

# FY23 Equitable Zero-Based Budget (EZBB) Development Update

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**Finance, Budget & Audit Committee**

**April 20, 2022**

**Operations, Safety, and Customer  
Experience Committee**

**April 21, 2022**

# SUMMARY OF REPORT

## Financial Outlook and EZBB

- Exhaust the last Federal Stimulus Funding to date since COVID-19
- Apply EZBB to Operating cost control, capital Investment and alternative/new funding

## Metro Transit Summary

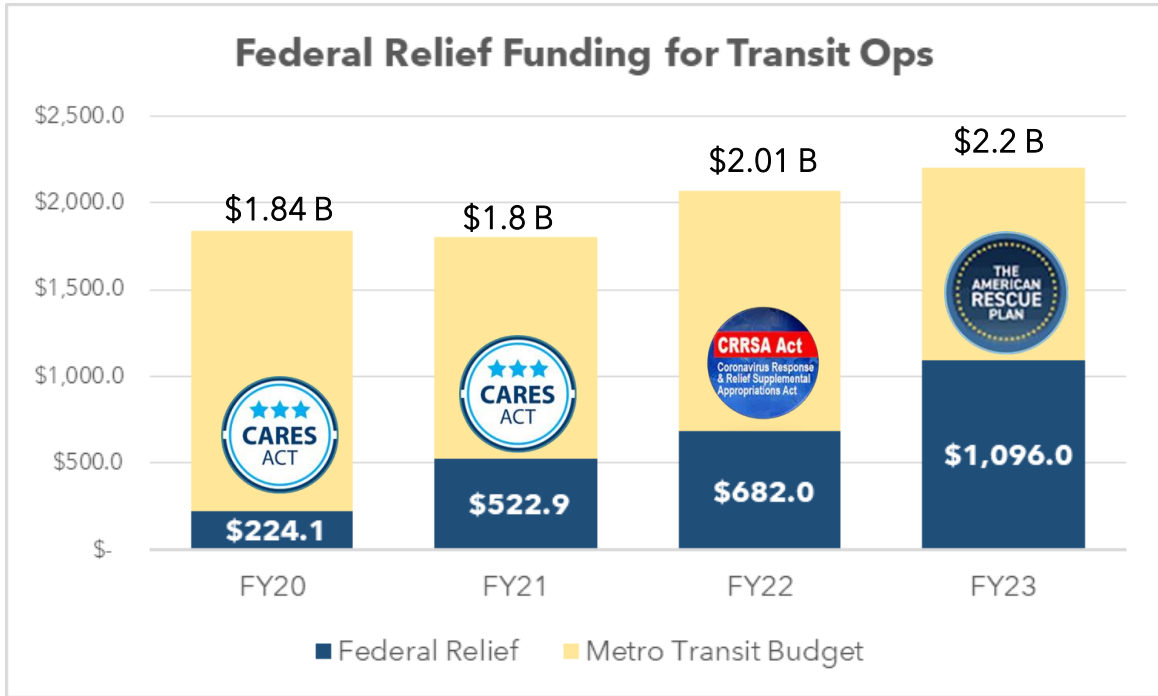
- Restore back to Pre-Pandemic Bus RSH
- New Crenshaw Phase I and Regional Connector Rail Service
- Boarding gradually comes back by year end
- FY23 Budget request

## Expanded Outreach Result in People First Transit Investments

- Metro Transit Program Focus on people investment for Metro Transit Program
- Customer Experience elements
- FY23 budget focus on People First Customer Experience

## Congestion Management, General Planning and Programing, Oversight/Adm And Next Step





- Transit industry, operators nation wide, faces financial challenges within the next 2 years when federal funding is exhausted
- Metro will deplete all federal funding in FY23. No more relief funding in FY24.
- Metro sales taxes and fare revenues will slowly recover, causing financial challenges in FY24 and FY25
- Metro EZBB is initial step in strengthening cost controls and identifying other mitigation strategies.

Bus & Rail Transit Operating Eligible

- One-time replacement of loss in fares, sales tax and other operating revenues
- Restoring bus and rail services
- Preserving jobs

# Fare Revenues

Fiscal Year	Expected Fare Revenues*	Actual/Estimated Fare Revenues	Variance	Federal Stimulus Backfill for Loss
FY19	\$302M	\$260M	(\$42M)	
FY20	\$285M	\$181M	(\$104M)	CARES
FY21	\$270M	\$20M	(\$250M)	CARES
FY22	\$257M	\$60M	(\$197M)	CRRSA
FY23	\$244M	\$106M-166M **	(\$78M-\$138M)	ARPA
<b>Total Backfill from Stimulus</b>			<b>(\$629M - \$689M)</b>	

\* FY19 & FY20 are Adopted Budget. FY21 - FY23 are estimated at a 5% reduction from PY budget, based on historical trends.

\*\* FY23 estimate is a range based on fare collection data through pandemic and includes:

- Transit operations FY23 ridership estimates, including opening of new rail lines
- Impacts of 50% pass promotion (based on actual sales in Feb 2022)
- Impacts of LIFE program changes (based on free 90-day pass usage in Feb 2022)
- Impacts of FSI pilot program based on data through March 15, 2022

- One-Time Federal Relief Funding (CARES, CRRSA, ARPA) **supplants loss in fares of up to \$689M** throughout pandemic (FY20-FY23)
- Remaining Federal Relief Funding used for transit operations
- FY23 Budget will assume \$106M for fare revenues

# CEO Directive: Apply EZBB to Operating Cost Control and Capital Investment



Establish Task Forces comprised of multi-departmental leadership level staff to evaluate and address key near-term challenges



**Bus Cost and Rail Cost:** Review cost allocation approach; breaking down controllable direct and indirect cost items. Explore Bus and Rail cost reduction opportunities at itemized detailed levels and proposing updated plans.



**Optimal Service Design:** explore solution to provide optimal service, in addition to service level, to improve speed and reliability, adding more miles to each hour of revenue service. Advancing the quality of customer experience.



**Capital Cost Mitigation:** Consider phased life cycle capital development cost from planning to pre-revenue and operation. Research best practice for capturing Pre-Revenue cost. Propose soft cost control policy, Metro staff vs. consultant ratio, design criteria review, alternative delivery methodology assessment, and fiscally responsible reporting.



Evaluate and inform the board any schedule and affordability impact of scope and cost increases while discussing the tradeoffs and mitigation strategies



Metro

# Revenue Service Hours

## Bus Service Hours

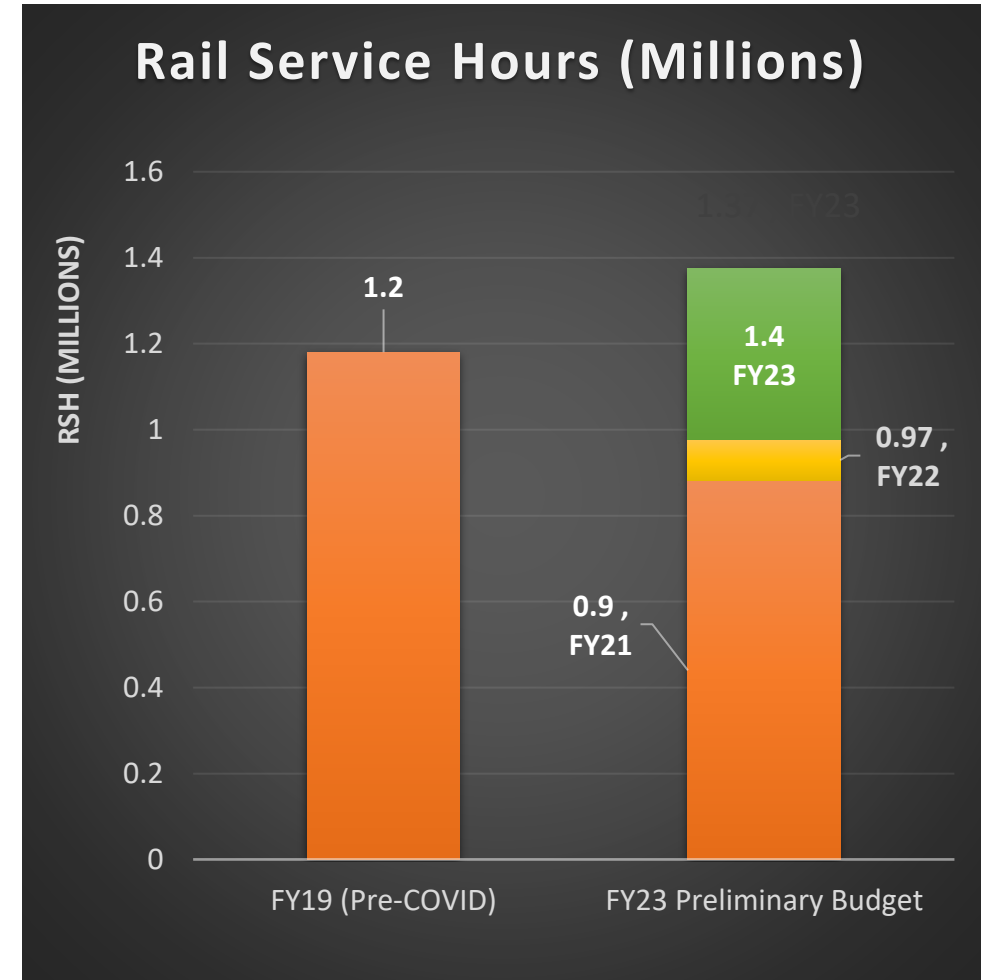
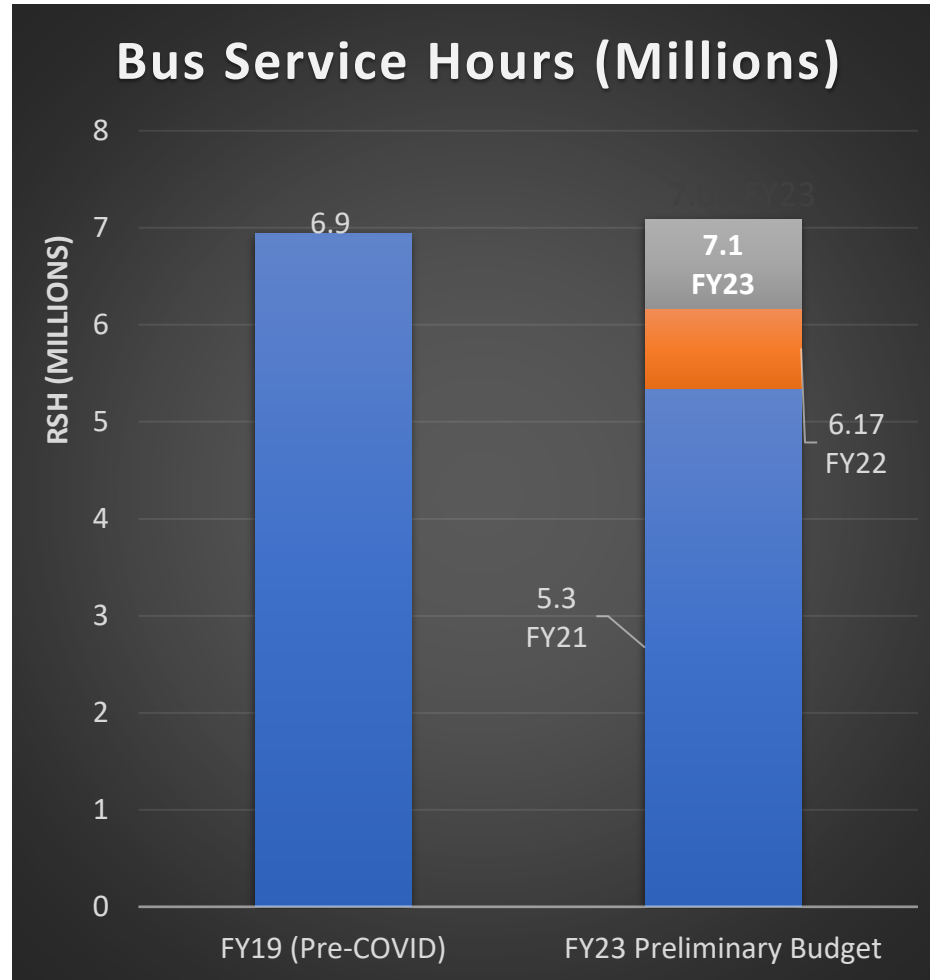
- Restoring Bus service to pre-COVID-19 levels of 7 million RSH, a 2.1% increase from FY22 Budget

## Rail Service Hours

- New Rail Line extensions:
  - Crenshaw/LAX (K Line)
  - Regional Connector
  - Total of 19.4% service increase

## Headways

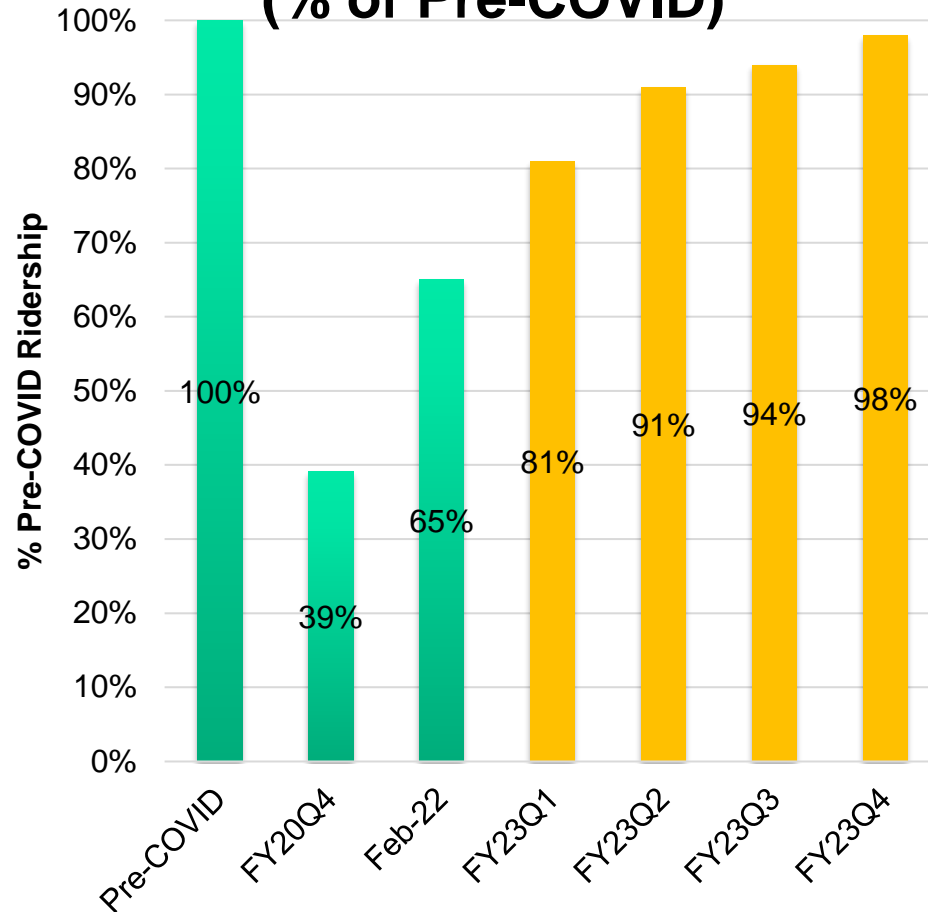
Planned to improve from 8 mins to 6 mins for Light Rail after Q2



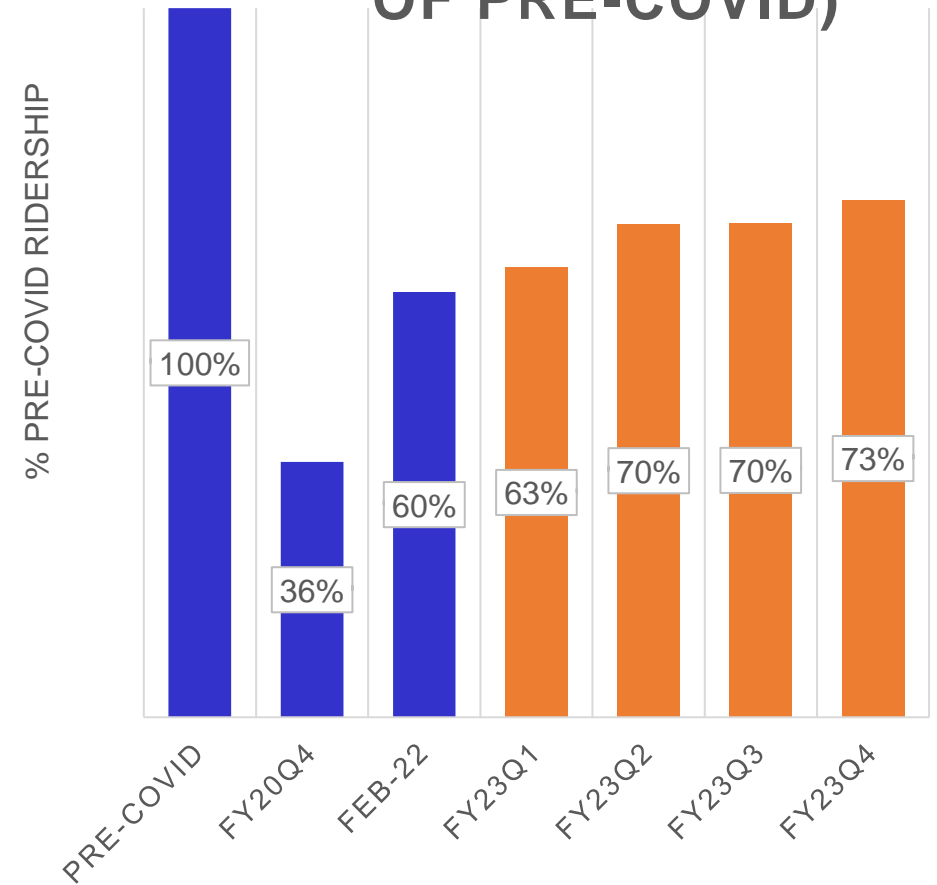
# Boardings

- **Boardings** for FY23 are Projected at 326.6M. This is a 25% increase over the FY22 Year end estimate.
- Boardings by FY23Q4,
  - for **Bus** will be 98% of Pre-COVID
  - for **Rail** will be 73% of Pre-COVID
- Ridership Improvement due to:
  - NextGen
  - New Rail Extensions/Easier connectivity
  - CX improvements
- Phase 1 FSI to date attracted 20% more student rides

## Bus Boardings (% of Pre-COVID)



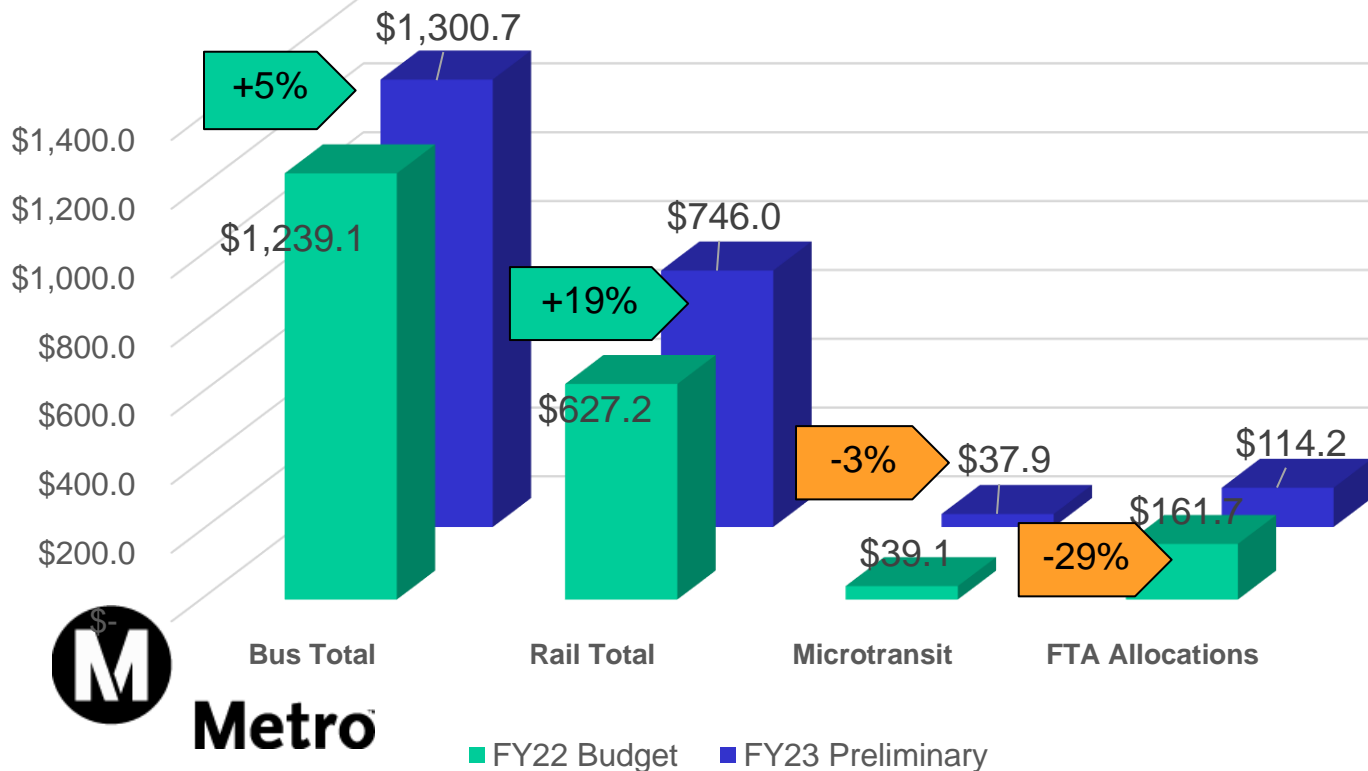
## RAIL BOARDINGS (% OF PRE-COVID)



# Metro Transit Operation FY23 Preliminary Request

Metro Transit (\$ in Millions)	FY22 Budget	FY23 Prelim	\$ Change	% Change	% of Total
1 Bus Total	\$1,239.1	\$1,300.7	\$ 61.5	5.0%	59.2%
2 Rail Total	627.2	746.0	118.9	19.0%	33.9%
3 Metro Micro (Microtransit)	39.1	37.9	(1.2)	-3.0%	1.7%
4 <b>Metro Transit Total</b>	<b>1,905.4</b>	<b>2,084.6</b>	<b>179.2</b>	<b>9.4%</b>	<b>94.8%</b>
5 FTA Approved Overhead Allocations	161.7	114.2	(47.6)	-29.4%	5.2%
6 <b>Grand Total</b>	<b>\$2,067.1</b>	<b>\$2,198.8</b>	<b>\$ 131.7</b>	<b>6.4%</b>	<b>100.0%</b>

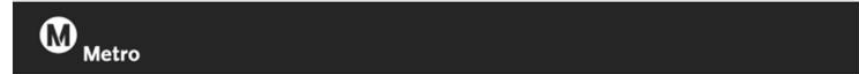
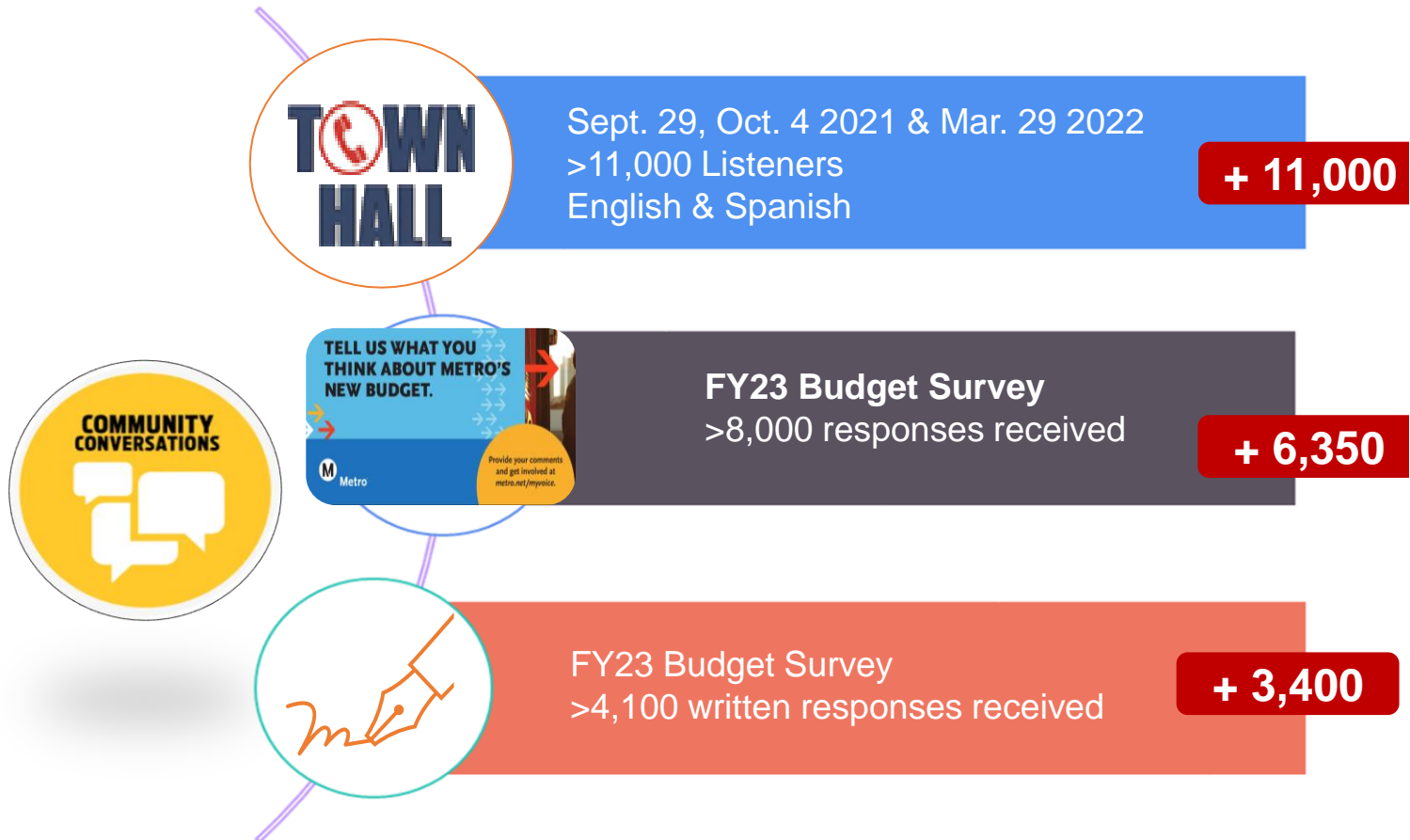
- Metro Transit Budget proposes restoring Bus and Rail Service to Pre-Pandemic level
- Will operate new Crenshaw/LAX Phase 1 and Regional Connector rail line services
- Budget also includes additional cleaning routine, Reimaging Public Safety with extra Homeless Outreach and Transit Ambassador



- Metro Micro continues 8 zones of operations with increases in Labor, RideCo Contract and Vehicle Lease
- Focuses on building ridership, workforce retention, and performance management
  - Adjustment of Training Budget to be aligned with actual experiences to date
- Does not include pending SMART contract negotiation result

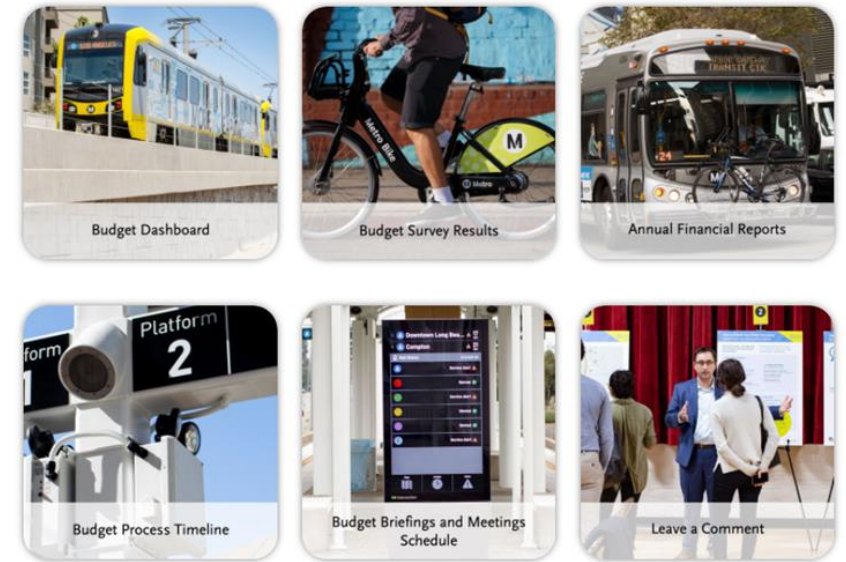


# Early and Expanded Public Engagement



## LACMTA / LA Metro Budget Portal

Welcome to the Los Angeles County Metropolitan Transportation Authority (LACMTA) Budget portal – LA Metro Budget Portal. This portal provides financial and budget information for and on behalf of LACMTA (Metro) for riders, Metro's stakeholders, and the general public to learn all things budget related. The information on this website will be continuously updated as new information becomes available.



# WE HEARD: FROM SURVEY RESULTS TO BUDGET ACTIONS



Restoring bus service



# Customer Experience

**Bus/Rail Improvements**  
Crenshaw/LAX & Regional Connector  
Metro Micro  
Restoration of bus service

**NextGen**  
Speed & Reliability Improvements  
Transit Signal Synchronization  
Bus Camera Lane

**\$ 18.5 M**

**Cleaning Surge**  
**Accelerating the replacement  
of all fabric seats to June of 2023**

Hot Spots (power washing)  
Bus interior cleaning  
End of line train cleaning

**\$184.2 M**

**Reimagining Public Safety**  
Equitable analytics-led approach

**\$ 297.5 M \***

\* Some initiatives are included in multiple department budgets and may not be reflected in the estimated amounts, as they are being done within existing resources..



Area (\$ in millions)	FY22	FY23	Change	% Change	FY22	FY23	\$ Change	% Change
	FTE	FTE			Budget	Preliminary		
Buses	366	388	22	6%	\$ 0.6	\$ 1.1	\$ 0.4	71%
Trains	141	163	22	16%	0.2	0.3	0.2	114%
Facilities	110	110	-	0%	55.3	58.6	3.3	6%
Stations	206	216	10	5%	1.6	1.8	0.2	11%
Stops	23	23	-	0%	0.3	0.4	0.1	22%
Station Evaluation	-	2	2	100%	-	0.4	0.4	100%
<b>Totals</b>	<b>846</b>	<b>902</b>	<b>56</b>	<b>7%</b>	<b>\$ 58.1</b>	<b>\$ 62.6</b>	<b>\$ 4.5</b>	<b>8%</b>
				Labor Costs	\$ 110.8	\$ 121.6	10.8	10%
				Cleaning Budget	\$ 168.9	\$ 184.2	\$ 15.3	9%

**Accelerate completion of vinyl seat replacement by June 2023**

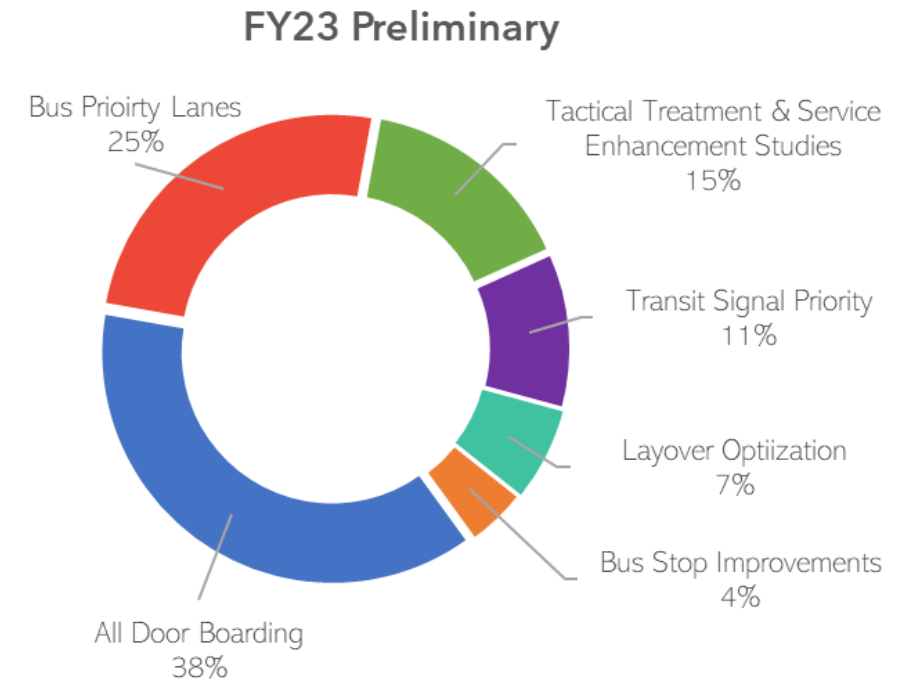


- **Bus:** Daily Division cleaning, continue Terminal 17 (Maple Lot) and 28 (18<sup>th</sup> St) expand terminal cleaning to 7-days/wk and rotation to more terminals
- **Rail:** Daily Division cleaning, continue end-of-line (EOL) cleaning, + 25 new service attendants for EOL and in-line cleaning, increase cleaning surge 7-days/wk
- **Stations:** Rail custodial staff at 13 Hot Spots (all 3 shifts providing round the clock service: Union Station, Pershing Square, 7<sup>th</sup>/Metro, Civic, Westlake, Wilshire/Vermont, Hollywood/Vine, Hollywood/Highland, Universal North Hollywood, Willowbrook/Rosa Parks, Aviation/LAX, Pico)
- **Facilities:** \$48.4M in facility contract services (e.g. graffiti control & abatement, pest/bird control, weed control, power sweeping, trash and vegetation removal)
- **Station Evaluation:** Continue program with new scoring system



# CLEANING OVERVIEW

NextGen Speed & Reliability Budget	FY22 Budget	FY23 Preliminary	\$ Change	% Change
All Door Boarding	\$ 0.5	\$ 7.0	\$ 6.5	1300%
Bus Priority Lanes	3.0	4.7	1.7	55%
Tactical Treatment & Service Enhancement Studies	2.1	2.9	0.8	36%
Transit Signal Priority	2.0	2.0	0.0	1%
Layover Optimization	0.1	1.2	1.1	1100%
Bus Stop Improvements	0.3	0.8	0.5	167%
<b>Total Proposed Budget</b>	<b>\$ 8.0</b>	<b>\$ 18.5</b>	<b>\$ 10.5</b>	<b>132%</b>



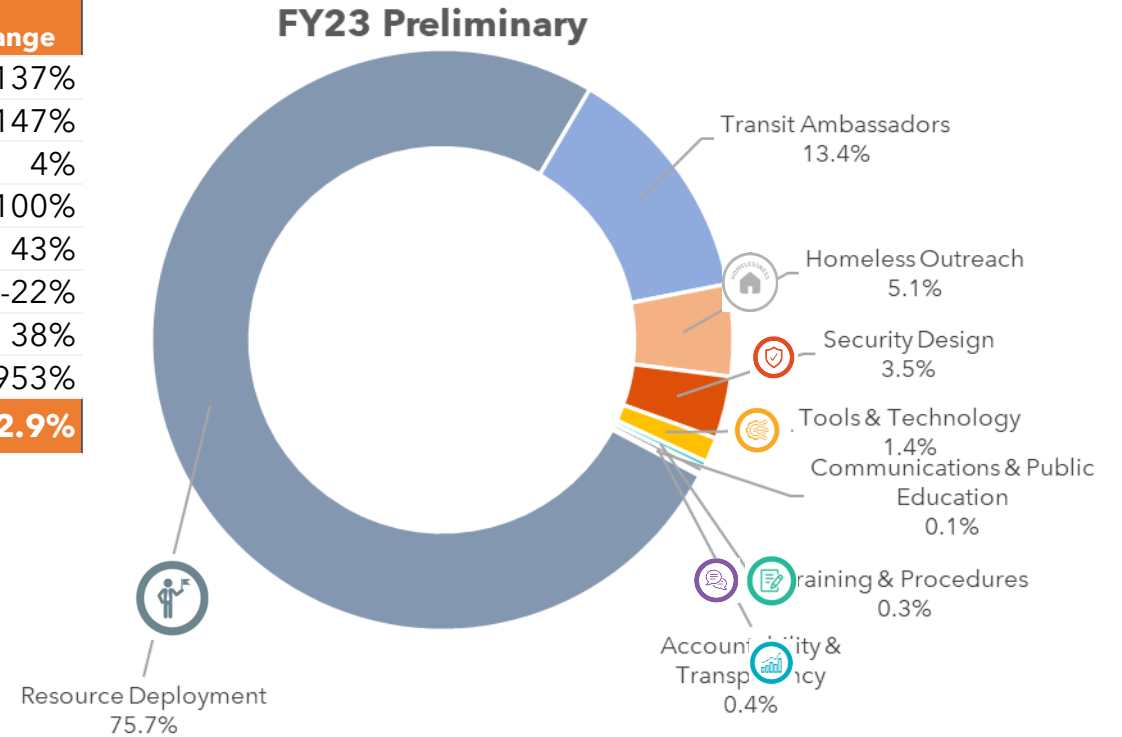
- Accelerates transit improvements with laser focus, resolves core issues and builds trust with partner agencies
- Force multiplier that improves customer experience (CX) and operator conditions, with operational savings reinvested into better service
- Boarding speeds up to 2X faster than front door only, especially at busier bus stops



# NEXTGEN SPEED & RELIABILITY

Reimagine Public Safety	FY22 Budget	FY23 Preliminary	\$ Change	% Change
Accountability & Transparency	\$ 0.1	\$ 1.2	\$ 1.1	1137%
Communications & Public Education	0.2	0.4	0.2	147%
Resource Deployment	216.3	225.3	9.0	4%
Transit Ambassadors	20.0	40.0	20.0	100%
Homeless Outreach	10.7	15.3	4.6	43%
Security Design	13.4	10.4	(3.0)	-22%
Tools & Technology	3.0	4.1	1.1	38%
Training & Procedures	0.1	1.0	0.9	953%
<b>Reimagine Public Safety Budget</b>	<b>\$ 263.7</b>	<b>\$ 297.6</b>	<b>\$ 33.9</b>	<b>12.9%</b>

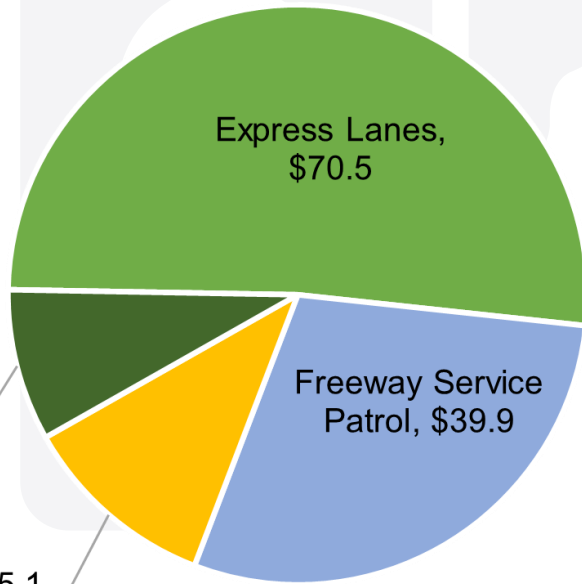
- All initiatives from Reimagining Public Safety are prioritized in FY23 Budget
- Transit Ambassadors program is doubling
- Homeless Outreach, including mental health assistance, is growing almost 50%
- Adding 15 Unarmed Security Officers



# REIMAGINE PUBLIC SAFETY

# Congestion Management

FY23 proposed Congestion Management Program budget of \$137.1 million represents increase of \$32.7 million or 31.3%



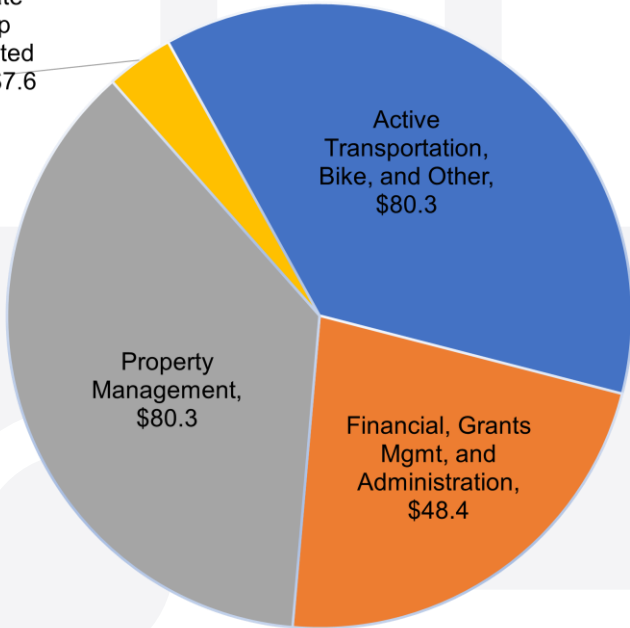
Congestion Management Program (\$ in Millions)		FY22 Budget	FY23 Preliminary	\$ Change	% Change
1	Express Lanes	\$ 53.7	\$ 70.5	\$ 16.8	31.3%
2	Freeway Service Patrol	27.8	39.9	12.1	43.4%
3	Motorist Services	13.6	15.1	1.5	11.2%
4	Rideshare Services	9.3	11.6	2.3	25.1%
5	<b>Grand Total</b>	<b>\$ 104.4</b>	<b>\$ 137.1</b>	<b>\$ 32.7</b>	<b>31.3%</b>

## Major changes in budget:

- **Express Lanes:** Mandatory replacement of electronic transponders for account holders
- **Freeway Service Patrol:** Restoration of service to pre-COVID levels & increased costs to fuel, labor, insurance, & purchase price of tow service vehicles
- **Motorist Services:** Increase cost for Regional Integration of Intelligent Transportation Systems (RIITS) due to new data & licenses (Cambridge Location Based data that supports NextGen)
- **Rideshare Services:** Increase in Board-approved vanpool subsidy, general rideshare program operations, & new initiatives for non-work trips (recreational trips, tourism, emergency, etc.)

# General Planning and Programming

Public Private Partnership (P3)/Unsolicited Proposals, \$7.6



### Based on:

- Operational, grant, developer funding
- Federal & state requirements
- Board approved studies
- Other mobility initiatives

## FY23 PROJECT HIGHLIGHTS

- Proposed 30% increase from FY22
- Upgrade bike locker to electronic format system-wide (\$1.1M)
- LA River Waterway & System Bike Path environmental/design (\$8.9M)
- Complete LA River Bike Path (San Fernando Valley/LA) (\$11M)
- FLM Plans for Regional Connector (\$1.9M), Street Safety Programs (\$50K), Transit to Parks (\$100K)
- System Connectivity Projects:
  - Centinela Grade Separation engineering /design (\$7M)
  - Multi-modal corridor program studies (\$3.1M)
- Metro Training & Innovation Center (\$4.5M)
- Activate Mobility Hub at Universal/Studio City Station (\$2M)
- Union Station capital improvement projects:
  - Digital signage upgrades from static information (\$6M)
  - Waterproofing & drainage repair (\$1.9M)
  - Plumbing system upgrades (\$2M)
- Unsolicited proposals: Zero Emission Bus & Non Drive-Along Equity Incentive (\$7.6M)

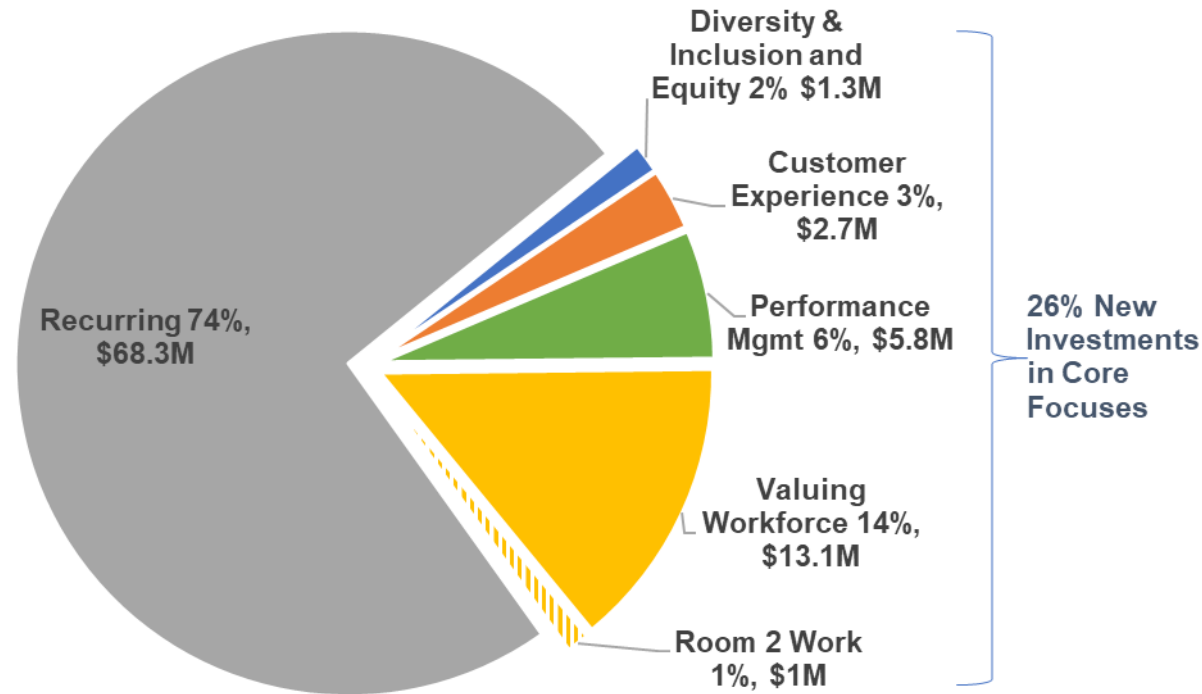
\* A more detailed list of expenses is included in appendix

General Planning and Programming	FY22 Budget	FY23 Preliminary	\$ Change	% Change
1 ATP, Bike, and Other	63.1	80.3	17.2	27.2%
2 Financial, Grants Mgmt, and Administration	\$ 30.2	\$ 48.4	\$ 18.3	60.6%
3 Property Management	66.9	80.3	13.3	20.4%
4 Unsolicited Proposals	5.9	7.6	1.6	27.9%
5 <b>Grand Total (In millions)</b>	<b>\$ 166.1</b>	<b>\$ 216.6</b>	<b>\$ 50.5</b>	<b>30.4%</b>



# Oversight and Administration

## New Investments In Core Focuses



Graph excludes labor, benefits, and allocations

### Customer Experience (Oversight Portion):

- Traffic Reduction Study \$2.7M
- CX Plan lays out 50+ initiatives that are included in the FY23 budget and mostly in the Metro Transit Program

### Improved Performance Management:

- Infrastructure & Security Systems \$4.5M
- Cyber Security \$1M
- Insurance Programs \$262K

### Diversity & Inclusion and Equity:

- Quality of Life Equity report \$634K
- Disparity Study \$550K
- Equity Information Hub \$100K
- CBO Partnering Strategy \$30K

### Valuing Workforce:

- Business Licenses (Teleworking Environment) \$9.6M
- Transportation School (SEED LA) \$3.1M
- Room to Work \$1M
- Tunneling Apprenticeship \$400K

- Oversight and Administration budget is \$80.1 million, <1% of FY23 Budget
- EZBB & cost controls reflected in recurring activities (hardware & software licensing, legal services, leases & rentals, legal requirements, Accessibility, Title VI & VII, legally mandated audits)
- 26% are new investment in valuing the workforce, diversity, equity & inclusion, customer experience, improved performance management

- Continue Stakeholder Outreach events
- May 2022:
  - FY23 Proposed Budget document available on May 3, 2022
  - Public Hearing on May 18, 2022
  - Planned Board Adoption on May 26, 2022 (legally required before start of fiscal year)



**NEXT STEP**

