

Item #3

FY21 Budget – Discussion

September 2020



Measure M – Taxpayer’s Oversight Committee

AGENDA

- Introduction and Opening Remarks
- Budget Process/Vision 2028
- FY21 Resources Summary
- FY21 Proposed Budget/Program Highlights
 - Transit Expansion/Highways
 - Transit Infrastructure Expansion/Construction & Planning
 - Operations & Maintenance
 - NextGen Investments
 - Other Mobility Initiatives
 - Congestions Management
 - Regional Subsidies Funding
 - Regional Rail/Oversight/Debt Services
- Budget Outreach
- Questions?



**FY 21 Proposed Budget
Regional Service Councils**

FY21 Budget Process



May

June

July

August

Sept.



FY21 Continuing Resolution & Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding (Agenda No. 39)



COVID Revised Revenue Assumptions and Forecast



Sales Tax Forecast, Resources Assumption Budget Schedule Stakeholder Outreach Plan



Program Summaries & Expense Assumptions



Public Hearing & FY21 Budget Adoption



Metro



Vision 2028

Outstanding
trip
experiences
for all

Transform LA
County through
collaboration and
leadership

Responsive,
accountable and
trustworthy
Metro

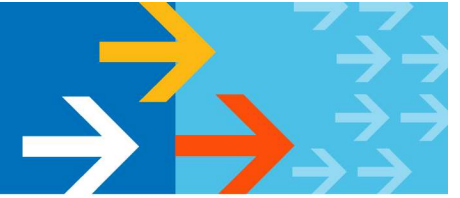
Enhancing
communities and
lives

High quality
mobility
options



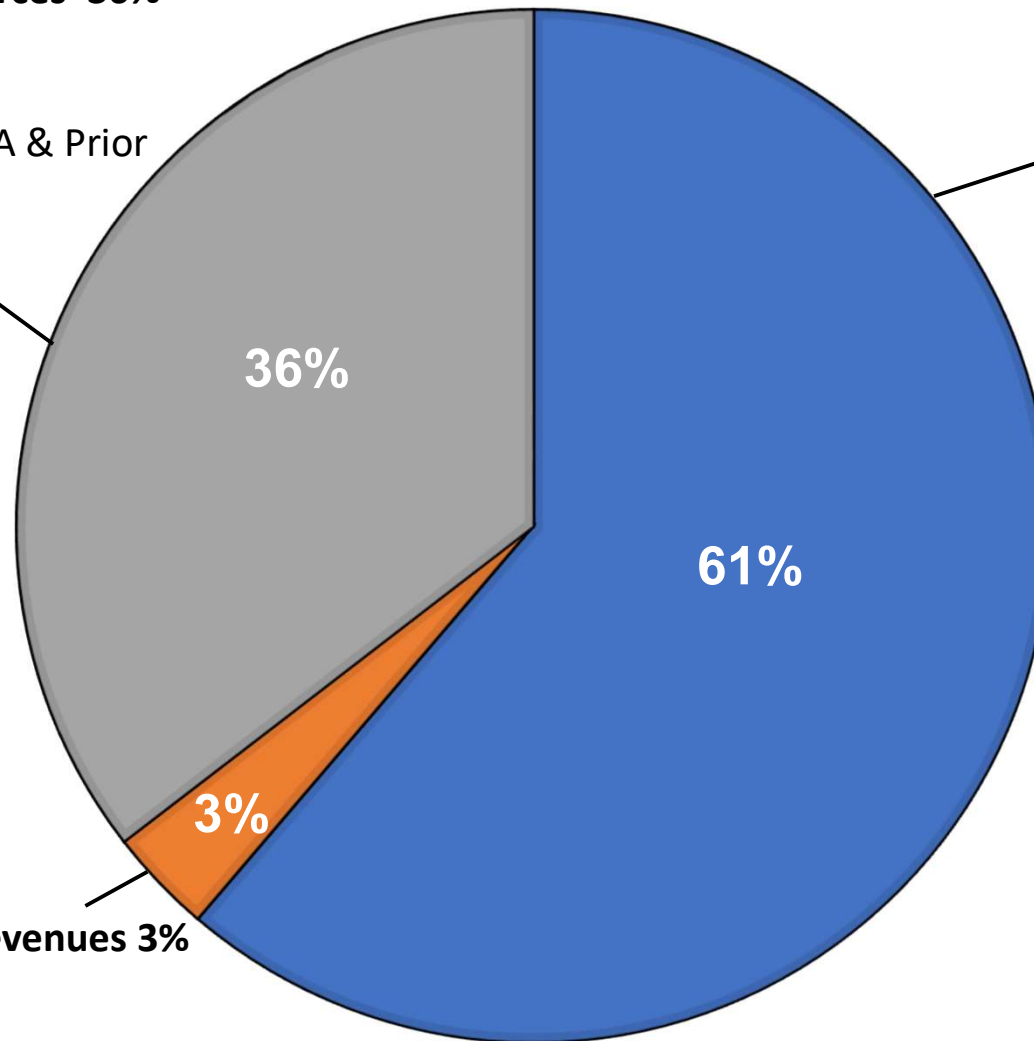
Metro

FY21 Resource Summary: \$6.01 Billion



Capital & Bond Resources 36%

- Grants & CARES Reimbursements
- Bond Proceeds, TIFIA & Prior Year Carryover



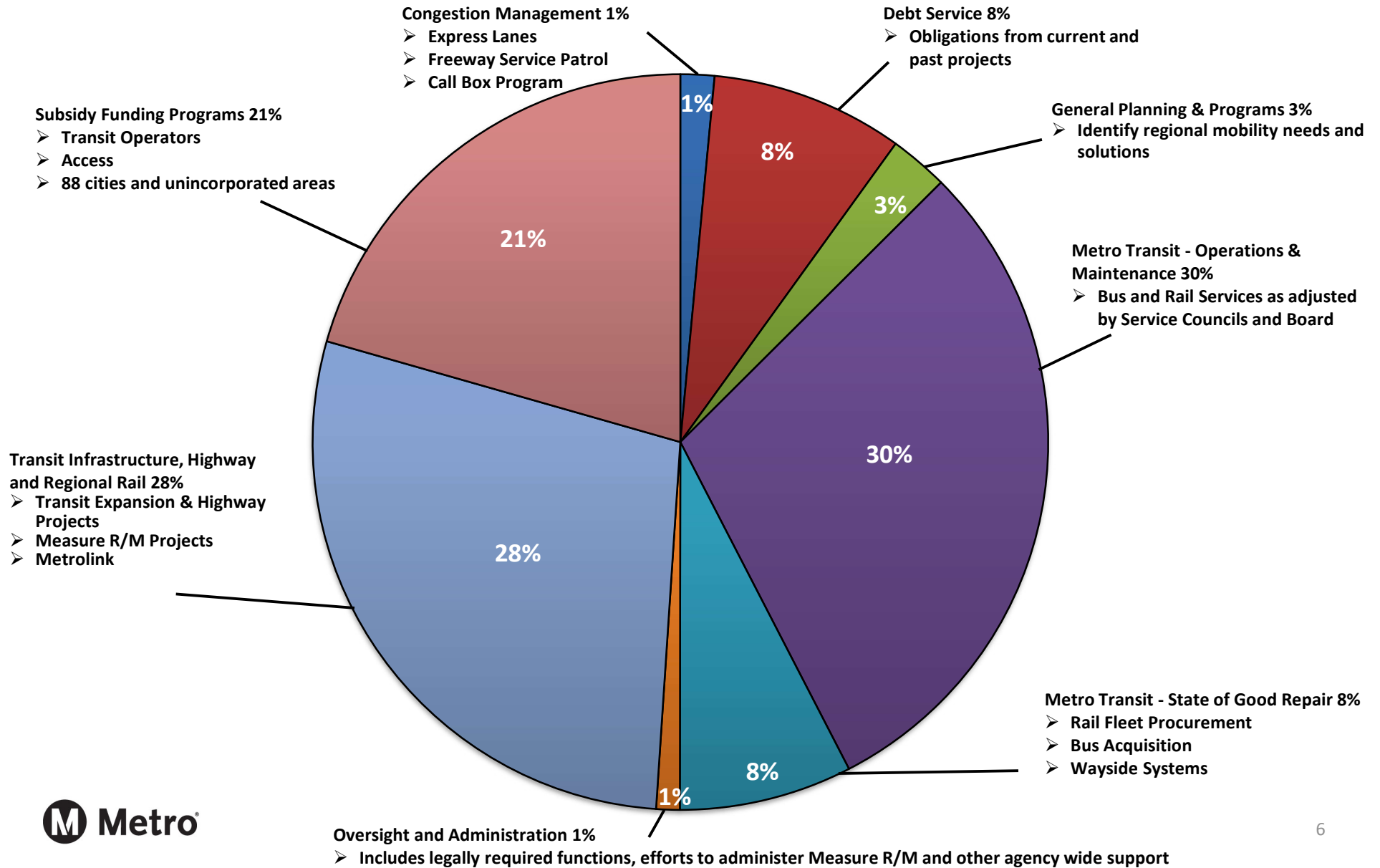
Sales Tax, TDA & STA Revenues 61%

- Proposition A & C
- Measure R & M
- Transportation Development Act (TDA)
- State Transit Assistance (STA) SB1 STA
- SB1 State of Good Repair

Operating & Other Revenues 3%










- Passenger Fares
- ExpressLanes Tolls
- Advertising
- Other Revenues

FY21 Proposed Budget: \$6.01 Billion

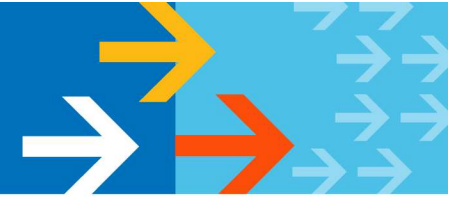


Program Highlights



-  **-37.6%** **Transportation Infrastructure Development** decrease of \$895.9 million reflective of the conservative approach taken considering the pandemic and no stimulus support from the federal government. Despite the reduction, progressing projects to shovel readiness and remain on Measures R/M schedule. Midyear adjustments will be brought to Board if needed.
-  **-2.2%** **Metro Transit – Bus and Rail Operations & Maintenance**: Reduction in non-labor variable cost including Parts and Supplies, fuel/propulsion power, and Metro property expenses which offset by Labor and fringe benefits to support wage increases (per the Collective Bargaining Agreements) and IT services for application, software, licensing and maintenance support. Service will be phased-in and support people returning to work, changing demand, NextGen, and MicroTransit implementation.
-  **-7.4%** **Metro Transit – State of Good Repair (SGR) & Other Asset Improvements**: \$457 million is allocated to maintain its fleet, rail lines, transit stations, facilities, information systems and peripheral infrastructure to ensure delivery of safe, reliable, and high-quality transit services. Supports bus and rail vehicle deliveries and electrification of the bus fleet with 200 near zero-emission CNG and 23 zero- emission electric buses, payment and delivery of remaining light rail vehicles, and delivery of in-line and facility electric charging infrastructure.
-  **-11.8%** **Subsidy Funding Programs** decreases by \$166.1 million, or 11.8%, 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. Access Services, Tier 2, Small Operators to receive CARES equivalent funding from Metro and included in the Subsidy Program
-  **23.2%** **Regional Rail** increases by \$41.3 million, or 23.2% with continuing operating and capital support of the Metrolink commuter rail system and the Metro managed Regional Rail. \$23.3 million of this increase is due to anticipated real estate acquisition for Link US project, following the state grant approval in June.
-  **-34.0%** **Congestion Management** decreased \$46.3 million primarily due to our current economic challenges, reduction levels to match decreased traffic on freeways and ExpressLanes, deferral of the Freeway Beautification project and the removal of a concurrent customer service information provider at the conclusion of a smooth system transition for Expresslanes.
-  **-8.2%** **General Planning & Programs** decreases by \$13.8 million or 8.2% by aligning the budget for Bikeshare, Parking, Transit Court and Union Station to adjusted service level and customer demand amidst the pandemic. Non-Operational projects are evaluated to continue regularly or be reprioritized in accordance to CEO's Cost Control Actions.
-  **-4.8%** **Debt Service** decreases by \$25.8 million, or 4.8% 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.
-  **-12.1%** **Oversight & Admin** decreased by \$8.6 million or 12.1%, due to continued efforts to exercise fiscal responsibility in the support departments (offset by labor increases tied to CPI index) while investing in Agencywide initiatives and priorities.

FY21 - Transit and Highway Program



~ \$1.5b for Transit Expansion and Highway Projects

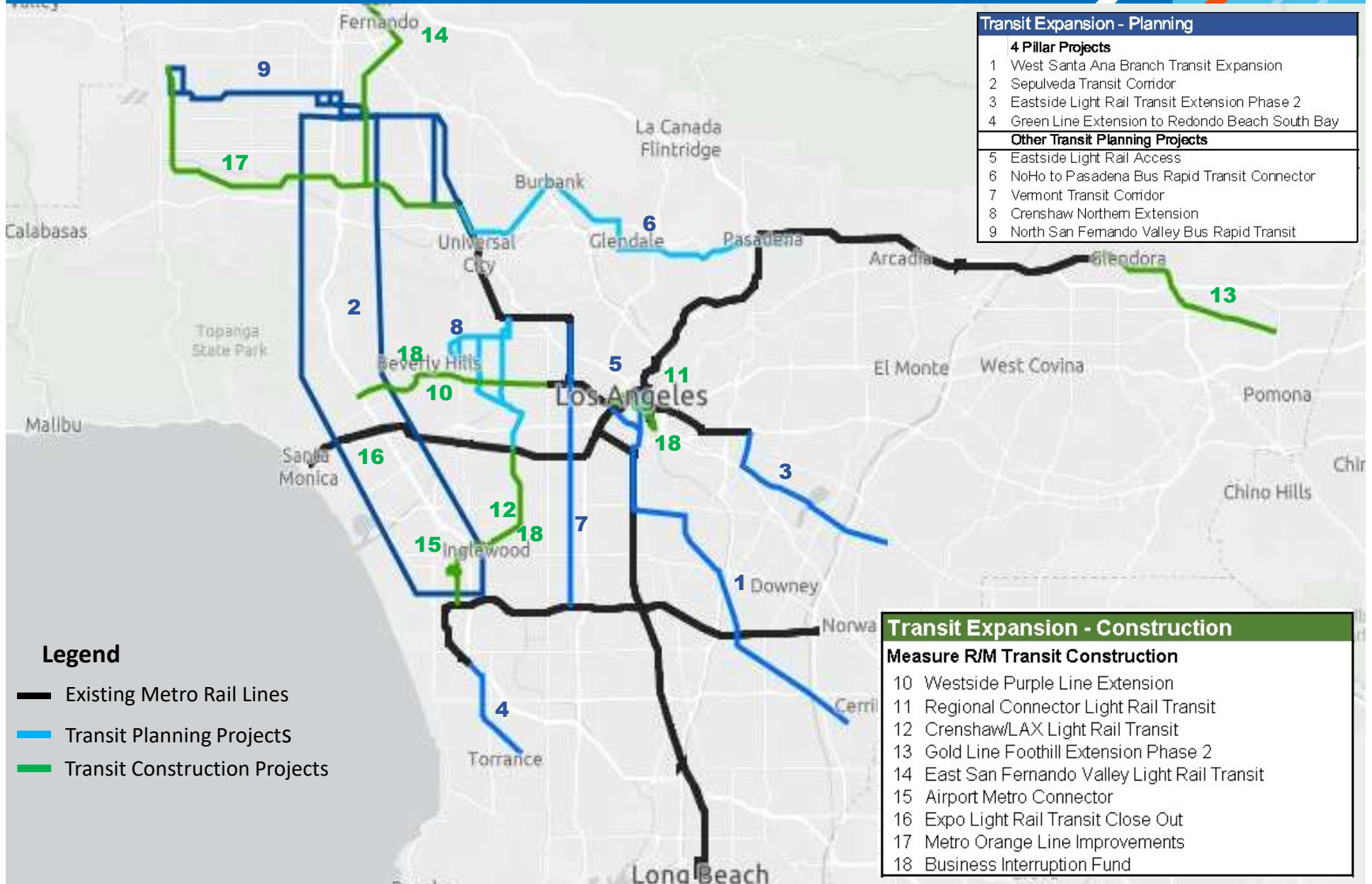
1) Transit Expansion:

- Continued construction progress and systems testing for Crenshaw/LAX for a May 2021 forecasted revenue service date
- Continued construction of the Regional Connector project & the Westside Subway Purple Line Ext (PLE) Sections 1 and 2
- PLE Sec 3 final design, utility relocation, and early construction activities
- Airport Metro Connector starts construction activities
- Gold Line Foothill Extension 2B construction ramp up
- Orange Line Bus Rapid Transit Improvements

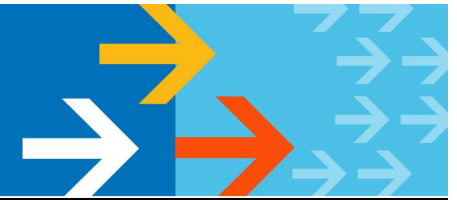
2) Highways:

- Fund Sub Regional Operational Improvement projects for:
 - South Bay I-405, I-110, I-105 & SR-91 Ramp & Interchange Improvements
 - Gateway Cities I-605, SR-91, I-405 Corridor Hot Spots
 - Gateway Cities I-710 South & Early Action projects
 - North County SR-138 Capacity Enhancements
 - Arroyo Verdugo & Las Virgenes/Malibu
- Continuing Caltrans and soundwall construction efforts

Transit Infrastructure Expansion: Construction and Planning



Transit Infrastructure Expansion: Highway Capital



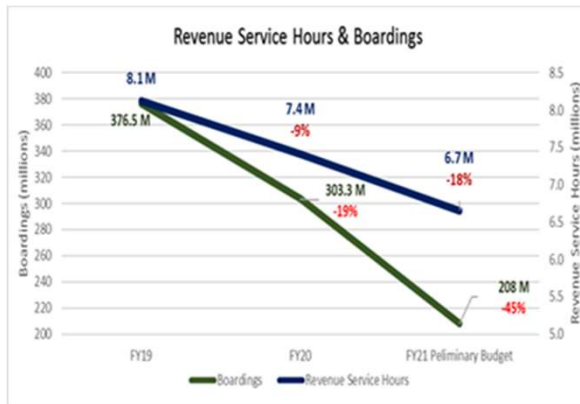
Highway Program	
Environmental Phase	
1	Interstate 105 Express Lanes
2	Interstate 405 Sepulveda Express Lanes
Plans, Specs & Estimates Phase	
3	Interstate 210 Barrier Replacement
4	SR-710 North Corridor Mobility Improvements
5	SR-57/SR-60 Interchange Improvements
Construction Phase	
6	Interstate 5 Capacity Enhancement from I-605 to Orange County Line
7	Interstate 5 Capacity Enhancement from SR-134 to SR-170
8	Interstate 5 North Capacity Enhance SR-14 to Kern County Line
Project Segments in Various Phases *	
Alameda Corridor East Grade Separations Phase 2	
Countywide Sound Wall Assessment & Constructions	
Highway Efficiency Program	
Highway Operational Improvements	
Highway Operational Improvements in Las Virgenes/Malibu Subregion	
Highway Operational Improvements in Arroyo Verdugo Subregion	
Interstate 605 Corridor "Hot Spot" Improvements	
Interstate 405, I-110, I-105, and SR-91 Ramp & Interchange Improve (SB)	
Interstate 710 South and/or Early Action Projects	
Interstate 5 / St. Route 14 Capacity Enhancement	
State Route 138 Capacity Enhancements	
High Desert Corridor (highway department activities)	
Transportation System and Mobility Improvement Program	
<i>* some of these projects are not shown on the map</i>	

Legend	
	Highway Projects

Metro Transit – Operations & Maintenance



~ \$1.8b for Metro Transit – Operations & Maintenance



Metro Transit Operations		FY20	FY21	\$	%	
Expenses (\$ in millions)		Budget	Preliminary	Change	Change	% of Total
Direct Operating Cost	Labor - FTE	\$ 1,147.9	\$ 1,192.6	\$ 44.7	4%	66%
	Labor - Overtime	\$ 88.9	\$ 53.0	\$ (35.9)	-40%	3%
	Total Labor	\$ 1,236.8	\$ 1,245.7	\$ 8.9	1%	69%
	Service-related Consumables	\$ 148.9	\$ 119.4	\$ (29.5)	-20%	7%
	Other	\$ 171.4	\$ 159.0	\$ (12.5)	-7%	9%
Total Non-Labor	\$ 320.4	\$ 278.4	\$ (42.0)	-13%	15%	
Total Direct Operating Cost		\$ 1,557.2	\$ 1,524.1	\$ (33.1)	-2%	85%
Support Costs		\$ 281.9	\$ 274.6	\$ (7.3)	-3%	15%
Total Metro - Transit Operations & Maintenance		\$ 1,839.1	\$ 1,798.6	\$ (40.4)	-2%	100%

Revenue Service Hours (RSHs) and Boardings

- Boardings and RSHs drive the costs needed to run service and maintain infrastructure
- FY21 RSHs (6.65M RSHs) will be 81% of pre-COVID service levels and will support estimated 55% of pre-COVID boardings
- Service will be phased-in and support people returning to work, changing demand, NextGen, and MicroTransit implementation
- NextGen will realize speed improvements that will result in more miles in a less amount of time and service hours, leading to more efficient service and budget

Operations & Maintenance Expenses

- FY21 proposed Bus and Rail Operations budget is estimated to be \$1.799 billion, with \$1.27 billion allocated to Bus and \$527 million allocated to Rail. This represents \$40.4 million (2 percent) reduction from the FY20 budget.
- Key Assumptions:
 - Preserve staffing levels & maintain commitment to negotiated CBA provisions
 - Reductions in overtime, consumables, and other cost control initiatives offset cost of staffing preservation

NextGen Investment



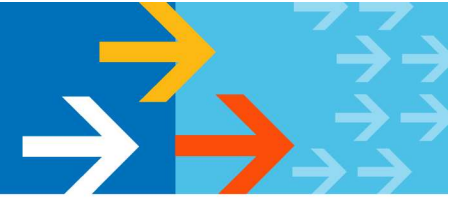
Investing in and improving the Bus & Rail System to complement NextGen

NextGen service implementation and investments will improve speed and reliability, covering more in service miles with less in service hours

- \$130 million in FY21
 - \$7 million for service enhancements: Bus priority lanes, All-Door Boarding, speed & reliability projects, and station cleanliness
 - \$16 million for station and bus plaza expansion
 - \$107 million for enhancement of service in BRT routes and other transit corridors

Project Description (\$ in thousands)	FY21 Proposed	Life of Project
Service Enhancements		
Analysis and Outreach - Bus Priority Lanes	\$ 865	\$ 956
Implementation - Bus Priority Lanes	900	2,725
All Door Boarding Expansion	1,569	1,569
Bus Zone Optimization	2,400	8,250
Metro Rail Speed Analysis	766	1,000
Station Cleanliness & Evaluation	500	500
Service Enhancements Total	\$ 7,000	\$ 15,000
Other Improvements Benefiting NextGen Implementation		
Patsaouras Plaza Busway Station	\$ 3,000	\$ 49,000
Cesar Chavez/Vignes Bus Pavilion at Union Station	1,100	2,500
Willowbrook/Rosa Parks Station Bus Plaza	12,200	15,000
Airport Metro Connector Bus Plaza	75,000	75,000
G Line (Orange) BRT Improvements	20,400	361,000
North Hollywood to Pasadena BRT	5,700	267,000
North San Fernando Valley (NSFV) BRT	2,500	180,000
Vermont Avenue Transit Corridor	3,200	425,000
Other Improvements Total	\$ 123,100	\$ 1,374,500
Total NextGen Related Projects	\$ 130,100	\$ 1,389,500

FY21 State of Good Repair (SGR)



Proposed Budget \$457M



Bus Purchases

Near zero-emission CNG buses

Zero-emission electric buses and infrastructure

\$209M



Rail Car Purchases

Light Rail - for expanding services

Heavy Rail - replacement of old cars

\$74M



Rail Vehicle Maintenance

Light Rail - Modernization for P2000 cars

Heavy Rail - Modernization of A650 cars

\$46M



Wayside Systems

Track maintenance

Repair/replacement of signals, switches, and circuits

\$39M



NextGen

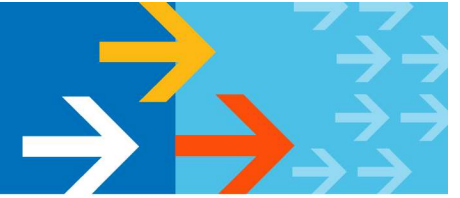
Patsaouras Plaza

Bus Pavilion at Union Station

Willowbrook/Rosa Parks Bus Station

\$16M

Other Mobility Initiatives



~ \$155m Projects Under Planning and Development in FY21

SYSTEM CONNECTIVITY

- > Centinela Grade Separation
- > First Last Mile Planning
- > Goods Movement Strategic Plan
- > Joint Development Activities
- > Public Private Partnership (P3)
- > Parking Program
- > Union Station Master Plan and Capital Improvements

ACTIVE TRANSPORTATION

- > Bike Share
- > Bike programs
- > Rail to Rail/River Active Transportation Corridor
- > LA River Bike Path

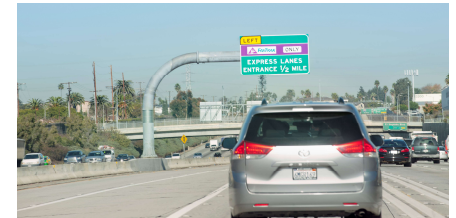


Congestion Management



~\$89.6m for Congestion Management Program

- > ExpressLanes Operations, Maintenance, and Enforcement
- > Freeway Service Patrol
- > Call Box Program
- > Regional Integration of Intelligent Transportation System
- 511 Traveler Information
- Rideshare Services



OTHER CORRIDOR FUNDED PROGRAMS

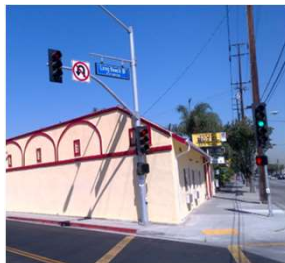
- > Bus service enhancement (Metro, Foothill Transit, Gardena Transit, Torrance Transit)
- > ExpressLanes Revenue Reinvestment Grant Program
- > Public Outreach and Education
- > Professional services contracts to support existing and evaluate new ExpressLanes

Regional Subsidy Funding

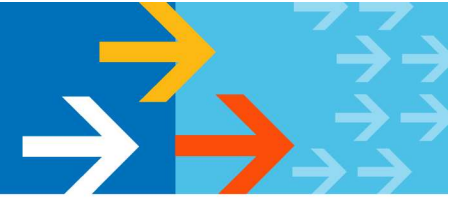


Metro distributes and provides oversight to over \$1.2 billion in regional subsidies to 88 cities and the County to support locally determined and community based transit and mobility improvements.

- **\$612.4M** (50%) goes directly to cities and the County through Local Return and TDA sales tax allocations to support locally determined, community based improvements and investments in transit and mobility including:
 - Local Public Transit; Community Dial-A-Ride/Paratransit and Shuttle Services
 - Youth and Senior Recreational Transit; Taxi and Fare Subsidies
 - Bus Stops and Shelters; Transit Infrastructure Improvements; Maintenance
 - Local Streets and Roads – Repaving, Repair and Rehabilitation
 - Signal Improvements; Installations and Synchronization; Street Lighting projects
 - Safety Investments in Pedestrian, Crosswalk, and Safe Routes to School Programs
 - Streetscaping; Complete Streets; Bicycle Infrastructure investments



Regional Subsidy Funding (cont.)



Additional Regional Program Funding Contributions by Metro as the Regional Transportation Planning Agency:

- **\$401.4M** (32%) to Municipal Operators and Regional Para-Transit/Dial-A-Ride Operators for Transit Operations, Maintenance, and State of Good Repair.
- **\$111.9M** (9%) to support Regional Fare Subsidies (LIFE Program) and ADA Mandated County-wide Paratransit Services (Access Services)
- **\$90.2M** (7%) to regional grant programs including:
 - TOD Planning, Open Streets, and Regional TSM/TDM Grants
 - Active Transportation, Bicycle Infrastructure, Regional Farebox Upgrades, Wayfinding Programs
- **\$23.3M** (2%) Federal Grant Programs including JARC, New Freedom, Senior & Disability related and Other Regional Federal Grants.

access

Save on fares
with LIFE.



LACMOA

Los Angeles County
Municipal Operators Association



Regional Rail, Oversight, and Debt



Program Type (\$ in millions)	FY21 Proposed Budget	Key Activities
Regional Rail	\$ 219.5	FY21 Proposed Budget made up of Link US property acquisitions around Union Station in support of Phase A deliverables, Rosecrans / Marquardt Grade Separation project will complete ROW acquisitions; Brighton to Roxford, along Antelope Valley Line, will continue engineering designs in FY21; Metrolink's fare revenue replacement for loss due to COVID-19; new Metrolink weekend service to the Ventura County Line starting in April 2021, and support for Metrolink's support for 25% San Bernardino fare discount program; offset by decrease in Metrolink capital budget reflecting the cashflow required for FY21.
Oversight and Admin	\$ 62.6	FY21 Proposed Budget maintains low oversight and admin costs at 3% of total budget while continuing to invest in agency priorities such as equity, sustainability and climate action initiatives and projects.
Debt Service	\$ 509.2	FY21 is estimated at \$509.2 million primarily due to repayment schedule structure at the time of the original bond issuance.

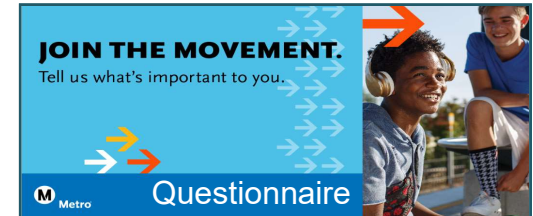
Public Engagement in FY21 Budget



Jul – Sept



Bus Car Cards



- *Metro.net/myvoice*
-Visits (2,416)



Aug

- Metro FB Events
- Metro Projects Pages
- E-Blast:
- TheSource

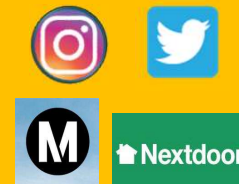


- *Questionnaire:*
-Responses (3,907)
-Comments (1,595)



Sept

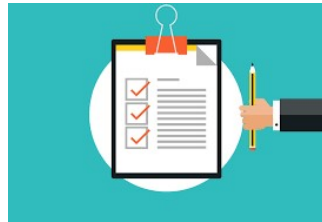
- NextDoor
- FB Events
- Instagram Stories
- Twitter
- E-Blasts Reminders



- *Meetings:*
- FY21 Budget Briefing – Regional Service Councils – **Sept 3***
- Public Hearing – **Sept 16***
- Board Adoption – **Sept 24***

*Virtual Meetings

We want your input...



Fill out a brief questionnaire in English or Spanish and tell us what's important to you at metro.net/myvoice.



Join a virtual Public Meeting or Hearing in September and provide your input.



Provide your input via email at budgetcomments@metro.net.



Submit by regular mail to:
Attn: FY21 Budget
One Gateway Plaza, 99-24-1
Los Angeles, CA 90012



Questions ?