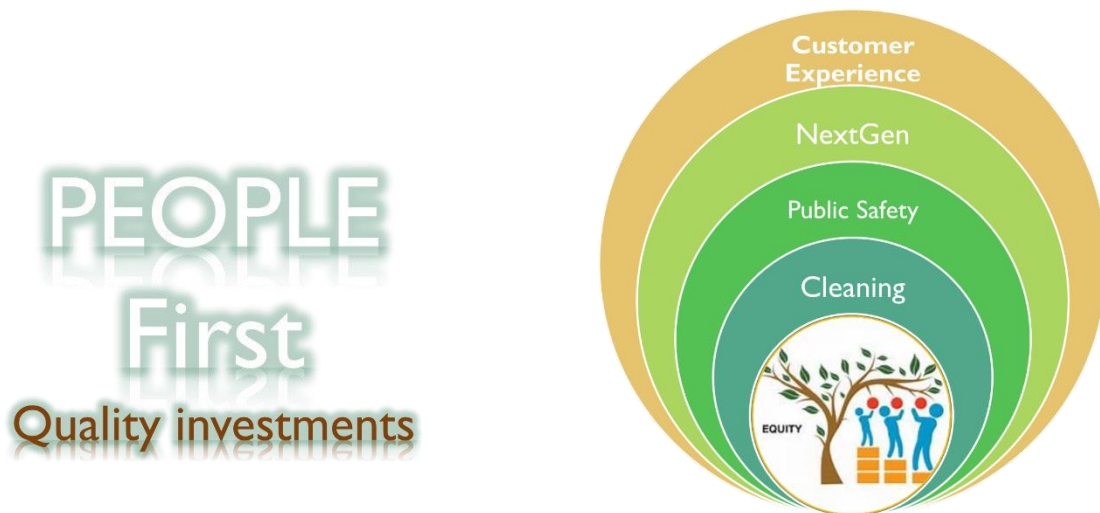


People First: Quality Investments

Metro's most important core focus is valuing our people: our riders, our partners, our stakeholders, our employees, residents of, and visitors to Los Angeles County. By valuing our people, we continue to make the changes that improve the quality of our current service, investments that provide for future users, and enhance the customer experience. At the core of all our focus areas is equity - looking at everything we do through an equity lens. Equity is not a result; it is the ideal at the core of our Board's policies and drives the priorities that inform and shape this budget. Our early public engagement, including the entire leadership team interacting with listeners at our Telephone Town halls, the responses and comments to our on-line budget survey, and the regular feedback we continue to receive also played a role in this budget.

The FY23 Preliminary Budget includes various initiatives underway to improve customer experience. Under the umbrella of the Customer Experience Plan (CX Plan), programs involving every Metro department include Reimagining Public Safety, NextGen improvements to increase the efficiency and reliability of bus and rail transit, Enhanced Cleanliness programs, our LIFE program for low-income riders, and FSI student support program - our investment in the riders of the future. These initiatives are all built upon the results of our engagement with the public and are included in this budget to improve the quality of our service.



Equity

Transportation and mobility are the essential levers enabling access and improving quality of life for LA County. Metro recognizes that vast disparities exist in access to opportunities, including jobs, education, housing, community resources, friends and family – the basis of healthy communities. Metro is working to identify and implement projects and programs that seek to reduce, and ultimately eliminate disparities in access to opportunities. Through the Equitable Zero-Based Budget (EZBB) process an equity lens is applied to everything we do: starting at zero and building a fiscally responsible budget to serve as a driving force that recenters Metro to its core focuses.

The FY23 Preliminary Budget puts equity at the core of the decision making, guiding our development with the goal of improving mobility access for all in Los Angeles County. Metro's transformational change to Reimagine Public Safety and our renewed focus on the Customer Experience stems from listening to the public. Metro continues to engage the public directly and throughout the year working with our community-based organization (CBO) partners. By listening and learning, by focusing on what we hear and delivering on the promises we made to the voters of Los Angeles County; and improving our communications, Metro is committed to restoring confidence in the Metro system.

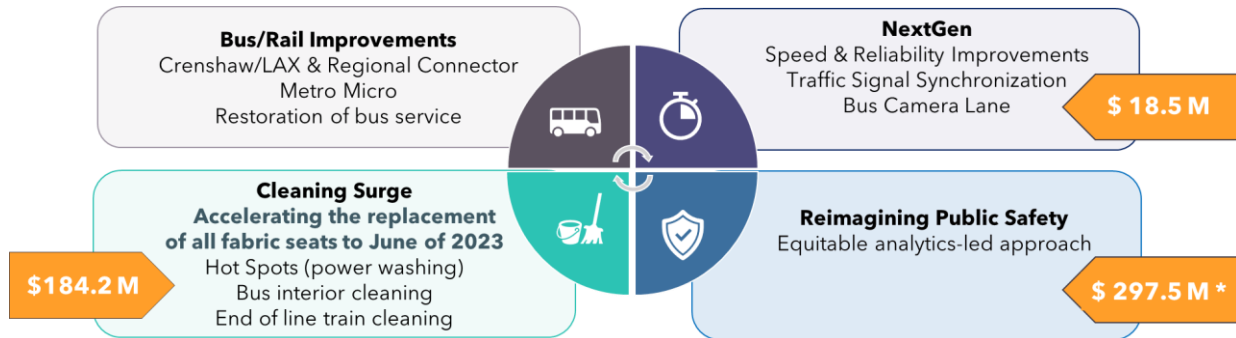
This year improving access, connectivity and system capacity is happening as we open Crenshaw/LAX (K Line) and Regional Connector, providing more mobility options to our equity-focused communities, including one seat service across the county that minimizes transfers and reduces the time impacts on riders. In addition, Metro Micro is a multi-year pilot program designed to augment ridership by giving a ride-hail option for customers when traveling in the lower density areas of the region.

Improving access does not stop at just transit options. Through development of the Room to Work program, Metro is helping unhoused individuals become job-ready, giving true access to jobs and economic mobility. Metro's continuing investment in the Transit school, providing disadvantaged youths Science, Technology, Engineering, and Mathematics (STEM)-based educational opportunities and developing the future leaders of the transportation industry. Metro is also improving access to economic opportunities, through multiple efforts that help small businesses.

All these investments demonstrate Metro's commitment to leading and partnering with others to create a more just society.

Customer Experience (CX)

Customer Experience is not just the CX Plan, but a combination of many efforts throughout Metro. The Customer Experience includes Bus and Rail Transit capacity and operational improvements, Cleaning Surges reflecting comments from the public, Reimagining Public Safety a transformational change across the nation with Metro playing a leading role in our industry, and a Customer Communications strategy that provides accurate and timely information. The CX Plan lays out specific initiatives to focus our priorities and improve the rider's experience.



With Customer Experience as one of Metro’s core focus points in the FY23 Preliminary Budget, the CX Plan takes an honest look at pain points and seeks to identify concrete solutions to address those concerns.

In addition to the recently completed CX survey, the budget comments received reflected concerns centered around reliability and frequency of bus service, rail service, cleanliness, and the perceived safety of the Metro transit system. For FY23, the CX Plan focuses on five areas for improvement:

- Cleanliness
- Public Safety
- Bus Stop Shade and Seating
- Customer Information
- Time Competitiveness and Connectivity

The FY23 Preliminary Budget reflects CX Plan initiatives that add to what we already do well, improve our existing practices, or change the way we do things to enhance the customer experience. A comprehensive report on the CX Plan can be found in Board Report #2021-0774. Many of the CX Plan initiatives are included within the Transit Operations and Maintenance budget.

Cleanliness

The CX Plan introduces a bold program proposal called the Cleaning Surge, that entails adding additional resources to reflect the cleanliness standards Metro customers expect. The FY23 Preliminary Budget includes \$184.2 million for all cleaning efforts, including 10 roving cleaning teams. Metro is also increasing the frequency of cleaning, expanding “in-line” and mid-day bus interior cleaning, “end-of-line” cleaning on rail, station hot spots, and expanded activities at Metro’s most traveled stations and terminals.

A recurring request we heard from our customers was to remove all fabric seats for vinyl seats throughout our system. Our original plan was to complete this by FY24, and we are accelerating this by one year to be completed in FY23.

The table below summarizes the FY23 Preliminary Cleaning Budget.

| 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% |
| Totals | 846 | 902 | 56 | 7% | \$58.1 | \$ 62.6 | \$ 4.5 | 8% |
| Labor Costs | | | | | \$110.8 | \$ 121.6 | 10.8 | 10% |
| Cleaning Budget | | | | | \$168.9 | \$ 184.2 | \$ 15.3 | 9% |

Reimagine Public Safety

Improving public safety on our system is another common theme across all public comments. Metro responded with the establishment of the Public Safety Advisory Committee (PSAC) to work in partnership and develop a community-based approach to public safety on the transit system. The result is our competitive game plan for transformational change to public safety: the Reimagining Public Safety Framework that aligns operations to the needs of the public through intentional and equity-driven public safety initiatives.

The FY23 Preliminary Budget includes an estimated \$297.6 million, an increase of almost 13% over FY22, in public safety investments that include the Reimagine Public Safety initiatives. The table below details the investments:

| Reimagine Public Safety | FY22 | FY23 | \$ Change | % Change |
|---------------------------------------|-----------------|-----------------|----------------|--------------|
| | Budget | Preliminary | | |
| 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% |
| Reimagine Public Safety Budget | \$ 263.7 | \$ 297.6 | \$ 33.9 | 12.9% |

All Reimagine Public Safety initiatives are prioritized in the FY23 budget. The following are some key areas to highlight:

- Transit Ambassadors program is doubling
- Homeless Outreach, including mental health assistance growing almost 50%
- Addition of 15 Unarmed Security Officers
- Body Worn Video (BWV) for Metro Transit Security
- Call Points (Security Blue Light Call Boxes)

Homeless Outreach Initiatives

One layer in Metro's overall public safety involves refining Metro's homelessness outreach and engagement efforts. Like transit agencies across the nation, Metro faces a situation, largely out of our direct control, that impacts our system. The growth in the number of unhoused seeking shelter on our system, coupled with individuals experiencing cognitive crisis, serves as one of the top impediments to our ability to retain and grow discretionary ridership on the Metro system and significantly impacts the rider customer experience. Metro recognizes the growing need for homeless outreach and mental health resources to respond to individuals in need on our system and we continue to partner with the County's multidisciplinary homeless outreach teams.

The FY23 Preliminary Budget not only reflects our continued efforts and commitments in partnering with the County, but also includes additional new and expanded efforts. This year, Metro is developing a new program, Room to Work, where Metro partners with community-based organizations to connect unhoused individuals on our system to interim or permanent housing and supportive services. Further, Metro will then work with training and education providers to develop and administer a specialized-industry job training program. The program will offer temporary positions and provide the work experience necessary to help participants obtain permanent full-time positions, either at Metro or other employers.

The FY23 Preliminary Budget includes an estimated \$16.3 million for homelessness activities to commence, continue, and expand efforts. A comprehensive report on Reimagining Public Safety Framework can be found in Board Report #2022-0054 (February 2022).

NextGen Bus Plan

The intent of the NextGen Bus Plan is to reimagine the bus system by focusing on providing fast, frequent, reliable, and accessible service to meet the needs of customers. NextGen is a service component for Metro that helps restore high frequency service in Equity Focused Communities (EFCs) and ridership has already started to increase in EFCs due to its implementation. System speed is expected to increase significantly by partnering with cities and the County in the implementation of bus priority lanes and Transit Signal Priority (TSP) projects reducing wait time and increasing bus speeds for all operators in the county.

Other NextGen initiatives such as bus stop and layover improvements and all-door boarding will improve system speed by saving time for our riders, Bus speed improvements allow for expanded service levels and more frequent trips for customers within the same planned service hours. It also improves system reliability and customer experience.

NextGen Speed and Reliability projects are continuing in FY23 with a focus on Transit Signal Priority (TSP), Bus Priority Lanes, Bus Mobile Validators (BMV) for all door

boarding, and Cameras for Bus Lane Enforcement. For FY23, the Preliminary Budget for NextGen projects is \$18.5 million.

| NextGen Speed & Reliability Budget | FY22 Budget | FY23 Preliminary | \$ Change |
|--|---------------|------------------|----------------|
| All Door Boarding | \$ 0.5 | \$ 7.0 | \$ 6.5 |
| Bus Priority Lanes | 3.0 | 4.7 | 1.7 |
| Tactical Treatment & Service Enhancement Studies | 2.1 | 2.9 | 0.8 |
| Transit Signal Priority | 2.0 | 2.0 | 0.0 |
| Layover Optimization | 0.1 | 1.2 | 1.1 |
| Bus Stop Improvements | 0.3 | 0.8 | 0.5 |
| Total Proposed Budget | \$ 8.0 | \$ 18.5 | \$ 10.5 |

Our investments in All Door Boarding, include the installation of 2,900 Bus Mobile Validators, which will increase boarding speeds up to 2x faster, especially at busier stops, and reduce crowding at front door and bus operator areas. This along with the expanded transit signal priority, bus priority lanes and layover improvements will achieve travel time savings to reinvest into better service and improve the customer experience.

Fareless System Initiative (FSI) and LIFE Program

There were many different perspectives on transit fares shared by riders in the public comments received in relation to Metro’s FY23 Preliminary Budget. Customer perspectives on the issue appear to be split, with comments ranging between advocating for a completely fareless transit system versus requests for increased fare enforcement to minimize security concerns of paying transit riders.

At the Regular Board Meeting on September 23, 2021, the Metro Board of Directors adopted the funding plan for the regional Fareless System Initiative (FSI). As a result, Metro launched the FSI pilot in the form of GoPass, a regional transit pass that allows K-12 and Community College students, attending participating schools, to ride on any participating transit operator, including Metro, without paying a fare. The cost sharing agreements under GoPass require annual payment from school districts of \$3 per student enrolled at K-12 schools and \$7 per student enrolled at Community Colleges.

Prior to the pandemic, K-12 fare revenues were about \$27 million annually. As of March 2022, there are 49 K-12 districts with signed or pending GoPass agreements, representing a net cost-sharing amount of approximately \$1 million for the first year of the pilot. In addition, there are 4 Community College districts with signed or pending agreements, representing a net cost-sharing amount of approximately \$2 million for the same period. The \$3 million total GoPass revenues for pilot year one will be split amongst participating transit agencies based on TAP data for actual GoPass boardings.

The FY23 Preliminary Budget includes the FSI – Student Go Pass program, which will be offset by the cost sharing agreements of up to \$3 million to be shared across the participating transit agencies and will be further offset by ARPA funding in FY23.

In addition, at its September 2021 Regular Board Meeting, the Metro Board adopted Board Motion 40 that seeks to expand and enhance the LIFE program, a regional program offering monthly pass discounts or 20 free trips per month to eligible low-income riders. The motion established a target of doubling program enrollment by December 2022 and directed Metro to develop and provide a free 90-day transit pass to new LIFE applicants as an incentive for joining the program. In over two years from the beginning of the LIFE program in 2019 until June 2021, there were 84,594 LIFE enrollments. Over the past 10 months, there were an additional 41,182 enrollments, a total increase of almost 50%.

As we approach the goal to double enrollment, it is clear that expanded outreach efforts and improvements made to ease enrollments have been successful, with LIFE ridership up 60% from pre-covid numbers despite the fact that overall ridership has not reached pre-pandemic levels. The FY23 Preliminary Budget reflects our commitment to doubling the enrollment by doubling the program budget, as well as additional efforts to ease enrollment, extensive program marketing and expanded efforts with community-based organizations, and the free 90-day pass incentive for new enrollees.

Metro continues to recognize the need for dedicated funding to support a safe, clean, and reliable transit system. As we approach the issue of fares through an equity lens, initiatives such as FSI and improvements to the LIFE program aim to provide crucial assistance to the populations most in need.

While fares are used to support transit operations, the one-time infusion of federal assistance through the American Recovery Plan Act (ARPA) provides FY23 relief funding as ridership gradually recovers towards pre-pandemic levels.