

FY21 Proposed Budget

Board Meeting
September 24, 2020

FY21 Proposed Budget Highlights

Objective: Balancing FY21 Proposed Budget at \$6.0 billion under severe financial constraint due to COVID-19, while staying on course to deliver Metro's mission

Revenues

- Projecting revenue loss of \$730M, \$490M in Sales Taxes and \$241M in Fares and Tolls
- Assumes gradual recovery that starts in September 2020, with a full recovery anticipated in June 2021
- CARES stimulus does not cover all losses in operations and provides no funding for capital projects

Expenses

Labor:

- No reduction of FTEs from FY20 Budget level (CARES reimbursement)
- Union wages will increase up to 4.5% per the Collective Bargaining Agreements (CBA)
- Controlling costs through Non-Contract vacancy savings and labor overtime usage

Programs:

- Enhanced cleaning, sanitizing, and PPE availability
- Transit Services at 81% of pre-COVID revenue hours, estimated boardings at 55%
- NextGen investments of \$7M for service enhancements, plus \$123M for other bus improvements
- All Measure M/R projects in FY20 moving forward, planning phases moving towards shovel ready status
- Transit funding to operators and cities continue regionally, with CARES funds mitigating declines
- Congestion Management and other mobility initiatives adjusted to match demand
- Cost controls in place for Oversight and Administrative projects, leading to 12% reduction

If needed, Mid-Year Budget will be brought to Board for approval based on the pace of recovery

FY21 Budget Outreach

Comments received as of 9/10/20



[Metro.net/myvoice](https://metro.net/myvoice)

- Emails (>400,000)
- Visits (>8,000)



Budgetcomments@metro.net

- Email comments (83)



[Questionnaire](#)

- Responses (4,217)
- Comments (1,644)

[Virtual Meetings \(>20\)](#)



- Regional Service Councils
- San Gabriel Valley COG
- Gateway Cities COG
- Valley Industry Commerce Association (VICA)
- Bus Operator Subcommittee (BOS)
- Streets & Freeways Committee
- Technical Advisory Committee (TAC)
- Policy Advisory Committee (PAC)
- Local Transit Services Subcommittee (LTSS) Citizens Advisory Council (CAC)
- Measure M Oversight Committee
- Metro Budget Public Hearing



[Summary of Comments – Top Transit Priorities](#)

- **Better Transit** - “Expand Rail Network” and “Increased Safety”
- **Less Congestion** - “Dedicated Bus Lanes” and “Traffic Reduction Study”
- **Complete Streets** - “Improve Pedestrian Crossing”
- **Access to Opportunity** - “High Density Developments Around Transit” and “Easier Reduced Fare Program” & “Better Mobile and Web experience”

FY21 Proposed Budget Risks

- This budget assumes a gradual and immediate recovery beginning in September, with a full recovery anticipated in June 2021.
- Further declines in sales tax revenues from the current estimate as a result of prolonged impact of the ongoing COVID-19 pandemic, uncertainty of when consumer spending return to pre-COVID levels.
- Costs that rise faster than the inflation factor built into the budget for goods/services used to deliver Metro's projects and services.
- Uncertainty regarding public willingness to return to public transit post-COVID.
- Changes in Metro's share of federal and state funding that is dependent on legislative or other actions.
- Unanticipated mobility initiatives added post Budget adoption.

September Board Report FY21 Budget Adoption

- A. ADOPTING** the proposed FY21 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net);
- 1. AUTHORIZING** \$6.0 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted Metro Vision 2028 strategic plan; and
 - 2. AUTHORIZING** a total of 10,219 FTEs with 8,482 Represented FTEs and 1,737 Non-Represented FTEs which did not change from FY20 authorized levels; and
 - 3. APPROVING** the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million presented in Attachment A; and
 - 4. AMENDING** the proposed budget to include \$165.2 million for Gold Line Foothill Extension 2B for a total of \$265.2 million, finalized after budget closed; and
- B. APPROVING** the Reimbursement Resolution declaring Metro's intention to issue debt in FY21 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval.