

# Fiscal Year 2021 Budget Development Update

Finance, Budget and Audit Committee  
January 15, 2020

# Metro Vision 2028 Goals

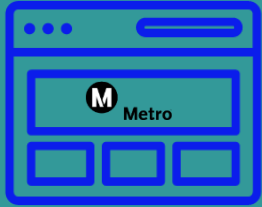
Targeting a balanced budget for FY21, the annual budget will align resources in a fiscally responsible manner to achieve the following Metro Vision 2028 goals:

- Provide high-quality mobility options that enable people to spend less time traveling.
- Deliver outstanding trip experiences for all users of the transportation system.
- Enhance communities and lives through mobility and access to opportunity.
- Transform Los Angeles County through regional collaboration and national leadership.
- Provide responsive, accountable, and trustworthy governance within the LA Metro organization.

# FY21 Budget Process and Schedule

Month	Topic
January	Budget Parameters: <ul style="list-style-type: none"> <li>• Budget Development Process and Schedule</li> <li>• Stakeholder Outreach Plan</li> <li>• Sales Tax Forecast, Resources Assumption</li> <li>• Cost Inflation Estimate</li> <li>• Other Expense Assumptions</li> </ul>
February	New Infrastructure Planning and Construction: <ul style="list-style-type: none"> <li>• New Transit Rail and Bus</li> <li>• Highway</li> <li>• Regional Rail</li> </ul> Service Parameters: Revenue Service Hours (presented by Operations department in the Operations, Safety and Customer Experience Committee)
March	Transit Operations and Metro State of Good Repair (SGR): <ul style="list-style-type: none"> <li>• Metro Transit – Operations &amp; Maintenance</li> <li>• Metro Transit – State of Good Repair</li> </ul>
April	Subsidy Funding and Other Operating Programs: <ul style="list-style-type: none"> <li>• Subsidy Funding Program</li> <li>• Debt Service</li> </ul>
May	Public Hearing and Board Adoption: <ul style="list-style-type: none"> <li>• Consolidated Agency-wide Expenses and FTEs Budget Proposal</li> <li>• Public Hearing on May 20, 2020</li> <li>• Summary of Public Comment and Stakeholder Review</li> <li>• Final Board Adoption on May 28, 2020</li> </ul>

# Outreach Initiatives



## METRO

- Website Banner
- Finance & Budget Site



## TELEPHONE TOWN HALL



## INTERACTIVE BUDGET TOOL



## Soliciting Public Comments

- Email
- Metro Website
- Budget Tool
- Workshops & Meetings
- Telephone Town Hall
- Public Hearing



## LOS ANGELES COUNTY



## WORKSHOPS & MEETINGS

- Service Councils throughout LA County
- Key Stakeholders



Metro

# Resource Assumptions

Resources (\$ in Millions)	FY20 Reforecasted	FY21 Assumption	% Change
Sales Tax and TDA Revenues	\$ 3,960.0	\$ 4,095.0	3.4%
STA and SB1 Revenues	245.9	245.9	0.0%
Passenger Fares	284.5	281.6	-1.0%
Toll, Advertising and Others	155.2	160.6	3.5%
Subtotal Non-Grant	4,645.6	4,783.1	3.0%
Grant Resources	1,184.8	1,620.8	36.8%
<b>Total (exclude New Bond Proceeds)</b>	<b>\$ 5,830.4</b>	<b>\$ 6,403.9</b>	<b>9.8%</b>

- Sales Tax and TDA Revenues is the largest resource category, providing about two-thirds of Metro revenues.
- It has been growing steadily for the past five years at an average rate of 3.4% per year; leading economic forecasts and Metro's internal projection expect that growth to continue in FY21.

# Other Resource Assumptions

- Fare revenues of \$281.6 million are projected. This is based on underlying assumptions of \$.70/boarding and a slight uptick in systemwide boardings related to the anticipated opening of the Crenshaw line and other transit system improvements in FY21.
- Other revenues, including Expresslanes tolls, advertising and STA and State SB1 funding are currently budgeted close to FY20 budget levels, but will be revised during the FY21 budget process as more information becomes available.
- Grant revenues are expected to rise to \$1.6 billion in FY21 reflecting increasing federal, state and local grant receipts supporting Metro's transit infrastructure development program. These funds are dedicated to specific projects.
- Cost inflation for non-labor items is expected to rise at +2.30% in FY21 based on a composite of various economic sources.

# Next Steps

- **Monthly Board Status Update until Targeted May Budget Adoption**
  - Itemized review of revenues and expenses
  - Detailed program/project listing and operation assumptions
  - Analysis of highlighted programs
  - Highlighting mitigation efforts to address upcoming challenges in order to balance the budget for FY21
- **Public hearing of the proposed budget will take place on May 20<sup>th</sup>**
- **Final board adoption expected on May 28<sup>th</sup>**
  - Board adoption legally required before fiscal year start