



## Board Report

---

**File #:** 2019-0094, **File Type:** Informational Report

**Agenda Number:** 9.

---

### FINANCE, BUDGET, AND AUDIT COMMITTEE MARCH 20, 2019

**SUBJECT: FY20 BUDGET DEVELOPMENT UPDATE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE FY20 Budget Development Update.

#### **ISSUE**

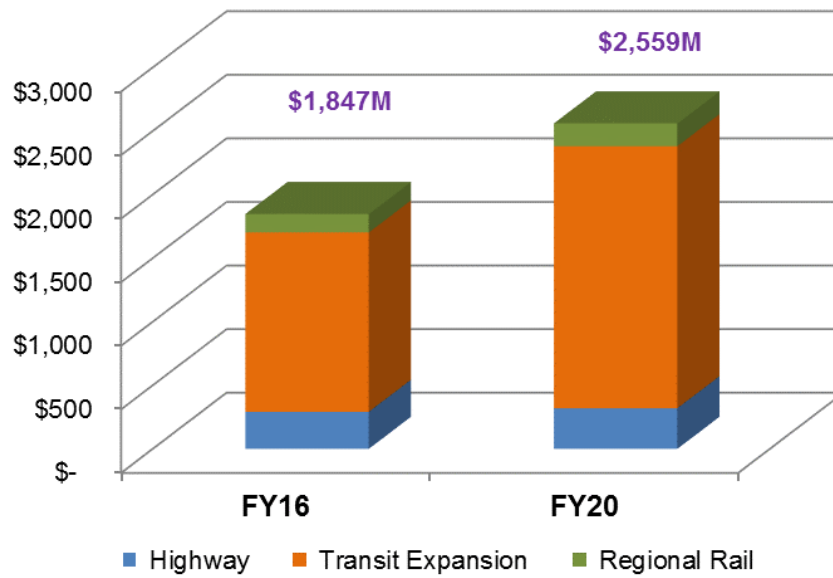
This report is the second in a series of budget development updates leading to the FY20 Budget adoption for Board consideration in May 2019. This update highlights one of the major growth areas in the FY20 budget plan to support the expanding Transportation Infrastructure Program, which includes Transit Construction, Highway Improvements, and the Regional Rail. Additionally, this report provides an update of the public outreach initiative to engage the general public and other stakeholders in the budget process.

#### **DISCUSSION**

Los Angeles County voters secured long term funding for transportation infrastructure expansion through Measure M in fall 2016 to improve transportation and ease traffic congestion. Since then, Metro budget has continually grown to expand and improve Transit and Highway systems throughout the county. In the preliminary FY20 budget, the combined share of Transit Construction, Highway Improvement and Regional Rail, including Metrolink funding, account for over 36% of the total budget.

As shown in Figure 1 on the following page, the FY16 Transportation Expansion program budget was \$1.847 billion. Since the passage of Measure M, the Expansion program has increased \$712 million, or by 39%, in four years.

Figure 1:



***FY20 Transportation Infrastructure Development***

From a year over year perspective, the FY20 budget plans for \$2.56 billion. This steps up from \$2.19 billion in FY19, a \$374 million growth over the prior year (Figure 2).

Figure 2:

Transportation Infrastructure Development (\$ in millions)		FY19 Active	FY20 Proposed	FY20 less FY19
1	Measure M /R Transit Projects	1,632.4	1,848.2	215.8
2	Measure M / R Planning Projects	76.4	117.9	41.5
3	Program Control and Systemwide	43.7	95.0	51.3
4	<b>Transit Expansion Total</b>	<b>\$ 1,752.5</b>	<b>\$ 2,061.1</b>	<b>\$ 308.5</b>
5	Measure M / R Highway Projects	236.0	311.6	75.6
6	Highway Planning	17.1	7.5	(9.5)
7	<b>Highway Total</b>	<b>\$ 253.1</b>	<b>\$ 319.1</b>	<b>\$ 66.1</b>
8	Metro Regional Rail	73.6	67.3	(6.3)
9	Metrolink Operating & Projects	105.6	111.3	5.7
10	<b>Regional Rail / Metrolink Total</b>	<b>\$ 179.2</b>	<b>\$ 178.6</b>	<b>\$ (0.6)</b>
11	<b>Grand Total</b>	<b>\$ 2,184.9</b>	<b>\$ 2,558.8</b>	<b>\$ 374.0</b>

The breakdown of the Metro Transportation Program is reported under three major groups:

- 1) Transit Expansion: includes Light Rail, Heavy Rail, Bus Rapid Transit Construction and early planning efforts before construction;
- 2) Highways: includes the front end planning, preliminary engineering and project implementation support for Highway Improvement as approved in MM, MR, as well as Soundwalls;
- 3) Metro Regional Rail projects and Metrolink Operations / Capital Program funding.

**1) Transit Expansion**

Transit Expansion projects account for \$2.06 billion in the preliminary FY20 budget (Figure 3), which is an increase of \$309 million over the FY19 Budget. Westside Purple Line Extensions 1-3 (WSE PLE), Division 20 Portal Widening, Regional Connector, Crenshaw LAX projects and Gold Line Foothill Extension 2B combined represents 84%, or \$1.736 billion of the proposed FY20 budget for Transit Project Construction/Planning efforts.

Figure 3:

Transit Expansion Project Description (\$ in millions)		FY19 Active	FY20 Proposed	FY20 less FY19
1	<b>Measure R &amp; M Transit Projects</b>			
2	Westside Subway Extension Section 1	301.8	283.5	(18.3)
3	Westside Subway Extension Section 2	368.4	312.2	(56.2)
4	Westside Subway Extension Section 3	215.1	455.6	240.5
5	Div 20 Portal Widening & Turnback Facility	95.7	85.2	(10.6)
6	Regional Connector: Construction	206.9	220.4	13.5
7	Crenshaw/LAX Light Rail Transit: Construction	292.2	187.9	(104.3)
8	Crenshaw Pre-Revenue Service	26.5	31.1	4.6
9	Gold Line Foothill Extension Phase 2B	20.4	160.4	140.0
10	<b>Subtotal Transit Projects</b>	<b>\$ 1,527.1</b>	<b>\$ 1,736.3</b>	<b>\$ 209.2</b>
11	Airport Metro Connector	46.2	68.4	22.3
12	Orange Line BRT Improvement	11.4	20.8	9.4
13	Other Measure R & M Transit Projects	47.7	22.6	(25.1)
14	<b>Total Measure R &amp; M Transit Projects</b>	<b>\$ 1,632.4</b>	<b>\$ 1,848.2</b>	<b>\$ 215.8</b>
15	<b>Measure R &amp; M Transit Planning</b>			
16	West Santa Ana Branch	24.9	53.7	28.8
17	East SFV Corridor	10.6	27.5	16.9
18	Other Planning Projects	40.9	36.7	(4.3)
19	<b>Total Measure R &amp; M Planning Projects</b>	<b>\$ 76.4</b>	<b>\$ 117.9</b>	<b>\$ 41.5</b>
20	<b>Program Control and Systemwide</b>	<b>\$ 43.7</b>	<b>\$ 95.0</b>	<b>\$ 51.3</b>
21	<b>Transit Grand Total</b>	<b>\$ 1,752.5</b>	<b>\$ 2,061.1</b>	<b>\$ 308.5</b>

Westside Purple Line Extension (WSE PLE) Sections 1

The increase in FY20 budget allocated to the WSEPLE Sections 1-3 represents significant progress in planned design and construction activities. WSE PLE Section 1 FY20 budget for \$284 million is to support the advancement of tunneling and station construction activities throughout the 3.92 mile project alignment.

Westside Purple Line Extension (WSE PLE) Section 2

As of year-end 2018, WSE PLE Section 2 completed 14% of design and construction activities. In FY20, utility relocation work will continue in parallel with construction and tunnel excavation activities. The Section 2 FY20 budget is \$312 million, representing 38% of the cumulative total Life of Project budget (LOP) expended by year end. By the close of FY20, this project is forecast to complete final design, acquisition of all critical subsurface easements, and initiate early construction phases.

Westside Purple Line Extension (WSE PLE) Section 3

WSE PLE Section 3 FY20 Budget is for \$456 million which assumes federal funding by approval of the Full Funding Grant Agreement (FFGA). Upon finalization of the FFGA, Metro will be able to

---

formally award the Design/Build stations contract, commence station design efforts, acquire vital Right of Way parcels and start early station construction phases.

Division 20 Portal Widening and Improvements

The Division 20 Improvements requests \$85 million in FY20 budget and is a critical project needed to meet the operational headway requirements for the entire Purple Line alignment, as was presented in the original WSE PLE FFGA application.

Regional Connector

Regional Connector requests \$220 million in FY20 budget to continue station construction and tunnel trackwork activities, including the Flower Street North Guideway Structure, track material distribution and installations. Construction efforts are geared towards a Revenue Service Date planned in calendar year 2022.

Crenshaw/LAX

Most notable in the FY20 transit construction budget is the \$188 million planned for the Crenshaw LAX Project to support final construction activities, Systems Integration, and Pre-Revenue Testing. Additionally, \$31 million is planned for Operations Pre Revenue Service Activities, which will take the project to Substantial Completion and a planned Spring 2020 Revenue Service Date.

Gold Line Foothill Extension Phase 2B

The Gold Line Foothill Extension 2B plans to achieve groundbreaking in FY20. The proposed \$160 million in FY20 funding will support the award of a Design-Build contract for final engineering and early construction activities.

Other Significant Transit Projects

The Airport Metro Connector Project is budgeted for \$68 million in FY20 for final engineering, ROW acquisitions and early construction activities.

The Orange Line BRT Improvements Project is funded for \$21 million to support advanced utility relocation construction, right-of-way acquisition and engineering services.

Planning Studies for Measure M and Measure R Transit Projects

This Planning Study budget of \$118 million encompasses the first decade and beyond of MM / MR Projects. This budget supports planning activities for early conceptual design efforts to advance these projects to a state of readiness for future funding applications and eventual construction. Planning Studies included in the FY20 Budget include, but are not limited to, the BRT Connector Orange / Red Line to Gold Line, Green Line Ext to Redondo Beach, Vermont Transit Corridor, Crenshaw LAX Track

Enhancement, LA River Waterway & System Bikepaths and the Sepulveda Pass Transit Corridor Phase II.

**2) Highway Development and Maintenance**

The Highway Program continues to grow year over year as a variety of projects enter construction phases. The Highway Program is different from the Transit Construction Program in that completed projects are a non-Metro owned capital asset despite the similarities in delivery and construction installation. At completion, highway projects become a Caltrans asset, with Caltrans assuming responsibility for operations and maintenance. In most cases, Metro provides the planning and early engineering support for Highway projects, rather than construction delivery. In total, the Highway Program has grown \$66 million from \$253 million in FY19 to \$319 million in FY20 (Figure 4).

Figure 4:

Highway Program Project Description (\$ in millions)	FY19 Active	FY20 Proposed	FY20 less FY19
<b>1 Measure R &amp; M Highway Projects</b>			
2 Interstate 605 Corridor "Hot Spot" Interchanges	32.5	40.0	7.5
3 I-710 South and/or Early Action Projects	17.4	31.6	14.2
4 State Route 138 Capacity Enhancements	32.7	30.6	(2.1)
5 Alameda Corridor East Grade Separations Phase II	15.3	30.0	14.7
6 I-5 North Cap Enh: SR-14 to Kern Cty Line (Truck Lanes)	16.7	25.6	8.9
7 I-5 Capacity Enhancement from I-605 to Orange Cty Line	7.1	24.8	17.7
8 SR-57/SR-60 Interchange Improvements	12.4	23.4	11.0
9 I-405, I-110, I-105, & SR-91: Ramp & Interchg Imps (So Bay)	9.5	22.9	13.3
10 Countywide Soundwall Constructions	12.6	23.9	11.2
11 I-5 Capacity Enhancement from SR-134 to SR-170	31.4	21.9	(9.5)
12 Other Measure M & R Highway Projects	48.3	37.0	(11.3)
<b>13 Total Measure R &amp; M Highway Projects</b>	<b>\$ 236.0</b>	<b>\$ 311.6</b>	<b>\$ 75.6</b>
<b>14 Other Highway Planning Projects</b>	<b>\$ 17.1</b>	<b>\$ 7.5</b>	<b>\$ (9.5)</b>
<b>15 Highway Grand Total</b>	<b>\$ 253.1</b>	<b>\$ 319.1</b>	<b>\$ 66.1</b>

The FY20 budget increase is largely comprised of the MM / MR funded projects and includes funding for the Sub-regional Highway program. The Countywide Soundwall program is also part of the FY20 plan budgeted for \$24 million (line 10). A semi-annual report is provided by the Highway Department under Program Management to update the Board on the status of the individual Sub Regional Highway Projects.

**3) Regional Rail / Metrolink Projects**

Metro’s Regional Rail program consists of Metro’s Operating and Capital support of the Metrolink commuter rail system as well as Metro managed regional rail capital expansion, development, construction, and corridor studies (Figure 5). The Regional Rail program also includes management



and coordination activities for capital improvement projects along approximately 150 miles of Metro Owned Right-of-Way operated under Metrolink.

Figure 5:

Regional Rail (\$ in thousands)	FY19 Adopted	FY20 Proposed	FY20 less FY19
<b>1 Metro Regional Rail</b>			
2 Link US	29,123	26,023	(3,100)
3 Rosecrans & Marquardt Grade	27,805	26,333	(1,472)
4 Burbank Airport-South	-	3,616	3,616
5 Doran St Grade Separation	-	3,422	3,422
6 Brighton To Roxford Double Track	5,253	2,623	(2,630)
7 Balboa Siding	-	800	800
8 Other Regional Rail Projects	4,801	4,497	(304)
9 <b>Total Regional Rail Projects</b>	<b>\$ 66,981</b>	<b>\$ 67,315</b>	<b>\$ 333</b>
<b>10 MetroLink</b>			
11 Metrolink Operating	76,926	80,773	3,846
12 Metrolink Capital & State of Good Repair	27,458	29,750	2,292
13 Other Metrolink Projects	23	801	777
14 <b>Total Metrolink Projects</b>	<b>\$ 104,408</b>	<b>\$ 111,324</b>	<b>\$ 6,916</b>
15 <b>Regional Rail Grand Total</b>	<b>\$ 171,389</b>	<b>\$ 178,639</b>	<b>\$ 7,249</b>

Note: Totals may not add due to rounding.

### Metro Regional Rail - Capital Improvements

Identified by the State of California as the number one grade crossing separation project in the state, the Rosecrans/Marquardt grade crossing project is expected to advance in property acquisition and completion of design. LINK US project at Los Angeles Union Station (LAUS) intends to expand the capacity and operational efficiency of LAUS for rail operations. At the same time, Metro expects to move forward with the design of the Brighton to Roxford double tracking project in the east San Fernando Valley. Several capacity studies will be completed in FY20, such as Union station to Burbank, North County and San Bernardino Lines.

### Metrolink Commuter Rail

Funding for Metrolink commuter rail operations is currently assumed to be fully funded to ensure service is maintained at current levels. Also included in the budget is Metro's support for the 25% San Bernardino fare discount program, enhanced fare enforcement and security on the Antelope Valley Line, and funds to operate special train service to select events such as Ram games, the annual Women's March and other events. Funding is also included to ensure the cash flow requirements of previously approved capital and state of good repair projects are allowed to continue uninterrupted. These projects include the procurement of new Ticket Vending Machines (TVMs), track, signal and infrastructure upgrades on the Antelope Valley and San Bernardino Lines, and the rehabilitation of the first generation passenger rail vehicles.

This concludes the FY20 budget summary descriptions for the Transportation Program. In the following month(s), the Program Management department will present the Annual Program Evaluation (APE) for the Board and Executive management. The APE will provide more extensive details on the MM and MR funded Transit and Highway projects. Staff will also seek funding approval for Metrolink in a separate board action.

### **Outreach Update**

#### **Online Budget Tool**

In late February 2019 Metro launched the interactive Online Budgeting Tool, which engages the public in the budgeting process by walking users through a series of questions designed to gather input on transportation priorities. With nearly 3,500 responses last year, the Online Budgeting Tool has proven to yield the greatest level of engagement from the public across all outreach methods. To further enhance the response rate, marketing efforts and a social media campaign was deployed to encourage even more members of the public and key stakeholders to utilize the Online Budgeting Tool.

#### **Additional Outreach Effort:**

- Stakeholder committees and Service Council review: Late March and early April 2019
- Telephone Town Hall meeting: Wednesday, April 10, 2019, simulcast in English and Spanish
- Public Hearing: Wednesday, May 15, 2019.
- Budget comment email: [budgetcomments@metro.net](mailto:budgetcomments@metro.net)

The comments collected throughout the budget process will be summarized for the Board review and consideration.

### **FINANCIAL IMPACT**

This report is part of an overall agency wide budget which will be presented to the Board for action in May 2019. There is no direct financial impact by this Receive and File report.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports the following Metro Strategic Plan Goal:  
Goal # 5: Provide responsive, accountable, and trustworthy governance within the Metro Organization

### **ALTERNATIVES CONSIDERED**

The annual budget serves as the legal authority to obligate and spend funds. Failure to adopt the



---

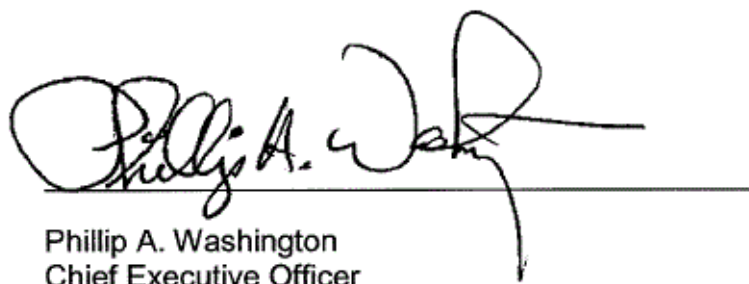
budget would severely impact Metro's stated goal of improving transportation in Los Angeles County.

**NEXT STEPS**

Metro staff will continue to finalize the FY20 Budget Proposal. As more budget details become available, staff will conduct outreach to the stakeholder groups for in-depth and technical discussions of Transit Services and Transportation Programs included in FY20 Proposed Budget. The programs funded in FY20 Proposed Budget, including any updates since the first review with the Board in February, will be consolidated and exhibited in the FY20 Proposed Budget Book 14 days before Budget Public Hearing on May 15, 2019.

Prepared by: Quintin Sumabat, Executive Officer, Finance, (213) 418-3470  
Marie Kim, Senior Director, Finance, (213) 418-3472  
Robert Gutierrez, Senior Director, Finance, (213) 922-4496

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington  
Chief Executive Officer