



Item #13

FY23 Budget Development Update

- **Metro Capital Investment**
 - **Regional Allocation & Pass Through (Subsidy Account)**
 - **Budget Outreach**
-

Finance & Budget Committee

March 16, 2022

FY23 Budget Development Status

In FY22, Capital Investment is 44% of the Budget, Subsidy 17%, the two combined accounts for almost 2/3 of annual budget (FY22)



Metro

	(\$ in millions)	FY22 Budget	% of FY22 Budget	FY23 Preliminary
1	Capital Investment			
2	Transit Infrastructure			
3	Transit	\$ 2,487.5		\$ 2,269.0
4	Highway Modernization	475.1		617.2
5	Subtotal Transit Infrastructure	2,962.6	37%	2,886.3
6				
7	Transit Capital Improvement			
8	State of Good Repair	412.9		425.8
9	Transit Improvement/Modernization	78.2		74.8
10	Subtotal Transit Capital Improvement	491.1	6%	500.6
11				
12	Regional Rail Capital	108.3	1%	144.7
13				
14	Total Capital Investment	3,562.0	44%	3,531.6
15				
16	Subsidy Program	1,380.9	17%	1,875.0
17				
18	Metro Transit Operation and Maintenance	2,067.1	26%	TBD
19	Congestion Management	104.4	1%	TBD
20	General Planning	215.6	3%	TBD
21	Oversight and Administrative	69.8	1%	TBD
22	Metrolink Subsidy	124.7	2%	TBD
23	Debt Services	515.6	6%	TBD
24	Total Budget	\$ 8,040.1	100%	TBD

CEO Directive: Apply EZBB to Capital Investment



Establish a highest-level task force comprised of most experienced cabinet members from Operations, Planning and Program Management



Comprehensive review of entire life of project phases from Planning to Construction to Operability



Enhance internal Control, manage delivery on-time and within LOP



Seek alternative funding, delivery and design methodology



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



Transportation Infrastructure Development (TID)

- Transit Expansion, MR/MM Planning Projects
- Highway Modernization

Metro Transit Capital Improvement Projects (CIP)

Regional Rail & Metrolink

Regional Allocations & Pass-throughs (Subsidy Program)

Transportation Infrastructure Development (TID)

KEY PROJECTS

Transit Construction

- D (Purple) Line Extension
- Airport Metro Connector
- L (Gold) Line Foothill Extension 2A & 2B
- G (Orange) Line BRT
- East San Fernando Valley

MR/MM Transit Projects in Planning Phase

- West Santa Ana Branch Corridor
- Eastside Extension & SGV Feasibility Study
- Sepulveda Corridor
- Vermont Transit Corridor
- C (Green) Line South Bay
- And More

Highway Modernization

- Alameda Corridor East Grade Separation Phase 2
- I-5 Capacity Enhancements and Truck Lanes
- Countywide Soundwalls
- SR-710 N Corridor Mobility Improvements
- I-405, I-110, I-105, SR-91 Improvements (South Bay)
- I-605 Corridor "Hot Spots"
- And More

TID (\$ in Millions)	FY22 Budget	FY23 Preliminary	\$ Change	% Change
1 Transit Construction	\$ 2,339.5	\$ 2,099.5	\$ (240.0)	-10.3%
2 MR/MM Transit Planning	148.0	169.5	21.5	14.5%
3 Highway Modernization	475.1	617.3	142.2	29.9%
4 Transit Infrastructure Development (TID) Total	\$ 2,962.6	\$ 2,886.3	\$ (76.3)	-2.6%

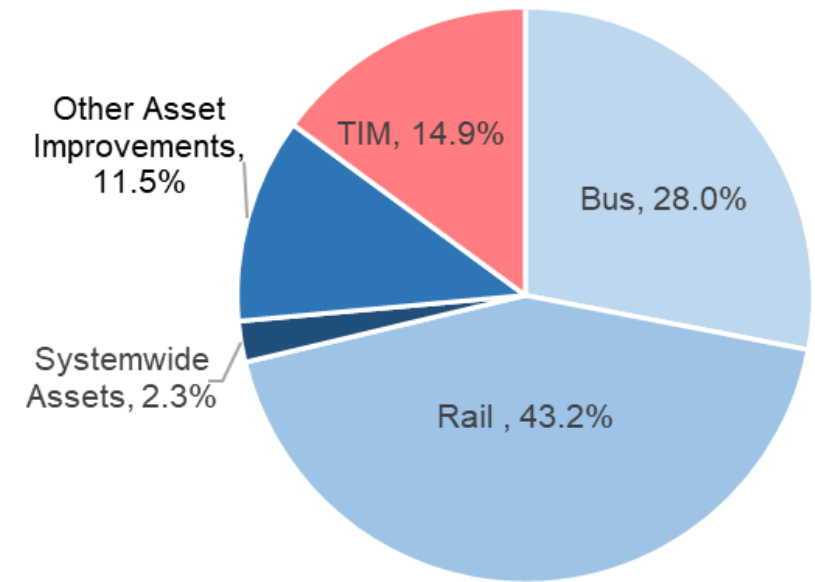
TID Program is slight decrease of \$76.3M (2.6%) from FY22 as Crenshaw and Regional Connector reach substantial completion

- Transit Construction: Reduction of \$240M (8.8%)
 - Crenshaw/LAX & Regional Connector transitioning from construction to revenue service; budget will move from capital investment to operating
- MR/MM Transit Planning: Increasing by \$21.5M (14.5%)
 - Predevelopment work, environmental reviews, and studies on various projects
- Highway Modernization: Increasing by \$142M (29.9%) from FY22
 - Projects enter construction phase

← Complete project list enclosed in Board Report Attachment A

Metro Transit Capital Improvement Program (CIP)

Capital Improvement Program (CIP) \$ in millions	FY22 Active	FY23 Preliminary	\$ Change	% Change
State of Good Repair (SGR)				
Bus (Rolling Stock, Facility, & Mid-Life)	\$ 157.0	\$ 140.4	\$ (16.6)	-10.6%
Rail (Rolling Stock, Facility, Mid-Life & Wayside)	201.7	216.4	14.7	7.3%
Systemwide, Other Asset & IT	54.3	69.1	14.8	27.3%
State of Good Repair (SGR) Total	412.9	425.9	12.9	3.1%
Transit Improvements/Modernization (TIM) Total	78.2	74.8	(3.4)	-4.4%
Total Proposed Budget	\$ 491.1	\$ 500.6	\$ 9.4	1.9%

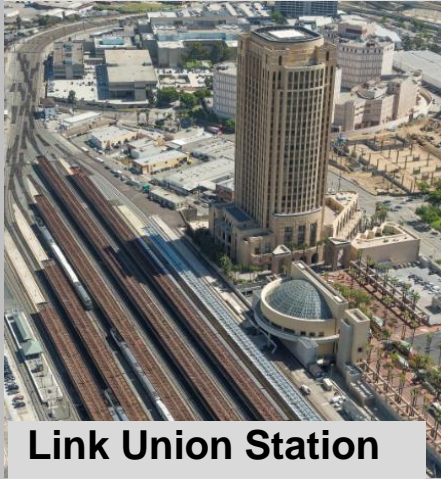


CIP maintains and improves existing assets and transit systems:

(Including rolling stock, facilities, bikeway/bike path, stations, regional hubs, IT infrastructure and more)

- State of Good Repair (SGR): recurring replacement to maintain existing system in reliable operational condition
- Transit Improvements/Modernization (TIM): one-time upgrade and expansion of existing system to the latest technology and environmental goals

Regional Rail Capital



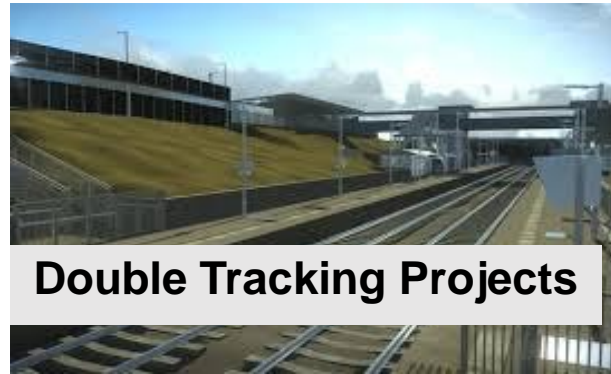
Link Union Station

Complete ROW acquisitions,
Start general construction
management Activities



Metrolink's FY23 budget is still under development. Update upon receipt of Metrolink's official FY23 budget request.

Metro Regional Rail					
Project (\$ in millions)		FY22 Budget	FY23 Preliminary	\$ Change	% Change
1	Link US	\$ 71.6	\$ 90.7	\$ 19.1	26.6%
2	Rosecrans & Marquardt Grade	24.4	27.4	3.0	12.3%
3	Brighton to Roxford Double Track	2.7	3.4	0.6	23.4%
4	High Desert Corridor Rail Service Plan	2.0	3.5	1.5	73.4%
5	Doran Street Grade Separation	2.8	12.4	9.6	341.5%
6	Lone Hill to CP White	3.6	6.4	2.8	79.3%
7	Other Metro Regional Rail	1.2	2.9	1.7	140.4%
8	Total Metro Regional Rail	\$ 108.3	\$ 144.7	\$ 36.4	33.6%



Double Tracking Projects

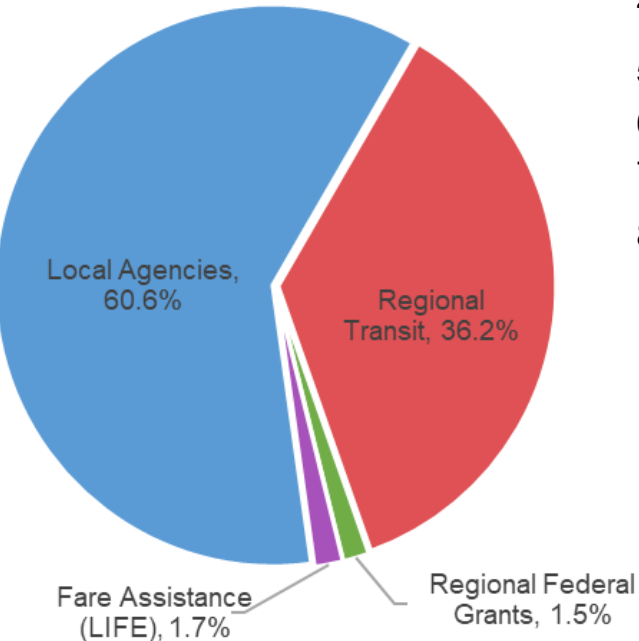
Brighton to Roxbury: Final Design
Lone Hill to White: Final Design



Grade Separation Projects

Rosecrans/Marquardt: full construction
Doran Street: interim improvements construction;
Final Design for full project

Regional Allocations & Pass-throughs (Subsidy Program)



Subsidy Program (\$ in millions)	FY22 Budget	FY23 Preliminary	\$ Change	% Change
1 <u>Local Agencies</u>				
2 Local Return, TDA 3 & 8	\$ 686.6	\$ 822.4	\$ 135.7	19.8%
3 CFP and Other (ITC)	103.0	314.7	211.7	205.6%
4 Subtotal Local Agencies	\$ 789.6	\$ 1,137.0	\$ 347.5	44.0%
5 Regional Transit	558.7	678.2	119.5	21.4%
6 Regional Federal Grants	17.1	28.7	11.6	68.1%
7 Fare Assistance (LIFE Program)	15.6	31.1	15.5	99.4%
8 FY23 Preliminary Subsidy Program	\$ 1,380.9	\$ 1,875.0	\$ 494.1	35.8%

Note: Totals may not add due to rounding. Excludes funding allocated to Metro Transit Operations.

- Transit funding flows to LA County Transit Operators and Local Jurisdictions in accordance with Federal guidelines, State law, and Board adopted policies
- Subsidy program increasing
 - CFP and Other: Inglewood Transit Connector (ITC) Project
 - Projected sales tax revenues 3.5% increase over the reforecasted FY22 revenues
 - FY21 carryover funding (actual over adopted)
 - Available grants (ARPA swaps)
- Fare Assistance includes expanded and improved LIFE program to double enrollment



**Expanded Public
Engagement and
Stakeholder Outreach Plan
& Next Steps**

Stakeholder Meeting Schedule



March

Regional Service Councils – 3/3/22
Policy Advocacy Council – 3/8/22
Telephone Town Hall – 3/29/22

April

Technical Advisory Committee – 4/1/22
Community Advisory Council – 4/8/22
San Gabriel Valley COG – 4/14/22
Local Transit Subcommittee – 4/21/22
Streets & Freeways – 4/21/22
Regional Service Councils – 4/26/22
Community Advisory Council – 4/27/22

May

Public Safety Advisory Council – 5/4/22
Accessibility Advisory Committee – 5/12/22
Public Hearing – 5/18/22
Board Adoption – 5/26/22
Policy Advisory Council – 6/14/22



Metro

Schedule & Next Steps

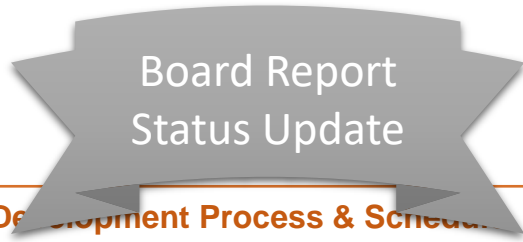
Public Outreach

Engage Early & Often



FY23 Budget Development Process & Schedule

Sales Tax Forecast, Resources Assumption
 Cost Inflation Estimate
 Stakeholder Outreach Plan
 Other Expense Assumptions



February 9



Capital Investment and Subsidy

Transit Infrastructure Expansion
 Transit Capital Improvement
 Regional Rail
 Subsidy Funding



March 10



Transit Operations, and Other Operating Programs

Metro Transit – Operations & Maintenance Expense
 Public Safety
 Other Operating Programs
 General Planning
 Oversight and Adm

April 13



FY23 Budget Adoption (Planned)

- Consolidated Agency-wide Expenses and FTEs Budget Proposal
- Proposed FY 23 Budget available **May 3, 2022**
- Public Hearing on **May 18, 2022**
- Summary of Public Comment and Stakeholder Review
- Final Board Adoption on **May 26, 2022** (legally required before start of fiscal year)

May 11