



## Board Report

File #: 2023-0223, File Type: Public Hearing

Agenda Number: 2.

**BUDGET PUBLIC HEARING  
FINANCE, BUDGET AND AUDIT COMMITTEE  
MAY 17, 2023**

**SUBJECT: FISCAL YEAR 2024 (FY24) BUDGET**

**ACTION: ADOPT THE FY24 BUDGET**

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the proposed FY24 Budget as presented in the budget document (provided in a separate transmittal and posted on [metro.net <https://www.metro.net/about/financebudget/>](https://www.metro.net/about/financebudget/));
1. AUTHORIZING \$9.0 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals;
  2. AUTHORIZING a total of 10,842 FTEs, with 8,943 Represented FTEs and 1,899 Non-Represented FTEs;
  3. AUTHORIZING an average 3.5% performance-based merit increase and a cost-of-living adjustment (COLA) of 2.5% on July 1st, 2023, and 2.5% on January 1st, 2024, for Non-Represented employees. The COLA will adjust the Non-Represented salary pay grade bands accordingly. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is 3.5% plus step progression increases;
  4. APPROVING the Life of Project (LOP) budgets for new capital projects; new capital projects with LOP exceeding \$5.0 million are presented in Attachment B;
  5. AMENDING the proposed budget to include any Board approved actions currently under consideration from now to the end of the fiscal year (June 30, 2023);
- B. AMENDING FY24 Proposed Budget document by including 40 additional Transit Security Officers (TSOs) to support rail expansion and increase safety on our transit system;
- C. AMENDING FY24 Proposed Budget document by including 2 Non-Represented positions to support alternative delivery procurements on mega-projects; and

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- D. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY24 for capital projects, as shown in Attachment C, 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 are authorized on a life of project basis.

Since January 2023, staff has provided the Board with status updates on the FY24 Budget development process. Before the kickoff of the budget development process, an extensive public outreach process was launched in October 2022 with the first of three telephone town halls to communicate the budget proposal and collect public comments for consideration in the budget development. On May 2, 2023, the FY24 Proposed Budget was made available to the public at [www.metro.net](http://www.metro.net) <<http://www.metro.net>>, in printed copies through the Records Management Center (RMC) at [RMC@metro.net](mailto:RMC@metro.net) <<mailto:RMC@metro.net>>, and on the plaza level of the Gateway building. The public hearing is scheduled for May 17, 2023. On April 17, 2023, advanced public notifications of the Budget Public Hearing were issued through advertisements posted in more than ten news publications and in various languages.

## **BACKGROUND**

The FY24 Budget development started in January 2023, utilizing the Equitable Zero-Based Budget (EZBB) process as a cost control tool to generate a fiscally responsible budget. Beginning February 2023, Metro staff has provided monthly updates to the Finance, Budget, & Audit Committee as well as multiple budget briefings to Board staff and responded to their follow up questions. Additionally, Metro staff has met with a variety of stakeholders, including the Community Advisory Council, Regional Service Councils, Technical Advisory Committee, Policy Advisory Committee, Accessibility Advisory Committee, etc., and the public via three (3) Telephone Town Halls to collect public comments and feedback.

This is the final series of monthly updates to the Board on the FY24 Budget development process, culminating with our FY24 Budget recommendation for Board Adoption. This report wraps up the framework for the annual budget development, with the primary objective to advance Metro's transit and transportation goals, with an equity lens, in a fiscally sound and financially responsible manner. The FY24 EFC Budget Assessment showed a 4.7% (\$567M) increase as a total percent of the budget (26.1% in FY23 vs. 30.8% in FY24) in targeted benefits; and an overall 6.6% (\$938M) increase in all benefits.

## **DISCUSSION**

## **Post Pandemic Financial Stability**

Metro continues recognizing the importance of sound financial planning to execute transit capital investments and operating plans. The overall metro transit program deficit/gap, referred to as the 'fiscal cliff,' and the challenges of major infrastructure capital projects are two distinct concerns impacting Metro. The Agency recognizes the additional financial risks stemming from Transportation Infrastructure Development (TID) and will continue to build out the ordinance approved major construction projects.

Growing operating transit costs are also expected in the next three years, driven by the rail system expanding service and implementation of zero-emission buses to get ahead of the State's mandate for eliminating the use of hydrocarbon-fueled buses. At the same time, Metro is continuing to invest in new initiatives to make the system clean, safe, and reliable without additional American Rescue Plan Act (ARPA) assistance.

In doing so, Metro faces financial pressures and challenges, making it imperative that every dollar is budgeted and spent wisely. Under the CEO's direction, Metro will continue to identify cost mitigation strategies to help address current and future challenges while strengthening cost controls through the Equitable Zero-Based Budgeting (EZBB) process using the Early Intervention Team and other task force efforts.

See Attachment A for the Financial Recovery Plan and the Agency's efforts.

## **Budget Summary**

The proposed \$9.0 billion budget for FY24 is balanced and focused on a service plan to include system expansion integration, customer experience enhancements, safety, cleanliness, maintaining assets in a state of good repair, employee safety, retention, and engagement. This year's budget continues improving the customer experience and resuming Metro's core business of planning, operations, and construction activities through an equity lens. This year's budget started with an enhanced and expanded public engagement incorporating comments received throughout this process, including the My Metro Budget interactive tool developed in 2022. Metro's proposed budget, representing a 2.6% increase over FY23, is focused on more investments in core businesses.

### *Transit Service Delivery and Transit Construction Programs*

Metro strives to redefine daily travel habits with legacy transit investments to improve ease of use, accessibility, and travel experiences for regional patrons. This year's multi-phased budgeting process provides a balanced budget emphasizing our commitment to a clean, safe, and reliable transit system. By doing so, we hope to restore the core services Los Angeles County residents entrusted to Metro.

The FY24 Proposed Budget plan includes the full year service operation for the Regional Connector and K Line (Crenshaw/LAX Line). The budget also includes pilot intervention programs to deter non-transit loitering and restore safe and reliable transit to the Westlake/MacArthur Park Station, served

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by Metro B and D Lines (Red/Purple) and nearby NextGen Tier 1 bus. These interventions include upgrades to fare gates, station lighting, CCTV cameras, alarms, bench seating, signage, and new station kiosks to improve the customer experience and public safety. There are also additional investments throughout the system supporting the multi-layered public safety approach and enhancing cleanliness with a 13% increase in budget from adding custodial staff.

Metro continues to advance transportation by following industry prescribed maintenance schedules. Also, Measure R and M projects continue to progress, moving from the planning phase toward shovel readiness for several new transportation infrastructure and highway projects. The annual budget for these projects reflects the cash flow requirement for the activities in each respective project development phase. While the transit construction phase is decreasing with the opening of the Regional Connector, the transit planning phase is ramping up for Sepulveda Corridor, West Santa Ana Branch, and Eastside Transit Corridor Phase 2 projects.

### *Regional Allocations and Pass-Through Programs*

The Regional Allocations and Pass-Through programs will continue the allocation of resources to local jurisdictions, municipal and community operators, Access Services, and funding for other programs such as the Congestion Reduction Demonstration (CRD) Toll Revenue grant programs, Open streets, Active Transportation, Transit-Oriented Development (TOD) Planning grants, Federal Pass-Through programs, and other transit investment projects. Metro will continue various discounted and free fare programs to attract and retain ridership (i.e., GoPass for K-12 and Community College Students and Low-Income Fair is Easy (LIFE) Programs and fare capping).

### **FY24 Budget Summary and Document can be accessed at:**

[<https://www.metro.net/about/financebudget/>](https://www.metro.net/about/financebudget/)

### **Resources Summary**

The FY24 Proposed Budget ensures that 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 socio-economic conditions, such as the continuing impacts of decades-high inflation, economic growth projections in FY24, leading regional forecasting sources, and recent transit system usage.

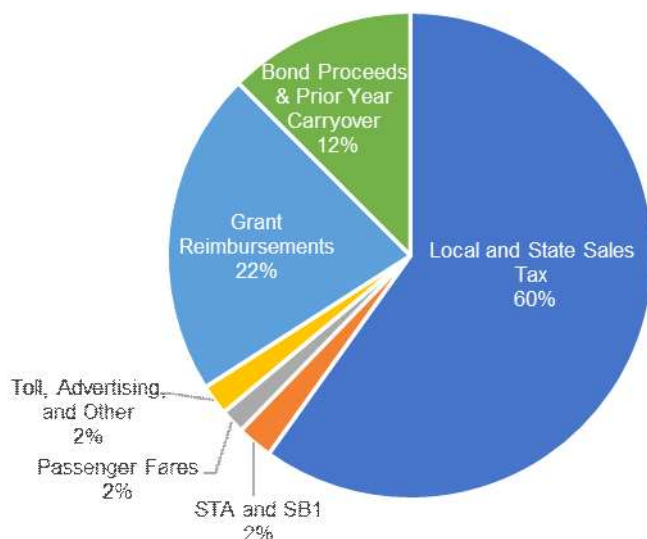
The total FY24 Proposed Budget planned resources are \$9.0 billion, which is 2.6% more than the FY23 Budget. The increase in sales tax revenues is based on the positive FY23 year to date actual receipt. Strong economic growth continues to respond correspondingly and stabilize from rapid pandemic recovery growth rates. The 16.3% projected growth in sales tax and TDA revenues are offset by the decrease in federal stimulus funding related to the pandemic. The American Rescue Plan Act (ARPA) is ending in FY23, and no additional federal stimulus funding is assumed in FY24.

Resources (\$ in millions)		FY23 Budget	FY24 Proposed	\$ Change	% Change
1	Local and State Sales Tax	\$ 4,643.1	\$ 5,400.0	\$ 756.9	16.3%
2	STA and SB1	225.6	214.7	(10.9)	-4.8%
3	<b>Sales Tax and STA/SB1 Revenues Subtotal</b>	<b>\$ 4,868.7</b>	<b>\$ 5,614.7</b>	<b>\$ 746.0</b>	<b>15.3%</b>
4	Passenger Fares	106.5	146.8	40.3	37.8%
5	Toll, Advertising, and Other	169.3	184.0	14.7	8.7%
6	<b>Operating &amp; Other Revenues Subtotal</b>	<b>\$ 275.8</b>	<b>\$ 330.8</b>	<b>\$ 55.0</b>	<b>19.9%</b>
7	ARPA	1,239.5	-	(1,239.5)	-100.0%
8	Grant Reimbursements	1,180.7	1,946.7	766.0	64.9%
9	Bond Proceeds & Prior Year Carryover <sup>(1)</sup>	1,220.7	1,125.7	(95.1)	-7.8%
10	<b>Capital &amp; Bond Resources Subtotal</b>	<b>\$ 3,640.9</b>	<b>\$ 3,072.4</b>	<b>\$ (568.6)</b>	<b>-15.6%</b>
11	<b>Resources Total</b>	<b>\$ 8,785.5</b>	<b>\$ 9,017.9</b>	<b>\$ 232.4</b>	<b>2.6%</b>

<sup>(1)</sup> Represents use of Bond Proceeds and sales tax revenues received and unspent in prior years.

Note: Totals may not add up due to rounding.

Resources % of FY24 Budget



## Expenditure Summary

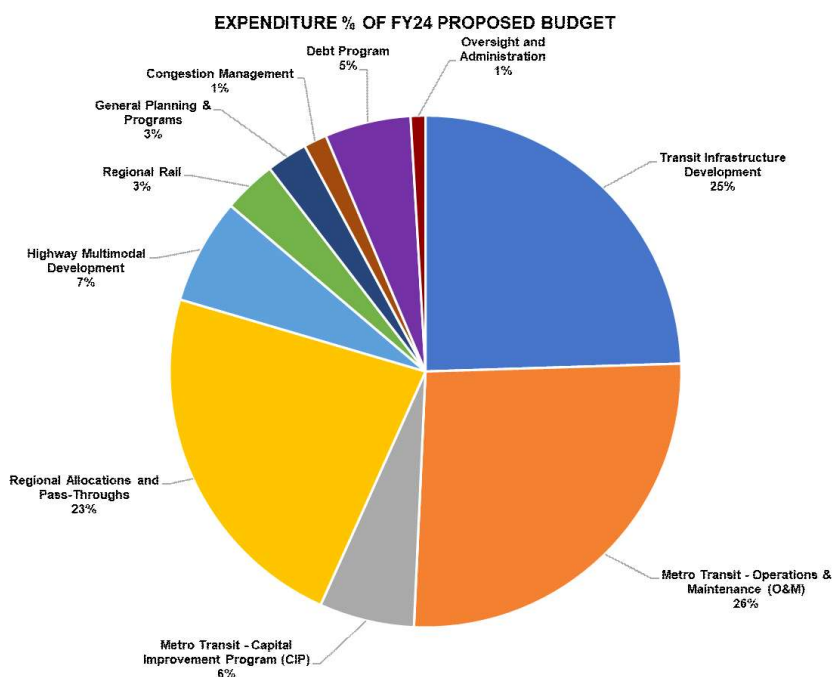
The proposed budget of \$9.0 billion is aligned with Board priorities of improved customer experience and service, as well as providing reliable daily service and public safety through an equity lens. Each program, function, and department budget was developed accordingly to reflect the new economic realities and progress on projects. The table below illustrates the expenditures by program type in

## FY24 Proposed Budget.

Expenditures by Program Type (\$ in millions)		FY23 Budget	FY24 Proposed	\$ Change	% Change
1	Transit Infrastructure Development	\$ 2,327.6	\$ 2,210.3	\$ (117.3)	-5.0%
2	Metro Transit	2,755.6	2,905.1	149.4	5.4%
3	<i>Metro Transit - Operations &amp; Maintenance (O&amp;M)</i>	2,251.0	2,363.7	112.7	5.0%
4	<i>Metro Transit - Capital Improvement Program (CIP)</i>	504.7	541.4	36.7	7.3%
5	Regional Allocations and Pass-Throughs	1,905.8	2,057.7	151.9	8.0%
6	Highway Multimodal Development	575.7	602.3	26.7	4.6%
7	Regional Rail <sup>(1)</sup>	292.3	302.9	10.6	3.6%
8	General Planning & Programs	220.6	233.7	13.1	5.9%
9	Congestion Management	137.0	131.9	(5.1)	-3.7%
10	Debt Program	489.2	489.8	0.6	0.1%
11	Oversight and Administration	81.7	84.3	2.6	3.1%
12	<b>Total Proposed Budget</b>	<b>\$ 8,785.5</b>	<b>\$ 9,017.9</b>	<b>\$ 232.4</b>	<b>2.6%</b>

Note: Totals may not add up because of rounding.

<sup>(1)</sup>Metrolink's FY24 Proposed Budget is preliminary, pending the transmittal of Metrolink's official budget request.

**Full-Time Equivalent (FTE) Summary**

The FY24 Proposed FTE Budget includes 10,842 FTEs, an increase of 198 FTEs from FY23. The new additions consist of 80 Non-Represented FTEs and 118 Represented FTEs.

Non-Represented FTEs for FY24 total 1,899, which includes an additional 80 new positions to serve

the following areas:

- Enhance the Transit Rider Experience
- Mega Project Management Model
- Valuing the Workforce
- Capital Support Functions
- Financially Sustainable and DEI-Driven Future
- Administration & Process Support
- Joint Development & Goods Movement.

Of the 80 new Non-Represented FTEs, 30 FTEs are cost neutral, transitioning from external services to internal expertise while continuing to build our in-house knowledge base. See the table below.

	Enhance the Transit Rider Experience	Mega Project Mgmt Model	Valuing the Workforce	Financially Sustainable & DEI Driven Future	Capital Support Functions	Admin & Process Support	Joint Development & Goods Movement	New Positions
1 Chief Executive Office & Chief of Staff	1		2	2	2	1		8
2 Chief People Office			7			1		8
3 Chief Safety Office	5							5
4 Customer Experience Office	3				1	1		5
5 Operations	9						1	10
6 Planning And Development	1			1	3		3	8
7 Program Management		20						20
8 Strategic Financial Management	8			4				12
9 Board Of Directors: Ethics, Inspector General, & Office of the Board Administration	1		2			1		4
10 Grand Total	28	20	11	7	6	4	4	80

\* Cost Neutral FTEs: Enhance the Transit Rider Experience (7 FTEs); Mega Project Management Model (20 FTEs), Capital Support Functions (1 FTE), and Administrative & Process Support (2 FTEs)

Represented FTEs for FY24 total 8,943, which includes 118 new positions for the following: pre-revenue testing for the Purple Line Extension 1 & 2, cleaning programs, increased service support, customer transit experience, public safety resource deployment, and facilities maintenance.

	PLE Pre-Rev	Cleaning	Increased Service Support	Customer Transit Experience	Public Safety Resource Deployment	Facilities Maintenance	New Positions
1 Chief Safety Office					8		8
2 Customer Experience Office				9			9
3 Operations	60	22	11			6	99
4 Strategic Financial Management			2				2
5 Grand Total	60	22	13	9	8	6	118

\* Pre-Revenue: Purple Line Extension Section 1 (53 FTEs) and preparation for Purple Line Section 2 (7 FTEs)

The need for the following additional FTEs were recently identified and therefore includes an amendment for 40 additional Transit Security Officers (TSOs) to support rail expansion and increase



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safety on our transit system and two Non-Represented positions to support alternative delivery procurements on mega-projects per recommendations B and C.

### **Labor Summary**

High inflationary period, high turnover rates, and labor shortages have public agencies across California implementing cost-of-living adjustments (COLA), creating performance incentive programs, as well as increasing salary and pay bands to stay competitive in the current economy. As a result of this pandemic induced tight labor market, Metro needs to remain competitive in the current market to retain and attract talent. During the pandemic, Metro's Non-Represented FTEs did not receive a performance-based merit increase in FY21 and have not received a COLA adjustment since 2008. The FY24 budget proposes a Non-Represented employee cost-of-living adjustment (COLA) of 2.5% on July 1<sup>st</sup>, 2023, and a 2.5% on January 1<sup>st</sup>, 2024, to keep pace with inflation, align with other peer agencies, and aid employee retention.

The FY24 Proposed Budget includes an average contract wage increase of 3.5%, plus Step Progression increases, according to the pre-negotiated Collective Bargaining Agreements with the Represented union groups AFSCME, ATU, TCU, SMART, and Teamsters. For Non-Represented employees, an average 3.5% performance increase is included, which will be distributed on a merit-based system. Health and welfare benefits for Represented employees are based on Collective Bargaining Agreements. Non-Represented medical and dental benefits reflect the carrier contract rates previously approved by the Board.

### **Budget Amendments through June 30, 2023**

The proposed budget to include any Board approved actions currently under consideration, from now to the end of the fiscal year (June 30, 2023).

### **Life of Project (LOP) Budgets**

The Board must approve new capital projects with LOP budgets exceeding \$5.0 million as separate Board actions.

Attachment B includes a detailed listing of new capital projects for FY24 with LOP budgets over \$5.0 million. These new capital projects in the FY24 Proposed Budget include Division 20 Bungalow A Replacement, Metro C (Green) Line Mainline Fastener Replacement, L.A. Union Station South Patio Plumbing and Pavers, Metro A (Blue), E (Expo) and L (Gold) Line Led Tunnel Lights, Metro A (Blue) Line Gate Mechanism Replacement, PLE Section 1 Systems Integration Testing & Training, and PLE Section 2 Systems Integration Testing & Training.

### **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 C for Reimbursement Resolution.

### **Debt Program**



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Debt financing is a cash management and budget tool Metro uses to help deliver projects. Debt issuance is authorized by applicable state and federal legislation and the local sales tax ordinances. The Board-adopted Debt Policy establishes prudent guidelines for the issuance and management of debt following industry best practices and ordinance-specific affordability limits.

Debt is not an additional source of revenue. It must be paid back with interest using existing and predetermined funding sources, in most cases, local sales tax revenues. However, it is a way to spread out the impact of large spikes in capital costs over multiple years. For this reason, most of Metro's large projects have utilized or are expected to use debt financing to facilitate project delivery.

As of July 2023, Metro has approximately \$5,199.6 million of outstanding long-term debt. The annual debt service cost in FY24 is estimated at \$486.1 million, a decrease of 0.04% over the FY23 Budget of \$485.9 million, according to the debt service schedule. In FY24, it is anticipated that Airport Metro Connector, Westside D Line (Purple) Sections 1, 2, & system integration, Division 20 Portal Widening, Gold Line Foothill Extension, Infrastructure for Silver Line and new bus procurement, East San Fernando Transit Corridor, Regional Surface Transportation and Local Traffic System, and various other projects will utilize bond proceeds from the issued debt.

### **Early, Improved & Expanded Public Engagement**

Metro understands that transparency and education about the annual budget and process are important to Los Angeles County residents. Public feedback is integral in prioritizing limited resources. While OMB makes many efforts to engage the public about the budget, other departments within the organization also work to engage with the public throughout the year. OMB worked closely with the Communications department to develop a marketing strategy that engaged with EFCs and all other areas of LA County to provide an equitable transportation system.

The FY24 budget development process kicked off early, with the first of three Telephone Town Hall (TTH) meetings held on October 2022 and followed by two more in January and March of 2023. To solicit feedback early for the FY24 budget, OMB launched the new interactive and educational My Metro Budget tool in October 2022. Stakeholder and public meetings continued to be held and engaged a wide audience of riders to learn more about their concerns and priorities. We continue to update the budget portal at [budget.metro.net](http://budget.metro.net) with current budgetary information.

The budget public hearing scheduled on May 17 is legally required, pursuant to California PUC code 130106 which states, "Notice of time and place of the public hearing for the adoption of the annual budget shall be published pursuant to Section 6061 of the Government Code and shall be published not later than the 15th day prior to the date of the hearing."

A summary of the public comments, stakeholder meetings, as well as all other outreach efforts are described in Attachment D.

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

The FY24 Proposed Budget (provided in a separate submittal) at \$9.0 billion is balanced. The proposed budget demonstrates Metro's ongoing commitment to meeting its capital and operating obligations, which is essential in receiving subsidies from federal and state governments and to administer regional transportation funding to local cities and municipal operators.

## **EQUITY PLATFORM**

Per Board direction, Metro has annually applied the Metro Budget Equity Assessment Tool (MBEAT) to its budget requests for operations costs and capital projects since the FY21 budget process. The FY24 MBEAT augmented the FY24 Equitable Zero-Based Budgeting (EZBB) process and was applied to 238 capital projects and 217 operating expense budgets.

The FY24 EZBB MBEAT identified impacts on marginalized communities and highlighted budget requests that advanced equitable outcomes for each Metro department. The MBEAT shows that Metro continues to show stronger equity benefits for physical projects in marginalized and Equity Focus Communities (EFC) and fewer equity benefits for countywide or systemwide programs without intentional prioritization for those communities. With this data, staff is better equipped to identify opportunities to incorporate equity iteratively and intentionally into broader programs and services.

The EZBB process also utilized Metro's new EFC Budget Assessment process, a geographic equity analysis. In 2022, Metro conducted the FY23 EFC Baseline Assessment to identify whether Metro's budget was proportionately investing in benefits to EFCs, which comprise approximately 40% of Los Angeles County. The FY23 EFC Baseline showed approximately 67.3 percent of Metro's FY23 approved budget provided targeted and indirect benefits to EFCs (26.1 percent targeted benefits and 41.2 percent indirect benefits). In year two of this assessment, the FY24 EFC Assessment showed increases in the proportion of Metro's budget investing in benefits to EFCs (30.8 percent targeted benefits and 43.1 percent indirect benefits). These increases amounted to a 4.7 percent increase in targeted benefits, 1.9 percent increase in indirect benefits, and a total of 6.6 percent increases in all benefits, as illustrated by the table below:

	<b>FY23 EFC Baseline Assessment</b>	<b>FY24 EFC Assessment (Year 2)</b>	<b>% Change FY23 vs. FY24</b>
Targeted Benefits	26.1%	30.8%	4.7%
Indirect Benefits	41.2%	43.1%	1.9%
<b>Total EFC Benefits</b>	<b>67.3%</b>	<b>73.9%</b>	<b>6.6%</b>

Staff also aligned their FY24 department budgets towards budget Equity Principles that support Metro's Equity Platform framework. Budget highlights that support these four principles were included in the FY24 Proposed Budget (pg. 9 - 11) earlier this month.

## **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 goal of improving transportation in Los Angeles County.

### **NEXT STEPS**

Upon Board authorization and adoption of the FY24 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 provide regular performance updates to the Board.

### **ATTACHMENTS**

FY24 Budget Summary and Document can be accessed at:

[<https://www.metro.net/about/financebudget/>](https://www.metro.net/about/financebudget/)

Attachment A - FY24 Financial Recovery Plan

Attachment B - FY24 New Capital Projects

Attachment C - FY24 Reimbursement Resolution

Attachment D - FY24 Public Outreach (Public Comments)

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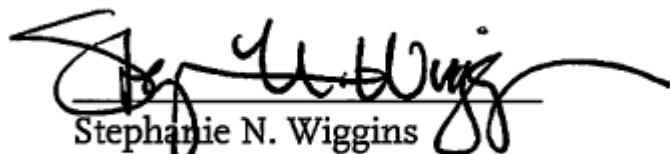
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Stephanie N. Wiggins  
Chief Executive Officer

## **Financial Recovery Plan**

### **Mitigation Efforts**

To help address post-pandemic financial challenges, the Agency is considering the following mitigation strategies:

- **Performance Management:** evaluate pilots and set up KPIs that can help measure the achievement of performance goals that illustrate the effectiveness of the pilot
- **Dedicated Funding:** advocate for dedicated transit operations funding from Federal and State sources
- **Use of Operating Eligible Funding:** evaluate resources, cost impacts, and prioritize projects and initiatives that support agency priorities within available funding

### *Equitable Zero-Based Budgeting (EZBB)*

Metro will continue to identify cost mitigation strategies to help address current and future challenges while strengthening cost controls through the Equitable Zero-Based Budgeting (EZBB) process, focusing on:

- Near Term Outlook and education
- Cabinet Workshops on priority alignment
- Cost control task forces and mitigation
- Financial accountability through quarterly financial and KPI reviews
- Holistic Program reviews to promote collaboration on prioritization and trade-offs
- Equity process through EFC assessment and MBEAT
- Comprehensive and thorough outreach plan
- Board staff and board briefings and feedback

Under our CEO's leadership, Metro planned early and partnered with an outside consulting company to facilitate structured reflection and planning sessions to maximize the impact of four (4) strategic workshops. The objective of each workshop was to:

1. Align on the shared strategic vision and aspiration across the entire LA Metro Leadership team.
2. Define Practices and "ways of working: models that must change - and how those must shift."
3. Create action plans for each department along with metrics for success; and

4. Assess progress against action plans, adjusting plans as necessary.

### *Cost Control Task Forces*

Under the CEO's direction, Cost Control Task Forces were also created and tasked with the following action plans:

- **Bus and Rail Cost:** Review cost allocation approach; conduct Peer reviews, explore cost control and savings opportunities from Insourcing/Outsourcing.
- **Optimal Service Design:** More than focusing on quantity of service, explore solutions to provide optimal service level and quality customer experience.
- **Program Management Mitigation Measures:** Implemented strategic initiatives to evaluate organization including staff to consultant ratio, streamlined processes, alternative project delivery, risk & scope issues, and schedule delay.

### *Early Intervention Team (EIT)*

As a component of the Capital Cost Mitigation strategies advanced by the Task Force, an Early Intervention Team (EIT) was formed and kicked off in FY23. The EIT has conducted four Project Reviews focusing on understanding the project's objectives, the shared purpose, and challenges, creating more awareness on scheduling and financial ramifications.

### *Federal & State Advocacy*

Metro Government Relations are working at both the Federal and State level to advocate for transit funding. At the Federal level, Metro is working to maximize flexibility of transit grants. At the State level, Metro is working with transit agencies across the state through the California Transit Association to implement structural reforms and develop long-term permanent funding solutions.

**FY24 New Capital Projects**

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## FY24 New Capital Projects

### Capital Improvement Program (CIP)

1	<b>PROJECT: Metro C (Green) Line Mainline Fastener Replacement</b>
	PROJECT OWNER: Operations - Rail - Wayside Systems
	LOP: \$17,100,000 <span style="float: right;">Budget Request: \$195,000</span>
	SCOPE: Replace approximately 52,200 mainline fasteners on Metro C line.
	JUSTIFICATION: C Line has been in service 25 years and the fasteners are showing signs of wear. The fasteners need to be replaced in order to keep the system in a state of good repair, which will mitigate the likelihood of future service delays.
	ELIGIBLE FUNDING SOURCE: PA 35%
2	<b>PROJECT: Division 20 Bungalow A Replacement</b>
	PROJECT OWNER: Operations - Rail - Wayside Systems
	LOP: \$15,000,000 <span style="float: right;">Budget Request: \$1,000,000</span>
	SCOPE: Acquisition and installation of a new bungalow at Division 20 with associated equipment and systems.
	JUSTIFICATION: In order to ensure the new bungalow complies with regulatory requirements, new storage racks and equipment must also be installed. The new, regulatory compliant racks and equipment, are a necessary component of the of the yard expansion and tunnel widening project.
	ELIGIBLE FUNDING SOURCE: MR 35% / Bond Proceeds
3	<b>PROJECT: L.A. Union Station South Patio Plumbing and Pavers</b>
	PROJECT OWNER: Planning
	LOP: \$13,500,000 <span style="float: right;">Budget Request: \$3,550,000</span>
	SCOPE: Replacement of deteriorated and non-functional underground plumbing systems in South Patio; Replacement of subterranean waterproofing systems along building substructure to prevent water intrusion; Repair and or replacement of damaged pavers throughout to achieve level and compliant walking surfaces; Replacement of root bound trees impacting drainage functionality; Installation of surface drainage to pull water away from walking surfaces and prevent long term deterioration of historic paver surfaces.
	JUSTIFICATION: Union Station South Patio has uneven pavers causing trip/fall safety hazards which increase liability for claims. The hazard is increased due to rain spout drainage from roof, tree roots and non-functional plumbing systems that flood.
	ELIGIBLE FUNDING SOURCE: PC 40%

4	<b>PROJECT: Metro A (Blue), E (Expo) and L (Gold) Line Led Tunnel Lights</b>	
	PROJECT OWNER: Operations - Rail - Wayside Systems	
	LOP: \$6,800,000	Budget Request: \$300,000
	SCOPE: Hire a contractor to decommission the original tunnel lighting systems on the L, E, and A Lines, and install a new tunnel lighting system with low-wattage LED fixtures.	
	JUSTIFICATION: Metro received an Unsolicited Proposal to replace the lighting systems for the L, E and A line tunnel sections. The proposal was advanced to implementation and the project direction was approved by the CEO. By replacing the existing systems with energy efficient LED lighting systems, it will reduce Metro's lighting-related energy use as much as 67%. Modernizing the lighting system will improve the reliability, resilience, and safety of Metro's tunnels.	
	ELIGIBLE FUNDING SOURCE: PA 35%	
5	<b>PROJECT: Metro C (Green) Line Mainline Turnout Tie Replacement</b>	
	PROJECT OWNER: Operations - Rail - Wayside Systems	
	LOP: \$6,000,000	Budget Request: \$350,001
	SCOPE: Remove old wood ties at all C Line mainline turnouts and replace with composite turnout ties.	
	JUSTIFICATION: C Line has been in service for 25 years and the wood turnout ties are rotting and need to be replaced. These old timber trackwork ties hold the switch and turnout components together and Metro has required that all new rail projects include concrete ties for critical trackwork and turnout areas. Timber ties in special trackwork areas are deteriorating due to environmental exposure. Installation of composite turnout ties is a cost-effective alternative to wood ties.	
	ELIGIBLE FUNDING SOURCE: PA 35%	
6	<b>PROJECT: Metro A (Blue) Line Gate Mechanism Replacement</b>	
	PROJECT OWNER: Operations - Rail - Wayside Systems	
	LOP: \$5,950,000	Budget Request: \$699,999
	SCOPE: Replace crossing gate mechanism system on A Line with like equipment.	
	JUSTIFICATION: The gate mechanism systems are at the end of their useful life and need replacement. Safe and reliable at-grade crossing equipment is a California Public Utilities Commission (CPUC) required safety mechanism that controls pedestrians and motor vehicles and keeps them from the path of an on coming train.	
	ELIGIBLE FUNDING SOURCE: PC 25% / Bond Proceeds	

## Transportation Infrastructure Development (TID)

1	<b>PROJECT: PLE Section 1 Systems Integration Testing &amp; Training</b>
	PROJECT OWNER: Operations – Central Oversight and Analysis
	LOP: \$22,200,000 Budget Request: \$13,576,509
	SCOPE: Pre-revenue system integration, inspection, testing, professional services, equipment, and staff training necessary to ensure the Purple Line Extension Section 1 project will be operational and compatible with the rest of the rest of the network.
	JUSTIFICATION: These activities are required for the Operations Department to ensure the project is ready for revenue service.
	ELIGIBLE FUNDING SOURCE: MR 35%
2	<b>PROJECT: PLE Section 2 Systems Integration Testing &amp; Training</b>
	PROJECT OWNER: Operations – Central Oversight and Analysis
	LOP: \$14,700,000 LOP: \$1,392,465
	SCOPE: Pre-revenue system integration, inspection, testing, professional services, equipment and staff training necessary to ensure the Purple Line Extension Section 2 project will be operational and compatible with rest of the network.
	JUSTIFICATION: These activities are required for the Operations Department to ensure the project is ready for revenue service.
	ELIGIBLE FUNDING SOURCE: MR 35%

**Note:** Funding sources can change based on eligibility and availability at the time of expenditure.

## ATTACHMENT C

### REIMBURSEMENT RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR FISCAL YEAR 2024

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 such as 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 of heavy rail lines such as 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 FY22 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, grant revenues, or toll 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, \$100.0 million for Proposition C, \$500.0 million for Measure R, \$350.0 million for Measure M, \$100 million for grant revenues, and \$200.0 million for toll revenues.

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, \$100.0 million for Proposition C, \$500.0 million for Measure R, \$350.0 million for Measure M, \$100 million for grant revenues and \$200.0 million for toll revenues; 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.

## **FY24 Proposed Budget – Summary of Public Engagement and Comments**

## Summary of Public Comments

Public engagement was well received at the start of the FY24 outreach and engagement process. Many opinions and questions were shared and some necessitated follow-up from leaders and the board. The public comments received across the various public outreach platforms, focus on 4 key areas:

1. Public Safety and Security
2. Homelessness
3. Frequency and Reliability of Service
4. Cleanliness

With over 2,300 written comments received through the budget portal, the word cloud summarizes the commonly used words. The dashboard is available to read through all the comments provided. The FY24 Proposed Budget includes various initiatives that work to address the concerns we heard from the public.



### ***Public Engagement Strategy***

The FY24 Proposed Budget Outreach campaign was launched in October 2022 with a Telephone Town Hall. This timing was intentional, starting early to gather as much feedback as possible before the beginning of the budget development process. Metro used the following to engage with the public: Telephone Town Hall (TTH) meetings, the new My Metro Budget tool, the Budget Portal ([budget.metro.net](http://budget.metro.net)), and the [budgetcomments@metro.net](mailto:budgetcomments@metro.net) email.

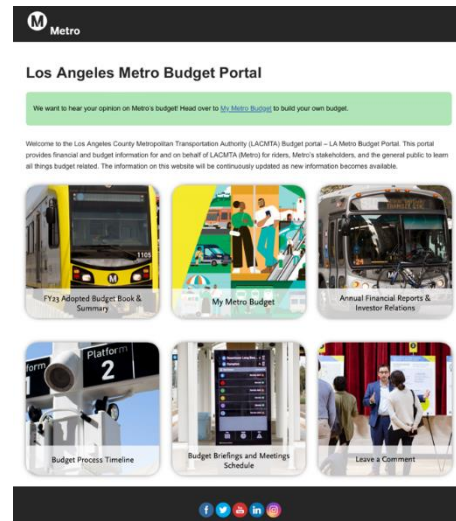
Public Engagement	Participation
Telephone Town Hall - October 2022, January 2023, & March 2023	>16,029
Budget Tool Responses	>1,150
Budget Tool Comments	>2,200
Budget Portal Visits – <a href="http://budget.metro.net">budget.metro.net</a>	>15,294 (January 2023 – May 1, 2023)
Email Blasts – 5 emails sent	>300,000
The Source/El Pasajero Posts	6
Social Media Platforms	4
Newsprint Publications	20
Stakeholder & Public Engagement Meetings	25

Metro targeted communities on social media platforms (Facebook, Instagram, NextDoor, Twitter, Email, etc.) and with physical marketing flyers with QR codes to inform about the budget development process on Metro Micro vehicles. This year, special efforts were made to ensure that a diverse representation of LA County was achieved to continue to assess equity in the annual budget and to create a diverse, equitable, and inclusive budget process. Below are the strategies for the FY24 budget outreach.



### ***Metro Budget Portal***

The budget portal continues to be updated with recent information, documents, timelines, notifications, and more about the budget process. OMB continues to make the portal more accessible to the public, and there is an option to leave a comment and join the subscribers' list for budget related content via email.



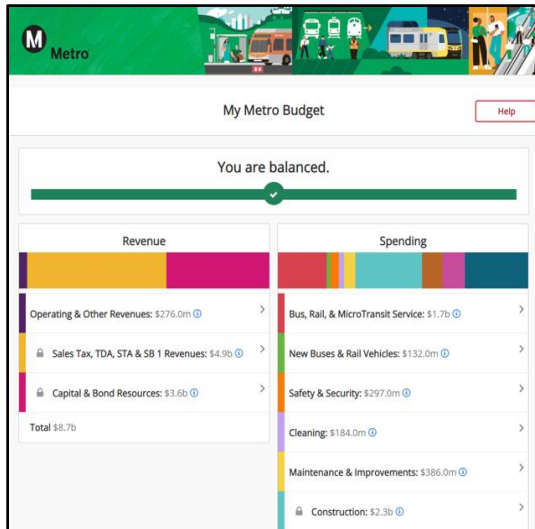
### ***Telephone Town Hall***

The budget outreach was kicked off with three TTH meetings hosted by the chair of the Finance, Budget & Audit Committee and CEO in October 2022, January 2023, and March 2023. More than 16,000 callers, including Spanish callers, participated, and provided feedback to Metro leaders. Callers voiced their opinions and asked question about safety and security, frequency and reliability, and cleanliness on the bus and rail system. Metro leaders attended to hear and engage with the public on these very important topics. The Telephone Town Hall events have proven to be a useful tool among many in reaching out to our Equity Focus Communities (EFCs).

Recordings of the Telephone Town Halls are available on the Budget Portal. To the right are the combined participation and demographics of the three Telephone Town Hall meetings.

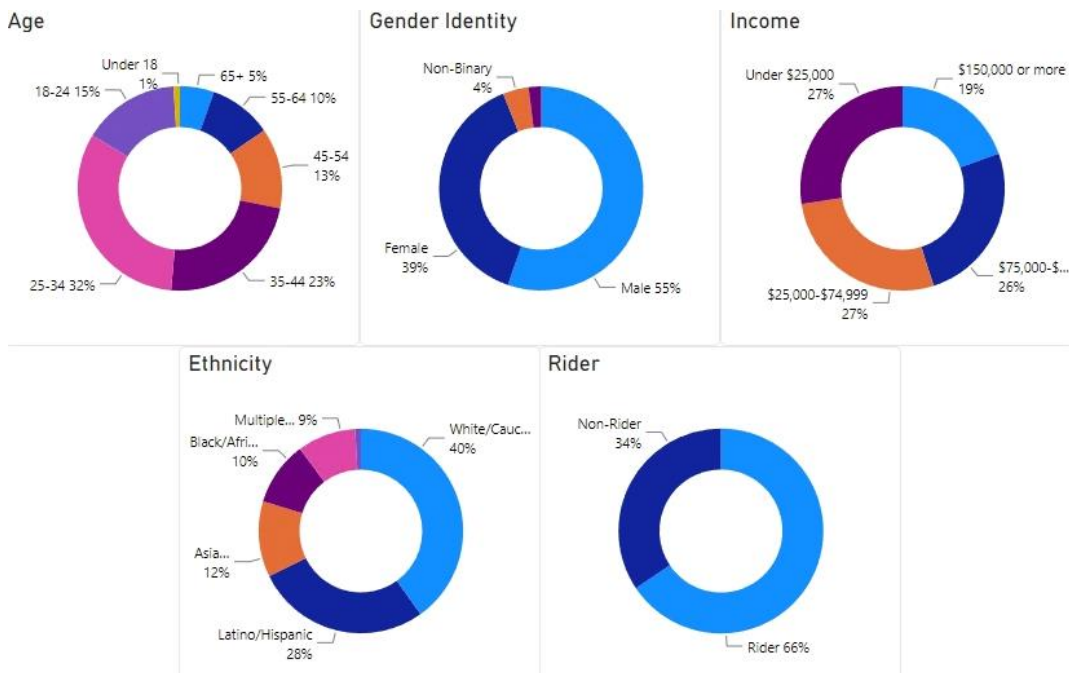


### My Metro Budget Tool



We invited the public to learn and participate in the budget development process and make tradeoff decisions on how funds are allocated with My Metro Budget. OMB staff worked with cabinet members to formulate questions that were used by departments to derive meaningful insights that helped shape the FY24 budget. The responses received were integral to identifying the key initiatives for the FY24 budget.

My Metro Budget received over 1,100 responses and 2,200 written comments, and an average engagement time of almost 20 minutes per user. This year, 44 percent of the responses were from EFCs. My Metro Budget results, and other budgetary information are available on the Metro budget portal at [budget.metro.net](http://budget.metro.net). Below are My Metro Budget demographic results:



### Stakeholder and Public Meetings

The budget public hearing is legally required, pursuant to California PUC codes 130106 which states *“Notice of time and place of the public hearing for the adoption of the annual budget shall be published pursuant to Section 6061 of the Government Code, and shall be published not later than the 15th day prior to the date of the hearing.”* This year, 20 newspaper publications were published announcing the budget public hearing in 10 different languages.

FY24 Budget - Outreach Meeting Schedule			
Meeting	Date	Time	Completed
Telephone Town Hall	Oct 28, 2022	6-7 p.m.	X
Telephone Town Hall	Jan 17	6-7 p.m.	X
Regional Service Councils - Budget Briefing	Jan 31	6-7 p.m.	X
Community Advisory Committee - General Assembly	Mar 22	TBD	X
Telephone Town Hall	Mar 28	6-7pm	X
Technical Advisory Committee	Apr 5	9:30-11:00 a.m.	X
Street & Freeways Committee	Apr 20	9:30 a.m.	X
Regional Service Councils - Budget Briefing	Apr 25	6-8 p.m.	X
Policy Advisory Council	Apr 26	1:30 p.m.	X
Community Advisory Committee - General Assembly	April 26	6 p.m.	X
Technical Advisory Committee	May 3	9:30 a.m.	X
Local Transit Systems Subcommittee	May 3	1-3 p.m.	X
Gateway COG	May 3	4:00 p.m.	X
San Gabriel Valley COG	May 3	4 p.m.	X
South Bay COG	May 8	10:30am	X
VICA	May 9	8:30-10:30 a.m.	X
Accessibility Advisory Committee	May 11	1-3 p.m.	
Bus Operators Subcommittee	May 16	9 a.m.	
Public Hearing	May 17	1 p.m.	
Board Adoption	May 25	9:30 a.m.	



**Item # 12**

# **Metro Fiscal Year 2024 Proposed Budget**

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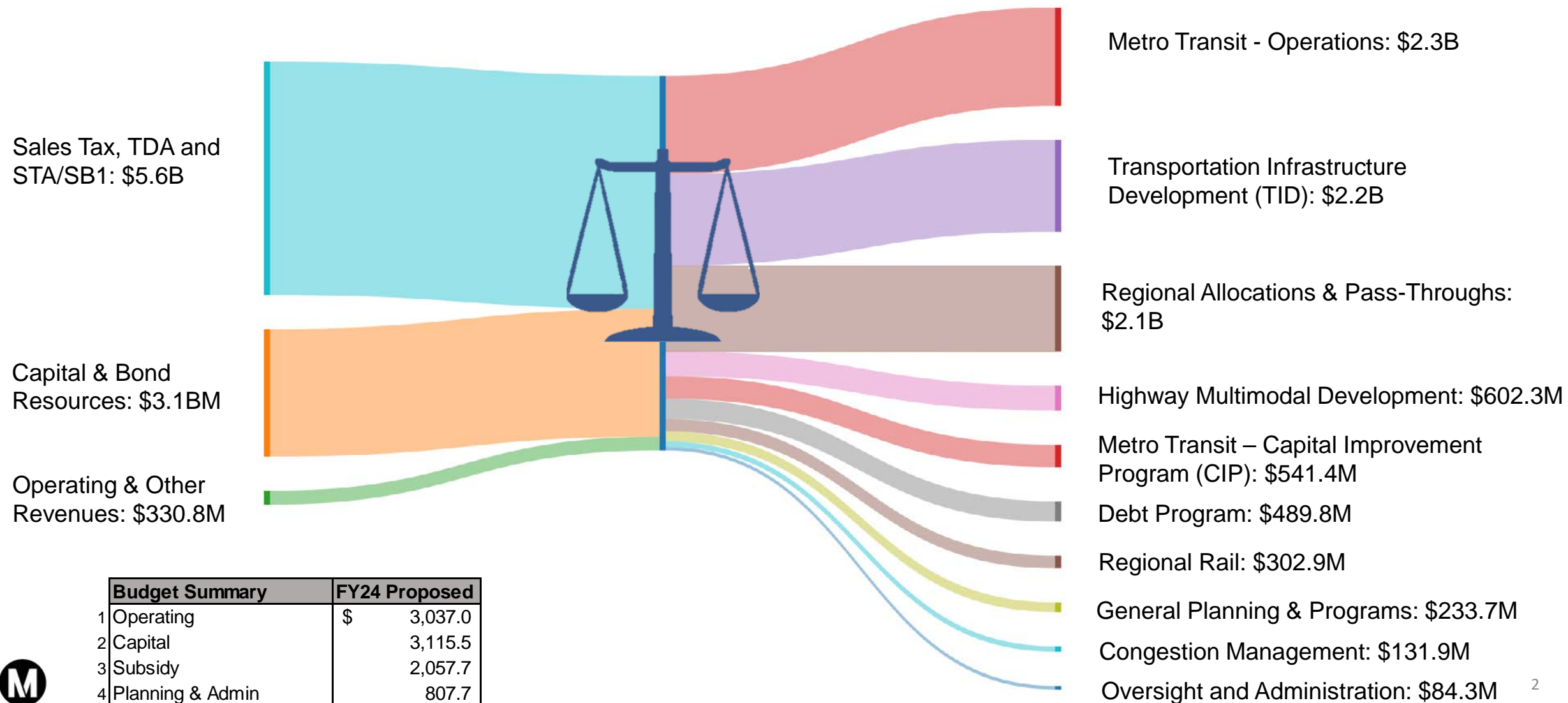
**Board Meeting  
May 25, 2023**



# FY24 Proposed Budget – \$9.0B



## Revenues vs Expenditures



Sales Tax, TDA and STA/SB1: \$5.6B

Capital & Bond Resources: \$3.1BM

Operating & Other Revenues: \$330.8M

Metro Transit - Operations: \$2.3B

Transportation Infrastructure Development (TID): \$2.2B

Regional Allocations & Pass-Throughs: \$2.1B

Highway Multimodal Development: \$602.3M

Metro Transit – Capital Improvement Program (CIP): \$541.4M

Debt Program: \$489.8M

Regional Rail: \$302.9M

General Planning & Programs: \$233.7M

Congestion Management: \$131.9M

Oversight and Administration: \$84.3M

Budget Summary		FY24 Proposed
1	Operating	\$ 3,037.0
2	Capital	3,115.5
3	Subsidy	2,057.7
4	Planning & Admin	807.7
5	<b>Total Proposed Budget</b>	<b>\$ 9,017.9</b>



# Key Initiatives

## Fare Programs

- LIFE

Save on fares  
with LIFE.

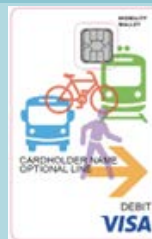
- GoPass



- Mobility Wallet Pilot



- Fare Capping



## NextGen - \$52.9M

- Transit signal priority



- Bus mobile validators



- Camera bus lane enforcement



- NSFV BRT network improvements





# Key Initiatives (continued)

## Reimagining Public Safety: Multi-layered Strategy \$290.5M

● Transit Ambassadors



● Homeless & Mental Health Outreach



● Transit Security Officers



● Law Enforcement Contracts

## Other Initiatives

● Room To Work

● Westlake/MacArthur Park Program



## Cleaning - \$201.0M

● 13 Hot Spots

● Station & Facilities Cleaning

● Bus & Rail Vehicles Cleaning

● Vinyl Seat Replacements





# Law Enforcement Negotiations Update

- Negotiations are in progress with all three law enforcement agencies
- All three agencies have conceptually agreed to the following additional terms:
  - Compliance with the principles of Metro's Bias-Free Policing and Public Safety Data Policy
  - Reporting Requirements requiring Metro the ability to identify, track and log mobile assets in real time
  - Shall not assign personnel with sustained misconduct complaints to the Metro contract
  - Resources may be adjusted (reduced or increased) at any time as Metro approaches and implements new public safety programs
  - Shall provide needed support in the transition from a multi-agency law enforcement approach to an independent Metro Public Safety Department and assist in the assimilation of new personnel, in a manner to be mutually agreed upon



# Transit Infrastructure Development (TID) – \$2.2B

Life of a Project

Initiation

Planning

Engineering

Procurement

Construction /  
Integration

Operations /  
Activation/  
Integration

## Transit Planning - \$291M (69% over FY23)

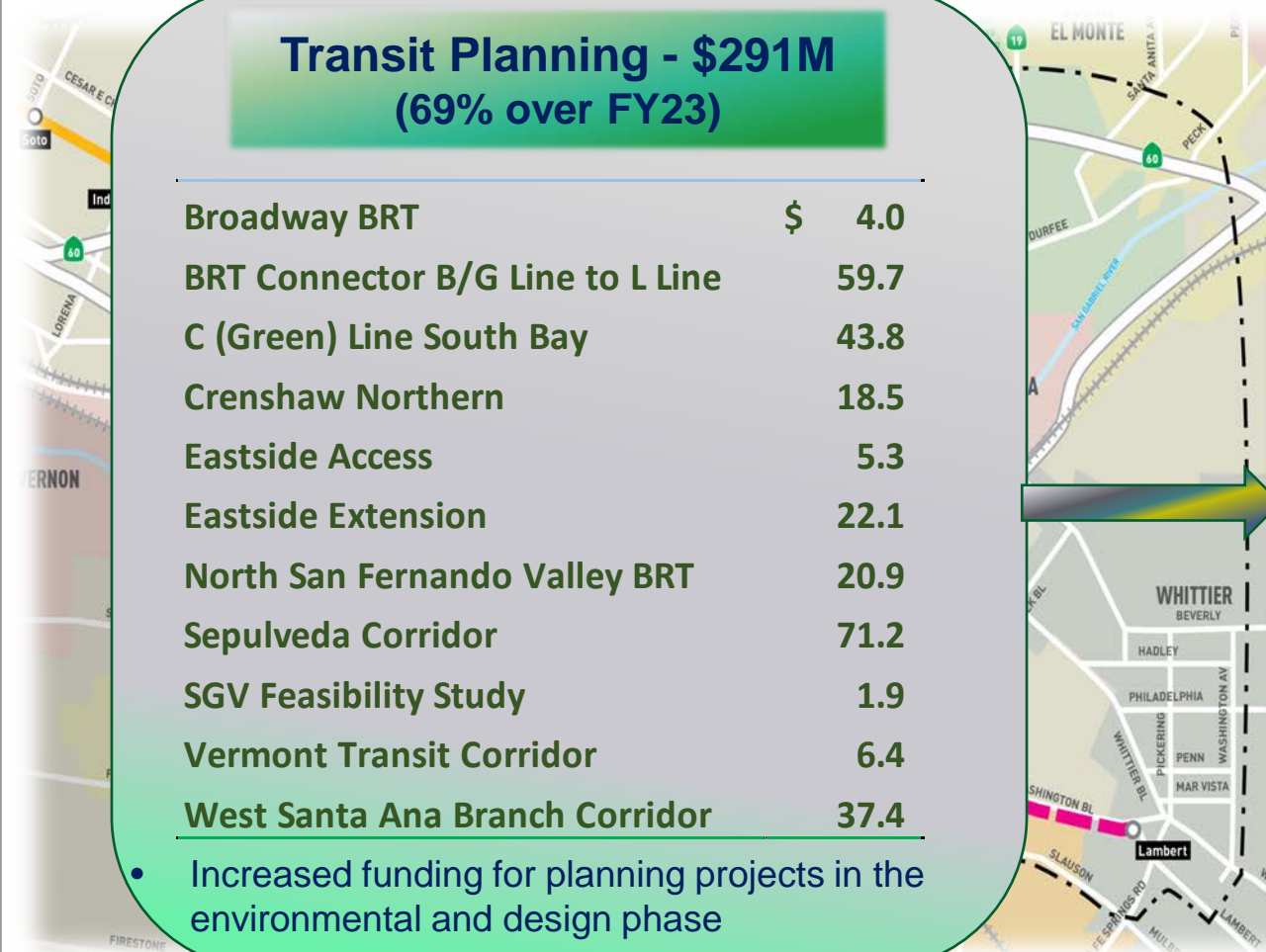
Broadway BRT	\$ 4.0
BRT Connector B/G Line to L Line	59.7
C (Green) Line South Bay	43.8
Crenshaw Northern	18.5
Eastside Access	5.3
Eastside Extension	22.1
North San Fernando Valley BRT	20.9
Sepulveda Corridor	71.2
SGV Feasibility Study	1.9
Vermont Transit Corridor	6.4
West Santa Ana Branch Corridor	37.4

- Increased funding for planning projects in the environmental and design phase

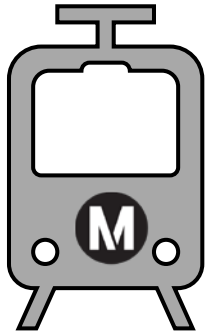
## Transit Construction - \$1,919M (11% under FY23)

Airport Metro Connector	\$ 174.7
D (Purple) Line Extension	1,059.3
East San Ferando	285.7
Expo Closeout	3.0
G (Orange) Line BRT	74.5
K Line (Crenshaw/LAX) Light Rail Transit	43.0
L (Gold) Line Foothill Ext 2A & 2B	214.8
Regional Connector	18.8
Systemwide / Program Support	45.4

- Continue to progress all major construction projects
- Substantial completion of Regional Connector in FY23



# Metro Transit - Operations – \$2.4B



## **Bus Service - \$1.5B**

.4% planned increase in RSHs (7.12M)

## **NextGen Bus Plan**

- Traffic signal sync
- Bus priority lanes
- All-door-boarding
- Speed & reliability improvements



## **Rail Service - \$795M**

12.3% planned increase in RSHs  
Improved headways (1.51M)

## **New Lines**

- Full operation of Crenshaw/LAX
- K Line & Regional Connector



## **Metro Micro - \$40M**

- 2.1% planned increase in RSHs (272,000)
- Pilot program extended through September 2023



# Metro Transit - CIP – \$541.4M

## Bus

**Total: \$136.2M**



Procurement of Electric buses and charging infrastructure



Refurbishments & overhauls to improve reliability and CX



NextGen bus mobile validators for all-door-boarding and transit signal priority technologies

## Rail

**Total: \$229.9M**



Heavy and light rail vehicle procurements



Refurbishments and overhauls to improve reliability and CX



Facilities and wayside improvements: rail fasteners, resignaling, roof repairs, etc.

## Other Asset Improvements

**Total: \$175.3M**



Rail to Rail Segment A

Connects A Line & Crenshaw/LAX Line via bike path & walkway



Metro Center Street Project

Centralize security, dispatch, and emergency ops



Technology

Payroll system replacement, software, computer equipment, etc.

- \$541.4M is allocated for maintaining the capital assets in a state of good repair, for improvements, and modernization
  - \$72.3M in investments in electric buses and charging station infrastructure
  - \$169.0M for a major investment in new rail vehicles and refurbishment of existing vehicles
  - \$64.9M will be invested in safety, NextGen and Customer Experience (CX) related projects

# Regional Allocations & Pass-throughs – \$2.1B



- 91% of funding passed through to transit operators & local jurisdictions per formula, federal guidelines, State law & Board policy
- Estimated 8% increase due to higher projected sales tax
- Greatest increase within Local Agency Programs (17%) & Regional Transit (14%) - represents 85% of program budget



# Other Programs – \$1.8B



## Highway Multimodal Development

- Increase in ExpressLanes investments driven by I-105 ExpressLanes project
- Increase in dedicated bus lane and noise reduction investments
- Mobility Improvement Projects

**\$602.3M**

+\$26.7m (4.6%)



## Regional Rail

- LINK Union Station
- Grade Separation
- Double Tracking
- High Desert Corridor Rail Service Plan and Other Metro Regional Rail Projects
- Metrolink

**\$302.9M**

+\$10.6m (3.6%)



## General Planning & Programs

- Active Transportation Bike, Other
- Property Management
- Financial, Grants Mgmt, & Admin
- Unsolicited Proposals, P3, & Other

**\$233.7M**

+\$13.1m (5.9%)



## Congestion Management

- ExpressLanes
- Freeway Service Patrol
- Motorist Services
- Rideshare Services

**\$131.9M**

-\$5.1m (-3.7%)



## Oversight and Administration & Debt Program

- Recurring Activities
- Valuing Workforce
- Improved Performance Management
- Customer Experience
- Diversity, Inclusion, & Equity
- Bus & Rail Infrastructure and Replacement
- East San Fernando Rapid Way & Airport Connector Construction

**\$574.1M**

+\$3.1m (0.5%)



- These six (6) programs make up 20% of the FY24 Proposed Budget

# Public Outreach & Stakeholder Engagement

Confidential /  
Sensitive  
Internal Use Only

October 2022



- **Telephone Town Hall**
- Launch My Budget Tool: distributed via social media, e-blast, QR codes, flyers

November 2022

- Social Media launch My Metro Budget Marketing



December 2022

- **EFC engagement** for My Metro Budget – physical marketing cards



Engage Early & Often

January 2023

- **Telephone Town Hall**
- Regional Service Council Budget Briefing



February 2023

- Finalization of My Metro Budget data, feedback solicited from departments



March 2023

- Community Advisory Council
- **Telephone Town Hall – Mar 28**



April 2023

- San Gabriel Valley COG
- Gateway COG
- Policy Advisory Council
- Bus Operators Subcommittee
- Regional Service Council, Budget Briefing
- Streets & Freeways
- Community Advisory Council – General

May 2022

WE ARE HERE

- Technical Advisory Committee
- Valley Industry and Commerce Association
- Local Transit Systems Subcommittee
- San Gabriel Valley COG
- **South Bay COG (added)**
- Bus Operators Subcommittee
- Accessibility Advisory Committee
- **Budget Public Hearing**
- **Board Adoption**



Note: Updated as additional meetings are scheduled.



ONGOING PUBLIC PARTICIPATION



# MAY BOARD REPORT FY24 BUDGET ADOPTION

- A. ADOPTING the proposed FY24 Budget as presented in the budget document (provided in a separate transmittal and posted on [metro.net](https://metro.net));
1. AUTHORIZING \$9.0 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals; and
  2. AUTHORIZING a total of 10,842 FTEs with 8,943 Represented FTEs and 1,899 Non-Represented FTEs; and
  3. AUTHORIZING an average 3.5% performance-based merit increase and a cost-of-living adjustment (COLA) of 2.5% on July 1st, 2023, and 2.5% on January 1st, 2024, for Non-Represented employees. The COLA will adjust the Non-Represented salary pay grade bands accordingly. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is 3.5% plus step progression increases; and
  4. APPROVING the Life of Project (LOP) budgets for new capital projects; new capital projects with LOP exceeding \$5.0 million are presented in Attachment B; and
  5. AMENDING the proposed budget to include any Board approved actions currently under consideration, from now to the end of the fiscal year (June 30, 2023); and
- B. AMENDING FY24 Proposed Budget document by including 40 additional Transit Security Officers (TSOs) to support rail expansion and increase safety on our transit system; and
- C. AMENDING FY24 Proposed Budget document by including 2 Non-Represented positions to support alternative delivery procurements on mega-projects; and
- D. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY24 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will require separate Board approval.