

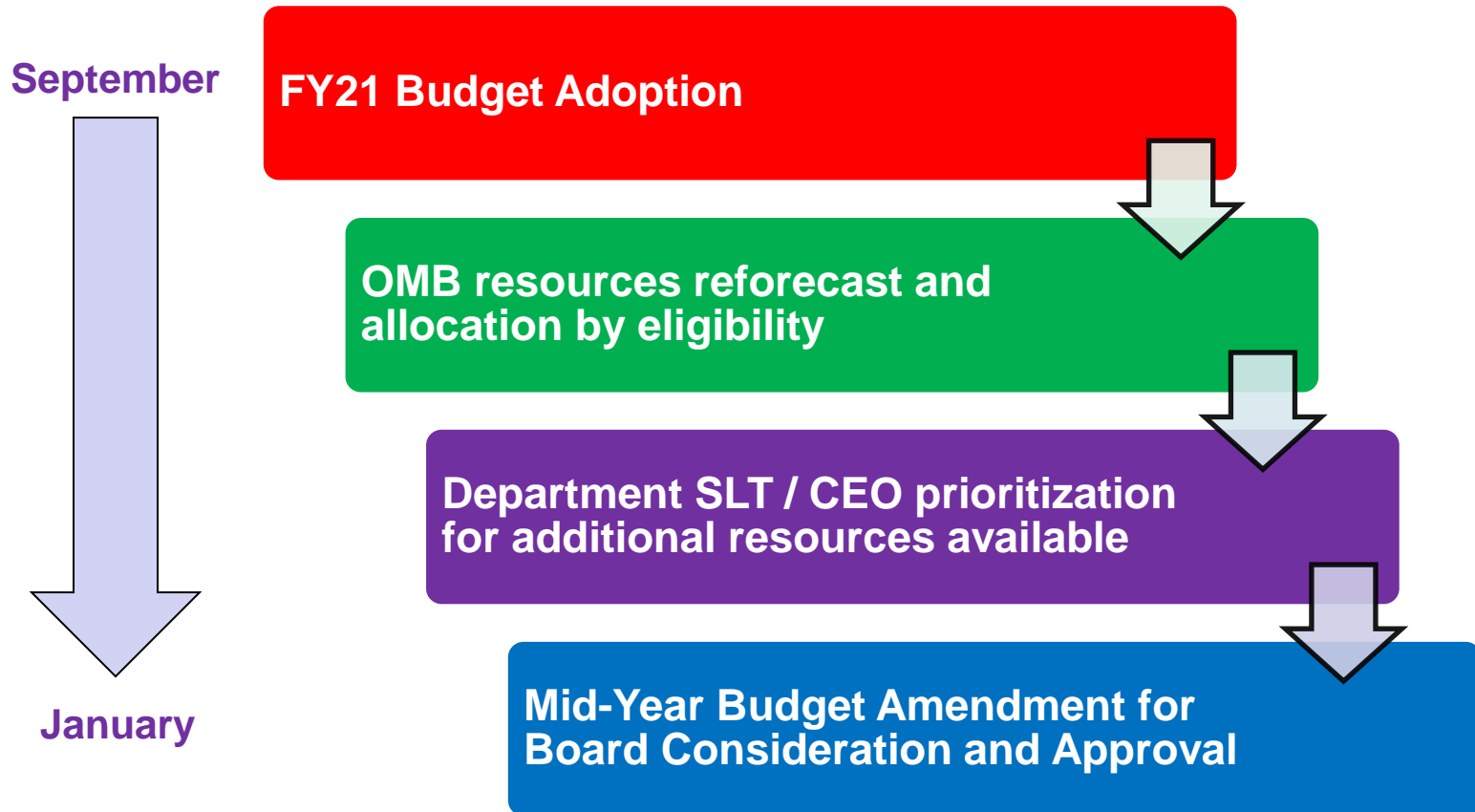
FY21 Mid-Year Budget

Finance, Budget & Audit Committee
January 20, 2021

Meeting Agenda

- **FY21 Mid-Year Budget Process**
- **Revenue Reforecast Update**
- **Transportation Infrastructure Development**
- **Metro Transit:**
 - **Operations & Maintenance**
 - **State of Good Repair**
 - **Customer Experience**
- **FTE increases for Customer Experience and Equity and Race**
- **Next Steps**

FY21 Mid-Year Budget Development Process



FY21 Mid-Year Budget Summary

Recommendation: Requesting approval to AMEND the FY21 Budget by \$765M from \$6.23B to \$6.99B and AMEND 5 Non-Represented FTEs for Equity and Race and Customer Experience

Revenues

- Sales Tax Revenue forecasted to increase \$282.2M compared to FY21 Budget
- System-Generated Revenues (Fares, Toll Revenues) projected to decrease by -\$67.1M
- Recent federal stimulus package will be programmed for FY22 Budget when the allocation is approved by the Board

Expenses

- Transit Expansion, Highway, and Regional Rail projects increase to be funded by a combination of the projected sales tax increase, the advancement of FFGA and other grants, and the issuance of new debt if necessary.
- All Transit Operations-eligible funding allocated to Operations for Customer Experience initiatives, NextGen / Mobility on Demand initiatives, Capital State of Good Repair projects, Regional Connector staffing recruitment, and Other Operational Needs
- Newly created Metro Budget Equity Assessment Tool (MBEAT) applied to the budgetary adjustments
- Increase of 5 Non-Represented FTEs compared to FY21 Budget
 - 3 for Equity and Race
 - 2 for Customer Experience

If needed, additional updates will be brought to Board for approval based on the pace of recovery

Revenue Reforecast

FY21 Reforecast Resources

Resources (\$ in millions)	FY21 Budget	FY21 Reforecast	\$ Change	% Change
1 Sales Tax, TDA and STA	\$ 3,895.0	\$ 4,177.2	\$ 282.2	7.2%
2 CARES Act	569.6	569.6	-	0.0%
3 Passenger Fares	60.3	22.2	(38.1)	-63.2%
4 ExpressLanes, Advertising and Other Revenues	138.6	109.6	(29.0)	-20.9%
5 Grants and TIFIA	1,138.9	1,138.9	-	0.0%
6 Debt and Additional Debt Proceeds if necessary*	424.9	974.8	549.9	129.4%
Total Resources	\$ 6,227.3	\$ 6,992.3	\$ 765.0	12.3%

* Debt will be issued based on need, subject to Board Approval

- Overall Resources is projected to be \$765M or 12.3% higher than FY21 Budget
- Sales Tax Revenues have not declined as much as originally projected, with a \$282.2M increase or +7.2%
 - Sales Tax receipts in Q1 FYH21 was higher than projected but coming down to budgeted levels in recent months
 - CARES impact had broad economic impact
- Operating Revenues (Fares, Expresslanes, Advertising and Other) is projected lower \$67.1M compared to FY21 Budget
- If necessary, \$549.9M additional debt proceeds available subject to Board Approval

Revenue by Funding Eligibility

Mid-Year Changes in Sales Tax and Other Resources by Funding Eligibility

Resources (\$ in millions)	Funding Eligibility				
	Metro Transit Ops/SGR	Flex Funding Eligible for Ops/SGR/TID	Transit Expansion	Other Dedicated	Total Funding Gain/(Loss)
1 Sales Tax, TDA and STA	\$ 14.7	\$ 97.7	\$ 43.2	\$ 126.5	\$ 282.2
2 Passenger Fares	-	(38.1)	-	-	(38.1)
3 ExpressLanes, Advertising and Other Revenues*	(0.7)	(15.0)	-	(13.3)	(28.9)
Total Additional FY21 Funding	\$ 14.0	\$ 44.6	\$ 43.2	\$ 113.2	\$ 215.1
Total Funding Eligible for Operations	\$ 58.6				

* Other Revenues include Green Fund, HOV Fines, Transit Court, Parking, Bikeshare and Lease Revenues.

- Total Resources added \$215.1M must be allocated by funding eligibility into Programs
- All funding eligible for Operations have been allocated to Operations
 - Total increase for Metro Transit Operations is \$58.6M (\$14.0M Metro Transit specific + \$44.6M Flexible Funding Eligible)

Transportation Infrastructure Development – List of Projects with Midyear Adjustments

- Transit Infrastructure Development and Regional Rail cashflow increases of \$741.4M within Board authorized Life of Project (LOP) budget

(\$s in MMs)

Project	FY21 Adopted	Midyear Increase	Adopted + Midyear	Activities
TRANSPORTATION INFRASTRUCTURE DEVELOPMENT (TID)				
Transit Expansion				
1 Crenshaw/LAX	\$ 73.0	\$ 15.2	\$ 88.2	<ul style="list-style-type: none"> Project is 97% complete Focused on systems integration testing prior to putting it into revenue
2 Regional Connector	136.0	82.8	218.8	<ul style="list-style-type: none"> Project is 71% complete; revenue service date summer/fall 2022 Focused on completed structural concrete and track work installation
3 Westside Purple Line Section 1	170.7	144.4	315.1	<ul style="list-style-type: none"> Project is 66% complete; revenue service date in summer of 2023 Focus on TBM tunnel drive completion – 8 of the 12 cross passages excavated, and concrete placements occurring at station sites
4 Westside Purple Line Section 2	113.1	170.1	283.1	<ul style="list-style-type: none"> Project is 39% complete; revenue service date in 2025 Focused on final design completion; construction activities in Century City and Beverly Hills
5 Westside Purple Line Section 3	213.2	213.3	426.5	<ul style="list-style-type: none"> Project is 16% complete; revenue service date in 2027 Focus on third party utility relocations, continue with final design on one contract, and prepare for tunneling operation
6 Division 20 Portal Widening & Turnback	88.1	53.2	141.3	<ul style="list-style-type: none"> Much of adopted budget spent on mobilization costs Additional funds for construction as staging area and preparatory work
7 East San Fernando Valley Transit Corridor	12.8	18.1	30.9	<ul style="list-style-type: none"> EPA environmental cleared in Dec-20 Utility conflict investigation consisting of potholing and slot trenching
8 Eastside Extension Phase 2	2.9	1.5	4.4	<ul style="list-style-type: none"> Allow for engineering and EIR work to be back on schedule
9 Transit Expansion Subtotal	\$ 809.8	\$ 698.5	\$ 1,508.3	
Highway				
11 Soundwall Package 10	\$ 1.2	\$ 0.9	\$ 2.1	<ul style="list-style-type: none"> Caltrans expected to finish design by Q3 and Metro to lead soundwall construction
12 Soundwall Package 11	11.3	12.0	23.3	<ul style="list-style-type: none"> Re-design due to differing site conditions from as-built drawings Continue with permeation grouting
13 SR-57/SR-60 Interchange Improvements	6.5	3.2	9.7	<ul style="list-style-type: none"> Advance project through design phase using the TCEP grant
14 SR-91 Improvements	6.7	2.0	8.7	<ul style="list-style-type: none"> Progress through environmental phase for shovel readiness.
15 Highway Total	\$ 25.7	\$ 18.1	\$ 43.8	
REGIONAL RAIL				
17 Link US	\$ 53.8	\$ 24.8	\$ 78.6	<ul style="list-style-type: none"> Right-of-way acquisitions anticipated in Q4
18 TID & Regional Rail Total	\$ 889.3	\$ 741.4	\$ 1,630.7	

Metro Transit Program – Operations Proposed Allocations

- All Transit Operations-eligible funding allocated to Operations for a total of \$58.6M

(\$s in MM\$)

#	Initiative	FY21 Mid-Year Budget Adj	Description of Activity
1	Customer Experience	\$ 4.9	Pilot programs: elevator attendants, unarmed ambassadors to address homelessness, dispatching social service workers to address issues on the system, ads to increase TransitWatch use, a Better Bus website engagement tool, a new annual Customer Experience Survey, and a program that identifies customers impacted by a missed run or pass-up and offers them a free ride code for a taxi or rideshare service to get where they need to go
2	NextGen Infrastructure / Mobility on Demand	10.0	NextGen/Mobility on Demand initiatives relate to continued NextGen infrastructure studies and incorporating Mobility on Demand into Microtransit
3	Capital State of Good Repair	24.3	Capital State of Good Repair initiatives will re-establish scheduled fleet and infrastructure scheduling priorities that were delayed. Projects include new bus engine procurement, Bus vehicle delivery, rail vehicle mid-life and component overhaul programs, and Rail infrastructure improvements
4	Regional Connector Staffing	4.3	Regional Connector staffing recruitment will initiate maintenance training to gear up for the upcoming Rail Operations Date (ROD)
5	Other Operational Needs	15.1	Other Operational Needs include Bus and Rail fleet maintenance campaigns, backfilling expenses to cover Purchased Transportation revenue service hour rate increases, and additional budget to complete the build out of lactation rooms at various facilities
6	Total Initiatives	\$ 58.6	

Equity and Race and Customer Experience – FTE Increases

Office of Equity and Race (3 Non-Represented FTEs)

- (3) Non-Represented FTEs to staff new Equity and Race department
- Increase capacity to lead this work and improve efforts to expand access for historically and currently marginalized, underserved, and vulnerable communities, to contribute to a more inclusive and equitable Los Angeles County. Operationalize and institutionalize equity under the four pillars of the Board-adopted Equity Platform
- Metro staff developed and applied the Metro Budget Equity Assessment Tool (MBEAT) to the budgetary requests in this Board action

Customer Experience (2 Non-Represented FTEs)

- (2) Non-Represented FTEs to staff the new Customer Experience department
- This will support the annual Customer Experience Plans required by the Board, and expand the scope to include journey mapping, building a customer-first culture across the organization, and planning for the needs of out-of-town visitors as Metro prepares to welcome people from around the world for the 2028 Olympics.

Next Steps

- FB&A Committee on January 20, 2021
- Board Meeting on January 28, 2021
- Metro will make funds available for the planned transit and transportation programs upon Board Approval
- Metro staff will continue to monitor the financial situation which may result in returning to the Board for another amendment in FY21, if necessary
- Metro will assess the financial impact of recently approved additional stimulus package and program accordingly based on the timing of available information