



## Board Report

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**File #:** 2020-0033, **File Type:** Informational Report

**Agenda Number:** 10.

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### FINANCE, BUDGET, AND AUDIT COMMITTEE FEBRUARY 19, 2020

**SUBJECT: FISCAL YEAR 2021 BUDGET DEVELOPMENT UPDATE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the Fiscal Year 2021 (FY21) Budget Development Update.

#### **ISSUE**

This report is the second in a series of budget development updates leading up to the FY21 Budget adoption for Board consideration in May 2020. This update will highlight the FY21 preliminary budget to achieve Metro Vision 2028 of the Transportation Infrastructure Development Program, which includes Transit Expansion, Highways, and Regional Rail.

#### **DISCUSSION**

With the passage of Measure M in Fall 2016, Los Angeles County voters secured long term funding for transportation infrastructure development to improve transportation and ease traffic congestion. Since then, Metro's budget has continually grown to expand and improve Transit and Highway systems throughout the County.

The preliminary FY21 Transportation Infrastructure Development Program budget is projected at \$2.4 billion, and 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 frontend planning, preliminary engineering and project implementation support for Highway Improvement as approved in Measure M, Measure R, as well as non-Measure R/ Measure M highway related projects;
- 3) Regional Rail: includes Metro Regional Rail projects and Metrolink Operations / Capital Program funding.

Figure 1: FY20 vs FY21 Transportation Infrastructure Development Budget

Transportation Infrastructure Development (\$ in millions)		FY20 Adopted	FY21 Preliminary	Difference
1	Measure R/M Transit Construction	\$ 1,878.1	\$ 1,637.4	\$ (240.7)
2	Measure R/M Transit Planning	88.6	148.6	60.0
3	Program Control & Support	12.0	15.5	3.5
4	<b>Transit Expansion Program Total</b>	<b>\$ 1,978.6</b>	<b>\$ 1,801.5</b>	<b>\$ (177.1)</b>
5	Measure R/M Highway Projects	\$ 307.4	\$ 394.5	\$ 87.1
6	Non-Measure R/M Highway Projects	16.4	17.5	1.1
7	<b>Highways Program Total</b>	<b>\$ 323.8</b>	<b>\$ 412.0</b>	<b>\$ 88.2</b>
8	Metro Regional Rail	\$ 66.8	\$ 67.9	\$ 1.1
9	Metrolink Operating & Capital Projects	111.3	115.5	4.2
10	<b>Regional Rail Program Total</b>	<b>\$ 178.1</b>	<b>\$ 183.4</b>	<b>\$ 5.3</b>
11	<b>Grand Total</b>	<b>\$ 2,480.5</b>	<b>\$ 2,396.9</b>	<b>\$ (83.6)</b>

### 1) Transit Expansion

Metro continues to expand LA County's rail network, and a full slate of transformational rail projects are advancing in the construction and planning pipelines across multiple years. The cash flow need for transit construction in FY21 is proposed at \$1.6 billion (Figure 2).

The Transit Planning budget line of \$149 million encompasses the first decade and beyond of Measure R and Measure M Projects per Ordinance. These studies will advance transit projects through the early conceptual planning and environmental clearance stages to a state of readiness for future construction activities. In doing so, Metro leverages Measure R and Measure M funds to maximize the potential for additional funding sources.

Figure 2: Transit Expansion Projects

Transit Expansion (\$ in millions)		FY20 Adopted	FY21 Preliminary	Difference
1	<b>Measure R/M Transit Construction</b>			
2	Westside Purple Line Extension Section 1	\$ 283.5	\$ 236.3	\$ (47.2)
3	Westside Purple Line Extension Section 2	312.3	192.8	(119.5)
4	Westside Purple Line Extension Section 3	457.3	410.2	(47.1)
5	Division 20 Portal Widening & Turnback	85.0	119.3	34.4
6	<b>Westside Purple Line Extension Subtotal</b>	<b>\$ 1,138.0</b>	<b>\$ 958.6</b>	<b>\$ (179.4)</b>
7	Regional Connector Light Rail Transit	\$ 220.2	\$ 208.2	\$ (12.0)
8	Crenshaw/LAX Light Rail Transit	224.5	108.8	(115.7)
9	Gold Line Foothill Extension Phase 2	163.2	132.8	(30.4)
10	East San Fernando Valley Light Rail Transit	27.2	67.4	40.2
11	Airport Metro Connector	68.8	112.5	43.7
12	Expo Light Rail Transit Close Out	3.0	1.9	(1.1)
13	Metro Orange Line Improvements	21.3	32.5	11.2
14	Inerstate 105 Express Lanes	2.5	4.4	2.0
15	Interstate 405 Sepulveda Express Lanes	2.3	2.3	(0.0)
16	Business Interruption Fund	7.0	8.0	1.0
17	<b>Measure R/M Transit Construction Total</b>	<b>\$ 1,878.1</b>	<b>\$ 1,637.4</b>	<b>\$ (240.7)</b>
18	<b>Measure R/M Transit Planning</b>			
19	West Santa Ana Branch Transit Expansion	\$ 53.7	\$ 47.8	\$ (5.8)
20	Sepulveda Transit Corridor	3.7	19.9	16.2
21	Eastside Light Rail Access	9.0	17.8	8.8
22	Red Line / Orange Line Bus Rapid Transit Connector	3.2	16.4	13.2
23	Eastside Light Rail Transit Extension Phase 2	9.2	15.0	5.8
24	Green Line Extension to Redondo Beach South Bay	3.2	13.4	10.2
25	Vermont Transit Corridor	1.2	8.1	6.9
26	Crenshaw Northern Extension	2.0	7.7	5.7
27	North San Fernando Valley Bus Rapid Transit	3.4	2.4	(1.0)
28	<b>Measure R/M Transit Planning Total</b>	<b>\$ 88.6</b>	<b>\$ 148.6</b>	<b>\$ 60.0</b>
29	<b>Program Control &amp; Support Total</b>	<b>\$ 12.0</b>	<b>\$ 15.5</b>	<b>\$ 3.5</b>
30	<b>Transit Expansion Grand Total</b>	<b>\$ 1,978.6</b>	<b>\$ 1,801.5</b>	<b>\$ (177.1)</b>

Westside Purple Line Extension Section 1 (WSE PLE1)

The WSE PLE1 FY21 preliminary budget of \$236 million supports the continued advancement of tunneling and station construction activities for the 3.92 mile section alignment through Mid-Wilshire. Overall Section 1 completion is around 56% with a planned Revenue Service Date in 2023.

Westside Purple Line Extension Section 2 (WSE PLE2)

The WSE PLE2 FY21 preliminary budget of \$193 million supports station construction activities, launching of the tunneling boring machine (TBM) for tunneling of the 2.59 mile section alignment through Beverly Hills. Overall Section 2 completion is around 25% with a planned Revenue Service Date in 2025.

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**Westside Purple Line Extension Section 3 (WSE PLE3)**

The WSE PLE3 FY21 preliminary budget of \$410 million supports final design activities, acquisition of vital Right-of-Way parcels and early station construction within the 2.56-mile section alignment through Westwood. Overall Section 3 completion is around 6% with a planned Revenue Service Date in 2027.

**Division 20 Portal Widening and Improvements**

The Division 20 Portal/Widening Improvements FY21 preliminary budget of \$119 million will advance a critical project needed to meet the headway requirements for the entire Purple Line and extension. FY21 funding will support construction of the portal, site-work and systems components in Downtown LA near the Arts District.

**Regional Connector**

The Regional Connector FY21 preliminary budget of \$208 million supports station construction and tunneling activities within the 1.9 mile alignment in Downtown LA. Overall project completion is 63% with a planned Revenue Service Date in 2022 (Summer/Fall).

**Crenshaw/LAX**

The Crenshaw/LAX FY21 preliminary budgets of \$108 million are for critical systems integration testing and Pre-Revenue Operational activities within the 8.5-mile alignment from Crenshaw/Expo to LAX. Overall project completion is 95% with a planned Substantial Completion Date in Fall 2020.

**Gold Line Foothill Extension Phase 2B**

The Gold Line Foothill Extension Phase 2B FY21 preliminary budget of \$133 million supports the final design effort, early and heavy construction activities beyond Azusa.

**Other Significant Transit Projects**

The Orange Line BRT Improvements FY21 preliminary budget of \$33 million supports right-of-way acquisitions, final design and advanced utility relocations in the San Fernando Valley.

The East San Fernando Valley Transit Corridor FY21 preliminary budget of \$67 million supports right-of-way acquisitions and advanced utility relocations.

The Airport Metro Connector FY21 preliminary budget of \$113 million supports construction activities to connect the Crenshaw/LAX LRT to LAX at Aviation and 96<sup>th</sup> street.

**Planning Studies for Measure R and Measure M Transit Projects**

The Planning Studies preliminary FY21 budget of \$149 million encompasses the first decade and beyond of MR/MM projects. This includes but is not limited to conceptual engineering, environmental clearance, and right-of-way acquisition. Completion of the planning phase supports a state of readiness to advance the project into construction.

## **2) Highways**

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. For most Highway projects, Metro oversees the planning and early engineering phases, then hands the project over to Caltrans to execute right-of-way acquisitions and construction. Upon completion, Highway projects are capitalized as a Caltrans asset with Caltrans assuming primary responsibility for operations and maintenance.

Total Highway Program FY21 preliminary budget is \$412 million, representing an \$88 million increase from FY20's adopted budget of \$324 million (Figure 3), driven primarily by real-estate acquisition.

Figure 3: Highway Program

Highway Program (\$ in millions)		FY20 Adopted	FY21 Preliminary	Difference
<b>Measure R / M Highway Projects</b>				
1	Alameda Corridor East Grade Separations Phase 2	\$ 30.0	\$ 72.1	\$ 42.1
2	Interstate 605 Corridor "Hot Spot" Improvements	42.2	68.7	26.4
3	Interstate 5 North Capacity Enhance SR-14 to Kern County Line (Truck Lanes)	20.7	42.0	21.3
4	SR-57/SR-60 Interchange Improvements	23.4	38.6	15.2
5	Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improve (South Bay)	20.7	33.4	12.7
6	Countywide Sound Wall Assessment & Constructions	25.8	25.0	(0.8)
7	Interstate 5 Capacity Enhancement from SR-134 to SR-170	21.9	20.0	(2.0)
8	State Route 138 Capacity Enhancements	27.6	19.5	(8.1)
9	Interstate 5 Capacity Enhancement from I-605 to Orange County Line	25.6	18.3	(7.3)
10	Interstate 710 North Gap*	0.8	15.2	14.4
11	Interstate 710 South and/or Early Action Projects	31.6	12.8	(18.8)
12	Highway Operational Improvements in Las Virgenes/Malibu Subregion	15.2	9.2	(6.0)
13	Highway Operational Improvements in Arroyo Verdugo Subregion	13.7	7.7	(6.0)
14	Interstate 5 / St. Route 14 Capacity Enhancement	1.5	5.4	4.0
15	Interstate 5 Corridor Improvements (I-605 to I-710)	0.5	2.7	2.2
16	Highway Efficiency Program	1.6	1.8	0.2
17	Transportation System and Mobility Improvement Program	1.5	0.9	(0.6)
18	Highway Demand Based Prog. (HOV Ext. & Connect)	1.6	0.5	(1.1)
19	Highway Operational Improvements	-	0.5	0.5
20	High Desert Corridor (environmental)	1.5	0.4	(1.1)
21	<b>Measure R / M Highway Projects Total</b>	<b>\$ 307.4</b>	<b>\$ 394.5</b>	<b>\$ 87.1</b>
<b>Non-Measure R / M Highway Projects</b>				
22	Interstate 210 Barrier Replacement	\$ 7.9	\$ 14.8	\$ 6.9
23	Highway Planning & Admin	4.9	2.7	(2.2)
24	Caltrans Property Maintenance	3.5	-	(3.5)
25	Interstate 405 Car Pool Lane	0.1	-	(0.1)
26	<b>Non-Measure R / M Highway Projects Total</b>	<b>\$ 16.4</b>	<b>\$ 17.5</b>	<b>\$ 1.1</b>
27	<b>Highway Program Grand Total</b>	<b>\$ 323.8</b>	<b>\$ 412.0</b>	<b>\$ 88.2</b>

\* Budget for this project is for the Transportation System Management/Transportation Demand Management projects.

The preliminary budget is largely comprised of the MR/MM funded projects and includes funding for the Sub-Regional Highway Program. A semi-annual report is also provided by the Highway Department under Program Management to update the Board on the status of Sub-Regional Highway Projects.

### 3) Regional Rail

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 as shown in Figure 4.

Figure 4: Preliminary FY21 Regional Rail Program

Regional Rail Program (\$ in millions)		FY20 Adopted	FY21 Preliminary	Difference
1	<b>Metro Regional Rail</b>			
2	Link US	\$ 26.0	\$ 30.0	\$ 4.0
3	Rosecrans / Marquardt Grade Separation	25.9	25.0	(0.9)
4	Brighton to Roxford Double Tracking	2.6	3.5	0.9
5	Doran Street Grade Separation	3.4	3.0	(0.4)
6	Lone Hill to CP White	0.7	2.5	1.8
7	Other Regional Rail Projects	8.1	3.9	(4.2)
8	<b>Metro Regional Rail Total</b>	<b>\$ 66.8</b>	<b>\$ 67.9</b>	<b>\$ 1.1</b>
9	<b>Metrolink</b>			
10	Metrolink Operating	\$ 81.2	\$ 85.5	\$ 4.3
11	Metrolink Capital & State of Good Repair	30.1	30.0	(0.1)
12	<b>Metrolink Total</b>	<b>\$ 111.3</b>	<b>\$ 115.5</b>	<b>\$ 4.2</b>
13	<b>Regional Rail Program Grand Total</b>	<b>\$ 178.1</b>	<b>\$ 183.4</b>	<b>\$ 5.3</b>

### Metro Regional Rail - Overview

Metro is responsible for overseeing the planning, programming and implementation of commuter rail projects in LA County that are or will be operated by other agencies such as Southern California Regional Rail Authority (aka "Metrolink"), Amtrak, California High Speed Rail Authority, and freight. Metro also manages and coordinates capital improvement projects along approximately 150 miles of Metro owned and Metrolink operated railroad right-of-way.

### Metro Regional Rail - Capital Improvements

The LINK US project at Los Angeles Union Station (LAUS) will expand the overall capacity and operational efficiency of LAUS for rail operations. The FY21 increase is driven by the expected acquisition of real estate parcels adjacent to the station. Other major activities include property acquisition, final design and procurement for the Rosecrans/Marquardt grade crossing project, identified by the State of California as the top priority grade crossing separation project in the state, and design for the Brighton to Roxford double tracking project in the east San Fernando Valley.

### Metrolink Commuter Rail

Funding for Metrolink commuter rail operations anticipates maintaining service as current levels, with minor increases in funding to accommodate labor, overhead and contractual increases. 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/USC 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 continue uninterrupted.

### **DETERMINATION OF SAFETY IMPACT**

This recommendation will not have an impact on safety standards at Metro.

### **FINANCIAL IMPACT**

The assumptions described above are the budget planning parameters, and will guide the development of the FY21 Budget. They may be adjusted as more specific and updated information becomes available.

### **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.

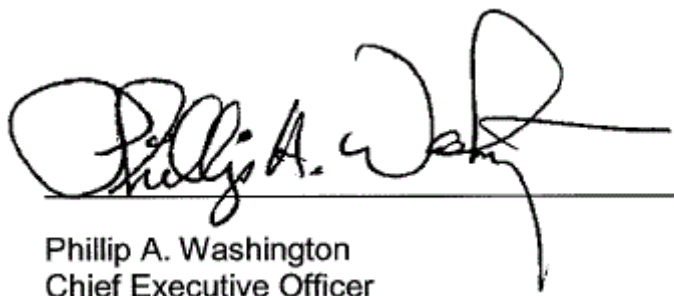
### **NEXT STEPS**

Metro staff will continue to finalize the FY21 Budget Proposal and provide monthly receive-and-file update reports until Budget Adoption. Staff will also conduct outreach to stakeholder groups for in-depth and technical discussions of Transit Services and Transportation Programs included in the FY21 Proposed Budget.

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