



Board Report

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Agenda Number: 26.

FINANCE, BUDGET, AND AUDIT COMMITTEE APRIL 16, 2026

SUBJECT: FISCAL YEAR 2027 BUDGET DEVELOPMENT STATUS UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Fiscal Year 2027 (FY27) Budget Development Status Update.

ISSUE

This report continues a series of monthly updates on the FY27 Budget development process, culminating in a planned May 2026 Board Adoption. The report focuses on the key areas of Metro's Transit Operations and Maintenance (O&M) Program and Transit Capital Improvement Program (CIP) to maintain transit infrastructure in a state of good repair. These two programs combined make up 37% of Metro's total budget.

Additionally, an overview of Congestion Management, General Planning and Programs, and Oversight and Administration, which make up about 5% of Metro's total budget are included to complete the program budget discussions for the FY27 Budget development process.

A recap of the latest update regarding Metro's comprehensive budget outreach efforts is also included in this report.

BACKGROUND

This preliminary budget serves as the annual expenditures required to advance Transit Operations' plans, fulfill O&M needs, repairs and upgrades through the CIP, and enhance customer experience. While the O&M and CIP budgets reflect the annual cash flow needs, CIP is controlled at a Life of Project (LOP) budget level.

DISCUSSION

In alignment with the CEO's Equitable Zero-Based Budget (EZBB) and cost-efficiency focus, Metro identified cost saving measures in the FY27 budget request. As shown in Figure 1 below, the programs covered in this board report reflect a -\$126.2 M (-5.8%) reduction in controllable costs (expenses excluding labor and allocations) compared to the FY26 budget for the programs covered

in this month's report. The total budget for these programs totals \$4.04 B (\$2.07 B in controllable costs and \$1.97 B in labor and allocations).

Figure 1:

Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
Controllable Costs					
1	Metro Transit - Operations & Maintenance	\$1,224.9	\$ 1,177.9	\$ (47.0)	-3.8%
2	Metro Transit - Capital Improvement Program	543.1	486.9	(56.2)	-10.4%
3	Metro Transit Total	\$1,768.0	\$ 1,664.8	\$ (103.2)	-5.8%
4	General Planning & Programs	\$ 177.5	\$ 173.7	\$ (3.8)	-2.2%
5	Congestion Management	\$ 119.4	\$ 98.7	\$ (20.7)	-17.4%
6	Oversight & Administration	\$ 126.6	\$ 128.3	\$ 1.6	1.3%
7	Subtotal Controllable Costs	\$2,191.5	\$ 2,065.4	\$ (126.2)	-5.8%
8	Labor and Allocations	\$1,832.8	\$ 1,970.6	\$ 137.8	7.5%
9	Grand Total	\$4,024.3	\$ 4,036.0	\$ 11.7	0.3%

Note: Totals may not add due to rounding.

Metro Transit Operations and Maintenance Program Overview

Metro Transit's Operations & Maintenance (O&M) program is dedicated to attracting and retaining riders by providing high quality reliable transit service. This commitment is demonstrated through ongoing NextGen service enhancements, expansion of our transit network, enhanced customer experience, a reimagined approach to public safety, expanded accessibility and affordability for all riders, and comprehensive service planning and operational support for special events.

To advance these priorities, the FY27 Preliminary O&M Budget totals \$2.99 B, representing a \$81.9 M (2.8%) increase over FY26. The budget funds 8.8 M revenue service hours (RSH) for bus and rail operations, as well as the Metro Micro Pilot program, which delivers flexible, on-demand transit options. In addition, the budget includes additional staffing to support enhancing systemwide safety, customer experience, and operational reliability.

A comprehensive plan and resource requirements for operating D Line Extension Section II and III, and G Line improvements, will be brought to the Board separately for approval. Similarly, the Department of Public Safety (DPS) start up costs for FY27 is still under budget development and will be brought to the Board separately for approval.

Figure 2:

	Operations & Maintenance (\$ in millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1	Bus	\$1,895.5	\$ 1,939.1	\$ 43.6	2.3%	64.7%
2	Rail	997.6	1,034.5	36.9	3.7%	34.5%
3	Metro Micro	22.5	23.8	1.4	6.0%	0.8%
4	Operations & Maintenance	\$2,915.5	\$ 2,997.5	\$ 81.9	2.8%	100.0%

Note: Totals may not add due to rounding.

Bus

The FY27 Preliminary Budget for Bus is \$1.9 B, reflecting a \$43.6 M, or 2.3% increase from FY26. The budget includes 7.13 M RSH, supporting the NextGen Bus Plan and special events.

Rail

The FY27 Preliminary Budget for Rail is \$1.0 B, reflecting a \$36.9 M, or 3.7% increase from FY26. The budget supports rail service levels to not only meet current demand, but also expanding service to increase access to opportunities throughout the region. The budget includes 1.45 M rail RSH for four light rail lines (A, C, E, K) and two heavy rail lines (B, D).

Metro Micro

Metro Micro Pilot program continues as a contracted service allowing Metro to provide important first-last mile connections. The FY27 Preliminary Budget for the Metro Micro Pilot is \$23.8 M, reflecting a \$1.4 M, or 6% increase from FY26. This budget maintains current service levels and geographical coverage, supporting 253 thousand RSH.

Continued Investments in Customer Experience

Cleaning

The FY27 Preliminary Budget allocates \$311.0 M for cleaning efforts, a 2.2% or \$6.7 M increase over FY26. This budget supports 1,264 FTEs dedicated for maintaining bus/rail vehicles, stations, stops, and facilities including three shifts for 7-days a week, End-of-Line (EOL) cleaning, and mid-line cleaning program. Figure 3 summarizes the staffing and budget allocated for cleaning initiatives in FY27.

Figure 3:

(\$ in millions)					
		FY26	FY27	\$	%
Area		Budget	Preliminary	Change	Change
1 Buses		\$ 84.5	\$ 86.7	\$ 2.2	2.6%
2 Trains		55.7	57.4	1.7	3.0%
3 Facilities		39.7	39.6	(0.1)	-0.4%
4 Stations		119.8	122.7	2.8	2.4%
5 Stops		4.6	4.7	0.1	2.9%
6 Cleaning Total		\$ 304.4	\$ 311.0	\$ 6.7	2.2%

Note: Totals may not add due to rounding.

Station Experience (SX)

The CEO-established Station Experience (SX) unit has been highly effective in reducing crime and loitering at stations. Building on this success, SX is expanding to additional locations with a focus on safety and overall customer experience enhancements. Metro continues to prioritize community input, addressing concerns such as improved lighting, mobile ADA-accessible (Americans with Disabilities Act) restrooms, and the modernization of elevators and escalators to enhance safety and accessibility. Access control, safety and fare compliance are strengthened through the taller fare gates and the TAP-to-Exit program.

The FY27 Preliminary Budget allocates \$29.6 M for SX initiatives and enhancements at additional stations.

Public Safety

Resource Deployment

One of the top priorities for Metro and our riders is safety. Metro's Reimagining Public Safety Framework outlines a multi-layered approach to enhance public safety on the Metro system by deploying the right resources to address the specific safety concern.

The multi-layered resources include Metro Transit Ambassadors, Community Intervention Specialists (CIS), Homeless Outreach and Mobile Engagement (HOME) teams, Metro Crisis Response Teams, Metro Transit Security (MTS), private security, and law enforcement. The multi-year phased establishment of Metro's Department of Public Safety (DPS) continues.

A comprehensive plan detailing the resource needs over the various phases is being developed and will be brought to the Board separately for approval.

The preliminary budget for FY27 Public Safety Resource Deployment is \$428.6 M, a 1.6% increase from the FY26 Budget, shown in Figure 4 below. The increase is primarily driven by additional private security services for special events, as well as salary and wage adjustments per the Collective Bargaining Agreements for Metro Transit Ambassadors and MTS.

Figure 4:

Public Safety Resource Deployment ⁽¹⁾ (\$ in millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	Care-Based Services ⁽²⁾	\$ 83.9	\$ 86.2	\$ 2.3	2.8%
2	Law Enforcement	212.6	209.5	(3.0)	-1.4%
3	Metro Department of Public Safety (DPS)	5.1	5.8	0.7	13.2%
4	Metro Transit Security (MTS)	77.2	80.0	2.8	3.7%
5	Private Security	43.2	47.1	3.9	8.9%
6	Public Safety Resource Deployment Total	\$ 422.0	\$ 428.6	\$ 6.7	1.6%

Note: Totals may not add up due to rounding.

(1) DPS budget is still under development and will come separately to the Board

(2) Include Metro Transit Ambassadors, Homeless Outreach Management and Engagement (HOME), Community Intervention Specialists (CIS) and Crisis Response Program.

Metro's public safety capital budget focuses on promoting a safer environment for all riders and Metro employees by maintaining, upgrading and modernizing technology and infrastructure. The FY27 Preliminary Budget of \$37.7 M includes expansion of taller fare gates and retrofits, track and tunnel intrusion technology, fencing installations and enhancements, as well as security technology upgrades.

Metro Transit Capital Improvement Program (CIP)

The CIP goal is to methodically renew and improve Metro Transit Systems while maximizing scarce bus and rail capital resources. The CIP budget focuses on maintaining, upgrading, and modernizing assets and infrastructure to provide high quality and reliable transit services. Capital asset improvements within this budget include the implementation of new technologies, rolling stock purchases, rolling stock modernization, station improvements, and other components.

The FY27 Preliminary budget for CIP includes \$567.6 M to maintain Metro's bus, rail, regional, and critical information systems needed to manage and monitor system-wide performance. The budget reflects the annual cash flow to complete FY27 milestones and deliverables. A profile of the CIP program is shown in figure 5 below.

Figure 5:

CIP Category (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1	Bus	\$ 170.3	\$ 186.0	\$ 15.7	9.2%	32.8%
2	Rail	223.5	186.4	(37.0)	-16.6%	32.8%
3	Other Asset Improvements	226.2	195.2	(31.0)	-13.7%	34.4%
4	CIP Total	\$ 619.9	\$ 567.6	\$(52.3)	-8.4%	100.0%

Note: Totals may not add due to rounding.

The Bus Program Budget of \$186M represents an increase of \$15.7M or 9.2%, mostly from ZEB bus purchases and charging infrastructure. The Rail Program Budget of \$186.4M consists of rail car purchases, midlives, wayside and facilities. Other Asset Improvements budget of \$195.2M represents a decrease of -13.7% for technology, regional programs and non-revenue vehicles. See Attachment

A for additional CIP budget details. See Attachment A for additional CIP budget details.

General Planning & Programs, Congestion Management, and Oversight and Administration

Figure 6:

Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	General Planning & Programs	\$ 257.9	\$ 258.8	\$ 0.9	0.3%
2	Congestion Management	129.6	110.6	(19.1)	-14.7%
3	Oversight & Administration	101.3	101.5	0.3	0.3%
4	Total	\$ 488.9	\$ 471.0	\$ (17.9)	-3.7%

Note: Totals may not add due to rounding.

General Planning & Programs

The FY27 Preliminary Budget for General Planning & Programs (GPP) totals \$258.8 M, an increase of 0.3% or \$874 thousand from FY26. GPP encompasses a wide range of activities that support the agency's goal of delivering improved mobility, sustainability, as well as financial and technical support to Metro's partners throughout LA County. Activities under this program include long-range and systemwide financial planning and grants management, new and enhanced transit infrastructure, various aspects of Metro's bike program, other planning and strategic initiatives, sustainability, joint development efforts and Union Station upgrades. Changes in the GPP budget reflect continuous progress on equity outcome-driven initiatives like the Joint Development 10K housing work, additional support for the Regional grants management program, and the continuing work for the Street Safety and Transit to Parks programs.

Congestion Management

The FY27 Preliminary Budget for Congestion Management totals \$110.6 M which represents a -\$19.1 M, or -14.7% decrease from FY26. The program consists of four major groups: Express Lanes, Freeway Service Patrol (FSP), Motorist Services, and Rideshare Services. The expenditure decrease in FY27 primarily reflects a strategic right-sizing based on historical trends. Service delivery levels will remain unaffected by this adjustment.

Oversight and Administration

The FY27 Preliminary Budget for Oversight and Administration totals \$101.5 M, representing 1.0% of the total annual budget. In this program there are continuous cost controls such as: legal services, ethics compliance, internal investigations, regulatory environmental assessments as well as legally mandated financial and compliance audits.

The program improves customer experience by continuing the mystery rider program, which supports fair and equitable fare compliance, ADA-accessibility, and riders with limited English proficiency. Metro is also transforming and elevating customer experience by reinventing customer focused

initiatives by concentrating on the customer's journey. There is continued investment to value our workforce, including Employee Engagement and Recognition Programs, Transportation School (SEED LA) and Workforce Initiative Now (WIN-LA), to create future employment opportunities in our communities. Other investments include software and hardware license renewals and maintenance support to help drive efficiency and performance.

FY27 Public Budget Outreach Update

Building on the groundwork established from September to March, the FY27 budget outreach process has pivoted from gathering community input to actively applying feedback to the development of the budget and the investments made. The feedback and insights gathered via the My Metro Budget Activity (5,800+ responses) and the My Metro Priorities tool (1,500+ responses) were funneled into departmental dashboards. The direct integration of 5,000+ written comments into the budget development of Metro's programs ensures the budget remains aligned with the goals of our riders.

Throughout April and May, the focus shifts to closing the feedback loop through continued stakeholder engagement and the presentation of the FY27 Proposed budget. These meetings serve as a bridge to the formal public hearing in May, providing the Board with a comprehensive, community-oriented framework for final decision-making. Comments received related to this month's programs are documented in Attachment B.

EQUITY PLATFORM

Budget equity is an integral part of the budget development process. For FY27, Metro will uphold its commitment to equity through the continued application of the Equity Zero-Based Budgeting (EZBB) evaluation process. Guided by Metro's Equity Platform Framework, the FY27 Budget process prioritizes equitable outcomes for everyone while addressing key organizational priorities such as public safety, system cleanliness, system expansion, labor equity, and environmental sustainability. The overarching goal is to deliver a transit system that is efficient, safe, inclusive, and equitable for all Los Angeles County residents and riders.

To enhance inclusivity, Metro will actively engage with underserved communities across Los Angeles County through targeted outreach efforts. In addition, Metro will continue its dialogues with a broad spectrum of stakeholders, ensuring that the public has ample opportunity to provide input on the agency's infrastructure planning and construction projects. The feedback received will be carefully documented and integrated into the budgeting process, helping to shape budgetary priorities that reflect the collective needs and values of the community. Metro will assess the budget for the effectiveness of these initiatives and ensure the system remains equitable, sustainable, economically productive, safe, and ADA-accessible.

VEHICLE MILES TRAVELED OUTCOME

Vehicle Miles Traveled (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.

Although this item is administrative, providing an update on the development of specific parts of Metro's upcoming proposed budget, the programs discussed in this item are expected to contribute to further reductions in VMT. They support Metro's systemwide strategy to reduce VMT through expanding transit services, improving accessibility and affordability, enhancing safety and cleanliness, and improving customer experience to attract and retain riders.

The budget allocations discussed in this item will support the delivery of 8.8 M revenue service hours (RSH) across bus, rail (including a new rail line extension), and the Metro Micro Pilot project. The preliminary budget funds efforts to provide a safe, reliable, affordable and clean transit service by enhancing the customer experience, such as more frequent bus and rail cleaning, multi-layered safety initiatives, the Station Experience program, upgrades to faregates, station lighting and cleanliness, and addition of mobile public restrooms. It also provides resources for infrastructure and fleet maintenance, rolling stock upgrades, and new technology implementation, ensuring a safe, affordable, high-quality transit system that encourages ridership growth. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item 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 FY27 Preliminary Budget as it advances through the process, carried out through the delivery of the Service Plan and Capital Improvement Plan, as well as planned Agency-wide initiatives. The FY27 Proposed Budget will be published on April 30, 2026. A public hearing will be held on May 21, 2026, for the Board's consideration to adopt the proposed FY27 Budget on May 28, 2026.

ATTACHMENTS

Attachment A - Metro Transit Capital Improvement Program Details

Attachment B - FY27 Public Budget Outreach Update

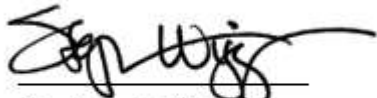
Prepared by: Irene Fine, Deputy Chief Financial Officer (Interim), (213) 922-4420

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Reviewed by: Michelle Navarro, Chief Financial Officer (Interim), (213) 922-3056

A handwritten signature in black ink, appearing to read 'Step Wiggins', written over a horizontal line.

Stephanie Wiggins
Chief Executive Officer

Attachment A : Metro Transit Capital Improvement Program Details

Metro Transit : Capital Improvement Program (CIP)

To provide world class bus and rail service, assets and infrastructure are maintained in a state of good repair through the CIP program. Projects within the CIP focus on keeping the system assets safe and reliable to ensure Board approved service levels are delivered. CIP is designed to replace assets that have met or exceeded their useful life, or to propose additions for service expansion and enhancement. The FY27 CIP totals approximately \$567.6 M.

	Capital Category (\$ in millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1	Fleet Procurement	\$ 35.9	\$ 47.5	\$ 11.6	32.2%	8.4%
2	Fleet Maintenance	50.9	48.0	(2.9)	-5.7%	8.5%
3	Facilities Improvements	83.5	90.5	7.0	8.4%	15.9%
4	Bus Subtotal	\$ 170.3	\$ 186.0	\$ 15.7	9.2%	32.8%
5	Fleet Procurement	\$ 41.1	\$ 38.5	\$ (2.6)	-6.4%	6.8%
6	Fleet Maintenance	106.5	70.4	(36.1)	-33.9%	12.4%
7	Facilities Improvements	20.2	24.4	4.2	20.7%	4.3%
8	Wayside Systems	55.7	53.2	(2.5)	-4.4%	9.4%
9	Rail Subtotal	\$ 223.5	\$ 186.4	\$ (37.0)	-16.6%	32.8%
10	Regional and Hubs	\$ 108.7	\$ 86.7	\$ (22.0)	-20.3%	15.3%
11	Technology	66.8	55.1	(11.7)	-17.5%	9.7%
12	Non MR/MM Major Construction	36.6	42.9	6.2	17.1%	7.6%
13	Non-Revenue Vehicles	14.0	10.5	(3.5)	-25.1%	1.9%
14	Other Asset Improvements Subtotal	\$ 226.2	\$ 195.2	\$ (31.0)	-13.7%	34.4%
15	Total CIP Budget	\$ 619.9	\$ 567.6	\$ (52.3)	-8.4%	100.0%

Note: Totals may not add due to rounding

Bus Program

Fleet Procurement, Fleet Maintenance, and Facilities Improvements make up \$186.0 M or 32.8% of the total CIP budget.

Bus – Fleet Procurement

Bus fleet procurement comprises approximately \$47.5 M or 8.4% of the CIP budget. Metro is continuing its pursuit of a sustainable bus fleet. The Board has adopted a goal of converting Metro's entire fleet of buses from Compressed Natural Gas (CNG) to Zero Emission electric Buses (ZEB). This is an ambitious goal considering Metro has the second largest bus fleet in the United States, and places high mileage and vehicle performance demand on its 2,100 buses. Metro anticipates continued deliveries of 100 forty-foot Battery Electric Buses (BEB) buses and finalizing payment for prior procurements of 40-foot and 60-foot BEB and CNG buses.

Bus - Fleet Maintenance

Bus fleet maintenance projects represent \$48.0 M or 8.5% of the CIP budget. Bus maintenance projects include bus midlife refurbishment and integrated engine replacement. Midlife refurbishment ensures that our buses are operational for their designated useful life, which includes structural integrity checks and change-out of critical system components. All buses scheduled for midlife refurbishment are based on bus age, revenue service miles, and reliability measurements of each bus series.

Bus - Facilities Improvements

Bus facilities improvements make up \$90.5 M or 15.9% of the CIP budget. These projects include electric charging infrastructure, development of master plans for facility upgrades, site refurbishment, and site reconfigurations to upgrade and maintain facilities. Upgrades include regulatory compliance mandates, such as replacement of underground fuel storage tanks, roofs, building ventilation, upgrade of fire alarm systems, and bus division pavement replacement. Development of an Operations Central Instruction (OCI) campus which will create a consolidated training location for bus operators and front-line staff. A significant portion of this budget is related to electric charging infrastructure installation.

Zero Emissions Bus (ZEB) Initiative

Electric and ZEB technology are still in the development stage. Metro will partner with electric bus manufacturers to test, develop, and improve electric bus and charging infrastructure technology to the point of full technological maturity. The FY27 Budget represents a step towards realizing this goal. Approximately \$118.8 M or 21% of the CIP budget is allocated for these efforts and is included within the Bus Fleet Procurement and Bus Facilities Improvements programs, and is not additive to the overall CIP total. In total, this is an increase of \$28.9 M or 32.2% from the FY26 Budget and reflects continued efforts to acquire ZEB buses and develop commensurate infrastructure. Metro is procuring ZEB buses as quickly as technology and vehicle availability allows. Placement of new electric charging equipment and infrastructure will continue at stations on the J Line (Silver), as well as operating divisions.

Rail Program

Rail Fleet Procurement, Vehicle Maintenance, Facilities Improvements, and Wayside Systems repair and replacement total \$186.4 M or 32.8% of the CIP budget.

Rail - Fleet Procurement

Light and heavy rail vehicle procurement is allocated \$38.5 M or 6.8% of the CIP budget. It is dedicated to vehicle deliveries for both rail expansion and existing vehicle replacement. A new Light Rail Vehicle (LRV) procurement continues this year for vehicles to be used on new line openings and replacement of 52 Siemens LRV's that

are approaching the end of their useful life. The procurement of Heavy Rail Vehicles (HRV) includes the purchase of 64 vehicles for replacement of A650 vehicles and 34 for the Purple Line Extension (PLE), of which Section 1 is in progress. This is a major milestone in the process of replacing the original B (Red) Line cars that began service in 1992. These new vehicles will replace the existing vehicles and will have many amenities that will enhance the transit customer experience. Procurement is also underway of an additional 182 vehicles for PLE Sections 2 & 3, and system service expansion.

Rail - Fleet Maintenance

Rail Vehicle Maintenance projects are allocated \$70.4 M or 12.4% of the CIP budget. This is a decrease of -33.9% from \$106.5 M last year predominantly due to better alignment with revised refurbishment and overhaul timelines. Vehicle subsystem overhauls will include refurbishment of gearboxes, Heating, Ventilation, and Air Conditioning (HVAC) systems.

The heavy rail vehicle midlife modernization consists of the change out of critical system components to extend the vehicle useful life on B Line (Red) vehicles. Vehicles scheduled for midlife will be sent offsite and be brought back for testing, inspection, and final acceptance to improve operational reliability.

Rail - Facilities Improvements

Rail facilities improvements projects make up \$24.4 M or 4.3% of the CIP budget. Projects are slated to maintain existing rail facilities with mandated regulatory and safety upgrades such as station/facility fire control panel installation, CCTV installation, platform gate replacement, various lighting retrofits, roof replacements, ventilation, HVAC system repairs, pavement replacement, elevator modernization, and art projects.

Rail - Wayside Systems

Wayside system improvements make up \$53.2 M or 9.4% of the CIP budget. Projects include the on-going replacement of the Supervisory Control and Data Acquisition (SCADA) system, improvements to support increased headway on the A Line (Blue) & E Line (Expo), as well as track system replacement, Overhead Catenary System (OCS) inspection/refurbishment, train control track circuits, tunnel corrosion mitigation, replacement of old wood track ties with composite ties, and replacement of mainline fasteners and many other maintenance projects.

Other Asset Improvements

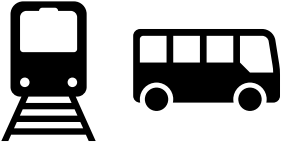
Other Asset Improvements total \$195.2 M or 34.4% of the CIP budget. These projects are slated for regional construction improvements, replacement of maintenance vehicles/equipment, and technology upgrades. Projects for Olympics related facility and station improvements total \$10.3 M. Metro will be making significant investments in

safety related projects: track and tunnel intrusion technology, faregate retrofits, enhanced CCTV systems, transit security communications enhancements, ESOC alert notifications, improvements to signage throughout the system, along with projects to enhance the station experience. It will also include Traction Power Substation (TPSS) improvements for operational support, and technology upgrades for agency IT infrastructure and customer support systems. A significant technology project is continuing efforts with development and integration of the Enterprise Asset Management System (EAMS). Significant investments will also be made in Transit Signal Priority (TSP) and as a part of NextGen. There will also be continued TAP Salesforce User Interface improvements. Metro is also consolidating various facilities into an Operations Downtown Hub.

Attachment B: FY27 Public Budget Outreach Update

My Metro Budget Activity & Priorities Update

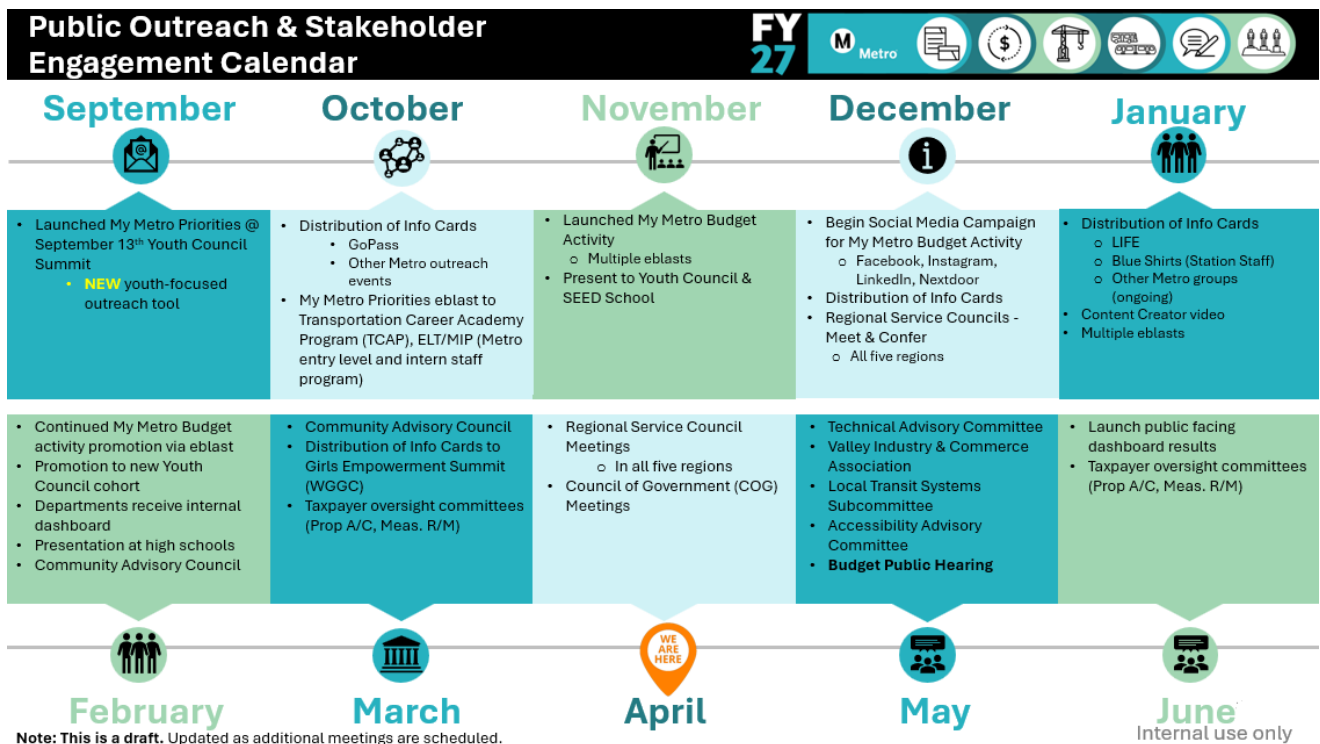
The My Metro Budget and Priorities tool remain open for comment on the FY27 budget through the budget public hearing on May 21, 2026. AI-assisted comment summaries for this month's programs, with responses to the comments by staff are below. In next month's final budget outreach update, quantitative results from the My Metro Budget Activity, My Metro Priorities as well as stakeholder meetings will be reported on.

Program	Comments Summary	What Metro is Doing
Metro Transit Operations (3,100+ comments) 	Advocate funding for: • Increased bus & rail service • Increased bus & rail cleanliness • Station Experience (incl. mobile ADA-accessible restrooms)	• Bus investments – (\$1,939.1M) • Rail investments incl. PLE expansion– (\$1,034.5M) • Bus & Rail Cleaning – (\$311M) • Station Experience (incl. mobile ADA-accessible restrooms) – (\$29.6M)
Capital Improvement Program (CIP) (840+ comments) 	Advocate funding for: • Bus & rail fleet maintenance & overhauls • Infrastructure maintenance & improvements	• Bus & Rail fleet maintenance & overhauls – (\$119M) ◦ Includes bus/rail car refurbishment & modernization • Infrastructure maintenance & improvements – (\$217M) ◦ Includes repairs and updates at bus and rail facilities
Public Safety (1,350+ comments) 	Advocate funding for: • Code of Conduct & Fare Enforcement • Care-Based Services	• Taller Faregates – (\$15.5M) • Care-Based Services (\$86.2M) • Metro Department of Public Safety (DPS) * – (\$5.8M) • Metro Transit Security (MTS) – (\$80.0M) *budget is still under development

General Planning and Programming (1,100+ comments) 	Advocate funding for: • Sustainability • Active transportation projects • Bike hubs & lockers	• Sustainability (\$20.8M) • First/Last Mile – (\$6.7M) • Bike Connectivity Improvements – (\$16.5M) • Bikeshare – Operating & Capital – (\$24.8M) • Bike Services (Hubs/Lockers) – (\$2.4M)
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Stakeholder Meetings and Outreach Efforts

April and May remain pivotal periods for public engagement efforts. Meetings with stakeholders and community members will take place throughout the county to make certain that riders, stakeholders, and residents have meaningful opportunities to share their voices. For the latest updates and information regarding the development of Metro's budget, please visit the Finance and Budget portal at <https://budget.metro.net>.





Fiscal Year 2027 Budget Development Update

April 16th, 2026 | Finance & Budget Audit Committee



FY27 Preliminary Expenditures by Program

FY
27



Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
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6	Oversight & Administration	\$ 126.6	\$ 128.3	\$ 1.6	1.3%
7	Subtotal Controllable Costs	\$ 2,191.5	\$ 2,065.4	\$ (126.2)	-5.8%
8	Labor and Allocations	\$ 1,832.8	\$ 1,970.6	\$ 137.8	7.5%
9	Grand Total	\$ 4,024.3	\$ 4,036.0	\$ 11.7	0.3%

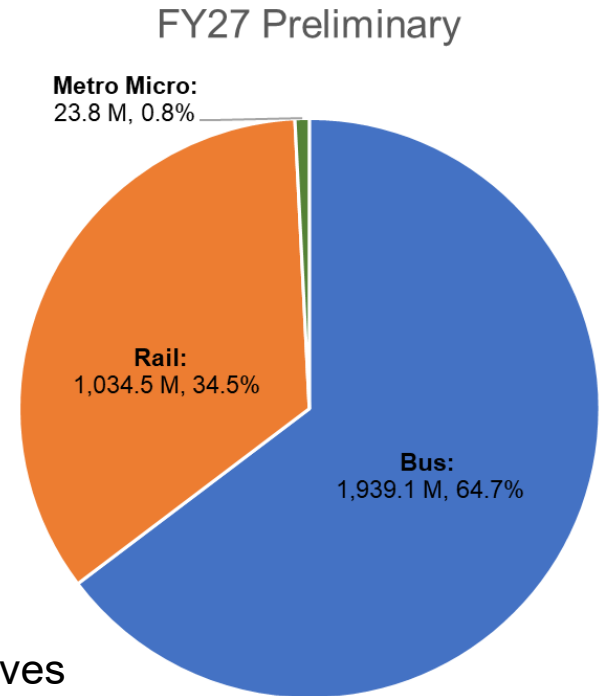
Note: Totals may not add due to rounding.

- FY27 Preliminary budget for these programs is **\$4.04 B**
 - **\$2.07 B for Controllable Costs**
 - **\$1.97 B for Labor and Allocations**
- In alignment with the CEO's Equitable Zero-Based Budget (EZBB) and cost-efficiency focus, a reduction of **\$126.2 million or 5.8% in controllable expenses** was identified in FY27 compared to the FY26 budget.

	Operations & Maintenance (\$ in millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1	Bus	\$ 1,895.5	\$ 1,939.1	\$ 43.6	2.3%	64.7%
2	Rail	997.6	1,034.5	36.9	3.7%	34.5%
3	Metro Micro	22.5	23.8	1.4	6.0%	0.8%
4	Operations & Maintenance Total	\$2,915.5	\$ 2,997.5	\$ 81.9	2.8%	100.0%

Note: Totals may not add due to rounding.

- O&M Preliminary Budget: **\$2.99B**, increase of \$81.9M (2.8%) over FY26
- Total of **8.8M RSH** on bus, rail, and Metro Micro service
 - ✓ **Bus:** Maintain NextGen Bus Plan and expand NextGen speed and reliability initiatives
 - ✓ **Rail:** Full year operation of D Line Extension Section I, and opening of D Line Extension Section II
 - ✓ **Enhanced customer experience**
 - Station Experience: Public Restroom, Station Lighting, Elevator Modernizations, and taller faregates
 - Cleaning Initiatives: Cleaning of Buses, End of Line and Mid-line Rail Cars, Transit Centers, Rail Stations and other Facilities
 - Safety: Investment in multi-layered resource deployment and in safety infrastructure projects



	CIP Category (\$ in Millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1	Bus	\$ 170.3	\$ 186.0	\$ 15.7	9.2%	32.8%
2	Rail	223.5	186.4	(37.0)	-16.6%	32.8%
3	Other Asset Improvements	226.2	195.2	(31.0)	-13.7%	34.4%
4	CIP Total	\$ 619.9	\$ 567.6	\$ (52.3)	-8.4%	100.0%

Note: Totals may not add due to rounding.

- CIP Preliminary Budget: **\$567.6M**

- ✓ Focus on maintaining, upgrading, and modernizing assets to ensure equipment and peripheral systems provide reliable and high-quality service

- **Program highlights**

- ✓ *Zero Emissions Buses (ZEB)*: to continue procurement of buses **\$47.1M** & infrastructure **\$71.7M**
- ✓ *Rail Cars*: Major investment of **\$108.8M** in new vehicles and refurbishment of existing vehicles
- ✓ *Public Safety*: **\$37.7M** for continued faregate retrofits, intrusion detection, fencing installation, and security technology upgrades
- ✓ *NextGen*: **\$49.9M** for Bus stops in CIP and other NextGen related programs
- ✓ *Customer Experience*: **\$15.8M** for systemwide signage, elevator modernization and art refurbishment



Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	General Planning & Programs	\$ 257.9	\$ 258.8	\$ 0.9	0.3%
2	Congestion Management	129.6	110.6	(19.1)	-14.7%
3	Oversight & Administration	101.3	101.5	0.3	0.3%
4	Total	\$ 488.9	\$ 471.0	\$ (17.9)	-3.7%

Note: Totals may not add due to rounding.

General Planning and Programs (GPP)

- Active Transportation, Bike & Other Studies \$89.5
- Property Management \$90.4
- Financial, Grants Management and Admin \$48.8
- Other Planning & Strategic Initiatives \$30.1



Congestion Management (CM)

- Express Lanes \$39.0
- Freeway Service Patrol \$43.5
- Motorist Services \$14.6
- Rideshare Services \$13.5



Oversight and Administration (O&A)

- Recurring Activities \$62.6
- Valuing Workforce \$39.0

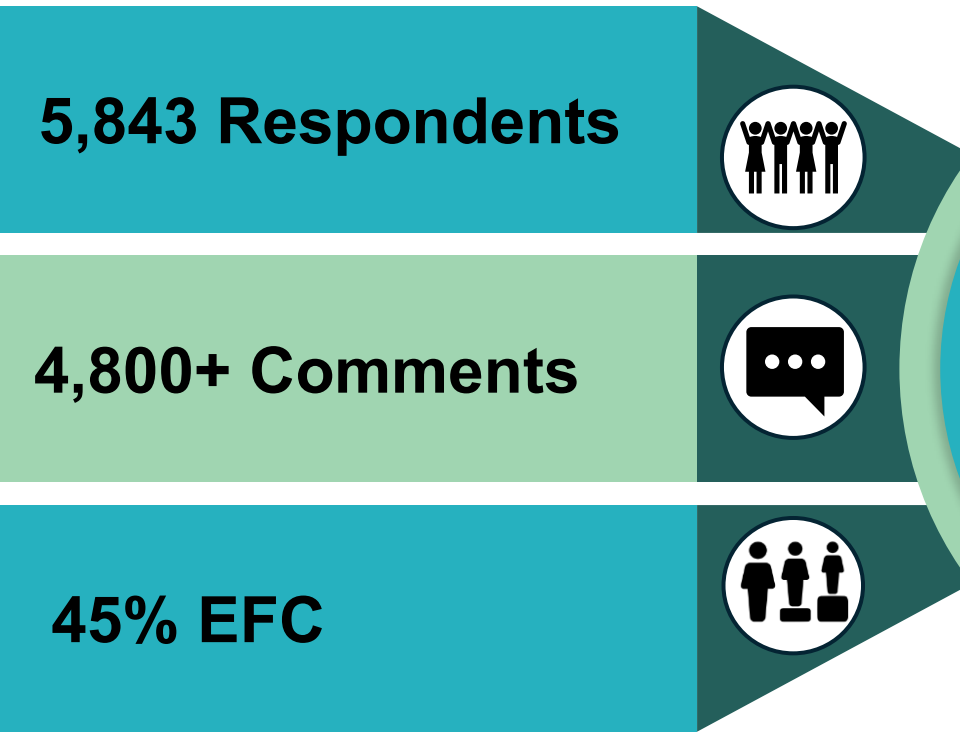


Combined Activities - Preliminary Results

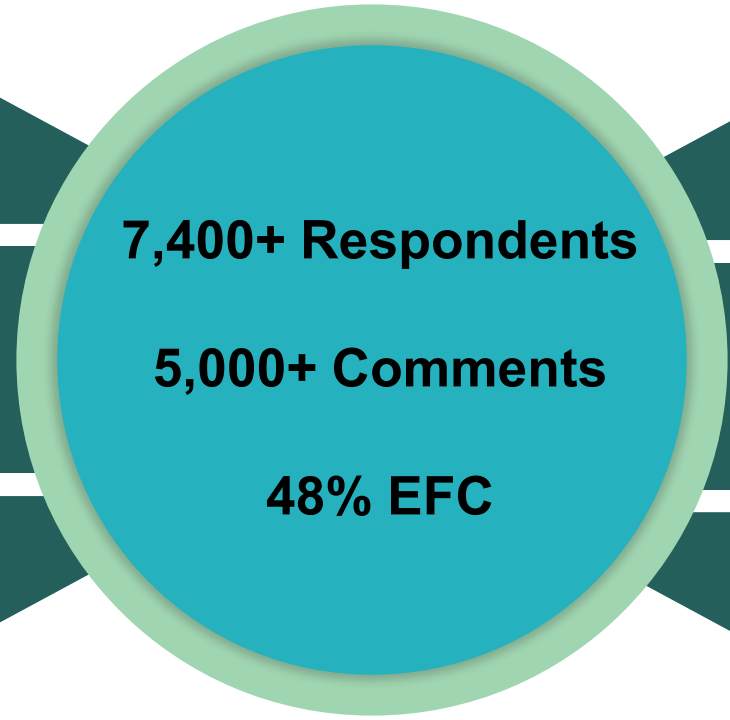
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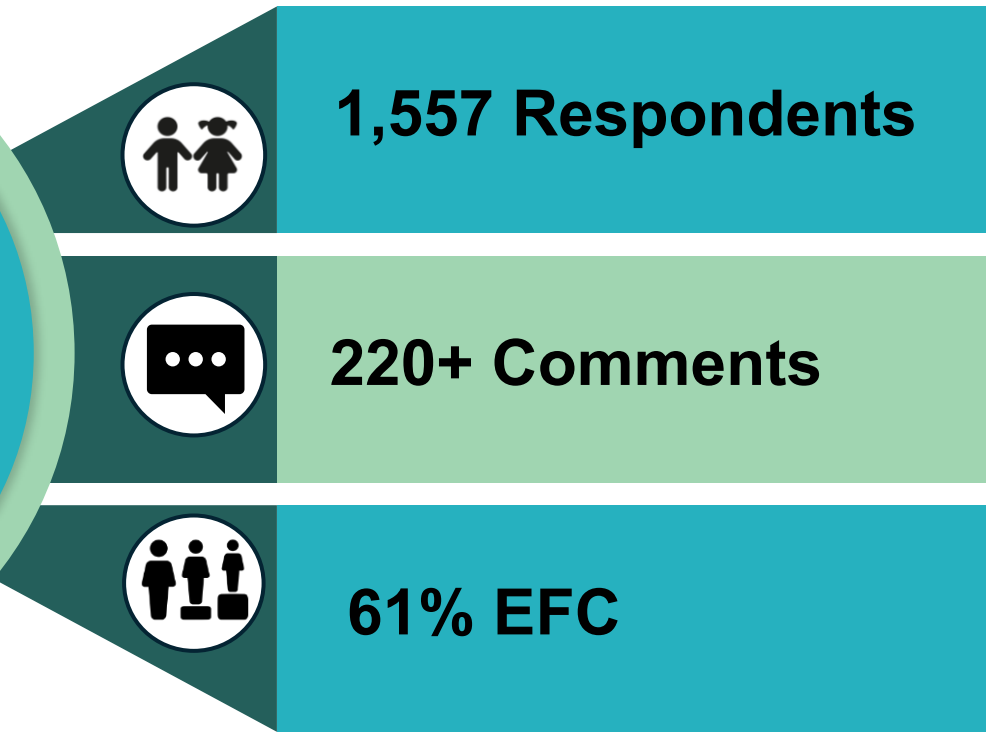
My Metro Budget Activity



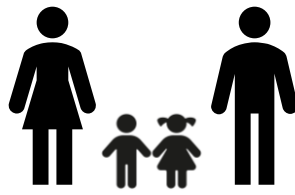
All Results (Exceeds FY26 outreach)



My Metro Priorities



*FY27 collection period: November 2025 - May 2026
*Responses to Date (March 30, 2026)



*FY27 collection period: September 2025 - May 2026
*Responses to Date (March 30, 2026)