

**Board Report**

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**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 18, 2016  
~~FINANCE, BUDGET AND AUDIT COMMITTEE~~  
~~FEBRUARY 17, 2016~~**

**SUBJECT: FY17 PRELIMINARY CAPITAL BUDGET**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

**RECEIVE AND FILE** status report on **FY17 Preliminary Capital Budget.**

**ISSUE**

The FY17 Capital Program currently valued at \$2.02 billion represents the annual cashflow of a multi-year plan totaling \$15.5 billion to improve the transportation system for Los Angeles County. This program is a plan to deliver transit expansion projects funded and leveraged through Measure R. The program also includes projects for maintaining Metro assets in a state of good repair with a strong emphasis on safety and security improvements. The preliminary FY17 Capital Program will be included and finalized as part of the overall agency budget to be considered for Board adoption in May.

**DISCUSSION**

Transit expansion continues in FY17. In partnership with our Federal funding partners, Measure R has allowed Metro to deliver on our promise for regional mobility. As we expand our transportation network, we continue to focus on maintaining our assets in a state of good repair. Together, all elements of the Capital Program serve as an economic growth engine for the region, contributing to the transformation of local communities by improving transportation infrastructure, creating jobs and delivering on the promise of improved mobility.

A summary of the \$2.02 billion preliminary FY17 Capital Program and a description of each category are shown below. Additional program level details are shown in Attachment A.

Category	FY17 Cashflow Estimate (\$ in millions)
Measure R Transit Expansion	\$1,681
State of Good Repair & Asset Improvements	296
New Projects - First Year Investment	42
<b>Total</b>	<b>\$2,020</b>

### *Measure R Transit Expansion*

The completion of the Gold Line Foothill Extension 2A to Azusa and the Expo 2 Extension to Santa Monica is expected to increase transit ridership by attracting new long term riders. Looking back, we have seen significant growth in transit ridership along corridors where rail service has been added. Based on a Spring 2012 analysis as shown in the table below, combining bus and rail boardings along travel corridors illustrates a significant increase in bus and rail usage after new rail line openings.

Rail Line	Average Weekday Boardings (Bus & Rail Combined)		
	Before Rail Opening	2012 After Rail Opening	% Change
Blue	41,971	104,001	148%
Red	51,306	161,168	214%
Green	11,074	49,640	348%
Gold	31,199	60,922	95%

Improvements will continue in FY17 with continued efforts to design and construct the Crenshaw/LAX project, Regional Connector, South Western Yard and Westside Purple Line Subway Extension. Key assumptions include approval for Westside Purple Line Subway Extension Section 3 acceleration to be considered in February 2016. New light rail vehicles are planned for continued delivery through FY17 to support the agency's service expansion needs for the Expo II and Foothill openings.

### *State of Good Repair & Asset Improvements*

The FY17 Capital Program will maintain Metro's assets in a State of Good Repair (SGR). Projects are in place to optimize the mix of maintenance, overhauls and replacements. At the forefront of the SGR program are vehicle replacements for bus, light rail and heavy rail. Component overhauls, engine replacements and vehicle midlife service will continue in FY17 to improve fleet performance. The preliminary budget also includes provisions to improve ITS infrastructure and Safety/Security for the benefit of our patrons and employees and to keep Metro's assets up to date with the latest technologies.

### *New Projects - First Year Investment*

New improvements include a variety of projects, such as a new 40' replacement bus procurement, P2550 light rail vehicle component overhaul, preventative maintenance and safety related projects. Measure R funding is planned for a \$14 million increase in insurance coverage for Westside Purple Line Subway Extension and Airport Connector construction accommodations.

The \$42 million amount represents the first year investment for new projects with a total Life of Project budget (LOP) of \$400 million. All projects with LOP budgets greater than \$5 million will be brought separately to the Board for review and adoption.

### **FINANCIAL IMPACT**

The FY17 Capital Program plan will be part of the balanced budget to be presented to the Board for adoption in May 2016.

### **ALTERNATIVES CONSIDERED**

The annual budget serves as the legal authority to obligate and spend funds. Failure to adopt the budget would severely impede Metro's stated goal of improving transportation in Los Angeles County.

### **NEXT STEPS**

A complete FY17 Budget will be presented to the Board in May 2016 for approval. The Board and Board staff will be briefed with updates and additional information as it becomes available in the months prior to FY17 Budget adoption.

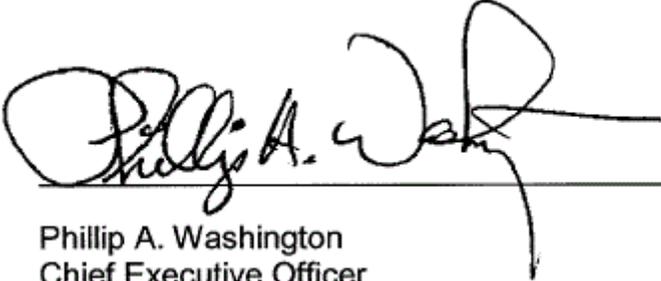
### **ATTACHMENTS**

Attachment A - FY17 Preliminary Capital Program Summary  
Attachment B - FY17 New Project Requests

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**Attachment A: FY17 Preliminary Capital Program Summary**

Capital Project Category (\$ in thousands)	Life of Project	Prelim FY17
<b>Measure R Transit Capital Expansion</b>		
<b>Transit Construction</b>		
<b>Rail</b>		
Crenshaw/LAX Light Rail Transit	2,229,200	392,766
Expo Blvd Light Rail Transit Phase 1 (Closeout)	978,900	3,500
Expo Blvd Light Rail Transit Phase 2 (LRV's)	1,504,058	163,167
Gold Line Foothill Extension to Azusa Phase 2A	741,000	15,119
Regional Connector	1,463,208	233,583
Westside Subway Extension	3,447,181	854,410
<b>Bus</b>		
Acquisition 30 Zero Emission/Super Low Emission	30,000	6,844
<b>Total Transit Expansion - Construction</b>	<b>10,393,547</b>	<b>1,669,388</b>
<b>Measure R Transit Planning</b>		
<b>Rail</b>		
Airport Connector Accommodations	23,110	8,392
<b>Highway</b>		
I-405	1,141,400	17,508
<b>Total Transit Expansion - Planning</b>	<b>1,164,510</b>	<b>25,900</b>

SGR Capital by Mode (\$ in 000's)	Safety & Security	Asset Imps & Maintenance	Capital Infrastructure	FY17 SGR Total by Mode
<b>Mode</b>				
<b>Bus</b>	<b>4,386</b>	<b>102,424</b>	<b>4,862</b>	<b>111,672</b>
<b>Rail</b>				
Blue Line	19,741	12,828		32,569
Gold Line		4,076	1,799	5,875
Green Line	773	2,191		2,964
Red/Purple Line	6,120	31,655	1,627	39,402
Multiple Lines	1,197	65,937	787	67,920
<b>Rail Subtotal</b>	<b>27,831</b>	<b>116,686</b>	<b>4,213</b>	<b>148,730</b>
<b>Mixed Mode</b>	<b>9,930</b>	<b>11,619</b>	<b>5,028</b>	<b>26,577</b>
<b>Bike</b>			<b>1,036</b>	<b>1,036</b>
<b>* Other</b>	<b>12,462</b>	<b>20,789</b>	<b>3,535</b>	<b>36,786</b>
<b>Total By Mode</b>	<b>54,609</b>	<b>251,518</b>	<b>18,673</b>	<b>324,800</b>

<b>GRAND TOTAL: Transit Expansion and State of Good Repair</b>	<b>2,020,089</b>
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\* "Other" includes ITS Hardware & Software Technology, UFS/TAP, Gateway Building, and Union Station Improvements.

## Attachment B: FY17 New Project Requests

(\$ in thousands)

LN	DESCRIPTION	OMB FY17	Forecast LOP
1	Replacement 40' Buses	5,646	302,091
2	Fire Alarm Panel Replacement Program	89	1,624
3	CNG Detection and Alarm Systems	159	4,586
4	Solar PPA Project - Roof Replacements at Divisions 11 and 22	2,308	2,648
5	Metro Red Line Access Control / Alarm Monitoring System Repl	440	2,319
6	P2550 Light Rail Vehicle Component Overhaul	2,540	20,008
7	Application Platform Systems Upgrades (FY17-FY18)	600	1,685
8	Enterprise Telephone & Unified Messaging System	400	10,146
9	Workstation & Network Technology Refresh (FY17 - FY18)	950	2,700
10	Metrolink Blue Line High Density Storage Equipment	464	964
11	490 Bauchet Environmental Canopy Structure	110	110
12	Cash Room Equipment Request	273	393
13	MOL Safety Enhancements to Increase Operating Speeds	4,228	4,359
14	Replace Uninterruptible Power / Batteries on Red Line FY17 - FY22	2,420	3,684
15	Interagency Transfer (IAT)	753	803
16	Union Station-FLS, ADA Site Improvements and LED Lighting	6,600	19,900
17	<b>FY17 NEW STATE OF GOOD REPAIR REQUESTS</b>	<b>27,978</b>	<b>378,018</b>
18	Airport Metro Connector	8,392	16,400
19	Excess Liability Insurance - Metro Westside Extension Section 2	5,893	5,893
20	<b>ADDITIONAL TRANSIT EXPANSION</b>	<b>14,285</b>	<b>22,293</b>
21	<b>FY17 NEW PROJECTS FUNDED TO DATE</b>	<b>42,264</b>	<b>400,311</b>

# **FY17 Budget Development: Preliminary Capital Program**

**Executive Management Committee  
February 18, 2016**



The Office of Management, Budget and  
Local Programming

**Metro**

# Capital Program

- Fiscal Year 17 Capital Program budget is estimated at \$2.02 billion; approximately 40% of projected fiscal year budget.
- This represents the annual cash flow of a multi-year plan totaling \$15.5 billion to improve our transportation system.
- Two major components: deliver transit expansion projects and support state of good repair project efforts.

# FY17 Capital Program Highlights

## 1) Transit Expansion:

1. **Design and construction:** Continued progress for Crenshaw / LAX, Regional Connector & the Westside Subway Purple Line Ext (PLE) Sect 1. advancement of PLE Sec 2 for Full Funding Grant Agreement. Closeouts for Expo 2 & Foothill projects.
2. **Construction completion:** Conclude Universal City Pedestrian Bridge and Orange Line to Red Line Pedestrian Underpass.

## 2) State of Good Repair:

1. **Facility, System and Maintenance of Way:** Bus, Blue, Gold, Green, Red/Purple line projects that focus on system reliability improvements
2. **Vehicle Maintenance / Acquisitions:** Conclude 40' bus acquisitions, start new artic bus and 40' bus acquisition, bus midlife, engine replacements, Initiate light rail & heavy rail acquisitions / component / midlife overhauls.
3. **Technology Improvements:** Web Infrastructure, Enterprise Telephone System, Tablet POS System, Software/Hardware Refresh, Mobile Phone Validator App.
4. **Infrastructure Improvements:** Union Station Renovations/FLS/ADA, Gateway Building Improvements.



# FY17 Preliminary Capital Budget Plan

(\$ in millions)

Ln	FY17 Preliminary Capital Budget Plan	Capital Expansion
1	<b>Capital Expansion</b>	
2	Crenshaw / LAX	\$392.8
3	Expo 1 <sup>(A)</sup>	3.5
4	Expo 2 <sup>(A)</sup>	163.2
5	Foothill to Azusa <sup>(B)</sup>	15.1
7	Regional Connector	233.6
6	Westside Subway	854.4
8	30 ZEB / SLEB	6.8
9	Airport Connector Accommodations	\$8.4
10	I-405 Highway	17.5
11	<b>Total Capital Expansion</b>	<b>\$1,695.3</b>

A. Expo 1 and 2 budgets are placeholder budgets for closeout needs & LRV delivery. FY17 budget will be replaced with Expo Bd adopted budgets on or before May.

B. Foothill budget represent placeholder for closeout needs.



Data as of Jan 27, 2016. Preliminary FY17 Capital Project details are available on the OMB Capital Program website for reference.

# FY17 Preliminary Capital Budget Plan

(\$ in millions)

Ln	FY17 Preliminary Capital Budget Plan	Safety & Security	Asset Maintenance & Improvement	New Assets & Closeouts	Total
1	<b>State of Good Repair</b>				
2	<b>Bus</b>	\$4.4	\$102.4	\$4.9	\$111.7
3	<b>Rail</b>				
4	Blue Line	19.7	12.8	-	32.6
5	Gold Line	-	4.1	1.8	5.9
6	Green Line	0.8	2.2	-	3.0
7	Red/Purple Line	6.1	31.7	1.6	39.4
8	Multi-Lines / Mixed Modes <sup>(A)</sup>	1.2	65.9	0.8	67.9
9	<b>Systemwide</b> <sup>(B)</sup>	9.9	11.6	5.0	26.6
10	<b>Gateway / Union Stn / ITS</b> <sup>(C)</sup>	12.5	20.8	3.5	36.8
11	<b>Bike</b>	-	-	1.0	1.0
12	<b>State of Good Repair</b>	<b>54.6</b>	<b>251.5</b>	<b>18.7</b>	<b>324.8</b>
13	<b>Total Capital Expansion</b>				<b>1,695.3</b>
14	<b>Grand Total</b>	<b>\$54.6</b>	<b>\$251.5</b>	<b>\$18.7</b>	<b>\$2,020.1</b>

A. Multi-Lines / Mixed Modes: Affect 2+ modes: Platform Intrusion detection, Security Kiosks, LRV midlife/overhauls, SCADA Repl, Radio Sys, Corrosion protection, etc.

B. Systemwide-Bus, Rail & Agencywide benefits: Communication system upgrades, Emergency Ops Ctr, Call Ctr Imps, Shop Equip, TVMs, Nextrip, Bus Stop Imps etc.

C. Gateway / Union Stn/ ITS: ITS Hardware Software refresh, UFS PCI Compliance, POS devices, Gateway Renovations & Union Station FLS / ADA. Pkg Guidance.

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