together with our fuel purchase program partners we can provide better assurance we will meet our budgetary goals.

Background

The Agency's FY25 fuel budget is approximately 10.0% of the total Operating Budget. Given the volatility of fuel pricing, the Authority's actual fuel expense has ranged from \$21.2M to \$31.9M, accounting for 8.7% to 12.1% of the actual operating expenditures in the past four years (FY22-FY25).

Finance Policy FIN-11.1, Fuel Purchase Policy, was approved by the Board on December 11, 2020. This policy was implemented to minimize the budget risk resulting from the purchase of diesel fuel. In addition, it identifies how the fuel purchase program performance is monitored and reported to the Board. Over the past five years, the policy has undergone multiple revisions, with the most recent version approved by the board on February 27, 2026. This latest update clarified previously ambiguous language throughout the document.

The Board has requested that staff provide quarterly updates on our Fuel Purchase Program.

Discussion

The primary objective of the Fuel Purchase Program is to ensure predictability in the Agency's fuel costs. Accordingly, the sale of positions may result in a gain or loss, depending on fluctuations in fuel contract prices.

As of June 30, 2026, the Authority's hedging account had a value of \$4,194,414, a decrease of \$362,399 from March 31, 2026, after transferring excess funds back to a money market account. On March 24, 2026, the Authority returned \$2.7 million in excess funds held in the futures account. The futures account report for quarter ended March 31, 2026, provided by Blue Lacy, LLC is included in Attachment A. The performance of contract purchases against the spot market with the realized gains achieved by the program are included in Attachment B.

A current fuel hedging and petroleum market update from Blue Lacy is included in Attachment C. In addition, Attachment C graphically illustrates anticipated market movements and the associated risks related to those fluctuations.

Recent geopolitical events, including ongoing conflicts in the Middle East and Eastern Europe, as well as global shipping disruptions, have contributed to increased volatility in diesel fuel markets. While these developments have affected diesel fuel prices, the impact on the Authority's diesel fuel expense has been partially mitigated through existing fuel hedging activities.

To date, the Authority has not experienced a significant adverse impact on operating results because of these events. However, prolonged geopolitical instability may continue to influence fuel prices. Potential future impacts could include increased fuel costs, reduced effectiveness of hedging mitigation (under Strategy 1 of Metrolink's Fuel Purchase Policy), and decreased predictability of future fuel expenses.

Strategy 1 of Metrolink's Fuel Purchase Policy states: "When the 15-year average of the NYMEX futures contract price is \$219 and above, purchase futures contracts for up to six months and up to 80% of demand."

The Authority has started internal discussions regarding Strategy 1, including the purchasing of an additional six months into the future to provide up to 12 months of coverage for an entire fiscal year, rather than the current six-month coverage period contemplated under the existing strategy.

Next Steps

Staff will provide a quarterly update for the first quarter of FY27 in November.

Prepared by: Alex Barber, Assistant Director, Finance

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - FY26 Q4 Blue Lacy Futures Report](#)

[Attachment B - FY26 Q4 Performance of Futures Purchased](#)

[Attachment C - FY26 Q4 Fuel Hedging Commentary](#)

[Presentation - FY26 Q4 Quarterly Fuel Hedge Report](#)

ATTACHMENT A

BLUE LACY, LLC

	Quarter Ending March 31, 2026	Quarter Ending June 30, 2026
Cumulative Fuel Expense (including brokerage fees)	(5,511,383)	(8,320,874)
Cumulative net cash from Metrolink to futures account	(5,764,634)	(5,764,634)
Contingent future fuel expense	(3,445,361)	(273,550)
Account Value = cash asset after fuel expense minus contingent fuel expense	4,556,813	4,194,414
Cash asset after fuel expense	1,111,452	3,920,864

Annual Fuel Expense from futures	(1,724,233)	(4,533,725)
Annual Cash from Metrolink to futures account	(2,700,000)	(2,700,000)
Annual Cash from Metrolink to futures account less fuel expense	975,767	1,833,725

BLUE LACY, LLC

HISTORICAL ANALYSIS: FY 2026

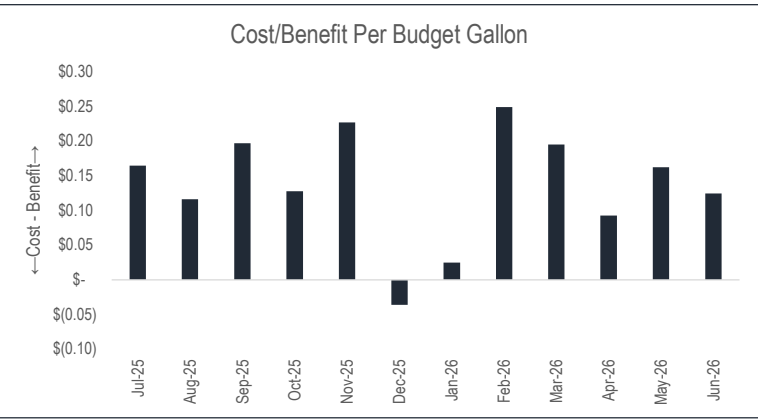
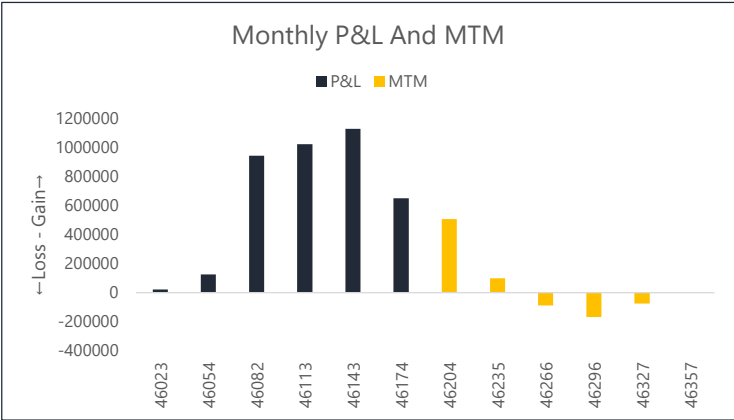
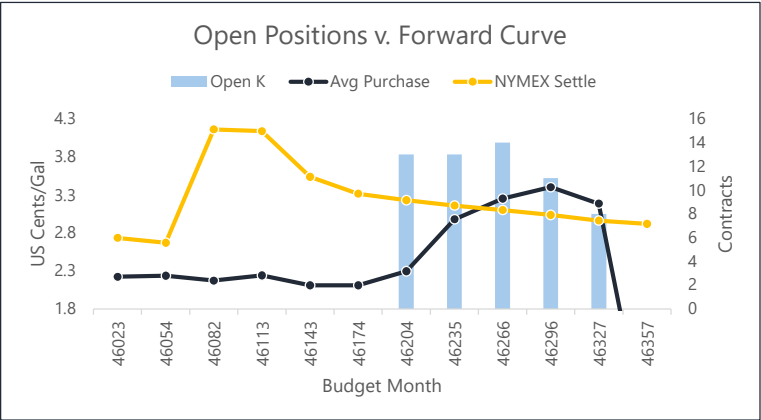
Diesel Hedging Analysis

June 30, 2026

ATTACHMENT B

As	30-Jun		Supplier				Hedge Activity									MTM and P&L					ML Cost	
Budget		Purchased	Supplier	NYMEX		Avg											Per Gal	Per Gal				
Month	Days	Volume	w/Tax	Settle	Supplier Cost	Fut Month	Purchase	Beg K	ΔK	Δ Gal	Open K	Open Gal	Total Gal	% Hedged	MTM	P&L	Hedged	Purchased	Total	Per Gal		
Jul-25	31	868,996	\$ 3.31	\$ 2.40	\$ 2,910,156.24	Aug-25	\$ 2.20	16	(16)	(672,000)	-	-	672,000	77%	\$ -	\$ 143,124.24	\$ 0.21	\$ 0.16	\$ 2,770,141.44	\$ 3.19		
Aug-25	31	806,904	\$ 3.08	\$ 2.27	\$ 2,533,247.51	Sep-25	\$ 2.13	15	(15)	(630,000)	-	-	630,000	79%	\$ -	\$ 93,421.16	\$ 0.15	\$ 0.12	\$ 2,417,775.61	\$ 3.02		
Sep-25	30	860,943	\$ 3.44	\$ 2.33	\$ 3,008,309.70	Oct-25	\$ 2.05	14	(14)	(588,000)	-	-	588,000	70%	\$ -	\$ 166,478.00	\$ 0.28	\$ 0.20	\$ 2,781,793.61	\$ 3.30		
Oct-25	31	818,712	\$ 3.27	\$ 2.43	\$ 2,719,822.94	Nov-25	\$ 2.07	14	(14)	(588,000)	-	-	588,000	74%	\$ -	\$ 101,418.44	\$ 0.17	\$ 0.13	\$ 2,533,663.94	\$ 3.20		
Nov-25	30	699,523	\$ 3.37	\$ 2.33	\$ 2,391,977.32	Dec-25	\$ 2.24	15	(15)	(630,000)	-	-	630,000	90%	\$ -	\$ 158,792.36	\$ 0.25	\$ 0.23	\$ 2,233,185.32	\$ 3.19		
Dec-25	31	861,002	\$ 2.87	\$ 2.12	\$ 2,519,055.58	Jan-26	\$ 2.28	15	(15)	(630,000)	-	-	630,000	75%	\$ -	\$ (30,217.80)	\$ (0.05)	\$ (0.04)	\$ 2,467,058.61	\$ 2.93		
Jan-26	31	770,747	\$ 2.95	\$ 2.74	\$ 2,275,695.09	Feb-26	\$ 2.22	14	(14)	(588,000)	-	-	588,000	76%	\$ -	\$ 20,048.48	\$ 0.03	\$ 0.03	\$ 2,255,646.61	\$ 2.93		
Feb-26	28	689,695	\$ 3.18	\$ 2.67	\$ 2,235,469.96	Mar-26	\$ 2.24	13	(13)	(546,000)	-	-	546,000	79%	\$ -	\$ 125,573.48	\$ 0.23	\$ 0.18	\$ 2,109,896.48	\$ 3.06		
Mar-26	31	774,577	\$ 4.74	\$ 4.16	\$ 3,711,862.02	Apr-26	\$ 2.17	14	(14)	(588,000)	-	-	588,000	77%	\$ -	\$ 945,594.96	\$ 1.61	\$ 1.23	\$ 2,728,986.47	\$ 3.55		
Apr-26	30	682,499	\$ 5.10	\$ 4.14	\$ 3,528,278.14	May-26	\$ 2.24	14	(14)	(588,000)	-	-	588,000	88%	\$ -	\$ 1,026,122.44	\$ 1.75	\$ 1.54	\$ 2,415,975.42	\$ 3.62		
May-26	31	656,901	\$ 4.94	\$ 3.54	\$ 3,291,333.21	Jun-26	\$ 2.11	15	(15)	(630,000)	-	-	630,000	146%	\$ -	\$ 1,132,909.88	\$ 1.80	\$ 2.63	\$ 1,036,941.69	\$ 2.41		
Jun-26	30	761,884	\$ 4.05	\$ 3.32	\$ 3,108,571.49	Jul-26	\$ 2.11	12	(12)	(504,000)	-	-	504,000	91%	\$ -	\$ 650,459.00	\$ 1.29	\$ 1.18	\$ 2,311,894.81	\$ 4.19		
FY 25-26	365	9,252,383	\$ 3.65	\$ 2.87	\$ 34,233,779.19		\$ 2.17	171	(171)	(7,182,000)	-	-	7,182,000	78%		- 4,533,725	\$ 0.64	\$ 0.63	28,062,960	\$ 3.22		

BLUE LACY, LLC



3 Aug 2026

SCRRA

Monthly Portfolio Update

Your 30-Second Brief

EOM rally pushes the portfolio to record highs, but is it sustainable?

Higher acquired prices require continued awareness of downside risks

With our cushion, though, that risk is likely in 4Q calendar months



BLUE LACY ADVISORS, LLC
BlueLacyLLC.com

Disclaimer: Commodity trading involves risk and, therefore, is not appropriate for all persons; failure to manage commercial risk by engaging in some form of hedging also involves risk. Past performance is not necessarily indicative of future results. There is no guarantee that hedge program objectives will be achieved. No representation is being made that any client will or is likely to achieve hedge profits similar to those discussed in this presentation. This report should not be considered advertisement or solicitation for a trading program, nor should it be construed as advice.

This report is not required to be, and has not been, filed with the Commission. The Commodity Futures Trading Commission does not pass upon the adequacy or accuracy of this commodity training advisor disclosure. Consequently, the Commodity Futures Trading Commission has not reviewed or approved this report.

Executive Summary

OPIS CARB Diesel, RD was not traded.

Neither the outright contract nor the spread contract recorded daily volume on ICE last month for any forward month available for trading. As of July 31, 2026, there was no open interest in either contract.

Increasing pressure to resolve global conflict; maintaining view of more downside from here.

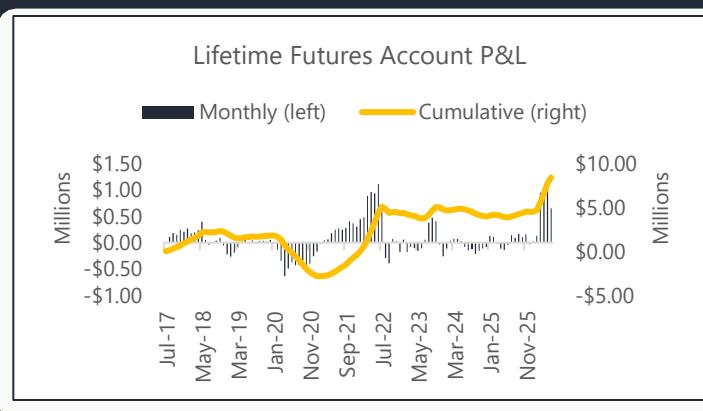
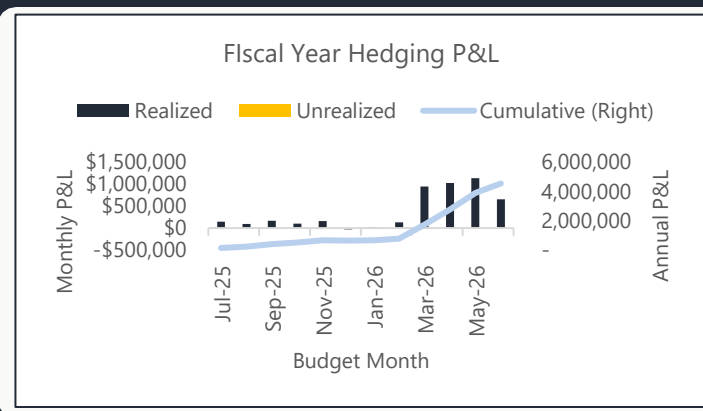
The portfolio is performing, thankfully, but it doesn't seem sustainable. Outside of a the perma-bull barrel counters, markets appear to have priced in expectations in line with what we've been saying, "more downside scenarios, even of the upside tails are longer."

Fuel markets, and diesel in particular, are tight, no doubt. Fundamentally, not much has changed, as evidenced by a curve that is higher since our last review, even if backwardation is shallower. We are moving into a seasonally soft period for crude oil, which may drag down fuel prices, but given the constraint appears to be in refining, relief may not come into the end of the year.

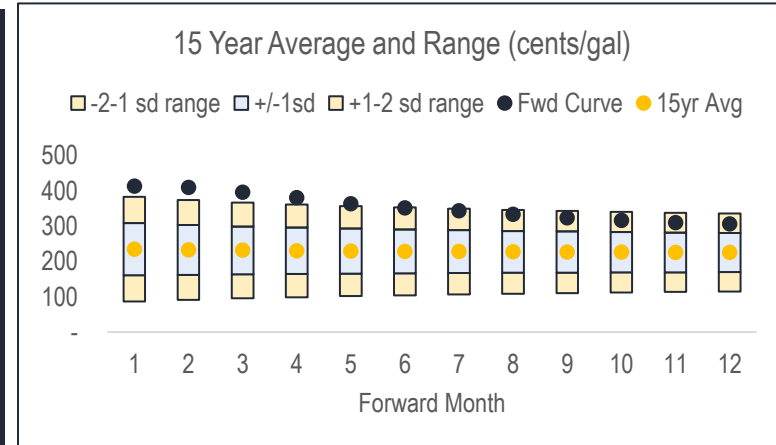
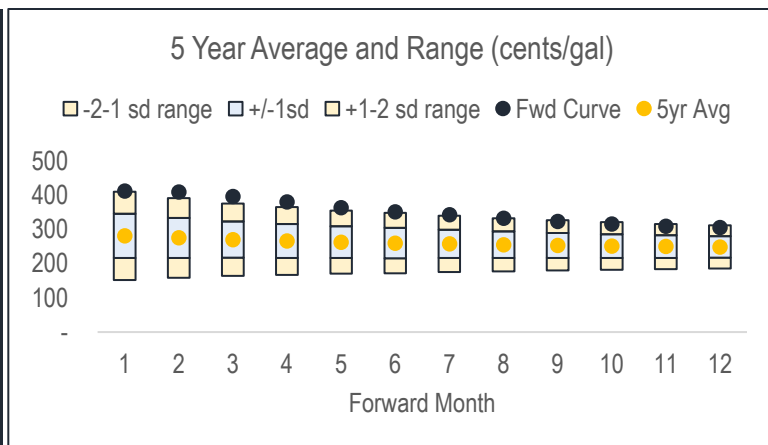
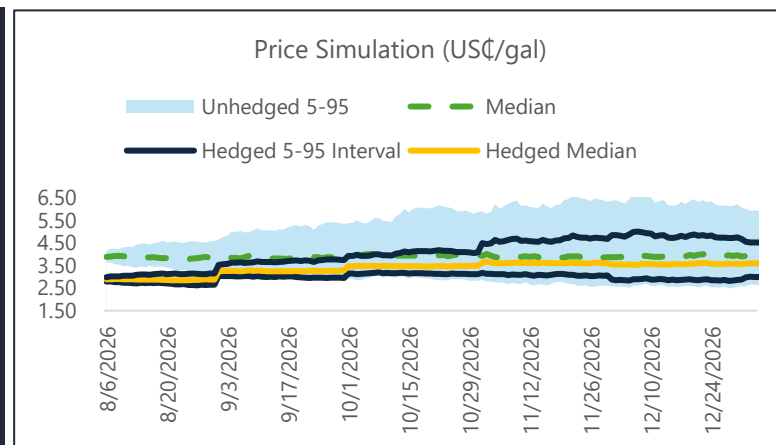
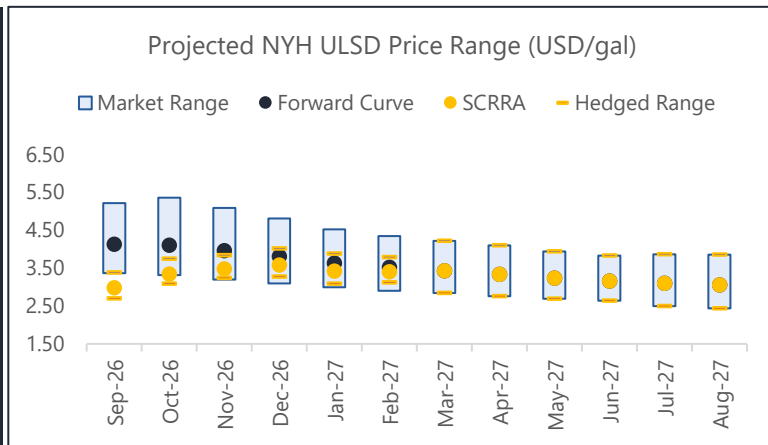
But this is why we are hedgers, not speculators

For the Metrolink portfolio, however, that generally means we'll stay the course. We will continue to pursue a rolling 6 months (instead of 12) and remain mindful of our acquired price and the implication for cash management. The August hedges (Sept Futures) averaged \$2.98, ending the month >\$600k in the money. Even our highest average (Oct Futures, \$3.40) ended the month in the money, and remain ITM even after a 16 cents/gal selloff today. So, while sentiment (including ours) is increasingly focused on downside risks, we've thankfully followed our own rules and expect to benefit. Before the selloff, the portfolio hit a record \$9.2mm cumulative benefit, with an official end-of-month open trade equity of \$1.46mm.

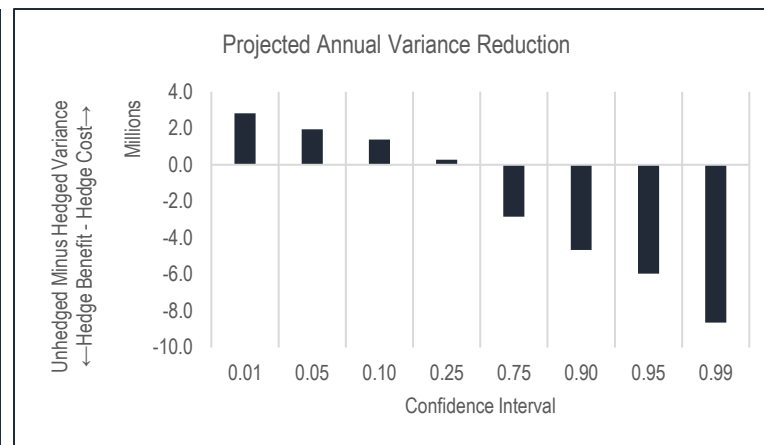
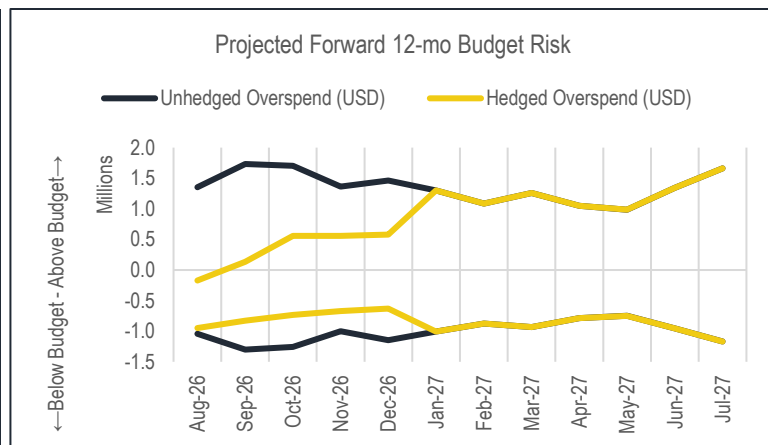
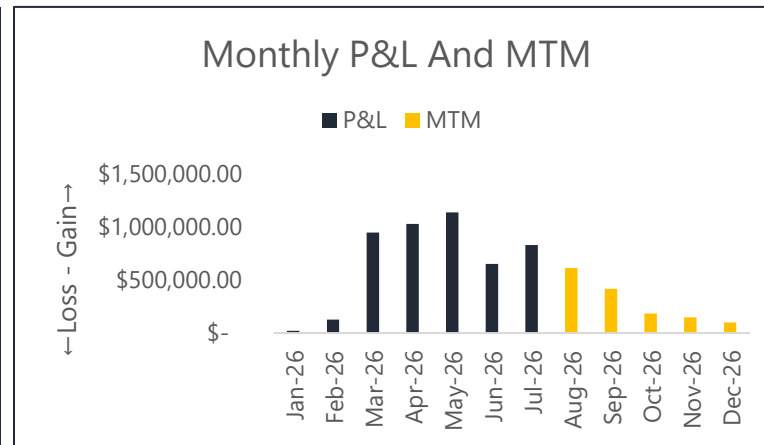
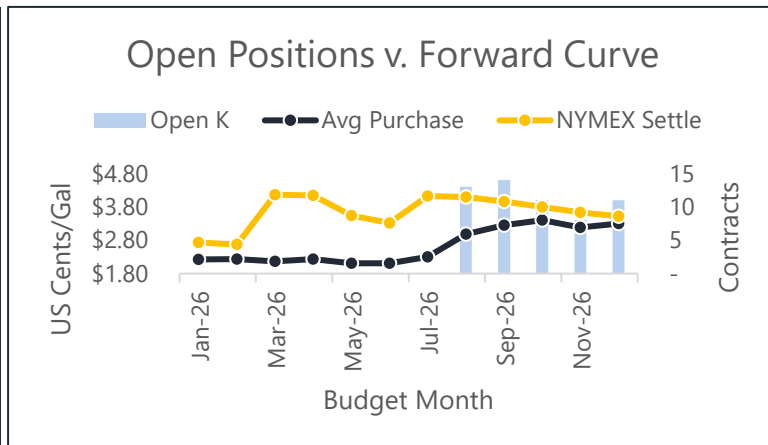
Summary: It looks like the expected opportunity to establish hedges at lower prices is materializing, but so far that doesn't mean real relief. We'll continue to conservatively acquire hedges at the 6th month and, if the downside fears materialize, evaluate opportunities to extend that to 12.



A late month rally supported gains, but less and less of the portfolio enjoys the advantaged positions of pre-war execution



Higher hedged prices in the latter part of 2026 push the portfolio's expected range, which we will monitor as we build the positions going foward



Blue Lacy Advisors, LLC



Steve Sinos



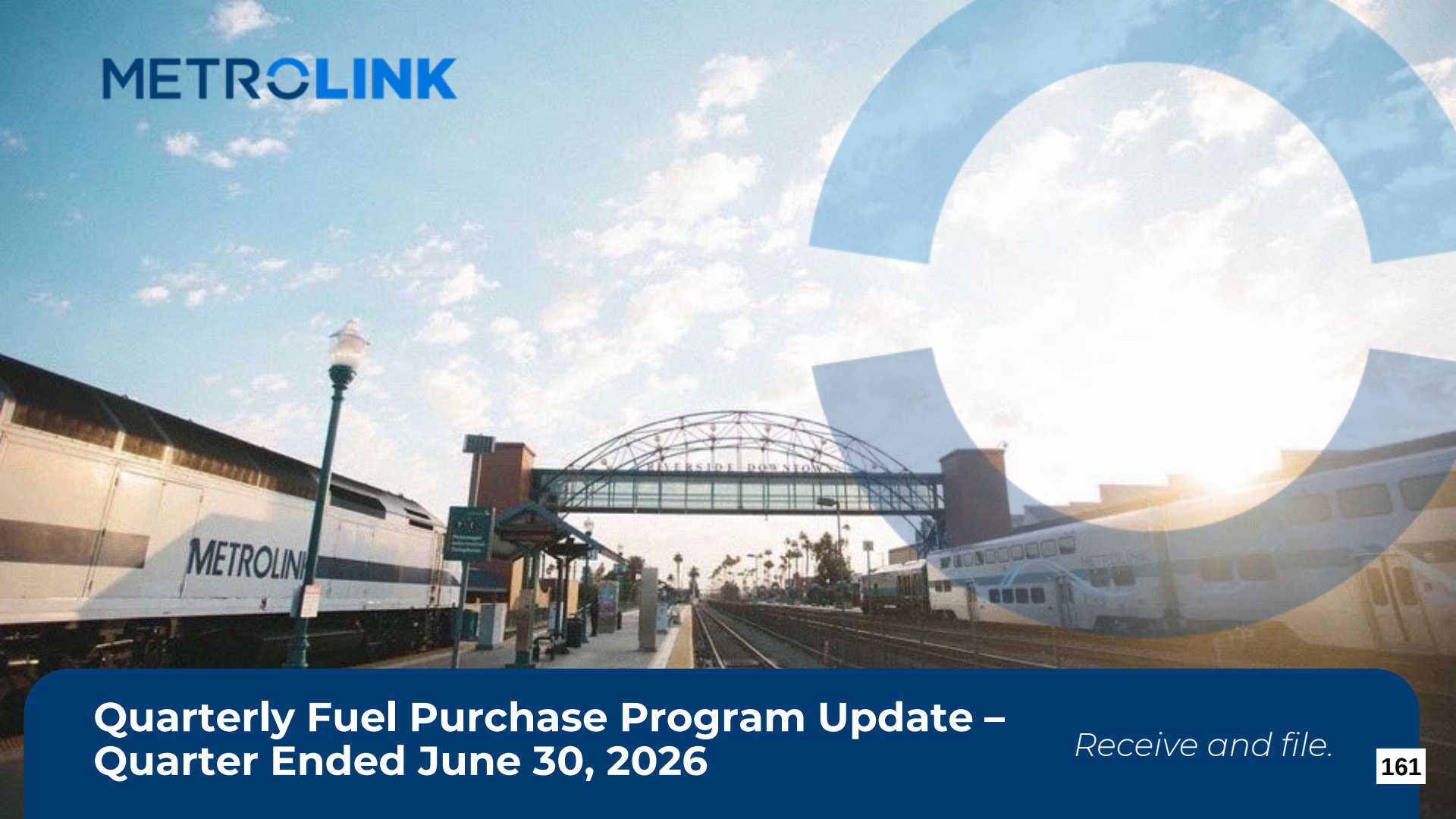
Managing Partner



sinos@bluelacyllc.com



BLUE LACY ADVISORS, LLC
BlueLacyLLC.com



METROLINK

Quarterly Fuel Purchase Program Update – Quarter Ended June 30, 2026

Receive and file.

As of June 30, 2026, the Authority's hedging account had a value of \$4,194,414, a decrease of \$362,399 from March 31, 2026.





METROLINK

Thank you.

metrolinktrains.com/meeting

ITEM ID: 2026-301-0

TRANSMITTAL DATE: September 4, 2026

MEETING DATE: September 11, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: Report of FY27 Financial Results for the One Month Ended July 2026

Issue

This report covers monthly Ridership, Revenue, and Financial Operating Performance for the first month of FY27. The Ridership and Revenue data emphasizes "By Line" performance. The reporting also displays the effect of farebox subsidies in this year compared to last year. Financial performance reporting emphasizes adherence to budget, particularly at the Member Agency Support Line.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitments of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on Member Agency support while bringing our system into a state of good repair and investing in the development of our employees. Providing current and accurate information based on factual data to our Board enhances their oversight and ability to provide direction.
- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to bring them on board.

Our close monitoring of our ridership is a reflection of our unflagging efforts to ensure our actions are serving their needs.

Background

The fiscal year FY27 is a unique one for Metrolink. The organization is endeavoring to find ways to provide the desired level of service while achieving a sustainable level of support from our Member Agencies.

This year's attempts at budgeting have seen 8 versions of service levels and 6 budget scenarios. We are hopeful that we will soon settle upon a scenario that will satisfy the requirements of our Member Agencies. While finding an acceptable service plan, it has been necessary to adopt continuing resolutions to fund current operations through the extended development period.

On June 26, 2026, the Board of Directors approved a three-month Continuing Appropriations Resolution to provide funding for continuing operations for both Metrolink and Arrow Service through September 30, 2026. The Appropriation was set equal to the first quarter of FY26 plus necessary prepaid Insurance coverage.

On July 24, 2026, the Board of Directors approved a three-month extension of the Continuing Appropriations Resolution to provide funding for continuing operations for both Metrolink and Arrow Service through December 31, 2026. The Appropriation was set at the amount equal to the second quarter of FY26.

Discussion

It has been our normal practice to make comparisons of Actual Ridership and Revenue to our Budget for Ridership and Revenue. This year, because the Board has not yet adopted a budget, we will make comparisons to last year's performance.

Ridership

For the month of July 2026 ridership was 675K boardings, showing a 16% increase over last year. Ridership increased in both the base and the subsidized riders.

Looking at performance by line, every line increased ridership in July compared to last year. The increases range from 7% to 22%, with the largest % increases on the 91/Perris Valley and IEOC Lines.

Fare Revenue

For the month of July, Fare revenue, including subsidies, is also an increase over last year, totaling \$3.9M or a 10.6% increase. With a definite increase in base revenue, total receipts were also boosted by a 48% increase in use of the Mobility for All program. The addition of the ability to use the Mobile App to take advantage of the Mobility for All program has boosted its usage. Revenue increased over last year on every line, with increases ranging from 3% to 18%. IEOC ranked first with an 18% increase.

Operating Results for Metrolink

Operating Revenue is \$5.6M, over FY26 Actual by \$63K or 1.1%.

Expenses are \$28.3M, over the FY26 Actual by \$2.0M or 7.6%. Some expenses may contain accruals.

Overall Net Loss is \$22.8M, over FY26 Actual by \$1.9M, or 9.3%.

The Metrolink Operating Statement for July 31, 2026, is attached for further review, in addition to graphs of individual line performance by month.

Arrow Service

Ridership

For the first month of FY27, Arrow Service ridership was 14K boardings, while the boardings for July FY26 were 9K boardings, a 56% increase over last year. Both subsidized and unsubsidized ridership showed increases. The increase is driven largely by a very successful Free College Student program which is subsidized by SBCTA.

Fare Revenues

July 2026, Arrow Service Fare Revenues were \$24K while the Actual for FY26 was \$20K, an increase of 16.6%.

Operating Results

Operating Revenue for July 2026 for Arrow Service is \$46K, over FY26 Actuals by \$5K or 11.9%.

Expenses are \$1.3M, over FY26 Actuals by \$28K or 2.2%. Some expenses may include accruals.

Support required is \$1.2M, over FY26 Actuals \$23K or 1.9%.

The Arrow Service Operating Statement for the period ended July 31, 2026, is attached for further review.

Next Steps

Staff will report financial results monthly.

Prepared by: Christine Wilson, Assistant Director, Finance

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - Metrolink Operating Statement](#)

[Attachment B - Arrow July Operating Statement](#)

[Attachment C - Ridership By Line](#)

[Presentation - July 2026 Financial Results](#)

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY PRELIMINARY OPERATING STATEMENT FOR THE ONE MONTH ENDING JULY 31, 2026				
	<u>FY26</u> <u>ACTUAL</u>	<u>FY27</u> <u>ACTUAL</u>	<u>VARIANCE FROM PRIOR</u> <u>YEAR ACTUAL</u>	
Operation Revenue			<u>AMOUNT</u>	<u>%</u>
Farebox Revenue	3,035,029	3,315,267	280,238	9.2%
SB Line Fare Reduction	28,119	23,894	(4,225)	(15.0%)
Mobility 4 All	52,622	78,139	25,517	48.5%
Student Youth Discount Grant	175,457	236,328	60,871	N/A
SBCTA College Pass Program	0	2,500	2,500	N/A
Other Train Subsidies	224,018	230,739	6,721	3.0%
Subtotal Fare Revenues	3,515,246	3,886,867	371,621	10.6%
Dispatching	218,662	192,662	(26,000)	(11.9%)
State Rail Asst.(SRA) Revenue			0	N/A
Other Revenues	640,565	315,793	(324,772)	(50.7%)
MOW Revenues	1,139,795	1,182,098	42,303	3.7%
Total Operating Revenues	5,514,268	5,577,420	63,152	1.1%
Operating Expenses				
<u>Operations & Services</u>				
Train Operators	4,553,279	5,104,129	550,850	12.1%
Train Dispatch	311,109	304,497	(6,612)	(2.1%)
Equipment Maintenance	2,688,459	2,768,403	79,944	3.0%
Materials	1,235,266	1,356,297	121,031	9.8%
Fuel	2,495,829	2,644,960	149,131	6.0%
Operating Facilities Maintenance	347,556	369,688	22,132	6.4%
Other Operating Train Services	24,685	167,444	142,759	578.3%
Security - LA Sheriffs	1,020,022	1,101,624	81,602	8.0%
Security - SB Sheriffs	39,500	313,482	273,982	693.6%
Security - Guards	488,000	535,936	47,936	9.8%
Supplemental Security	0	0	0	N/A
Public Safety Program	300	300	0	0.0%
Passenger Relations	152,369	158,598	6,229	4.1%
TVM Maint/Revenue Collection	387,064	400,316	13,253	3.4%
Marketing	279,691	26,533	(253,158)	(90.5%)
Media & External Communications	0	10,000	10,000	N/A
Utilities / Leases	212,396	183,987	(28,409)	(13.4%)
Transfers to Other Operators	283,885	256,060	(27,825)	(9.8%)
Amtrak Transfers	58,730	144,592	85,862	146.2%
Station Maintenance	406,962	406,962	0	0.0%
Rail Agreements	599,276	575,634	(23,642)	(3.9%)
Subtotal Operations & Services	15,584,377	16,829,443	1,245,066	8.0%
<u>Maintenance-of-Way</u>				
MoW - Line Segments	4,164,858	4,380,638	215,780	5.2%
MoW Labor & Benefits	253,221	225,613	(27,608)	(10.9%)
Overhead MoW Expenses	520,953	609,958	89,005	17.1%
METRO Outside 20'	3,564	220,452	216,888	N/A
MoW - Extraordinary Maintenance	69,062	69,063	1	0.0%
Subtotal Maintenance-of-Way	5,011,659	5,505,724	494,065	9.9%
<u>Administration & Services</u>				
Ops Salaries & Benefits	925,024	854,505	(70,520)	(7.6%)
Ops Non-Labor Expenses	874,560	560,822	(313,738)	(35.9%)
Indirect Administrative Expenses	2,386,827	2,935,589	548,762	23.0%
Ops Professional Services	183,609	63,752	(119,856)	(65.3%)
Subtotal Administration & Services	4,370,020	4,414,668	44,648	1.0%
<u>Insurance Expense (Recoveries)</u>				
Liability/Property/Auto/Misc	1,308,489	1,364,087	55,598	4.2%
Net Claims / SI	(84,193)	57,500	141,693	(168.3%)

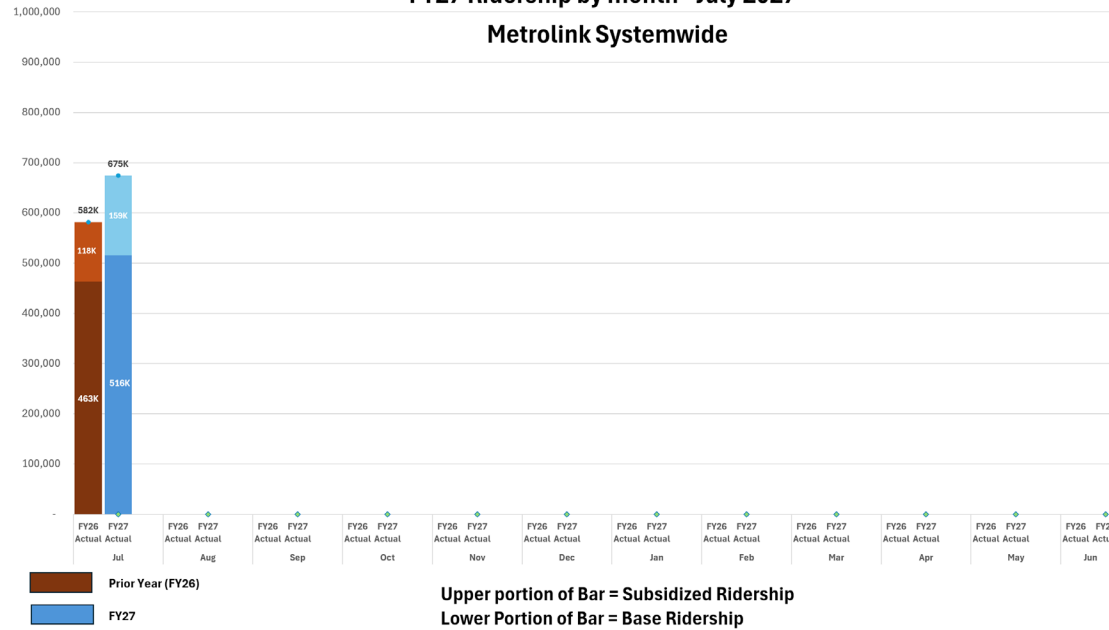
Claims Administration	142,503	145,943	3,439	2.4%
Subtotal Insurance Expense (Recoveries)	1,366,799	1,567,530	200,731	14.7%
Ordinary Operating Expense	26,332,854	28,317,364	1,984,510	7.5%
Mega Events	12,349	18,286	5,936	48.1%
Extraordinary Expense	12,349	18,286	5,936	48.1%
Total Expenses	26,345,203	28,335,650	1,990,447	7.6%
Net Loss	(20,830,936)	(22,758,230)	(1,927,295)	9.3%

ARROW SERVICE SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY PRELIMINARY OPERATING STATEMENT FOR THE ONE MONTH ENDING JULY 31, 2026				
	<u>FY26</u>	<u>FY27</u>	<u>VARIANCE FROM</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>PRIOR YEAR ACTUAL</u>	
			<u>AMOUNT</u>	<u>%</u>
Operation Revenue				
Farebox Revenue	18,570	20,042	1,473	7.9%
Mobility 4 All	341	732	391	114.7%
Student Youth Discount Grant	1,414	2,930	1,516	107.2%
Subtotal Fare Revenues	20,324	23,705	3,380	16.6%
MOW Revenues	20,520	22,015	1,495	7.3%
Total Operating Revenues	40,845	45,720	4,875	11.9%
Operating Expenses				
<u>Operations & Services</u>				
Train Operators	345,658	281,075	(64,583)	(18.7%)
Train Dispatch Fee	11,539	11,539	0	0.0%
Equipment Maintenance	320,025	340,736	20,711	6.5%
Materials	28,854	30,308	1,455	5.0%
Fuel	34,472	38,544	4,072	11.8%
Operating Facilities Maintenance	27,316	28,842	1,527	5.6%
Other Operating Train Services	0	0	0	0
Security - LA Sheriffs	0	0	0	0
Security - SB Sheriffs	229,672	217,844	(11,828)	(5.1%)
Security - Guards	23,000	24,840	1,840	8.0%
Public Safety Program	0	0	0	0
Passenger Relations	2,862	1,000	(1,862)	(65.1%)
TVM Maint/Revenue Collection	8,639	8,713	74	0.9%
Marketing	0	0	0	0
Media & External Communications	0	0	0	0
Utilities / Leases	9,118	33,611	24,493	268.6%
Transfers to Other Operators	739	698	(40)	(5.5%)
Mobilization Arrow	0	0	0	0
Subtotal Operations & Services	1,041,893	1,017,751	(24,142)	(2.3%)
<u>Maintenance-of-Way</u>				
Maintenance-of-Way Fee	145,196	145,096	(100)	(0.1%)
<u>Administration & Services</u>				
Ops Salaries & Benefits	28,952	31,674	2,721	9.4%
Ops Non-Labor Expenses	14,891	14,724	(167)	(1.1%)
Indirect Administrative Expenses	16,473	70,658	54,185	328.9%
Ops Professional Services	3,922	0	(3,922)	(100.0%)
Subtotal Administration & Services	64,238	117,055	52,817	82.2%
<u>Insurance Expense (Recoveries)</u>				
Liability/Property/Auto/Misc	8,705	7,870	(835)	(9.6%)
Net Claims / SI	0	0	0	0
Claims Administration	0	0	0	0
Subtotal Insurance Expense (Recoveries)	8,705	7,870	(835)	(9.6%)
Ordinary Operating Expense	1,260,033	1,287,772	27,739	2.2%
			0	0
Total Expenses	1,260,033	1,287,772	27,739	2.2%
Net Loss	(1,219,188)	(1,242,052)	(22,864)	1.9%

Ridership by Line by Month as of July 2026

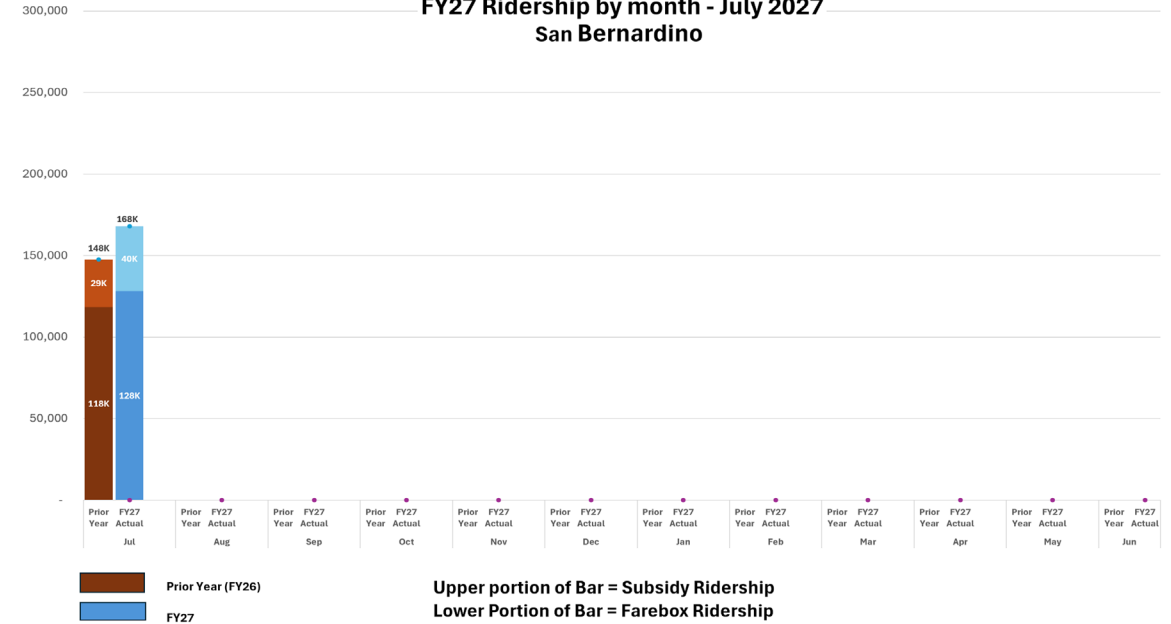
FY27 Ridership by month - July 2027

Metrolink Systemwide



FY27 Ridership by month - July 2027

San Bernardino



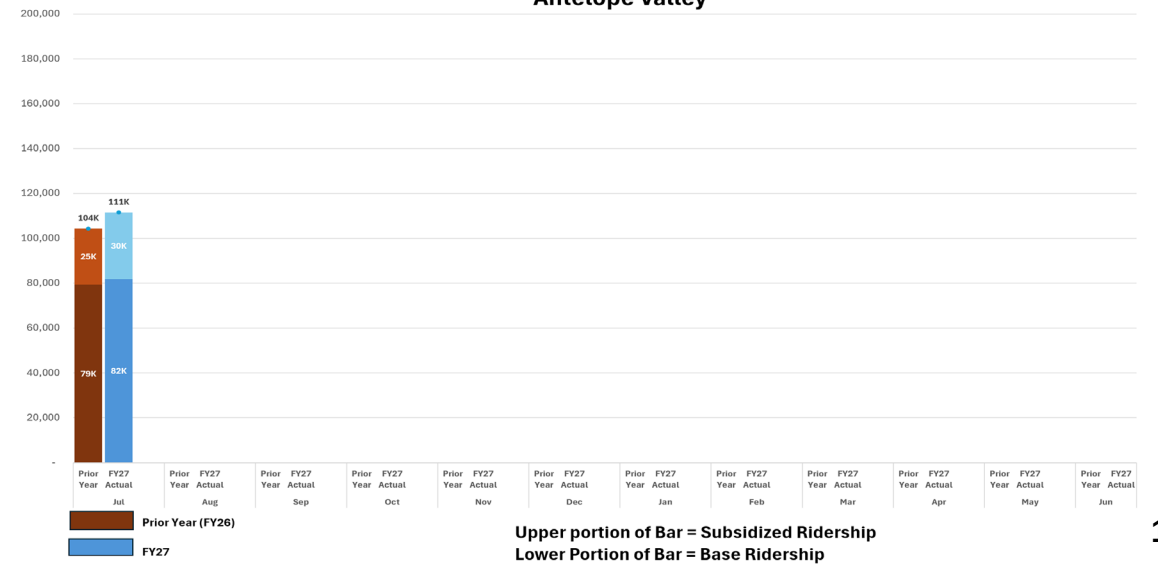
FY27 Ridership by month - July 2027

Ventura



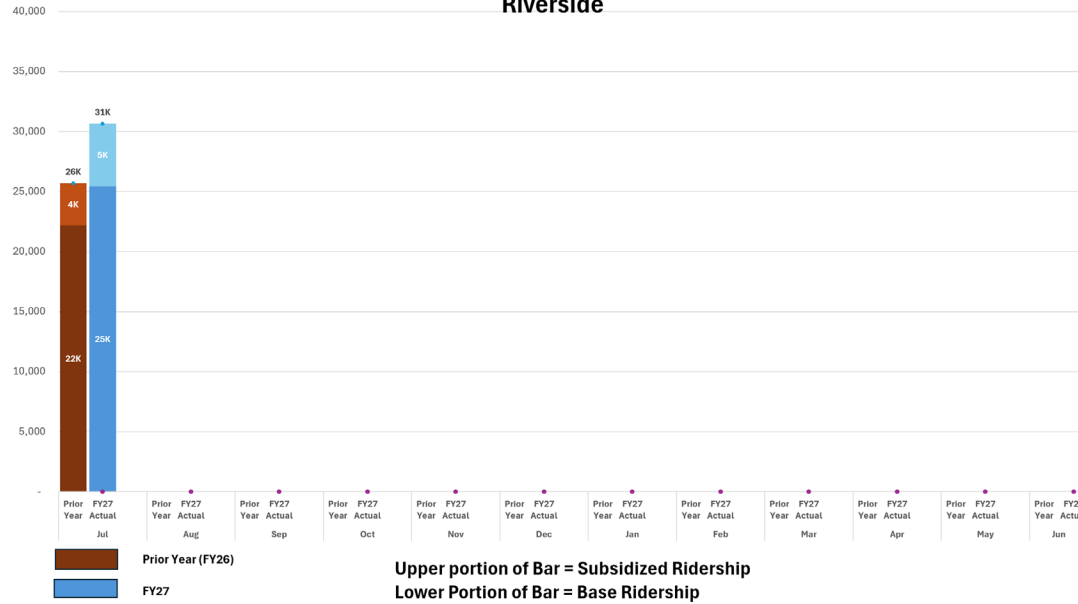
FY27 Ridership by month - July 2027

Antelope Valley

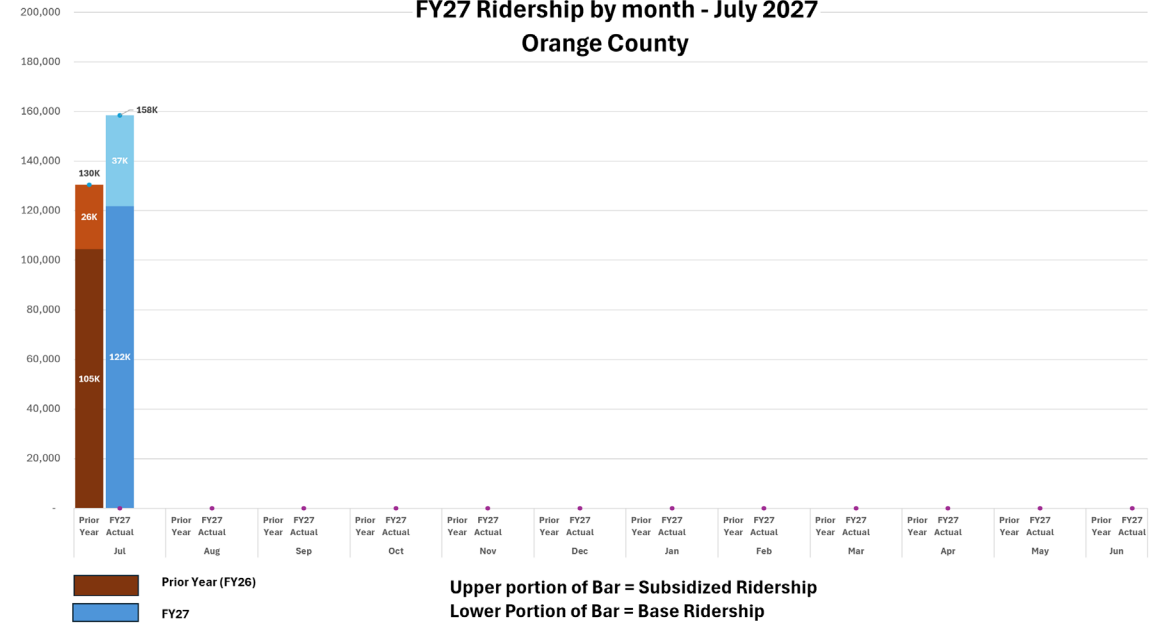


Ridership by Line by Month as of July 2026

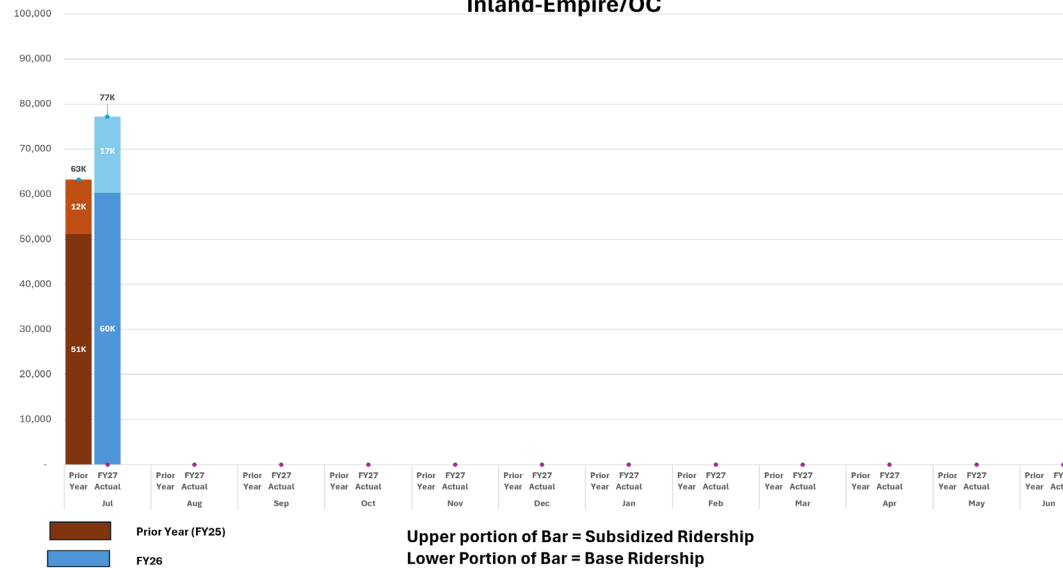
FY27 Ridership by month - July 2027 Riverside



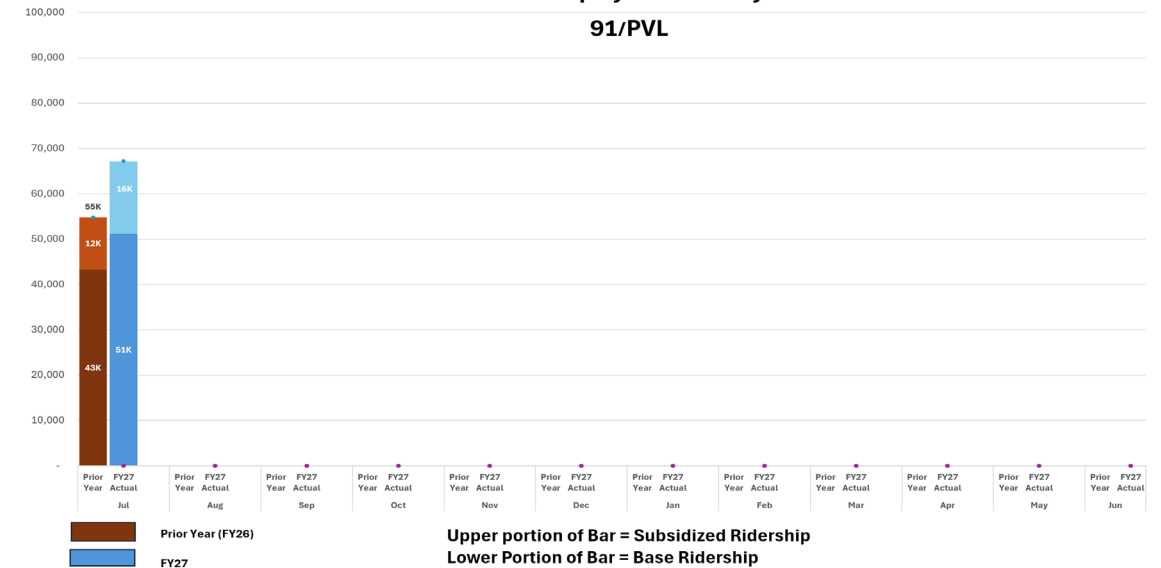
FY27 Ridership by month - July 2027 Orange County



FY27 Ridership by month - July 2027 Inland-Empire/OC



FY27 Ridership by month - July 2027 91/PVL



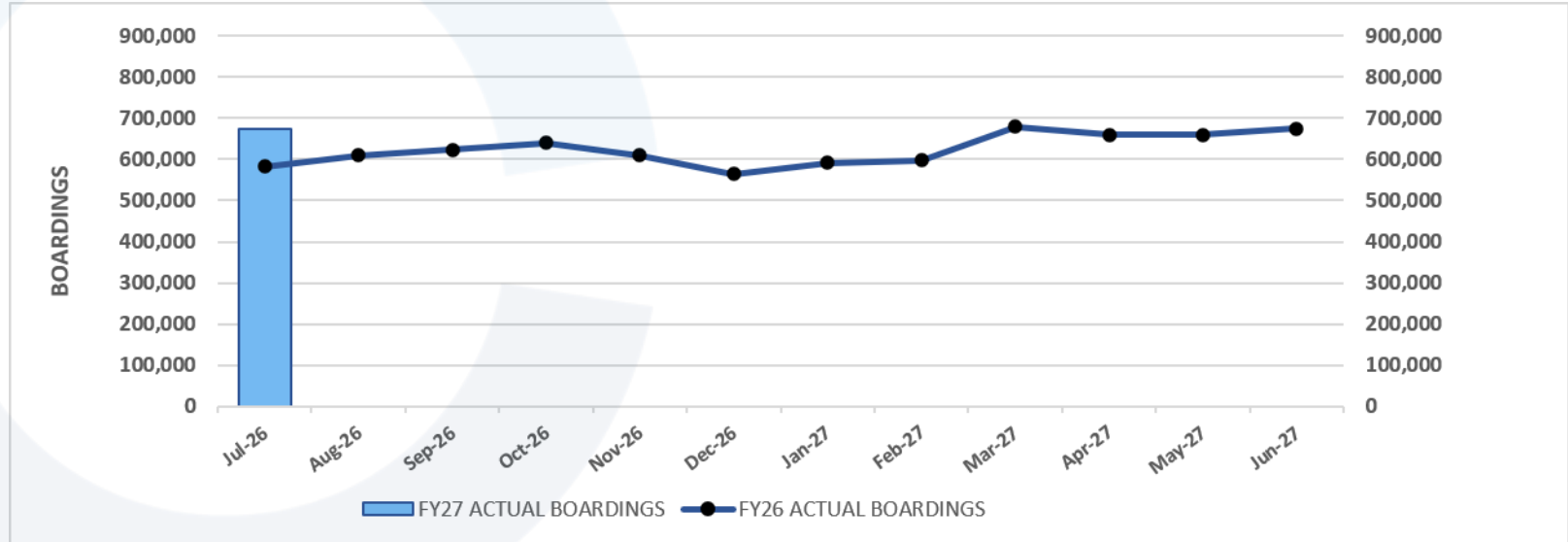


METROLINK

July 2026 – Financial Results

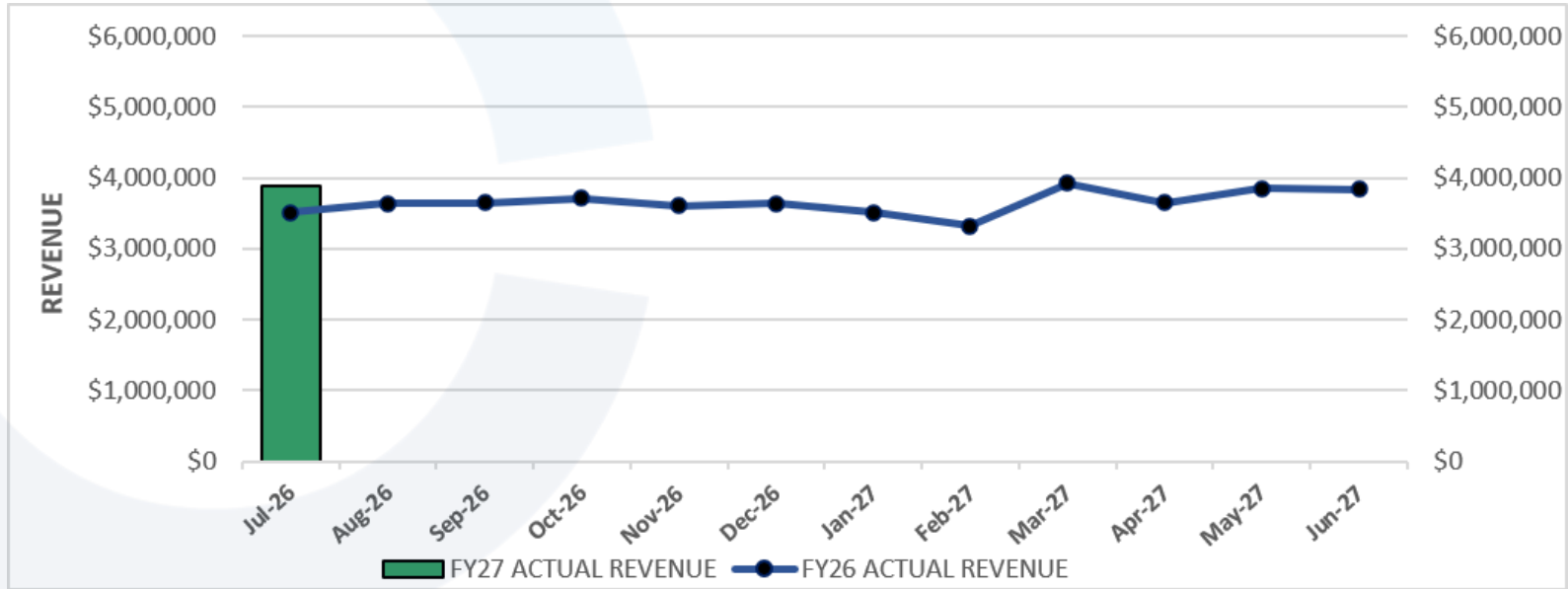
Receive and fi **172**

Systemwide FY27 Actual & Comparison to Prior Year Ridership (base & subsidized)



PERIOD	FY26	FY27	INCREASE/ (DECREASE)	
	BOARDINGS	ACTUAL BOARDINGS	NUMBER	%
JULY	581,688	674,642	92,954	16.0%
Fiscal Year to Date	581,688	674,642	92,954	674,642

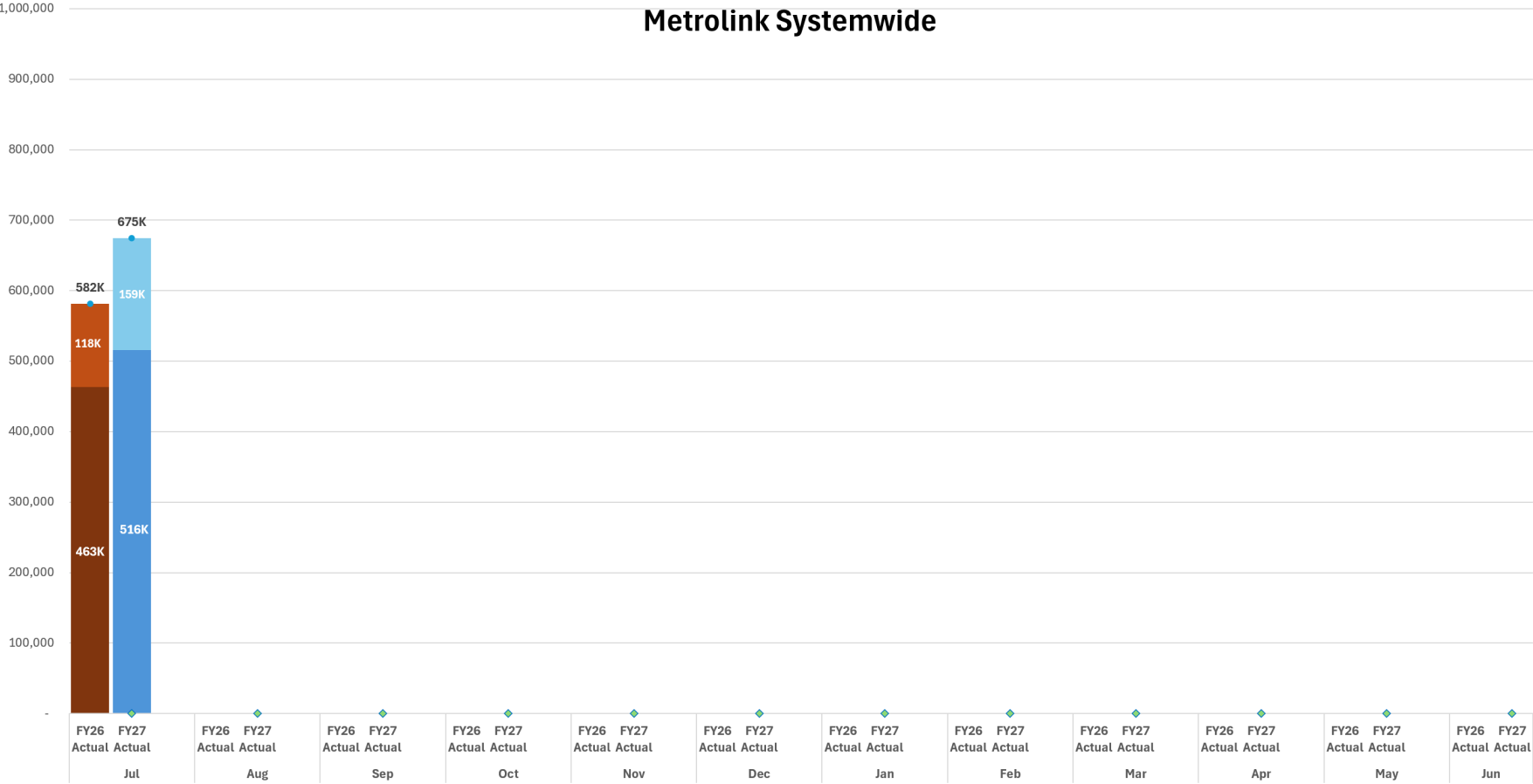
Systemwide FY27 Actual & Comparison to Prior Year Revenue (base & subsidized)

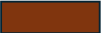


PERIOD	FY26 REVENUE	FY27 ACTUAL REVENUE	INCREASE/ (DECREASE) FROM FY26	
			\$	%
JULY	3,515,246	3,886,867	371,621	10.6%
Fiscal Year to Date	\$ 3,515,246	\$ 3,886,867	\$ 371,621	10.6%

FY27 Ridership by month - July 2027

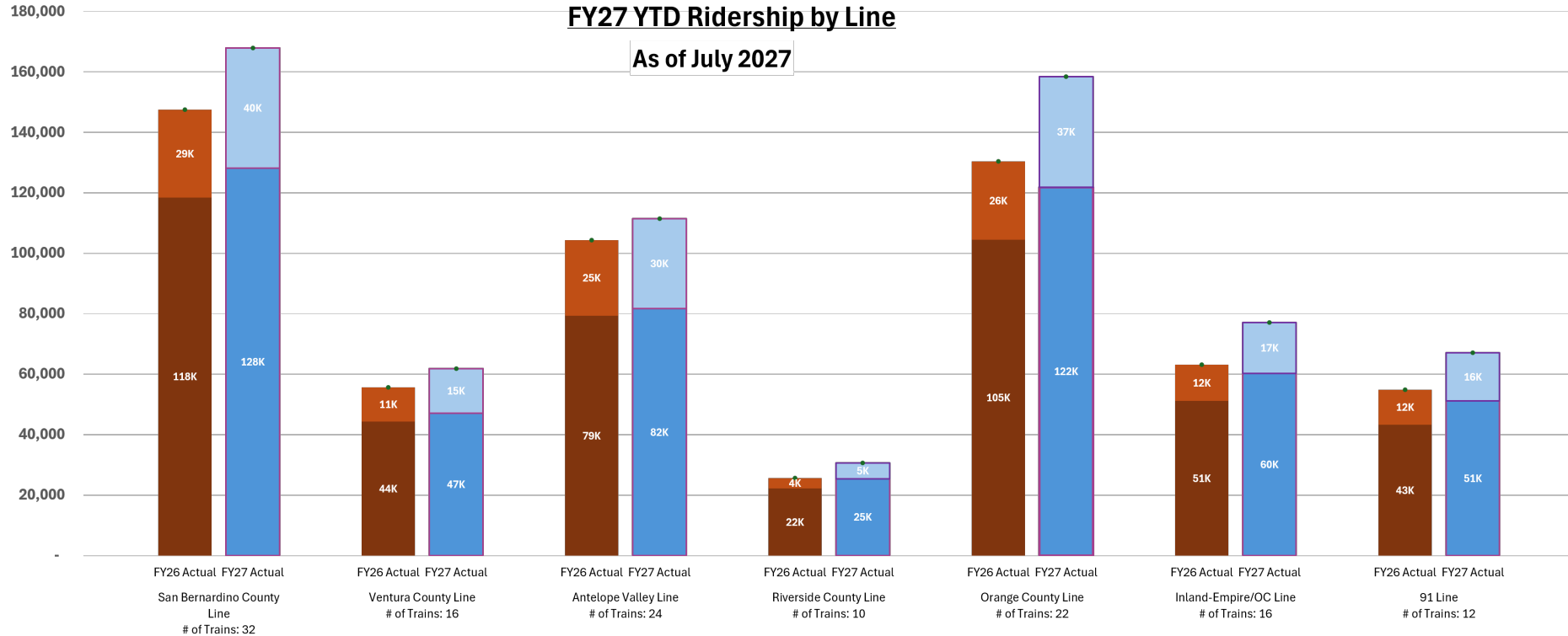
Metrolink Systemwide



 Prior Year (FY26)

 FY27

Upper portion of Bar = Subsidized Ridership
Lower Portion of Bar = Base Ridership

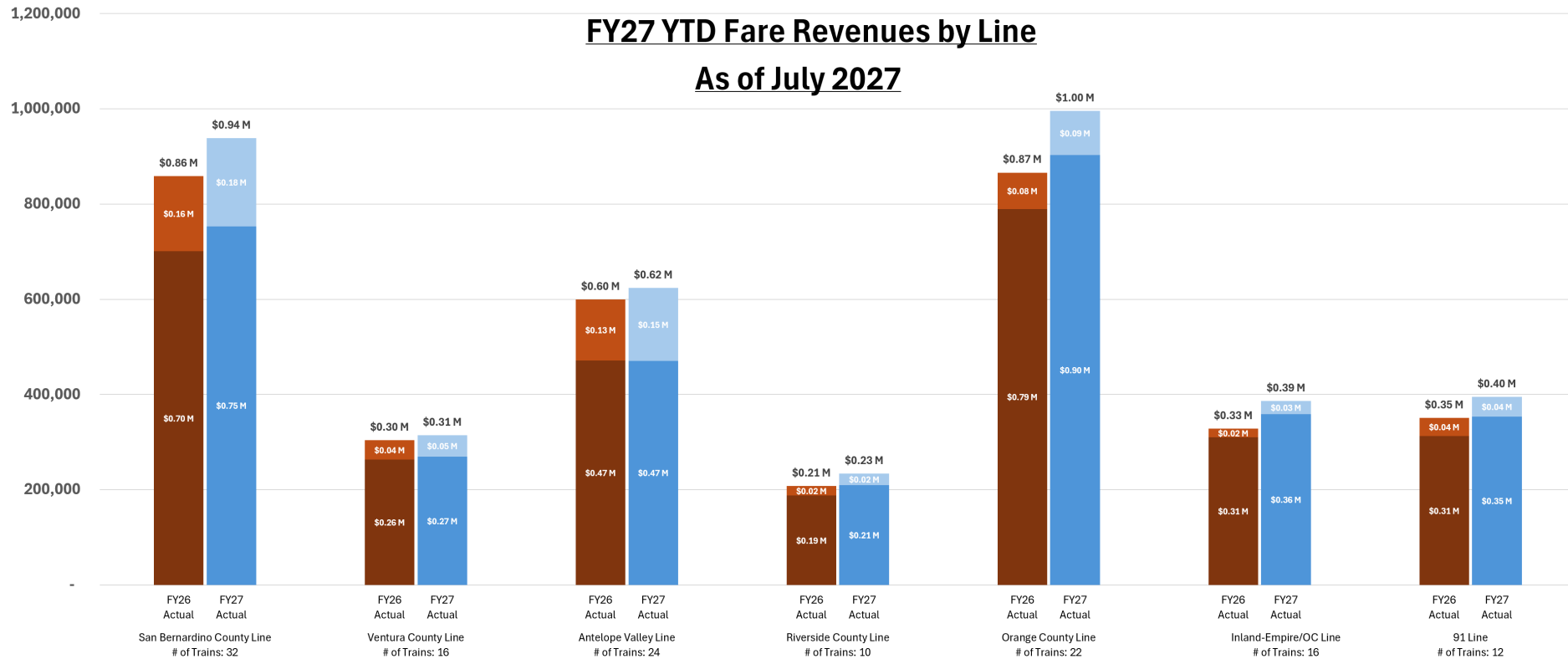


Upper portion of Bar = Subsidized Ridership
Lower Portion of Bar = Base Ridership

FY27 Systemwide Fare Revenues As of July 2027



Upper portion of Bar = Subsidized Revenue
 Lower Portion of Bar = Base Revenue



Upper Portation of Bar = Subsidized Revenue
Lower Portion of Bar = Base Revenue



Financial Results for July 2026

- **Total Operating Revenue is \$5.6M, over FY26 actual by \$63K or 1.1%**
- **Total Expenses are \$28.3M, over FY26 actual by \$2.0M or 7.6%**
- **Overall net loss is currently \$22.8M, over FY26 actual by \$1.9M or 9.3%**

Major Categories compared to FY26 actuals:

- Indirect Admin over by \$549K
- Train Operators over by \$551K
- Insurance/Legal over by \$201K
- Fuel over by \$149K
- MOW-Line Segments over by \$216K
- Marketing under by \$253K
- S.B. Sheriffs over by \$273K
- Operation Non-Labor under by \$314K
- Outside 20' over by \$220K
- Ops Professional Services under by \$113K

Note:

Some of these expenses include accruals.

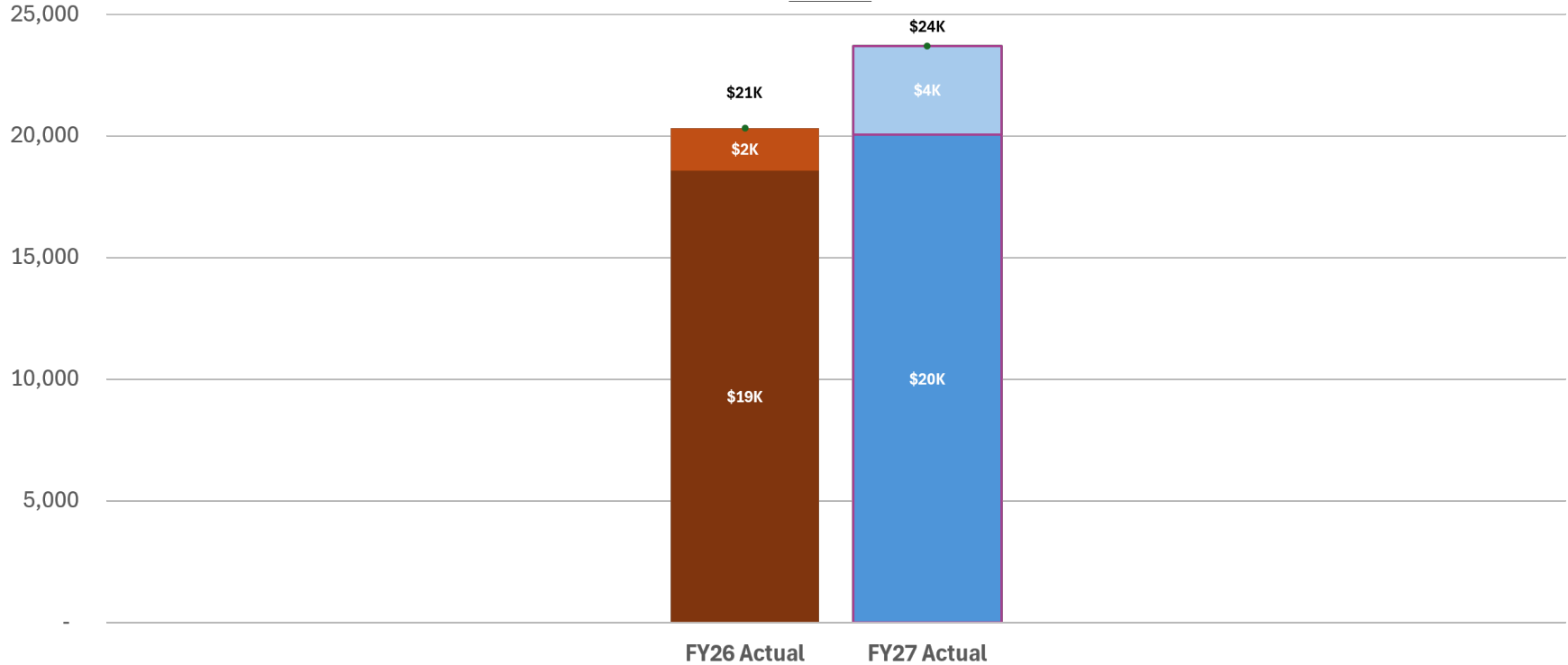
Arrow Service



METROLINK

FY27 Fare Revenues - YTD July 2027

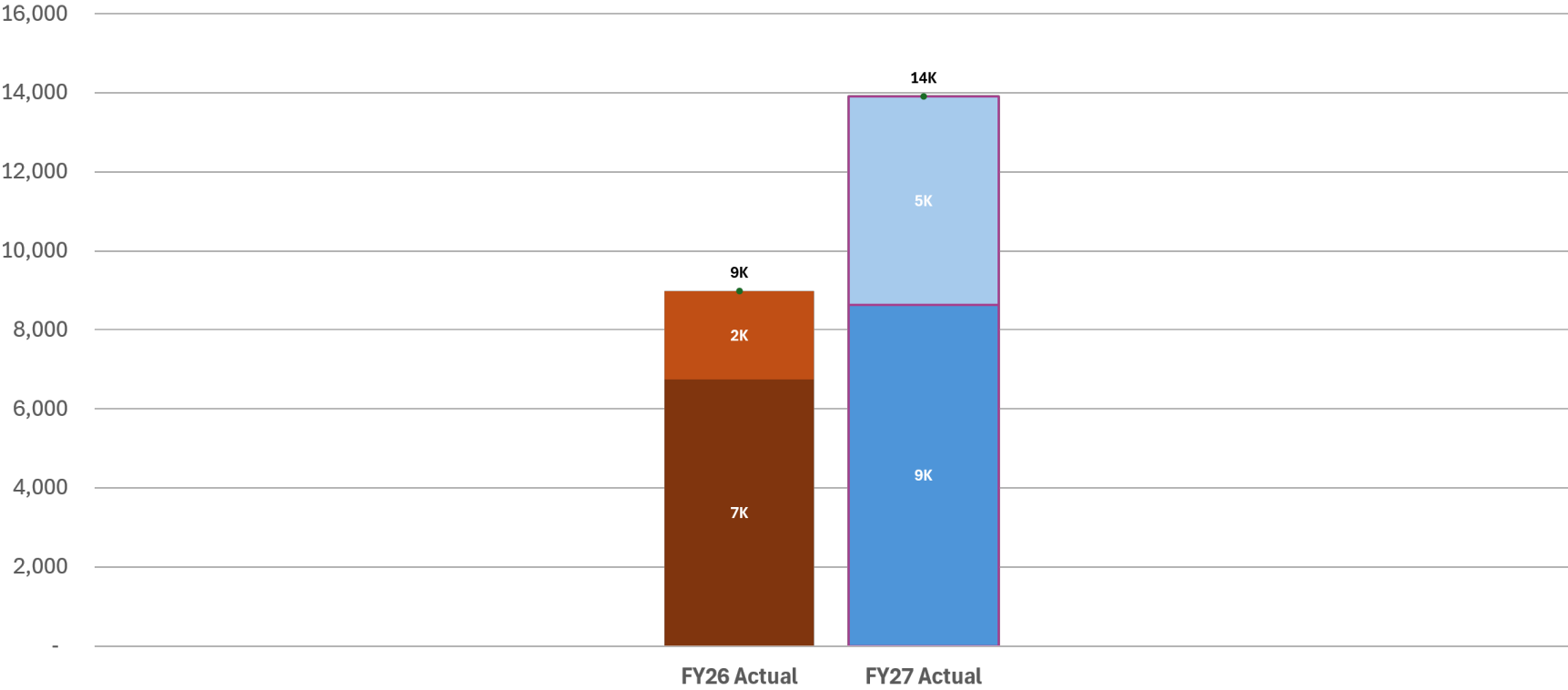
Arrow



Upper portion of Bar = Subsidy Revenue

Lower Portion of Bar = Farebox Revenue

FY27 Ridership - YTD July 2027
Arrow



Upper portion of Bar = Subsidized Ridership
Lower Portion of Bar = Base Ridership

FY26 Arrow Service Financial Results

Financial Results for YTD July 2026

Operating Revenue is \$46K, over FY26 actuals by \$5K or 11.9%

Total Expenses are \$1.3M, over FY26 actuals by \$28K or 2.2%

Support is \$1.2M, over FY26 actuals by \$23K or 1.9%



METROLINK

Thank you.