



Board Report

File #: 2025-0108, **File Type:** Informational Report

Agenda Number: 16.

**FINANCE, BUDGET, AND AUDIT COMMITTEE
MARCH 20, 2025**

SUBJECT: FISCAL YEAR 2026 BUDGET DEVELOPMENT STATUS UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Fiscal Year 2026 (FY26) Budget Development Status Update.

ISSUE

This report continues the monthly updates to the Board on the FY26 Budget development process, culminating in a planned May 2025 Board Adoption. It focuses on Metro’s diverse portfolio of major infrastructure projects included in Transit Infrastructure Development, Highway Multimodal Development, and Regional Rail Programs.

Additionally, it provides an overview of Metro’s Regional Allocation and Pass Throughs (Subsidy) funding programs. This report also provides an update on Metro’s comprehensive budget outreach efforts.

BACKGROUND

The annual budget request reflects the 12-month financial increments required for advancing through each project’s development phase. It serves to monitor the cash flow requirements for activities in each project phase and considers factors such as the existing level of Board authorization, the respective project delivery schedules, and the identification of eligible and available funding sources. These sources may include federal, state, and local grants, sales taxes, and various financing mechanisms.

Most of the projects within the major capital programs adopt a multiyear Life of Project (LOP) Budget. For projects utilizing the alternative delivery methods, a multi-year Pre-Construction Budget is adopted prior to establishing a full LOP Budget. The purpose of the multi-year budget is to establish the financial resources necessary for the duration of a particular project phase in the case of Pre-Construction Budget, and for the completion of the project in the case of a full LOP Budget. The LOP budget encompasses the Pre-Construction Budget and planning phase expenditures. These multi-

year budgets seek Board approval independently from the annual budget process.

DISCUSSION

Major Infrastructure Capital Investment

LA County's infrastructure expansion plan is one of the nation's most ambitious and transformative transportation construction and enhancement programs, enabled by the sales tax revenues from the voter approved Measure R and Measure M Ordinances along with funds from state and federal grants. Major infrastructure projects are subject to market conditions, environmental conditions, and natural disasters which pose financial and schedule risks. While FY26 Preliminary Budget assumes no change in the federal funds obligated to these projects, the uncertainties surrounding these funds exacerbate the situation. Should any of these factors be realized, they must be evaluated and mitigated for a successful project delivery.

The following programs are covered in this report:

Transit Infrastructure Development: The FY26 Preliminary Budget provides funding for planning and constructing new transit projects for LA County per the voter approved Measure R and Measure M sales tax ordinances.

Highway Multimodal Development: The FY26 Preliminary Budget provides funding from voter approved Measure R and Measure M sales tax ordinances to advance design and construction activities for highway, streets and multimodal infrastructure projects in LA County, along with HOV and ExpressLanes and Bus Only Lane projects.

Regional Rail: The FY26 Preliminary Budget supports commuter rail projects such as Metro-led commuter rail projects and ongoing subsidy support for Metrolink's operating and State of Good Repair/capital components.

The major infrastructure capital projects typically make up one third of the annual budget. The FY26 Preliminary Budget represents the annual incremental cashflow required to advance these capital projects based on the phase of each project.

Transit Infrastructure Development

The Transit Infrastructure Development (TID) Program consists of expansion and enhancements of transit lines outlined in the Measure R and Measure M Ordinances, as well as those capital projects critical to operating these expansion lines once in service. These initiatives involve various project development stages, which are divided into planning, construction, and program support and administration.

Typically, the planning phase commences with a feasibility study followed by alternative analyses, ultimately leading to environmental clearance and selection of Locally Preferred Alternative by the

Board. Subsequently, the project moves into the construction phase before being handed over to Operations upon completion.

Fig 1:

Transit Infrastructure Development						
(\$ in millions)	FY25 Budget	FY26 Preliminary	\$ Change	% Change		
1 Transit Construction	\$ 1,796.8	\$ 1,964.9	\$ 168.1	9.4%		
2 Transit Planning	104.8	131.3	26.5	25.3%		
3 Program Support/Admin	23.6	25.5	1.9	8.1%		
4 Program Total	\$ 1,925.2	\$ 2,121.7	\$ 196.5	10.2%		

For FY26, the Preliminary Budget for the entire Transit Infrastructure Development Program stands at \$2.1 billion, reflecting an increase of \$196.5 million or 10.2% compared to the FY25 Budget as shown in Figure 1. Much of the FY26 Budget request is geared towards supporting the ongoing construction of key projects such as the Purple Line Subway Extension and East San Fernando Valley Light Rail Transit. As the A Line Foothill Extension to Pomona readies to open for revenue service in summer of 2025, the next leg of extension from Pomona to Montclair will start in 2025 and continue through FY26 and beyond. The increase of \$168.1 million or 9.4% from FY25 in the Transit Construction budget is attributed to the advancement of Southeast Gateway Line early works and right-of-way acquisitions, construction on G Line Improvements, and engineering and design work on Eastside Extension Phase 2. The increase of \$26.5 million or 25.3% from FY25 in the Transit Planning budget is largely due to the Sepulveda Transit Corridor Pre-Development Agreement.

The FY26 Preliminary Budget numbers are still under development and may be updated between now and Proposed Budget Book publication.

A more detailed project discussion can be found in Attachment A.

Highway Multimodal Development

The FY26 Preliminary Budget of \$628.7 million represents a \$52.2 million or 7.7% decrease over the FY25 Budget as shown in Figure 2. The FY26 Preliminary Budget reflects Metro’s ongoing investments in HOV and ExpressLanes construction, the expansion of bus-only lanes, subregional street improvements, as well as safety enhancements to freeways, interchanges and arterial streets. As the Highway Multimodal Development program evolves, Metro will continue to integrate pedestrian oriented and multi-modal components into freeway and surface street projects, and advance an equity-focused approach that minimizes displacement and emphasizes community participation.

In FY26, the Highway Multimodal Development budget supports the construction phase of the I-105 ExpressLanes project, the expansion of bus-only lanes and bus infrastructure throughout LA County, including customer-oriented amenities to bus stop shelters. This Preliminary Budget also supports the re-imagining of the I-710 South and I-605 Hot Spots projects, and ongoing construction for the I-5 North (North County) and the SR-57/SR-60 confluence projects.

Fig 2:

Highway Multimodal Development Project (\$ in millions)	FY25 Budget	FY26 Preliminary	\$ Change	% Change
1 Bus Improvements	\$ 36.9	\$ 36.7	\$ (0.2)	-0.4%
2 Capacity Improvements	131.4	138.5	7.1	5.4%
3 Express/HOV Improvements	190.2	163.4	(26.8)	-14.1%
4 General Planning	3.1	4.3	1.2	38.8%
5 Local Subregion/Street/Safety/Op Improvements	288.9	278.5	(10.3)	-3.6%
6 Property Maintenance	1.3	2.0	0.7	52.6%
7 Traffic Noise Reduction	29.1	5.2	(23.9)	-82.0%
8 Total Highway Multimodal Development	\$ 680.9	\$ 628.7	\$ (52.2)	-7.7%

See Attachment B for additional Highway Multimodal Development project details.

Highway capital projects are subject to the same market conditions generating cost escalations in our TID program, namely rising labor and material costs. Unforeseen conditions, extreme weather impacts and more stringent environmental regulations also pose financial risk to highway construction projects by triggering work stoppages, change orders, emergency remediation provisions, and mitigation provisions to offset emissions impacts from expanded roadways. All these risk factors could impact construction costs and available funding resources.

Metro Regional Rail

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

The FY26 Preliminary Budget of \$118.1 million is a \$61.4 million or 108.1% increase from the FY25 Budget. The increase is primarily driven by an increase in annual funding for the Link Union Station project to support the advancement of the Construction Manager / General Contractor (CM/GC) contract in FY26. Other increases are attributable to the start of the construction phase for the Doran Street Grade Separation project and preliminary engineering efforts for a high-speed rail service from Palmdale via the High Desert Corridor to the future Apple Valley station of Brightline's privately funded high-speed rail line to Las Vegas

Other major activities include closeout activities for the Rosecrans/Marquardt Grade Separation Project, ongoing construction activities for the first segment of the Brighton to Roxford Double Tracking Project in the east San Fernando Valley, and design efforts for an in-fill Metrolink station at the LA General Medical Center. Additionally, the Lone Hill to White Double Tracking Project in the San Gabriel Valley will develop a full funding plan in preparation for the construction phase.

Fig 3:

Regional Rail Project (\$ in millions)	FY25 Budget	FY26 Preliminary	\$ Change	% Change
1 Link Union Station	\$ 10.5	\$ 42.9	\$ 32.4	308.6%
2 Rosecrans & Marquardt Grade Separation	6.0	12.2	6.2	103.7%
3 Brighton to Roxford Double Track	6.7	9.0	2.3	34.3%
4 High Desert Corridor	10.7	14.3	3.6	33.6%
5 Doran Street Grade Separation	7.8	19.5	11.7	150.0%
6 Lone Hill to CP White Double Track	6.7	11.4	4.7	70.1%
7 Other Metro Regional Rail	8.4	8.8	0.4	5.3%
8 Total Metro Regional Rail	\$ 56.8	\$ 118.1	\$ 61.4	108.1%

Metrolink Commuter Rail

At the time of this report, Metrolink is developing its FY26 operating and capital budget. Metro will work with Metrolink and the other partner agencies to align subsidy levels with eligible financial resources. Final budget amounts for Metrolink will be based on a separate board report brought forward in June 2025.

All modes of transportation in LA County are experiencing funding challenges due to the slower than anticipated growth of sales tax revenues, a severe deficit at the State level, and persistent inflationary pressures on labor, fuel, construction materials and other operating and capital costs. Additionally, ongoing uncertainty around federal funding for transit infrastructure poses a novel risk to existing and future funding for Metro’s Regional Rail program.

The financial impact on commuter rail agencies has been particularly acute, as telecommuting has eroded commuter rail’s core ridership and source of fare revenue. Whereas urban transit ridership has significantly rebounded, Metrolink’s ridership has plateaued at 50% of pre-covid levels. As a result, Metrolink’s subsidy requirement needs to be evaluated to match eligible funding sources for commuter rail in LA County. Final allocation amounts for this program will be brought forward by the Regional Rail group for specific Board approval in June, detailing the operating, state-of-good repair and new capital subsidy funding amounts.

Regional Allocations and Pass Throughs

The Regional Allocations and Pass Throughs program represents resources distributed to regional partners to carry out local transportation needs. This program is directly tied to locally imposed and collected sales taxes as well as Metro oversight and distribution of local, state and federal pass-through grant funding, which includes:

- Pass-through funding awarded to local jurisdictions and municipal and local transit operators through Local Agency Programs (i.e. Local Return) and Regional Transit Funding (i.e. Regional Transit Formula and Access Services)
- Pass-through funding for Major Projects being implemented by local agencies, including

Antelope Valley Metrolink Line Projects

- Grants allocated to local agencies through Other Local Programs such as the Congestion Reduction Demonstration (CRD) Toll Revenue grant program, Open Streets grant program, Active Transportation Program (ATP), Federal Pass-Throughs, and the Transit Oriented Development (TOD) Planning grant initiative

The FY26 Preliminary Budget of \$1.8 billion is a decrease of \$247.8 million, 11.9% below the FY25 Budget as shown in Figure 4. About 88% of this program is comprised of Local Agency Programs and Regional Transit Funding. Current economic conditions are signaling lower anticipated sales tax revenues for FY26 than were assumed in the adopted FY25 Budget. Thus, direct subsidies, provided by local and state sales tax-based programs that are passed through to Los Angeles County transit operators and local jurisdictions, are expected to decrease.

Fig 4:

Regional Allocations and Pass Throughs						
(\$ in millions)	FY25 Budget	FY26 Preliminary	\$ Change	% Change		
1 Local Agency Programs	\$ 921.4	\$ 844.8	\$ (76.6)	-8.3%		
2 Regional Transit	805.6	763.3	(42.3)	-5.3%		
3 Major Projects	211.0	76.6	(134.4)	-63.7%		
4 Other Local Programs	81.0	86.8	5.8	7.1%		
5 Regional Federal Grants	22.9	20.5	(2.4)	-10.3%		
6 Fare Assistance	33.3	35.3	2.0	6.1%		
7 Program Total	\$ 2,075.1	\$ 1,827.3	\$ (247.8)	-11.9%		

Local Agency Programs

Local Return and Transit Development Act (TDA) Article 3 and Article 8 funding make up this subprogram. This subprogram will decrease by \$76.6 million, a decrease of 8.3% over the FY25 budgeted amounts. Most of this decrease, about \$64.5 million, is the result of lower sale tax revenue projections for FY26.

Regional Transit Funding, Including Access Services

Similar to Local Agency Programs, Regional Transit Funding programs are projected to decrease during FY26 by \$42.3 million, a 5.3% decrease, primarily from the lower expected sales taxes. This subprogram is comprised of the transit formula funding allocated to Los Angeles County municipal, local transit operators, and Access Services. Formula programs for the municipal and local transit operators included in this subprogram include Proposition A Discretionary funding, Measure M 20%, Measure R 20%, SB1 State of Good Repair, TDA Article 4, and other fund programs.

In addition, preliminary funding of \$203.2 million is proposed for Access Services operations in Los Angeles County, including the direct Metro subsidy to support Access riders on Metrolink within the County, an increase of \$13.3 million over the FY25 Budget. The final subsidy amount is subject to Access Services' final budget request. The main cost drivers that could force Access Services to submit a budget request greater than the preliminary estimate include higher operating costs and a

backlog in purchasing replacement vehicles due to supply chain disruptions.

Final allocation amounts for this program will be brought forward for specific Board approval in June, detailing subsidy funding amounts for transit agencies, Access Services and local jurisdictions.

Major Projects

This subprogram is comprised of the Antelope Valley Line Projects and Inglewood Transit Connector and is decreasing by \$134.4 million, or 63.7% compared to the FY25 Budget as depicted in Figure 5. This is due to reduced cash flow needs in FY26 as the design phase is nearing completion for the Inglewood Transit Connector and Antelope Valley Line Projects. Further work on the Alameda Corridor East Phase II Project is now being funded via a Board approved Measure M loan vehicle and is included under the Highway Multimodal Development program. Sankofa Park has been completed. As a result, these two projects are not included in the Regional Allocations program in FY26.

Fig 5:

Major Projects						
(\$ in millions)	FY25 Budget	FY26 Preliminary	\$ Change	% Change		
1 Alameda Corridor East Phase II	\$ 14.0	\$ -	\$ (14.0)	-100.0%		
2 Antelope Valley Metrolink Line Projects	16.3	10.4	(5.9)	-36.3%		
3 Inglewood Transit Connector	179.5	66.2	(113.3)	-63.1%		
4 Sankofa Park Projects	1.1	-	(1.1)	-100.0%		
5 Total	\$ 211.0	\$ 76.6	\$ (134.4)	-63.7%		

Other Local Programs & Regional Federal Grant Programs

Other Local Programs is increasing by \$5.8 million or 7.1% for ATP-related grants, CRD Toll Revenue Grant Program, Federal Earmarks, and TOD Planning Grants.

Regional Federal Grant Programs is decreasing by \$2.4 million or 10.3% due to projects moving toward completion.

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

The LIFE program is anticipated to continue to grow during the coming year, and the budget request has increased accordingly to \$35.3 million to support the Board approved expansion and improvements to the program. This represents a 6.1% increase over the FY25 budgeted amount for the program.

FY25 Public Budget Outreach Update

For the development of the FY26 Budget, Metro remains dedicated to a robust public and stakeholder engagement process. Starting in October of 2024, OMB staff launched an improved version of the My Metro Budget Activity as part of the outreach efforts. This was followed by a budget Telephone Town Hall hosted by Metro’s CEO, senior leadership, and Board Members on February 4,

2025.

The My Metro Budget Activity, a key tool for public education and collecting feedback remains critical to budget decision making. As of February 28, 2025, the activity received over 4,200 responses and over 3,200 written comments. Public safety, service frequency and reliability, and cleanliness on the Metro system remain essential topics across all the feedback channels. OMB has collaborated closely with other agency groups and departments to ensure these key concerns are addressed by the appropriate team. This information is used to align Metro's budgetary decisions with the public's priorities. Attachment C contains updates about the outreach initiatives shared in last month's budget updates.

EQUITY PLATFORM

Budget equity is an integral part of the budget development process. For FY26, Metro continues to uphold its commitment to equity through the continued application of the Equity Zero-Based Budgeting (EZBB) evaluation process. Metro's Budget is shaped by the following pillars of equity: "Listen and Learn" and "Focus and Deliver."

These pillars have guided the allocation of \$2.9 billion of Preliminary Budget across three main infrastructure programs: Transit Development, Highway Multimodal, and Regional Rail. For projects in planning phase, Metro actively engages communities to hear their concerns and preferences. These inputs are incorporated into needs-based analyses which ultimately contribute to project definition encompassing mode, alignment, and cost. The FY26 allocation reflects the 12-month slice of funds needed to progress the projects through the respective phases. As each project is delivered, it expands and enhances existing network of transportation systems - whether it be public transit, active transportation, street improvements, or highways - within Los Angeles County. This in turn increases access to opportunities for all Angelenos.

The \$1.8 billion Regional Allocations and Pass Throughs are mostly formula-based distribution to regional partners for respective local transportation needs. Metro does not have direct control over the regional partners' allocations over respective entities budget.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with the declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

Most of the budget related to transit and regional rail infrastructure development will support projects that will decrease VMT in LA County. Within this suite of projects, Metro seeks to reduce single-occupancy vehicle trips, better connect Los Angeles County through public transit, and provide fare assistance for low-income riders.

Some of the projects noted in this status report, such as highway capacity enhancements and HOV improvements, will ease congestion for cars and trucks, or expand vehicle capacity, resulting in the possibility of increased VMT. However, these projects also provide for carpooling infrastructure and reinvestment of funding towards transit projects. The projects' multi-modal benefits may contribute to offsetting the possible increase in VMT.

Overall, the budget discussed in this status report supports Metro's systemwide strategy to reduce VMT through planning, constructing and funding activities that will improve and further encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and the FY26 Preliminary Budget identified in this report aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from the highway performance monitoring system data between 2001 - 2019.

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.

NEXT STEPS

Staff continues to review and refine the FY26 Preliminary Budget as it advances through the EZBB process, being mindful of the promise embodied in the two Ordinances and the revenue projections identified in previous months' budget status report. Next month's budget development update will address Metro Transit Operations & Maintenance, Metro Transit Capital Improvements, Congestion Management, and Planning & Administration Programs.

ATTACHMENTS

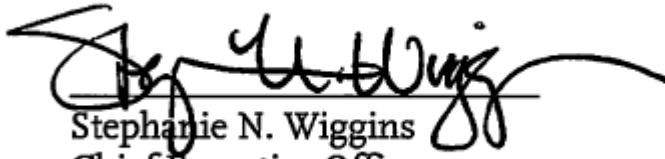
Attachment A - Transit Infrastructure Development Projects

Attachment B - Highway Multimodal Development

Attachment C - My Metro Budget Activity

Prepared by: Marie Kim, Executive Officer, Finance, (213) 418-3472
Cosette Stark, Executive Officer, Local Programming, (213) 922-2822
Robert Gutierrez, Deputy Executive Officer, Finance, (213) 922-4496

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



Stephanie N. Wiggins
Chief Executive Officer

Attachment A

Transit Infrastructure Development (TID) Projects

TID Projects in Construction Phase:

The FY26 Preliminary Construction Budget of \$1.96 billion supports construction activities on Measure R and Measure M projects.

- *A Line (Gold) Foothill Extension*

The A Line (Gold) Foothill Extension will provide 12.3 miles of new rail to the east, beyond the current end point of the line in Azusa, adding 6 new stations. The FY26 Preliminary Budget of \$148.9 million supports improvements to Azusa Depot, retaining wall work, punch list items along Azusa to Pomona, and construction work for the last stretch to Montclair.

- *Airport Metro Connector*

The Airport Metro Connector, now renamed LAX/Metro Transit Center, is a station hub at Aviation Bl/96th Street on the Crenshaw/LAX Transit line, which will allow direct transfer from the Metro network to the LAX Automated People Mover. This station hub will include a light rail station, bus plaza, bicycle parking, and customer service center. FY26 Preliminary Budget of \$22.9 million supports close-out activities and punch list items.

- *C Line Extension to Torrance*

This project will extend the C Line (Green) 4.5 miles, adding 2 new stations, Redondo Beach Transit Center and Torrance Transit Center. When completed, this alignment is projected to be serviced as part of the Metro K Line and provides a direct ride between Torrance and the Metro E Line (Expo). In FY26, Metro will be performing field work and investigations in the project area to collect relevant information. The FY26 Preliminary Budget request is \$58.1 million.

- *D Line (Purple) Extension*

This project encompasses three sections of the D Line (Purple) subway extension, expanding westward from the current terminus at Wilshire/Western, and collectively adding seven new stations. The FY26 Preliminary Budget of \$782.9 million supports the wrap up in Section 1, ongoing progress of tunneling, station box, and trackwork construction activities along Sections 2 and 3. The revenue service dates for Sections 1, 2, and 3 are slated for 2025, 2026, and 2027, respectively. Additionally, the Division 20 Portal Widening project involves the construction of a new turnback facility to accommodate the headway requirements for the entire D Line.

- *E Line Eastside LRT Phase 2*

The Eastside Transit Corridor Phase 2 project extends the E Line (Expo) 9 miles further east, from its current terminus at Atlantic Station in East Los Angeles to City of Whittier. The \$84.9 million FY26 Preliminary Budget includes design and preliminary engineering services.

- *East San Fernando Valley LRT*

Attachment A

The East San Fernando Valley LRT project spans a total of 9.2 miles with 14 stations, extending northward from the G Line (Orange) Van Nuys station to the Sylmar/San Fernando Metrolink station. This project is divided into two segments, with the first initial operating segment (IOS) covering a 6.7-mile stretch from the G Line Van Nuys station to San Fernando Road in Pacoima. Most of the advanced design phase has been completed and will be further developed using the Progressive Design Build delivery method, for which the contract has been awarded. The FY26 Preliminary Budget of \$266.4 million supports right-of-way acquisition and construction activities.

- *G Line (Orange) BRT Improvements*

The G Line (Orange) 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 a four-quad gating system for safer and faster trips. FY26 Preliminary Budget is \$214.3 million.

- *K Line (Crenshaw/LAX) Light Rail Transit*

The Crenshaw/LAX Transit Project is a north/south light rail line that serves the cities of Los Angeles, Inglewood, Hawthorne and El Segundo as well as portions of unincorporated Los Angeles County. The alignment extends 8.5 miles, from the intersection of Crenshaw and Exposition Boulevards to a connection with the Metro C Line south of the Aviation/LAX Station. The project provides major connections with the Los Angeles International Airport (LAX) as well as links to the C Line (Green), the E Line (Expo) and the countywide bus network. The FY26 Preliminary Budget request is \$11.6 million.

- *North Hollywood to Pasadena BRT Connector*

Metro is planning Bus Rapid Transit (BRT) to connect the cities of Los Angeles (North Hollywood and Eagle Rock communities), Burbank, Glendale, and Pasadena. Environmental review was completed in 2022 and the FY26 Preliminary Budget of \$83.9 million will support final design and construction activities. Utility survey work may begin as early as Summer 2025.

- *Rail & Bus Operations Control Center Upgrade (ROC/BOC)*

The Metro Rail & Bus Operations Control Center is a technologically advanced, centralized, and critical component of safe bus and rail operations. The FY26 Preliminary Budget is \$17.3 million for design.

- *Regional Connector*

The 1.9-mile Regional Connector in Downtown Los Angeles includes three new stations: Little Tokyo/Arts District, Historic Broadway and Grand Av Arts/Bunker Hill. These stations have been providing seamless rail access to the core of downtown. The Connector enables a one-seat ride from East LA to Santa Monica on the east-west alignment, and Azusa to Long Beach on the north-south alignment. The \$5.2 million FY26 Preliminary Budget supports close-out and punch list items.

- *Southeast Gateway Line (Pioneer to Slauson)*

Attachment A

The Southeast Gateway Line is a proposed light rail transit (LRT) line that will connect the Slauson/A Line Station in Los Angeles to Pioneer Station in the City of Artesia. This segment stretches 14.5 miles and will include 9 stations traversing through Artesia, Cerritos, Bellflower, Paramount, Downey, South Gate, Cudahy, Bell, Huntington Park, Vernon, Los Angeles, and the unincorporated community of Florence-Firestone. It will also include 1 new infill C Line Station. This project is progressing into early works and right-of-way acquisitions. The FY26 Preliminary Budget request is \$267.7 million.

TID Projects in Planning Phase:

The Planning Studies FY26 Preliminary Budget of \$195.5 million supports conceptual engineering, environmental clearance, and Locally Preferred Alternative selection.

- *Countywide BRT Planning*

Countywide BRT Planning conducts technical analysis, to determine Bus Rapid Transit feasibility and configurations across the Broadway, Atlantic, and Venice transit corridors. The FY26 Preliminary Budget request is \$3.5 million.

- *East San Fernando Valley LRT (Planning)*

This project focuses environmental studies on the shared corridor stretching between San Fernando Station terminus of the southern segment of the LRT and Metrolink Sylmar Station. The FY26 Preliminary Budget request of \$0.7 million includes funds for first/last mile study along the same location.

- *K Line Northern*

This project plans a northern extension of the K Line, from its current terminus at Crenshaw/Expo and the Metro E Line (Expo) to the Metro D Line (Purple). An optional terminus station to Hollywood Bowl is also being considered. Metro is currently in the environmental review process for the project under the California Environmental Quality Act. The FY26 Preliminary Budget request is \$8.9 million.

- *North San Fernando Valley BRT*

Metro is proposing improvements to the north San Fernando Valley bus network, to provide higher-quality services and transit infrastructure. These improvements reimagine the existing network, to better serve customers and complement the NextGen Bus Plan. The funds for this effort is assumed in various operating and capital improvement projects, in addition to the FY26 Preliminary Budget request of \$0.6 million.

- *Sepulveda Transit Corridor*

This project aims to improve transit between the San Fernando Valley and the Westside communities. Currently in the environmental review phase, the FY26 Preliminary Budget of \$89.9 million supports technical studies, a Planning and Environmental Linkages study engaging federal agencies early, and an Environmental Impact Statement addressing transportation needs comprehensively.

Attachment A

- *SGV Feasibility Study*

The San Gabriel Valley Feasibility Study seeks to evaluate high-quality transit service options to serve the San Gabriel Valley. The study also seeks to include recommendations for a Funding Plan for the San Gabriel Valley and Gateway cities subregions. The FY26 Preliminary Budget is \$1.4 million.

- *Southeast Gateway Line (Slauson to DTLA)*

This study covers an approximately 4.8-mile route extension, from the Slauson A Line Station to LA Union Station with 3 proposed new stations in-between. The FY26 Preliminary Budget of \$5.1 million supports essential planning activities and community outreach.

- *Vermont Transit Corridor*

The Vermont Transit Corridor Project aims to improve travel times and provide more reliable service along Metro's most heavily traveled bus route, Vermont Ave., between Sunset Blvd and 120th Street. The \$21.1 million FY26 Preliminary Budget supports the immediate implementation of bus improvements and continue planning activities on near-term Bus Rapid Transit (BRT) and a long-term rail study. Bus improvements include restriping, curb cutouts, and wayfinding while dedicated bus lanes, zero emission buses, and enhanced stations are considered for BRT. These upgrades will enhance passenger comfort, safety and security.

Attachment A

Transit Infrastructure Development		Expenditure	FY25	FY26	Life of	Ordinance
Project (\$ in millions)		thru FY24	Budget	Preliminary	Project	Start Date
					Budget	(Fiscal Year)
Transit Construction						
1	A Line (Gold) Foothill Extension 2A & 2B	\$ 1,858.6	\$ 146.7	\$ 148.9	\$ 2,345.1	2010
2	Airport Metro Connector	714.6	143.5	22.9	902.2	2010
3	C Line Extension to Torrance	36.1	51.2	58.1	-	2026
4	D Line (Purple) Extension ⁽¹⁾	7,279.0	694.7	782.9	10,334.6	2013
5	E Line (Expo) LRT	2,409.4	3.0	0.7	2,300.2	2010
6	E Line Eastside LRT Phase 2	77.1	48.6	84.9	-	
7	East San Fernando Valley LRT ⁽²⁾	233.4	279.9	266.4	884.5	2013
8	G Line (Orange) BRT ⁽²⁾	100.7	106.8	214.3	668.5	2019
9	K Line (Crenshaw/LAX) Light Rail Transit	2,702.8	21.5	11.6	2,715.9	2010
10	North Hollywood to Pasadena BRT Connector	19.9	114.4	83.9	135.2	2020
11	Rail & Bus Operations Control Center Upgrade	1.2	16.9	17.3	-	
12	Regional Connector	1,816.5	37.7	5.2	1,864.2	2014
13	Southeast Gateway Line (Pioneer to Slauson)	111.2	131.8	267.7	-	2024
14	Transit Construction Subtotal	\$ 17,360.5	\$ 1,796.8	\$ 1,964.9	\$ 22,150.4	
Transit Planning						
16	Countrywide BRT Planning	\$ 0.1	\$ 2.4	\$ 3.5	\$ -	2020
17	Eastside Access ⁽³⁾	43.2	0.6	0.2	29.7	2010
18	East San Fernando Valley LRT ⁽²⁾	-	1.3	0.7	-	2013
19	K Line Northern	33.2	8.0	8.9	-	2041
20	North San Fernando Valley BRT	8.4	1.1	0.6	-	2019
21	Sepulveda Corridor	191.4	63.6	89.9	-	2024
22	SGV Feasibility Study	3.5	1.0	1.4	-	
23	Southeast Gateway Line (Slauson to DTLA)	-	6.8	5.1	-	2015
24	Vermont Transit Corridor	13.3	20.1	21.1	-	2024
25	Transit Planning Subtotal	\$ 293.0	\$ 104.8	\$ 131.3	\$ 29.7	
26	Program Control Support		23.6	25.5	-	
27	Total Transit Infrastructure Development	\$ 17,653.5	\$ 1,925.2	\$ 2,121.7	\$ 22,180.1	

Note: Totals may not add due to rounding

(1) - D Line (Purple) Extension includes all three sections, Division 20 Portal Widening & other supporting projects.

(2) - LOP budget for East San Fernando LRT & G (Orange) Line BRT is for pre-construction phase only.

(3) - LOP budget of \$29.7M is for Eastside Access Phase 3 only; other numbers include all three phases.

Attachment B

Highway Multimodal Development

The Highway Multimodal Development Program continues to evolve, as legacy expansion projects move towards completion or undergo rescoping with robust community participation, new ExpressLanes advance through the design and implementation phase, and multimodal components are integrated into freeway and street projects.

The Highway Multimodal Development Program differs 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 projects, Metro oversees the planning and early engineering phases, then transitions the project to Caltrans to execute right-of-way acquisitions and construction. Upon completion, Highway projects are capitalized as a Caltrans asset with Caltrans assuming primary responsibility for operations and maintenance.

The FY26 preliminary Highway Multimodal Development budget of \$628.7 million represents a \$52.2 million or 7.7% decrease from the FY25 Adopted Budget. This decrease is primarily driven by right-sizing project budgets across Metro's Highway Program and better aligning financial resources with historical burn rates and detailed project-level forecasts. The FY26 Preliminary Budget supports Metro's aggressive expansion of bus-only lane infrastructure and enhancements to bus stop shelters throughout L.A. County, the construction phase of the I-105 ExpressLanes, and incorporation of multi-modal and active transportation components into Metro's Multimodal Highway portfolio. Additionally, the FY26 preliminary budget allocates financial resources to support ongoing construction for the SR-57/SR-60 confluence project, the I-5 North (North County) project, and comprehensive packages of mobility improvement projects in the I-710 North and South regions.

Attachment B

Highway Multimodal Development Project (\$ in millions)		Exp thru FY24	FY25 Budget	FY26 Preliminary	Subregion
1	MR/MM Projects				
2	Countywide Soundwall Constructions	\$ 181.3	\$ 29.1	\$ 5.2	sc
3	Highway Demand Based Program (SG)	0.1	0.1	2.6	sg
4	Highway Efficiency Program	64.4	34.4	58.5	av, lvm, nc
5	Highway Operational Improvements in Arroyo Verdugo Subregion	66.6	5.0	10.0	av
6	Highway Operational Improvements in Las Virgenes/Malibu Subregion	132.8	2.1	6.2	lvm
7	I-105 ExpressLane from I-405 to I-605	256.7	179.3	156.7	sc
8	Sepulveda Pass Transit Corridor (Ph 1 - I-405 ExpressLane)	27.4	7.6	6.7	sf
9	Interstate 405, I-110, I-105 and SR-91 Ramp & Interchange Improvements (South Bay)	249.4	30.1	15.6	sb
10	I-5 Capacity Enhancement from SR-134 to SR-170	158.0	4.5	0.2	av, sf
11	Interstate 5 Capacity Enhancement from I-605 to Orange County Line	158.8	12.0	12.4	gc
12	Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	329.7	52.9	86.9	nc
13	Interstate 5/St. Route 14 Capacity Enhancement (North County)	5.2	1.0	1.1	nc
14	Interstate 605 corridor "Hot Spot" Interchanges (Gateway Cities)	345.0	109.9	71.9	gc
15	Interstate 710 South and/or Early Action Projects (Gateway Cities)	244.3	38.5	40.0	gc
16	South Bay Highway Operational Improvements	2.0	0.5	5.3	sb
17	SR-57/SR-60 Interchange Improvements	263.3	82.7	31.0	sg
18	SR-71 Gap from I-10 to Rio Rancho Road	92.8	30.0	29.8	sg
19	SR-710 N Corridor Mobility Improvements	11.7	4.8	24.1	av, cc, sg
20	State Route 138 Capacity Enhancements (North County)	81.1	5.0	3.0	nc
21	SR-14 Safety Improvements	3.6	2.5	5.2	nc
22	Transportation System and Mobility Improvement Program (South Bay)	55.9	5.5	12.0	sb
23	MR/MM Projects Total	\$ 2,730.1	\$ 637.4	\$ 584.4	
24	Other				
25	Caltrans Property Maintenance	\$ 13.6	\$ 1.3	\$ 2.0	
26	Highway Planning	156.8	3.1	4.3	
27	I-210 Barrier Replacement	18.2	1.7	0.6	
28	I-405 Carpool Lane	1,143.4	0.5	0.6	
29	NextGen Bus Lanes	47.6	36.9	36.7	
30	Total Highway Multimodal Development	\$ 4,109.7	\$ 680.9	\$ 628.7	

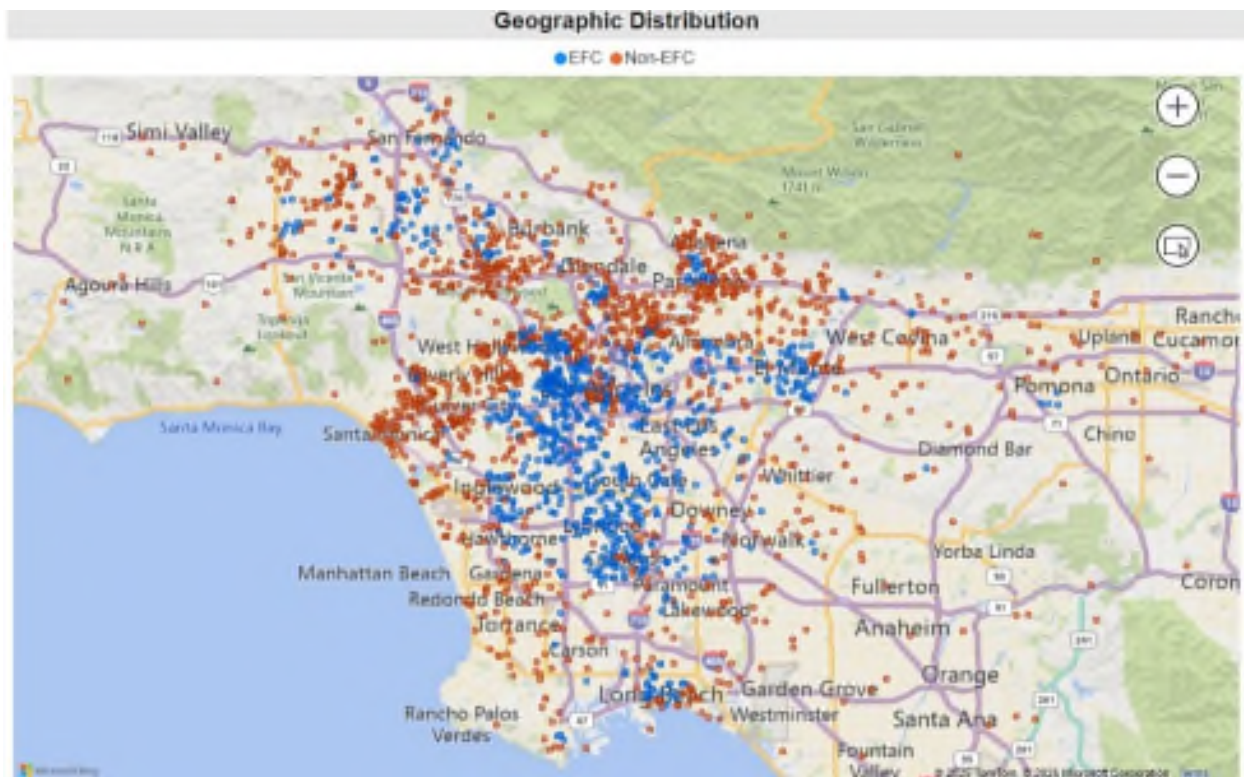
* Totals may not add up due to rounding.

Subregion Key
AV = Arroyo Verdugo
CC = Central City
GC = Gateway Cities
LVM = Las Virgenes-Malibu
NC = North County
SB = South Bay
SC = System Connectivity
SF = San Fernando

Attachment C

My Metro Budget Activity

The My Metro Budget Activity, designed to gather public input on budget priorities, remains open for participation until May. All public and stakeholder feedback received, including budget priorities and written comments, will be used to inform the development of the FY26 budget. To facilitate analysis, Metro has developed an internal dashboard. This dashboard allows staff to view results related to the geographic distribution of Equity Focus Communities (EFCs), scenarios questions, categorized comments, demographic breakdowns of participants, regional priorities, and more. The geographic data component is useful as it enables Metro to assess and address the equity needs of the community as reflected in the responses. Below is an overview of the geographic information and comments.





FY26 My Metro Budget Activity Map



Attachment C

My Metro Budget Activity Comments

This year, Metro's internal dashboard includes new AI-powered features for enhanced comment analysis. The features include categorization and summarization. Categorization uses over 60 topics to organize comments, and the summarization feature provides concise summaries of key themes. These AI-driven tools enable more effective review of the over 3,200 unique comments collected so far. Below are AI-assisted comment summaries and responses for the programs included in this month's budget update.

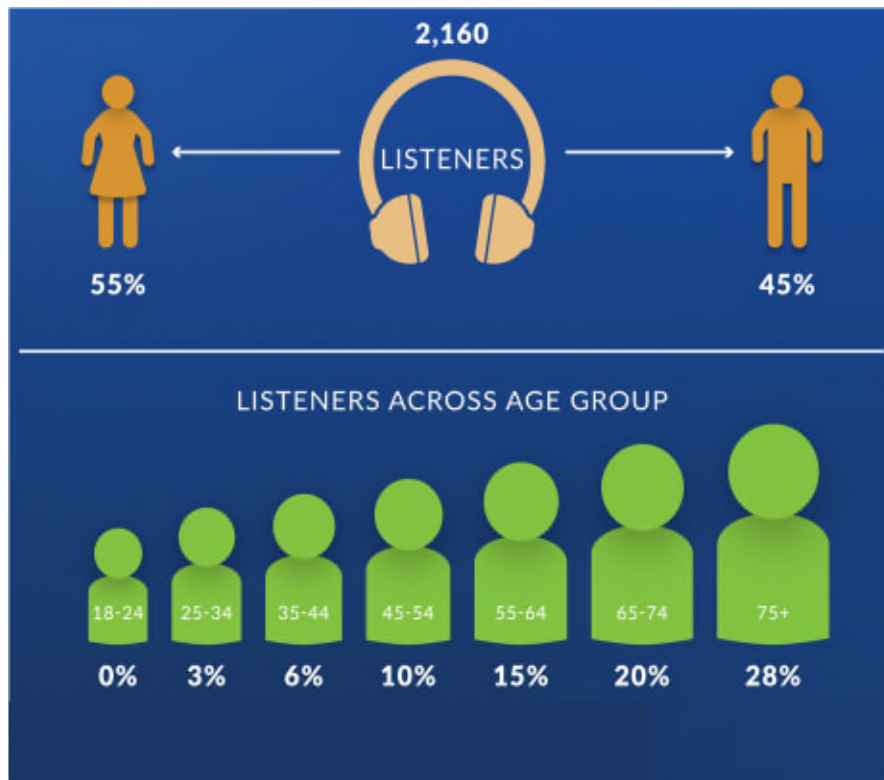
Program	Comment Summary	What Metro is Doing
<p>Regional Rail (55 Comments)</p> 	<ul style="list-style-type: none"> • Advocate funding emphasis on: <ul style="list-style-type: none"> ○ Double-tracking ○ Increased frequency ○ Expanded service areas ○ Reliability and efficiency • Concerns about: <ul style="list-style-type: none"> ○ Cost ○ Overall design and feasibility 	<ul style="list-style-type: none"> • Metro is advancing construction for Brighton to Roxford Double Tracking project (\$9m in FY26) & seeking construction funding for Lone Hill to White project (\$230m estimated) • As of October 2024, Metrolink increased service frequency & added off-peak trains (\$139.9m operating subsidy in FY25 / FY26 is still TBD) • Studies underway for additional in-fill stations (\$5.25m in FY26)
<p>Highway Multimodal Development (87 Comments)</p> 	<ul style="list-style-type: none"> • Advocate funding emphasis on: <ul style="list-style-type: none"> ○ Improving public transit ○ Increasing bus lanes ○ Rail improvements ○ Pedestrian safety infrastructure • Concerns about: <ul style="list-style-type: none"> ○ Using Metro funds to expand highways ○ Effectiveness of highway widening in reducing congestion 	<ul style="list-style-type: none"> • FY26 Budget provides ongoing support for countywide bus-only lane expansion (\$36.7m in FY26) • I-710 North (\$1.03b) & South (\$697m in Measure R and M) expansion projects re-scoped into mobility improvement packages driven by community preferences • Integrating pedestrian safety & multimodal components into freeway / street projects

Attachment C

<p>Transportation Infrastructure Development (125 Comments)</p> 	<ul style="list-style-type: none"> Advocate funding emphasis on: <ul style="list-style-type: none"> LAX/Metro Transit center access D Line Purple System East San Fernando Valley North Hollywood to Pasadena Transit Corridor 	<ul style="list-style-type: none"> LAX/Metro Transit Center access -- \$20.9M, will open in FY25 D Line Purple System -- \$782.9M for PLE 1, 2, & 3 East San Fernando Valley -- \$480.7M, for ESFV and G-Line projects North Hollywood to Pasadena Transit Corridor -- \$83.9M
<p>Regional Allocations and Pass-Throughs (37 Comments)</p> 	<ul style="list-style-type: none"> Advocate funding emphasis on: <ul style="list-style-type: none"> Increasing bus service frequency Improving street & sidewalk conditions Accessibility for disabled riders Core transit improvements Support government partner oversight 	<ul style="list-style-type: none"> Cities prioritize the allocation of their local return dollars. Cities use these dollars to make transit improvements within their jurisdictions which include streets, sidewalks, and funding of their local transit operators (\$1.6B in FY26) Audits are conducted annually on the eligible use of funds to provide oversight over these funds

Telephone Town Hall

Below are the summary statistics for February 4, 2025, Telephone Town Hall (TTH).

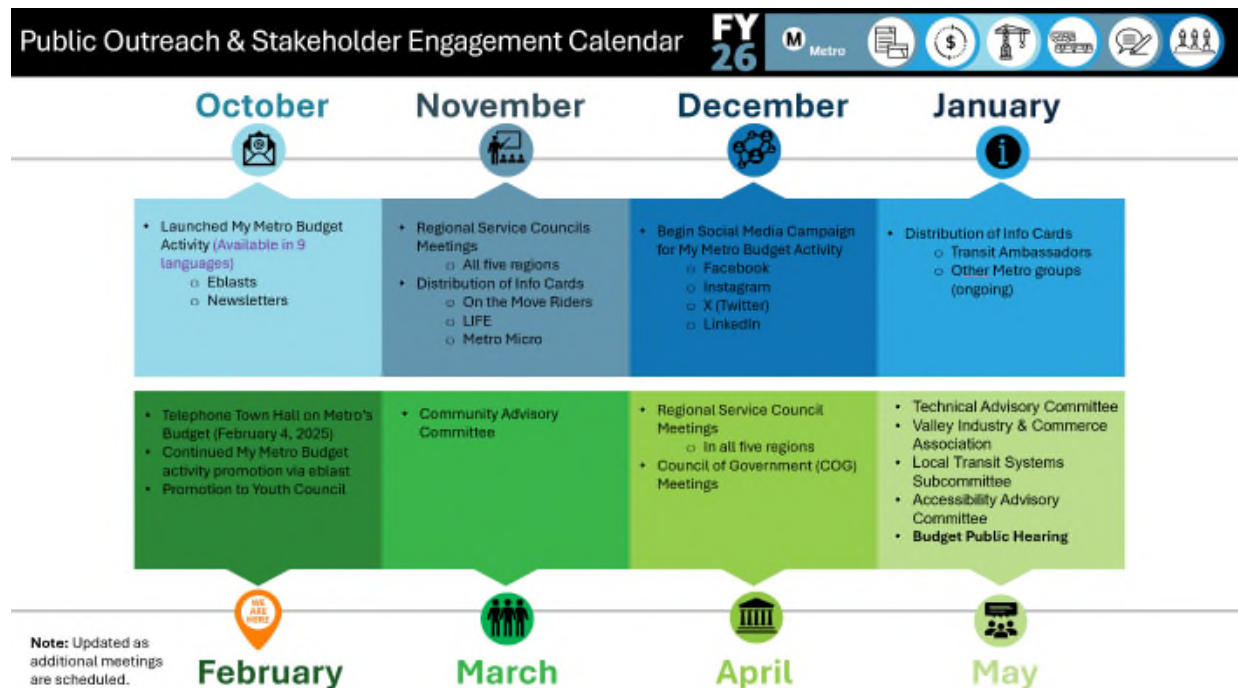


Attachment C

The TTH had over 2,100 listeners, including more than 120 Spanish listeners. Participants had the opportunity to directly engage with senior leadership, posing questions and receiving answers on key issues. The TTH events have been an invaluable outreach activity for reaching the Equity Focus Community (EFC) and particularly beneficial for residents who would not typically have time to attend a regular public meeting or who cannot participate online. Key concerns centered around station lighting, cleanliness, elevator maintenance, expanded interaction with Small Businesses and Disadvantaged Business Enterprises (DBEs), Bikeshare, and Fare Programs. The recording of the February 4, 2025 TTH is available on the budget portal.

Stakeholder Meetings and Outreach Efforts

Metro will continue to hold stakeholder meetings throughout March and April, culminating in May with the legally required budget public hearing and possible board approval of the FY26 Budget. These meetings will be guided by a commitment to Putting People First, ensuring that Metro listens and learns from stakeholder input. Detailed schedules, meeting information, and up-to-date budget data will be posted on the Finance and Budget portal (<https://budget.metro.net>) in advance of each event.





Fiscal Year 2026 Budget Development Update

March 2025 | Finance, Budget and Audit Committee



Transit Infrastructure Development \$2.1B FY26



Planning

\$131.3M

Countrywide BRT Planning	\$	3.5
Eastside Access		0.2
East San Fernando Valley LRT		0.7
K Line Northern		8.9
North San Fernando Valley BRT		0.6
Sepulveda Corridor		89.9
SGV Feasibility Study		1.4
SGL (Slauson to DTLA)		5.1
Vermont Transit Corridor		21.1

In Construction

\$1,971.3M

A Line (Gold) Foothill Ext. 2A & 2B	\$	148.0
C Line Extension to Torrance		58.1
D Line (Purple) Extension		776.6
E Line Eastside LRT Phase 2		84.9
East San Fernando Valley LRT		266.4
G Line (Orange) BRT		214.3
NoHo to Pasadena BRT Connector		83.9
Rail&Bus Ops Control Center		17.3
SGL (Pioneer to Slauson)		267.7

Revenue Readiness

\$30.0M

Airport Metro Connector	\$	22.9
A Line (Gold) Foothill Ext. 2B		0.8
D Line (Purple) Extension Section 1		6.3



- \$17.6M budget for closeout projects such as K Line (Crenshaw/LAX), Regional Connector, etc.
- \$25.5M Program support and administration including Business Solution Center

- FY26 Budget of \$2.1B reflects a \$196.5M or 10.2% increase from FY25.
- Transit Construction grows by \$168.1M (9.4%), driven by new projects like SGL advancing to the early construction phase and continued work on projects such as ESFV LRT and the Purple Line Extension.
- Planning & Studies increases by \$26.5M (25.3%) to support planning efforts for various transit projects.
- Program support & admin increases by \$1.9M (8.1%), accounting for roughly 1% of overall program.

Highway Multimodal Program \$628.7M

FY
26

M Metro



**Bus
Improvements**

\$36.7M

-\$0.2m (-.4%)



**Capacity
Improvements**

\$138.5M

+\$7.1m (5.4%)



**Express /
HOV
Improvements**

\$163.4M

-\$26.8m (-14.1%)



**General
Planning**

\$4.3M

+\$1.2m (38.8%)



**Local
Subregional
Improvements**

\$278.5M

-10.3m (-3.6%)



**Traffic Noise
Reduction &
Property
Maintenance**

\$7.2M

-\$23.2m (-76.3%)

Overview:

- FY26 Preliminary Highway Budget is a \$52.2m or 7.7% reduction from FY25 (\$680.9M)
- Decreases attributable to re-alignment with project schedules and project phasing.
- Investments in Bus-Only Lanes and Bus Infrastructure is 200% higher than FY24.
- Slight increase in Capacity Improvement investments as construction accelerates for the I-5N (North County) project, partially offset by a decrease in the SR-91 Atlantic/Cherry project. Other capacity improvement projects remain flat year-over-year.

Regional Rail \$118.1M

FY
26

M Metro



Link Union Station:

- Procure CM/GC contract
- Pre-construction, design activities

\$42.9M

+32.4m (308.6%)



Grade Separation Projects:

- Rosecrans: closeout activities
- Doran St: ramp up construction

\$31.7M

+\$17.9m (129.7%)



Double Tracking Projects:

- Brighton to Roxford: construction ongoing
- Lone Hill to White: funding plan

\$20.4M

+\$7m (52.2%)



High Desert Corridor Rail Service Plan and Other Metro Regional Rail Projects

\$23.1M

+\$4m (20.9%)



Metrolink's FY26 Budget is still under development and will be available upon receipt

Currently In Development

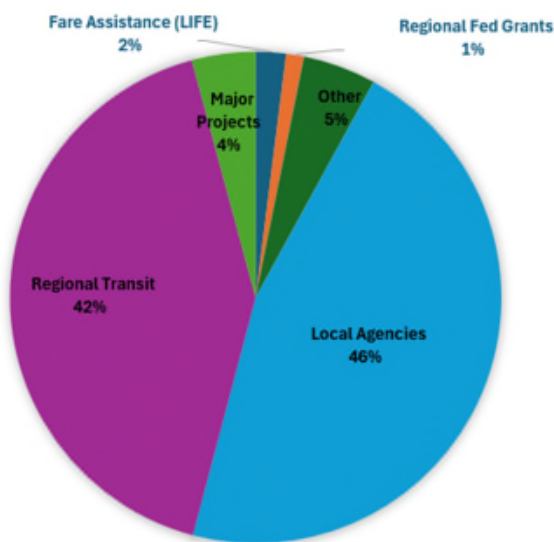
Overview:

- Double Tracking and Grade Separation projects advance into the Construction Phase
- High Desert Corridor finalizing Service Development Plan and proceeding with preliminary design
- The growth rate of Metrolink's operating subsidy requests are outpacing sales tax revenue growth

Regional Allocation & Pass Throughs \$1.8B

FY
26

M Metro



Regional Allocations & Pass Throughs (\$ millions)	FY25 Budget	FY26 Preliminary	\$ Change	% Change
Local Agencies	\$ 921.4	\$ 844.8	\$ (76.6)	-8.3%
Regional Transit	805.6	763.3	(42.3)	-5.3%
Major Projects	211.0	76.6	(134.4)	-63.7%
Other Local Programs	81.0	86.8	5.8	7.1%
Regional Federal Grants	22.9	20.5	(2.4)	-10.3%
Fare Assistance (LIFE)	33.3	35.3	2.0	6.1%
Total	\$ 2,075.1	\$ 1,827.3	\$ (247.8)	-11.9%

Note: Funds allocated to other agencies to implement projects

- **Overall Program:** 11.9% decline forecasted over FY25 adopted Budget
- **Sales Taxes:** Majority (Local Agencies & Regional Transit Programs) linked to sales tax estimates – FY26 **projected** to be lower than FY25 Adopted
- **Major Projects:** Allocations decreased due to completion of certain projects
- **Local Funding:** 88% allocated to Jurisdictions and Transit operators
- **ADA & Fare Assistance:** 13% reserved for Access Services & LIFE
- **Funds Distribution:** Governed by Federal / State laws & Board policies

Note: This program is primarily driven by sales tax projections. FY25 actual sales tax receipts are trending below budget. The FY26 budget assumes a 2% increase over FY25 estimated actual receipts but remains lower than the FY25 adopted amounts.



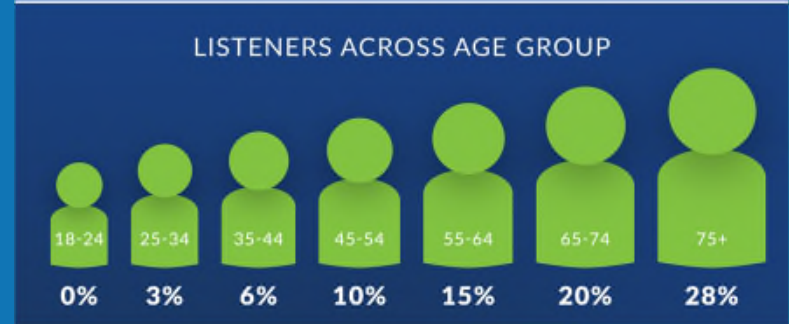
FY26 My Metro Budget Activity*



*FY26 collection period: October 2024 - May 2025

*Responses to Date (February 28, 2025)

Telephone Town Hall February 4, 2025



Public Comments

- Station lighting
- Cleanliness
- Elevator maintenance
- Fare programs
- Small Businesses & Disadvantaged Business Enterprises
- Bikeshare

Next Steps (April – May)

FY
26

M Metro



- Metro Transit – Operations & Maintenance (O&M) and Capital Improvement Program (CIP)
- Congestion Management
- Planning and Administration

Apr.

FY26 Proposed Budget:

- Public Hearing and Board Adoption

May