

FY24 Budget Development Status Update



Metro

Finance, Budget and Audit Committee

April 19th , 2023

Near-Term Financial Challenges for Metro Transit Program

- The term “fiscal cliff” is being discussed at transportation agencies across the country with federal relief funds now exhausted
- Ridership and fare revenues remain below pre-pandemic levels
- Increasing operating costs and fleet electrification
 - Continuation of costs with expanding rail system; operating new rail lines; more costly than bus
 - Additional pressure to accelerate electrification; increased cost of zero-emission buses in advance of the state’s mandate in eliminating the use of hydrocarbon-fueled buses
 - New pilots and initiatives to address cleaning and safety with no new or dedicated funding take away from what’s available for transit
- The Equitable Zero-Based Budget (EZBB) process continues to be the driving force in this year’s annual budget development process and serves as a cost control tool



FY24 Preliminary Expenditures by Program

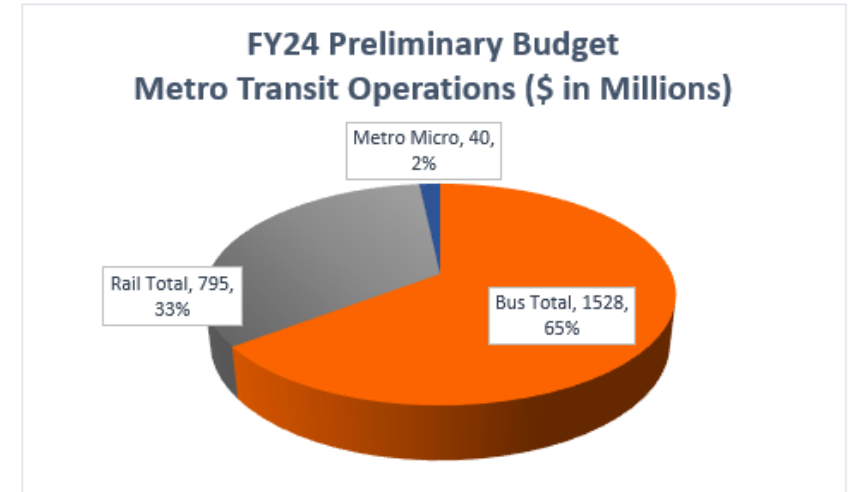
Expenditures by Program Type (\$ in Millions)	FY23 Budget	FY24 Prelim	\$ Change	% Change	% of Total
1 Metro Transit - Operations	\$ 2,251.0	\$ 2,363.7	112.7	5.0%	27.7%
2 Metro Transit - Capital Improvement Program	504.7	541.4	36.7	7.3%	6.3%
3 General Planning & Programs	220.6	233.7	13.1	5.9%	2.7%
4 Congestion Management	137.0	131.9	(5.1)	-3.7%	1.5%
5 Oversight & Admin	81.7	84.3	2.6	3.1%	1.0%
6 Total of Programs covered in April	\$ 3,195.0	\$ 3,354.9	\$160.0	5.0%	39.3%
7 Total of Programs covered in March	\$ 5,101.4	\$ 5,173.2	\$ 71.8	1.4%	60.7%
8 Total Programs covered in April and March	\$ 8,296.3	\$ 8,528.2	\$231.8	2.8%	100.0%

- The FY24 Preliminary Budget for Metro Transit – Operations & Maintenance (O&M) as well as CIP, General Planning & Programming, Congestion Management and Oversight & Admin programs totals \$3.3 billion.
- In May, staff will provide the consolidated Agency-wide expenses, FTEs, budget by departments and an update on debt borrowing plans to help deliver essential capital projects.



Metro Transit Operations FY24 Preliminary Request

Operations & Maintenance (\$ in Millions)	FY23 Budget	FY24 Prelim	\$ Change	% Change	% of Total
1 Bus Total	1,473.9	1,528.4	54.5	3.7%	64.7%
2 Rail Total	737.8	795.1	57.2	7.8%	33.6%
3 Microtransit	39.2	40.1	0.9	2.4%	1.7%
4 Operations & Maintenance Total	\$ 2,251.0	\$ 2,363.7	\$ 112.7	5.0%	100.0%
5 Cost per RSH					
6 Bus	\$ 207.9	\$ 214.7	\$ 6.8	3.3%	
7 Rail	\$ 550.3	\$ 528.0	\$ (22.2)	-4.0%	
8 Microtransit	\$ 144.4	\$ 147.4	\$ 3.0	2.1%	



- Total Metro Transit Operation Budget request for **\$2.36 billion**, an increase of \$112.7 million or 5% over FY23 budget.
 - Bus expenses represent 64.7%, rail expenses account for 33.6% and Metro Micro accounts for 1.7% of total Metro Transit Operations preliminary budget.
 - Assumes bus service of 7M hours and full operation of K Line (Crenshaw/LAX Line) and Regional Connector and service restoration by improved headways
 - Increased expenses are primarily driven by labor costs for service and enhanced cleaning; cleaning budget increase of 13% year over year
 - Budget also includes continuous investments in the multi-layered strategy of public safety for Transit Ambassador program, homeless outreach and mental health crisis teams

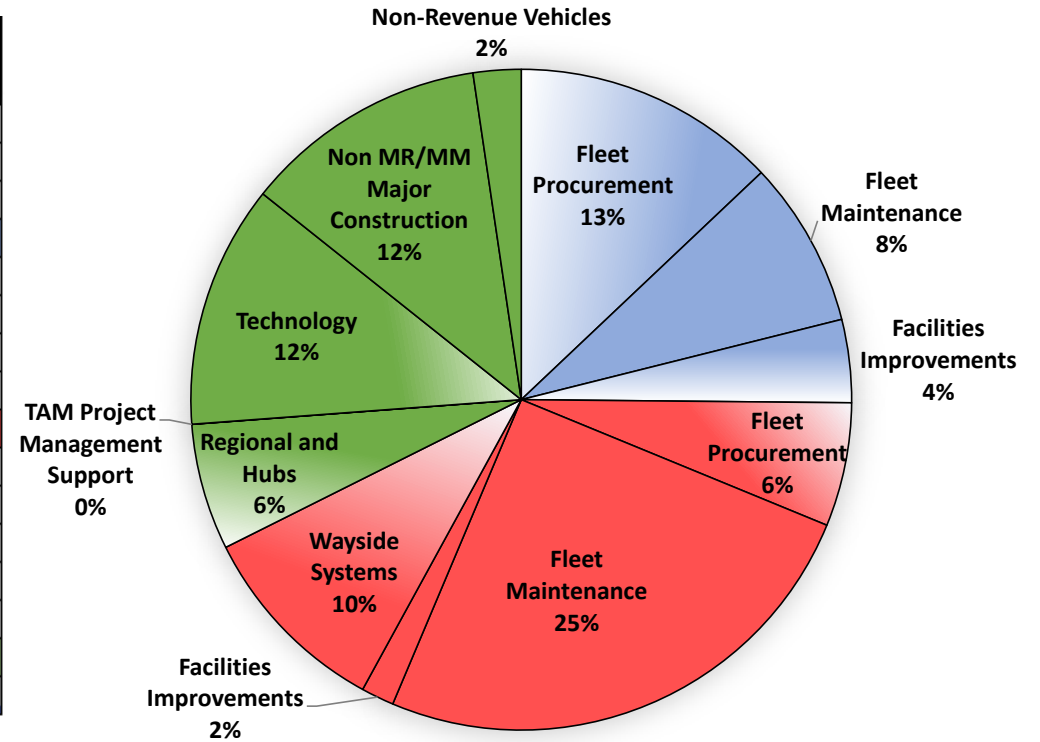


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Metro Transit Capital Improvement Program (CIP)

Capital Category (\$ in millions)	FY23 Budget	FY24 Preliminary	\$ Change	% Change	% of Total
1 Fleet Procurement	\$ 82.1	\$ 70.1	\$ (12.0)	-14.7%	12.9%
2 Fleet Maintenance	41.4	44.1	2.7	6.6%	8.2%
3 Facilities Improvements	28.6	22.0	(6.6)	-23.2%	4.1%
4 Bus Subtotal	\$ 152.1	\$ 136.2	\$ (15.9)	-10.5%	25.2%
5 Fleet Procurement	68.9	32.8	(36.2)	-52.5%	6.1%
6 Fleet Maintenance	99.5	136.2	36.7	36.9%	25.2%
7 Facilities Improvements	6.3	8.7	2.5	39.4%	1.6%
8 Wayside Systems	47.7	52.3	4.5	9.5%	9.7%
9 Rail Subtotal	\$ 222.4	\$ 229.9	\$ 7.6	3.4%	42.5%
10 Regional and Hubs	36.3	33.5	(2.9)	-7.8%	6.2%
11 TAM Project Management Support	0.0	0.0	(0.0)	-10.2%	0.0%
12 Technology	45.1	64.4	19.3	42.8%	11.9%
13 Non MR/MM Major Construction	43.0	64.7	21.7	50.5%	12.0%
14 Non-Revenue Vehicles	5.7	12.7	6.9	121.3%	2.3%
15 Other Asset Improvements Subtotal	\$ 130.2	\$ 175.3	\$ 45.1	34.6%	32.4%
16 Total Proposed CIP Budget	\$ 504.7	\$ 541.4	\$ 36.7	7.3%	100.0%

*Totals may not add due to rounding.



- The CIP focuses on maintaining, upgrading, and modernizing assets to ensure equipment and peripheral systems provide high quality service
 - \$541.4M is allocated for maintaining the system in a state of good repair, for improvements, and modernization
- Program highlights include:
 - Bus Fleet Procurement: \$61.1M primarily for procurement of approximately 93 Zero Emission Electric buses
 - Rail Cars: A major investment of \$169.0M in new vehicles and refurbishment of existing vehicles
 - Safety: \$29M Enhancements for Fire & Life Safety, communication, and monitoring systems
 - NextGen: \$19.9M Bus Mobile Validators for all door boarding and Transit Signal Priority technologies within CIP
 - Across all programs (CIP, TID, etc.), \$52.9M for NextGen, which also includes Bus Lanes and NSFV BRT
 - Customer Experience: \$15.9M For tech enhancements to improve the customer experience, fare capping, and EV charging stations



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Total Bus Investments

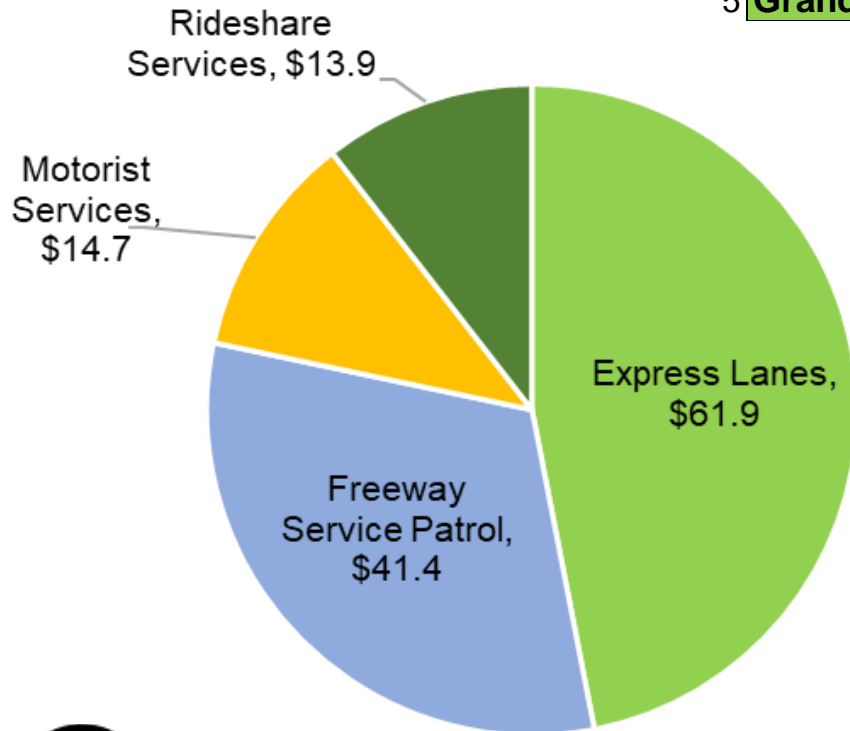
Bus Investments (\$ in Millions)	FY23 Budget	FY24 Prelim	\$ Change	% Change	% of Total
1 Bus Operations & Maintenance	\$ 1,473.9	\$ 1,528.4	54.5	3.7%	80.6%
2 Bus NextGen	28.9	52.9	24.0	83.0%	2.8%
3 Bus Capital Improvements	131.8	138.2	6.3	4.8%	7.3%
4 Bus Rapid Transit Construction & Planning	119.5	149.1	29.6	24.7%	7.9%
5 Bus Studies & CX Initiatives	25.1	28.0	3.0	11.8%	1.5%
6 Total of Bus Investments	\$ 1,779.3	\$ 1,896.7	\$117.4	6.6%	100.0%

- Total bus investments in FY24 preliminary budget of \$1.89B, 6.6% increase over FY23 budget
- Bus Operations & Maintenance includes Cleanliness, Public Safety resources and Other Operating and Support
- Nextgen includes Bus Lanes, Transit Signal Priority, Bus Mobile Validators and Bus Stop Shelters and Shade

Congestion Management

FY24 Preliminary Congestion Management Program budget of \$131.9 million represents decrease of \$5.1 million or 3.7%

Congestion Management Program (\$ in millions)		FY23 Budget	FY24 Preliminary	\$ Change	% Change
1	Express Lanes	\$ 70.5	\$ 61.9	\$ (8.6)	-12.2%
2	Freeway Service Patrol	39.9	41.4	1.5	3.8%
3	Motorist Services	15.1	14.7	(0.3)	-2.3%
4	Rideshare Services	11.6	13.9	2.3	19.9%
5	Grand Total	\$ 137.0	\$ 131.9	\$ (5.1)	-3.7%



Major changes in budget:

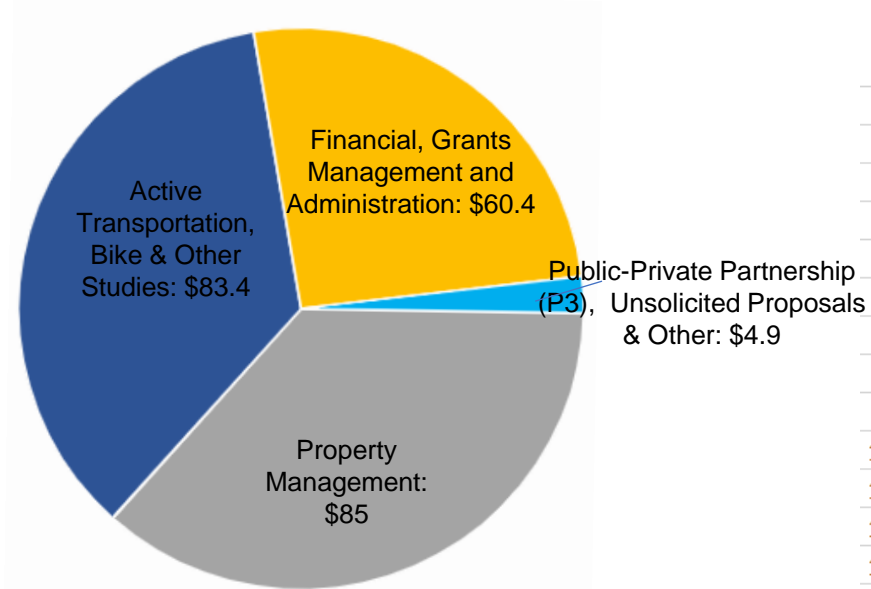
- **Express Lanes:** Acquisition of mandatory replacement of electronic transponders for account holders which occurred in FY23 will continue into FY24
- **Freeway Service Patrol:** New Tow service contracts with cost increases to fuel, labor, insurance, and the purchase price of Tow service vehicles
- **Motorist Services:** Operational cost efficiencies for Regional Integration of Intelligent Transportation Systems (RIITS) as a result of the acceleration of new data and license purchases made in FY23 in support of NextGen
- **Rideshare Services:** Increase in Board-approved vanpool subsidy, general rideshare program operations, & new Transportation Demand Management (TDM) initiatives for non-daily and work-related commuting (recreational trips, tourism, emergency, etc.)



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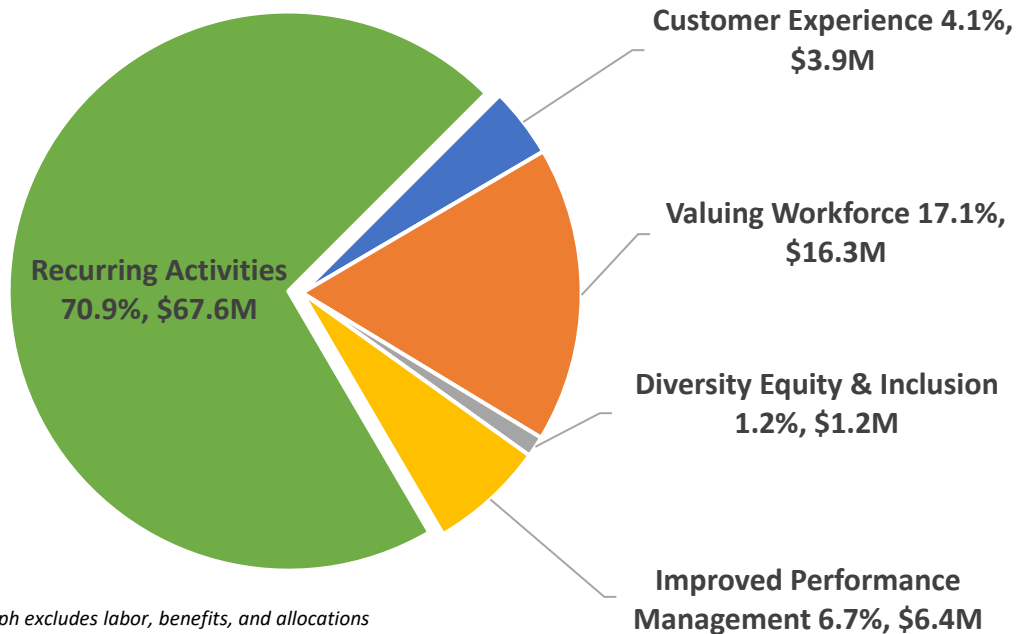
General Planning and Programs

- Budget development is primarily based on operational, grant or developer funded nature of projects, federal or state regulatory required activities, board approved system connectivity studies and other mobility initiatives.
- FY24 Preliminary Budget of \$233.7M represents a \$13.1M or 5.9% increase from the FY23 Budget of \$220.6M.



General Planning and Programs (\$'s in millions)		FY2023 Budget	FY2024 Preliminary	\$ Change	% Change
1	Active Transportation, Bike and Other	\$ 80.1	\$ 83.4	\$ 3.3	4.1%
2	Active Transportation incl Bike	43.0	45.8	2.86	6.6%
3	First Last Mile	2.5	2.7	0.17	6.5%
4	Sustainability	16.2	19.1	2.96	18.3%
5	System Connectivity Program and Studies	18.5	15.8	(2.72)	-14.7%
6	Financial, Grants Mgmt, and Administration	50.0	60.4	10.41	20.8%
7	Financial Planning and Grants Management	29.0	34.0	5.03	17.3%
8	Administrative and Planning Support	20.9	26.3	5.39	25.7%
9	Property Management	82.9	85.0	2.02	2.4%
10	Art and Design	1.6	1.8	0.21	12.9%
11	Joint Development	17.7	17.1	(0.61)	-3.5%
12	Parking	10.3	9.1	(1.18)	-11.5%
13	Property Maintenance and Contract Mgmt	28.7	29.6	0.85	3.0%
14	TOC	9.5	13.0	3.56	37.6%
15	Union Station	15.2	14.4	(0.81)	-5.3%
16	Unsolicited Proposals, P3 and other	7.5	4.9	(2.60)	-34.6%
17	Unsolicited Proposals, P3 and other	7.5	4.9	(2.60)	-34.6%
18	Grand Total	\$ 220.6	\$ 233.7	\$ 13.1	5.9%

Oversight and Administration



*Graph excludes labor, benefits, and allocations



Highlighted Areas	Initiatives/Projects	FY24 Prelim (\$ in Millions)
1 Customer Experience- (Majority of the 2 CX initiatives are located in Metro Transit 3 Program)	Mobility Concept Plan	\$2.3
	Traffic Reduction Study	1.4
	Mystery Rider Program	0.2
4 Valuing Workforce 5 6 7	Business Licenses & Support (Telework)	9.8
	Transportation School (SEED LA)	3.6
	Room 2 Work	2.5
	Knowledge Proof of Concept	0.2
	WIN-LA	0.1
	Metro Childcare Center	0.1
8 Diversity, Equity and Inclusion 9	Disparity Study	0.8
	Equity Info Hub, Community ToolKit, CBO	0.4
10 Improved Performance 11 Management	Infrastructure and Security Systems	6.1
	Gen., Property & Cyber Security Insurance	0.3
12 Grand Total 13 14		\$27.7

- Oversight and Administration budget is \$84.3 million, <1 % of the total FY24 Budget.
- EZBB and Cost Controls reflected in recurring activities (legal services, ethics compliance, internal investigations, regulatory environmental assessments, alongside legally mandated financial and compliance audits), which make up 70.9% of the Oversight Administration Budget.
- Highlighted areas account for the remaining 29.1% of the Oversight Administration Budget.

My Metro Budget Tool – Frequent Comments



Metro Transit Operations

Frequent Comments:

- Frequency & reliability
- Cleanliness

Response:

- Increasing cleaning budget
- Room to Work
- Vinyl seat replacement
- NextGen, increasing bus & rail RSH



Public Safety

Frequent Comments:

- Safety
- Camera infrastructure

Response:

- Increase TSOs/Ambassadors
- Homeless/Mental Health outreach
- Public Safety Analytics Program
- Feasibility of Metro police force



General Planning & Programming

Frequent Comments:

- Bus & rail service
- Bus lanes
- Bike lanes

Response:

- Ramped up 4 pillar projects
- Increase Bike Connectivity
- Improvements Budget
- Expanding service – BRT & New Projects



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Public Outreach & Stakeholder Engagement



October 2022



- **Telephone Town Hall**
- Launch My Budget Tool: distributed via social media, e-blast, QR codes, flyers

November 2022

- Social Media launch My Metro Budget Marketing



December 2022

- **EFC engagement** for My Metro Budget – physical marketing cards



Engage Early & Often

January 2023

- **Telephone Town Hall**
- Regional Service Council Budget Briefing



February 2023

- Finalization of My Metro Budget data, feedback solicited from departments



March 2023

- Community Advisory Council
- **Telephone Town Hall – Mar 28**



WE ARE HERE

April 2023

- San Gabriel Valley COG
- Gateway COG
- Policy Advisory Council
- Bus Operators Subcommittee
- Regional Service Council, Budget Briefing
- Streets & Freeways
- Community Advisory Council – General

May 2022

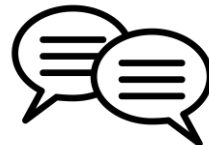
- Technical Advisory Committee
- Valley Industry and Commerce Association
- Local Transit Systems Subcommittee
- San Gabriel Valley COG
- **South Bay COG (added)**
- Bus Operators Subcommittee
- Accessibility Advisory Committee
- **Budget Public Hearing**
- **Board Adoption**



Note: Updated as additional meetings are scheduled.



Metro



ONGOING PUBLIC PARTICIPATION

DRAFT FOR INTERNAL METRO DISCUSSION PURPOSES ONLY- AS OF 3/1/2023

Schedule & Next Steps



- Near-Term Update
- FY24 EZBB
- Prelim. Sales Tax & CPI Forecast
- Public Outreach & Engagement



- Sales Tax Forecast, Resources Assumptions
- Cost Inflation Estimates
- Other Expense Assumptions



- Transit Infrastructure
- Multimodal Hwy Investments
- Regional Rail
- Regional Allocations & Pass-Throughs



- Metro Transit - Operations & Maintenance (O&M) and Capital Improvement Program (CIP)
- Congestions Management
- Planning & Administration



- Consolidated Agency-wide Expenses & FTEs
- Proposed Budget Book
- Public Hearing
- Board Adoption



Appendix

- Total Bus Investments detail, pp. 14-15



Total Bus Investments

	Bus Investments (\$ in thousands)	FY23 Budget	FY24 Preliminary	\$ Change	% Change	Life Of Project
1	Operations & Maintenance					
2	Directly Operated Service Delivery - Labor	\$ 728,858.6	\$ 750,195.3	\$ 21,336.7	2.9%	
3	Directly Operated Service Delivery - Parts, Supplies, CNG, Other	369,787.7	357,338.6	(12,449.2)	-3.4%	
4	Cleanliness	84,012.2	96,509.7	12,497.5	14.9%	
5	Public Safety					
6	Security (LE/Private/Metro)	\$ 65,673.7	\$ 82,544.9	\$ 16,871.2	25.7%	
7	Transit Ambassador Program ⁽¹⁾	12,000.0	6,000.0	(6,000.0)	-50.0%	
8	Homeless Outreach	4,982.8	7,859.9	2,877.1	57.7%	
9	Public Safety Subtotal	\$ 82,656.5	\$ 96,404.8	\$ 13,748.3	16.6%	
10	Other Operating and Support					
11	Workers Compensation	\$ 50,643.3	\$ 53,313.2	\$ 2,669.9	5.3%	
12	PLPD	32,941.4	33,145.6	204.2	0.6%	
13	Customer Care Call Center	24,656.9	27,546.9	2,890.0	11.7%	
14	Supply Chain, Warehouse & Inventory Management	35,278.6	42,028.3	6,749.7	19.1%	
16	Purchased Transportation	65,096.9	71,966.7	6,869.8	10.6%	
15	Other Operating and Support Subtotal	\$ 208,617.1	\$ 228,000.7	\$ 19,383.6	9.3%	
17	Operations & Maintenance Subtotal	\$ 1,473,932.2	\$ 1,528,449.2	\$ 54,517.0	3.7%	
18	NextGen					
19	Bus Mobile Validators (BMV) (All Door Boarding)	\$ 7,000.9	\$ 8,030.0	\$ 1,029.1	14.7%	\$ 18,100.0
20	Camera Bus Lane Enforcement	-	2,085.0	2,085.0	100.0%	
21	Transit Signal Priority	6,014.2	9,742.1	3,727.8	62.0%	25,000.0
22	NextGen Bus Lanes	10,490.8	12,233.4	1,742.5	16.6%	
23	NSFV BRT Network Improvements ⁽²⁾	5,429.8	20,857.2	15,427.4	284.1%	
24	NextGen Subtotal	\$ 28,935.8	\$ 52,947.7	\$ 24,011.9	83.0%	\$ 43,100.0

⁽¹⁾ The FY23 Budget for bus includes a one time \$6 million of rollover budget from FY22 (The FY24 budget includes the \$20M for Transit Ambassadors for both bus and rail as directed by Board motion 26.2).

⁽²⁾ Includes Bus stop shelters and shades as well as curb modifications.



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Total Bus Investments

	Bus Investments (Continued)		FY23	FY24	\$	%	Life Of
	(\$ in thousands)		Budget	Preliminary	Change	Change	Project
25	Bus Fleet Procurement						
26	40' Battery Electric Zero Emission Buses		\$ 70,749.7	\$ 56,486.5	\$ (14,263.2)	-20.2%	\$ 163,534.0
27	40' Compressed Natural Gas Buses		5,599.8	4,752.2	(847.6)	-15.1%	420,913.3
28	60' Battery Electric Zero Emission Buses		4,816.2	4,624.7	(191.5)	-4.0%	80,003.3
29	60' Battery Electric Zero Emission Buses - Grant Funded		487.7	2,683.2	2,195.5	450.2%	5,109.5
30	60' Compressed Natural Gas Buses		452.9	1,519.3	1,066.4	235.5%	149,311.4
31	Bus Fleet Procurement Subtotal		\$ 82,106.3	\$ 70,065.9	\$ (12,040.4)	-14.7%	\$ 818,871.6
32	Bus Facilities Improvements						
33	Bus Division Improvements IV		\$ 3,342.0	\$ 4,127.6	\$ 785.6	23.5%	\$ 28,000.0
34	Division 1 Street Closure		1,000.0	4,620.8	3,620.8	362.1%	9,500.0
35	Electric Bus Charging Infrastructure J (Silver) Line		10,803.0	8,473.9	(2,329.1)	-21.6%	50,000.0
36	Environmental Compliance Capital Project (FY23-FY27)		4,810.2	2,991.4	(1,818.8)	-37.8%	35,000.0
37	Fire Alarm Panel Replacement Throughout Metro Facilities		1,295.2	734.6	(560.6)	-43.3%	3,474.0
38	Metro G (Orange) Line In-Road Warning Lights		35.1	31.5	(3.6)	-10.2%	198.4
39	Bus Facilities Improvements Subtotal		\$ 21,285.5	\$ 20,979.8	\$ (305.6)	-1.4%	\$ 126,172.4
40	Bus Fleet Maintenance						
41	Bus Engine Replacements		\$ 3,060.9	\$ 2,660.2	\$ (400.8)	-13.1%	\$ 13,518.0
42	New Flyer/EI Dorado Bus Midlife		17,235.4	40,470.6	23,235.2	134.8%	205,000.0
43	Bus Fleet Maintenance Subtotal		\$ 20,296.4	\$ 43,130.8	\$ 22,834.4	112.5%	\$ 218,518.0
44	Regional & Hubs						
45	Passenger Screen-Facility Hardening		\$ 600.0	\$ 1,400.0	\$ 800.0	133.3%	\$ 3,448.8
46	Bus Mobile Validators (BMV) For Muni Buses		-	500.0	500.0	100.0%	4,703.9
47	Patsaouras Bus Plaza Station Improvements		450.3	38.5	(411.7)	-91.4%	50,913.0
48	Regional & Hubs Subtotal		\$ 1,050.3	\$ 1,938.5	\$ 888.3	84.6%	\$ 59,065.7
49	Technology						
50	Advanced Transportation Management System II (ATMS) Replacement		2,425.0	797.3	(1,627.6)	-67.1%	117,000.0
51	Technology Subtotal		\$ 2,425.0	\$ 797.3	\$ (1,627.6)	-67.1%	\$ 117,000.0
52	Non MR/MM Major Construction						
53	Rosa Parks/Willowbrook Station		\$ 4,671.4	\$ 1,259.4	\$ (3,412.0)	-73.0%	\$ 128,348.4
54	Non MR/MM Major Construction Subtotal		\$ 4,671.4	\$ 1,259.4	\$ (3,412.0)	-73.0%	\$ 128,348.4
55	Bus Capital Improvements Subtotal		\$ 131,834.8	\$ 138,171.8	\$ 6,337.0	4.8%	\$ 1,467,976.1
56	Transit Construction						
57	G Line (Orange) BRT Improvements: Construction		\$ 85,566.8	\$ 74,466.1	\$ (11,100.6)	-13.0%	\$ 149,683.0
58	G Line (Orange) BRT Improvements: Planning		4,251.5	71.2	(4,180.2)	-98.3%	
59	Transit Construction Subtotal		\$ 89,818.2	\$ 74,537.3	\$ (15,280.9)	-17.0%	\$ 149,683.0
60	Transit Planning						
61	Broadway BRT		\$ -	\$ 3,987.1	\$ 3,987.1	100.0%	
62	BRT Connector B Line (Red)/G Line (Orange) to L Line (Gold)		20,158.9	60,275.8	40,116.9	199.0%	
63	San Gabriel Valley Transit Feasibility Study		2,801.1	2,216.4	(584.8)	-20.9%	
64	Vermont Transit Corridor		6,730.2	8,059.6	1,329.4	19.8%	
65	Transit Planning Subtotal		\$ 29,690.2	\$ 74,538.9	\$ 44,848.6	151.1%	
66	Bus Transit Construction & Planning Subtotal		\$ 119,508.4	\$ 149,076.2	\$ 29,567.7	24.7%	\$ 149,683.0
67	Bus Studies & CX Initiatives						
68	LIFE Program		23,237.6	25,316.5	2,078.9	8.9%	
69	Other Bus Planning & Studies		1,846.4	1,572.7	(273.7)	-14.8%	
70	Bus Stop Lighting		-	1,000.0	1,000.0	100.0%	
71	Adopt - a - Stop		-	150.0	150.0	100.0%	
72	Bus Studies & CX Initiatives Subtotal		\$ 25,084.0	\$ 28,039.2	\$ 2,955.3	11.8%	
73	Bus Investments Total		\$ 1,779,295.2	\$ 1,896,684.0	\$ 117,388.9	6.6%	\$ 1,660,759.1

Note: Totals may not add up because of rounding.



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