

Subsidy Funding, General Planning and Programs, Congestion Management, Oversight and Administration, and Debt Service

Subsidy Funding Programs

Funded primarily through state and local sales tax revenue sources, Subsidy Funding Programs represent amounts passed through Metro to regional partners to address transportation needs at the local level. Approximately 90% (\$1.1B) of the Subsidy Funding Program is made up of direct allocations to cities (Local Return), Formula Allocation Procedure (FAP) funding to Municipal and small operators, and Metro supported American with Disabilities Act (ADA) provide in the Los Angeles County by Access Services.

The FY21 Preliminary Budget includes \$1.2 billion for Subsidy Funding Programs, a decrease of 11.8% from the FY20 Adopted Budget. This decrease is primarily due to the expected decline in sales tax revenues from Pre-COVID levels as a result of the economic downturn due to the pandemic. The table below compares the FY20 Budget and FY21 Preliminary Budget for Subsidy Funding Programs.

Subsidy Funding Programs (\$ In millions)	FY 20	FY21	\$ Change	% Change
	Budget	Preliminary		
Local Agencies	\$ 779.3	\$ 702.5	\$ (76.8)	-9.8%
Regional Transit	473.1	387.3	(85.8)	-18.1%
Access Services	110.3	111.1	0.8	0.7%
Regional Federal Grants	27.4	23.3	(4.1)	-15.0%
Fare Assistance	14.6	14.4	(0.2)	-1.6%
Total Subsidy Funding Programs	\$ 1,404.7	\$ 1,238.6	\$ (166.1)	-11.8%

The overall decrease is a result of the expected decline in sales tax, revenues; however Regional Transit declines are mitigated by CARES funding that Municipal Operators will apply directly to FTA for these funds (not included in the table above).

Municipal Operators will receive CARES Act funding as a result of Board approved CARES Act. The allocations provide double the estimated sales tax losses to maintain their funding levels and provide supplemental relief.

General Planning and Programs

The General Planning and Programs has five major groups: 1) Financial, Grants Management and Administration, 2) Public Private Partnership (P3), 3) Property Management which includes Art and Design, Joint Development, Property Maintenance and Contract Management, Parking, Transit Oriented Communities (TOC) and Union Station, 4) Transit Court, and 5) Other Programs such as Active Transportation including Bike, First/Last Mile, Sustainability, and System Connectivity Programs and Studies.

General Planning & Programs (\$ in Millions)	FY20 Budget	FY21 Preliminary	\$ Change	% Change
Financial, Grants Mgmt and Admin	\$ 28.0	\$ 25.1	\$ (2.9)	-10.3%
Administrative and Planning Support	20.0	19.1	(0.9)	-4.6%
Financial Planning and Grants Management	8.0	6.0	(2.0)	-24.5%
P3	\$ 10.3	\$ 8.1	\$ (2.2)	-21.0%
P3	10.3	8.1	(2.2)	-21.0%
Transit Court	\$ 1.8	\$ 1.3	\$ (0.5)	-28.7%
Transit Court	1.8	1.3	(0.5)	-28.7%
Property Management	\$ 58.1	\$ 49.4	\$ (8.6)	-14.9%
Art and Design	1.6	1.5	(0.0)	-2.2%
Joint Development	6.1	5.3	(0.7)	-12.3%
Parking	11.4	10.2	(1.2)	-10.6%
Property Maintenance and Contract Management	18.2	19.1	0.9	5.1%
Transit Oriented Communities	3.9	2.8	(1.1)	-28.7%
Union Station	16.8	10.4	(6.4)	-38.2%
Other Programs	\$ 70.8	\$ 71.2	\$ 0.4	0.6%
Active Transportation incl Bike	37.6	39.0	1.4	3.7%
First Last Mile	2.1	3.1	1.0	48.8%
Sustainability	21.2	15.7	(5.5)	-25.8%
System Connectivity Program and Studies	9.9	13.4	3.5	34.9%
Grand Total	\$ 168.9	\$ 155.1	\$ (13.8)	-8.2%

As a result of the cost control measures, the FY21 Preliminary Budget of \$155.1 million represents a \$13.8 million or 8% decrease from the FY20 Budget. The Preliminary Budget for Bike Share, Parking and Union Station are aligned to the adjusted service level and customer demand amidst the pandemic. Some of the key activities anticipated to begin in Fall 2020 include P3 development on West Santa Ana Branch and Sepulveda Transit Corridor (\$8.0 million). Key projects included in Other Programs category are Rail to Rail/River segment A (\$12.0 million) and supplemental planning study of segment B (\$765.0 thousand), LA River Waterway and System Bike Path Phase 2 environmental clearance and design (\$8.9 million), and first/last mile planning work on Gold Line Foothill Extension 2B and Airport Metro Connector (\$938.0 thousand).

Congestion Management

Congestion Management Program is comprised of these four groups: 1) Expresslanes, 2) Freeway Service Patrol (FSP), 3) Service Authority for Freeway Emergencies (SAFE), and 4) Rideshare Services.

Congestion Management Program (\$ in millions)	FY20 Budget	FY21 Preliminary	\$ Change	% Change
Express Lanes	\$ 76.0	\$ 39.4	\$ (36.6)	-48.1%
Freeway Service Patrol	35.4	26.5	(8.9)	-25.2%
Kenneth Hahn Call Box Program (SAFE)	13.0	12.9	(0.1)	-1.1%
Rideshare Services	11.4	10.8	(0.6)	-5.4%
Congestion Management Program Total	\$ 135.9	\$ 89.6	\$ (46.3)	-34.0%

As a result of the cost control measures, the overall FY21 Preliminary Budget for the Congestion Management Program of \$89.6 million represents a \$46.3 million or 34.0% decrease from the FY20 Budget. The program adjusted ExpressLanes CHP enforcement, ExpressLanes Service Center, SoCal511 funding and various contracts under Freeway Service Patrol to match the decreased traffic on freeways and ExpressLanes. Funding for Incremental

Transit Services subsidy and Net-Toll Revenue grants were reduced to match estimated invoicing by cities. Lastly, planning for ExpressLanes expansion for I-10 extension, I-605, and I-10 Vanpool pilot projects will ramp up in the second half of the fiscal year.

Oversight and Administration

For Oversight and Administration, the FY21 Preliminary Budget is a 12.1% overall reduction from FY20 Budget. Oversight and Administration is mostly driven by labor and benefits which assumes non-contract vacancy savings as a result of the hiring freeze in place. Contract and professional services include contractual software and hardware licensing and legally mandated activities such as financial and compliance audit. As a result of CEO cost control actions, there are significant decreases in training, travel, and supplies.

Oversight and Administration (\$ in Millions)	FY20 Budget	FY21 Preliminary	\$ Change	% Change
Labor & Benefits	\$ 114.0	\$ 104.7	\$ 9.3	-8.1%
Contract and Professional Services	58.6	55.6	3.0	-5.1%
Lease & Utilities	19.9	16.4	3.5	-17.6%
Computer, Office Supplies and Travel	3.8	2.5	1.2	-32.9%
Corporate Membership, Sponsorships, and Training	2.6	1.9	0.7	-28.1%
Subtotal	198.8	181.1	17.7	-8.9%
Allocations	(127.7)	(118.5)	(9.1)	-7.2%
Total	\$ 71.2	\$ 62.6	\$ 8.6	-12.1%

Despite these reductions, there is budget to continue to advance Agency priorities and key initiatives that include racial justice and equity through the creation of the Race and Equity department in addition to advancing initiatives and studies from the Women and Girls Governing Council. Climate actions such as the Traffic Reduction Study will lead to a more sustainable future. Activities and programs including the Comprehensive Pricing Study and Mobility on Demand pilots seek to reimagine the future transportation network in Los Angeles County. As a result of CEO cost control actions, there are significant decreases in training, travel, and supplies.

Debt Service

Debt issuance is authorized by applicable federal and state legislation and the local sales tax ordinances. The Board-adopted Debt Policy establishes parameters for the issuance and management of debt that follow best practices and set affordability limits.

Debt Service (\$ in millions)	FY20 Budget	FY21 Preliminary	\$ Change	% Change
Debt Service - Prop A	164.4	139.3	(25.1)	-15.2%
Debt Service - Prop C	149.2	156.3	7.1	4.8%
Debt Service - Measure R	96.9	100.5	3.7	3.8%
Debt Service - Union Station ACQ	4.3	4.4	0.2	4.4%
Measure R TIFIA Loan - Regional Connector	36.0	10.6	(25.4)	-70.5%
Measure R TIFIA Loan - Crenshaw	0.1	14.7	14.7	27062.0%
Measure R TIFIA Loan - Westside	80.7	80.8	0.0	0.0%
Debt Service Total	\$ 531.6	\$ 506.8	\$ (25.8)	-4.8%

In FY21, it is anticipated that Crenshaw/LAX, Westside Purple Line Section 1, the new bus acquisitions and the light/heavy rail vehicles procurement, local traffic system, and other projects, will utilize debt proceeds. As of July 1, 2020, Metro has \$5.74 billion of outstanding

debt. The annual debt service cost in FY21 is estimated at \$506.8 million, a decrease of 4.8% over last year's FY20 Budget of \$531.6 million, primarily due to lower set asides of sales tax revenue required for debt service based on the repayment schedule structure at the time of the original bond issuance.