



Board Report

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Agenda Number:

**FINANCE, BUDGET, AND AUDIT COMMITTEE
MARCH 16, 2022**

SUBJECT: FISCAL YEAR 2023 BUDGET DEVELOPMENT STATUS UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Fiscal Year 2023 (FY23) Budget Development Status Update.

ISSUE

This is the second of a series of monthly updates to the Board on the FY23 Budget development process, culminating in a planned May 2022 Board Adoption.

The focus of this report is Metro's diverse portfolio of Capital projects, which includes the following capitalizable transit and transportation investments:

1. Transit Infrastructure Development (TID): planning and constructing new Transit and Highway Modernization projects for LA county as voter approved in Measure R and Measure M sales tax ordinances
2. Transit Capital Improvement Program (CIP): maintains and improves rolling stock (vehicles), assets, and infrastructure for the bus and rail transit systems. It consists of two main areas:
 - a) State of Good Repair (SGR) maintains Metro assets to ensure they are safe and reliable for daily operations. A core focus is the replacement of assets on a useful life basis.
 - b) Transit Improvement and Modernization (TIM) projects are one-time investments that aid transition of the Metro transit system and assets to the latest technological and environmental standards

Additionally, this report provides an overview of Metro's Regional Rail and Subsidy funding programs, and shares the latest update regarding Metro's comprehensive budget outreach efforts.

DISCUSSION

As the FY23 Equitable Zero-Based Budget (EZBB) progresses, more detailed budget proposals by program are being developed, starting with the preliminary capital investment in this month’s report. The Capital Investment made up 43% of the total agency’s budget in FY22, followed by the Regional Rail and Subsidy program which in combination made up 20% of the total agency’s budget. The FY23 Budget is still under development, but we anticipate the areas covered in this report will comprise almost two-thirds of the agencywide budget.

Capital Investment Preliminary:

This comprehensive report on Metro’s Capital projects is intended to provide an integrated assessment of Metro’s capital investments in order to support an efficient, equity-focused application of available funding. LA County’s transit expansion plan is the nation’s most ambitious and transformative program of transportation construction and enhancements. Metro is advancing this initiative in a fiscal environment defined by competing demands for limited funds, inflationary impacts on labor and construction costs, and one-time State and Federal transportation funding opportunities. While being mindful of the fiscal challenges that may increase total project cost at completion, capital projects typically take more than one fiscal year to finish. The FY23 preliminary budget represents the annual increment of cashflow requirement to continue to advance these capital projects.

Fig 1:

Category (\$ in millions)	FY22 Budget	FY23 Preliminary	Year Over Year Change	% Year Over Year Change
1 Transit Expansion	\$ 2,487.5	\$ 2,269.0	\$ (218.5)	-8.8%
2 Highway Modernization	475.1	617.2	142.1	29.9%
3 Transportation Infrastructure Development - Total	\$ 2,962.6	\$ 2,886.2	-76.4	-2.6%
4 Bus, Rail & Other State of Good Repair	412.9	425.8	12.9	3.1%
5 Transit Improvements & Modernization	78.2	74.8	-3.4	-4.3%
6 Transit Capital Improvement Program - Total	\$ 491.2	\$ 500.6	9.4	1.9%
7 TOTAL	\$ 3,453.8	\$ 3,386.8	-67.0	-2%

Note: Totals may not add due to rounding.

Transportation Infrastructure Development (TID)

The TID Program consists of highway modernization projects and transit line expansions and improvements identified in the MR and MM Ordinances. These project developments are divided into planning and construction phases, and the annual budget request reflects the annual increments of the project development phase. Starting with a feasibility study followed by alternatives analyses, the planning phase typically culminates in environmental clearance. The multi-year LOP budget is adopted for each project through a separate board action. For Highway Modernization projects, only those projects led by Metro will come before the Metro Board for LOP adoption. Projects led by the Los Angeles County, the Cities, or other entities are authorized through programming amounts presented to the Board semi-annually.

The annual budget monitors the cashflow requirement for the activities in each project phase, while

considering the existing level of board authorization(s), respective project delivery schedule, and identified eligible and available funding sources from Federal/State/Local grants, sales taxes and financing.

Fig 2:

Category (\$ in millions)	FY22 Budget	FY23 Preliminary	Year Over Year Change	% Year Over Year Change
1 Transit Expansion	\$ 2,487.5	\$ 2,269.0	\$ (218.5)	-8.8%
2 Highway Modernization	475.1	617.2	142.1	29.9%
3 Transportation Infrastructure Development - Total	\$ 2,962.6	\$ 2,886.2	-76.4	-2.6%

For fiscal year 2023, Figure 2 above displays the preliminary budget for the TID program at \$2.9 billion, a decrease of \$76.4 million or 2.6% from the FY22 budget. This is driven by the \$218.5 million reduction or 8.8% decrease in Transit Expansion program despite the 29.9% increase in the Highway Modernization project delivery.

The decrease in Transit expansion annual budget reflects the *substantial completion* for Crenshaw and Regional Connector and much of the right-of-way acquisition on the Purple Line Extension wrapping up.

The increased cashflow of \$149.1 million or 29.9% increase in the Highway Modernization program is reflective of the right-of-way acquisition and major construction starting at the SR-57/SR-60 confluence, construction of the I-5 capacity enhancement around the Santa Clarita area, and the I-105 Express Lane project progressing to Project Specification and Engineering phase.

More detailed project discussion can be found in attachment A.

Metro Transit - Capital Improvement Program (CIP)

The FY23 Metro Transit's capital program is expanding from "State of Good Repair (SGR)" to a more comprehensive term, "Capital Improvement Program (CIP)." This change will allow Metro to better align with FTA capital asset nomenclature guidelines, and it will help increase transparency. The CIP focuses on maintaining, upgrading, and modernizing assets and infrastructure to ensure the transit system has state of the art equipment and peripheral systems to provide high-quality transit service. Capital asset improvements within this budget include implementation of new technologies, rolling stock purchases, rolling stock modernization, station improvements and more. The goal of the CIP is to enhance the customer experience while improving safety and reliability. Metro's goal is to methodically renew and improve the system while maximizing scarce capital resources.

In FY23, \$500.6 million is allocated to maintain Metro's Bus, Rail, regional, and critical information systems needed to manage and monitor system-wide performance. It also reflects the maintenance of peripheral transit Infrastructure. The \$500.6 million estimate is based on current and future project activities and reflect the necessary cash flow to complete FY23 milestones and deliverables. A profile of the CIP program is shown in the table below.

Fig 3:

Transit Capital Improvement Program
State of Good Repair (SGR) & Transit Improvements/Modernization (TIM)

Capital Category (\$ in millions)	FY22 Active	FY23 Preliminary	Year Over Year Change	% Year Over Year Change
1 Bus Acquisition	\$ 93.1	\$ 82.1	\$ (11.0)	(11.8)%
2 Bus Facilities Improvements	16.8	16.6	(0.2)	(1.4)%
3 Bus Maintenance	47.1	41.7	(5.4)	(11.4)%
4 Bus	\$ 157.0	\$ 140.4	\$ (16.6)	(10.5)%
5 Rail Facilities Improvements	4.8	5.8	1.0	21.7%
6 Rail Fleet Procurement	91.9	55.8	(36.1)	(39.3)%
7 Rail Vehicle Maintenance	90.4	112.7	22.3	24.7%
8 Wayside Systems	14.7	42.1	27.4	186.9%
9 Rail	\$ 201.7	\$ 216.4	\$ 14.7	7.3%
10 Non-Revenue & Other SGR	3.4	5.6	2.2	65.9%
11 Regional and Hubs	1.0	6.0	5.0	503.1%
12 Systemwide Assets	\$ 4.4	\$ 11.7	\$ 7.3	165.3%
13 Bus, Rail & Other Subtotal	\$ 363.1	\$ 368.4	\$ 5.4	1.5%
14 Regional and Hubs	29.3	19.7	(9.6)	(32.7)%
15 Technology	20.6	37.7	17.1	82.9%
16 Other Asset Improvements	\$ 49.9	\$ 57.4	\$ 7.5	15.1%
17 SGR Subtotal	\$ 412.9	\$ 425.8	\$ 12.9	3.1%
18 TIM	\$ 78.2	\$ 74.8	\$ (3.4)	(4.4)%
19 Total Proposed Budget	\$ 491.2	\$ 500.6	\$ 9.4	1.9%

In the coming year, Metro will continue working toward the Board goal of achieving a zero-emission fleet by 2030. This effort will require a \$3.5B investment in buses and charging infrastructure over the next 10 years, approximately \$350M in annual expenses. This represents a significant increase above the \$140M average for bus and facilities in the past 10 years. Although there is a slight decrease in bus acquisition expenses this year, new zero emission bus acquisitions are in the pipeline and will increase as quickly as available technology and funding permit. A significant investment of \$13M will also be made in NextGen related projects this coming year. A detailed discussion of the CIP project and cashflow request for FY23 preliminary budget is included in Attachment B.

Metro Regional Rail

Metro is responsible for overseeing the planning, programming and implementation of commuter rail projects in LA County that are or will be operated by other agencies such as Southern California Regional Rail Authority (Metrolink), Amtrak, California High Speed Rail Authority, and freight carriers. Metro also manages and coordinates capital improvement projects along approximately 150 miles of Metro owned and Metrolink operated railroad right-of-way.

Fig 4:

Metro Regional Rail						
Project (\$ in millions)	FY22 Budget	FY23 Preliminary	\$ Change	% Change		
1 Link US	\$ 71.6	\$ 90.7	\$ 19.1	26.6%		
2 Rosecrans & Marquardt Grade	24.4	27.4	3.0	12.3%		
3 Brighton to Roxford Double Track	2.7	3.4	0.6	23.4%		
4 High Desert Corridor Rail Service Plan	2.0	3.5	1.5	73.4%		
5 Doran Street Grade Separation	2.8	12.4	9.6	341.5%		
6 Lone Hill to CP White	3.6	6.4	2.8	79.3%		
7 Other Metro Regional Rail	1.2	2.9	1.7	140.4%		
8 Total Metro Regional Rail	\$ 108.3	\$ 144.7	\$ 36.4	33.6%		

The LINK US project at Los Angeles Union Station (LAUS) will expand the overall capacity and operational efficiency of LAUS for rail operations. The FY23 budget is driven by the anticipated procurement of the Construction Manager / General Contractor (CMGC) contract and the finalization of real estate acquisitions. Other major activities include ongoing construction of the Rosecrans/Marquardt grade crossing project (the State of California’s top priority grade crossing separation project), construction of the interim configuration for the Doran St. Grade Separation Project, final design for the Brighton to Roxford double tracking project in the east San Fernando Valley and final design for the Lone Hill to White double tracking project in the San Gabriel Valley.

The Regional Rail group will also finalize a study to assess the feasibility of high-speed rail service from Palmdale via the High Desert Corridor to the Southern California terminus of the privately funded high-speed rail line to Las Vegas.

Metrolink Commuter Rail

At the time of this report, Metrolink is developing their FY23 operating and capital budget. An update will be included in a later monthly report to the Board.

Regional Allocations and Pass Throughs

The Regional Allocations and Pass Throughs represents resources distributed to regional partners to carry out local transportation needs. This component is directly tied to locally imposed and collected sales taxes as well as Metro oversight and distribution of State and Federal Funding Pass through grants. This includes subsidies paid to local jurisdictions, Municipal Operators and community operators, Access Services, and funding for other programs such as the Congestion Reduction Demonstrations (CRD), Toll Revenue grant programs, Open Streets grants, Active Transportation, TOD Planning grants and the Sankofa Park project.

The Regional Allocations and Pass Throughs program expenditures are projected to increase by approximately \$494.1 million to \$1.875 billion over the adopted FY22 budget. This increase is seen in Local Agencies (\$347 million) and Regional Transit (\$119.5 million). Major increases stem from

\$207.1 million for Inglewood Transit Connector (ITC) Project and \$232.1 million in the projected sales tax revenues for FY23 (which represents a 3.5% increase over the re-forecasted FY22 amount), FY21 carryover funding (FY21 actual receipts over adopted budget), and anticipated available grants. The table below summarizes the FY23 Preliminary Subsidy Budget.

Fig 5:
Regional Allocations and Pass Throughs (Subsidy Program)

Subsidy Program	FY22 Budget	FY23 Preliminary	\$ Change	% Change
1 <u>Local Agencies</u>				
2 Local Return, TDA 3 & 8	\$ 686.6	\$ 822.4	\$ 135.7	19.8%
3 CFP and Other (ITC)	103.0	314.7	211.7	205.6%
4 Subtotal Local Agencies	\$ 789.6	\$ 1,137.0	\$ 347.5	44.0%
5 Regional Transit	558.7	678.2	119.5	21.4%
6 Regional Federal Grants	17.1	28.7	11.6	68.1%
7 Fare Assistance	15.6	31.1	15.5	99.4%
8 FY23 Preliminary Subsidy Program	\$ 1,380.9	\$ 1,875.0	\$ 494.1	35.8%

Note: Totals may not add due to rounding.

Local Agencies and Regional Transit

As a result of the better than originally anticipated performance of the local economy during FY21 and FY22, direct subsidies provided by Local and State based Sales Tax Revenues including funding to Transit operators and Local Jurisdictions in Los Angeles County increased. Local Agencies sub-program increases by \$347.5 million or 44%, largely for Local Return and for the purchase of right of way and real estate for the Inglewood Transit Connector Project, \$207.1 million.

Collaboration with Regional Transit Operators and Access Services

Staff also continues to work in partnership with the Bus Operators Sub-committee (BOS) to understand the impact of COVID-19 and to determine the appropriate allocation methodology for the FY23 Formula Allocation Procedure (FAP). Final distribution amounts will be brought forward for specific Board approval detailing subsidy funding amounts for each Municipal and Local Operator, including Access Services, and local jurisdictions.

Also included in the FY23 Preliminary Budget Subsidy Program is funding from the adopted American Rescue Plan Act (ARPA) for those local community operators that require a Metro sponsored swap of Federal for Local funding as approved by the Board totaling \$10.6 million.

Preliminary funding of \$141.8 million is proposed for Access Service operations in Los Angeles County, including the direct Metro subsidy to support Access riders on Metrolink within the county, an increase of \$19 million over the adopted FY22 budget.

Staff will seek approval of FY23 Transit Funds Allocation, and the FY23 Access Services budget at the regularly scheduled June 2022 meeting.

Regional Federal Grants

Due to the pass-through nature, annual variability of Federal Grants, and uses by local jurisdictions, Regional Federal Grants are expected to increase by \$11.6 million in FY23 over the level adopted in FY22. The budget also includes a number of Board approved programs that include previous Call-For-Projects, Open Street Grants, TOD Planning Grants, other Active Transportation Improvement Projects and various Bicycle program improvements.

Fare Assistance - Low Income Fare is Easy (LIFE) Program

The LIFE program is anticipated to double in size during the year and the budget is increased accordingly to \$29.5 million to support the Board approved expansion and improvements to the program.

Equitable Zero-Based Budgeting (EZBB) Process

In the FY23 Budget development process, Staff has utilized the EZBB process to evaluate projects and services that are ready to be implemented and in service. The purpose is to be transparent in communicating the schedule and affordability impact of any scope and cost increases while discussing the tradeoffs and mitigation strategies.

The annual budget process details the actionable steps for these projects and services in terms of deliverables, milestones, scope, schedule and required resources in manpower, supplies, service contracts and budget. These elements will be evaluated together with the projects and services in progress for budget expenditures and eligible funding considerations. This is a continuous process as we develop the budget and will include the discussion in the monthly update report.

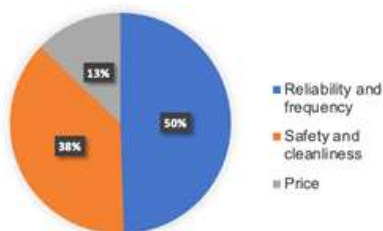
Early, Improved & Expanded Public Engagement Update

Following our CEO's lead in listening and learning early, Metro's public engagement and outreach began September 2021. We held early listening sessions with our public interest groups, Public Safety Advisory Committee (PSAC), and our union leaders to hear their concerns. We have made significant strides in how we are able to engage with the public on these important budget decisions. This year we are making efforts to report on how the public's comments helped shape our budget and a summary of all comments will be available on the Finance and Budget portal at www.metrobudget.net <<http://www.metrobudget.net/>>.

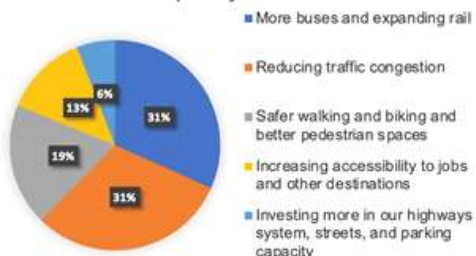
Telephone Town Hall

We launched the public engagement efforts with our Telephone Town Hall (TTH) meetings which included over 7,000 participants listening in, including 400 Spanish listeners. The following results are from polling questions asked during the TTH meeting:

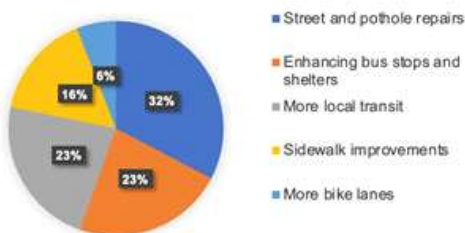
Which of the following is most important to you?



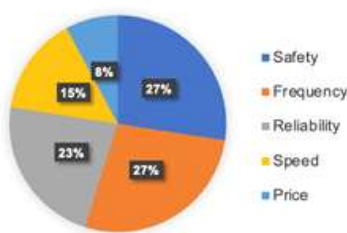
What is your top regional transportation priority?



What type of improvement project would you find most useful?



Of the 5 categories, please select what is most important to you.



The priorities reflected in the TTH comments are like those in the budget survey comments. However, while the same priorities are echoed in both forums, there are differing comments on how to achieve these priorities.

New Budget Survey

The new budget survey included 8,000 responses to the survey and resulted in more than 4,000 written comments. This year, our efforts are focused on closing the loop and showing how comments have helped shaped Metro’s budget. These 4,000 comments have been distributed to departments for the FY23 Budget development process. To help review and assess these comments, word clouds were created to identify the most frequent words and themes from the comments. The word cloud below visually illustrates the over 4,000 comments we have received, with bus identified as the number one priority. Departments can drill down further and filter to specific projects and programs to review specific comments.

EQUITY PLATFORM

The FY23 EZBB process begins with evaluating everything we do by providing flexibility to focus resources on Metro's core missions, key initiatives, and priorities. Equity is also a top priority in these budget discussions as Metro considers how to carry out the many initiatives and the impact on communities. Applying an equity lens to Metro's FY23 Budget for programs, projects and initiatives means to look at all aspects of the budget. Furthermore, the FY23 Budget will align with principles that highlight how public transit can be equitable, sustainable, economically productive, safe, and accessible.

Additionally, the Metro Budget Equity Assessment Tool (MBEAT) has been incorporated in the development of the FY23 Annual Budget. MBEAT assess all FY23 budgetary requests for impacts to marginalized and/or vulnerable communities, help staff identify potential barriers or harms to address, and help staff consider how Metro budgets influence marginalized communities' access to opportunities and reduce potential barriers or harms. Furthermore, the annual budget is developed through a comprehensive process and supports pillars two (Listen and Learn) and three (Focus and Deliver) of the agency's Equity Platform framework.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The 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 LA County.

NEXT STEPS

Next month's FY23 Budget process update will address Metro Transit Operations & Maintenance, other Metro Operating Programs, General Planning and Programs, and Safety and Security.

ATTACHMENTS

Attachment A - Transportation Infrastructure Development

Attachment B - Metro Transit - Capital Improvement Program (CIP)

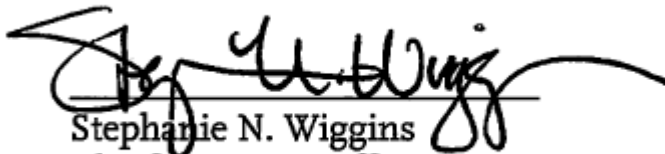
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Transportation Infrastructure Development

TID Projects in Construction phase:

Crenshaw/LAX and Regional Connector

The Crenshaw/LAX FY23 preliminary budget of \$51.9 million are for systems integration testing and pre-revenue operational activities along the 8.5-mile alignment from Crenshaw/Expo to LAX. Regional Connector FY23 preliminary budget of \$98.5 million continues work on systems, mechanical and electrical installation, station finishes, and artwork along 1.9-mile alignment in Downtown LA. Both projects will progress towards revenue service in 2023.

D (Purple) Line Extension

This includes three sections of the subway extension westward from the current terminus of Wilshire / Western station, and the Division 20 Portal Widening which facilitates the headway requirements for the entire D Line, taking into account the shared trunk between Union Station and 7th/Metro. The FY23 preliminary budget of \$1.1 billion supports the continued advancement of tunneling, station box, and trackwork construction activities along the 9.1-mile extension. Section 3, in addition to the tunneling, will continue with its final design and advanced utility relocation. The Revenue Service Dates for Sections 1, 2, and 3 are 2024, 2025, and 2027, respectively.

Airport Metro Connector

The Airport Metro Connector is a station hub at Aviation BI / 96th Street on the Crenshaw/LAX Transit line which enables quicker and smoother transfers to LAX and Metro Transit networks. This station hub will include the light rail station, bus plaza, bicycle parking, customer service center, direct connection to the LAX Automated People Mover, and passenger pick-up and drop-off area. FY23 preliminary budget of \$241.8 million supports construction activities.

L (Gold) Line Foothill Extension 2A & 2B

The Gold Line Foothill Extension preliminary budget of \$185.8 million supports improvements to Azusa Depot, final design effort, heavy construction activities beyond Azusa. A targeted Substantial Completion is planned for 2025.

G (Orange) Line BRT Improvements

The G (Orange) Line BRT Improvements will provide better transit service in the San Fernando Valley area with grade separations on major streets, better signal priority technology, electric bus connectivity and four-quad gating system for faster trips. With procurement process underway, this project is vulnerable to cost increases due to aforementioned market risks. FY23 preliminary budget of \$56.4 million supports final design, advanced utility relocations and the early construction activities.

East San Fernando Valley LRT

The East San Fernando Valley LRT project is total of 9.2-mile, 14-stations extending northward from G Line Van Nuys station to Sylmar/San Fernando intersection. This project is being built in two segments, with the first interim operating segment (IOS) being the 6.7-mile stretch between the G Line Van Nuys station to San Fernando Road in Pacoima. The IOS was introduced as means to deliver the project efficiently and cost-effectively. However, with the bid package currently issued for progressive design-build delivery, this project faces aforementioned challenges of the market condition. FY23 preliminary budget of \$245.7 million supports right-of-way acquisition, pre-construction activities, and advanced utility relocations.

TID Projects in MR/MM Planning Phase:

The Planning Studies FY23 preliminary budget of \$169.5 million encompasses the first decade and beyond of MR and MM projects. This includes but is not limited to conceptual engineering, environmental clearance, and right-of-way acquisition. Some highlights include the Sepulveda Corridor project which continues predevelopment work to explore monorail and heavy rail concepts, the West Santa Ana Branch Corridor project for continued Private Public Partnership developments, the East Side Extension Phase 2 draft environmental impact report, and San Gabriel Valley Feasibility Study of mass transit (bus/rail/shuttle service) options. Completion of the planning phase of projects supports a state of readiness to advance projects into construction.

Transit Expansion Program (\$ in millions)

Project	Exp thru FY21	FY22 Budget	FY23 Preliminary	LOP Budget
1 MR/MM Transit Construction				
2 Expo LRT	\$ 2,291.1	\$ 4.5	\$ 4.5	\$ 2,301.1
3 Crenshaw/LAX LRT	2,251.1	134.5	51.9	2,392.5
4 Regional Connector	1,507.7	261.0	98.5	1,817.5
5 D (Purple) Line Extension	4,665.7	1,332.6	1,115.8	9,680.8
6 Airport Metro Connector	166.0	143.2	241.8	898.6
7 L (Gold) Line Foothill Extension 2A & 2B	1,377.0	185.6	282.4	2,330.5
8 G (Orange) Line BRT	24.0	18.7	56.4	-
9 East San Fernando Valley	71.3	256.9	245.7	-
11 MR/MM Transit Construction Sum	\$ 12,354.0	\$ 2,336.9	\$ 2,097.0	\$ 19,421.0
12 MR/MM Transit Planning				
13 Eastside Access	\$ 21.5	\$ 10.0	\$ 8.6	
14 North San Fernando Valley BRT	6.3	1.8	3.3	
15 BRT Connector G/B Line to L Line	10.3	2.9	5.1	
16 West Santa Ana Branch Corridor	56.8	24.9	28.0	
17 Sepulveda Corridor	22.9	60.1	80.7	
18 Vermont Transit Corridor	2.7	3.6	2.5	
19 C (Green) Line South Bay	18.3	18.2	10.7	
20 Eastside Extension*	83.3	9.6	12.3	
21 SGV Feasibility Study	0.1	1.6	1.9	
22 Crenshaw Northern	3.9	15.3	16.4	
23 MR/MM Transit Planning Sum	\$ 226.1	\$ 148.0	\$ 169.5	
24 Business Solutions Center	6.1	2.6	2.5	
25 Total MR/MM Transit Expansion	\$ 12,586.2	\$ 2,487.5	\$ 2,269.0	

* Expenditures thru FY21 includes \$33.3M of Board authorized vehicle purchase.

Highway Modernization

The Highway Modernization Program continues to grow year over year as a variety of projects enter construction phases. The Highway Modernization Program is different from the Transit Construction Program in that completed projects represent non-Metro owned capital assets despite similarities in delivery and construction phases. For most Highway modernization projects, Metro oversees the planning and early engineering phases, then transfers the project over to Caltrans to execute right-of-way acquisitions and construction. Upon completion, Highway modernization projects are capitalized as a Caltrans asset with Caltrans assuming primary responsibility for operations and maintenance.

The total Highway Modernization Program FY23 preliminary budget is \$617.2 million, representing a \$142.1 million or 29.9% increase from the FY22 budget of \$475.1 million (see table below), primarily due to construction activities for I-5 North Capacity Enhancements, SR-57 / SR-60 confluence, and progression of I-105 ExpressLane to Project Specification and Engineering phase.

Highway Modernization (\$ in millions)

	Project	Exp thru FY21	FY22 Budget	FY23 Preliminary	Subregion
1	MR/MM Projects				
2	Alameda Corridor East Grade Separations Phase 2	\$ 281.8	\$ 59.0	\$ 20.0	sg
3	Countywide Soundwall Constructions	86.9	20.8	20.1	sc
4	High Desert Corridor (environmental)	36.6	0.4	0.3	nc
5	Highway Efficiency Program	28.5	19.8	17.4	sb, nc, lvm, av
6	Highway Operational Improvements in Arroyo Verdugo Subregion	48.6	8.2	8.2	av
7	Highway Operational Improvements in Las Virgenes/Malibu Subregion	129.3	6.7	6.8	mlv
8	I-105 Express Lane from I-405 to I-605	3.7	10.4	35.2	sc
9	I-405 Sepulveda Express Lanes	2.8	6.0	10.5	sf
10	I-405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)	113.7	26.2	45.2	sb
11	I-5 Capacity Enhancement from I-605 to Orange County Line	126.2	17.0	19.0	gc
12	I-5 Capacity Enhancement from SR-134 to SR-170	168.7	17.0	19.0	av, sf
13	I-5 Carmenita Road Interchange Improvement	17.3	4.5	2.0	gc
15	I-5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	59.9	83.7	152.5	nc
16	I-605 Corridor "Hot Spot" Interchanges	172.4	48.5	47.6	gc
17	I-710 South and/or Early Action Projects	152.2	16.3	12.4	gc
18	North County Operational Improvements	0.2	0.2	0.1	nc
19	SR-138 Capacity Enhancements	61.0	20.6	10.7	nc
20	SR-57/SR-60 Interchange Improvements	26.3	56.5	129.9	sg
21	SR-71 Gap from I-10 to Rio Rancho Rd.		27.7	20.0	sg
22	SR-710 N Corridor Mobility Improvements	51.3	8.8	17.2	av, cc, sg
23	MR/MM Projects Sum	\$ 1,567.3	\$ 458.4	\$ 594.3	
24	Other				
25	Caltrans Property Maint	\$ 9.9	\$ 0.2	\$ 0.9	
26	Highway Planning & Admin		2.7	2.9	
27	I-210 Barrier Replacement	12.5	5.8	6.5	
28	I-405 Car Pool Lane	1,460.5	0.7	0.5	
29	Nextgen Bus Lanes	2.5	7.3	12.2	
30	Total Highway	\$ 3,052.8	\$ 475.1	\$ 617.2	

Metro Transit - Capital Improvement Program (CIP)

The CIP program consists of two areas of focus, State of Good Repair (SGR) and Transit Improvements/Modernization (TIM). The following section discusses the projects within each area.

Metro Transit - State of Good Repair

State of Good Repair (SGR) projects within the CIP focus on replacing or maintaining assets that have met or exceed their useful life. This category focuses on keeping the system in a safe and reliable condition to deliver Board approved service levels. These are generally recurring projects.

Transit Capital Improvement Program State of Good Repair (SGR)

Capital Category (\$ in millions)	FY22 Active	FY23 Preliminary	\$ Change	% Change	% of Total
1 Bus Acquisition	\$ 93.1	\$ 82.1	\$ (11.0)	(11.8)%	16.4%
2 Bus Facilities Improvements	16.8	16.6	(0.2)	(1.4)%	3.3%
3 Bus Maintenance	47.1	41.7	(5.4)	(11.4)%	8.3%
4 Bus	\$ 157.0	\$ 140.4	\$ (16.6)	(10.5)%	28.0%
5 Rail Facilities Improvements	4.8	5.8	1.0	21.7%	1.2%
6 Rail Fleet Procurement	91.9	55.8	(36.1)	(39.3)%	11.1%
7 Rail Vehicle Maintenance	90.4	112.7	22.3	24.7%	22.5%
8 Wayside Systems	14.7	42.1	27.4	186.9%	8.4%
9 Rail	\$ 201.7	\$ 216.4	\$ 14.7	7.3%	43.2%
10 Non-Revenue & Other SGR	3.4	5.6	2.2	65.9%	1.1%
11 Regional and Hubs	1.0	6.0	5.0	503.1%	1.2%
12 Systemwide Assets	\$ 4.4	\$ 11.7	\$ 7.3	165.3%	2.3%
13 Bus, Rail & Other Subtotal	\$ 363.1	\$ 368.4	\$ 5.4	1.5%	73.6%
14 Regional and Hubs	29.3	19.7	(9.6)	(32.7)%	3.9%
15 Technology	20.6	37.7	17.1	82.9%	7.5%
16 Other Asset Improvements	\$ 49.9	\$ 57.4	\$ 7.5	15.1%	11.5%
17 Metro Transit - SGR Subtotal	\$ 412.9	\$ 425.8	\$ 12.9	3.1%	85.1%
18 Metro Transit - TIM	\$ 78.2	\$ 74.8	\$ (3.4)	(4.4)%	14.9%
19 Total Metro Transit Proposed Budget	\$ 491.2	\$ 500.6	\$ 9.4	1.9%	100.0%

Bus - State of Good Repair

Bus Acquisition, Facilities Improvements, and Bus Maintenance make up \$140.4 million, 28.0% of the total CIP budget.

Bus Acquisition

Metro is continuing its pursuit of a truly sustainable bus fleet. The Board has adopted a goal of converting Metro's entire fleet of buses from Compressed Natural Gas (CNG) to Zero Emission electric vehicles by the year 2030. This is an ambitious goal considering Metro has the second largest bus fleet in the United States, and places high mileage and vehicle performance demand on its 2,300 buses. Electric and Zero Emission bus technology is still in the development stage. Metro will partner with electric bus manufacturers to test, develop, and improve electric bus technology to the point of full technological maturity. FY23 Bus acquisition and delivery represents a step towards realizing this goal. Bus acquisition consists of procurement and delivery of buses to replace buses scheduled for retirement, supporting ever-evolving service improvements, and for initiating Electric/Zero Emission Buses (ZEB) bus deployment on various bus transit corridors. Approximately \$82.1 million, 16.4% of the CIP budget is allocated for these efforts. Metro anticipates commencing delivery of approximately 60 forty-foot ZEB buses and finalizing payment for 40' and 60' buses. Metro is also investing approximately \$20M in charging infrastructure. Placement of electric charging equipment and infrastructure will occur at stations on the J Line (Silver) alignment, as well as operating divisions.

Bus Facilities Improvements

Bus Facilities Improvements make up \$16.6 million, 3.3% of the CIP budget. These projects include development of master plans for facility upgrades, site refurbishment, and site reconfigurations to upgrade and maintain facilities. Upgrades include regulatory compliance mandates, such as replacement of underground fuel storage tanks, roofs, building ventilation, upgrade of fire alarm systems, and bus division pavement replacement.

Bus Maintenance

Bus maintenance projects represent \$41.7 million, 8.3% of the CIP budget. Although this is a decrease from the FY22 budget, the budget request reflects the specific resource needs to perform scheduled maintenance. Bus maintenance projects include bus midlife refurbishment and integrated engine replacement. Midlife refurbishment ensures that our buses are operational for their designated useful life, which includes structural integrity checks and change-out of critical system components. The refurbishment program also consists of installation of live view security monitors, fare box upgrades, and upgraded ADA wheelchair securement equipment. All buses scheduled for midlife refurbishment are based on bus age, miles accumulated thus far in revenue service, and reliability measurements of the bus series.

Rail - State of Good Repair

Rail Fleet Procurement, Vehicle Maintenance, Facilities Improvements, and Wayside Systems repair and replacement total \$216.4 million, 43.2% of the CIP budget.

Rail Fleet Procurement

Light and Heavy Rail Vehicle procurement is allocated \$55.8 million, 11.1% of the CIP budget. It is dedicated to vehicle deliveries for both rail expansion and existing vehicle replacement. Light rail vehicle deliveries are in the final stage of production and delivery. Staff will focus on closing out production and assembly installations. When these activities are complete, the vehicles will be accepted, final progress payments paid, and deployed for existing service and expansion pre-revenue activities.

Heavy Rail pilot vehicles are scheduled for delivery, inspection, and testing. This is the initial major milestone in the process of replacing the original B (Red) Line cars that began service in 1992. These new vehicles will replace the existing vehicles and will have many amenities that will enhance the transit customer experience.

Rail Vehicle Maintenance

Rail Vehicle Maintenance projects are allocated \$112.7 million, 22.5% of the CIP budget. Two major vehicle component overhaul programs will continue to augment the quality of the rail fleet. Additional customer amenities will be installed. Vehicle subsystem overhaul will include refurbishment of gearboxes, Heating, Ventilation, and Air Conditioning (HVAC) systems, and other major equipment that require specialized technical skills to rebuild.

The Heavy Rail vehicle midlife modernization consists of the change out of critical system components to extend the vehicle useful life on B (Red) Line vehicles. Vehicles scheduled for midlife will be sent offsite and be brought back for testing, inspection, and final acceptance. Midlife refurbishment includes inspection and overhaul of critical assemblies that include propulsion power systems, friction brake control, Automatic Train Control (ATP), and numerous subsystems required to improve operational reliability. Refurbishment also includes the installation of a fire mist suppression system, which will provide an economical fire life safety solution on the Red and Purple Lines.

Light Rail overhauled vehicles will also be delivered for testing on the Green and Blue Lines. The vehicles were also sent offsite for a complete overhaul and new component installation. New Automatic Train Protection (ATP) equipment will enable the trains to on the Blue and Crenshaw Lines and in street mode. The critical operational systems for overhaul include friction brakes, air compressor motors, and gearboxes.

Rail Facilities Improvements

Rail Facilities projects make up \$5.8 million, 1.2% of the CIP budget. Projects are slated to maintain existing rail facilities with mandated regulatory upgrades such as station/facility fire control panel installation, platform gate replacement, various lighting

retrofits, roof replacements, ventilation, HVAC system repairs, pavement replacement, and driveway widening.

Wayside Systems

Wayside system improvements make up \$42.1 million, 8.4% of the CIP budget. Projects include the on-going replacement of the Supervisory Control and Data Acquisition (SCADA) system, as well as track system replacement, Overhead Catenary System (OCS) inspection/refurbishment, train control track circuits, train-to-wayside (TWC) communication system, tunnel corrosion mitigation, and many other maintenance projects.

Other Asset Improvements - State of Good Repair

Other Asset Improvements total \$57.4 million, 11.5% of the CIP budget. These projects are slated for regional construction improvements, replacement of maintenance vehicles/equipment, and technology upgrades. Metro will be making significant investments in track and tunnel intrusion technology, enhanced CCTV systems, and improvements to signage and wayside throughout the system. System technology purchases and upgrades for agency infrastructure and customer support systems. A significant technology project is continuing efforts with development and integration of the Enterprise Asset Management System (EAMS). The EAMS project will integrate maintenance activities and track agency-wide capital assets. Significant investments will also be made in Transit Signal Priority (TSP) and Bus Mobile Validators (BMV) for all door boarding, as a part of NextGen.

Metro Transit - Transit Improvements/Modernization

Transit Improvements/Modernization (TIM) projects within CIP focus on projects that are outside the scope of recurring maintenance or replacement of capital assets. They consist of a variety of project types. Major technological enhancements to existing assets or replacement of existing assets with much more advanced assets are a focal point of this category. It also comprises of projects that will significantly expand the scope or delivery method of services. These are generally one-time or unique projects.

Transit Capital Improvement Program
Transit Improvements/Modernization (TIM)

Project Name (\$ in millions)	FY22 Active	FY23 Preliminary	\$ Change	% Change	% of Total
1 Metro Center Street Project	46.9	15.1	(31.8)	(67.9)%	3.0%
2 Willowbrook/Rosa Parks Stn Improv	6.3	4.6	(1.7)	(27.1)%	0.9%
3 MBL Resignaling Rehabilitation	6.4	4.5	(1.9)	(29.8)%	0.9%
4 Fare Capping	3.9	2.5	(1.4)	(36.4)%	0.5%
5 Rail To Rail Seg A	10.0	21.5	11.6	116.1%	4.3%
6 Industrial Park Study	-	1.2	1.2	N/A	0.2%
7 EV Infrastructure J/Silver Line	-	11.4	11.4	N/A	2.3%
8 Patsaouras Plz Station Improvements	0.7	0.4	(0.3)	(47.7)%	0.1%
9 Customer Service Tech Upgrades	0.1	0.4	0.2	169.9%	0.1%
10 EV Charging Station At Metro Rail	0.0	0.3	0.3	714.2%	0.1%
11 Customer Resource Mgmt Upgrades	0.6	0.3	(0.3)	(54.5)%	0.0%
12 MBL Pedestrian Gates	0.0	0.1	0.1	291.0%	0.0%
13 General Safety Improvements	-	5.2	5.2	N/A	1.0%
14 Safety Management Sys Upgrades	0.2	0.0	(0.1)	(79.7)%	0.0%
15 MBL Track & System Refurbishment	2.5	0.0	(2.5)	(98.8)%	0.0%
16 Bus Mobile Validators	-	7.4	7.4	N/A	1.5%
17 Metro Emergency Operations Center	0.8	0.0	(0.8)	(99.7)%	0.0%
18 Metro Transit - TIM Subtotal	\$ 78.2	\$ 74.8	\$ (3.4)	(4.4)%	14.9%
19 Metro Transit - SGR	\$ 412.9	\$ 425.8	\$ 12.9	3.1%	85.1%
20 Total Metro Transit Proposed Budget	\$ 491.2	\$ 500.6	\$ 9.4	1.9%	100.0%

TIM budget requests include the completion of Rosa Parks/Willowbrook Station refurbishment, preliminary design and engineering of a co-located Rail Operations Center/Bus Operations Center (ROC/BOC), preliminary design of construction of an integrated Emergency Security Operations Center (Center Street) and completion of Patsaouras Plaza station improvements. This also includes investments in Fare Capping, Customer Relations Management (CRM) technology, and EV Charging infrastructure at rail stations. Rail to Rail Segment A connects the Metro Blue Line to the future Crenshaw/LAX Line via a bike path and pedestrian walkway. Professional and technical services for the Industrial Park project are also budgeted in this area. Final elements of A (Blue) Line resignaling are accounted for as well.



Item #13

FY23 Budget Development Update

- **Metro Capital Investment**
 - **Regional Allocation & Pass Through (Subsidy Account)**
 - **Budget Outreach**
-

Finance & Budget Committee

March 16, 2022

FY23 Budget Development Status

In FY22, Capital Investment is 44% of the Budget,
 Subsidy 17%,
 the two combined accounts for almost 2/3 of annual budget (FY22)



	(\$ in millions)	FY22 Budget	% of FY22 Budget	FY23 Preliminary
1	Capital Investment			
2	Transit Infrastructure			
3	Transit	\$ 2,487.5		\$ 2,269.0
4	Highway Modernization	475.1		617.2
5	Subtotal Transit Infrastructure	2,962.6	37%	2,886.3
6				
7	Transit Capital Improvement			
8	State of Good Repair	412.9		425.8
9	Transit Improvement/Modernization	78.2		74.8
10	Subtotal Transit Capital Improvement	491.1	6%	500.6
11				
12	Regional Rail Capital	108.3	1%	144.7
13				
14	Total Capital Investment	3,562.0	44%	3,531.6
15				
16	Subsidy Program	1,380.9	17%	1,875.0
17				
18	Metro Transit Operation and Maintenance	2,067.1	26%	TBD
19	Congestion Management	104.4	1%	TBD
20	General Planning	215.6	3%	TBD
21	Oversight and Administrative	69.8	1%	TBD
22	Metrolink Subsidy	124.7	2%	TBD
23	Debt Services	515.6	6%	TBD
24	Total Budget	\$ 8,040.1	100%	TBD

CEO Directive: Apply EZBB to Capital Investment



Establish a highest-level task force comprised of most experienced cabinet members from Operations, Planning and Program Management



Comprehensive review of entire life of project phases from Planning to Construction to Operability



Enhance internal Control, manage delivery on-time and within LOP



Seek alternative funding, delivery and design methodology



Evaluate and inform the board about schedule and affordability impact of any scope and cost increases while discussing the tradeoffs and mitigation strategies



Transportation Infrastructure Development (TID)

- Transit Expansion, MR/MM Planning Projects
- Highway Modernization

Metro Transit Capital Improvement Projects (CIP)

Regional Rail & Metrolink

Regional Allocations & Pass-throughs (Subsidy Program)

Transportation Infrastructure Development (TID)

KEY PROJECTS

Transit Construction

- D (Purple) Line Extension
- Airport Metro Connector
- L (Gold) Line Foothill Extension 2A & 2B
- G (Orange) Line BRT
- East San Fernando Valley

MR/MM Transit Projects in Planning Phase

- West Santa Ana Branch Corridor
- Eastside Extension & SGV Feasibility Study
- Sepulveda Corridor
- Vermont Transit Corridor
- C (Green) Line South Bay
- And More

Highway Modernization

- Alameda Corridor East Grade Separation Phase 2
- I-5 Capacity Enhancements and Truck Lanes
- Countywide Soundwalls
- SR-710 N Corridor Mobility Improvements
- I-405, I-110, I-105, SR-91 Improvements (South Bay)
- I-605 Corridor "Hot Spots"
- And More

TID (\$ in Millions)	FY22 Budget	FY23 Preliminary	\$ Change	% Change
1 Transit Construction	\$ 2,339.5	\$ 2,099.5	\$ (240.0)	-10.3%
2 MR/MM Transit Planning	148.0	169.5	21.5	14.5%
3 Highway Modernization	475.1	617.3	142.2	29.9%
4 Transit Infrastructure Development (TID) Total	\$ 2,962.6	\$ 2,886.3	\$ (76.3)	-2.6%

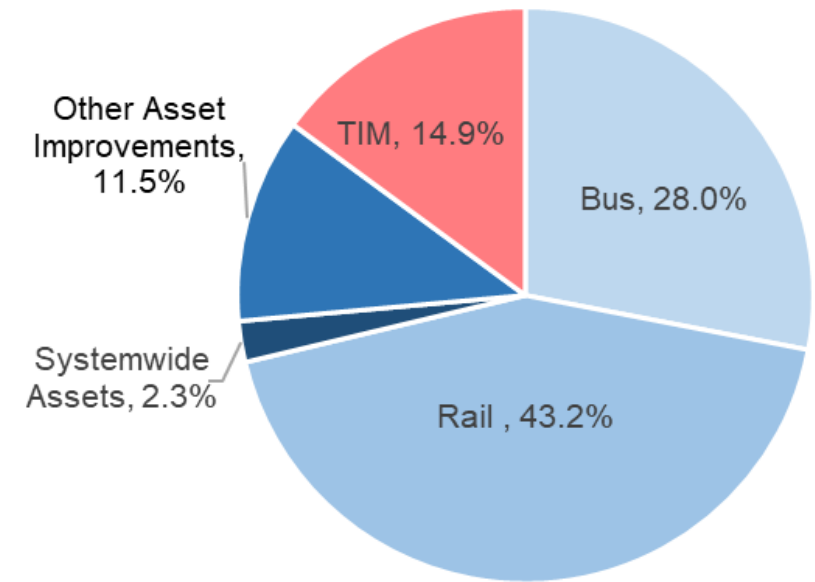
TID Program is slight decrease of \$76.3M (2.6%) from FY22 as Crenshaw and Regional Connector reach substantial completion

- Transit Construction: Reduction of \$240M (8.8%)
 - Crenshaw/LAX & Regional Connector transitioning from construction to revenue service; budget will move from capital investment to operating
- MR/MM Transit Planning: Increasing by \$21.5M (14.5%)
 - Predevelopment work, environmental reviews, and studies on various projects
- Highway Modernization: Increasing by \$142M (29.9%) from FY22
 - Projects enter construction phase

← Complete project list enclosed in Board Report Attachment A

Metro Transit Capital Improvement Program (CIP)

Capital Improvement Program (CIP) \$ in millions	FY22 Active	FY23 Preliminary	\$ Change	% Change
State of Good Repair (SGR)				
Bus (Rolling Stock, Facility, & Mid-Life)	\$ 157.0	\$ 140.4	\$ (16.6)	-10.6%
Rail (Rolling Stock, Facility, Mid-Life & Wayside)	201.7	216.4	14.7	7.3%
Systemwide, Other Asset & IT	54.3	69.1	14.8	27.3%
State of Good Repair (SGR) Total	412.9	425.9	12.9	3.1%
Transit Improvements/Modernization (TIM) Total	78.2	74.8	(3.4)	-4.4%
Total Proposed Budget	\$ 491.1	\$ 500.6	\$ 9.4	1.9%

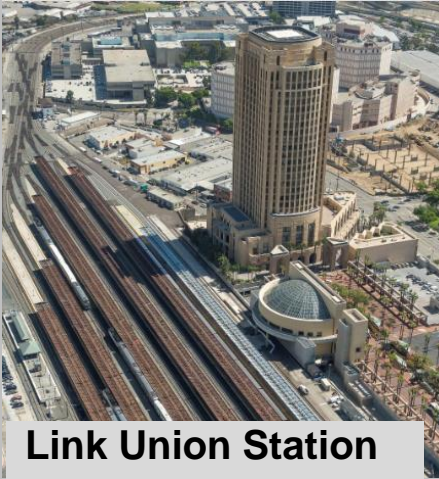


CIP maintains and improves existing assets and transit systems:

(Including rolling stock, facilities, bikeway/bike path, stations, regional hubs, IT infrastructure and more)

- State of Good Repair (SGR): recurring replacement to maintain existing system in reliable operational condition
- Transit Improvements/Modernization (TIM): one-time upgrade and expansion of existing system to the latest technology and environmental goals

Regional Rail Capital



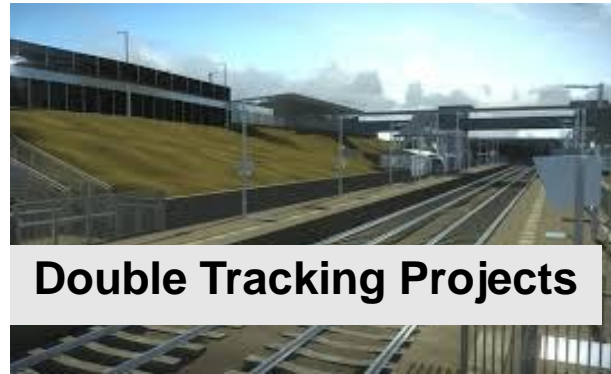
Link Union Station

Complete ROW acquisitions,
Start general construction
management Activities



Metrolink's FY23 budget is still under development. Update upon receipt of Metrolink's official FY23 budget request.

Metro Regional Rail						
Project (\$ in millions)	FY22 Budget	FY23 Preliminary	\$ Change	% Change		
1 Link US	\$ 71.6	\$ 90.7	\$ 19.1	26.6%		
2 Rosecrans & Marquardt Grade	24.4	27.4	3.0	12.3%		
3 Brighton to Roxford Double Track	2.7	3.4	0.6	23.4%		
4 High Desert Corridor Rail Service Plan	2.0	3.5	1.5	73.4%		
5 Doran Street Grade Separation	2.8	12.4	9.6	341.5%		
6 Lone Hill to CP White	3.6	6.4	2.8	79.3%		
7 Other Metro Regional Rail	1.2	2.9	1.7	140.4%		
8 Total Metro Regional Rail	\$ 108.3	\$ 144.7	\$ 36.4	33.6%		



Double Tracking Projects

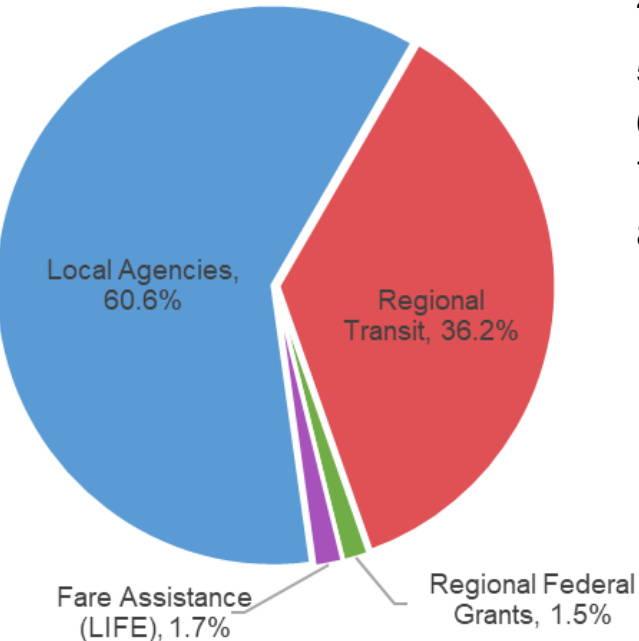
Brighton to Roxbury: Final Design
Lone Hill to White: Final Design



Grade Separation Projects

Rosecrans/Marquardt: full construction
Doran Street: interim improvements construction;
Final Design for full project

Regional Allocations & Pass-throughs (Subsidy Program)



Subsidy Program (\$ in millions)	FY22 Budget	FY23 Preliminary	\$ Change	% Change
1 <u>Local Agencies</u>				
2 Local Return, TDA 3 & 8	\$ 686.6	\$ 822.4	\$ 135.7	19.8%
3 CFP and Other (ITC)	103.0	314.7	211.7	205.6%
4 Subtotal Local Agencies	\$ 789.6	\$ 1,137.0	\$ 347.5	44.0%
5 Regional Transit	558.7	678.2	119.5	21.4%
6 Regional Federal Grants	17.1	28.7	11.6	68.1%
7 Fare Assistance (LIFE Program)	15.6	31.1	15.5	99.4%
8 FY23 Preliminary Subsidy Program	\$ 1,380.9	\$ 1,875.0	\$ 494.1	35.8%

Note: Totals may not add due to rounding. Excludes funding allocated to Metro Transit Operations.

- Transit funding flows to LA County Transit Operators and Local Jurisdictions in accordance with Federal guidelines, State law, and Board adopted policies
- Subsidy program increasing
 - CFP and Other: Inglewood Transit Connector (ITC) Project
 - Projected sales tax revenues 3.5% increase over the reforecasted FY22 revenues
 - FY21 carryover funding (actual over adopted)
 - Available grants (ARPA swaps)
- Fare Assistance includes expanded and improved LIFE program to double enrollment



**Expanded Public
Engagement and
Stakeholder Outreach Plan
& Next Steps**

Stakeholder Meeting Schedule



March

Regional Service Councils – 3/3/22
Policy Advocacy Council – 3/8/22
Telephone Town Hall – 3/29/22

April

Technical Advisory Committee – 4/1/22
Community Advisory Council – 4/8/22
San Gabriel Valley COG – 4/14/22
Local Transit Subcommittee – 4/21/22
Streets & Freeways – 4/21/22
Regional Service Councils – 4/26/22
Community Advisory Council – 4/27/22

May

Public Safety Advisory Council – 5/4/22
Accessibility Advisory Committee – 5/12/22
Public Hearing – 5/18/22
Board Adoption – 5/26/22
Policy Advisory Council – 6/14/22



Metro

Schedule & Next Steps

Public Outreach

Engage Early & Often



FY23 Budget Development Process & Schedule

Sales Tax Forecast, Resources Assumption
 Cost Inflation Estimate
 Stakeholder Outreach Plan
 Other Expense Assumptions



February 9



Capital Investment and Subsidy

Transit Infrastructure Expansion
 Transit Capital Improvement
 Regional Rail
 Subsidy Funding



March 10



Transit Operations, and Other Operating Programs

Metro Transit – Operations & Maintenance Expense
 Public Safety
 Other Operating Programs
 General Planning
 Oversight and Adm

April 13



FY23 Budget Adoption (Planned)

- Consolidated Agency-wide Expenses and FTEs Budget Proposal
- Proposed FY 23 Budget available **May 3, 2022**
- Public Hearing on **May 18, 2022**
- Summary of Public Comment and Stakeholder Review
- Final Board Adoption on **May 26, 2022** (legally required before start of fiscal year)

May 11