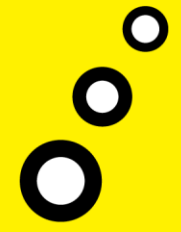


Board Budget Workshop

March 2024

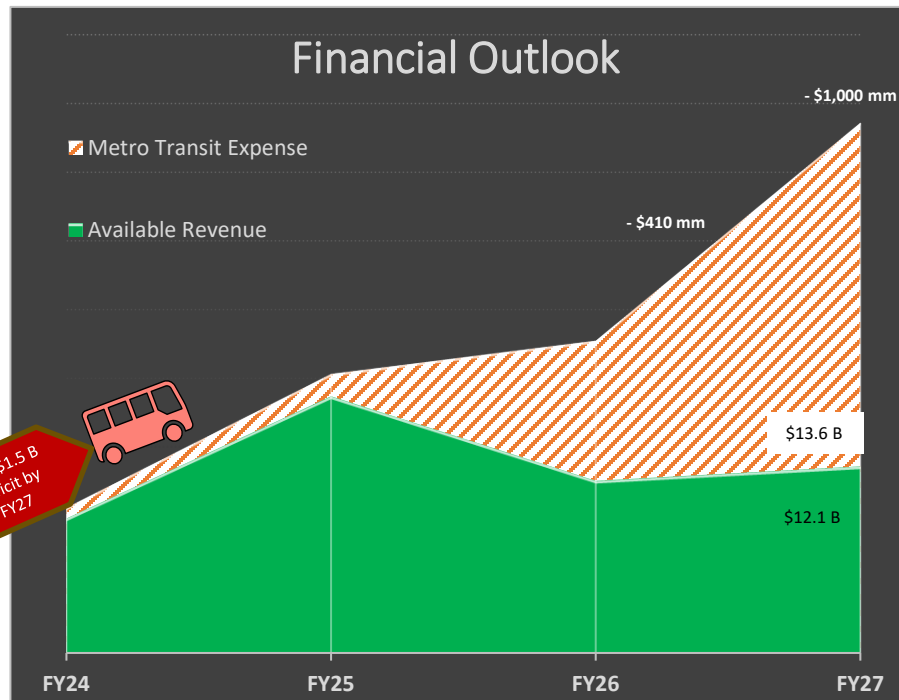




Why We Are Here



Refresher: Financial Outlook in October 2023



Reduced Revenue



Growth in Operating Costs

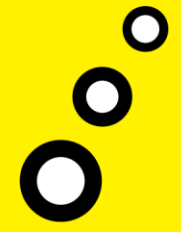


Planned Major Investment in CIP

Sales Tax

Ops Expense





How Did We Get Here

Measure M

2016
to
2017

1990
2005
2010
2015
2020
2025
2030



Measure M:
Collaborative
Expansion
Plan

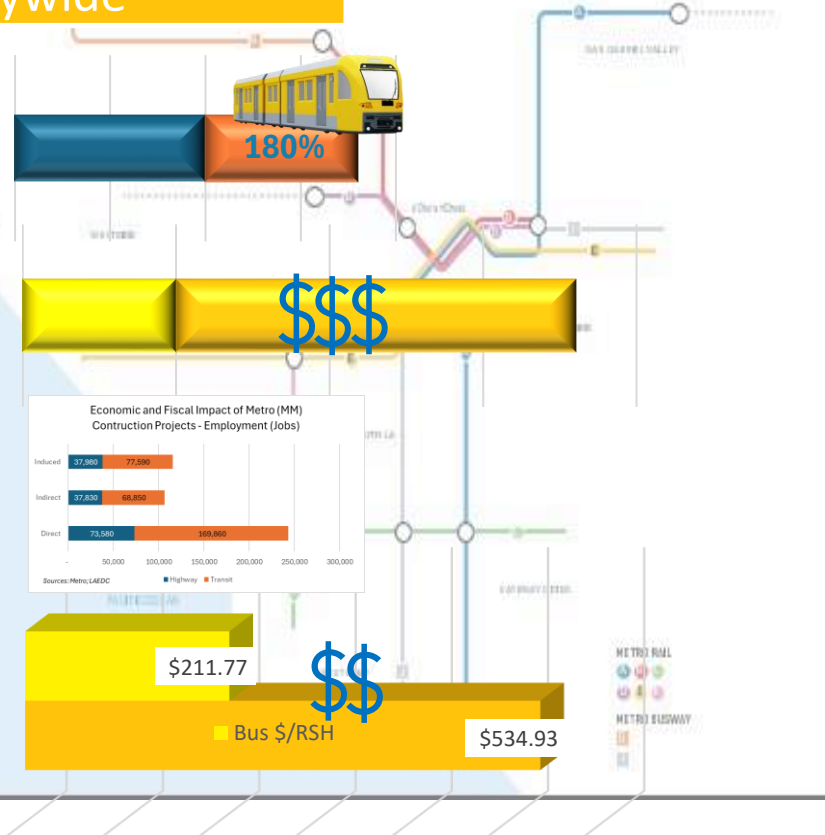
Measure M Sales Tax Continues Measure R on its path to accelerate Expansion of Transit Network Countywide

Since Measure R and Measure M,
Metro Rail miles adds 80%, or 61
miles, by 2028

Metro Transit Assets grow by
261%, from \$5.3 billion to an est.
\$21 billion by 2027

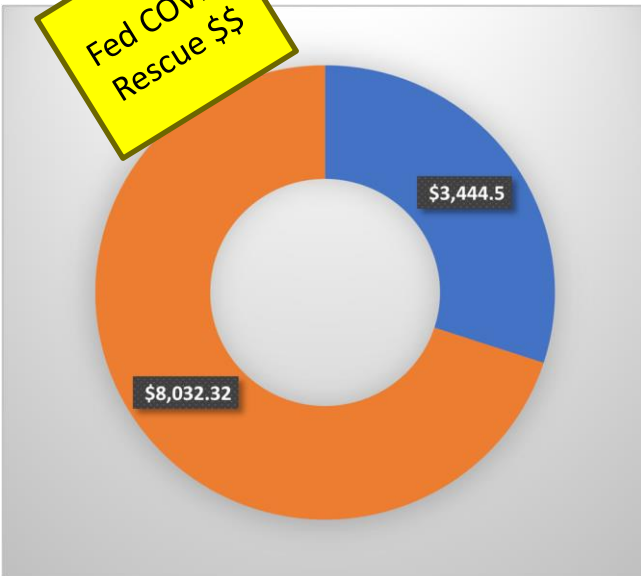
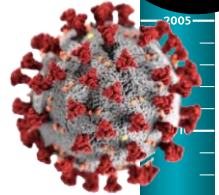
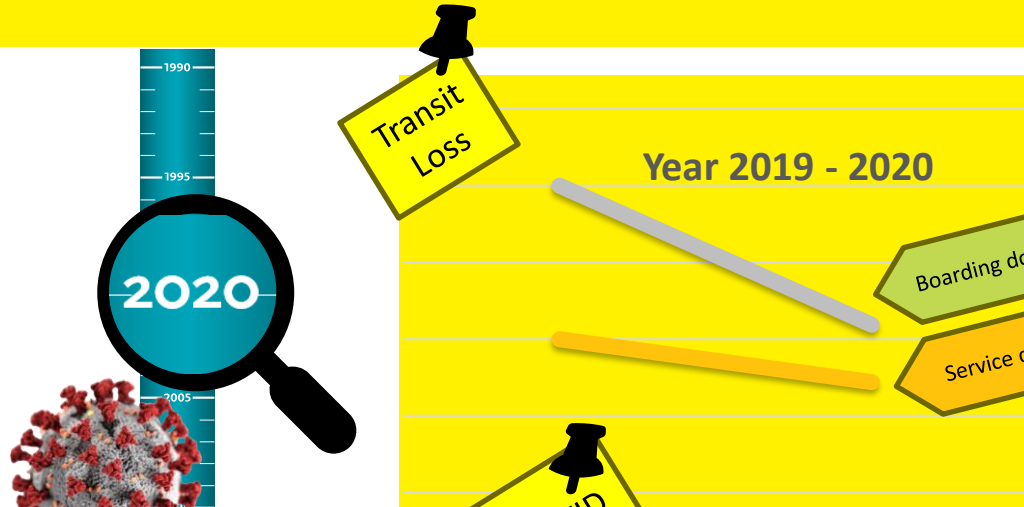
Creates 465k + Local
Employment/Jobs

However, Rail Service is more
expensive to operate than Bus
Service



Metro®

COVID Lockdown: A Reset Button for a New Transit Environment



COVID Loss	\$427
No Fare Collection	\$426
Actual	\$647

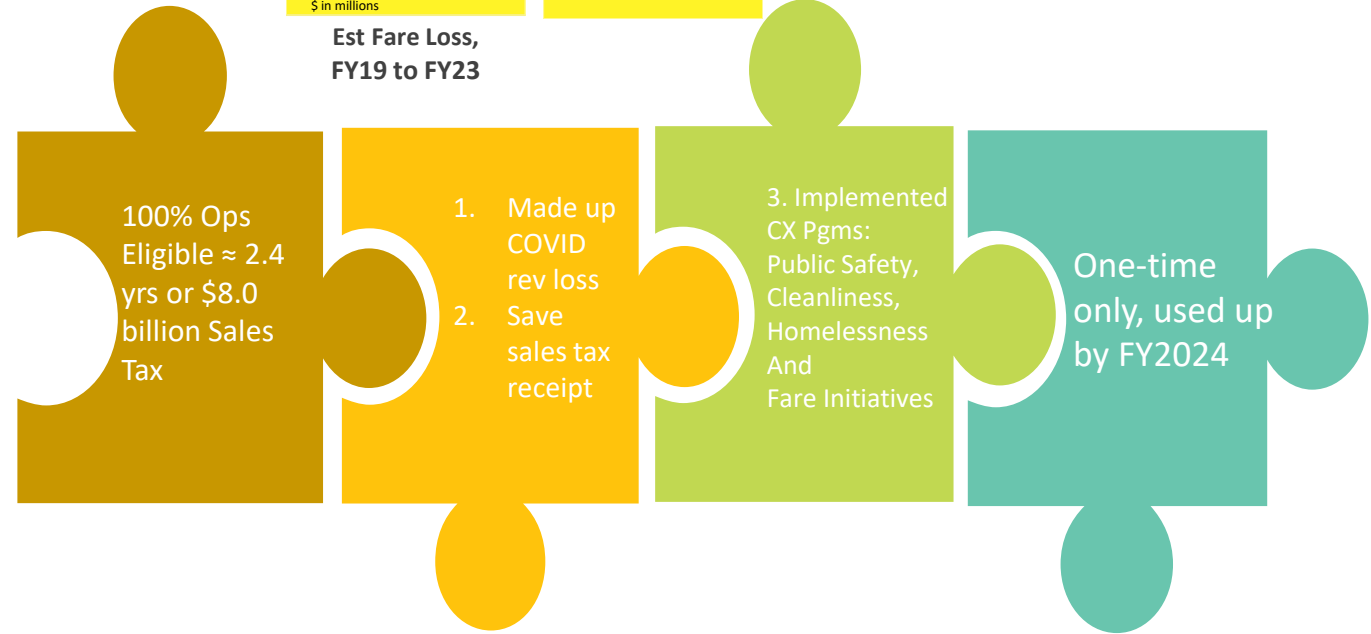
\$ in millions

COVID Loss	\$322
Actual	\$2,664
Est Sales Tax Loss, FY19 to FY21	

+ \$427 Fare Loss
426 No Fare Collc.
322 Sales Tax Loss

= \$1,175 Op Rev Loss

Est Fare Loss, FY19 to FY23



Restore, Expand and Enhance



Restored & Improved Pre-pandemic Service Levels

- Restored Bus Service
- Bus Stop & Subway Station Improvements
- Implemented NextGen Service Improvements

Service Hours
 FY22 6.50M
 FY23 7.09M
 FY24 7.12M

\$1.371B
 3 yrs.



New Programs to Improve Customer Experience

- Expanded Cleaning Program
- Expanded Homeless & Mental Outreach
- Launched Metro Ambassador Program
- Refocused Metro Security & Law Enforcement Deployment

FY22 \$432.6M
 FY23 \$481.8M
 FY24 \$536.8M

\$1,451M



Fare Initiatives Made Transit More Affordable

- LIFE Program Enhancements
- Launched GoPass
- Fare Capping & Mobility Wallet

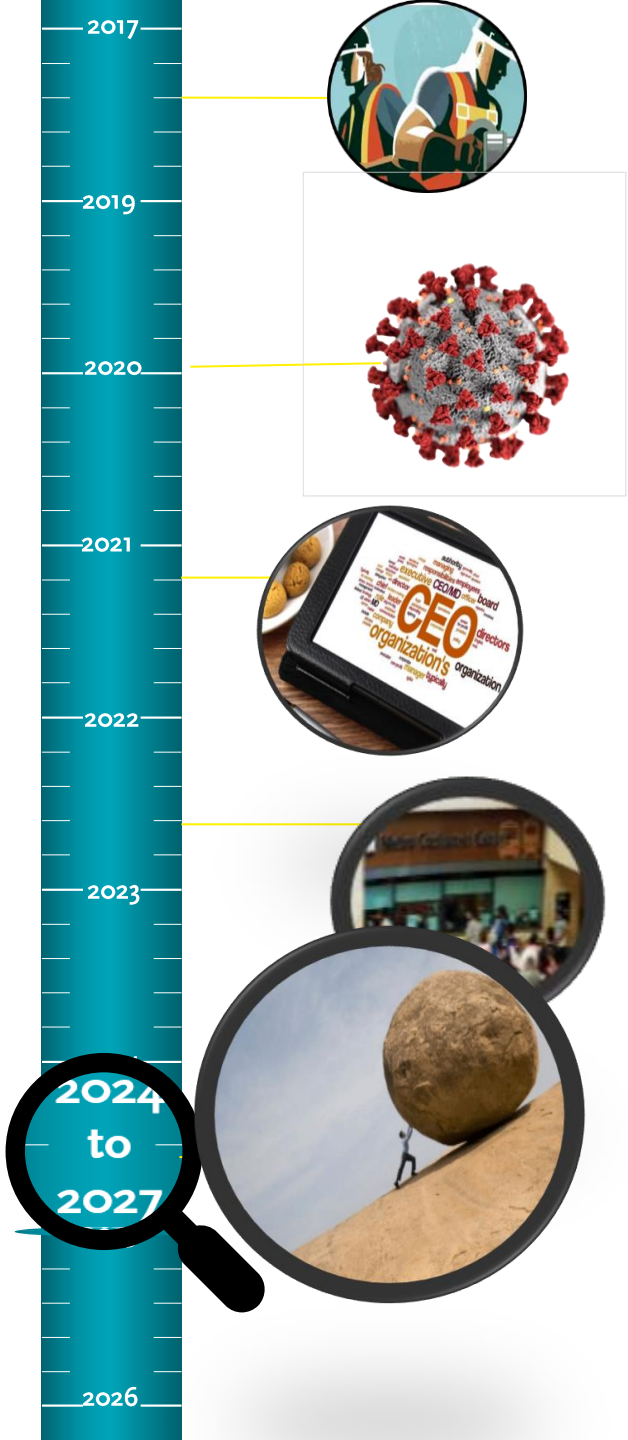
FY22 \$26.7M
 FY23 \$42.6M
 FY24 \$67.8M

\$216M



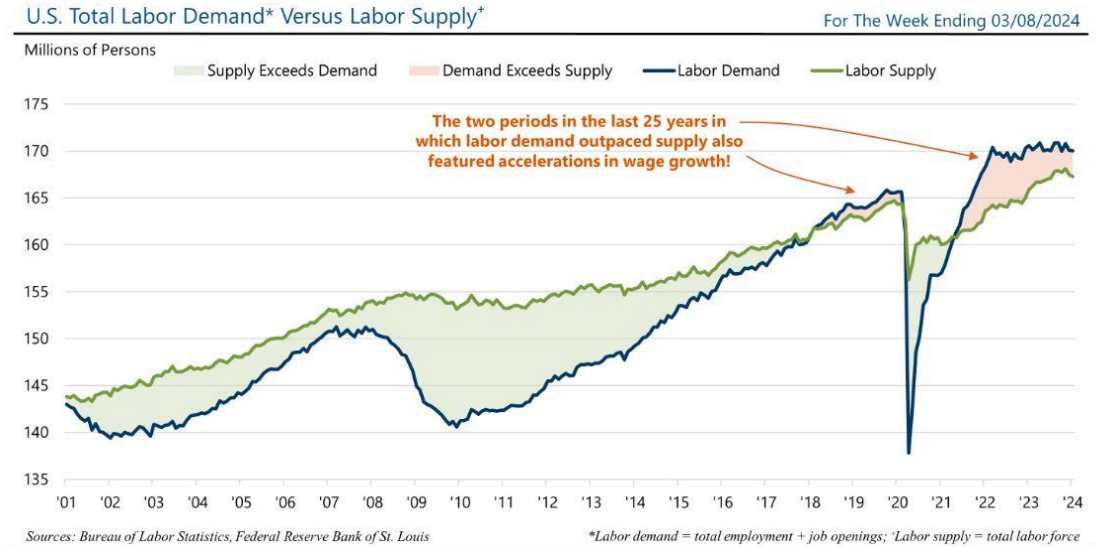
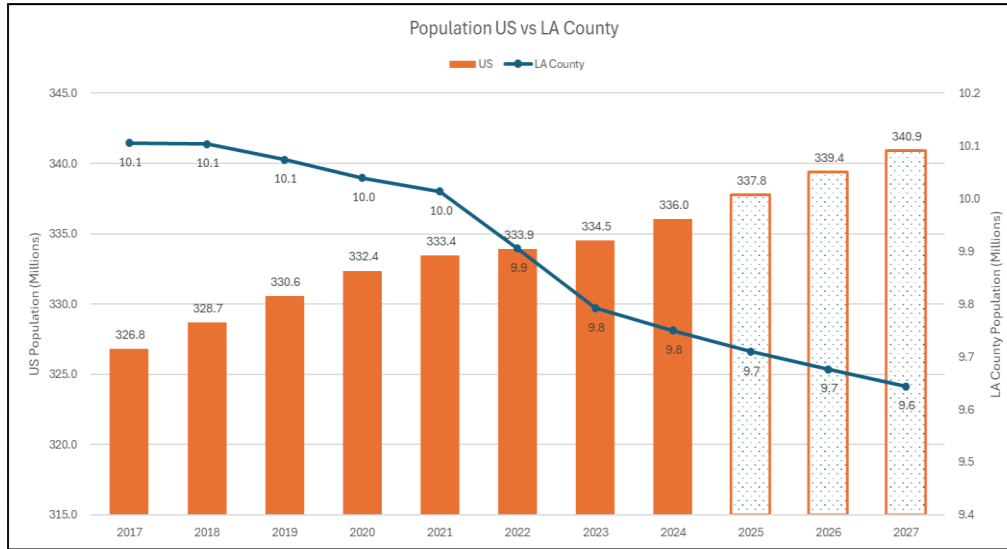
Delivered New Rail Infrastructure and Bus Lines

- K-Line - in South Los Angeles and Inglewood
- Regional Connector - in Downtown LA
- Expanded dedicated bus lanes – 51 miles



An Uphill
Climb:





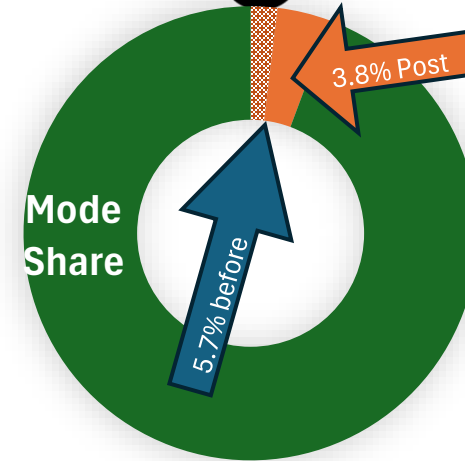
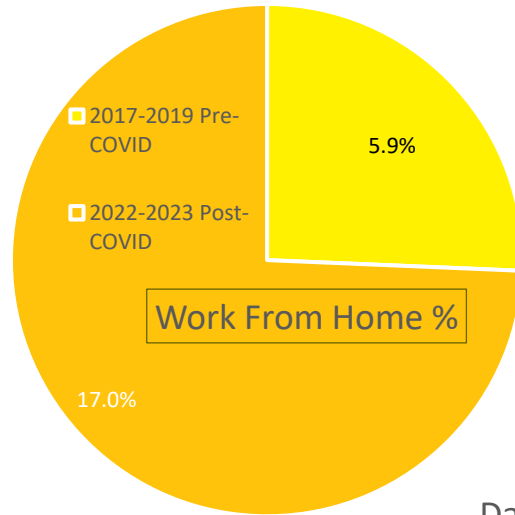
An Uphill Climb: Population decline, Limited Labor Supply

- Population:
 - LA County: -3.1% 2016 to 2022; projected to decline by 0.36% annually to 9.6 million by 2027
 - US: +2.4% 2016 to 2022, projected to increase to 342.5 million by 2027
 - Lowers LA sales tax receipts, tightens labor supply, and reduces transit ridership base
- (Labor supply < Labor demand) = wage growth
- Volatile inflation, between 2.4% to 6.5% month to month in short succession since 2022.
- Creates unpredictable cost increase pressure to procure materials, supplies and services
- Revenue loss and cost increases are greater than originally anticipated

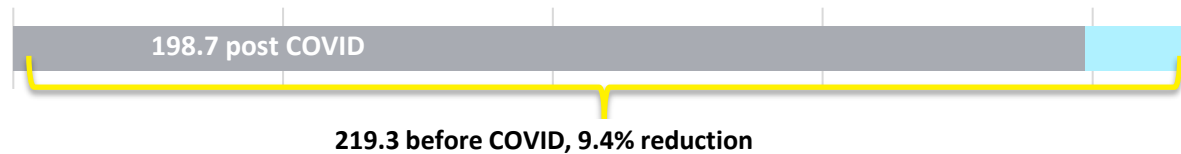
2024
to
2027



Ridership and Travel Behavior Trends



Daily Vehicle Miles Traveled (in millions)



Ridership remains below pre-COVID due to post pandemic travel behavior:

- 3x more working from home
- Mode Share (Commute) decreasing from 5.7% to 3.8%
- Daily VMT daily reduced by 9.4%
- LA drivers license rate increase from 83% to 86% for eligible residents

Areas of Ridership growth opportunity:

- Customer experience improvements
- Opening additional rail lines
- Weekend services
- Service enhancements in select geographic regions

Near Term Financial Update to Five Year Outlook by FY29



Metro

Resources

Grant

- COVID rescue \$ exhausted
- Grant procedure changed (CMAQ, IJJA) or halted (REAP 2.0)

Sales Tax

- Lower actual sales tax receipts
- Gradual population loss

Fare Rev

- Loss of Transit base:
- Change in post pandemic work and travel behavior

Sales Tax

Ops Expense



Expense

- Reimagined Public Safety
- Station Initiatives/Ambassador
- Homelessness and Opioid Epidemic

- Fare Initiatives Cost:
- GoPass: \$18 million
 - LIFE: \$12 to \$34 million
 - Fare Capping: \$17 million

- Increases Cost of on-going operation caused by high inflation
- Rail operating is more expensive at 27.5% annual increase rate
- Capital Improvement update in Bus/Rail Vehicles

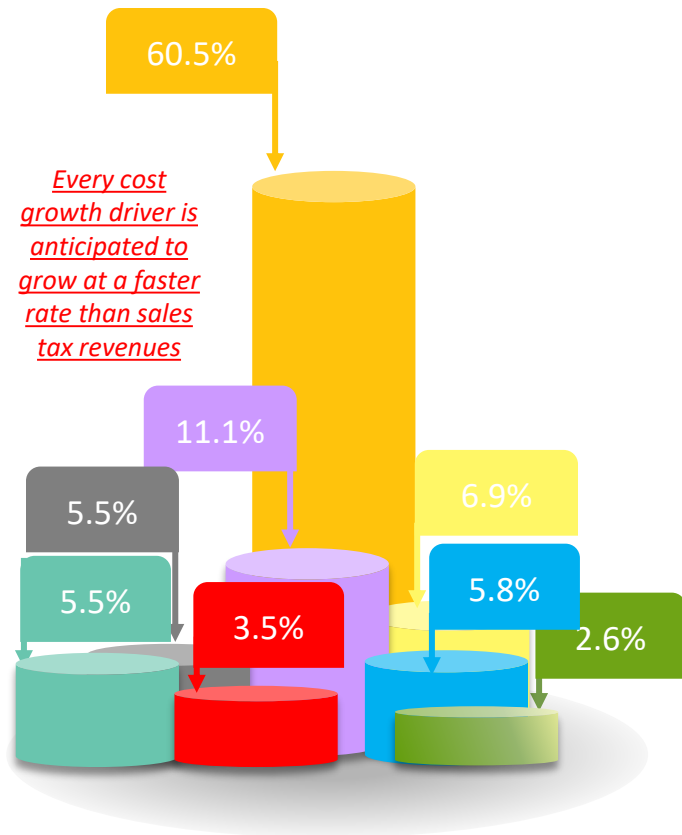
Enhanced CX

Fare Initiatives Costs

Inflation & Expanded Rail Network

Metro Transit Near Term Projected Outlook FY24 - FY29

% Growth FY24 to FY29



ZEB – 60.5%

Metro’s accelerated Board goal of achieving a zero-emission fleet by 2030 puts further strain on funding needs for maintaining existing assets in a state of good repair



Insurance, WC, PL/PD – 11.1%

Insurance premiums, workers’ compensation (WC) and property liability and property damage (PLPD) costs make up 8% of total Metro Operations costs



Public Safety – 6.9%

Public safety costs make up 12% of total Metro Operations with law enforcement costs as the biggest driver (about 61% of total Public Safety)



Service including Expansion – 5.8%

At least one major rail opening per year for next 5 years leading up to the Olympics.



Cleaning – 5.5%

Station Innovation Experience & Strategy



Labor Costs – 5.5%

Union labor costs have had a historical growth of 5.6% per year from FY12-FY24 while average CPI increase over the same period has been 2.8%



Cost Inflation – 3.5%

Metro preliminary cost inflation projection

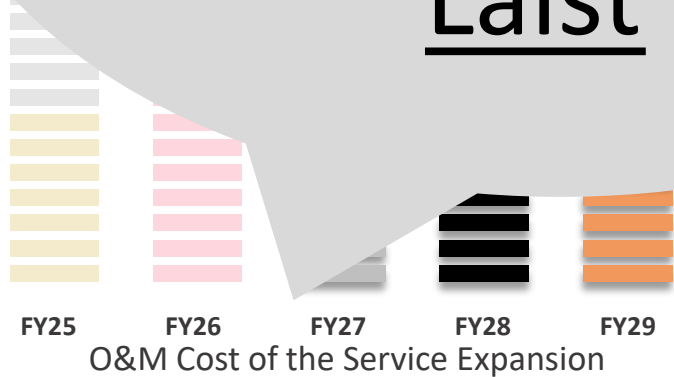


Sales Tax – 2.6%

Economy is volatile and sales tax revenues may decline



“MTA And The
End Of The
Consent Decree |
Laist”



- Metro is undergoing a major rail expansion with the anticipated opening of Foothill Phase 2B, Airport Metro Connector, Purple Line Extensions 1, 2, and 3

“MTA Loses the Latest
Round in Bus Battle - Los
Angeles Times
(latimes.com)”



What is your favorite ice cream flavor?

- A. Chocolate
- B. Vanilla
- C. Strawberry
- D. Coffee
- E. Pistachio

PULSE CHECK



In 2018 the Board adopted Vision 2028 with five goals. Which of these is most important to you? **You can only choose one.**

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

