



Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2020-0522, **File Type:** Public Hearing

Agenda Number: 10.

BUDGET PUBLIC HEARING FINANCE, BUDGET, AND AUDIT COMMITTEE SEPTEMBER 16, 2020

SUBJECT: FISCAL YEAR 2021 (FY21) BUDGET

ACTION: ADOPT THE FY21 BUDGET

RECOMMENDATION

CONSIDER:

- A. ADOPTING the proposed FY21 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net);
1. AUTHORIZING \$6.0 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 did not change from FY20 authorized levels; and
 3. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5.0 million presented in Attachment A; and
 4. AMENDING the proposed budget to include \$165.2 million for Gold Line Foothill Extension 2B for a total of \$265.2 million, finalized after budget closed; and
- B. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY21 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval.

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.

In May, Metro Board of Directors adopted a Continuing Resolution to extend FY20 Budget authorization through the first quarter of FY21 which provided an opportunity to reset the financial forecast due to the COVID-19 pandemic. All Metro activities have been reassessed to reprogram the resources available for Metro and regional activities in the upcoming year within the current economic constraints to arrive at the FY21 Proposed Budget.

Since May 2020, staff has provided a series of status updates on the FY21 Budget development process to the Board. Meanwhile, an extensive public outreach process was launched to communicate the budget proposal and to collect public comments as the budget development was in progress. On September 1, 2020, copies of the FY21 Proposed Budget in its entirety were made available to the public 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 on September 16, 2020. As of August 16, 2020, advanced public notification of this hearing was issued through advertisements posted in over 11 news publications, in different languages.

DISCUSSION

The proposed FY21 budget is balanced at \$6.0 billion, a decrease of \$1.2 billion or 16.5%, from the \$7.2 billion FY20 budget. The \$1.2 billion reduction represents the slowdown experienced in the first quarter and the gradual build-up through the end of the year that parallels the projected economic recovery curve. This annual budget reflects the reductions in costs due to economic constraints caused by COVID-19 while aligning 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.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

The Coronavirus Aid, Relief and Economic Security (CARES) Act delivered some financial relief from the effects of the COVID-19 pandemic. As the Regional Transportation Planning Entity (RTPE) for Los Angeles County, the Metro Board was responsible for allocating transit-related funding provided under the CARES Act to transit agencies in the County.

The highest priority was to address and mitigate reductions in sales tax revenue for FY20 and FY21 to ensure funding for transit operations throughout the County were maintained and supported at pre-COVID funding levels. While CARES funding provided this much needed relief funding for transit operations in the region and Metro operations, it did not cover all Metro losses in operations and

provided no funding for capital projects.

Service and NextGen

Metro remains an essential service provider to Los Angeles County's population by operating bus and rail services that are transporting people to jobs and connecting communities. On average, Metro will provide bus and rail revenue service hours at 81% of pre-COVID levels, while anticipating 55% of pre-COVID levels of ridership delivering a robust service network and more frequent rides for the essential workers in Los Angeles County. The service plan assumes a phased-in flexible approach to building up service levels as the County recovers from the COVID-19 pandemic along with implementation of NextGen and alternative service options such as MicroTransit. During this pandemic, Metro will further prioritize enhanced cleaning, sanitizing, and PPE availability.

The goals and objectives of the NextGen Study are to provide high quality mobility options to all Los Angeles County residents, reduce travel time, and improve customer commuting experience. From the extensive outreach conducted, the lessons learned will significantly improve the bus network. One of the objectives of NextGen is to speed up the service, so more miles can be run in less time. Further, NextGen will utilize Metro's resources to advance equity and economic opportunity for all County residents.

Working in tandem with NextGen service implementation to improve speed and reliability, NextGen will also include bus lane prioritization, All-Door boarding, speed and delay analysis, and other enhancements as detailed in the following table.

	Project Description (\$ in thousands)	FY21 Proposed	Life of Project
1	Service Enhancements		
2	Analysis and Outreach - Bus Priority Lanes	\$ 865	\$ 956
3	Implementation - Bus Priority Lanes	900	2,725
4	All Door Boarding Expansion	1,569	1,569
5	Bus Zone Optimization	2,400	8,250
6	Metro Rail Speed Analysis	766	1,000
7	Station Cleanliness & Evaluation	500	500
8	Service Enhancements Total	\$ 7,000	\$ 15,000
9	Other Improvements Benefiting NextGen Implementation		
10	Patsaouras Plaza Busway Station	\$ 3,000	\$ 49,000
11	Cesar Chavez/Vignes Bus Pavilion at Union Station	1,100	2,500
12	Willowbrook/Rosa Parks Station Bus Plaza	12,200	15,000
13	Airport Metro Connector Bus Plaza	75,000	75,000
14	G Line (Orange) BRT Improvements	20,400	361,000
15	North Hollywood to Pasadena BRT	5,700	267,000
16	North San Fernando Valley (NSFV) BRT	2,500	180,000
17	Vermont Avenue Transit Corridor	3,200	425,000
18	Other Improvements Total	\$ 123,100	\$ 1,374,500
19	Total NextGen Related Projects	\$ 130,100	\$ 1,389,500

Note: Totals may not add up because of rounding.

NextGen projects include bus priority lanes on two NextGen Tier 1 corridors which are to be prioritized through a technical analysis and outreach process performed by Metro and LADOT, All-Door Boarding for two NextGen Tier 1 lines, speed and delay analysis of the A (Blue) Line and E (Expo) Line, LADOT technical support, stakeholder outreach on all speed and reliability projects, and expansion of the Station Cleanliness and Evaluation Program. NextGen direct and related

investments include \$7.0 million for bus and rail service improvements, \$16.3 million for Station and Bus Plaza expansion, and \$106.8 million for enhancement of service in Bus Rapid Transit and other transit corridors for a total of \$130.1 million in FY21.

The planned service levels of revenue service hours and miles for FY21 are based on on-street reality, reflecting various operating factors such as projected ridership, available staff, increased traveling speeds due to less congestion, in addition to prudent financial management.

	Base Enhanced Sunday Service	Phase 1 Orders Begi to Lift	Phase 2 Schools Back, Start of NextGen	Phase 3 FY21 Post- COVID	Phase 4 * FY22 Building Back Service	Phase 5 * FY23 Full Service Recovery
Revenue Service Hours (in millions)	FY20 April 2020	FY21 end of June 2020	FY21 Dec 2020	FY21 Jan - June 2021	FY22	FY23
Bus	5.0	5.6	5.6	5.6	5.6 - 6.5	5.6 - 7.1
Rail	1.0	1.0	1.0	1.0	1.1	1.1
Bus and Rail Total	6.0	6.6	6.6	6.6	6.7 - 7.6	6.7 - 8.2

* Does not include Crenshaw or Regional Connector revenue service increases and adjustments

While service hours are a necessary cost driver to estimate budget expenses, it is not the only measurement to determine the level or quality of service. Factors such as service miles, geographic coverage, frequency of service, travel time, on-time performance, safety, cleanliness, and other such factors are important to improve customer experience and increase ridership. In addition, to enhance our customer experience, Operations constantly monitors and adjusts the service based on ridership and overcrowding.

As a result of scheduled investments in phased COVID-19 recovery and the anticipated NextGen speed improvements, to operate the system's 75 million miles of service pre-COVID-19 level now requires a total of 6.6 million revenue service hours instead of the previous 7.1 million revenue service hours. This represents an efficiency improvement of 7%. Finally, as the local and regional economy recovers, service increases will be implemented in phases allowing the system to dynamically consider the principles of NextGen and factors such as revenue, the cost of operating the service, ridership, staff availability, vehicles, other operating resources as well as performance indicators.

Budget Summary

Progress will continue in FY21 on all Measure M and R projects towards environmental clearance and shovel readiness which includes the building of new highways and transportation infrastructure as well as planning and providing funding for regional transportation activities. Although Metro's transit infrastructure program has been significantly impacted by COVID-19, the budget carefully balances the resources available with project schedules to ensure on-time project delivery. In addition, projects in planning phases have been reviewed to ensure that they advance towards shovel ready stages.

By providing optimal transit service to meet ridership demand, progressing projects, in addition to prudent management of resources to remain financially sustainable, Metro continues to reimagine the future of Los Angeles County and its transportation network in delivering equity, sustainability, prosperity, and better quality of life for all County residents.

Resources Summary

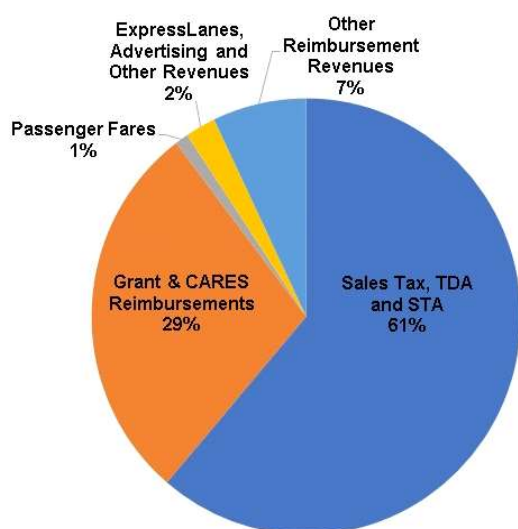
The FY21 Proposed Budget ensures resources are available to meet the planned Metro program and project delivery schedules for the upcoming fiscal year. Revenue projections are based on the current economic conditions such as the economic impact of the COVID-19 pandemic, historical sales tax growth cycles, leading regional forecasting sources, and recent transit system usage.

The total FY21 Proposed Budget planned resources are \$6,017.3 million which is 16.5% less than the FY20 Budget.

		FY20 Budget ⁽¹⁾	FY21 Proposed	\$ Change	% Change
1	Sales Tax, TDA and STA	\$ 4,174.4	\$ 3,685.0	\$ (489.4)	\$ (0.1)
2	Grant & CARES Reimbursements	1,107.6	1,708.5	601.0	0.5
3	Passenger Fares	284.5	60.3	(224.2)	(0.8)
4	ExpressLanes, Advertising and Other Revenues	155.1	138.6	(16.5)	(0.1)
5	Other Reimbursement Revenues ⁽¹⁾	1,487.2	424.9	(1,062.3)	(0.7)
	Total Resources	\$ 7,208.8	\$ 6,017.3	\$ (1,191.5)	-16.5%

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

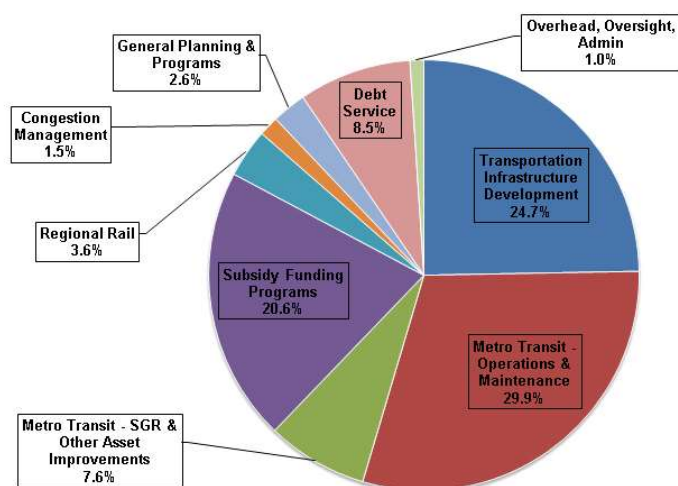
Resources % of FY21 Budget



Expenditure Summary

Each program, function, and department adjusted their budgets accordingly to reflect the new economic realities and progress on projects which resulted in a total budget decrease of \$1,191.5 million, or a 16.5% decrease from the FY20 Budget of \$7.2 billion.

Program Type (\$ in millions)	FY20 Budget	FY21 Proposed	FY20 - FY21 \$ Change	FY20 - FY21 % Change
1 Transportation Infrastructure Development	\$ 2,382.4	\$ 1,486.5	\$ (895.9)	-37.6%
2 Metro Transit - Operations & Maintenance	1,839.1	1,798.6	(40.4)	-2.2%
3 Metro Transit - SGR & Other Asset Improvements	493.5	457.0	(36.5)	-7.4%
4 Subsidy Funding Programs	1,404.7	1,239.2	(165.5)	-11.8%
5 Regional Rail	178.2	219.5	41.3	23.2%
6 Congestion Management	135.9	89.6	(46.3)	-34.0%
7 General Planning & Programs	168.9	155.1	(13.8)	-8.2%
8 Debt Service	534.9	509.2	(25.8)	-4.8%
9 Oversight and Administration	71.2	62.6	(8.6)	-12.1%
10 Total Expenditures	\$ 7,208.8	\$ 6,017.3	\$ (1,191.5)	-16.5%



Full-Time Equivalent (FTE) Summary

FY21 Proposed FTEs remained at authorized FY20 Budget levels, with a total of 10,219 FTEs, (8,482 agencywide represented and 1,737 agencywide non-represented). Payroll and employment are reimbursable costs through the CARES Act and possible future stimulus funding. The Agency looks to preserve jobs in the County by retaining Metro employees while controlling cost through vacancy savings and reducing overtime usage whenever applicable.

Agency FTEs	FY20 Budget	FY21 Proposed
AFSCME	821	821
ATU	2,444	2,444
TCU	915	915
TEAMS	175	175
UTU	4,127	4,127
Non-Contracts	1,737	1,737
Total FTEs	10,219	10,219
Total Agencywide Represented	8,482	8,482
Total Agencywide Non-Represented	1,737	1,737
Grand Total	10,219	10,219

Labor Summary

The proposed budget includes up to a 4.5% salary increase for Represented employees, in line with the pre-negotiated Collective Bargaining Agreements with the Represented Union groups. The labor cost increases reflect the rising wage inflation and living wage standards. Health/welfare benefits for represented employees are based on Collective Bargaining Agreements.

Metro will continue to freeze Non-Represented employee merit increases through the second quarter of FY21. Metro will monitor closely the financial situation and fiscal recovery. CEO may revisit Non-Represented employee merit increase in the second half of the fiscal year. Non-Represented medical/dental benefits reflect the carrier contract rates previously approved by the Board.

Areas of Risks

- This budget assumes a gradual recovery beginning in September, with a full recovery anticipated in June 2021.
- Further declines in sales tax revenues from the current estimate as a result of extended Stay at Home orders due to the ongoing COVID-19 pandemic.
- Costs that rise faster than the inflation factor built into the budget for goods/services used to deliver Metro's projects and services.
- Uncertainty regarding if/when business activities will return to pre-COVID levels.
- Uncertainty regarding public willingness to return to public transit post-COVID.
- Changes in Metro's share of federal and state funding that is dependent on legislative or other actions.
- Unplanned/unfunded projects added post Budget adoption.
- State of Good Repair capital projects encountering unplanned acceleration or changes in scope.
- Life of Project (LOP) construction budget adoptions outpace Measures R and M Ordinance

cost estimates.

- Greater than planned Compressed Natural Gas (CNG) cost per therm based on changing natural gas reserves, triggering implementation of CNG hedging agreements.

Life of Project (LOP) Budgets

Capital projects with LOP budget increases greater than \$1.0 million, and any new projects with LOP budgets in excess of \$5.0 million must be approved by the Board as separate Board actions.

Attachment A includes a detailed listing of new capital projects for FY21 with LOP in excess of \$5.0 million. These projects are included in the FY21 Proposed 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

As we navigate through staying connected with riders and the public about Metro's budget process during the current COVID-19 outbreak, the safety of our riders is of paramount concern. The mobility needs of the County are vast, and unique for each individual resident, therefore building trust by engaging often and consistently creating both an online and offline pathways to have a voice is essential. We have made major efforts to engage Los Angeles County residents remotely, while following all social/physical distancing protocols to ensure the safety of riders, the public, and stakeholders. We've been able to accomplish this by holding all meetings virtually, via live stream, use of online engagement tools such as, the Budget questionnaire at metro.net/myvoice, developing a social media campaign via Metro's Facebook page, Instagram, NextDoor, Twitter, TheSource and implementation of print marketing efforts to drive the public, stakeholders and our riders to attend the virtual meetings, provide their feedback and make comments to the budgetcomments@metro.net [<mailto:budgetcomments@metro.net>](mailto:budgetcomments@metro.net).

The comprehensive outreach for the FY21 Budget started in March 2020 and as mentioned above, included many opportunities to provide feedback using various methods online, email and virtual meetings. The virtual meetings included a dedicated Special Budget Briefing for all Regional Service Councils and a Budget Public Hearing to review the FY21 Proposed Budget. As of August 16, 2020, advanced public notifications of the Budget Public Hearing were issued through advertisements posted in more than 11 news publications and in different languages. The public was provided the opportunity to submit comments using an online comment feature allowing them to provide live public comments by phone, in English and Spanish. Staff also provided FY21 Budget Briefings at other online meetings for stakeholders such as Citizens Advisory Council, Technical Advisory Committee, Policy Advisory Committee, Bus Operations Subcommittee, Local Transit Systems Subcommittee, Streets, Freeways Committee as well as the Gateway Cities and San Gabriel Valley Councils of

Governments.

The outreach efforts have proven to be successful, even during this pandemic, as we continue to receive valuable input from riders, our stakeholders, and the public who helps shape the Metro programs, initiatives, and the budget. A summary of the public outreach efforts, comments received as well as results from the interactive questionnaire are shown in Attachment C.

FINANCIAL IMPACT

The FY21 Proposed Budget (provided in a separate submittal) at \$6.0 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 FY21 Proposed Budget, Metro will make funds available for the planned transit and transportation programs outlined in this document and program funding to regional transit/transportation partnering agencies, cities and recipients.

Staff will closely monitor the financial situation and will request Board approval of Mid-year Budget amendments, if needed. In addition, as part of the performance management process, Metro will monitor progress throughout the year relative to the Agency goals using measurements such as budget variances, 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

Proposed FY21 Budget document can be accessed at <https://media.metro.net/2020/FY21-Proposed-Budget-Book.pdf>

Attachment A - FY21 New Capital Projects

Attachment B - Reimbursement Resolution of Metro for FY21

Attachment C - FY21 Public Outreach

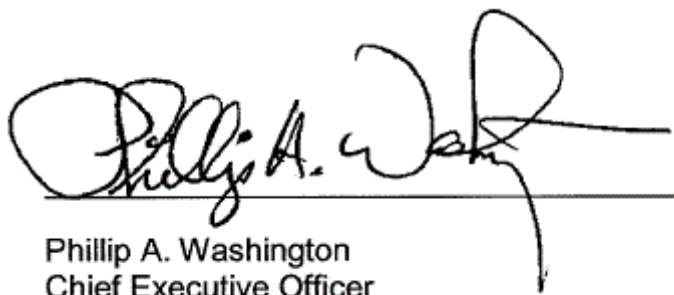
Prepared by:

Melissa Wang, Sr. Executive Officer, Finance (213) 922-6024

Irene Fine, Executive Officer Finance, (213) 922-4420

Jenny Wang, Manager Transp Planning, (213) 922-7306

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



Phillip A. Washington
Chief Executive Officer

FY21 New Capital Projects

State of Good Repair Projects

1	PROJECT: Correct Side Door Opening
	PROJECT OWNER: Operations - Wayside Systems
	LOP: To be Adopted by future board report FY21: \$170,000
	SCOPE: The new system will ensure the vehicle doors only operate when the vehicle is properly berthed at the platform, providing customers with an additional level of safety and security.
	JUSTIFICATION: The correct side door opening project will mitigate hazards associated with opening doors on the wrong side of light rail vehicles berthed at a platform.
	ELIGIBLE FUNDING SOURCE: PA35% Cash/Bond Proceed

2	PROJECT: Systemwide Signage Upgrade
	PROJECT OWNER: Program Management
	LOP: \$24,100,000 FY21: \$1,767,923
	SCOPE: This project will update and improve systemwide signage to align with the Board-directed naming convention as well as new corridor construction (ex: Regional Connector). The effort will provide improved wayfinding legibility, clarity and consistency through the application of ADA accessible formats and Metro signage design standards to enhance navigation, accessibility, ease of use, and the transfer experience.
	JUSTIFICATION: This project is designed to respond to Metro Board directives to improve the customer experience and deliver a world-class transit environment by increasing system legibility and ease of use at all customer touchpoints. The growth of the transit system in LA County will result in operational changes that impact the current signage and wayfinding infrastructure, which must be updated to reflect these changes. In addition to the implementation of the new Rail Line Letter ID naming convention, all signage and wayfinding at stations will be brought into compliance with the Americans with Disabilities Act (ADA) and Limited English Proficiency (LEP) standards and in line with Metro Design Standards. Addressing these issues on a systemwide basis, rather than a piecemeal fashion at a later date, will result in efficiencies of scale and lower overall costs. Two of Metro's busiest stations - 7th/Metro Center and Union Station underground platforms - exhibit signage and wayfinding that is out of date, aged beyond legibility, or vandalized. These stations will receive a comprehensive update to wayfinding for the first time since the stations' construction, setting a new standard for the customer experience and future refurbishments.
	ELIGIBLE FUNDING SOURCE: PA35% Green Bond

Other Asset Improvement Projects

3	PROJECT: Track and Tunnel Intrusion Detection	
	PROJECT OWNER: Operations - Regional & Hubs	
	LOP: \$8,873,000	FY21: \$2,855,000
	SCOPE: Installation of Track intrusion equipment on the tunnel walls, including the power and monitoring systems to detect any intruders on the tracks or in the tunnels.	
	JUSTIFICATION: The underground stations are in need of additional security measures to protect Metro systems and increase safety for Metro patrons and staff. Currently, camera's and lighting are insufficient to detect intrusions.	
ELIGIBLE FUNDING SOURCE: MM 2%		

4	PROJECT: Data Center Modernization	
	PROJECT OWNER: Operations - Technology	
	LOP: \$5,500,000	FY21: \$500,000
	SCOPE: The existing data center is not energy efficient, lacks adequate power distribution, is spread between multiple locations (2nd Floor Datacenter, 6th floor Datacenter, 2nd Floor Telecommunications Room), and does not have adequate infrastructure (including networking, cabling, power, CCTV, fire suppression, or environmental systems).	
	JUSTIFICATION: Update to Metro's primary data center will improve cooling efficiency, reduce energy consumption, revamp power management and rack organization, implement improved datacenter monitoring solutions, and right-size the datacenter environmental systems.	
ELIGIBLE FUNDING SOURCE: TDA Article 4		

ATTACHMENT B

REIMBURSEMENT RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR FISCAL YEAR 2021

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 FY21 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, each bond issue will have its own separate security source, 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, \$300.0 million for Proposition C, \$500.0 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, \$300.0 million for Proposition C, \$500.0 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.

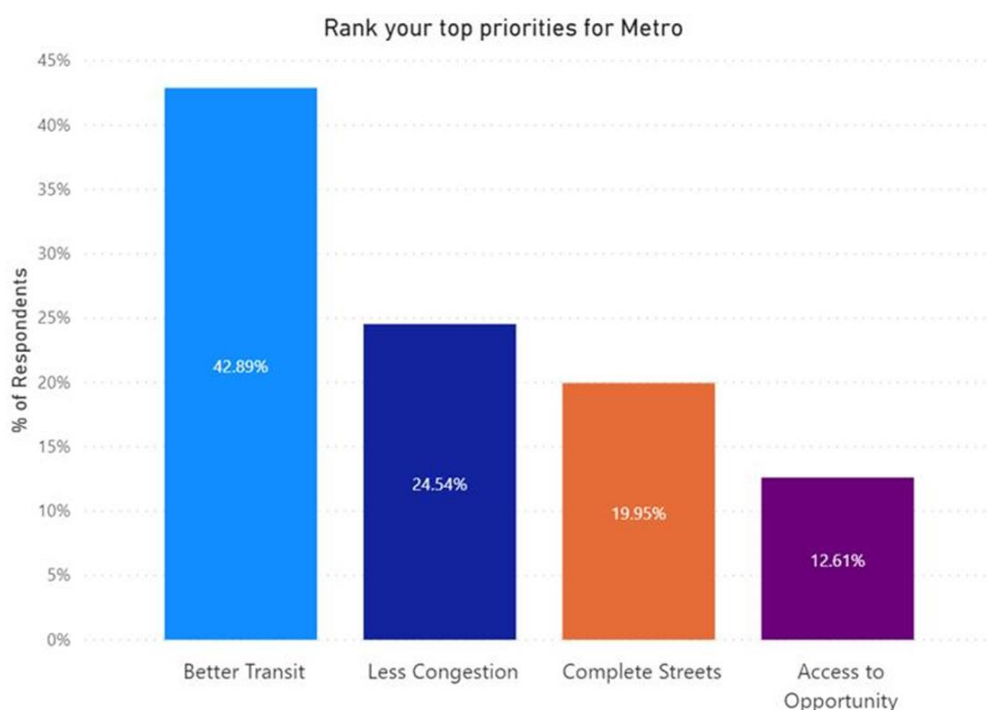
Summary of FY21 Proposed Budget Public and Stakeholder Efforts and Comments Received

EVENTS	PARTICIPATION
Budget Briefings and Meetings	Covering all Regional Service Councils, riders, the public and key stakeholders meetings throughout Los Angeles County
Interactive Questionnaire	4,208 as of 9/8/20
Web Page visits	2,416 as of 9/8/20
Questionnaire & Email/mail Comments	1,641 as of 9/8/20

Interactive Questionnaire

For the FY21 Budget an interactive questionnaire was used to solicit feedback and comments, thereby engaging the public in all areas of Los Angeles County. Respondents were asked a series of questions on transportation priorities. The questionnaire focused on four key areas: Better Transit, Less Congestion, Complete Streets and Active Transportation. These key areas are in line with the Long-Range Transportation Plan.

Respondents were able to rank what they considered top priorities. Below are results of the survey:



The questionnaire further broke down each four areas into subcategories for respondents to choose their priorities. The results indicate the following:

- Respondents selected “Expand Rail Network” and “Increased Safety” as their top choices for a faster more frequent, secure and reliable *Better Transit* experience;
- Respondent selected “Dedicated Bus Lanes” when considering *Less Congestion* as their main option to bypass traffic and better traffic flow;

- Respondents selected “Improve Pedestrian Crossing” as their first choice for *Compete Streets* when considering better sidewalks and safer crossings; and
- Respondents selected “High Density Developments Around Transit” and “Easier Reduced Fare Program” as their top priorities for *Access to Opportunity* when considering access to housing jobs and more.

Public Comments

Comments received from the public during the Metro FY21 budget outreach process are summarized below. Riders, stakeholders, and the public provided input and suggestions on virtually every Metro function, including COVID-19 concerns. As evidenced in the volume of comments received, the marketing and social media effort have been effective. However, due to the volume, not all comments can be included in this summary, but all questions and comments received during the budget briefing, stakeholder meetings, and public hearing have been addressed. Furthermore, comments received via mail, email and questionnaire were reviewed and forwarded to relevant departments for consideration in the development of their programs, projects or initiative. This is an ongoing process and we continue to receive comments on a daily basis.

Key Topics	Summary of Comments
Access to Opportunities – High Density Development around transit – Better mobile and web experience – Easier and reduced fare program	<ul style="list-style-type: none"> • Keep fares affordable for senior • Create more affordable Housing near rail stations • Free access to Metro Express Lanes to Seniors • Bus/Train Fares should be free • Seniors should have unlimited TAP cards, free express lane access • Plan for EV charging stations • Impose congestions pricing on higher income levels, and dynamic per mile pricing • Bring back transfers • Free Metro passes for homeless • Option to pay with smart phones • Group TAP card rates for companies to promote public transit • Make transit free and divest from policing • End fare evasion now and criminalize • Return to paper tickets and cash • Bring back B Tap • Stop using cash and only use TAP cards • Better access to transit apps • Improved signage for transfers to rail stations • Dump honor-system on trains • Need working ticket machines • Better marketing of transit options and improved maps for google • Better marketing and advertising to explain reduced fare and student cards • Create funding streams – Metro should own high density housing along rail lines • Grant opportunities/contracts community-based organizations to adopt Bus Stops or train platforms • Add digital display screens for weather and news • Add free WIFI • Sensitivity training for drivers for disabled riders • Improve ADA signage • Better and improved communication to riders regarding service changes • I do not support gutting neighborhood to enhance high density housing in suburban areas, or running traffic patterns to accommodate buses • Contribute \$1 million for grants for cities and nonprofits transit to parks programs – to be done in conjunction with the L.A. County Regional Park and Open Space • Pursue funding for Transit to Parks activities, including providing grant writing assistance to eligible partner agencies and nonprofits - NONE • Collaborate with L.A. County of Los Angeles Parks and Recreation Department to document data on park access

<p>Access to Opportunities</p> <ul style="list-style-type: none"> – High Density Development around transit – Better mobile and web experience – Easier and reduced fare program 	<ul style="list-style-type: none"> • Incorporate Transit to Parks in the NextGen Bus service reorganization • the Metro Board every six months with status updates
<p>Better Transit</p> <ul style="list-style-type: none"> – Reduce wait times – Better ridership experience/Cleanliness – Expand rail network – Improve bus routes 	<ul style="list-style-type: none"> • I have children that use Metro and feeling comfortable about their safety is a top priority. • Presence of law enforcement is needed on each train or at entrance. I am concerned for my safety. • Frequency needs to improve greatly • Do not eliminate the Rapid Bus • Buses and Trains should not have to stop at red lights (make cross traffic wait) – sync lights better to minimize wait times • Ban cigarette smoking at stations and bus stops • Bring more 60 ft. buses into service • 24/7 security at park and rides during week/weekends • Improved connections and times • Building shelters for exposed elevated platforms • Prioritize door-to door times on transit, prioritize dedicated rights of way • More coordination with LADOT • Focus on keeping existing riders, instead of new ones with costly infrastructure and marketing projects • Improve safety • More BRT routes initiated throughout outskirts of county • Better routes to outdoor destinations • Get ready for 2028 Olympics and beyond • Build on Human Capital • Build bus shelters and restrooms for train riders • Bus shelters are unsafe • Consider intercity monorail/people movers • Don't waste money adding back old schedules • Treat riders as a "world class system" • Improve weekend service for weekend commuters • Take public health seriously – enforce eating and drinking rules – keep buses, station and trains cleaned/sanitized • LA push button strips difficult for seniors to reach • Many times, the bus is over 5 mins late on particular routes, before pandemic, they "blamed" it on traffic. Well it's still slow or no show – what is the excuse? • I love Metro but don't feel completely safe • Region too big for Light Rail transit to reach out to communities – commuter rail a better option • Need rail station to go into Airport – Bradley Terminal • Priority should be to expand rail • Move forward with NextGen Initiative • All lines should run ten-minute headways all day – minimize all wait times • 24/7 services • Keep bus and rail cars clean • Better lighting in trains, buses and bus station • Paint buses and trains brighter colors • Remove fabric from seats • Bus traffic crowding a problem and creates congestion • Why not more grid type routes and more DASH buses in between – i.e. SF Muni • Services based on one single hub (DTLA) – need a grid design not spoke design • Focus on connecting existing lines to each other • Bring back the Long Beach Express Bus (New Blue) • Do not eliminate Line 28 – San Fernando Road to Lincoln Heights • A line that would go from Inland Empire/Riverside/Orange County to South Bay without having to go into DTLA • A line for the Vermont Street Train • Transit Solution for Valley to Westside of LA • Need heavy rapid transit to extend across SFV • More routes from Pasadena to Van Nuys, • More buses from Marina del Rey to DTLA

	<ul style="list-style-type: none"> • Rain expansion C Line from Norwalk Station to Santa Fe Springs Metrolink Station • Better transit options between Torrance/West Hollywood • Add a Light Rail down Huntington Blvd. • Maintain feeder routes, i.e. #487/489 • Reduce Express bus times after 7pm • Coordinate Line 207 with intersecting lines, 16, 217, 216 • Fix Crenshaw • Increase transportation that coincides with late night ending of DTLA events – Ahmanson, LA Opera, Staples Center – add late night bus service to Harbor/Gateway • Extend Gold Line to Ontario Airport • Need bus coverage between Santa Monica Blvd and Venice Blvd – big black hole • Need service from 90503 to 90048 • Model service after Singapore • Introduce light rail line along Garvey Avenue • Speaker on train platforms and buses – Exposition and Western • Expand service to UCLA • Here in the South Bay we have not been treat equitably by Metro for many years • Not in support using Metro budget dollars to pay for policing and a military presence on public transit, there are ways to ensure safer passenger experiences without contracting with LAPD and LASD • I'm sticking to my car. Less time. • Metro MUST improve on train security and station parking security • Metro is terrified of holding its employees accountable to actually work instead of sleeping and talking on their cellphones. The ATU runs Metro. • Metro should postpone the NextGen Study by at least 12-18 months, given the Coronavirus pandemic and drastically reduce ridership. It is a flawed study with draconian service cuts • Make it affordable for homeless to get fares • Get rid of homeless shelter on rail
<p>Complete Streets</p> <ul style="list-style-type: none"> – Improved Pedestrian crossing – More bike amenities – More bike lanes – Expand Bike Share program – Increase coordination with Micro mobility companies (Lime, Lift, Bird, JUMP, Wheels) 	<ul style="list-style-type: none"> • Make LA more beautiful, sustainable and add green plan • Add greenery, make streets beautiful • I walk a lot too. So wider sidewalks and crossings would be nice • Work on Transit to Parks • Create Transit to Park • Incorporate Transit to Parks in NextGen Initiative • Utilize smaller electric buses and run with more frequency to reduce overcrowding buses during rush hour traffic • Install safe places to park bikes • Create special street/corridors for bikes and pedestrians – culture transition away from cars • Contribute \$1 million for grants for cities and nonprofits transit to parks programs – to be done in conjunction with the L.A. County Regional Park and Open Space District (RPOSD) • More bike lines everywhere • Fix the broken bike racks • Metro has done a lot to encourage active transportation and ridership, but other opportunities exist • Fund micro mobility • Add one rail car for bikes only – insufficient room for bikes on trains and buses – it is a hassle • Need four way stops for pedestrian for street crossing safety • Bike and bus lanes cheaper option to assist transit dependent demographic at the moment • Connecting existing bike lanes to create large safer network • Consider closing down streets to car traffic, i.e. New York, San Francisco • I love the Slow Streets Program • Outlaw micro mobility or tax the hell out of them. It's litter on wheels. • Need rubberized walking paths along well lit, visible sections of Metro lines • Want to see the Metro Bike Share program replace completely the privately-owned share programs featuring dock less vehicles that are too often used for joyriding. Get people to understand the difference between predatory for-profit programs and public bike share programs. They are not used for last mile or commuting solutions. • Bike are a hazard to both drivers and cyclist
Less Congestion	<ul style="list-style-type: none"> • Implement dedicated bus lanes now

<ul style="list-style-type: none"> - Expand rideshare program - Dedicated Bus lanes - Traffic Reduction pilot - Expand Express Lanes/Highways 	<ul style="list-style-type: none"> • Use of bus and train cuts down on pollution • Hybrid vehicles should ride free in Express Lanes • Metro should have zero polluting vehicles • Less cars and more transportation • Make more freeway improvements • Stop hating cars • Replace carpool lanes/express lanes with light rail down middle of freeways • Don't charge maintenance fee for FasTrak • Very happy with vanpool sponsorship • Expand HOV lanes – 405, 5, 110 from USC to 5 • Look into hyperloop options to get transit riders from LAX to NoHo, Glendale, DTLA, and Torrance, etc. • 405 not moving fast enough during peak times – create fast lane • Extend express lanes to all freeways • Fix chokes points on freeway networks – widen choke points along SR-605, 91/5/60 and 10 • Express lanes create a disparity for low-income families/communities- too expensive and only used by wealthy to move around faster • Focus tax dollars on transit and highways, not other transit projects • Get a tunnel boring machine and extend the redline to Santa Clarita • Need FasTrak for 10W toward San Bernardino • Delineators are hazardous – they fall apart and hit motorcycles, force motorist to make sharp turns into HOV lanes – please remove • Allow disabled drivers with placards to ride Express Lanes at no charge • Coordinate with other counties for FasTrak/Express Lane usage and payments • Promote telecommuting to reduce traffic • Stop taking away car lane, stop bikes • Strongly in favor of congestions tolls, proceeds to be rebated back, either with lower sales tax, or programs for the poor • Solution needed to reduce single occupancy traffic on the 14 and 210 Freeways • LA Streetcar and car free streets should be a priority • Nightmare traffic congestion at Barrington in Santa Monica especially during rush hour • Real solution should be congestion tolls • Need better enforcement of HOV lanes • I want the government to impose telecommuting part time to reduce traffic and emissions, unless they take traffic, or drive an EV. Once traffic is reduced, I want expand sidewalks in high traffic area for more civic spaces and dining • Introduce elevated bike/pedestrian/park space about Wilshire Blvd from DTLA to Santa Monica Beach – much safer
<p>COVID-19</p> <ul style="list-style-type: none"> - Cleanliness - Safety 	<ul style="list-style-type: none"> • Love Metro and will use it again once the pandemic is over • Make transit fare free as a matter of policy during Covid-19 • Make bus driver responsible for mask enforcement • Limit passengers on board during pandemic • Agrees with open windows in vehicles to allow for more airflow • Better circulation on buses during pandemic • Metro doing a great job during a terrible time – you never let your city, LA down • Need more bus service – too many packed buses during pandemic • Enforce mask compliance • Pay driver hazard pay during pandemic • Run three car trains during pandemic for safety reasons • Prioritize keeping employees on the payroll and do not lay anyone off in the middle of a pandemic and with an almost inevitable recession/depression to soon follow • Not used public transit since covid. I would love to return once I feel safe. • I'm committed much more to transit since COVID – my SUV is too damaging to the environment – Help me ditch it!
<p>Positive Feedback</p>	<ul style="list-style-type: none"> • Very happy with Metro bus service • Keep up the excellent work • Pleased with Silver Line Bus and Gold Line Train • Keep up the improvements with Metro A Line reliability • I LOVE METRO RAIL TRAINS! Return Blue/Red Lines names • I rode public transit 52 years, MTA system has improved over the years • Thank you for all the hard work, improvements, asking our feedback, opinions • Thank you for participatory budgeting • Gracias Metro!

	<ul style="list-style-type: none"> • Thank you for everything you do to make LA a better, more livable place and to reduce our reliance on cars. More bike lanes & bike paths please! • I want to see more security on the service – I feel very comfortable and safe most of the time • Metro bus is a big part of my daily life schedule
Outreach	<ul style="list-style-type: none"> • Improve upon this survey – too clunky • Invalid Survey • Survey: What does Traffic Reduction Pilot mean? • Thank you for sending out this survey • Thanks for listening to us • Please add qualifiers to the numbers (e.g. 1(highest) to 5 (lowest) priorities
Parking	<ul style="list-style-type: none"> • Expand free parking • Stop charging for parking at Arcadia Gold Line Station • TAP card should be option to pay for parking • Need safer parking • Charging for parking deterred me from taking transit • Wait list for parking is so long • Provide more parking spaces at stations • I won't ride if I have to pay for parking, what is the point? • I stopped riding Red Line because there were no parking spaces

FY21 Proposed Budget

**Budget Public Hearing
September 16, 2020**

FY21 Proposed Budget Highlights

Objective: Balancing FY21 Proposed Budget with available resources under severe financial constraint due to COVID-19, while staying on course to deliver Metro's mission

Revenues

- Projecting revenue loss of \$730M, \$490M in Sales Taxes and \$241M in Fares and Tolls
- Assumes gradual recovery that starts in September 2020, with a full recovery anticipated in June 2021
- CARES stimulus does not cover all losses in operations and provides no funding for capital projects

Expenses

Labor:

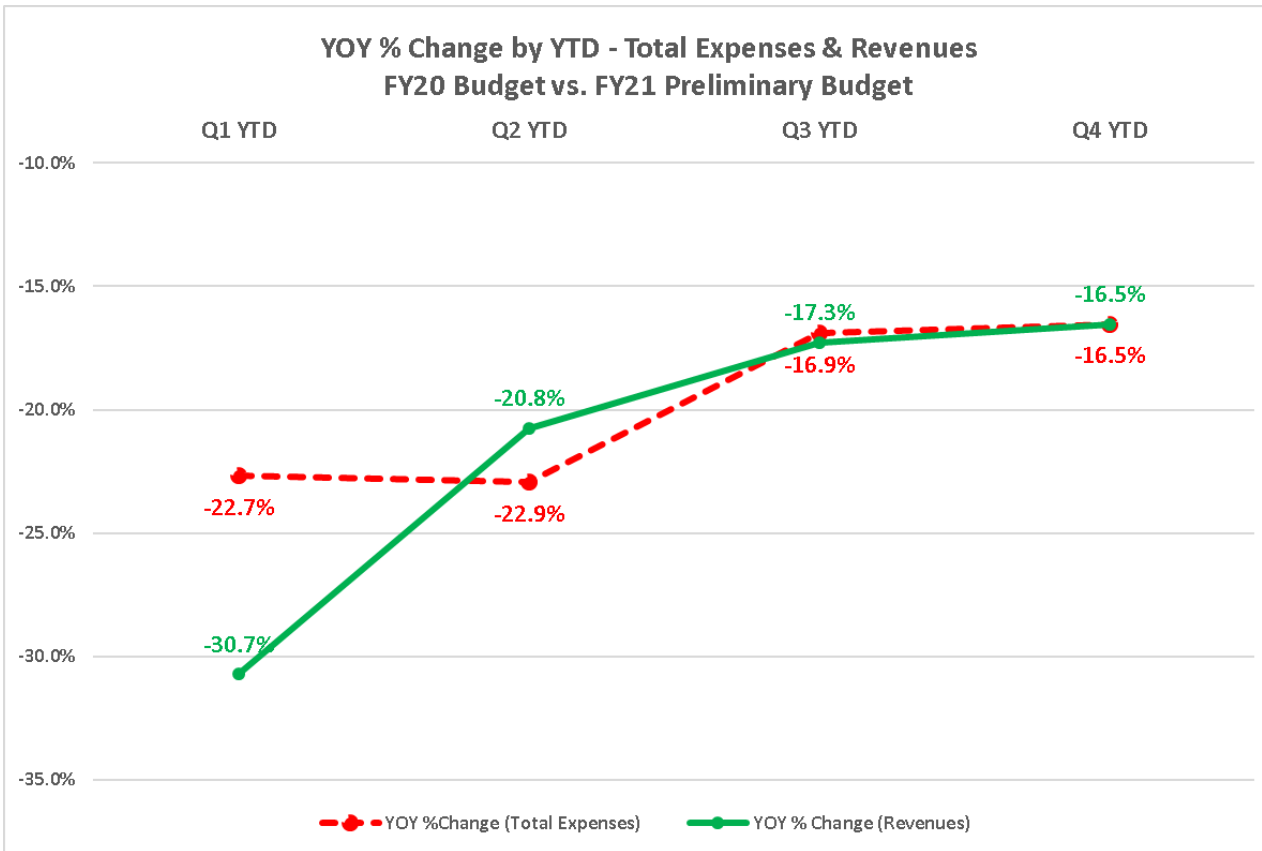
- No reduction of FTEs from FY20 Budget level (CARES reimbursement)
- Union wages will increase up to 4.5% per the Collective Bargaining Agreements (CBA)
- Controlling costs through Non-Contract vacancy savings and overtime usage

Programs:

- Enhanced cleaning, sanitizing, and PPE availability
- Transit Services at 81% of pre-COVID revenue hours, estimated boardings at 55%
- NextGen investments of \$7M for service enhancements, plus \$123M for other bus improvements
- All Measure M/R projects in FY20 moving forward, planning phases moving towards shovel ready status
- Transit funding to operators and cities continue regionally, with CARES funds mitigating declines
- Congestion Management and other mobility initiatives adjusted to match demand
- Cost controls in place for Oversight and Administrative projects, leading to 12% reduction

If needed, Mid-Year Budget will be brought to Board for approval based on the pace of recovery

Quarterly Revenue and Expense Projection Trend



- The Total Expenses Reduction Curve follows the Revenue Loss Curve
- Cost inflation is projected to increase by 2.3%, based on leading regional forecasts
- Anticipated recovery assumes to start in Q2 and continue through the remainder of FY21
- Average Monthly Expenses increases 21.7% from Q1 YTD to Q4 YTD
- A midyear budget adjustment may be necessary if recovery takes longer than assumed

	FY21 Proposed Budget			
	Q1 YTD	Q2 YTD	Q3 YTD	Q4 YTD
Average Monthly Expense \$	\$ 412.2	\$ 425.4	\$ 465.8	\$ 501.4
% Reduction vs. FY20 Budget	-22.7%	-22.9%	-16.9%	-16.5%

Resources and CARES Act Summary

	Resources (\$ in millions)	FY20 Budget ⁽¹⁾	FY21 Proposed	\$ Change	% Change
1	Sales Tax, TDA and STA	\$ 4,174.4	\$ 3,685.0	\$ (489.4)	-11.7%
2	Passenger Fares	284.5	60.3	(224.2)	-78.8%
3	ExpressLanes, Advertising and Other Revenues	155.1	138.6	(16.5)	-10.6%
4	Sales Tax and System Generated Subtotal	\$ 4,614.0	\$ 3,883.9	\$ (730.1)	-15.8%
5	CARES Reimbursements	-	569.6	569.6	100.0%
6	Grants and Other Reimbursement Revenues ⁽¹⁾	2,594.8	1,563.8	(1,030.9)	-39.7%
7	Total Resources	\$ 7,208.8	\$ 6,017.3	\$ (1,191.5)	-16.5%

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

- Sales Tax and System Generated Revenue loss is \$730 million or -15.8%, offset by \$570 million for CARES

Recipient (\$ in Millions) for FY20 and FY21	CARES Allocations	Metro Allocations
Municipal Operators	\$ 148.0	
Metro (Bus/Rail/Regional) ⁽¹⁾	772.2	772.2
<u>Fund Exchanges</u>		
Small Operators	8.3	8.3
Tier 2 Operators	4.5	4.5
Metrolink	56.4	56.4
Access Services	33.5	33.5
<u>Direct Apportionments</u>		
Santa Clarita Transit	17.4	
Antelope Valley Transit	27.8	
TOTAL CARES Act	\$ 1,068.0	\$ 874.9

- CARES Act priority was to address and mitigate reductions in sales tax and fare revenue
- Additionally, each operator received supplemental CARES Act funding to address losses
- Metro CARES Act allocation for FY20 (\$305 million) and FY21 (\$570 million)
- CARES stimulus does not cover all losses in operations and provides no funding for capital projects

⁽¹⁾ Allocations will be based on Southern California Association of Governments (SCAG) Split Letter Addendum, \$13M in adjustments will be made through PY 5307 apportionments.

Expense and FTE Summary

	Program Type (\$ in millions)	FY20 Budget	FY21 Proposed	FY20 - FY21 \$ Change	FY20 - FY21 % Change	% of Total
1	Metro Transit - Operations & Maintenance	\$ 1,839.1	\$ 1,798.6	\$ (40.4)	-2.2%	29.9%
2	Metro Transit - SGR & Other Asset Improvements	493.5	457.0	(36.5)	-7.4%	7.6%
3	Metro Transit Subtotal	2,332.6	2,255.6	(77.0)	-3.3%	37.5%
4	Transportation Infrastructure Development	2,382.4	1,486.5	(895.9)	-37.6%	24.7%
5	Subsidy Funding Programs	1,404.7	1,239.2	(165.5)	-11.8%	20.6%
6	Regional Rail	178.2	219.5	41.3	23.2%	3.6%
7	Congestion Management	135.9	89.6	(46.3)	-34.0%	1.5%
8	General Planning & Programs	168.9	155.1	(13.8)	-8.2%	2.6%
9	Debt Service	534.9	509.2	(25.8)	-4.8%	8.5%
10	Oversight and Administration	71.2	62.6	(8.6)	-12.1%	1.0%
11	Total Expenditures	\$ 7,208.8	\$ 6,017.3	\$ (1,191.5)	-16.5%	100.0%

- Metro Transit totals \$2.3 billion, (37.5% of FY21 Budget) and sees the smallest decline vs. FY20
- All construction projects from FY20 are moving forward, projects in planning phases advancing towards shovel ready status
- Cost controls in place for Oversight and Administration leading to 12% reduction

Agency FTEs	FY20 Budget	FY21 Proposed
AFSCME	821	821
ATU	2,444	2,444
TCU	915	915
TEAMS	175	175
UTU	4,127	4,127
Non-Contracts	1,737	1,737
Total FTEs	10,219	10,219
Total Agencywide Represented	8,482	8,482
Total Agencywide Non-Represented	1,737	1,737
Grand Total	10,219	10,219

- FY21 Budget FTEs remains unchanged from FY20 Budget level
- Agency looks to protect its existing employees from the economic impact of this pandemic by retaining its workforce while controlling cost through vacancy savings and reducing overtime usage whenever applicable.

Metro Transit Expenses - Summary

Metro Transit Expenses (\$ in millions)	Expense Category	FY20 Budget	FY21 Proposed	\$ Change	% Change	% of Total
Direct Operating Cost	Labor - FTE	\$ 1,147.9	\$ 1,192.6	\$ 44.7	3.9%	52.9%
	Labor - Overtime	88.9	53.0	(35.9)	-40.4%	2.3%
	Total Labor	1,236.7	1,245.6	8.9	0.7%	55.2%
	Total Non-Labor	320.4	278.4	(42.0)	-13.1%	12.3%
Total Direct Operating Cost		1,557.1	1,524.0	(33.1)	-2.1%	67.6%
Total Supporting Costs		281.9	274.6	(7.3)	-2.6%	12.2%
Total Metro Transit - Operations & Maintenance		1,839.0	1,798.6	(40.4)	-2.2%	79.7%
Total Metro Transit - SGR		493.5	457.0	(36.5)	-7.4%	20.3%
Total Metro Transit		\$ 2,332.6	\$ 2,255.6	\$ (77.0)	-3.3%	100.0%

Metro Transit Expenses – Total

- Overall FY21 Proposed Budget of \$2.3 billion is \$77 million or -3% lower than FY20
- Funding to Metro Transit has been maximized through utilizing all possible eligible funding and CARES Act reimbursement

Operations & Maintenance Expenses

- Enhanced cleaning and sanitizing for vehicles and stations and PPE
- Staffing remains at FY20 levels and CBA provisions maintained

State of Good Repair Expenses

- Procurement of 200 CNG and 23 electric buses, along with Light Rail Vehicles and start delivery and testing of Heavy Rail Vehicles
- Bus and Rail Vehicle, Facilities, Wayside (track and signals) Maintenance
- NextGen related investments such as the improvements for Patsaouras Plaza, the Bus Pavilion at Union Station, and Rosa Parks Bus Station

Revenue Service Hours and NextGen Summary

	Base Enhanced Sunday Service	Phase 1 Orders Begin to Lift	Phase 2 Schools Back, Start of NextGen	Phase 3 FY21 Post- COVID	Phase 4 * FY22 Building Back Service	Phase 5 * FY23 Full Service Recovery
Revenue Service Hours (in millions)	FY20 April 2020	FY21 end of June 2020	FY21 Dec 2020	FY21 Jan - June 2021	FY22	FY23
Bus	5.0	5.6	5.6	5.6	5.6 - 6.5	5.6 - 7.1
Rail	1.0	1.0	1.0	1.0	1.1	1.1
Bus and Rail Total	6.0	6.6	6.6	6.6	6.7 - 7.6	6.7 - 8.2

- In FY21, service will gradually ramp up to 6.6 RSH by June 2021, and will continue to ramp up through FY22-FY23
- On an annual average, FY21 will operate 81% of the revenue service hours pre-COVID, but carry 55% of the boardings, based on factors such as staffing availability, equipment, performance, cost, and revenue for prudent financial management

Project Description (\$ in thousands)	FY21 Proposed	Life of Project
Service Enhancements		
Analysis and Outreach - Bus Priority Lanes	\$ 865	\$ 956
Implementation - Bus Priority Lanes	900	2,725
All Door Boarding Expansion	1,569	1,569
Bus Zone Optimization	2,400	8,250
Metro Rail Speed Analysis	766	1,000
Station Cleanliness & Evaluation	500	500
Service Enhancements Total	\$ 7,000	\$ 15,000
Other Improvements Benefiting NextGen Implementation		
Patsaouras Plaza Busway Station	\$ 3,000	\$ 49,000
Cesar Chavez/Vignes Bus Pavilion at Union Station	1,100	2,500
Willowbrook/Rosa Parks Station Bus Plaza	12,200	15,000
Airport Metro Connector Bus Plaza	75,000	75,000
G Line (Orange) BRT Improvements	20,400	361,000
North Hollywood to Pasadena BRT	5,700	267,000
North San Fernando Valley (NSFV) BRT	2,500	180,000
Vermont Avenue Transit Corridor	3,200	425,000
Other Improvements Total	\$ 123,100	\$ 1,374,500
Total NextGen Related Projects	\$ 130,100	\$ 1,389,500

Note: Totals may not add up because of rounding.

- NextGen Investments: Investing in and improving the Bus & Rail System to complement NextGen
 - FY21 NextGen related improvements value at \$130.1 million
 - NextGen service implementation and investments will improve speed and reliability, covering more service miles with less service hours

Transportation Infrastructure Development

Transit Expansion

Transit Expansion (\$ in millions)		FY20 Budget	FY21 Proposed	Difference
1	Measure R/M Transit Construction			
2	Westside Purple Line Extension Section 1	\$ 283.5	\$ 181.2	\$ (102.3)
3	Westside Purple Line Extension Section 2	312.3	121.5	(190.8)
4	Westside Purple Line Extension Section 3	457.3	223.2	(234.1)
5	Division 20 Portal Widening & Turnback	85.0	91.1	6.2
6	Westside Purple Line Extension Subtotal	\$ 1,138.0	\$ 617.0	\$ (521.0)
7	Regional Connector Light Rail Transit	\$ 220.2	\$ 144.5	\$ (75.7)
8	Crenshaw/LAX Light Rail Transit	224.5	111.7	(112.8)
9	Gold Line Foothill Extension Phase 2	156.2	101.5	(54.7)
10	East San Fernando Valley Light Rail Transit	35.4	16.2	(19.2)
11	Airport Metro Connector	68.8	80.3	11.6
12	Expo Light Rail Transit Close Out	3.0	1.9	(1.1)
13	Metro Orange Line Improvements	21.3	20.5	(0.9)
14	Systemwide	92.0	78.7	(13.3)
15	Business Interruption Fund	7.0	5.6	(1.4)
16	Measure R/M Transit Construction Total	\$ 1,966.4	\$ 1,177.9	\$ (788.6)
17	Measure R/M Transit Planning			
18	West Santa Ana Branch Transit Expansion	\$ 49.0	\$ 16.5	\$ (32.6)
19	Sepulveda Transit Corridor	8.2	13.3	5.1
20	Eastside Light Rail Access	9.0	6.5	(2.5)
21	North Hollywood / Pasadena BRT Connector	3.2	5.7	2.5
22	Eastside Light Rail Transit Extension Phase 2	9.2	4.0	(5.2)
23	San Gabriel Valley Transit Feasibility Study	-	1.5	1.5
24	Green Line Extension to Torrance	2.2	8.3	6.2
25	Vermont Transit Corridor	1.2	3.2	2.0
26	Crenshaw Northern Extension	2.0	2.8	0.8
27	North San Fernando Valley Bus Rapid Transit	3.4	2.5	(0.9)
28	Measure R/M Transit Planning Total	\$ 87.4	\$ 64.3	\$ (23.1)
29	Program Control & Support Total	\$ 11.9	\$ 14.0	\$ 2.1
30	Transit Expansion Grand Total	\$ 2,065.8	\$ 1,256.2	\$ (809.6)

- All Measure R and M construction TID projects advance towards their respective revenue service dates
- The Four Pillar projects – West Santa Ana Branch, Eastside Light Rail Extension Phase 2, Sepulveda Transit Corridor, and Green Line Extension to Torrance continue to advance towards shovel readiness
- San Gabriel Valley Transit Feasibility Study (\$1.5M)
- Planning efforts continue for current Measure M transit projects

Transportation Infrastructure Development Highway

Highway Program (\$ in millions)		FY20 Budget	FY21 Proposed	Difference
1	Measure R / M Highway Projects			
2	Alameda Corridor East Grade Separations Phase 2	\$ 30.0	\$ 50.1	\$ 20.1
3	Interstate 605 Corridor "Hot Spot" Improvements	45.7	19.8	(25.9)
4	Interstate 5 North Capacity Enhance SR-14 to Kern County Line	17.2	13.5	(3.6)
5	SR-57/SR-60 Interchange Improvements	23.4	6.9	(16.5)
6	Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Imp (South Bay)	20.7	20.6	(0.1)
7	Countywide Sound Wall Assessment & Constructions	25.8	15.4	(10.4)
8	Interstate 5 Capacity Enhancement from SR-134 to SR-170	21.9	15.3	(6.6)
9	State Route 138 Capacity Enhancements	27.6	15.6	(12.0)
10	Interstate 5 Capacity Enhancement from I-605 to Orange County Line	25.6	15.0	(10.6)
11	SR-710 North Corridor Mobility Improvements	0.8	8.3	7.5
12	Interstate 710 South and/or Early Action Projects	31.6	17.1	(14.4)
13	Interstate 105 Express Lanes	2.5	2.9	0.4
14	Interstate 405 Sepulveda Express Lanes	2.3	2.0	(0.4)
15	Highway Operational Improvements in Las Virgenes/Malibu Subregion	15.2	9.8	(5.3)
16	Highway Operational Improvements in Arroyo Verdugo Subregion	13.7	7.8	(5.9)
17	Interstate 5 / St. Route 14 Capacity Enhancement	1.5	1.5	0.0
18	Interstate 5 Corridor Improvements (I-605 to I-710)	0.5	0.0	(0.5)
19	Highway Efficiency Program	1.6	0.9	(0.7)
20	Transportation System and Mobility Improvement Program	1.5	16.2	14.7
21	Highway Demand Based Prog and Operational Improvements	1.6	0.4	(1.2)
22	High Desert Corridor (highway department activities)	1.5	0.6	(1.0)
23	Measure R / M Highway Projects Total	\$ 312.2	\$ 239.8	\$ (72.4)
24	Non-Measure R / M Highway Projects			
25	Interstate 210 Barrier Replacement	\$ 7.9	\$ 2.4	\$ (5.5)
26	Highway Planning & Admin	4.2	2.6	(1.7)
27	Caltrans Property Maintenance	3.5	1.3	(2.2)
28	Interstate 405 Car Pool Lane	0.8	0.2	(0.6)
29	Non-Measure R / M Highway Projects Total	\$ 16.4	\$ 6.5	\$ (10.0)
30	Highway Program Grand Total	\$ 328.6	\$ 246.3	\$ (82.3)

- Interstate-5 North Capacity Enhancement advances towards construction with contract solicitation starting in FY21
- Planning efforts continue for all highway projects

Continue support for Caltrans delivery of major Highway Program projects including:

- SR138 Capacity Enhancements
- I-5 Capacity Enhancements from SR-134 to SR-170
- South Bay Improvements and Gateway Cities Improvements including I-605 Hot Spots
- I-710 Early Action projects
- I-5 South projects to the Orange County Line
- Highway Operational Improvements in Arroyo Verdugo and in Las Virgenes / Malibu subregions
- Alameda Corridor East Phase 2 projects.

Other Metro Programs

	Program Type (\$ in millions)	FY20 Budget	FY21 Proposed	\$ Change	% Change
1	Subsidy Program	\$ 1,404.7	\$ 1,239.2	\$ (165.5)	-11.8%
2	Regional Rail	\$ 178.2	\$ 219.5	\$ 41.3	23.2%
3	Congestion Management	\$ 135.9	\$ 89.6	\$ (46.3)	-34.0%
4	General Planning & Programs	\$ 168.9	\$ 155.1	\$ (13.8)	-8.2%
5	Debt Service	\$ 534.9	\$ 509.2	\$ (25.8)	-4.8%
6	Oversight and Admin	\$ 71.2	\$ 62.6	\$ (8.6)	-12.1%
7	TID and Metro Transit	\$ 4,715.0	\$ 3,742.1	\$ (972.9)	-20.6%
8	Total Expenses	\$ 7,208.8	\$ 6,017.3	\$ (1,191.5)	-16.5%

- **Subsidy** - Transit funding to operators and cities continue regionally, with CARES funds mitigating declines
- **Regional Rail** - Link US property acquisitions, Rosecrans / Marquardt Grade Separation and Metrolink's fare revenue replacement
- **Congestion Management** - Reduction in ExpressLanes demand and usage along with removal of duplicate vendor
- **General Planning** - Projects are evaluated to continue at regular or adjusted speed including West Santa Ana Branch, Sepulveda Transit Corridor, Centinela Grade Separation, Rail to Rail/River and LA River Bike Path
- **Debt Service** - Primarily due to repayment schedule structure at the time of the original bond issuance.
- **Oversight and Admin** – Cost controls result in 3% of total budget while continuing to invest in agency priorities such as equity, sustainability and climate action initiatives and projects

FY21 Budget Outreach

Comments received as of 9/10/20



[Metro.net/myvoice](https://metro.net/myvoice)

-Emails (>400,000)

-Visits (>8,000)



Budgetcomments@metro.net

-Email comments (83)



[Questionnaire](#)

-Responses (4,217)

-Comments (1,644)

[Virtual Meetings \(>20\)](#)



- Regional Service Councils
- San Gabriel Valley COG
- Gateway Cities COG
- Valley Industry Commerce Association (VICA)
- Bus Operator Subcommittee (BOS)
- Streets & Freeways Committee
- Technical Advisory Committee (TAC)
- Policy Advisory Committee (PAC)
- Local Transit Services Subcommittee (LTSS) Citizens Advisory Council (CAC)
- Measure M Oversight Committee
- Metro Budget Public Hearing



[Summary of Comments – Top Transit Priorities](#)

- **Better Transit** - “Expand Rail Network” and “Increased Safety”
- **Less Congestion** - “Dedicated Bus Lanes” and “Traffic Reduction Pilot”
- **Complete Streets** - “Improve Pedestrian Crossing”
- **Access to Opportunity** - “High Density Developments Around Transit” and “Easier Reduced Fare Program” & “Better Mobile and Web experience”

FY21 Proposed Budget Risks

- This budget assumes a gradual and immediate recovery beginning in September, with a full recovery anticipated in June 2021.
- Further declines in sales tax revenues from the current estimate as a result of prolonged impact of the ongoing COVID-19 pandemic, uncertainty of when consumer spending return to pre-COVID levels.
- Costs that rise faster than the inflation factor built into the budget for goods/services used to deliver Metro's projects and services.
- Uncertainty regarding public willingness to return to public transit post-COVID.
- Changes in Metro's share of federal and state funding that is dependent on legislative or other actions.
- Unanticipated mobility initiatives added post Budget adoption.

Next Steps

- Final Board Adoption expected on **September 24th**
 - Board Adoption is legally required
- Mid-Year Budget Update (if needed) – December/January TBD
 - Review of the Sales Tax and Other Revenues, based on duration of pandemic
 - Review of delivery and expenditure on projects and programs and adjustments on a case by case basis
 - Opportunity of additional funding and competitiveness of our projects
- Performance Monitoring
 - Report back to the board regularly regarding financial performance throughout FY21

September Board Report FY21 Budget Adoption

- A. ADOPTING** the proposed FY21 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net);
- 1. AUTHORIZING** \$6.0 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 did not change from FY20 authorized levels; and
 - 3. APPROVING** the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million presented in Attachment A; and
 - 4. AMENDING** the proposed budget to include \$165.2 million for Gold Line Foothill Extension 2B for a total of \$265.2 million, finalized after budget closed; and
- B. APPROVING** the Reimbursement Resolution declaring Metro's intention to issue debt in FY21 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval.

FY21 Proposed Budget

Board Meeting
September 24, 2020

FY21 Proposed Budget Highlights

Objective: Balancing FY21 Proposed Budget at \$6.0 billion under severe financial constraint due to COVID-19, while staying on course to deliver Metro's mission

Revenues

- Projecting revenue loss of \$730M, \$490M in Sales Taxes and \$241M in Fares and Tolls
- Assumes gradual recovery that starts in September 2020, with a full recovery anticipated in June 2021
- CARES stimulus does not cover all losses in operations and provides no funding for capital projects

Expenses

Labor:

- No reduction of FTEs from FY20 Budget level (CARES reimbursement)
- Union wages will increase up to 4.5% per the Collective Bargaining Agreements (CBA)
- Controlling costs through Non-Contract vacancy savings and labor overtime usage

Programs:

- Enhanced cleaning, sanitizing, and PPE availability
- Transit Services at 81% of pre-COVID revenue hours, estimated boardings at 55%
- NextGen investments of \$7M for service enhancements, plus \$123M for other bus improvements
- All Measure M/R projects in FY20 moving forward, planning phases moving towards shovel ready status
- Transit funding to operators and cities continue regionally, with CARES funds mitigating declines
- Congestion Management and other mobility initiatives adjusted to match demand
- Cost controls in place for Oversight and Administrative projects, leading to 12% reduction

If needed, Mid-Year Budget will be brought to Board for approval based on the pace of recovery

FY21 Budget Outreach

Comments received as of 9/10/20



[Metro.net/myvoice](https://metro.net/myvoice)

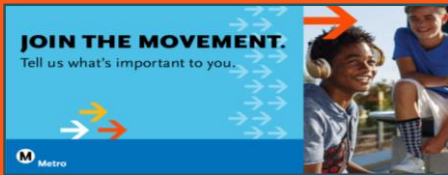
-Emails (>400,000)

-Visits (>8,000)



Budgetcomments@metro.net

-Email comments (83)



[Questionnaire](#)

-Responses (4,217)

-Comments (1,644)

[Virtual Meetings \(>20\)](#)



- Regional Service Councils
- San Gabriel Valley COG
- Gateway Cities COG
- Valley Industry Commerce Association (VICA)
- Bus Operator Subcommittee (BOS)
- Streets & Freeways Committee
- Technical Advisory Committee (TAC)
- Policy Advisory Committee (PAC)
- Local Transit Services Subcommittee (LTSS) Citizens Advisory Council (CAC)
- Measure M Oversight Committee
- Metro Budget Public Hearing



[Summary of Comments – Top Transit Priorities](#)

- **Better Transit** - “Expand Rail Network” and “Increased Safety”
- **Less Congestion** - “Dedicated Bus Lanes” and “Traffic Reduction Study”
- **Complete Streets** - “Improve Pedestrian Crossing”
- **Access to Opportunity** - “High Density Developments Around Transit” and “Easier Reduced Fare Program” & “Better Mobile and Web experience”

FY21 Proposed Budget Risks

- This budget assumes a gradual and immediate recovery beginning in September, with a full recovery anticipated in June 2021.
- Further declines in sales tax revenues from the current estimate as a result of prolonged impact of the ongoing COVID-19 pandemic, uncertainty of when consumer spending return to pre-COVID levels.
- Costs that rise faster than the inflation factor built into the budget for goods/services used to deliver Metro's projects and services.
- Uncertainty regarding public willingness to return to public transit post-COVID.
- Changes in Metro's share of federal and state funding that is dependent on legislative or other actions.
- Unanticipated mobility initiatives added post Budget adoption.

September Board Report FY21 Budget Adoption

- A. ADOPTING** the proposed FY21 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net);
- 1. AUTHORIZING** \$6.0 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 did not change from FY20 authorized levels; and
 - 3. APPROVING** the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million presented in Attachment A; and
 - 4. AMENDING** the proposed budget to include \$165.2 million for Gold Line Foothill Extension 2B for a total of \$265.2 million, finalized after budget closed; and
- B. APPROVING** the Reimbursement Resolution declaring Metro's intention to issue debt in FY21 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval.