

**Board Report**

File #: 2021-0010, **File Type:** Motion / Motion Response**Agenda Number:**

**REGULAR BOARD MEETING
JANUARY 28, 2021****Motion by:****DIRECTORS GARCETTI, BONIN, SOLIS, HAHN, AND GARCIA**

Related to Item 11: Fiscal Year 2021 (FY21) Mid-Year Budget

Metro's budget must stay flexible to ensure the agency can deploy enough service to meet transit demand through the end of Fiscal Year 2021 (FY21).

In September 2020, the Board approved Motion 10.1, directing staff to create an FY21 Operations Recovery Plan to restore full bus service as soon as practicable based on on-street conditions, projected demand, and NextGen performance standards. As stated in the motion, "maintaining current service levels for the remainder of the fiscal year is not acceptable for riders nor is it consistent with the agency's strategic priorities, including NextGen. At a time when COVID-19 has exposed all of the region's underlying inequities, Metro must plan for and facilitate an equitable recovery that prioritizes the mobility needs of our county's most vulnerable populations, who disproportionately rely on bus service."

The FY21 Operations Recovery Plan was to prepare Metro for an anticipated restoration of service as soon as could be supported by public health measures, economic conditions, and the agency's financial status. This month's mid-year budget amendment includes an unanticipated net \$58.6 million in additional transit operations-eligible funding. This funding could allow Metro to reverse some painful cuts made in the original FY21 budget adopted in September.

Additionally, in December, Congress passed the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which included an additional \$14 billion in nationwide relief funding for transit service above what was previously provided in the CARES Act. The Board is expected to allocate this funding in February 2021, at the next Board meeting. The Board should ensure that this funding is prioritized for transit service in FY21 and FY22.

Earlier this week, Governor Newsom ended the statewide Stay At Home Order, returning Los Angeles County to a tier that allows for a limited reopening of some economic sectors much sooner than had been expected. With L.A. County moving to reopen and vaccination well underway, Metro should reserve funding to restore transit service and ensure enough funding is budgeted to both

anticipate and respond to evolving service demands. If additional transit service is required before the next regular bus service shakeup, Metro must be able to put it on the street.

There is a minimum of \$24.3 million in State of Good Repair expenses recommended in the FY21 Mid-Year budget to be funded from operations-eligible sources. These expenses may instead be funded from capital sources, preserving operations funding for transit service expansion. Shifting the funding source for these expenses can help ensure Metro is able to meet evolving ridership demand between now and the beginning of FY22.

SUBJECT: AMENDMENT TO FISCAL YEAR 2021 (FY21) MID-YEAR BUDGET

RECOMMENDATION

APPROVE Motion by Directors Garcetti, Bonin, Solis, Hahn, and Garcia that the Board adopt as policy that any additional operations-eligible funding received in FY21 and FY22 shall be prioritized for the restoration of transit service, including but not limited to federal CRRSA funding, any future federal operations-eligible COVID-19 relief funding, and any additional unanticipated eligible sales tax revenues.

WE FURTHER MOVE that the Board direct the Chief Executive Officer to:

- A) Within the recommended Operations expenses of the FY21 Mid-Year Budget, reallocate a minimum of \$24.3 million in capital funding-eligible expenses from the “Capital State of Good Repair” and “Other Operational Needs” categories, and budget this funding for the restoration of transit service with priority for high-ridership lines and an emphasis on disadvantaged communities;
- B) Identify a minimum of \$24.3 million in reciprocal non-operations-eligible funding for projects de-budgeted under directive A, or shift these expenses to the FY22 budget as appropriate;
- C) Immediately begin preparing to restore service no later than the end of the fiscal year, including the hiring, maintenance, and procurement activities needed to restore the agency’s capacity to run 7 million annual bus revenue service hours;
- D) Coordinate with the County of Los Angeles and State of California to support vaccination of Metro’s workforce as soon as possible, including vaccination drives at Metro’s bus and rail divisions, if feasible;
- E) Continue to prioritize the safe return to work of operators and maintenance personnel, and continue to ensure industry-standard protective measures are in place to minimize virus transmission in the workplace; and
- F) Immediately explore collaborating with the County of Los Angeles to provide transportation assistance to seniors and other individuals to help them get to their vaccination appointments, including by providing pre-loaded TAP cards.