

**Board Report**

File #: 2021-0171, **File Type:** Informational Report**Agenda Number:** 9.

**FINANCE, BUDGET, AND AUDIT COMMITTEE
APRIL 14, 2021****SUBJECT: FISCAL YEAR 2022 BUDGET DEVELOPMENT UPDATE - METRO TRANSIT PROGRAM****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE Fiscal Year 2022 Budget Development Update - Metro Transit Program.

ISSUE

This report is the third in a series of budget development updates leading to the Fiscal Year 2022 (FY22) Budget adoption for Board consideration in May 2021. This update highlights the Metro Transit program, consisting of operating and maintenance of Metro bus and rail services, projects to keep Metro transit systems in a state of good repair, as well as the latest update of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). As the economy recovers from the impacts of COVID-19, we will continue to monitor and make adjustments as needed during FY22 Midyear Budget assessment.

DISCUSSION

As the economy and Metro financials gradually recover from the last two fiscal years of COVID-19 impact, Metro's budget outlook for FY22 is slightly more optimistic than the previous fiscal year. However, it does not fully address all the long-term costs associated with service recovery, new operational initiatives, customer experience pilots, and a new security model. Together with the accelerated roll out of COVID-19 vaccinations in Los Angeles County, continued federal stimulus of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and resulting economic inflection point anticipated in the third quarter of FY22, the Metro Transit program is gearing up to operate pre-COVID-19 bus and rail service levels. In February 2021, Board Motion 27.1 provided staff a clear timeline to restore bus service to 7 million annualized pre-COVID-19 revenue service hour (RSH) level by September 2021. The FY22 Budget proposes concrete plans to deliver the service level according to the Board motion.

In addition, the Metro Transit program is poised to begin operation of both the Crenshaw/LAX and

Regional Connector rail lines, which will completely change the inter-/intra- city rail transportation landscape in Los Angeles County, and at the same time posing significant operation service changes for Metro. The FY22 Budget includes capitalizable pre-revenue service hours for testing the transition to seamlessly integrate these two rail lines. Once the operations are safely and successfully integrated, the pre-revenue service hours can be transferred to passenger carrying revenue services in the upcoming fiscal year.

In the past few months, the Metro Board, the public and Metro customers are expecting fundamental changes in safety, security, and customer experience in the public transportation system and Metro services. In June 2020, the Board approved Motions 37.0 and 37.1 to form a Public Safety Advisory Committee (PSAC) to develop a community-based approach to public safety on the transit system. In March 2021, the Board approved Motion 26.2, committing significant Metro resources to re-define post-pandemic public safety and community-based approaches to policing and addressing unhoused issues on Metro transit services. The FY22 Proposed Budget includes several initiatives and considerations to improve customer experience, system safety and security, as well as evaluating budget resource allocation through an equity lens.

Finally, Los Angeles County representatives made up of the Metro Board of Directors, elected officials, transit operators and staff were successful in keeping the Round 2 CRRSAA funding of \$127 million for Los Angeles County. Metro's share is estimated at \$95 million and will be incorporated during the FY22 Midyear budget process, as the Board considers customer experience initiatives, PSAC recommendations, additional transit system integration needs and other initiatives. This month, the Board will consider approval of the CRRSA Round 2 allocations. As we continue to monitor the financial situation, the post-pandemic sales tax projections, and fare revenues, we will be able to better articulate the resources available to support the Board's policy decisions during the FY22 Midyear discussion.

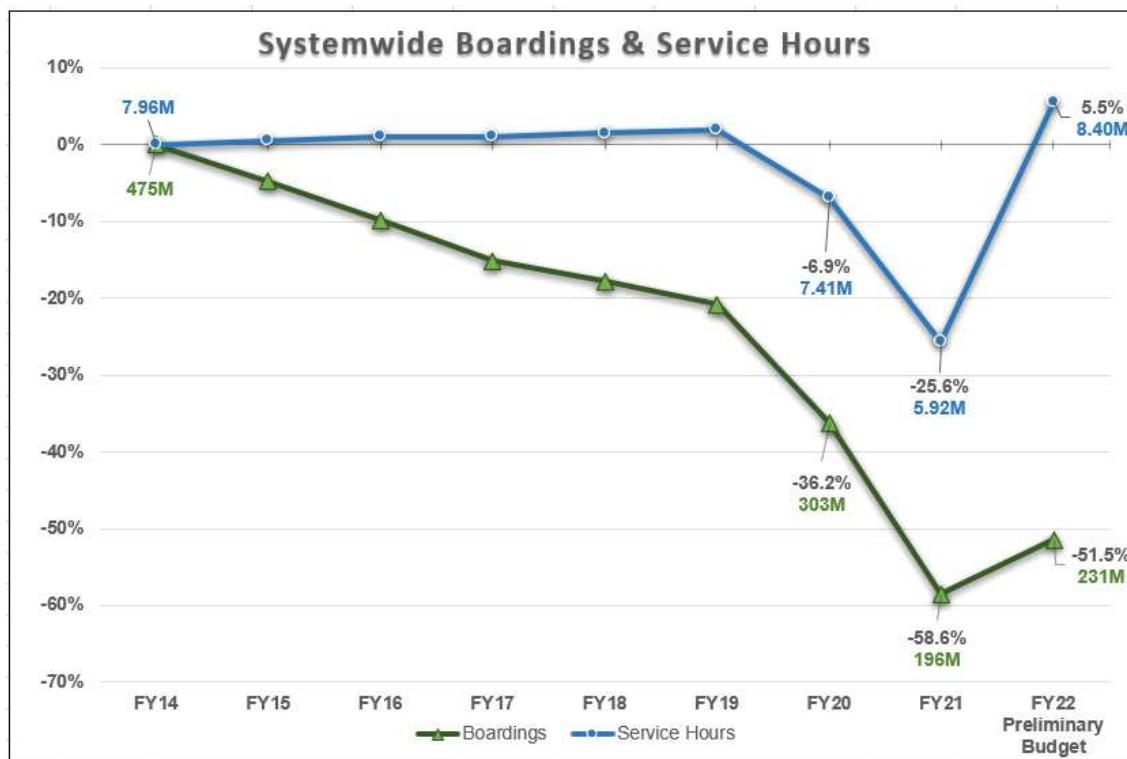
Metro Transit

Bus and Rail Service Plan

In the FY22 Operation plan, bus and rail service will be restored back to pre-COVID-19 levels by September 2021, per Motion 27.1 adopted in February 2021. To provide this service, bus and rail operator availability is one of the most critical challenges. COVID-19 has had significant impacts this past year, resulting in much higher incidences of missed operator assignments. COVID-19 mandatory quarantines, caregiving, and childcare accounted for an additional 17% of bus operator absences above and beyond the typical rate of sick leave and vacation. In preparation for returning to pre-COVID-19 service levels, Metro has resumed and accelerated operator hiring. Adding service without sufficient operator availability not only creates possible cancelled services, which upsets Metro riders, but also leads to overworked operators and increased overtime.

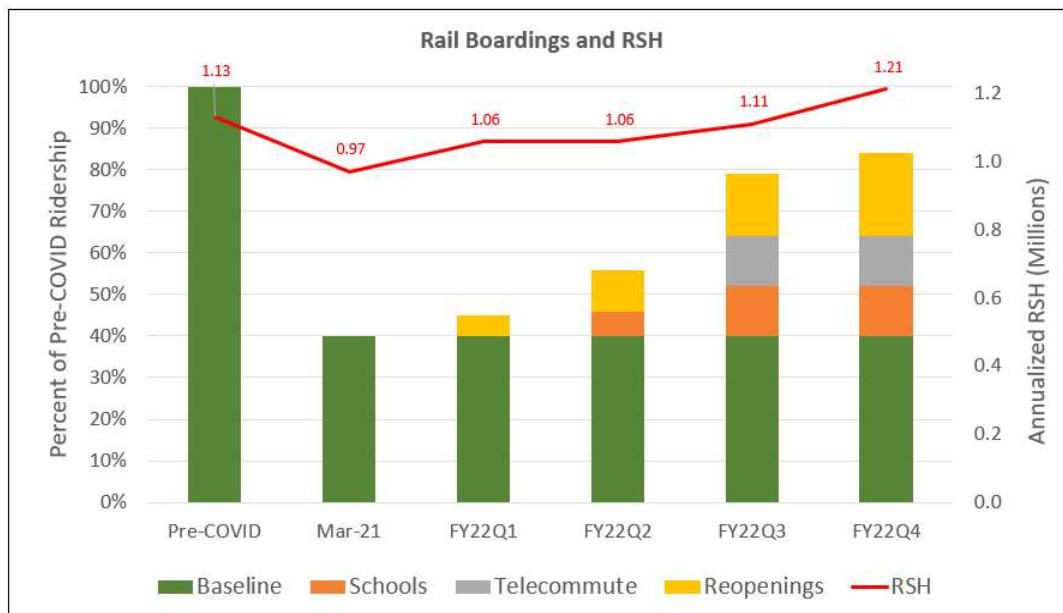
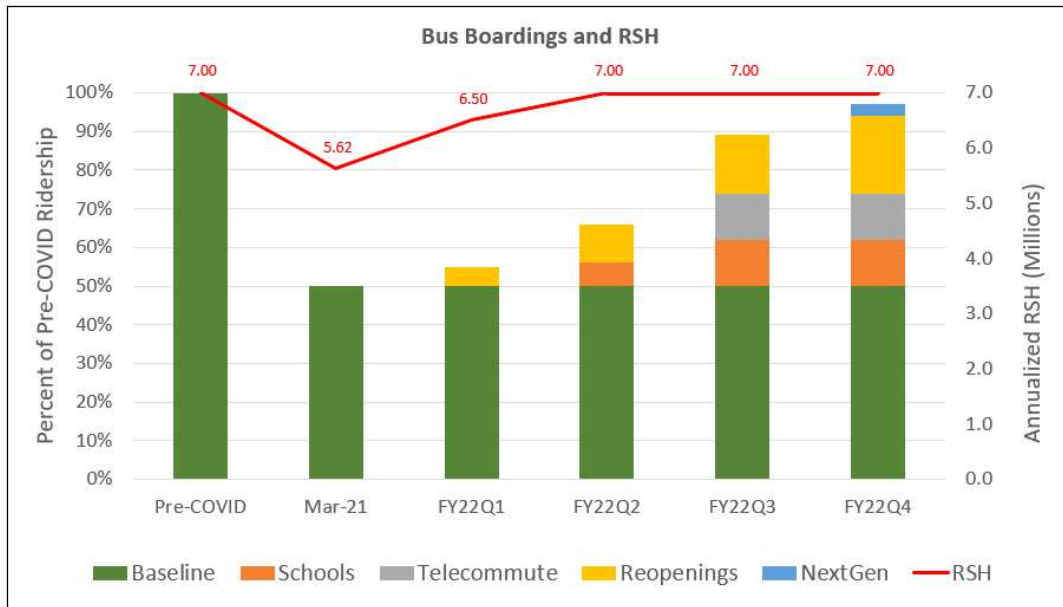
While Metro increases the pace of operator hiring, the FY22 Proposed Budget service plan reflects a restoration of service that outpaces ridership projections, and will continue to address remaining physical distancing needs, overcrowding and service reliability issues. Operations continuously monitors the crowding issue and makes ad-hoc adjustments in service frequency to address these observations.

The chart below demonstrates that the operational service hours recovery plan including bus, rail and Microtransit is still ahead of passenger load increases by comparing systemwide RSH and boarding projections. Restoring bus service back to 7 million RSH will prevent rider overcrowding on high capacity lines, provide more transit options and more frequent service.



The FY22 service plan does more than just restore service levels, the plan makes service improvements designed to support ridership recovery. The NextGen bus improvement plan invests in improving the boarding and riding experience, for full implementation in FY22. NextGen will significantly change the current network reallocating underutilized services to high ridership lines. In addition, as part of the NextGen plan, the Microtransit program is expanding to include nine zones of service to address customers' desire for trip-making options in the lower density areas of the region

suites to the Micro Transit model of operation. Bus and Rail boardings will phase-in over time to get us back to pre-COVID-19 service levels. A quarterly breakout showing Percent of pre-COVID-19 Ridership and Annualized RSH for FY22 separated by Bus and Rail is shown in the charts below:



Rail Pre-Revenue Service

Included in the FY22 proposed service plan are capitalizable pre-revenue service hours for the new Metro Rail extensions: Crenshaw/LAX and Regional Connector. This supports an effort to bring multiple Rail lines into revenue service at the same time. Regional Connector will provide a one-seat ride for traveling across Los Angeles County. Passengers will be able to travel between Azusa and Long Beach (A Line), and between East Los Angeles and Santa Monica (E Line), without transferring. The Crenshaw/LAX line will extend transit service from the existing Expo Line (E Line) to, and merging with, the Green Line (C Line). Once in operation, these two new rail extensions will significantly improve the connectivity of the region's transportation network and riders will have easier connections within the Metro Rail system.

Metro Transit Expenses

Metro Transit Programs (\$ in Millions)		FY21 Budget	FY22 Prelim	\$ Change	% Change	% of Total
Metro Transit - Operations	Bus	\$1,283.9	\$1,375.0	\$ 91.1	7.1%	56.4%
	Rail	533.1	572.9	39.8	7.5%	23.5%
	Microtransit	27.1	39.6	12.5	46.1%	1.6%
Metro Transit - Operations Total		\$1,844.1	\$1,987.5	\$ 143.4	7.8%	81.5%
Metro Transit - SGR		521.4	452.3	(69.1)	-13.3%	18.5%
Total Metro Transit		\$2,365.5	\$2,439.8	\$ 74.3	3.1%	100.0%
Capitalized System Integration						
Pre-Revenue Crenshaw		26.9	34.5	7.6	28.3%	
Pre-Revenue Regional Connector		-	26.1	26.1		
Total Capitalized System Integration		\$ 26.9	\$ 60.6	\$ 33.7	125.3%	
Total Metro Transit and Pre-Revenue		\$2,392.4	\$2,500.4	\$ 108.0	4.5%	

*Totals may not add due to rounding

The FY22 preliminary budget for the Metro Transit program, including Operations & Maintenance (O&M) and State of Good Repair (SGR), is \$2.4 billion, an increase of 3.1% over FY21. Expenditures are based on operating-eligible funding for both O&M and SGR. Service restoration is the priority for FY22 budget planning. The Operating budget totals \$1.987 billion, which includes allowances for additional labor and overtime to support running 8.26 million revenue service hours to operate Bus, Microtransit, and Rail services. An additional \$33.7 million is needed for the pre-revenue service expenses for Crenshaw and Regional Connector.

State of Good Repair (SGR)

The SGR program proposes asset replacement and improvement projects based on the Chief

Executive Officer's prioritization criteria:

1. Project interdependency/safety and reliability
2. Grant funding
3. Equity
4. Project readiness & financial risk

The objective is to maintain existing transit infrastructure at a high level of safety, quality, and reliable operability. In addition to the prioritization criteria, each SGR project proposal was reviewed based on industry standards, age-based condition assessments, and asset modernization needs due to obsolescence or technology advancement. The Chief Executive Officer has directed staff to standardize the evaluation consideration under the context of operational need to produce an SGR financial policy document / statement during FY22.

In FY22, \$452 million is allocated to maintain Metro's Bus, Rail, regional, and critical information systems. The FY22 budget reflects planned project activities and the cash flow required to complete FY22 milestones and deliverables. See Attachment A for detailed Bus/Rail Operating costs and State of Good Repair costs.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) Update for Metro Transit Program supplemental revenue to augment bus and rail eligible funds

The Metro Transit program is primarily funded with local sales taxes and the pandemic had a significant impact to the Metro transit program. In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed providing essential funding to maintain transit service and lost revenues. Following the intent of the CARES Act, Metro utilized these funds to maintain transit service and preserve jobs (see Attachment B). Federal stimulus funding continues to be critical in mitigating these financial challenges.

In December 2020, additional federal relief was provided through the CRRSA Act, supplementing the CARES funding which is needed to maintain and restore bus service in FY22. Following the intent of the CRRSA Act, Metro will use these funds for bus and rail operating expenses. In March 2021, the Metro Board approved CRRSA Act "Round 1" allocations and this month CRRSA Act "Round 2" will be brought to the Metro Board for approval, adding an additional \$127 million for Los Angeles County transit operators.

Public Outreach Update

As we move into further development of the budget, we have planned an extensive schedule of outreach events with our key stakeholder groups, customers, and the public. Metro will ensure it is providing access to meeting participants by moving forward with engagement and education of the FY22 Budget in a transparent and equitable manner. We will continue to solicit input via public workshops, budget briefings, key stakeholder meetings, the legally required Public Hearing and Board Meetings and receiving comments by email, regular mail, and the budget questionnaire.

Participants will have the opportunity to comment using an online comment feature allowing them to provide live public comments by phone, in English and Spanish. Additionally, upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public. Keeping in line with Metro policy on social distancing, meetings will be held on video conference platforms, thus continuing to fulfill all public involvement and participation requirements during COVID-19 pandemic. Please note that all meetings are subject to change and we will continue to accept request for Budget Briefings until adoption of the FY22 Budget at the May 27, 2021 Board meeting.

Furthermore, with the recent Customer Experience Survey, feedback and results are being used to prioritize customer experience investments as well as to track trends and develop methods that will gauge success over time. These results will be used to work with the departments to help identify what is included in the budget.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The assumptions described above are the budget planning parameters and will guide the development of the FY22 Budget. Budgets and assumptions may be adjusted as more specific and updated information becomes available.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal:

Goal # 5: Provide responsive, accountable, and trustworthy governance within the Metro Organization.

ALTERNATIVES CONSIDERED

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

NEXT STEPS

Metro staff will review and finalize the FY22 Budget proposal by May 2021 for Board consideration of adoption and in time for public hearing on May 19th. Staff will also continue conducting outreach to stakeholder groups for in-depth and technical discussions of Transit Services and Transportation Programs included in the FY22 Proposed Budget. The planned SGR projects and Bus/Rail service budgets are preliminary and are subject to change as the budget development process concludes.

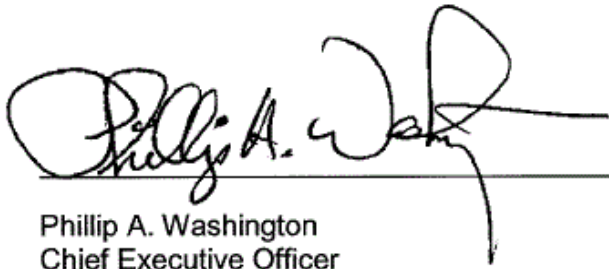
ATTACHMENTS

Attachment A - Metro Transit: Operations & Maintenance and State of Good Repair

Attachment B - Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding

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Metro Transit: Operations & Maintenance and State of Good Repair

Metro Transit: Operations & Maintenance

Bus Operations and Maintenance Expenses

Bus service will be restored to pre-COVID-19 levels. The FY22 Preliminary Budget for bus is \$1.4 billion and includes \$39.6 million in Microtransit. This will allow operating service on nine zones of planned deployment. The table below details the breakdown by expense type:

Bus Operations and Maintenance Expenses					
Operations & Maintenance (\$ in Millions)	FY21 Budget	FY22 Prelim	\$ Change	% Change	% of Total
Labor	\$ 851.3	\$ 940.2	\$ 88.9	10.4%	66.5%
Parts & Supplies	69.5	73.8	4.2	6.1%	5.2%
Fuel	25.6	31.5	5.9	23.1%	2.2%
Contract / Professional Services	128.8	98.4	(30.4)	-23.6%	7.0%
Other Operating Expenses	208.8	231.1	22.3	10.7%	16.3%
Bus Total	\$ 1,284.0	\$ 1,375.0	\$ 91.0	7.1%	97.2%
Microtransit	27.0	39.6	12.6	46.6%	2.8%
Grand Total	\$ 1,311.0	\$ 1,414.5	\$ 103.5	7.9%	100.0%

*Totals may not add due to rounding

*Other Operating Costs include Customer Experience, and other cost allocations

Labor makes up 66.5% of the total Bus budget. The 10.4% increase is due to additional staffing requirements and overtime to support the increased bus service. Parts & supplies budget is increasing by \$4.2 million to support bus maintenance needs based on current usage rate. CNG fuel budget is increasing by \$5.9 million primarily due to unit cost increases of about 28%. Other Operating Costs include funds to support security contract costs until December 2021, as well as allocating budget to rail according to current expense rates. The Other Operating Expenses category includes budget to support and maintain Metro Bus and Rail facilities. Budget has been added to accommodate increased frequency of cleaning to ensure a sanitary, healthful, and safe environment for our customers & employees. Facilities budget this year also provides additional funds for restrooms at layover zones since business restrooms are not available to the public due to the pandemic. Other Operating Costs include funds to support Customer Experience initiatives and other cost allocations.

Rail Operations and Maintenance Expenses

Rail service will be slightly less than pre-COVID-19 levels. The Rail Operations and Maintenance budget totals \$572.9 million, a \$39.8 million, (7.5%) increase from FY21.

Rail Operations and Maintenance Expenses					
Operations & Maintenance (\$ in Millions)	FY21 Budget	FY22 Prelim	\$ Change	% Change	% of Total
Labor	\$ 307.4	\$ 318.9	\$ 11.5	3.7%	55.7%
Parts & Supplies	20.8	19.5	(1.3)	-6.2%	3.4%
Propulsion Power	29.1	30.4	1.3	4.6%	5.3%
Contract / Professional Services	131.4	152.0	20.7	15.7%	26.5%
Other Operating Expenses	44.4	52.1	7.6	17.1%	9.1%
Grand Total	\$ 533.1	\$ 572.9	\$ 39.8	7.5%	100.0%

*Totals may not add due to rounding

*Other Operating Costs include Customer Experience, and other cost allocations

Labor makes up 55.7% of the total Rail budget with an increase of 3.7%. The increase is partially offset by a reduction in ATU Overtime due to department's cost saving efforts. Parts & Supplies budget is decreasing by \$1.3 million (6.2%) for existing Rail lines as a result of FY21 current usage rates. Propulsion power is increasing by \$1.3 million (4.6%) for existing rail lines; this is slightly lower than the service increase due to a decrease in forecasted energy rate from FY21 to FY22. Security contract funds have been reallocated in FY22 between Bus and Rail, resulting in a net increase in Rail program to better reflect actual security deployment needs. Facilities contracts reflect COVID-19 related increase in cleaning needs based on current expense rate, as well as providing ongoing elevator and escalator maintenance. Other Operating Costs include funds to support Customer Experience initiatives and other cost allocations.

Customer Experience

Board Motion 26.2 from March 2021 introduces alternatives to security enforcement by policing, directing the CEO to invest at least \$40 million in resources for Public Safety and Homelessness initiatives. Public Safety initiatives include transit ambassadors for an increased presence at facilities and on Metro vehicles, elevator attendants at stations, dispatch of homeless outreach, mental health specialists, and security in appropriate situations, blue light boxes, studies to prevent intrusion onto Metro Rights of Way. Homelessness initiatives include short-term shelters, homeless outreach, and methods to gauge the success of homelessness efforts. These initiatives and programs will address demonstrations for racial justice and attempt to define the role of police in society. The FY22 O&M and SGR budget is augmented to support these efforts. The amount of customer experience projects total \$48.5 million. The table below lists the projects identified in the Motion:

Items included in FY22 Prelim Budget according to Motion 26.2		FY22 Prelim Budget
1. Public Safety:		
a	Transit ambassador program that provides staffed presence at Metro facilities and on Metro vehicles and offers riders assistance and connections to resources, modeled after the S.F. BART program.	\$ 20,000,000
b	Elevator attendants at stations	1,000,000
c	Flexible dispatch system that enables response by homeless outreach workers, mental health specialists, and/or unarmed security ambassadors in appropriate situations.	1,000,000
d	Call Point Security Project Blue light boxes recommended by Women and Girls Governing Council to improve security on the BRT and rail system.	5,000,000
e	Funds to initiate a study to develop recommendations to prevent intrusion onto Metro rail rights-of-way, including but not limited to subway platform-edge doors.	8,255,196
f	Pilot safety strategies on board buses to be recommended by PSAC.	3,000,000
2. Homelessness:		
a	Short term shelter for homeless riders.	2,000,000
b	Enhanced homeless outreach teams and related mental health, addiction, nursing, and shelter services.	5,000,000
c	Regular counts to monitor trends and gauge the success of Metro efforts to address homelessness.	250,000
d	Pilot homelessness strategies to be recommended by PSAC	3,000,000
TOTAL		\$ 48,505,196

*Totals may not add due to rounding

System Security and Law Enforcement

In March 2021, the Metro Board approved the law enforcement contract increase through December 2021. The FY22 Proposed Budget reflects the board authorization in Metro Transit program for the first 6 months of the fiscal year. Additional safety and security operations will be reviewed and proposed during Midyear while the board considers PSAC recommendations.

State of Good Repair (SGR)

The SGR program proposes asset replacement and improvement projects based the CEO prioritization criteria:

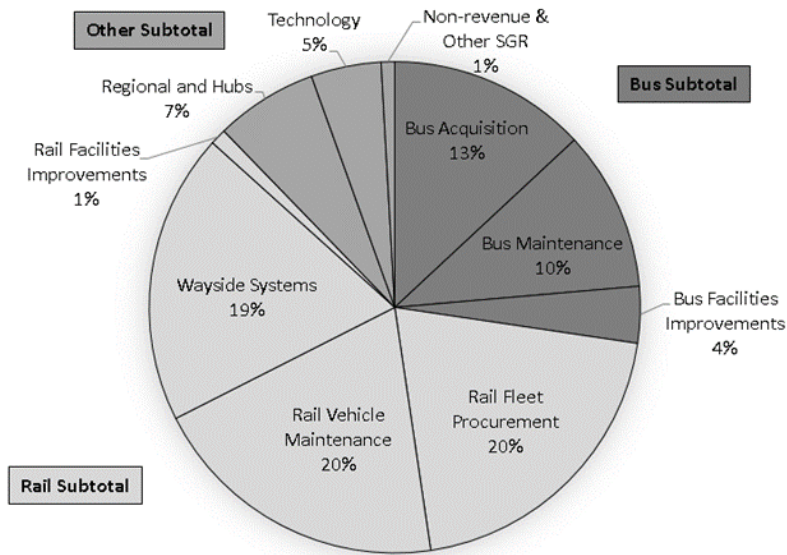
1. Project interdependency/safety and reliability.
2. Grant funding.
3. Equity.
4. Project readiness (shovel ready) & financial risk.

The objective aims to maintain existing transit infrastructure at a high level of safety, transit quality, and reliable operability. In addition to the prioritization criteria listed before for all Metro projects, the individual SGR project proposal was also reviewed based on industry standards, age-based condition assessment, and asset modernization needs due to obsolescence or technology advancement. CEO has directed staff to standardize the evaluation consideration under the context of operational needs to produce a financial policy during FY22.

In FY22, \$452 million is allocated to maintain Metro’s Bus, Rail, regional, and critical information systems. The FY22 budget request reflects planned project activities and the cash flow required to complete FY22 milestones and deliverables. A profile of the SGR program is shown in the table below:

Metro Transit - State of Good Repair (SGR)					(Millions)
Subprogram	FY2021 Budget	FY2022 Preliminary	Δ	Δ%	% of Total SGR Budget
Bus Acquisition	\$ 208.7	\$ 59.1	\$ (149.6)	-71.7%	13.1%
Bus Maintenance	33.7	47.7	14.0	41.5%	10.6%
Bus Facilities Improvements	16.8	16.8	(0.0)	-0.1%	3.7%
Bus Subtotal	\$ 259.3	\$ 123.7	\$ (135.6)	-52.3%	27.3%
Rail Fleet Procurement	73.8	91.9	18.0	24.4%	20.3%
Rail Vehicle Maintenance	45.7	89.9	44.2	96.8%	19.9%
Wayside Systems	91.7	86.6	(5.1)	-5.5%	19.2%
Rail Facilities Improvements	7.6	4.8	(2.8)	-36.6%	1.1%
Rail Subtotal	\$ 218.8	\$ 273.2	\$ 54.4	24.9%	60.4%
Regional and Hubs	22.8	30.5	7.7	33.7%	6.7%
Technology	17.2	20.9	3.7	21.4%	4.6%
Non-Revenue & Other SGR	3.2	4.0	0.8	23.6%	0.9%
Other Subtotal	\$ 43.3	\$ 55.4	\$ 12.1	28.0%	12.3%
Grand Total	\$ 521.4	\$ 452.3	\$ (69.1)	-13.2%	100.0%

*Totals may not add due to rounding



Bus State of Good Repair

Bus Acquisition, Bus Maintenance, and Bus Facilities Improvements make up \$123.7 million, 27.3% of the total SGR budget.

Bus Acquisition

Approximately \$59 million, 13.1% of the total budget is allocated for the bus procurement effort. In FY22 Metro anticipates delivery of approximately 80 forty-foot near zero emission CNG buses and 5 sixty-foot ZEB's. Since 2019 Metro has modernized the fleet with the receipt of 415 forty-foot CNG buses, 106 sixty-foot CNG buses, and 40 sixty-foot ZEB buses.

To pursue an environmentally sustainable bus fleet, Metro is working towards converting the entire fleet of approximately 2,300 buses from Compressed Natural Gas (CNG) to Zero Emission Electric Vehicles (ZEB). FY22 Bus acquisitions represent continued steps towards realizing this goal. CNG buses are being delivered to bridge the gap between available electric bus technology and existing bus retirement schedules, to ensure continuation of services. The first Electric/ZEB Buses have already been deployed on the G Line (Orange).

Bus Maintenance

Bus maintenance projects represent \$48 million, 10.6% of the SGR budget. These projects include refurbishment of buses when they reach mileage, age, overhaul standards, or exceed reliability standards. Refurbishment activities for 109 buses include: structural inspections, engine replacements, system overhauls, safety, ADA, security, and farebox upgrades. The budget request reflects the specific resource needs and cash flows to perform maintenance and adhere to maintenance schedules.

Bus Facilities Improvements

To ensure that Bus facilities at the divisions and transit centers remain safe for occupancy, comply with regulatory standards, and keep pace with changing service needs, Metro has a comprehensive facilities maintenance program. Bus Facilities Improvements make up \$17 million, 3.7% of the SGR budget. These projects include replacement of underground fuel storage tanks, roof ventilation retrofits, upgrade of fire alarm systems, and pavement replacement. Improvements also include development of plans for facility upgrades, site refurbishment, and site reconfigurations to upgrade facilities.

Rail State of Good Repair

Rail Fleet Procurement, Vehicle Maintenance, Facilities Improvements, and Wayside Systems repair and replacement total \$273.2 million, 60.4% of the total SGR budget.

Rail Fleet Procurement

Light and Heavy Rail Vehicle procurement and delivery is \$92 million, 20.3% of the SGR budget. Vehicle deliveries are slated for both rail expansion and existing vehicle replacement.

Light rail vehicle deliveries are in the final stage of the production and final deliveries are scheduled in the current contract. When final inspection and close-out activities are complete and vehicles are accepted, final progress payments will be paid. These vehicles are ready to be deployed for existing service and for expansion service, as service parameters are defined. Approximately 235 rail cars have been delivered since this procurement began in 2016.

Heavy Rail vehicles are being produced for both expansion and replacement. Before production of the 287 cars begins, two vehicles were delivered for rigorous testing and evaluation procedures. This is the first step towards replacing of the original B Line (Red) cars that began service in 1992, and allows for new cars for the D Line (Purple) extension.

Rail Vehicle Maintenance

Rail Vehicle Maintenance projects are allocated \$90 million, 19.9% of the budget. As with Bus Midlife Refurbishments, Heavy Rail vehicles go through a midlife overhaul. This overhaul consists of replacement of critical system components to 43 cars, to extend their useful life. Some vehicles scheduled for midlife refurbishment will be sent offsite and brought back for testing, inspection, and final acceptance.

On-site refurbishment projects are also proposed in this category. Systems scheduled for on-site overhaul include refurbishment of gearboxes, Heating, Ventilation, and Air Conditioning (HVAC) systems, and other major components that require specialized technical skills to rebuild.

Rail Facilities Improvements

Rail Facilities Improvement projects make up \$5 million, 1.1% of the SGR budget. Improvement efforts will maintain or upgrade existing Rail facilities, Rail stations and Operating Divisions. Some safety upgrades include installation of station/facility fire detection systems and installation/rehabilitation of station elevator and escalators. Other projects include ETEL/PTEL fire/life safety system replacement, station platform gate replacement, rail station/facility lighting retrofits, roof replacements, ventilation retrofits, pavement replacement, and driveway widening.

Wayside Systems

Wayside system improvements make up \$87 million, 19.2% of the SGR budget. It will ensure components such as track, signals, and tunnels are safe and reliable. Projects include B Line (Red) tunnel lighting improvements, C Line (Green) track circuit/control overhaul, upgrade/conversion of systems that have fiber optic technology, and overhaul/replacement of warning and trip systems on the A Line (Blue). Other projects include replacement of Metro's B Line (Red) Supervisory Control and Data Acquisition

(SCADA) system, which allows staff to make real-time decisions to improve safety and reliability. Overhead Catenary System (OCS) inspection /refurbishment and B Line (Red) tunnel corrosion repair will also be performed.

Other Asset Improvements

Other Asset Improvements total \$55 million, 12.3% of the budget, consisting of regional infrastructure improvements, replacement/maintenance of critical information management systems, and technology upgrades. Specific projects include completion of the Willowbrook/Rosa Parks station refurbishment, as well as on-going Patsaouras Plaza station improvements. Implementation of a new asset, inventory, and time tracking system is also a priority. This system will augment asset replacement prioritization and planning processes.

Various projects are in development and will be brought to the board for approval when design and construction details are fully defined. This includes initiation of design and engineering effort for a co-located Rail Operations Center (ROC) and Bus Operations Center (BOC). Co-locating ROC and BOC will allow for centralized oversight and better management in the event of a major emergency.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

CRRSAA funding will be used to support the Metro Transit Program, the Municipal and Tier 2 Operators, regional paratransit, Metrolink and Access Services through the provision of supplemental revenue to augment bus and rail eligible funds.

The SCAG Regional Council approved the distribution of a total of \$911.5 million, in two separate rounds (Round 1 and Round 2) to Los Angeles County. Figures below reflect a summary of both the Metro board approved, and proposed allocation of these funds.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

	Metro Board Adopted CARES Act Allocation	Distribution %	Adopted	Proposed	CRRSA Act Allocation Proposed Total
			CRRSA Act Allocation Round 1	CRRSA Act Allocation Round 2	
Metro	\$ 747,358,876	74.8794%	\$ 587,592,479	\$ 94,952,366	\$ 682,544,845
Municipal Operators *	124,128,084	12.4366%	97,592,644	15,770,543	113,363,187
Eligible Operators*	23,846,507	2.3892%	18,748,728	3,029,712	21,778,440
Tier 2 Operators	4,534,038	0.4543%	3,564,775	576,052	4,140,828
Metrolink	56,432,000	5.6540%	44,368,268	7,169,717	51,537,985
Access Services	33,500,000	3.3564%	26,338,549	4,256,194	30,594,742
Regional Paratransit/Vol. Reporters	8,284,094	0.8300%	6,513,164	1,052,499	7,565,663
	\$ 998,083,598	100.0000%	\$ 784,718,607	\$ 126,807,083	\$ 911,525,690

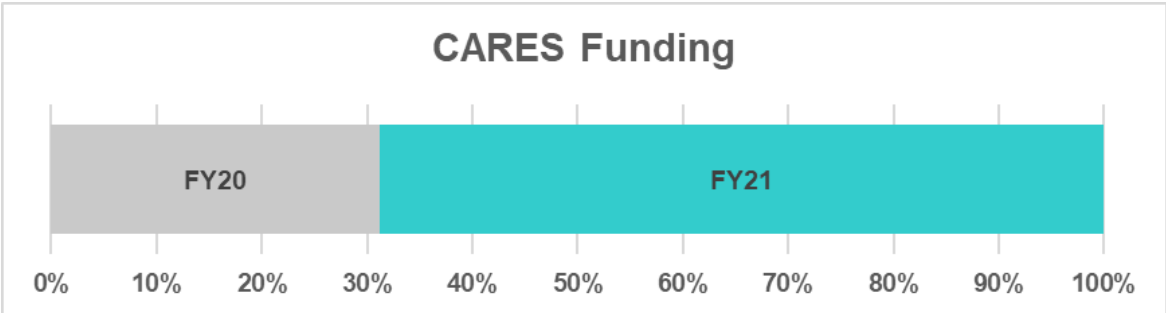
Note: For comparison, the CARES Act Allocation excludes funds appropriated directly to agencies - \$69,924,688.

* Foothill BSCP Included in Municipal Operators

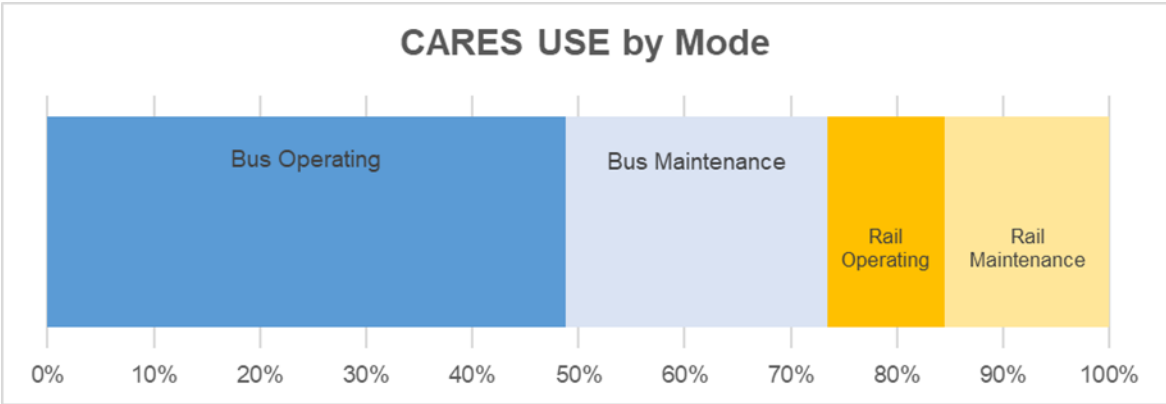
*Totals may not add due to rounding

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

In March 2020, Congress approved and signed into law the CARES Act, providing for over \$1 billion in transit funding for LA County. In May 2020, the Metro Board approved allocations to Metro totaling received \$874.8 million, which included fund exchanges for other transit operators in LA County. In September 2020, Metro completed full draw down of all these funds to operate and maintain the transit system. The CARES funding helped mitigate losses in FY20 and in FY21, as shown in the table below.



The use of CARES funding by mode aligns with how the allocations of funds, with over 70% used to fund bus operations and maintenance, as shown in the table below.



The CARES Act funding provided reimbursement for operating costs to maintain service and lost revenue. The table below summarizes the use of CARES by expense type, with almost 70% utilized on labor and payroll expenses.

