



Board Report

File #: 2019-0198, **File Type:** Budget

Agenda Number: 37.

**BUDGET PUBLIC HEARING
FINANCE, BUDGET AND AUDIT COMMITTEE
MAY 15, 2019**

SUBJECT: FISCAL YEAR 2020 (FY20) BUDGET

ACTION: ADOPT THE FY20 BUDGET

RECOMMENDATION

CONSIDER:

- A. ADOPTING the proposed FY20 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net):
 - 1. AUTHORIZING \$7.2 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted Metro Vision 2028 strategic plan;
 - 2. AUTHORIZING a total of 10,219 FTEs with 8,482 Represented FTEs and 1,737 Non-Represented FTEs which includes an increase of 45 Non-Represented FTEs;
 - 3. AUTHORIZING a 4% merit-based increase for Non-Represented wages which is in alignment with the Collective Bargaining Agreement with Metro’s union groups;
 - 4. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million presented in Attachment A;
- B. AMENDING FY20 Proposed Budget document by increasing Bus service hours from 7,019,376 to 7,094,376, which is higher than FY19 service level of 7,014,606;
- C. APPROVING the Reimbursement Resolution declaring Metro’s intention to issue debt in FY20 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval; and
- D. AUTHORIZING the Non-Represented salary paygrade band to increase 2% to be more aligned with current market conditions.

ISSUE

California Public Utilities Code Section 130105 requires Metro to adopt an annual budget to manage the revenues and expenses of the agency's projects and programs. The budget is the legal authorization to obligate and spend funds and to implement Board policy. It includes all operating, capital, planning and programming, subsidy funds, debt service requirements, and general fund activities for the fiscal year. The legal level of control is at the fund level. Total annual expenditures cannot exceed the final appropriation by the Board at the fund level except for capital expenditures, which is authorized on a life-of-project basis.

Since February 2019, staff has provided monthly updates of the budget development status by program to the Board. Meanwhile, an extensive public outreach process was launched to communicate the budget proposal and to collect public comment as the budget development was in progress. On May 1, 2019, copies of the FY20 proposed budget in its entirety were made available to the public both electronically at www.metro.net <<http://www.metro.net>>, and in printed copies through the Records Management Center (RMC) at RMC@metro.net <<mailto:RMC@metro.net>> and on the plaza level of the Gateway building. The public hearing is scheduled for May 15, 2019. As of April 11, 2019, advanced public notification of this hearing was issued through advertisements posted in over eleven news publications, in different languages.

DISCUSSION

The proposed FY20 budget is balanced at \$7.2 billion, an increase of \$586.7 million or 8.9%, from the \$6.6 billion FY19 budget. This annual budget aligns resources in a fiscally responsible manner to achieve the following Metro Vision 2028 goals:

- Provide high-quality mobility options that enable people to spend less time traveling.
- Deliver outstanding trip experiences for all users of the transportation system.
- Enhance communities and lives through mobility and access to opportunity.
- Transform Los Angeles County through regional collaboration and national leadership.
- Provide responsive, accountable, and trustworthy governance within the LA Metro organization.

Metro Vision 2028 is Metro's big picture plan to improve mobility in Los Angeles County. The FY20 budget reflects these efforts through the plans, programs and services included in this budget.

In FY20, Metro is poised to lead the ongoing transformation of Los Angeles County, with a bold plan to push the region to new heights. This year, we will continue our rapid progress toward achieving the Metro Vision 2028, with multiple transit expansion projects in various stages of planning, groundbreaking, and construction. We are also focused on the transformation of our existing lines and facilities, as we move to integrating an electric bus fleet and complete the major rehabilitation efforts on the Blue Line, our oldest rail line.

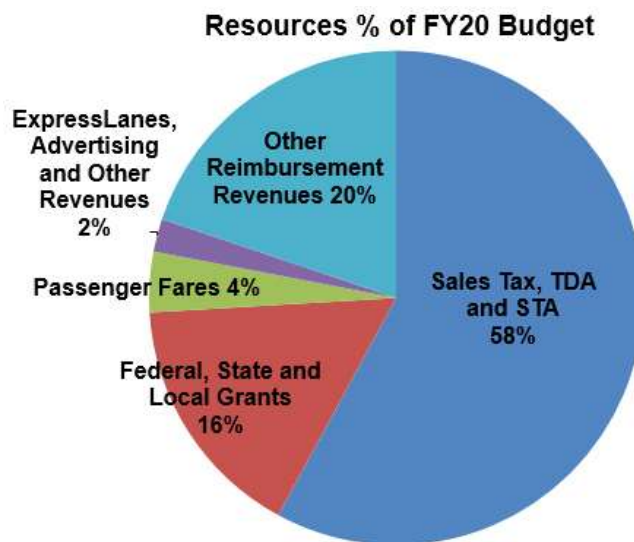
Resources Summary

The FY20 Proposed Budget ensures resources are available to meet the planned Metro program and project delivery for the coming fiscal year. Revenue projections take into account the current economic conditions, historical sales tax growth cycles, multiple accepted forecasting sources and recent transit system usage.

The total FY20 proposed budget planned resources is \$586.7 million or 8.9% greater than FY19.

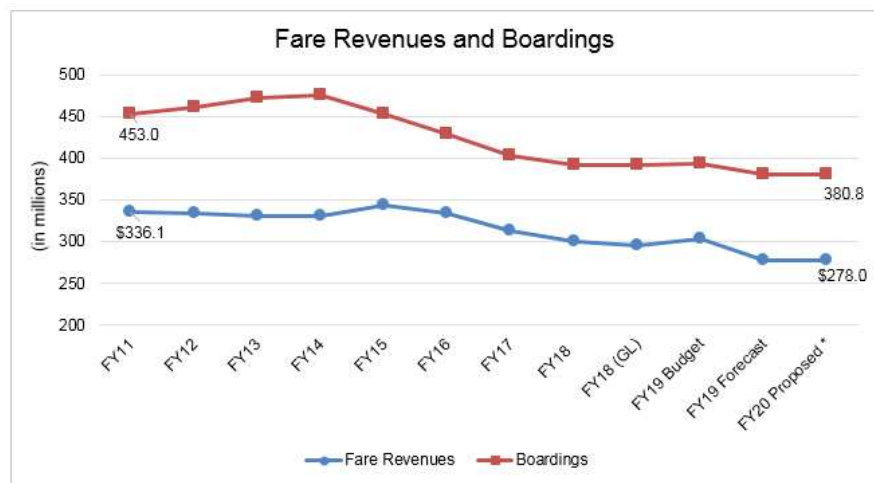
	FY19 Budget	FY20 Proposed	\$ Change	% Change
Resources (\$ in millions)				
1 Sales Tax, TDA and STA	\$ 3,980.2	\$ 4,174.4	\$ 194.2	4.9%
2 Federal, State and Local Grants	967.9	1,163.0	195.2	20.2%
3 Passenger Fares	302.6	284.5	(18.1)	-6.0%
4 ExpressLanes, Advertising and Other Revenues	157.0	155.2	(1.8)	-1.1%
5 Other Reimbursement Revenues ⁽¹⁾	1,212.6	1,429.8	217.2	17.9%
Total Resources	\$ 6,620.2	\$ 7,206.9	\$ 586.7	8.9%

⁽¹⁾ Includes Bond Proceeds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdown and prior year commitment



- Local Sales Tax, including TDA, and STA, is the largest source of revenue at 58%. FY20 is estimated to increase \$194.2 million or 4.9% compared to FY19:
 - TDA, Propositions A, C, and Measures R and M sales tax is projected to increase by \$130.5 million or 3.4%.
 - STA and State Senate Bill 1 (SB1) increase by \$63.7 million or 35.0% based on State Controllers’ Office (SCO) estimates.

- Federal, State and Local Grants increase by \$195.2 million or 20.2%, reflecting related capital expense activity.
- Passenger Fare revenues decrease by \$18.1 million or 6.0% as the result of continued ridership decline. FY20 systemwide boardings are projected to be 380.8 million, based on FY19 Year to Date actual boardings. The chart below shows the historical Fare Revenues and Boardings from FY11 to FY20 Proposed.



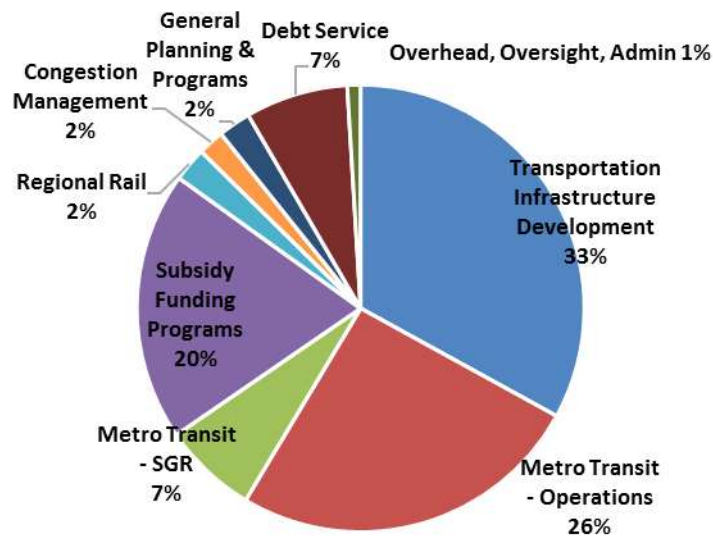
*Fare revenues do not include \$6.6 M revenues from TAP card sales.

- ExpressLanes, Advertising, and Other Revenues are decreasing \$1.8 million or 1.1% in total, primarily due to lowered toll violation fines.
- Other Reimbursement Revenues is \$217.2 million or 17.9% higher in total based on timing of project schedules. The total includes \$688.5 million capital project carryover in sales taxes and other revenues received and unspent in prior years. It also includes \$481.3 million bond proceeds and \$260.0 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdowns which are backed by future expected sales tax revenues.

Expenditure Summary

The total budget increase from FY19 to FY20 is \$586.7 million or 8.9%, which is higher than the projected cost inflation of 2.28% Consumer Price Index (CPI), primarily due to the expansion of Transit and Highway infrastructure as well as keeping the existing system in a state of good repair.

Expenditures by Program Type (\$ in Millions)		FY19 Budget	FY20 Proposed	\$ Change	% Change
1	Transportation Infrastructure Development	\$ 2,003.3	\$ 2,378.4	\$ 375.1	18.7%
2	Metro Transit - Operations, Maintenance and Regional Operating Services	1,773.9	1,844.4	70.5	4.0%
3	Metro Transit - SGR & Other Asset Improvements	534.2	492.0	(42.2)	-7.9%
4	Subsidy Funding Programs	1,330.6	1,404.7	74.1	5.6%
5	Regional Rail	179.3	178.2	(1.1)	-0.6%
6	Congestion Management	128.3	135.8	7.5	5.8%
7	General Planning & Programs	181.9	169.9	(12.1)	-6.6%
8	Debt Service	417.1	534.7	117.6	28.2%
9	Oversight & Administration	71.5	68.8	(2.7)	-3.8%
10	Total Expenditures	\$ 6,620.2	\$ 7,206.9	\$ 586.7	8.9%



- Transportation Infrastructure Development is one of the key strategies to realize Metro Vision 2028. In FY20, an additional \$375.1 million, or 18.7% increase over FY19 will be dedicated to the expansion efforts; making it the largest share of the FY20 Proposed Annual Budget at 33%.
 - The expansion includes the planning and construction of the voter approved Measure R and M projects such as Westside Purple Line Extensions 1-3, Regional Connector, Gold Line Foothill Extension projects, and the completion of Crenshaw Line.
 - Highway projects will continue to support several Measure M and R Caltrans projects.
 - For Regional Rail, budget will proceed to support Metrolink.

- Metro Transit - Operations and Maintenance represents 26% of the budget, as one of the core Metro missions. Metro operates Bus and Rail transit systems as well as coordinates fare collection and customer information for the regional operators. The table below shows the budget by Bus, Rail, and Regional.

(\$ in Millions)	FY19 Budget	FY20 Budget	\$ Change	% Change
Bus	\$ 1,225.4	\$ 1,288.5	\$ 63.0	5.1%
Rail	\$ 541.7	\$ 537.0	\$ (4.7)	-0.9%
Regional	\$ 6.8	\$ 18.9	\$ 12.1	178.8%
Total	\$ 1,773.9	\$ 1,844.4	\$ 70.5	4.0%

For Regional, the increase is due to higher volumes of customer information calls for Regional Operators and the new regional Farebox replacement project.

The Proposed Budget is the direct result of the planned Bus and Rail service level with projected cost inflation. In FY20, Metro Transit program is requesting a \$70.5 million, or 4.0% increase from FY19.

Metro Bus Operations and Maintenance

Before the NextGen Bus Study is complete by the end of the year, FY20 proposed Bus Service level is higher than FY19 Revenue Service Hours (RSH). Metro’s proposed budget for the upcoming 2019 -2020 fiscal year was released last week. As part of the normal review process, Metro CEO Phil Washington added bus service hours to the number that was posted online- from 7,019,376 to 7,094,376. The added Bus service hours are for the busy 910 Silver Line and the popular 460 Bus between downtown L.A. and Anaheim, flexibility to add bus service for special events (Dodgers games, USC football, etc.), BRT electrification, bus shuttles during the ongoing work to modernize the Blue Line, and the extra day in 2020 (Feb. 29), which is a Leap Year.

FY20 budget reflects a cost increase of 5.1% due to the higher than anticipated cost increases in Parts/Supplies, Fuel and Contract/Professional Services reflected in the table below.

Bus Operations and Maintenance Expenditures by Type:

Operations (\$ in millions)	FY19 Budget	FY20 Proposed	\$ Change	% Change	% of Total
Labor & Fringe	\$ 919.9	\$ 955.2	\$ 35.2	3.8%	74.1%
Parts & Supplies	67.7	81.2	13.5	20.0%	6.3%
Fuel	27.4	31.1	3.7	13.4%	2.4%
Other Operating Expenses	44.0	35.1	(8.9)	-20.3%	2.7%
Contract / Professional Service	95.7	114.8	19.1	20.0%	8.9%
Purchased Transportation	70.6	71.1	0.5	0.6%	5.5%
Total Operations	\$ 1,225.4	\$ 1,288.5	\$ 63.0	5.1%	100.0%

The total Bus Operations and Maintenance budget is \$1.29 billion, a \$63.0 million or 5.1% increase from FY19. Labor and Fringe Benefits make up 74.1% of the total Bus budget, with the remainder of the categories at 25.9%. Labor and Fringe Benefit costs increased by 3.8%, mainly due to negotiated wage increases for the Represented staff and the proposed Non-Represented wage increases. Parts & Supplies usage is higher in FY20 to carry out maintenance campaigns such as re-tanking CNG buses to operate existing fleet longer before Board directed fleet electrification can be implemented. CNG fuel rate increases much higher because of the supply issues in the Pacific Region of the United States. Staff is looking into activating CNG price hedging program in the coming months. Contract/Professional Services increases are attributed to improved cleaning frequency needs at the operating facilities and transit centers.

Metro Rail Operations and Maintenance

Rail Revenue Vehicle Service Hour (RVSH) levels begins at the FY19 scheduling baseline and reflects adjustments based on current demand. Proposed Rail RVSH is 1,134,953, 68,278 below the FY19 scheduling baseline; representing an adjustment of 5.7%.

Rail Service Level Profile		RVSH
1	FY19 Scheduling Base	1,203,231
2	FY20 Adjustments	
3	Additional Service Deployment	12,467
4	Special Events	14,041
5	Other (Additional Day of Service for Leap Year & Other Minor Adjustments)	12,442
6	Off-peak Vehicle Deployments	(43,458)
7	Weekday Headway Change from 6 min & 7 min to 8 min Peak, 12 min Base	(36,506)
8	Weekend 20 min to 12 min beginning at 10 am, not 8 am	(18,985)
9	Service Impact of SGR Improvements	(8,279)
10	FY20 Proposed Budget	1,134,953
11	Change From FY19 Scheduling Base	(68,278)
12	% Change	-5.7%

- Weekday peak hour frequencies for the Blue, Expo and Gold Lines would have trains running every eight minutes instead of the current every six minutes (Blue and Expo) or seven minutes (Gold). Average wait time increase of 60 seconds for Blue and Expo and 30 seconds for Gold. However, the capacity remains relatively unchanged due to keeping all Blue, Expo and Gold Line trains operating three cars for every train instead of the current mix of two-car and three-car trains. The peak service adjustment will improve on-time performance and reduce delays.
- On the Blue Line, every train would run every eight minutes during peak hours between 7th/Metro and Downtown Long Beach, instead of running every six minutes between 7th/Metro and Willow and every 12 minutes between Willow and Downtown Long Beach. Long Beach customers will experience significant improvements traveling between Downtown Los Angeles and Long Beach.
- Weekday mid-day frequencies on the Blue, Expo, Gold would remain every 12 minutes with two-car trains - which better meets the current demand. Operations will monitor the crowd level and add three car trains if needed.
- Weekend service on the Blue, Expo and Gold Lines would have trains running every 12 minutes between 10 a.m. and 8 p.m. and every 20 minutes outside those hours. Trains on these lines currently begin moving toward 12-minute service between 8 a.m. and 9 a.m. on weekends. This reflects current demand and gives Metro more time to do single-tracking maintenance work.
- Green Line service remains the same but extra hours have been added for the

Crenshaw/LAX Line opening toward the end of the fiscal year.

With the RVSH service adjustment, the total Rail Operations and Maintenance budget is \$0.54 billion, a \$4.7 million or 0.9% decrease from FY19. The table below identifies the changes.

Rail Operations and Maintenance Expenditures by Type:

Operations (\$ in millions)	FY19 Budget	FY20 Proposed	\$ Change	% Change	% of Total
Labor & Fringe	\$ 286.5	\$ 287.5	\$ 1.0	0.4%	53.5%
Parts & Supplies	23.2	23.2	0.0	0.2%	4.3%
Propulsion Power	39.1	37.4	(1.7)	-4.3%	7.0%
Other Operating Expenses	20.8	18.4	(2.4)	-11.7%	3.4%
Contract / Professional Service	172.1	170.4	(1.6)	-1.0%	31.7%
Total Operations	\$ 541.7	\$ 537.0	\$ (4.7)	-0.9%	100.0%

Labor and Fringe Benefits make up 53.5% of the total budget, with the remainder of the categories at 46.5%. Labor and Fringe Benefits costs are nominally increasing because of the negotiated wage increases for Represented staff and offset by a staffing adjustment due to the 68,278 RVSH decrease. The FTE reduction is coming from vacancies and attritions and will not impact current employees. Reductions in Propulsion Power, Contract / Professional Services, and Other Operating Expenses are driven by the decreased RVSH budgeted.

- Metro Transit - State of Good Repair (SGR) & Other Asset Improvements budget is planned at \$492.0 million, a decrease of 7.9%. SGR program budget is allocated to maintain Metro’s Bus, Rail, and critical information systems. The \$492.0 million estimate is based on planned project activities; reflecting the cash flow required to complete FY20 milestones and deliverables such as electrical Bus Acquisition, charging station infrastructure, Midlife Refurbishments, Rail Acquisitions, and New Blue.
- Subsidy Funding Programs increases by \$74.1 million, or 5.6%, primarily due to growth in sales tax revenues.
- Regional Rail decreases by \$1.1 million, or 0.6% with continuing operating and capital support of the Metrolink commuter rail system and the Metro managed Regional Rail.
- Congestion Management is increasing by \$7.5 million, or 5.8%, primarily due to a service provider contract renewal rate change along with increased Planning Studies for I-105 and I-405.
- General Planning & Programs decreases by \$12.1 million or 6.6% due to cash flow

adjustments for Phase II ACE Grade Separation, Planning Studies for Measure R and M projects, Active Transportation Programs, Parking, and Union Station projects.

- Debt Service increases by \$117.6 million, or 28.2% primarily due to the TIFIA loan repayments and Prop C Series 2019-A/B bonds. In FY20, Crenshaw/LAX, Westside Purple Line Section 2 and the light rail vehicle procurement is anticipated to utilize debt proceeds.
- Oversight & Administration is decreasing by \$2.7 million or 3.8%, due to continued efforts to exercise fiscal responsibility in the support departments.

Full-Time Equivalent (FTE) Summary

The FY20 Proposed budget requests an authorization of 10,219 total FTEs. Represented FTEs are budgeted at 8,482 and Non-Represented FTEs are budgeted at 1,737. The FY20 Proposed budget includes an additional 45 Non-Represented FTEs and a decrease of 66 Represented FTEs. This is a net decrease of 21 FTEs through reduction of vacancies and attrition.

Total Non-Represented FTEs increase of 45 is primarily due to Metro Transit-Operations and Support, Metro Transit-State of Good Repair, MM/MR Support and Oversight, in addition to new initiatives and studies such as Vision 2028 Strategic Plan, Congestion Pricing, TNC, and Micro Transit. Metro departments support the overall agency goals and programs. The table below summarizes the requested Non-Represented FTEs by department.

	<i>Non-Represented FTEs by Department</i>	FY19 Budget	FY20 Proposed	FTE Change
1	Board of Directors			
2	County Counsel	3	3	0
3	Ethics Office	6	6	0
4	Inspector General	21	21	0
5	Office Of Board Secretary	10	10	0
6	Board of Directors	40	40	0
7	Chief Executive Office	2	4	2
8	Chief Policy Office	6	7	1
9	Communications	146	149	3
10	Congestion Reduction	26	28	2
11	Finance and Budget	160	163	3
12	Human Capital & Development	106	106	0
13	Information Technology	102	107	5
14	Management Audit Services	26	27	1
15	Office of Civil Rights	15	16	1
16	Office of Extraordinary Innovation	12	17	5
17	Operations	303	311	8
18	Planning and Development	164	164	0
19	Program Management	281	291	10
20	Risk/Safety and Asset Management	105	105	0
21	System Security and Law Enforcement	20	22	2
22	Vendor/Contract Management	178	180	2
23	Non-Represented Total	1,692	1,737	45

Total Represented FTEs decrease of 66 is mostly due to service level assumptions and SGR Project Phase; the increase of 13 FTEs is for the 10 FTEs in Communications for the new customer care centers at The Bloc and Willowbrook/Rosa Parks station and for 3 FTEs in Human Capital & Development for property maintenance at East Portal. A summary of the requested Represented FTEs is shown in the table below.

	<i>Represented FTEs by Department</i>	FY19 Budget	FY20 Proposed	FTE Change
24	Communications	185	195	10
25	Human Capital & Development	116	119	3
26	Finance and Budget	69	69	0
27	Information Technology	51	51	0
28	Operations	7,771	7,692	(79)
29	Risk/Safety and Asset Management	2	2	0
30	System Security and Law Enforcement	189	189	0
31	Vendor/Contract Management	165	165	0
32	Represented Total	8,548	8,482	(66)

Labor Expense Summary

The proposed budget also requests a 4% Non-Represented (merit based) salary increase in line with the pre-negotiated Collective Bargaining Agreements with the Represented Union groups. The labor cost increase reflects the rising wage inflation and living wage standard, while attempting to keep up with the labor market contraction. Health/welfare benefits for represented employees are based on Collective Bargaining Agreements. Non-represented medical/dental benefits reflect the carrier contract rates previously approved by the Board.

Metro Non-Represented Salary Paygrade Bands Alignment

As the broader market continues to gain real wage increases, Metro proposes to also shift Non-Represented salary paygrade bands upward by 2% to stay externally competitive. External market data collected shows a median 2% increase for the Greater Los Angeles Area as well as for Government and Broader Public Sector companies in 2019. Salary structure alignments to the external market have not been done since 2016 and is recommended in 2019.

The Non-Represented salary paygrade bands adjustment of 2% does not change the individual Non-Represented employee wage automatically. The individual pay increase is linked to performance and calculated independently based on merit.

Life of Project (LOP) Budgets

Capital projects with LOP budget increases greater than \$1 million, and any new projects with LOP budgets in excess of \$5 million must be approved by the Board as separate Board actions.

Attachment A includes a detailed listing of new capital projects for FY20 with LOP in excess of \$5 million. These projects are included in the proposed FY20 budget.

Reimbursement Resolution

Per Federal tax law, bond proceeds can only be used for capital expenditures incurred after the issuance of bonds. Metro must pass a resolution indicating the intent to issue bonds at a later date in order to reimburse expenditures incurred prior to the bond issuance. See Attachment B for anticipated expenditures in the budget related to proceeds from future bond issuance.

Public Outreach

The mobility needs of the county are vast, varied and unique for each individual resident. Soliciting meaningful input from the public and stakeholders is helpful in developing the budget. The comprehensive outreach program for FY20 included many opportunities to provide feedback using different methods, through online tools, by email and telephone, in addition to many in-person public meetings. These meetings include Metro Service Councils, Citizens Advisory Council (CAC), Technical Advisory Committee, Bus Operations Subcommittee, Local Transit Systems Subcommittee, Streets & Freeways Subcommittee, and Policy Advisory Committee (PAC). A summary of public outreach efforts and comments received is shown in Attachment C.

Budget public outreach discussion can be very broad at times and does not replace additional program-specific outreach venues that occur throughout Metro. Specific venues are designed to share and discuss key initiatives, solicit public participation, and allow our customers to have several opportunities to share their direct views with project managers. This valuable feedback helps influence and shape Metro programs and budgets.

FINANCIAL IMPACT

The proposed FY20 budget (provided in a separate transmittal) at \$7.2 billion is balanced and appropriates the resources necessary to fund them. The proposed budget demonstrates Metro's ongoing commitment to meeting its capital and operating obligations, which is essential in receiving subsidies from the state and federal governments and to administer regional transportation funding to local cities and municipal operators.

NEXT STEPS

Upon Board authorization and adoption of the FY20 budget, Metro will make funds available for the planned transit and transportation programs outlined in this document and be programmed to fund regional transit/transportation partnering agencies, cities and recipients.

Monitoring the FY20 budget performance will be a year-round ongoing effort. As part of the performance management process, Metro will monitor progress throughout the year relative to the Agency goals using measurements such as budget variance, Key Performance Indicators (KPIs) target achievement, Project Milestone achievement and cost savings and new revenue generation through the risk allocation matrix (RAM). This reinforces Metro's commitment to strategic monitoring

of performance and the improvement of accountability. In addition, continuous improvements will be implemented to the process and regular updates will be reported to the Board.

ATTACHMENTS

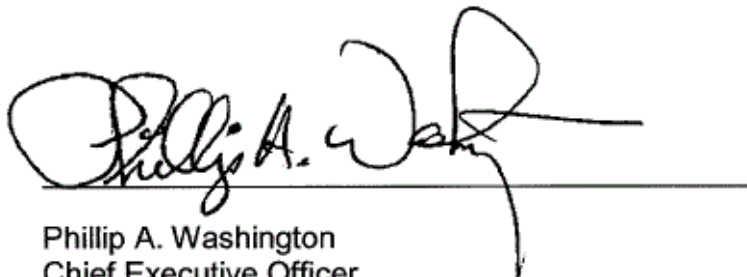
Attachment A - FY20 New Capital Projects

Attachment B - Reimbursement Resolution of Metro for FY20

Attachment C - FY20 Public Outreach

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FY20 New Capital Projects

Transportation Infrastructure Development

1	PROJECT: Regional Connector Pre-Revenue Service
	PROJECT OWNER: Operations - Rail Integration
	LOP: TBD FY20: \$250,000
	SCOPE: The Regional Connector Pre-revenue Service will prepare Metro for the operation of the Regional Connector line. The early part of this project will address any ancillary upgrades needed on the existing systems, signals and tracks for smoother integration with Regional Connector. Closer to the revenue service date this project will focus on training and testing the system reliability and integrity of infrastructure and new rail cars.
	JUSTIFICATION: Upgrades to existing structures are crucial for seamless integration with new infrastructure built using newer technology. Significant testing is crucial for seamless system integration of multiple types of rail cars with new systems. The training and systems testing will ensure staff and infrastructure are able to handle a multitude of revenue operating situations prior to opening day. This project will be annual funds checked until such a time when the project cost is better identified. At that time, staff will approach the Board for LOP budget approval.
	ELIGIBLE FUNDING SOURCE: Measure R 35%
2	PROJECT: Expo Closeout
	PROJECT OWNER: Program Management - Transit
	LOP: \$17,500,000 FY20: \$3,000,000
	SCOPE: Expo punch list items and other closeout efforts will be captured in this project.
	JUSTIFICATION: Expo Phase 1 to Culver City went into service in 2012 and Phase 2 from Culver City to Santa Monica going into service in 2016. The projects associated with Expo needs to close to fulfill Grant report and Accounting audit requirements. The remaining punch list items need to be captured in a separate closeout project to reflect the true cost of the asset.
	ELIGIBLE FUNDING SOURCE: Measure R 35%

State of Good Repair Projects

3	PROJECT: Fuel Storage Tanks FY20 - FY22
PROJECT OWNER: Operations - Bus Maintenance	
LOP: \$23,433,000	FY20: \$3,375,238
SCOPE: Acquire, install and upgrade agency-wide storage tanks and appurtenances to meet state environmental regulatory requirements. Defective and deficient tanks, specifically underground diesel fuel storage tanks, previously identified will be replaced or upgraded. Existing tanks nearing their life cycle containing liquids other than diesel must also be replaced or upgraded in compliance with ever-changing and new regulatory requirements set forth by several regulatory agencies (RWQCB, AQMD, DTSC and city/county fire departments). New equipment and aboveground storage tanks will be acquired and installed to replace defective non-diesel tanks and appurtenances.	
JUSTIFICATION: Non-compliant and retiring underground storage tanks and appurtenances need to be replaced in order to avoid any fines and penalties to comply with ever-changing and new, more stringent regulatory requirements regarding the operation, maintenance and monitoring issued by several regulatory agencies (US EPA, CAL EPA, SWQCB, CUPA, and APSA.)	
ELIGIBLE FUNDING SOURCE: TDA Article 4	

4	PROJECT: MRLA 650 Component Overhauls
PROJECT OWNER: Rail Fleet Services	
LOP: \$8,120,000	FY20: \$998,123
SCOPE: 1. Overhaul 37 units of Low Voltage Power Supply (LVPS) plus spares for Option Fleet (74 cars) only. 2. Replace seat inserts and convert the mounting to Velcro for 104 cars 3. Overhaul Semi Permanent Draw Bar for Option and Base Buy Fleet (37 Units) 4. Overhaul Friction Brake Equipment for Option and Base Buy Fleet (52 sets) 5. Overhaul AC Traction Motors and DC Traction Motors 6. Renovate car interior which includes redesign Front and Rear End Door, Repaint all seat frames	
JUSTIFICATION: The existing A650 fleet went through a component overhaul program and a major system replacement program. However there are certain systems still requiring overhaul in order to maintain the "State of Good Repairs" which are not included in the previous scopes. The aim is to continue to service the public for another 15 years.	
ELIGIBLE FUNDING SOURCE: PA 35% Cash/Bond Proceed	

5	PROJECT: FY20 Non-Revenue Vehicle Replacement
	PROJECT OWNER: Operations - Central Maintenance
	LOP: \$8,800,000 FY20: \$1,152,218
	SCOPE: This project is for the replacement of Non-Revenue Vehicles and Equipment scheduled for FY20. This includes: trucks, vans, sedans, carts, forklifts, generators, floor scrubbers, compressors, tractors, trailers, tow motors and other vehicles and equipment. (Agency-wide, Includes all department vehicles and equipment)
	JUSTIFICATION: Metro owns and operates a fleet of over 2,100 vehicles and pieces of equipment that are used to support the Metro mission of Planning, Designing, Constructing, Administering, and Operating the Los Angeles County's largest transportation system. The funding requested for this project is required to purchase replacement vehicles to support this mission. The vehicles identified for replacement have exceeded their useful life in age, mileage or are in poor operating condition, and are now scheduled for retirement. Further, the cost of repair, downtime, on street safety, and the impact to support departments ability to respond to repair/service activities reduces operational effectiveness.
	ELIGIBLE FUNDING SOURCE: TDA Article 4

6	PROJECT: P2550 Light Rail Vehicle Mid-Life Overhaul
	PROJECT OWNER: Operations - Rail Facilities Maintenance
	LOP: \$16,000,000 FY20: \$420,081
	SCOPE: The P2550 Component Overhaul is recommended by the manufacturer (AnsaldoBreda) to ensure the safe and reliable operation of the rail vehicle. The manufacturer's recommendations have been reviewed by Metro's Vehicle Engineering team and Rail Fleet Services to determine what components are prudent and necessary at this point in the vehicles life to overhaul. The following components have been determined to require overhaul: Coupler, Passenger Doors, Propulsion, High Speed circuit Breaker, Auxiliary Power Inverter, Battery, Trucks, friction Brakes, Automatic Train Protection, and Train to Wayside Communications.
	JUSTIFICATION: The primary goal of this LRV car overhaul program is to maintain this fleet in a State of Good Repair. The current P2550 LRVs require repair, upgrades, and/or replacement of components, appointments, and subsystems to maintain fleet safety, reliability, availability, performance, and passenger comfort. Based on the current average annual mileage of 70k miles per vehicle, the fleet will reach the next scheduled recommended overhauls in 2019, 2023, and 2031. As the 1800k overhaul (2023) corresponds most closely with the fleet mid-life (2022), the focus of this specification development is to address the 1200k overhaul and include elements from both the 600k & 1800k overhauls, as applicable. The need for midlife overhaul is evident due to the fleet's decreased reliability and availability, the observed wear and tear, the increased maintenance demands, and the increased challenges with repairing and replacing obsolescent parts and obtaining supplier support. As a result, it has become more difficult and expensive to maintain the fleet. The function and performance of these systems may be further impacted if there is deferment of the recommended and scheduled midlife overhauls.
	ELIGIBLE FUNDING SOURCE: PA 35% Cash/Bond Proceed

7 PROJECT: Rail Facility Improvements

PROJECT OWNER: Operations - Rail Fleet Maintenance

LOP: \$24,400,000

FY20: \$1,123,000

SCOPE: The proposed Project is to improve, modernize, and expand the capacity of the maintenance and transportation functions at rail divisions and facilities. Division 11 began operation in the late 1980s; and both Division 20 and Division 22 in the early 1990s. The scope of the project entails renovation and upgrade activities typically required of facilities that are over twenty years old and functioning at operational levels. In addition, this project includes new equipment needed to efficiently service vehicles at the newer shops such as Division 14 and 21.

Intended projects under this CP Workbook include, but are not limited to, the capital improvements listed as follows:

- 1) Tire Press Machines for Divisions 11, 14, 16, and 24,
- 2) Division 11 Improvements such as pavement replacement, addition of new crane, improvement of the kitchen and lunch rooms, upgrading the existing car wash, remodeling and increasing size of restrooms, and addition of non-revenue electrical vehicle charging stations,
- 3) Location 60 – Roofing & HVAC,
- 4) Division 21 – Upgrade of washing equipment to include reverse osmosis, blowers, and equipment upgrades,
- 5) Division 22 – Paving replacement/rehabilitation,
- 6) LRV shops – OCS separation from main shops into north and south bays,
- 7) All shops – Maintenance equipment replacements as required for equipment beyond it's useful life or in need of repair/upgrade,
- 8) Stationary Emergency Generators

JUSTIFICATION: The divisions proposed for this project are aging at operating at capacity. All of the Divisions are over 25 years old. Significant projects need to be completed in order to bring the rail maintenance facilities into a State of Good Repair (SGR). These proposed improvements will increase the life of these facilities at least an additional 25 years. For preparation of this CP workbook, staff met with the Office of the Chief Operations Officer.

ELIGIBLE FUNDING SOURCE: PA 35% Cash/Bond Proceed

8 PROJECT: Bus Division Improvements - IV

PROJECT OWNER: Operations - Bus Maintenance

LOP: \$28,000,000

FY20: \$10,000

SCOPE: The proposed Project is to improve, modernize, and expand the capacity of the maintenance and transportation functions at various Bus Divisions. The scope of the project entails renovation and upgrade activities typically required of facilities that are over 25 years old and functioning at high operational levels. Intended projects under this CP Workbook include, but are not limited to, the capital improvements listed below: a) Roof replacement at Div 2, 5 & 7, b) HVAC replacement at Div 2, 5 & 7, c) Installation of new hoists, d) Bus Washer improvements (Divs 3, 5, 7, 9, 10, 15, and 18), e) Emergency Generators (CMF Buildings 1, 2, 3, 4, and 5), f) Brake Testers at Division 18, g) emergency generators for CNG systems at 2, 3, and 15, h) convert CMF Building 3 to a body shop and 20 ton pull-pots in Bldg 5, i) new chassis washer at Division 3, j) awnings over recycling bins at various divisions, k) additional CCTV, l) parking and division access control, m) improvements to yard lighting at Divisions 3 and 8, n) wastewater/drainage improvements at Division 3, o) extension of awnings over apron at Division 8, p) flooring refurbishment at Division 8, q) air conditioning replacement at Division 8, r) shop floor improvements at Division 8, s) conversion of D9 dyno room into storage or exercise room, t) Division 4 improvements including new fencing, extended shop apron awnings, and flooring improvements, u) Division 2 improvements including new perimeter fencing, shop ventilation improvements, chassis wash and hoist installation, repair of the fuel station roof, and remodeling of restrooms, v) replace Central Electronics shop trailers at Divisions 5 and 18, w) Division 18 maintenance annex building, new dyno, detailed cleaning area, fueling island improvements, steam cleaning bay improvements, and shop floor improvements, and x) Division 9 new ERS building to replace trailer, interior tenant improvements, and improvements to fuel island lighting.

JUSTIFICATION: Metro owns and operates eleven active bus-operating divisions, located throughout Los Angeles County, which maintain and dispatch a fleet of around 2,300 CNG buses. In addition, Metro operates a 30-acre central maintenance facility in Downtown Los Angeles called the Central Maintenance Facility (CMF). The divisions proposed for this project are all located within areas of Los Angeles County with high ridership; and are aging, at capacity, and overcrowded. Most of the Divisions operate and maintain numbers of buses well above the original design capacity, and with the exception of Division 13, all of the divisions are over 25 years old (one is over 100 years old). Although these divisions have been selectively modernized and improved over the last 10 years, significant projects remain to be completed over the next 10 years in order to bring the bus maintenance facilities into a State of Good Repair (SGR). These proposed improvements will increase the life of these facilities at least an additional 25 years. For preparation of this CP workbook, staff solicited projects from the Office of the Chief Operating Officer, Bus Operations and Facilities Maintenance.

ELIGIBLE FUNDING SOURCE: TDA Article 4

9 PROJECT: Elevator & Escalator Modernization

PROJECT OWNER: Facilities Maintenance

LOP: 126,692,000

FY20: \$1,282,553

SCOPE: At various locations throughout Metro's system plus the USG building, install new or modernize up to 117 of Metro's 199 Elevators and Replace up to 81 of Metro's 148 Escalators that have exceeded their useful life. Modernization of the equipment includes upgrades to outdated control systems, motors and electronics. The project includes canopy installation for outdoor escalators as per state law and three (3) years of maintenance for all units once accepted by Metro. This is a multi phase, 25-year program. As per state law, any new outdoor escalator must have a canopy to protect it against the elements. Operations staff foresees that one contractor will be able to design and then perform the necessary installation for both elevators and escalators.

JUSTIFICATION: The majority of Metro's elevators and escalators are over 20 years old and have reached or surpassed their life expectancy. As a result, components and replacement parts have been a challenge to find since the majority of the original parts are obsolete. This project will replace elevators and escalators at various critical and high risk areas where elevator maintenance and down time cause the most customer inconvenience. Systemwide, replacing current units will result in better performance and reliability, as well as provide safer and better quality service to our patrons and employees. Vertical transportation systems provide a vital link for transportation services to Metro patrons.

ELIGIBLE FUNDING SOURCE: TDA Article 4

Other Asset Improvement Projects

10	PROJECT: Payroll System Replacement
	PROJECT OWNER: Finance and Budget
	LOP: \$22,857,000 FY20: \$56,000
	SCOPE: Metro payroll system replacement
	JUSTIFICATION: Metro's current Payroll System is approaching end of technical life. It was custom developed for Metro by a small development group which is closing down and is developed in a programming language, Visual Basic 6, which is no longer supported by Microsoft. Implementation of a modern payroll system will reduce overall business risk to Metro through a more flexible, expandable technology that is easier to maintain. It will reduce workarounds which must be performed with the current system and allow staff to quickly respond to new Federal, state and collective bargaining requirements. In addition, Metro can take advantage of vendor IT expertise to maintain an upgradeable system that supports changing requirements.
	ELIGIBLE FUNDING SOURCE: TDA Article 4

11	PROJECT: Rail Operations Center/Bus Operations Center
	PROJECT OWNER: Program Management
	LOP: TBD FY20: \$2,022,976
	SCOPE: Design and construction of a new rail operations center (ROC), bus operations center (BOC) and a back-up ROC and BOC.
	JUSTIFICATION: Construct a new ROC and BOC (Phase 2) within the Emergency Security Operations Center (Phase 1) to centralize Emergency, Security, Rail and Bus operations within the same location for a more efficient coordination and management of the transit system, and to meet the demands of Metro's expanding transit system beginning with WPLE Section 1. In addition, Phase 2 includes an option to convert the existing ROC into a back-up ROC and BOC to provide continuity of rail and bus operations in the event that the new ROC/BOC location is unusable.
	ELIGIBLE FUNDING SOURCE: Proposition C 40%

ATTACHMENT B

REIMBURSEMENT RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR FISCAL YEAR 2020

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "Metro") desires and intends to finance certain costs relating to (i) the design, engineering, construction, equipage and acquisition of light rail lines including the Crenshaw/LAX Transit Corridor project ; (ii) the design, engineering, construction, equipage and acquisitions for the Rail and Bus State of Good Repair Program including station improvements and rail gating installations; (iii) the design, engineering, construction, equipage related to Purple Line Extension Sections 1, 2, and 3; (iv) the engineering, construction, renovation, maintenance, and/or acquisition of various capital facilities and equipment, including buses and rail cars, related to service operation; (v) the engineering, construction, renovation, maintenance, and/or acquisition of various highway/surface transportation assets; and (vi) other transit related projects (each a "Project" and collectively, the "Projects");

WHEREAS, to the extent that federal and/or state grant funding budgeted to be received during FY20 is delayed or reduced, the Los Angeles County Metropolitan Transportation Authority desires and intends to finance certain costs relating to the Projects;

WHEREAS, Metro expects to issue debt through the issuance of tax-exempt bonds to pay for these expenditures, which bond issues will have four separate security sources, Proposition A, Proposition C, Measure R and Measure M sales tax revenues, respectively, or grant revenues to finance the costs of the Projects on a permanent basis (the "Debt");

WHEREAS, Metro expects to expend moneys of the Enterprise Fund (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Projects prior to the issuance of the Debt, which expenditures will be properly chargeable to a capital account under general federal income tax principles;

WHEREAS, Metro reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Debt;

WHEREAS, Metro expects that the amount of Debt that will be issued to pay for the costs of the Projects will not exceed \$100.0 million for Proposition A, \$200.0 million for Proposition C, \$200.0 million for Measure R and \$200.0 million for Measure M.

WHEREAS, at the time of each reimbursement, Metro will evidence the reimbursement in writing, which identifies the allocation of the proceeds of the Debt to Metro, for the purpose of reimbursing Metro for the capital expenditures made prior to the issuance of the Debt;

WHEREAS, Metro expects to make reimbursement allocations no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure for the Project is paid or (ii) the date on which the Project is placed in service (or abandoned),

but in no event later than three (3) years after the date on which the earliest original expenditure for the Project is paid;

WHEREAS, Metro will not, within one (1) year of the reimbursement allocation, use the proceeds of the Debt received by way of a reimbursement allocation in a manner that will result in the creation of replacement proceeds of the Debt or another issue (e.g., Metro will not pledge or use the proceeds received as reimbursement for the payment of debt service on the Debt or another issue, except that the proceeds of the Debt can be deposited in a bona fide debt service fund); and

WHEREAS, this Resolution is intended to be a " declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations.

NOW THEREFORE, BE IT RESOLVED, that (i) all of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, Metro declares its intention to issue Debt in an amount not to exceed \$100.0 million for Proposition A, \$200.0 million for Proposition C, \$200.0 million for Measure R and \$200.0 million for Measure M; the proceeds of which will be used to pay for the costs of the Projects, including the reimbursement to Metro for certain capital expenditures relating to the Projects made prior to the issuance of the Debt.

ATTACHMENT C

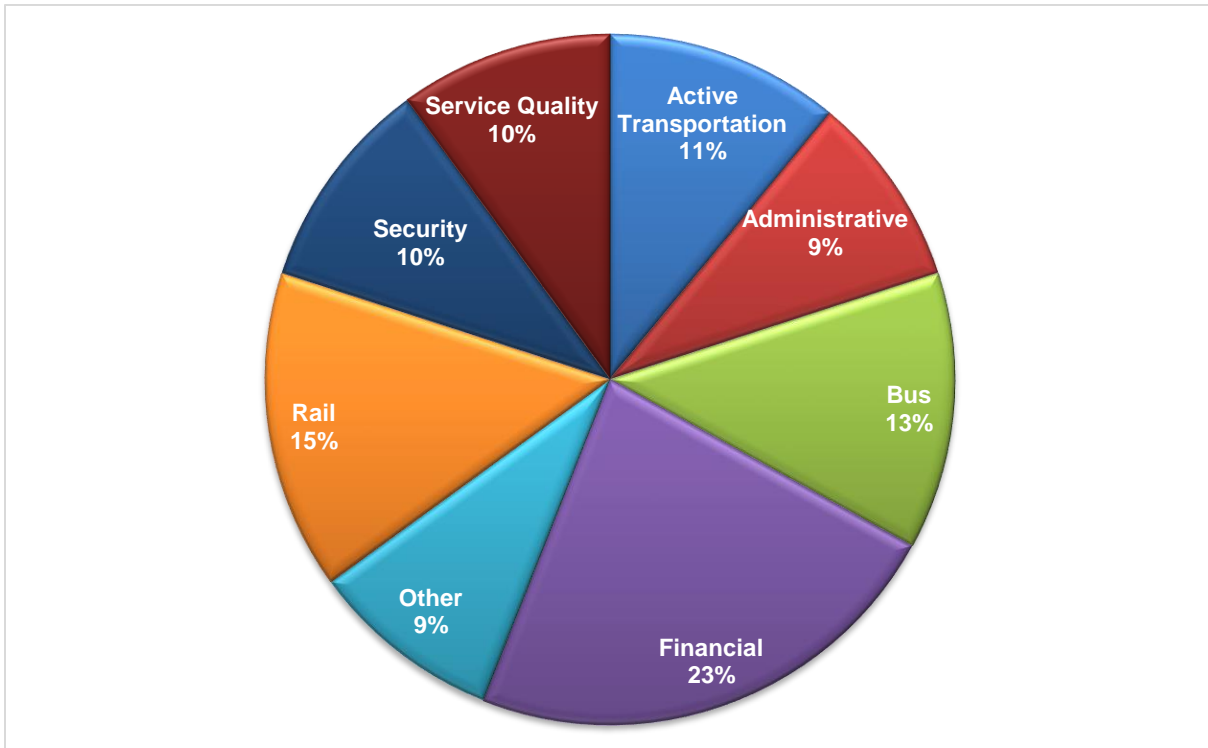
FY20 PUBLIC OUTREACH

Summary of FY20 Proposed Budget Public Outreach Efforts and Comments Received

Events	Participation
Workshops and Meetings	Covering all Service Councils and key stakeholders throughout LA County
Telephone Town Hall	4,977
Interactive Budget Tool	1,677 (as of April 30, 2019)
Web Page Visits	5,353 (as of April 17, 2019)
All Comments (Email/mail)	796

Comments received from the public during Metro’s FY20 budget outreach process are summarized below. This summary includes comments received through April 17, 2019. Due to the large volume of comments received, not all can be included in this summary. However, the summary presented is a fair representation of the types of comments received across all outreach efforts. Comments received during the workshops and meetings have been addressed; while the written, email, and budget survey comments will be forwarded to relevant departments for consideration in the development of their programs.

A recap of the comments received during the budget outreach process is shown in the table below. As evidenced by the range of subjects in the summary, the public provided input and suggestions on virtually every Metro function. In addition, the perspectives on each issue varied greatly by respondents.



Key Topics	Synopsis of Comments
Active Transportation	<ul style="list-style-type: none"> • Create more safety programs for pedestrians, designated sidewalks, diagonal crosswalks and separate walkways • Fix the streets and sidewalks. There are holes • Bike lanes should be just for bikes and not pedestrians • Stop wasting money on bike share and add dedicated bike lanes • Need first/last mile transportation for new rail lines • Add a dedicated east-west path for bikes and pedestrians
Transit Service	<ul style="list-style-type: none"> • Improve connections between bus lines • Make riding buses and trains easier and more reliable • Expand all rail lines, especially the Expo line • Consolidate bus lines so you can add more frequent service on fewer lines • Add rail lines along freeways to access longer distances • Run rail more often 20-minute wait time is too slow • Building more BRT Lanes is a better use of funds than building more rail • Increase all transit options along I-405
Maintenance	<ul style="list-style-type: none"> • Please increase maintenance on the Blue line to cut down delays • More maintenance on bus/rail vehicles to increase service reliability • Maintain the cleanliness of bus/rail • Replace cloth seats, homeless people make them smell
ExpressLanes	<ul style="list-style-type: none"> • ExpressLanes is unfair to lower income families and incentivizes more cars leading to worse congestion • Make all express lanes dedicated bus/light rail lines • Do not add more ExpressLanes as it only enables more cars on the road • Need to fix holes on fast track lanes • Add express lanes to the I-10 and 405, very congested freeways
Fares	<ul style="list-style-type: none"> • Increase fares on bus/rail if it means improved safety/security • A smart phone application to pay the fare would be convenient and encourage transit use • Raise taxes and make public transit free • Make it easier to navigate public transportation by using one method of payment for the Los Angeles area • Add options for large companies to buy preloaded fares • Do not make transit service free; it will become a haven for transients and unsafe riders and deter riders beneficial to Metro • Do a better job of enforcing fare evasion; implement strategies like NYC – taller turnstiles to stop fare evasion and prevent access to platform without payment
New Rail	<ul style="list-style-type: none"> • Provide direct service to LAX without having to take a shuttle • Connect Red Line to Crenshaw Line • San Fernando Valley needs a subway • All light rail lines should be elevated to avoid getting stuck in traffic • The Sepulveda Pass project should be heavy rail • Extend the Red Line further north to areas like Sylmar • Use AI/Machine Learning to better optimize routes and services for Metro Rail • Please consider light rail options in San Fernando Valley • Build new rail lines that are faster than driving • Develop a light rail from Long Beach to San Fernando Valley
Regional Operators	<ul style="list-style-type: none"> • Make later departures from Union Station on Metrolink • Metrolink should open doors a few minutes before departures • Be able to use Metrolink pass on more than one line • Run DASH buses on nights and weekends • Foothill transit needs better management • Roads throughout LA worse than most 3rd world countries • Metrolink service horribly unreliable and inconsistent
Outreach	<ul style="list-style-type: none"> • More info on how to participate in community decision-making process • Continue outreach to educate the public to increase transit ridership • Great illustration on Budget Tool of public works involves trade-offs

Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> • Language in survey is too advanced and technical for most people • Budget Tool: Too much focus on capital projects; focus on addressing practical questions to increase ridership – safety, security, reliability, reach • Budget Tool: budget and financial impact scenarios a waste of time and doesn't address the real issues plaguing Metro's system • Budget Tool: simplify questions/answers – too much information over our heads
Parking	<ul style="list-style-type: none"> • Don't charge for parking at parking lots • Security at lots just stand around and talk • Add more parking places so more people can ride Metro • Lack of parking around Metro Stations deters Metro use • Offer low income waivers for parking • Implement permit parking in all stations • Would rather have additional parking at stations instead of more rail stops
Positive Feedback	<ul style="list-style-type: none"> • Metro is doing a great job • Metro has come a long way • Metro is open to feedback, and that is great • Thank you for all the hard work and services you provide to the LA County area • The bus system is convenient and easy to use • We're a one car family and have no intention of buying a second due to all the great Metro projects underway
Safety & Security	<ul style="list-style-type: none"> • More police officers on all bus lines • Need more security on trains and parking lots • Improve rail station safety • Better enforcement on existing ridership rules • Loss of ridership due to safety/security concerns • Increase security presence and make it safe for small children • Policing Metro stations to allow safe bicycle parking • Police at stations say hands are tied – cannot cite fare evaders
Streets & Highways	<ul style="list-style-type: none"> • Add more lanes on all freeways • Add more expanding freeways, toll ways and roadways • Stop funding expensive and inefficient rail and improve road and freeway options
Accessibility/Rideshare	<ul style="list-style-type: none"> • Add more routes throughout the city for disabled passengers • Add more wheelchair access • Keep people with disabilities in mind when creating programs or considering budget expenditures • Increase first/last mile strategy with ride sharing services like Lyft/Uber
Advertising	<ul style="list-style-type: none"> • Use unused space for advertising and generating revenues • Increase ad rates/revenue and promote Metro as safe and reliable • Metro's branding and PR materials are great • Use marketing money to educate the public and promote transit use instead of driving • More advertising of public transit along heavily congested streets and highways like I-405

Workshops & Meetings

- Metro Service Councils
- Citizens Advisory Council
- Technical Advisory Committee
- Bus Operations Subcommittee
- Local Transit Systems Subcommittee
- Streets & Freeways Subcommittee
- Policy Advisory Committee (PAC)

Interactive Budget Tool

The interactive Online Budgeting Tool engaged the public by asking a series of questions on transportation priorities to develop a customized Metro budget. Respondents were able to see the budgetary impact for their choices interactively and include narrative comments to further express their feedback and concerns. The budget tool allowed Metro to receive comments from a larger portion of the general public, including those who are not Metro riders.

The Online Budget Tool focused on five key areas: Transportation Priorities, Bus & Rail Service, Active Transportation, Streets & Highways, and Transit Expansion.

Below are general results of the survey:

- 25% of respondents prioritized Transportation Expansion Projects (New Bus & Rail)
- 41% of respondents favored Bike Lanes as most desirable improvement project
- 32% of the respondents were willing to increase fares (service unchanged) to balance the budget

When asked about which freeway they would like to see ExpressLanes expanded to, 38% of respondents selected: Do not expand ExpressLanes.

The results of this survey helps Metro get a snapshot on the public's ranking of their transportation priorities. Comments and feedback are being gathered and evaluated to help shape Metro's priorities.

FY20 Proposed Budget

Finance, Budget & Audit Committee
May 15th, 2019



Metro[®]

May Board Report FY20 Budget Adoption

- A. ADOPTING** the proposed FY20 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net);
- 1. AUTHORIZING** \$7.2 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted Metro Vision 2028 strategic plan; and
 - 2. AUTHORIZING** a total of 10,219 FTEs with 8,482 Represented FTEs and 1,737 Non-Represented FTEs which includes an increase of 45 Non-Represented FTEs; and
 - 3. AUTHORIZING** a 4% merit based increase for Non-Represented wages which is in alignment with the Collective Bargaining Agreement with Metro's union groups; and
 - 4. APPROVING** the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million presented in Attachment A; and
- B. AMENDING** FY20 Proposed Budget document by increasing Bus service hours from 7,019,376 to 7,094,376, which is higher than FY19 service level of 7,014,606; and
- C. APPROVING** the Reimbursement Resolution declaring Metro's intention to issue debt in FY20 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval; and
- D. AUTHORIZING** the Non-Represented salary paygrade band to increase 2% to be more aligned with current market conditions

Next Steps



- Final Board Adoption expected on May 23th
 - Board Adoption is legally required before Fiscal Year starts
- Metro will ensure revenue resources are available for funding by July 1st
- Performance Monitoring
 - Report back to the board regularly regarding financial performance throughout FY20



Metro

FY20 Proposed Budget

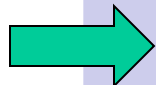
Budget Public Hearing
May 15th, 2019



Metro[®]

FY20 Budget Process and Schedule

Month	Topic	Outreach Actions
March	<ul style="list-style-type: none"> Budget Kick-Off Sales Tax Forecast, Cost Inflation Estimate New Infrastructure Planning and Construction 	<ul style="list-style-type: none"> Stakeholder Outreach Plan Online Interactive Budget Tool
April	<ul style="list-style-type: none"> State of Good Repair (SGR) Subsidy to Regional Partners Debt Service Expense 	<ul style="list-style-type: none"> Telephone Town Hall Outreach to Committees / Subcommittees and Service Councils
May	<ul style="list-style-type: none"> FY20 Budget Adoption (Planned) <ul style="list-style-type: none"> Consolidated Agency-wide Expenses and FTEs Budget Proposal to deliver Metro programs Final Board Adoption on May 23, 2019 	<ul style="list-style-type: none"> Public Hearing on May 15, 2019 Summary of Public Comment and Stakeholder Review
June	<ul style="list-style-type: none"> Prep Funds Availability for Metro Programs & Regional Allocations 	<ul style="list-style-type: none"> Production of Adopted Budget document



Budget Highlights

Transportation Infrastructure Development Milestones

- The Metro Crenshaw/LAX Line will be completed in FY20
- The New Blue Line will be opening in FY20

Electric Bus Integration and Zero Emission

- Delivery of 40 sixty-foot Electric/Zero Emission Buses (ZEB). Testing will commence on the Orange Line, with placement of electric charging equipment and infrastructure.
- Delivery of 207 forty-foot buses and 65 sixty-foot near zero emission CNG buses

NextGen Bus Study

- Starting in FY20, the NextGen will provide an actionable blue print for action and for public input

Light Rail Vehicle (LRV) Procurement

- Completed in FY20, with the delivery of the remaining 95 LRV cars from the already 140 delivered for a total of 235 LRVs

Highway Projects

- I-5 North: Magnolia to SR-134 project (Segment 4) in the cities of Burbank and Glendale is 2.8 miles long and includes all pertinent components for construction to improve local traffic congestion

Planning Studies

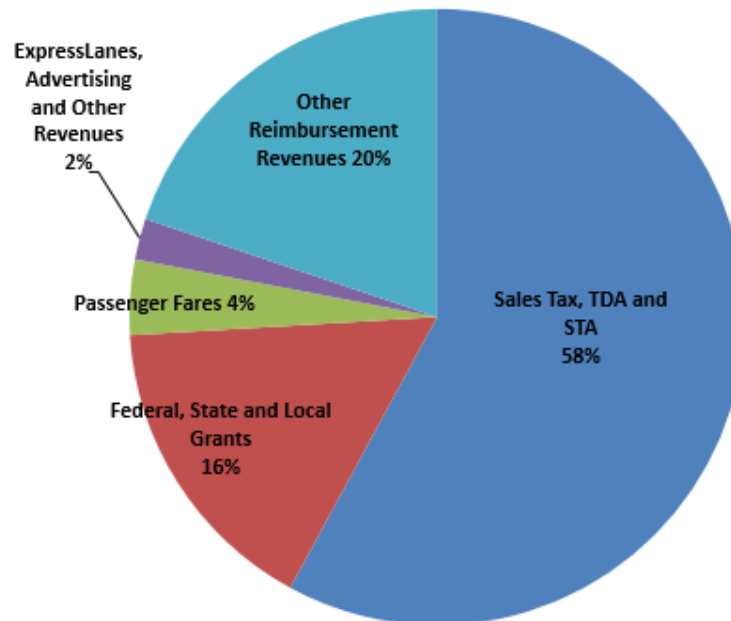
- Planning Studies for projects such as East San Fernando Valley Transit Corridors and West Santa Ana Corridors will take place

Resources Summary

Resources (\$ in millions)		FY19 Budget	FY20 Proposed	\$ Change	% Change
1	Sales Tax, TDA and STA	\$ 3,980.2	\$ 4,174.4	\$ 194.2	4.9%
2	Federal, State and Local Grants	967.9	1,163.0	195.2	20.2%
3	Passenger Fares	302.6	284.5	(18.1)	-6.0%
4	ExpressLanes, Advertising and Other Revenues	157.0	155.2	(1.8)	-1.1%
5	Other Reimbursement Revenues ⁽¹⁾	1,212.6	1,429.8	217.2	17.9%
Total Resources		\$ 6,620.2	\$ 7,206.9	586.7	8.9%

⁽¹⁾ Includes Bond Proceeds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdown and prior year commitment

Resources % of FY20 Budget

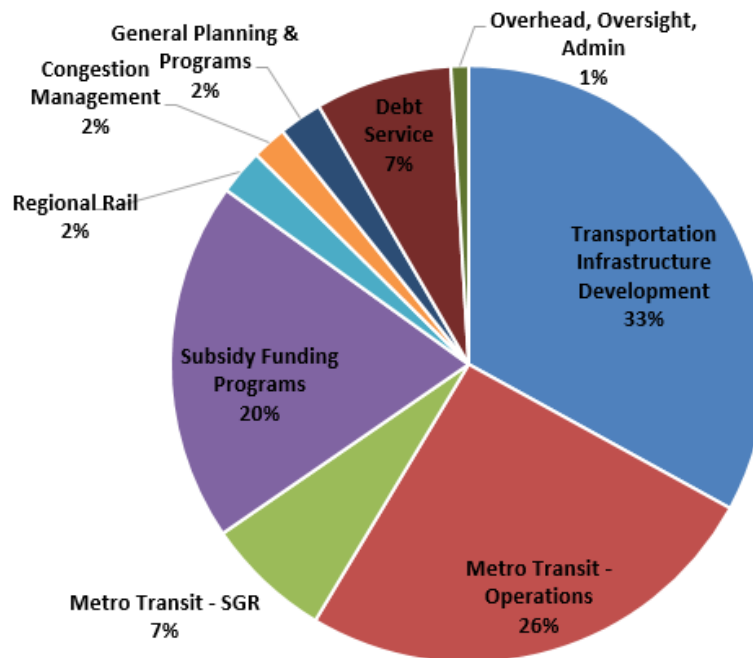


Total FY20 Resources = \$7,206.9 Million

Expense Summary

Expenditures by Program Type (\$ in Millions)		FY19 Budget	FY20 Proposed	FY19 - FY20 \$ Change	FY19 - FY20 % Change
1	Transportation Infrastructure Development	\$ 2,003.3	\$ 2,378.4	\$ 375.1	18.7%
2	Metro Transit - Operations, Maintenance and Regional Operating Services	1,773.9	1,844.4	70.5	4.0%
3	Metro Transit - SGR & Other Asset Improvements	534.2	492.0	(42.2)	-7.9%
4	Subsidy Funding Programs	1,330.6	1,404.7	74.1	5.6%
5	Regional Rail	179.3	178.2	(1.1)	-0.6%
6	Congestion Management	128.3	135.8	7.5	5.8%
7	General Planning & Programs	181.9	169.9	(12.1)	-6.6%
8	Debt Service	417.1	534.7	117.6	28.2%
9	Oversight & Administration	71.5	68.8	(2.7)	-3.8%
10	Total Budget	\$ 6,620.2	\$ 7,206.9	\$ 586.7	8.9%

Expenditures % of FY20 Budget



FY20 Proposed Budget FTEs

	FY19 Budget	FY20 Proposed	Change
1 Non-Represented FTEs Total	1,692	1,737	45
2 Represented FTEs Total	8,548	8,482	(66)
3 <i>Customer Care and Property Maintenance</i>		13	
4 <i>Adjustment for Service Level and SGR</i>		(79)	
5 Total FTEs	10,240	10,219	(21)

- Non-Represented FTEs: Keep transit system in state of good repair while continuing Measure M and Measure R projects, building support and oversight. Additional FTEs are planned for new initiatives and studies such as electrification of Bus Fleet, Congestion Pricing, TNC, and Micro Transit.
- Represented FTEs decrease of 66 is due to:
 - Increase of 13 FTEs is for the new customer care centers at The Bloc and Willowbrook/Rosa Parks and for property maintenance at East Portal
 - Decrease of 79 FTEs related to service level proposed and SGR Project Phase through attrition and reduction of vacancies.
- With the Proposed Budget increasing by \$587 million and the planned FTEs at 10,219 for FY20, the resulting budget dollar per capita as a productivity indicator is going up.

FY20 Proposed Budget Bus Service Level Profile

	FY19 Scheduled	FY20 Proposed	FY20 Amended
Bus Service Level	7,014,606	7,019,376	7,094,376

- As part of the normal review process after release of the Proposed Budget Book for public comment, Metro CEO Phil Washington added bus service hours from 7,019,376 to 7,094,376
 - Service would be added to the busy 910 Silver Line and the popular 460 Bus between downtown L.A. and Anaheim
 - The budget gives Metro the flexibility to add bus service for special events (Dodgers games, USC football, etc.) and for bus shuttles during the ongoing work to modernize the Blue Line
 - The changes include bus service hours for the extra day in 2020 (Feb. 29), which is a Leap Year

FY20 Proposed Budget Rail Service Level Profile

Rail		
Row	Service Type	RSH
1	FY19 Scheduling Base	1,203,231
2	Adjustments	
3	Pre-Revenue Testing, Special Events, Leap Year, New Blue Adjustments	30,671
4	Off-Peak Vehicle Deployments	(43,458)
5	Weekday Headway Changes	(36,506)
6	Weekend Headway Changes	(18,985)
7	FY20 Proposed Budget	1,134,953
8	Change	(68,278)
9	Change %	-5.7%

Rail Rider Benefits	
Consistent with Board adopted Transit Service Policy (TSP) standards	
Increased on-time performance with consistent arrival times	
Improved headway alignment with schedules	
Reduce overcrowding - with running 3 car trains consistently	
Improved ability to perform maintenance work on the tracks (single tracking)	

- **Off-Peak Vehicle Deployments**

- All light rail lines will be scheduled for 2-car trains during midday which better matches demand, but frequencies do not change

- **Weekday Headway Changes**

- Green Line - no changes
- Blue Line – from 6 minutes to 8 minutes – All 3-Car Consist
- Expo Line - from 6 minutes to 8 minutes – All 3-Car Consist
- Gold Line - from 7 minutes to 8 minutes – All 3-Car Consist

- **Weekend Headway Changes**

- For early morning weekend service, the 12 minute frequency will begin at 10am (instead of 8am) to better reflect ridership demand and to allow for more reliable single tracking maintenance windows for SGR during time periods we impact the fewest amount of passengers

FY20 Proposed Budget Outreach Results



4,977
TELEPHONE
TOWN HALL
LISTENERS



798
ALL COMMENTS



1,678
INTERACTIVE
BUDGET TOOL
RESPONDENTS



10
MEETINGS: SERVICE
COUNCILS &
STAKEHOLDERS

Comment Topics	Incorporated into Metro Programs
Electric Buses	Metro plans to convert entire bus fleet to Zero Emission electric vehicles by 2030.
Service Expansion	Metro is increasing service for key light and heavy rail project initiatives such as Westside Subway Extension Section 1, 2, and 3, Crenshaw/LAX, and the Regional Connector, as well as many other expansion projects.
More Local Transit	The NextGen study will provide an action plan, available for public comment in FY20.
Active Transportation	Guidelines on First/Last Mile planning and delivery integration within Metro transit projects will be presented for Board consideration in early FY20.
Congestion Reduction	A Congestion Pricing feasibility study will commence in FY20 with the goal of greatly reducing congestion, improving mobility and air quality, maintaining equity, and providing a sustainable LA County transit system.
Safety / Security	Metro has a homeless action plan for Metro security and to perform outreach on bus, rail and at Union Station to help connect the homeless with available resources and housing solutions.