



Metro

*One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room*

Agenda - Final

Thursday, May 21, 2026

10:00 AM

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Finance, Budget and Audit Committee

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Holly J. Mitchell

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(ALSO APPLIES TO BOARD COMMITTEES)

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Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

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- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

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The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding coming before an agency involving a license, permit, or other entitlement for use including all contracts (other than competitively bid contracts that are required by law, agency policy, or agency rule to be awarded pursuant to a competitive process , labor contracts, personal employment contracts, contracts valued under \$50,000, contracts where no party receives financial compensation, contracts between two or more agencies, the periodic review or renewal of development agreements unless there is a material modification or amendment proposed to the agreement, the periodic review or renewal of competitively bid contracts unless there are material modifications or amendments proposed to the agreement that are valued at more than 10 percent of the value of the contract or fifty thousand dollars (\$50,000), whichever is less, and modifications of or amendments to any of the foregoing contracts, other than competitively bid contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$500 made within the preceding 12 months by the party, or the party's agent, to any officer of the agency. When a closed corporation is party to, or participant in, such a proceeding, the majority shareholder must make the same disclosure. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

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323.466.3876

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The Meeting begins at 10:00 AM Pacific Time on May 21, 2026; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-978-8818 and enter
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Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.

Instrucciones para comentarios publicos en vivo:

Los comentarios publicos en vivo se pueden dar por telefono o en persona.

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Los comentarios del público se tomaran cuando se toma cada tema. Para dar un comentario público sobre una tema ingrese # 2 (Tecla de numero y dos) cuando se le solicite. Tenga en cuenta que la transmisión de video en vivo se retrasa unos 30 segundos con respecto a la reunión real. No hay retraso en la línea de acceso telefónico para comentarios públicos.

Written Public Comment Instruction:

Written public comments must be received by 5PM the day before the meeting.

Please include the Item # in your comment and your position of "FOR," "AGAINST," "GENERAL COMMENT," or "ITEM NEEDS MORE CONSIDERATION."

Email: BoardClerk@metro.net

Post Office Mail:

Board Administration

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

CALL TO ORDER

ROLL CALL

APPROVE Consent Calendar Items: 20 and 21.

Consent Calendar items are approved by one motion unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR

20. SUBJECT: TAP FARE MEDIA MANUFACTURING AND FULFILLMENT SERVICES

[2025-0958](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award the following five-year indefinite delivery/indefinite quantity (IDIQ) firm fixed unit price contracts for TAP fare media for Metro and TAP Partner agencies for a total Not-To-Exceed (NTE) amount of \$30,149,315 for the initial three-year term, and \$11,975,535 for the first, one-year option, and \$12,028,294 for the second, one-year option, for a total NTE cumulative amount of \$54,153,144, inclusive of sales tax, effective July 1, 2026, subject to the resolution of any properly submitted protest(s) if any.

Discipline 1 - TAP Contactless Smart Cards Manufacturing

- 1) Idemia America Corp. (PS128860000)
- 2) Giesecke & Devrient ePayments America Inc. (PS128860001)
- 3) Paragon ID High Point US, Inc. (PS128860002)
- 4) Cole Ticket Solutions (PS128860003)

Discipline 2 - Card Fulfillment and Distribution

- 1) Giesecke & Devrient ePayments America Inc. (PS128860004)

Attachments: [Attachment A - Procurement Summary](#)
[Attachment B - DEOD Summary](#)
[Presentation](#)

**21. SUBJECT: MANAGEMENT AUDIT SERVICES FY 2026 THIRD
QUARTER REPORT**

[2026-0278](#)

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services FY 2026 Third Quarter Report.

Attachments: [Attachment A - MAS FY 2026 Third Quarter Report
Presentation](#)

NON-CONSENT

22. SUBJECT: FISCAL YEAR 2027 (FY27) PROPOSED BUDGET

[2026-0209](#)

RECOMMENDATION

CONSIDER:

- A. ADOPTING the proposed FY27 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 \$9.7 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals;
 2. AUTHORIZING a total of 12,321 FTEs, of which 10,024 are Represented FTEs and 2,297 are Non-Represented FTEs;
 3. AUTHORIZING an average 3% performance-based merit increase for Non-Represented employees. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is an average 4.0%;
 4. AUTHORIZING a 5% adjustment to current Non-Represented job pay grade levels to reflect best practice (see Attachment A);
 5. APPROVING the Life of Project (LOP) budgets exceeding \$5.0 million for new capital projects and LOP budget increases for existing projects exceeding \$1.0 million. Project details are presented in Attachment B;
 6. AUTHORIZE the CEO to execute Metrolink's continuing resolution to extend FY26 budget authorization through first quarter of FY27 until October 1, 2026, and execute all necessary agreements between Metro and SCRRA based on the continuing resolution;
 7. AMENDING the proposed FY27 Budget document by including 76

additional FTEs for the Department of Public Safety (DPS), to support the phased start-up of the care-based, multi-layered safety unit, and \$5.6 million in non-labor budget;

8. AUTHORIZE the CEO to execute contract modifications to extend the current transit law enforcement contracts annually (for up to three additional years), utilizing funds to be requested during future fiscal years' budget processes;
9. AMENDING the proposed budget to include any Board approved actions currently under consideration from now to the end of the fiscal year (June 30, 2026); and

B. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY27 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will require separate Board approval.

Attachments:

[Attachment A - FY27 Compensation Adjustment](#)

[Attachment B - FY27 New Capital Projects & Existing Projects LOP Increases](#)

[Attachment C - FY27 Reimbursement Resolution](#)

[Attachment D - FY27 Public Outreach \(Public Comments\)](#)

[Attachment E - Metro EFC Budget Assessment Results Over Time](#)

23. SUBJECT: FISCAL YEAR 2026-27 TRANSIT FUND ALLOCATIONS

[2026-0302](#)

RECOMMENDATION

CONSIDER:

- A. APPROVING \$2.9 billion in Fiscal Year 2026-27 (FY27) Transit Fund Allocations for Los Angeles County jurisdictions, transit operators, and Metro Operations as shown in Attachment A. These allocations comply with federal, state, and local regulations and Metro Board approved policies and guidelines. Federal and state fund allocations are subject to actual fund apportionments;
- B. APPROVING fund exchanges in the estimated amount of \$4,748,679 of Metro's Transportation Development Act (TDA) Article 4 allocation with Municipal Operators' shares of the Low Carbon Transit Operations Program (LCTOP). Funding will be adjusted based on LCTOP actual allocations, and the FY27 Budget will be amended as necessary to reflect the adjustments;
- C. APPROVING fund exchanges in the estimated amount of \$1,046,112 of Metro's Proposition (Prop) C 40% allocation with Antelope Valley, Santa Clarita, Burbank, and Glendale's shares of the LCTOP. Funding will be

adjusted based on LCTOP actual allocations, and the FY27 Budget will be amended as necessary to reflect the adjustments;

- D. APPROVING fund exchange of Federal Section 5307 discretionary fund awarded to the Southern California Regional Transit Training Consortium (SCR TTC) through Long Beach Transit in the amount of \$400,000 with Metro's TDA Article 4 allocation subject to final federal apportionments. If federal funds are not available for this fund exchange, \$400,000 in FY28 TDA Article 4 funds will be allocated to Metro off the top as reimbursement;
- E. APPROVING fund exchanges in the amount totaling \$16.7 million of Metro's Federal Section 5307 share with Municipal Operators' shares of Federal Sections 5337 and 5339 subject to final federal apportionments;
- F. AUTHORIZING the Chief Executive Officer to adjust FY27 Federal Section 5307 (Urbanized Formula), Section 5339 (Bus and Bus Facilities), and Section 5337 (State of Good Repair) allocations upon receipt of final apportionments from the Federal Transit Administration and amend the FY27 Budget as necessary to reflect the adjustments;
- G. APPROVING project selection and programming of \$6,062,927 for the Local Transit Services Subcommittee (LTSS) Zero Emission Vehicle (ZEV) Call for Projects as shown in Attachment B;
- H. ADOPTING a resolution designating Transportation Development Act (TDA) and State Transit Assistance (STA) fund allocations are in compliance with the terms and conditions of the allocations (Attachment C); and
- I. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements, amendments to existing agreements, and FY27 Budget amendments to implement the above funding programs.

Attachments: [Attachment A - FY27 Transit Fund Allocations](#)
 [Attachment B - LTSS ZEV Call for Projects Selection and Awards](#)
 [Attachment C - TDA and STA Resolution](#)
 [Attachment D - Summary of Significant Info Methodologies & Assumptions Presentation](#)

24. SUBJECT: FISCAL YEAR 2027 AUDIT PLAN

[2026-0315](#)

RECOMMENDATION

ADOPT the Fiscal Year 2027 (FY27) Proposed Annual Audit Plan (Attachment A).

Attachments: [Attachment A - FY27 Proposed Annual Audit Plan
Presentation](#)

SUBJECT: GENERAL PUBLIC COMMENT

[2026-0352](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S
SUBJECT MATTER JURISDICTION

Adjournment



Board Report

File #: 2025-0958, File Type: Contract

Agenda Number: 20.

FINANCE, BUDGET AND AUDIT COMMITTEE MAY 21, 2026

SUBJECT: TAP FARE MEDIA MANUFACTURING AND FULFILLMENT SERVICES

ACTION: AWARD CONTRACTS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award the following five-year indefinite delivery/indefinite quantity (IDIQ) firm fixed unit price contracts for TAP fare media for Metro and TAP Partner agencies for a total Not-To-Exceed (NTE) amount of \$30,149,315 for the initial three-year term, and \$11,975,535 for the first, one-year option, and \$12,028,294 for the second, one-year option, for a total NTE cumulative amount of \$54,153,144, inclusive of sales tax, effective July 1, 2026, subject to the resolution of any properly submitted protest(s) if any.

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- 1) Idemia America Corp. (PS128860000)
- 2) Giesecke & Devrient ePayments America Inc. (PS128860001)
- 3) Paragon ID High Point US, Inc. (PS128860002)
- 4) Cole Ticket Solutions (PS128860003)

Discipline 2 - Card Fulfillment and Distribution

- 1) Giesecke & Devrient ePayments America Inc. (PS128860004)

ISSUE

TAP fare media, including the TAP card, wearable, and sticker, is a key component to the Regional TAP Program. Since the program's inception in 2006, approximately 45 million pieces of TAP fare media have been issued. With current contracts expiring on June 30, 2026, there is a need to procure additional stock to support the program's continued growth.

BACKGROUND

The Regional TAP System is one of the largest transit fare collection systems and currently supports 27 transit operators across Los Angeles County. Approximately 125 million fare transactions were processed through TAP across the region in 2025.

TAP fare media **manufacturing** encompasses the production of physical cards, wearables, and stickers, including material sourcing, printing, encoding (e.g., magnetic stripe, chip, or contactless),

quality control, and secure packaging in compliance with applicable industry standards.

TAP fare media **fulfillment** involves the end-to-end processing of orders, including order intake, personalization, inventory management, packaging, distribution, and delivery tracking, ensuring accurate and timely issuance to end users.

In April 2017, the Board awarded six three-year contracts (with two one-year options) for \$26.9 million. However, TAP fare media usage, demand, and inventory were impacted by the COVID pandemic, resulting in four no-cost contract modifications to extend the period of performance through June 2026.

DISCUSSION

With the new contracts, the average manufacturing and fulfillment cost for a unit of TAP fare media is about \$3 each, including personalization and logistics. 60 to 80 percent of these expenses will be partially offset by fees collected at TAP vending machines, TAP vendors, and online sales.

TAP usage has been steadily rising. Approximately 1.8M Full Fare TAP cards and nearly 350,000 Reduced Fare TAP cards have been issued within the past year.

Metro expects TAP fare media demand to continue to grow due to strong participation in reduced and discounted fare programs such as LIFE and GoPass, as well as upcoming major events including Super Bowl, Olympics and Paralympics. TAP fare media also remains necessary to support diverse fare policies and customer needs across the region.

To secure optimal pricing for the next five years, the Request for Proposal sought to maximize open competition among all smartcard suppliers and card personalization services. The resulting indefinite delivery/indefinite quantity contracts will be utilized on an as-needed basis, with Metro retaining no obligation to purchase a defined or minimum quantity of TAP fare media or services. Projected quantities are estimated only, with actual deliveries ordered and released as required.

TAP intends to multi-source fare media manufacturing across Idemia America Corp., Giesecke & Devrient ePayments America Inc., Paragon ID High Point US, Inc., and Cole Ticket Solutions. Orders will be primarily allocated to the lowest-cost company, subject to available production capacity and specialized procurement. Maintaining multiple active contracts is a critical risk-mitigation measure to ensure continuity of supply and protects against the production bottlenecks and supply chain volatility. Giesecke & Devrient ePayments America Inc. will serve as the exclusive provider for fare media fulfillment and distribution, as they were the only proposer for these services.

DETERMINATION OF SAFETY IMPACT

Gated stations require customers to use a TAP fare media to enter the Metro Rail system. Providing TAP fare media for gated stations has a positive impact on the safety of Metro Rail riders by limiting access to paying customers only, thus enhancing access control to Metro Rail stations.

FINANCIAL IMPACT

Funding has been included in the proposed FY2027 budget in Regional TAP Operating Project 300016. Since this is a multi-year contract, the cost center manager and Senior Executive Officer of TAP Operation will be responsible for budgeting for future years.

The costs of the contracts will be partially offset by fees charged to customers for each new or replacement TAP fare media.

Impact to Budget

The funding sources for Project 300016 in FY27 will continue to be a mix of Prop C 40%, TDA Article 4 and fare revenues. These sources are eligible for operating and capital improvements for both bus and rail.

EQUITY PLATFORM

TAP fare media are critical in ensuring equitable access to transit services, particularly for customers in Reduced Fare, LIFE and GoPass programs. In 2024, TAP use on Metro Bus and Rail increased by approximately 8%, which could be linked to growth in LIFE and GoPass enrollments, facilitated by the streamlined TAP enrollment process.

With the upcoming rollout of TAP's new account-based features, TAP usage is projected to increase by an additional 8% to 10%, expanding the benefits to even more low-income and student riders. However, achieving these equity outcomes depends on maintaining a sufficient supply of physical TAP fare media to ensure every eligible rider can participate and ride not only on Metro but on 26 other TAP transit agencies.

Riders without smartphones or internet access will continue to use the Metro system as they currently do today. The existing fare payment methods or amenities will remain unchanged and TAP fare media can be purchased and reloaded at multiple customer touchpoints including TAP Vending Machines at Metro Rail stations, at 1,000+ vendor locations, onboard Metro buses, and at Metro Customer Centers.

Through these multiple touchpoints to purchase or obtain TAP fare media, Metro can continue to provide equitable and inclusive fare payment options across LA County.

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) or Disabled Veteran Business Enterprise (DVBE) goal on this bench contract due to the lack of certified small businesses that perform the required services. One of the four firms that were selected as prime consultants, Cole Ticket Solutions, is an SBE-certified prime and made a 40% SBE commitment.

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 these 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.

This item supports Metro's systemwide strategy to reduce VMT through operational activities enhancing Metro's existing TAP system that will maintain 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 this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001 to 2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of the recommendations are in accordance with the following goals:

- 1) **Strategic Plan Goal #1:** Provide high quality mobility options that enable people to spend less time traveling as part of an effort to manage transportation demand through fair and equitable pricing structures.
- 2) **Strategic Plan Goal #2:** Deliver outstanding trip experiences for all users of the transportation system by improving legibility, ease of use, and trip information on the transit system.
 - **2.2:** Metro is committed to improving legibility, ease of use, and trip information on the transit system.

ALTERNATIVES CONSIDERED

The current procurement allows Metro to purchase TAP fare media and order personalization/fulfillment services necessary to continue the expansion of the TAP Program and to replace expired, lost or stolen TAP cards. The alternative would be to discontinue the purchase and use of TAP fare media and revert to the use of paper fare media. This action is not recommended because:

- 1) TAP provides customers with the ability to travel seamlessly across LA County.
- 2) TAP allows Metro and TAP participating agencies the ability to implement smart fare collection practices such as free and discounted interagency transfers, peak and off-peak pricing, timed passes, and fare capping.
- 3) TAP data provides accurate and meaningful information for in-depth ridership analysis and service planning.

NEXT STEPS

Upon Board approval, staff will execute Contract Nos. PS128860000 through PS128860003 for TAP contactless smart cards manufacturing and Contract No. PS128860004 for card fulfillment and distribution services, effective July 1, 2026.

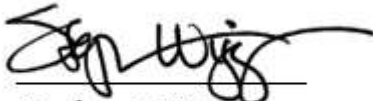
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Dean Adams, Deputy Executive Officer, TAP, (213) 922-4058
Monique Pe, Senior Director, TAP, (213) 922-4034
David Sutton, Senior Executive Officer, TAP, (213) 922-5633
Manish Chaudhari, Senior Executive Officer, TAP, (213) 922-2097
Carolina Coppolo, Deputy Chief Vendor/Contract Management Officer, (213) 922-4471

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



Stephanie Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

TAP CONTACTLESS SMART CARD MANUFACTURING AND CARD FULFILLMENT AND DISTRIBUTION / PS128860000 THROUGH PS128860004

1.	Contract Numbers: PS128860000 through PS128860003 (Discipline 1: TAP Contactless Smart Cards Manufacturing) PS128860004 (Discipline 2: Card Fulfillment and Distribution)	
2.	Recommended Vendors: Idemia America Corp., Giesecke + Devrient ePayments America Inc., Paragon ID High Point US, Inc., and Cole Ticket Solutions (Discipline 1) Giesecke + Devrient ePayments America Inc. (Discipline 2)	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: September 18, 2025	
	B. Advertised/Publicized: September 18, 2025	
	C. Pre-Proposal Conference: September 25, 2025	
	D. Proposals Due: November 13, 2025	
	E. Pre-Qualification Completed: March 4, 2026	
	F. Ethics Declaration Forms submitted to Ethics: November 17, 2025	
	G. Protest Period End Date: May 19, 2026	
5.	Solicitations Downloaded: 18	Bids/Proposals Received: 4 (Discipline 1) 1 (Discipline 2)
6.	Contract Administrator: Amy Chi	Telephone Number: 213-922-2278
7.	Project Manager: Monique Pe	Telephone Number: 213-922-4034

A. Procurement Background

This Board Action is to approve Contract Nos. PS128860000, PS128860001, PS128860002, PS128860003 (Discipline 1), and PS128860004 (Discipline 2) in support of regional TAP Contactless Smart Cards (CSC) manufacturing and fulfillment services. Board approval of contract awards is subject to the resolution of any properly submitted protest(s), if any.

On September 18, 2025, Request for Proposals (RFP) No. PS128860 was issued as a competitive procurement in accordance with Metro’s Acquisition Policy and the contract type is a firm fixed unit price. The Diversity and Economic Opportunity Department did not recommend a Small Business Enterprise (SBE) nor a Disabled Veteran Business Enterprise (DVBE) participation goal due to a lack of subcontracting opportunities.

One amendment was issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on October 29, 2025, extended the proposal due date from November 6, 2025 to November 13, 2025.

A total of 18 downloads of the RFP were included in the planholders' list. A virtual pre-proposal conference was held on September 25, 2025, and was attended by ten participants representing 2 firms. There were 38 questions received and responses were provided prior to the proposal due date.

A total of 5 proposals were received on November 13, 2025, and are listed below in alphabetical order:

Discipline 1: TAP Contactless Smart Cards Manufacturing

1. Cole Ticket Solutions
2. Giesecke + Devrient ePayments America Inc.
3. Idemia America Corp.
4. Paragon ID High Point US, Inc.

Discipline 2: Card Fulfillment and Distribution

1. Giesecke + Devrient ePayments America Inc.

Since only one proposal was received for Discipline 2, staff conducted a market survey of the planholders to determine why no other proposals were submitted. Responses were received from three firms and they included: insufficient labor resources, other business priorities, different area of expertise, and lack of automated process to initialize each card to be competitive. The results of the market survey indicated that factors beyond Metro's control caused the potential sources not to submit proposals and that there were no restrictive elements in the solicitation documents that prevented competition.

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from TAP Finance, Local Programming, Community Relations and Customer Care Departments was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

Phase 1 Evaluation – Minimum Qualifications (Pass/Fail): To be responsive to the RFP Minimum qualifications requirements, the proposer must meet all of the following:

Discipline 1: TAP Contactless Smart Cards Manufacturing

1. Prime Contractor currently has a smart card manufacturing business that has been in continuous existence (i.e., without interruption) for at least the past three years.

2. For each type of smart card that Proposer intends to provide Metro, Proposer must have, in the most recent one-year period ending no earlier than December 31, 2024, supplied its clients with an aggregate amount of over 1,000,000 cards.
3. Proposed Project Manager must have a minimum of five years of industry experience in the management of contracts similar to that described in the Scope of Services, Part A (Exhibit A) and be familiar with the design and manufacture of smartcards.
4. Proposer must unconditionally sign and submit the Non-Disclosure Agreement (NDA) – Exhibit 14.

Eligible Proposers were given up to one month to produce and submit sample smart cards to Metro. The sample cards were to be evaluated in accordance with the Phase II – Weighted Evaluation Criteria.

5. Proposer’s existing smart card system must be able to interface with TAPForce as required in the Scope of Services – Part A (Exhibit A).

Discipline 2: Card Fulfillment and Distribution

1. Prime Contractor currently has a smart card fulfillment and distribution business that has been in continuous existence (i.e., without interruption) for at least the past three years.
2. Proposer must provide a list of clients it has provided graphical personalization of at least an aggregate of 100,000 smart cards in the most recent one-year period, ending no earlier than December 2024.

Note: The term “graphical personalization” refers to the printing or embossing of text or images on the smart card.

3. Proposer must unconditionally sign and submit the Non-Disclosure Agreement (NDA) – Exhibit 14.

Eligible Proposers were given up to three weeks to personalize/print photographs and text on sample TAP cards and submit them to Metro. The sample TAP cards were to be evaluated in accordance with the Phase II – Weighted Evaluation Criteria.

4. Proposer must currently have a smart card order processing and reporting system to support its smart card fulfillment and distribution operations and to communicate daily order status with clients, similar to that required in the Scope of Services.

5. Proposer must currently have an automated inventory control system to facilitate monitoring and tracking of smart card inventory and provide reports similar to what is required in the Scope of Services.
6. Proposer must have the capacity to store 1.5 million cards in inventory and 1 million items of collateral material inventory similar to what is required in Section III.A. of the Scope of Services – Part B (Exhibit A).
7. Proposer must have a facility within the United States used for smart card initialization and fulfillment.

Phase 2 Evaluation - Weighted Technical Evaluation. All proposers met the Minimum Qualifications (Pass/Fail) criteria for the respective discipline and were further evaluated based on the following evaluation criteria and weights:

Discipline 1: TAP Contactless Smart Cards Manufacturing

- Proposer’s Experience, Skills, and Qualifications 10%
- Experience and Qualifications of Key Personnel 10%
- Management Plan/Approach 25%
- Sample Cards – Chip Type 30%
- Price 25%

Discipline 2: Card Fulfillment and Distribution

- Proposer’s Experience, Skills and Qualifications 15%
- Experience and Qualifications of Key Personnel 15%
- Management Plan/Approach 25%
- Personalization of Sample TAP Cards 20%
- Price 25%

Several factors were considered when developing these weights, giving the greatest importance to the sample cards – chip type and management plan/approach and price, respectively.

From November 24, 2025 through February 23, 2026, the PET independently evaluated the proposals and tested sample cards. Proposers provided various sample cards, adhesive stickers, and wearables that were tested to ensure they met the required specifications. At the conclusion of the evaluation, the PET recommended the following firms:

Discipline 1: TAP Contactless Smart Cards Manufacturing

1. Cole Ticket Solutions
2. Giesecke + Devrient ePayments America Inc.
3. Idemia America Corp.
4. Paragon ID High Point US, Inc.

Discipline 2: Card Fulfillment and Distribution

1. Giesecke + Devrient ePayments America Inc.

Qualifications Summary of Firms:

Cole Ticket Solutions

Cole Ticket Solutions (CTS) has delivered over 30 million tickets to Los Angeles International Airport (LAX), more than 40 million gate interchange tickets to Port Houston, and, as part of a five-year agreement, is currently delivering a total of 86 million tickets to Dallas Fort Worth International Airport. These programs demonstrate CTS's capacity to manage serialized numbering, secure storage and on-demand fulfillment across multi-agency and multi-vendor environments while maintaining 100% delivery compliance.

CTS operates a highly integrated production management model that ensures oversight, traceability, and responsive client communication. CTS's demonstrated track record extends across airports, municipalities, and OEM partnerships, with expertise in high-security ticketing, RFID credentialing and contactless media integration.

Giesecke + Devrient ePayments America Inc.

Giesecke + Devrient ePayments America Inc. (G+D) is a globally operating technology company that specializes in security and advanced card solutions. G+D facilities with contactless smart card production and personalization capability include Washington DC, Atlanta, Boston, New Jersey, Canada, South Korea, Turkey, Sweden, Spain, Chile, Argentina, Uruguay, Venezuela, Brazil, Mexico, China and Australia. To date, G+D has supplied over 400 million contactless cards for transit clients across the globe.

G+D's services to the transit sector include manufacturing, personalization, fulfillment, and distribution of cards direct to transit customers. G+D has used contactless technology for over 20 years, servicing transit and payment industries. G+D developed and delivered the first MIFARE 1K contactless smart card for Lufthansa in 1995.

Idemia America Corp.

Idemia America Corp. (Idemia) uses identity technologies, specializing in biometrics and cryptography to provide secure and seamless interactions in both physical and digital environments. Formed from the merger of Oberthur Technologies and Safran Identity & Security (Morpho), Idemia has a heritage of innovation spanning over six decades.

Idemia is a large supplier of payment and transit cards in the USA with over 40% market share, servicing 10 of 10 largest financial institutions. Idemia developed a set up to support customers with one manufacturing hub in Exton, PA, two service centers in Los Angeles, CA and Chantilly, VA and research and development centers across the globe.

Paragon ID High Point US, Inc.

Paragon ID High Point US, Inc. (Paragon ID) is a reactive, innovative, and dynamic company known for its innovative technology-based solutions. Paragon ID has built a strong reputation for the supply of magnetic and RFID identification products for transport authorities and agencies. The group has multiple US locations including North Carolina and Vermont.

Paragon ID, previously known as EDM Technology, Inc., supplied fare media to the transit industry, specializing in smart cards and magnetic stripe ticket products. Paragon ID is a US-based manufacturer with both Limited Use (LU) and Extended Use (EU) smart card in the domestic facility.

The following is a summary of the PET scores:

Discipline 1: TAP Contactless Smart Cards Manufacturing

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Idemia America Corp.				
3	Proposer's Experience, Skills and Qualifications	87.50	10.00%	8.75	
4	Experience and Qualifications of Key Personnel	93.00	10.00%	9.30	
5	Management Plan/Approach	91.60	25.00%	22.90	
6	Sample Cards - Chip Type	72.80	30.00%	21.83	
7	Price	76.70	25.00%	19.18	
8	Total		100.00%	81.96	1
9	Giesecke + Devrient ePayments America Inc.				
10	Proposer's Experience, Skills and Qualifications	96.15	10.00%	9.62	
11	Experience and Qualifications of Key Personnel	91.75	10.00%	9.18	
12	Management Plan/Approach	92.80	25.00%	23.20	
13	Sample Cards - Chip Type	46.00	30.00%	13.80	
14	Price	93.90	25.00%	23.48	
15	Total		100.00%	79.27	2
16	Cole Ticket Solutions				
17	Proposer's Experience, Skills and Qualifications	93.60	10.00%	9.36	

18	Experience and Qualifications of Key Personnel	94.00	10.00%	9.40	
19	Management Plan/Approach	93.20	25.00%	23.30	
20	Sample Cards - Chip Type	37.50	30.00%	11.25	
21	Price	98.73	25.00%	24.68	
22	Total		100.00%	77.99	3
23	Paragon ID High Point US, Inc.				
24	Proposer's Experience, Skills and Qualifications	92.10	10.00%	9.21	
25	Experience and Qualifications of Key Personnel	79.00	10.00%	7.90	
26	Management Plan/Approach	82.00	25.00%	20.50	
27	Sample Cards - Chip Type	11.11	30.00%	3.33	
28	Price	86.95	25.00%	21.74	
29	Total		100.00%	62.68	4

Discipline 2: Card Fulfillment and Distribution

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Giesecke + Devrient ePayments America, Inc.				
3	Proposer's Experience, Skills and Qualifications	97.33	15.00%	14.60	
4	Experience and Qualifications of Key Personnel	97.33	15.00%	14.60	
5	Management Plan/Approach	96.56	25.00%	24.14	
6	Personalization of Sample TAP cards	98.00	20.00%	19.60	
7	Price	100.00	25.00%	25.00	
8	Total		100.00%	97.94	1

C. Price Analysis

The proposed firm fixed unit rates have been determined to be fair and reasonable based upon price analysis, Independent Cost Estimate (ICE), technical evaluation, and adequate price competition.

Work for these contracts will be authorized through the issuance of work orders based on need for the various services.

D. Background on Recommended Contractors

Cole Ticket Solutions

Cole Ticket Solutions (CTS) was founded in 2021. CTS in partnership with Amlon Technologies (OEM Manufacturer) located in Covina, California serves as CTS's strategic manufacturing partner for smartcard and wearable products. Amlon

operates a certified production facility in Corona, California, maintaining FDA, aerospace, forestry, and UL certifications and implementing secure inspection and encoding procedures.

CTS supported the Florida Department of Transportation through its partnership with Conduent (now Trelliant) to supply Limited Use Media (LUMs) utilizing MIFARE DesFire chip technology. This project required chip-level encryption, UID registration, and field testing across multiple regional systems.

Giesecke + Devrient ePayments America Inc.

Giesecke + Devrient ePayments America Inc. (G+D), is located in Dulles, Virginia, established in the U.S. since 1990. G+D implemented large-scale transit projects worldwide, including the production, personalization, fulfillment, and distribution of contactless smart cards for major transit authorities such as WMATA, MBTA, INIT, Translink, and New Jersey Transit. These projects involved the delivery of millions of MIFARE Classic, MIFARE Plus, and MIFARE DESFire cards, ensuring secure and efficient fare collection systems.

G+D has provided services to Metro and performance has been satisfactory.

Idemia America Corp.

Idemia America Corp. (Idemia – formerly under the name of Oberthur Card Systems), located in Rancho Dominguez, California, has been in business for over 25 years. Idemia has deployed transit cards in North America, Latin America, Europe, Middle East, and Asia of all technologies on a variety of form factors. Idemia provides multi-market solutions that include multi-application cards, key fobs and NFC mobile technologies.

Idemia supplies public transport authorities, operators and ticketing system integrators acquiring, operating and providing automatic fare collection systems based on smart ticketing.

Idemia has provided services to Metro and performance has been satisfactory.

Paragon ID High Point US, Inc.

Paragon ID High Point US, Inc. (Paragon ID), formerly known as EDM Technology, Inc., is located in High Point, North Carolina, and has been in business for nearly 40 years. Paragon ID provides ticketing for public transport (including British Rail and Paris Metro) and secure RFID solutions. Paragon ID serves high-stakes industries, including transport, automotive, and pharmaceutical, adhering to a strict zero-defect commitment.

Paragon has provided services to Metro and performance has been satisfactory.

DEOD SUMMARY

TAP CONTACTLESS SMART CARD (CSC) MANUFACTURING AND CARD FULFILLMENT AND DISTRIBUTION / PS128860000 THROUGH PS128860004

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) or Disabled Veteran Business Enterprise (DVBE) goal on this bench contract due to the lack of certified small businesses that perform the required services. One of the four firms selected as prime consultants, Cole Ticket Solutions, an SBE prime, made a 40% SBE commitment.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

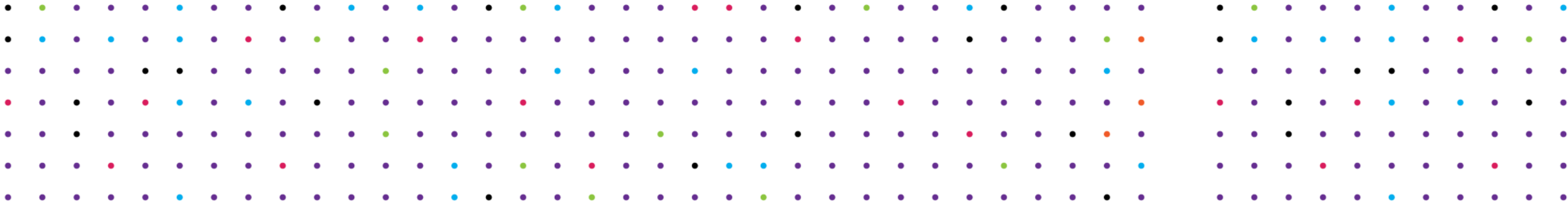
D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least \$50 million.

TAP Fare Media Manufacturing and Fulfillment Services

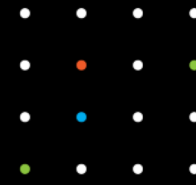


Finance, Budget and Audit Committee

File ID #2025-0958

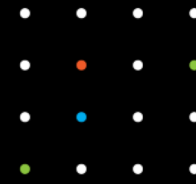
May 21, 2026

Recommendation



AUTHORIZE the Chief Executive Officer to award the following five-year indefinite delivery/indefinite quantity (IDIQ) firm fixed unit price contracts for TAP fare media for Metro and TAP Partner agencies for a total Not-To-Exceed (NTE) amount of \$30,149,315 for the initial three-year term, and \$11,975,535 for the first, one-year option, and \$12,028,294 for the second, one-year option, for a total NTE cumulative amount of \$54,153,144, inclusive of sales tax, effective July 1, 2026, subject to the resolution of any properly submitted protest(s) if any.

Awardee & Bid Info



AWARDEES

- Manufacturing services:
 - Idemia America Corp.
 - Giesecke & Devrient ePayment America Inc.
 - Cole Ticket Solutions
 - Paragon ID High Point US, Inc.
- Fulfillment services:
 - Giesecke & Devrient ePayment America Inc.

NUMBER OF BIDS/PROPOSALS

Discipline 1 - Manufacturing

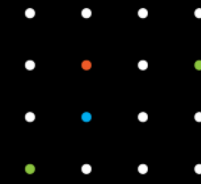
Rank	Proposer Name	Weighted Average Score
1	Idemia America Corp.	81.96%
2	Giesecke & Devrient ePayment America Inc.	79.27%
3	Cole Ticket Solutions	77.99%
4	Paragon ID High Point US, Inc.	62.68%

Discipline 2 - Fulfillment

Rank	Proposer Name	Weighted Average Score
1	Giesecke & Devrient ePayment America Inc.	97.94%



DEOD Information



DEOD completed its evaluation for Disciplines 1 and 2 proposals and determined that no goal was established due to the lack of certified small businesses that perform the required services.

- *Discipline 1 – TAP Contactless Smart Media Manufacturing*

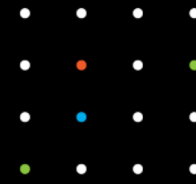
Prime	Paragon ID High Point US, Inc.	**Cole Ticket Solutions	Giesecke +Devrient ePayments America, Inc.	Idemia America Corp.
Subcontractor 1	Asia Credit Card Production LTD	Amlon Industries		
Subcontractor 2	Cardz Group			
Subcontractor 3	Wave Source, LLC			

Notes: **SBE Prime

- *Discipline 2 – Fare Media Fulfillment and Distribution*

Prime	Giesecke +Devrient ePayments America,
Subcontractor 1	





Issue

- Current contracts expire June 2026 and new contracts require approval
- 27 transit agencies in LA County rely on TAP fare media for fare payment
- Since program inception in 2006, approximately 45 million TAP cards have been issued

Discussion

- Fare media vendors produce TAP cards, wearables, and stickers for support of Metro and regional fares including Regular, Reduced Fare for seniors, persons with disabilities and students, GoPass and LIFE
- Fare media are distributed through TAP Vending Machines, retail networks, web and phone sales, and TAP Partner transit agencies



Board Report

File #: 2026-0278, **File Type:** Informational Report

Agenda Number: 21.

FINANCE, BUDGET AND AUDIT COMMITTEE MAY 21, 2026

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2026 THIRD QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services FY 2026 Third Quarter Report.

ISSUE

Management Audit Services (MAS) is required to provide a quarterly activity report to the Board that presents information on audits that have been completed or are in progress, including information related to audit follow-up activities. The FY 2026 third quarter report covers the period from January 1, 2026, to March 31, 2026.

BACKGROUND

MAS provides audit services in support of Metro's ability to provide responsive, accountable, and trustworthy governance. The department performs internal and external audits. Internal audits evaluate the processes and controls within the agency, while external audits analyze contractors, cities, and/or non-profit organizations that are recipients of Metro funds. The department delivers management audit services through functional groups: Performance Audit; Contract, Financial and Compliance Audit; and Administration and Policy, which includes audit support functions. Performance Audit is mainly responsible for internal audits related to Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management including the Chief Executive Office, and other internal areas. Contract, Financial, and Compliance Audit is primarily responsible for external audits in Planning, Program Management, and Vendor/Contract Management. MAS' functional units provide assurance to the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably; and that desired outcomes are being achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, quality assurance, financial management, including audit support, audit follow-up, and resolution tracking.

DISCUSSION

The following summarizes MAS activity for FY 2026 third quarter:

Performance Audits: 2 audits were completed; 10 projects were in progress.

Contract, Financial and Compliance Audits: 8 audits with a total value of \$28 million were completed; 80 were in progress.

Financial and Compliance Audits of Metro: 132 audits were issued by an external Certified Public Accounting (CPA) firm.

Audit Follow-up and Resolution: 10 recommendations were closed, 4 recommendations were added, and 17 recommendations are open. For the Office of Inspector General, 8 recommendations were closed, 6 recommendations were added, and 18 recommendations are open.

The FY Third Quarter Report is included as Attachment A.

EQUITY PLATFORM

Management Audit Services' quarterly audit activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. For example, performance audits are selected with consideration of social, governance, environmental, and other relevant risks. In addition, audits of public-facing programs include discussions with program sponsors about how they incorporate equity into their program management. During the quarter, MAS issued the Performance Audit of the Diversity and Economic Opportunity Department's (DEOD's) Certification Procedures, which included recommendations to improve workflow effectiveness and efficiency, as well as enhance DEOD's service delivery and strengthen support for small business applicants.

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 these 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.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides information on audits in support of Metro's various projects and programs. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2026 Third Quarter Report supports Metro's Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

Management Audit Services will continue to report audit activity throughout the current fiscal year.

ATTACHMENT

Attachment A - Management Audit Services (MAS) FY 2026 Third Quarter Report

Prepared by:

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Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101



Stephanie Wiggins
Chief Executive Officer

Quarterly Report to Metro Board of Directors

FY 2026 Third Quarter



**MANAGEMENT
AUDIT SERVICES**

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Executive Summary

Performance Audits

Contract, Financial, & Compliance Audits

Financial and Compliance Audits of Metro

Audit Follow-Up and Resolution



90 AUDIT PROJECTS IN PROGRESS



8 COMPLETED CONTRACT, FINANCIAL, AND COMPLIANCE AUDITS

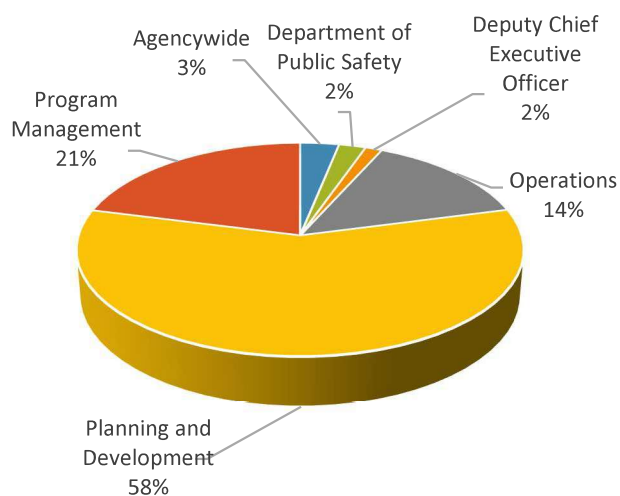


2 COMPLETED PERFORMANCE AUDITS



35 OPEN AUDIT RECOMMENDATIONS

Summary of Audit Activity by Department
Reporting Period
January 1, 2026 – March 31, 2026



Summary of In-Progress Audit Activity

Management Audit Services (MAS) has 90 in-progress projects as of March 31, 2026, which include 10 performance projects and 80 contract, financial and compliance audits. The in-progress performance projects are listed in Appendix A.

As of the reporting period, there are 17 open MAS audit recommendations and 18 open for the Office of the Inspector General (OIG).

Summary of Third Quarter Completed Audit Activity

MAS completed 142 audit projects. The projects are comprised of two performance audits, 8 contract, financial and compliance audits, and 132 financial and compliance audits of Metro issued by external Certified Public Accountant (CPA) firms.

The completed performance audits are highlighted on page 4. The completed contract, financial and compliance audits are highlighted on page 5. The other audits issued by external firms are highlighted on page 6.

A summary of the open audit recommendations is included on page 8.

Executive
Summary**Performance
Audits**Contract, Financial, &
Compliance AuditsFinancial and Compliance
Audits of MetroAudit Follow-Up
and Resolution

This section includes performance audits completed in accordance with Global Internal Audit Standards and Generally Accepted Government Auditing Standards, in addition to other types of projects performed by the Performance Audit team to support Metro. Other projects may include independent reviews, analyses, or assessments of select areas. All performance projects are intended to help support decision-making and promote organizational effectiveness.

Gold Line Extension Phase 2B1 Project


The objective of this audit was to evaluate Metro's oversight of the Metro Gold Line Foothill Extension Construction Authority's (the Authority's) project management of the Gold Line Extension Phase 2B1 Project, and Metro Operations' planning and execution of final year processes leading to revenue service. Project management processes evaluated included monitoring of budget versus actual costs, risk assessment and risk mitigation, compliance with funding agreement terms and amendments, and planning for final-year processes. The scope covered the period from September 1, 2024 through May 30, 2025.

The audit found that Metro's oversight of the final year processes for revenue service and of the Authority's project management over Phase 2B1 was effective. There were, however, inconsistencies between certain information in the project cost reports prepared by the Authority and by Metro. The audit also noted that approved funding for Phase 2B1 exceeds the approved Phase 2B LOP budget by \$125 million. In monitoring project costs, it was unclear whether Program Management was comparing the Phase 2B1 forecasted project cost at completion against the approved Phase 2B LOP budget or the Phase 2B1 available funding amount. MAS provided management with five recommendations and will follow up to ensure implementation.

Small Business Enterprise (SBE) Certification Processes

The objective of this audit was to assess whether the Diversity and Economic Opportunity Department's (DEOD's) certification procedures are effective in identifying and confirming eligible businesses, evaluate whether DEOD adheres to relevant laws, regulations, and policies and procedures, and determine whether DEOD has mechanisms in place to track performance, resolve issues, and improve procedures over time.


Overall, MAS found that DEOD's certification programs are effective and are generally in compliance with applicable requirements. DEOD has taken steps to support ongoing improvements and to assist applicants throughout the certification process. However, a few exceptions were noted during the audit, and there are opportunities to further increase applicants' access to necessary assistance. Improvements should be made in data retention for records of notices, including notices of upcoming annual reviews and completion of eligibility determinations. MAS provided management with two recommendations and will follow up to ensure implementation.

Executive
SummaryPerformance
Audits

**Contract, Financial, &
Compliance Audits**
Financial and Compliance
Audits of MetroAudit Follow-Up
and Resolution

MAS staff completed 8 independent auditor reports on agreed-upon procedures for the following:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
City of Hawthorne – Prairie Avenue Mobility Project	\$8,905,098	\$0
City of La Canada Flintridge – Soundwalls on Interstate 210 (Phase 3)	\$12,184,884	\$0
City of Santa Clarita – Intelligent Transportation Systems (ITS) Phase VI	\$2,407,815	\$53,723
City of Glendale – Glendale Sub-Regional Traffic Management Center Implementation Project	\$889,377	\$0
City of Beverly Hills – Pedestrian Improvements at Selected Crosswalks within Beverly Hills	\$3,087,715	\$0
Thornton Tomasetti	\$516,363	\$11,652
<i>Reviewed and questioned costs were not identified for the following as these audits reviewed labor rates for pre-award or indirect cost rates and/or Local Employment Program Compliance.</i>		
Barrio Planners, Inc.	N/A	N/A
ABCS Consulting Services	N/A	N/A
Total Amount	\$27,991,252	\$65,375

Contract, financial and compliance audits completed during FY 2026 third quarter are included in Appendix B.

Executive
SummaryPerformance
AuditsContract, Financial, &
Compliance Audits

**Financial and Compliance
Audits of Metro**
Audit Follow-Up
and Resolution

The following highlights financial and compliance audits of Metro completed by external CPA firms:

Consolidated Audits – Issued Various Dates

MAS contracted with two firms, Simpson & Simpson, LLP and Vasquez + Company LLP, to conduct and issue 132 financial and compliance audits of the following programs for the year ended June 30, 2025:

- Local Funding Program to 88 cities and Unincorporated Los Angeles County
 - Proposition A Local Return
 - Proposition C Local Return
 - Measure M Local Return
 - Measure R Local Return
 - Transportation Development Act (TDA) Article 3, Article 4 and Article 8 Programs
 - Proposition A Discretionary Incentive Program
- Prop A Discretionary Incentive Grant
 - Antelope Valley Transit Authority
 - Pomona Valley Transportation Authority
- Transit System Operators of Commerce, Redondo Beach, Torrance
 - Transit System Funds
 - Measure M 20%
 - Measure R 20%
- Proposition A Growth Over Inflation (GOI) Fund to Burbank, Glendale, LADOT and Pasadena
- Fare Subsidies Programs
 - Low-Income Fare is Easy (LIFE) Program¹
- Metrolink Program
- EZ Transit Pass Program
- Access Services¹
- LADOT
- High Desert Corridor JPA

Local Return

Proposition A and C

The auditors (Vasquez and Simpson) found that the County and Cities complied, in all material respects, with the requirements in the Ordinances and Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2025.

The auditors found 37 instances of non-compliance for Proposition A and C, consisting of 24 findings not resulting in questioned costs. Thirteen findings with questioned costs totaling \$1.17 million for Proposition A and \$3.57 million for Proposition C represent roughly 1% of each total fund reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

Measure R

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinance and Guidelines that are applicable to the Measure R Local Return program for the fiscal year ended June 30, 2025.

The auditors found 18 instances of non-compliance for Measure R, consisting of seven findings not resulting in questioned costs. Eleven findings with questioned costs totaling \$2.98 million for Measure R less than 2% of the total amount reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

Measure M

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinance that are applicable to the Measure M Local Return program for the fiscal year ended June 30, 2025.

The auditors found 18 instances of non-compliance for Measure M, consisting of eight findings not resulting in questioned costs. Ten findings with questioned costs totaling \$3.05 million for Measure M represent less than 2% of the total amount reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

Non-Local Return

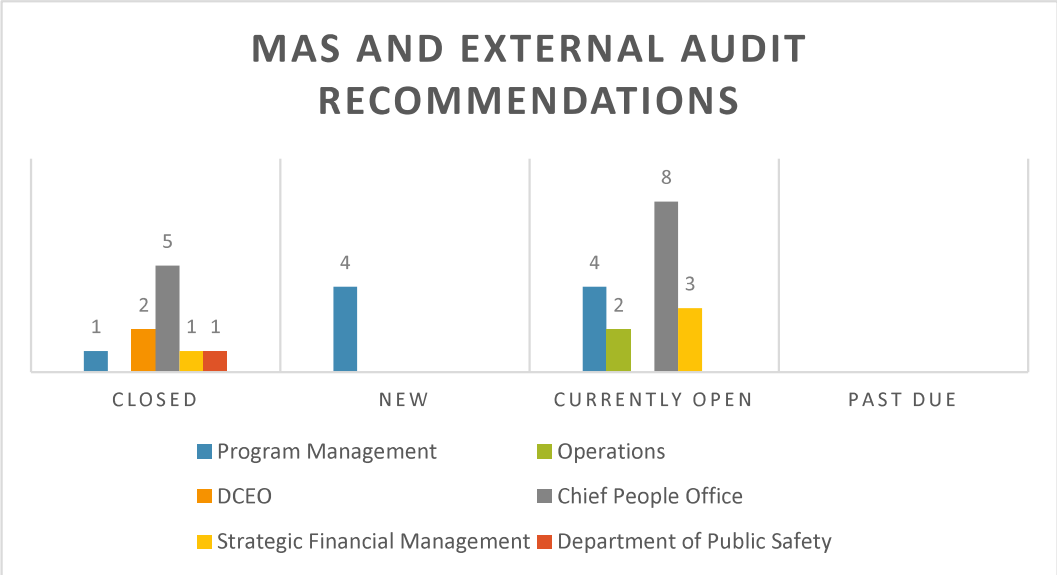
The auditors found that schedules/financial statements for the various programs included in the Consolidated Audit presented fairly, in all material respects. They also found that the entities complied, in all material respects, with the compliance requirements of their respective guidelines. However, the auditors noted several compliance findings; 19 findings for the TDA Article 3 program, one finding related to invoice approval for High Desert Corridor JPA, and one finding for Metrolink. Metro Program Managers are working with the fund recipients to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

A receive and file report with additional details on the Consolidated Audit will be brought to the committee in the coming months.

¹ Results of the Access Services and LIFE Eligibility Verification audits will be included in the FY26 fourth quarter report pending completion.

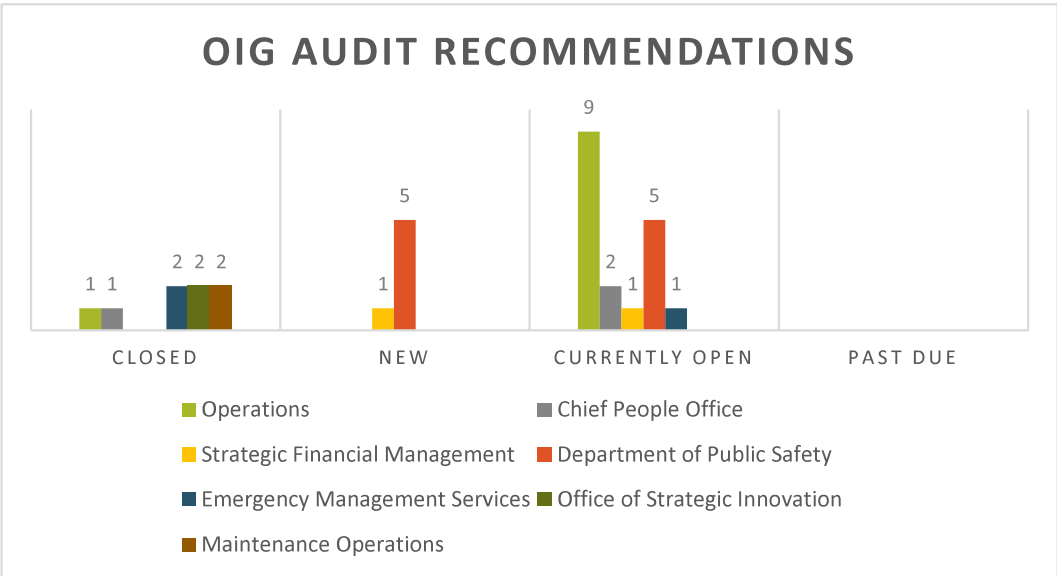


The graphs below summarize the open audit recommendations as of March 31, 2026:



17 open recommendations

10 closed recommendations



18 open OIG recommendations

8 closed OIG recommendations

Details of open audit recommendations for MAS are included in Appendix C. Details of open audit recommendations for OIG are included in Appendix D.

Appendix A

Performance Audit - In Progress Projects as of March 31, 2026				
No.	Area	Project Number & Title	Description	Estimated Date of Completion
1	Planning and Development	25-PLN-P01 - Project Grant Funding	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.	5/2026
2	Program Management	24-CON-P01 - Purple (D-Line) Extension 1 (PDLE1)	Evaluate the state of processes and planning for final-year activities (testing, certification, training, activation) of PDLE1 transit project prior to start of revenue operations.	5/2026
3	Department of Public Safety	25-SEC-P02 - Safety Response to Reported Incidents	Evaluate whether existing policies and procedures are adequate to ensure timely decision-making and effective deployment of resources in response to safety-related service requests from employees and the public.	6/2026
4	Program Management	25-CON-P02 - Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.	6/2026
5	Department of Public Safety	24-SEC-P01 – Physical Security Monitoring Equipment	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	7/2026
6	Planning and Development	26-PLN-P01 - Measure M Subregional Program (MSP)	Evaluate the effectiveness, implementation performance, and subregional project progress to ensure MSP is maximizing the program's capacity and adhering to project schedule(s).	7/2026
7	Planning and Development	26-PLN-P02 - Real Estate Condition and Utilization	Determine if Metro has a comprehensive inventory of its real estate and if its system accurately describes and monitors the current utilization of properties.	8/2026
8	Operations	26-OPS-P01 - Non-revenue Vehicles	Assess the availability and readiness of the non-revenue vehicle fleet for operational deployment and use.	8/2026
9	Operations	26-OPS-P02 - Wayside Track Maintenance	Evaluate how Metro ensures that track maintenance complies with FTA State-of-Good-Repair requirements.	9/2026
10	Operations	26-OPS-P03 - Bus Division Operations Efficiencies	Examine Metro's Bus Divisions' administrative operations and explore ways to build efficiencies into processes and utilize technology, including AI, to accomplish goals. Note: Project paused until August 2026 to allow Operations team to prioritize World Cup responsibilities.	3/2027

Appendix B

Contract, Financial and Compliance Audit - Audits Completed as of March 31, 2026				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Planning and Development	24-PLN-A26	City of Hawthorne	1/2026
2	Planning and Development	26-HWY-A03	City of La Canada Flintridge	1/2026
3	Planning and Development	24-CON-A05(B)	Barrio Planners, Inc.	2/2026
4	Planning and Development	24-CON-A04(E)	ABCS Consulting Services	2/2026
5	Planning and Development	25-CON-A06	Thornton Tomasetti	2/2026
6	Planning and Development	25-PLN-A15	City of Santa Clarita	2/2026
7	Planning and Development	26-PLN-A04	City of Glendale	2/2026
8	Planning and Development	26-PLN-A03	City of Beverly Hills	3/2026

Appendix C

Open Audit Recommendations as of March 31, 2026						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1-2	Operations	21 SEC P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	2 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
3-5	Strategical Financial Management	23-ITS-P01 - Performance Audit of Third-Party Risk Management - Outsourced Service Providers	3 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
6	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	1b	Perform monthly reconciliations of human resource/payroll deduction report to validate that payroll deductions align with carrier invoices.	10/31/2025	12/31/2026 ²
7	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	1d	Implement monitoring of dependent eligibility and 'age-out' events.	9/30/2025	12/31/2026 ²
8	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	1e	Identify methods to automate the procedures in 1(b) and 1(c) above as part of the new payroll system implementation.	12/31/2025	12/31/2026 ²
9	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	3d	The Chief People Office should ensure Pension and Benefits arranges for invoices to be sent directly to Accounts Payable as well as to Pension and Benefits.	12/31/2025	4/30/2026 ³
10	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	2a	The Chief People Officer should direct Pension and Benefits management to develop detailed SOPs covering the employee pension contribution process, including report generation, review, and exception handling.	11/30/2025	12/31/2026 ²
11	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	5	The Chief People Officer should direct Pension and Benefits management to establish a formal succession planning framework that maintains leadership continuity and operational resilience. This should include formulating and documenting a succession plan, implementing cross-training, instituting knowledge transfer and resource documentation, and monitoring and evaluating preparedness to ensure employees can assume other important roles in the event of a future absence or departure of the department head or key personnel.	6/30/2026	
12	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	7	The Chief People Officer should direct Pension and Benefits to evaluate the upcoming Oracle HCM Cloud Suite implementation to assess opportunities for automating the pension process, replacing manual workflows, scanning employee documents, improving change history, and ensuring enhanced integration across Human Resources, Payroll, and Pension and Benefits functions to improve accuracy and efficiency in pension management.	12/31/2025	12/31/2026 ²

Appendix C

Open Audit Recommendations as of March 31, 2026						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
13	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	8	The Chief People Officer should direct Pension and Benefits and ITS Administration management to incorporate enhanced controls and validations into the upcoming Oracle HCM Cloud Suite system. These enhanced controls and validations should include mechanisms such as logical checks to prevent contradictory or missing pension codes from being assigned, particularly for ineligible job classes. Also, job status changes should automatically trigger reviews to ensure pension codes are updated promptly. Increased automation will help minimize manual data entry errors.	12/31/2025	12/31/2026 ²
14	Program Management	25-CON-P01 - Gold Line Extension Phase 2B	1.1	We recommend Metro's Project Manager review the cost categories as provided by the Authority for the correct alignment and inclusion in the Monthly Project Cost Report by Element and direct the Authority to report Metro's cost share as a line item excluded from the Authority's financial status totals since the Authority does not incur those costs.	1/31/2026	
15	Program Management	25-CON-P01 - Gold Line Extension Phase 2B	2.1	We recommend Metro's Project Manager include estimated values for PCOs, RFCs, and the Current Project Forecast in the Monthly Status Report, excluding items under litigation or pending dispute resolution, in accordance with current Program Management practice.	3/31/2026	
16	Program Management	25-CON-P01 - Gold Line Extension Phase 2B	4.1	Metro should review the current project (GLE2B1) forecast and identify any cost savings and the impact of allocated funding sources.	9/30/2026	
17	Program Management	25-CON-P01 - Gold Line Extension Phase 2B	4.2	Metro should consult with Strategic Financial Management to determine if any revision to the LOP budget is required to reflect current forecasts for sections to Pomona or Montclair.	9/30/2026	

² Recommendation is dependent on Oracle Human Capital Management (HCM) project, which is tentatively scheduled to go live in December 2026.

³ CPO is evaluating feasibility of alternative invoicing process.

Appendix D

Open OIG Audit Recommendations as of March 31, 2026						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	16	Continue to test and determine the effectiveness of the independent solar panel lights on top of the signposts. Consider expanding use of the solar lights if the cost and benefits of these lights prove to be a good solution.	6/30/2025	6/30/2026
2	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	19	Consider sustainable options like lights generated by small solar panels or other environmentally conscious methods, as stated earlier.	6/30/2025	6/30/2026
3	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	20	Monitor the effectiveness of the Bus Lane Enforcement (BLE) program in keeping Metro bus lanes clear from parked vehicles across the system to improve transit safety and reliability.	6/30/2027	
4	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	30	Obtain updates on the Figueroa Corridor Human Trafficking Initiative and review any recommendations.	Pending Review	
5	Chief People Office	25-AUD-08 - Statutorily Mandated Audit of Miscellaneous Expenses	1	When providing training for staff, ensure that there are no cost-free in-house programs or external programs that Metro partners with who provides similar highly qualified training at a substantially lower cost that still meet the quality and expertise level, before purchasing these services outside of Metro.	3/31/2026	9/30/2026
6	Chief People Office / Vendor/Contract Management	25-AUD-08 - Statutorily Mandated Audit of Miscellaneous Expenses	4	Consider creating an executive leadership professional services bench to help ensure that Metro supports the professional development of its senior level executives in a fiscally responsible manner.	3/31/2026	9/30/2026
7	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	13	Consider installing clear signage stating that the emergency call box is for emergency use only, and misuse is subject to penalties.	9/30/2025	4/30/2026
8	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	16	Once the prototypes of the Call Point Blue Light Project are installed, evaluate their effectiveness and conduct a comprehensive cost-benefit analysis based on the knowledge gained from the Call Point Blue Light Project..	6/30/2026	
9	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	17	Conduct a comprehensive evaluation of the existing camera infrastructure to identify performance gaps and limitations.	12/31/2026	
10	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	18	Ensure any new system being considered meets Metro's needs as an upgrade to high resolution, reliable camera systems with enhanced capabilities such as pan, tilt, and zoom (PTZ) functionality for improved coverage and flexibility, and will replace obsolete call boxes and legacy cameras with a unified system that offers superior image quality and remote monitoring capabilities.	12/31/2027	
11	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	19	Consider integrating Artificial Intelligence and automation in any future camera systems deployed in Metro Rail Stations.	12/31/2028	

Appendix D

Open OIG Audit Recommendations as of March 31, 2026						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
12	Emergency Management Services	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	21	Expand surveillance coverage by installing functional cameras in previously unmonitored areas, such as the Willow Station patron and employee parking lot.	12/31/2028	
13	Strategic Financial Management	26-AUD-03 - Statutorily Mandated Audit of Miscellaneous Expenses	1	Statements of Work or Statements of Service should be strengthened to include language requiring contractor compliance with Metro Business Travel Guidelines (GEN 65).	2/28/2026	5/31/2026
14	Department of Public Safety	25-AUD-06 - Supplemental Billings Review FY24	4	We recommend that Metro collaborate with LASD to review Fiscal Year 2024 invoices to ensure that all calculations align with the authorized service framework, particularly the variance between the target minutes used in the calculation of the credit amount and the purchased minutes approved on Form SH-AD 575. Also, Metro's SSLE Department should obtain an updated Deployment Plan annually from LASD that reflects the same number of purchased patrol service minutes approved on Form SH-AD 575. UPDATE: Closed April 2026	4/30/2026	
15	Department of Public Safety	25-AUD-06 - Supplemental Billings Review FY24	5	We recommend that Metro obtain a refund of \$9,870.66 from LASD for the mathematical error found in the February 2024 invoice. We also recommend Metro review the remaining FY 2024 invoices not tested to ensure the credit amounts due to Metro were accurately calculated.	Pending Review	
16	Department of Public Safety	25-AUD-06 - Supplemental Billings Review FY24	6	Metro should enforce the contract requiring LAPD to submit annually the List of Maximum Fully Burdened Hourly Rates and all the required supporting documentation ninety (90) days prior to the start of each fiscal year, and any changes to the CAP rates during the fiscal year. Metro should also review the billing rates for all invoices not reviewed by BCA for FY2024 to determine the extent of overbillings for FY 2024.	Pending Review	
17	Department of Public Safety	25-AUD-06 - Supplemental Billings Review FY24	8	LAPD should contact the CAP office to obtain clarification and any supporting documentation regarding whether the additional union benefits billed directly to the Metro contract were included in the calculation of the fringe benefits rates, and whether the fringe benefits rates should be adjusted if additional union benefits were directly billed to Metro. Metro should also review the explanation and any supporting documents from the CAP office to ensure that the union benefits were not billed twice. Metro should provide written notice on this clarification and any recalculation within 45 days. UPDATE: Closed April 2026	4/30/2026	
18	Department of Public Safety	25-AUD-06 - Supplemental Billings Review FY24	9	LAPD should contact the CAP office to obtain the CAP rates for overtime and submit these documents to Metro within 45 days, together with the List of Maximum Fully Burdened Hourly Rates. Metro should continue to monitor LAPD's billings to ensure the overhead rates billed for overtime were adequately supported. Any revised billing based on that correction should be provided promptly following contact with the CAP office. UPDATE: Closed April 2026	4/30/2026	

MANAGEMENT AUDIT SERVICES

FY 2026 Third Quarter Report



Finance, Budget and Audit Committee
May 21, 2026

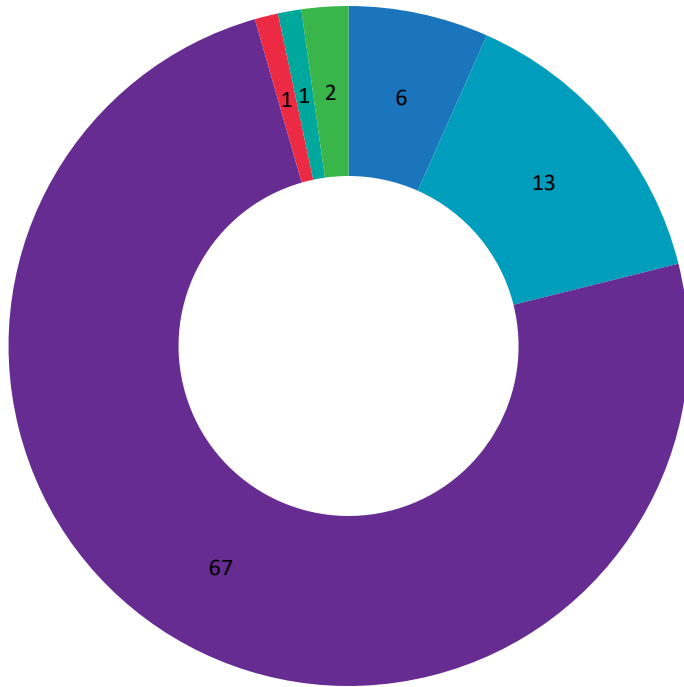
Kimberly Houston, Deputy Chief Auditor
Lauren Choi, Sr. Director, Audit
Alfred Rodas, Sr. Director, Audit



Metro[®]

In Progress: MAS Audit Activity by Area

Agency Representation



- Operations
- Program Management
- Planning and Development
- Deputy Chief Executive Officer
- Strategic Financial Planning Management
- Department of Public Safety

10 Performance audits in progress

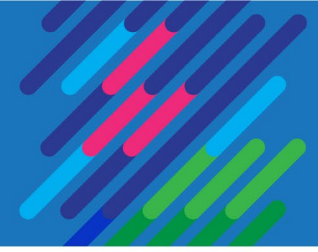
80 Contract, Financial, and Compliance Audits in progress

In Progress: Performance Audits



No.	Project Title	Area	Description	Estimated Date of Completion
1	Project Grant Funding	Planning and Development	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.	FY26 Q4
2	Purple (D-Line) Extension 1 (PDLE1)	Program Management	Evaluate the state of processes and planning for final-year activities (testing, certification, training, activation) of PDLE1 transit project prior to start of revenue operations.	FY26 Q4
3	Safety Response to Reported Incidents	Chief Safety Office	Evaluate whether existing policies and procedures are adequate to ensure timely decision-making and effective deployment of resources in response to safety-related service requests from employees and the public.	FY26 Q4
4	Division 20 Portal Widening Turnback Facility	Program Management	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.	FY26 Q4
5	Physical Security Monitoring Equipment	Chief Safety Office	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	FY27 Q1
6	Measure M Subregional Program (MSP)	Planning and Development	Evaluate the effectiveness, implementation performance, and subregional project progress to ensure MSP is maximizing the program's capacity and adhering to project schedule(s).	FY27 Q1
7	Real Estate Condition and Utilization	Planning and Development	Determine if Metro has a comprehensive inventory of its real estate and if its system accurately describes and monitors the current utilization of properties.	FY27 Q1
8	Non-revenue Vehicles	Operations	Assess the availability and readiness of the non-revenue vehicle fleet for operational deployment and use.	FY27 Q1
9	Wayside Track Maintenance	Operations	Evaluate how Metro ensures that track maintenance complies with FTA State-of-Good-Repair requirements.	FY27 Q1
10	Bus Division Operations Efficiencies	Operations	Examine Metro's Bus Divisions' administrative operations and explore ways to build efficiencies into processes and utilize technology, including AI, to accomplish goals.	FY27 Q3

Completed: Gold Line Extension Phase 2B1



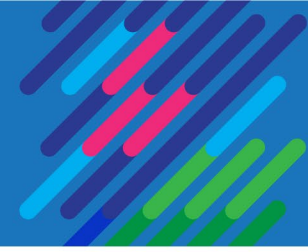
Objective

To evaluate Metro's oversight of the Metro Gold Line Foothill Extension Construction Authority's (the Authority's) project management of the Gold Line Extension Phase 2B1 Project, and Metro Operations' planning and execution of final year processes leading to revenue service. The scope covered the period from September 1, 2024 through May 30, 2025.

Audit Results

The audit found that Metro's oversight of the final year processes for revenue service and of the Authority's project management over Phase 2B1 was effective. There were, however, inconsistencies between certain information in the project cost reports prepared by the Authority and by Metro. The audit also noted that approved funding for Phase 2B1 exceeds the approved Phase 2B LOP budget by \$125 million. MAS provided management with five recommendations and will follow up to ensure implementation.

Completed: Small Business Enterprise (SBE) Certification Processes



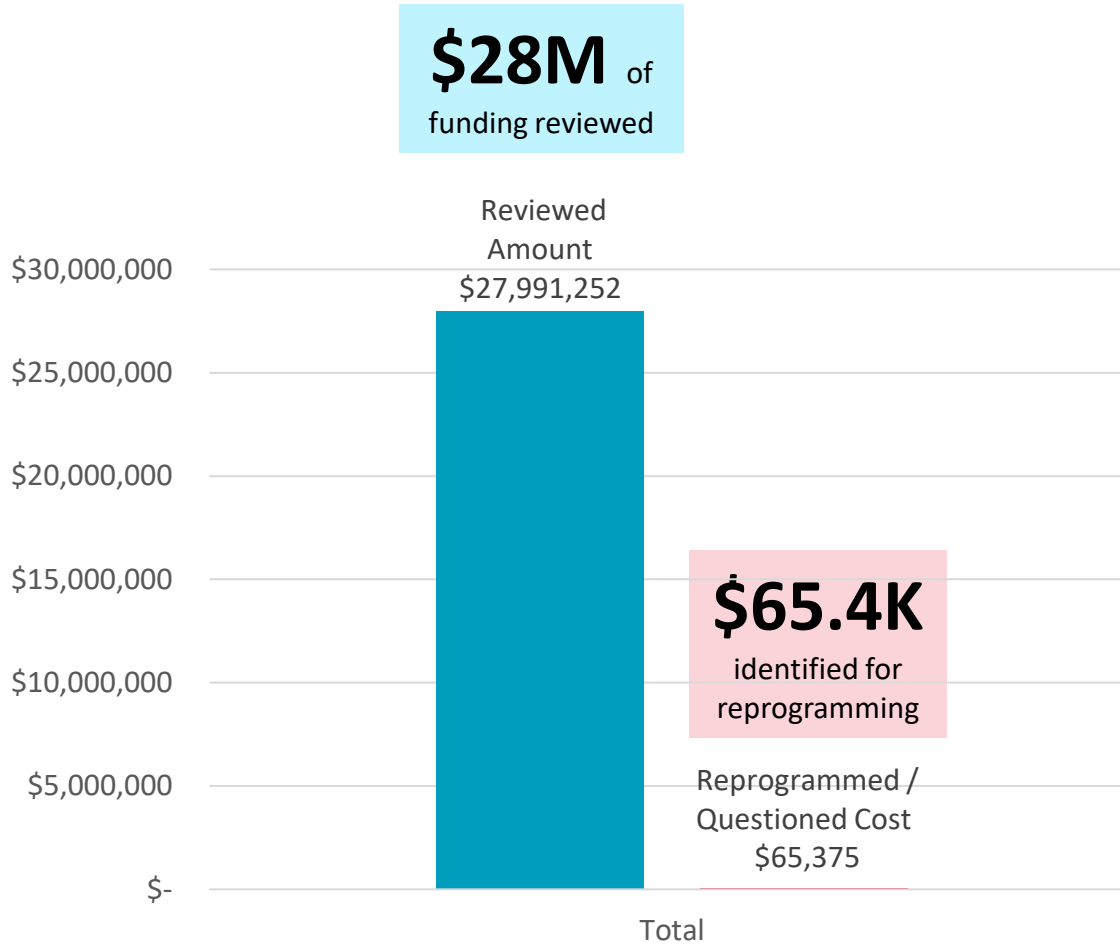
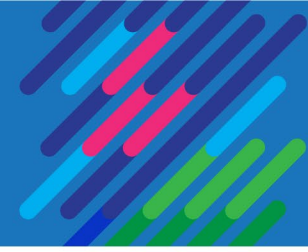
Objective

The objective of this audit was to assess whether the Diversity and Economic Opportunity Department's (DEOD's) certification procedures are effective in identifying and confirming eligible businesses, evaluate whether DEOD adheres to relevant laws, regulations, and policies and procedures, and determine whether DEOD has mechanisms in place to track performance, resolve issues, and improve procedures over time.

Audit Results

Overall, MAS found that DEOD's certification programs are effective and are generally in compliance with applicable requirements. DEOD has taken steps to support ongoing improvements and to assist applicants throughout the certification process. However, a few exceptions were noted during the audit, and there are opportunities to further increase applicants' access to necessary assistance. MAS provided management with two recommendations and will follow up to ensure implementation.

Completed: Contract, Financial & Compliance Audits



8 audit reports issued in Q3

Thank you!





Board Report

File #: 2026-0209, File Type: Public Hearing

Agenda Number: 22.

**BUDGET PUBLIC HEARING
FINANCE, BUDGET, AND AUDIT COMMITTEE
MAY 21, 2026**

SUBJECT: FISCAL YEAR 2027 (FY27) PROPOSED BUDGET

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. ADOPTING the proposed FY27 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 \$9.7 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals;
 - 2. AUTHORIZING a total of 12,321 FTEs, of which 10,024 are Represented FTEs and 2,297 are Non-Represented FTEs;
 - 3. AUTHORIZING an average 3% performance-based merit increase for Non-Represented employees. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is an average 4.0%;
 - 4. AUTHORIZING a 5% adjustment to current Non-Represented job pay grade levels to reflect best practice (see Attachment A);
 - 5. APPROVING the Life of Project (LOP) budgets exceeding \$5.0 million for new capital projects and LOP budget increases for existing projects exceeding \$1.0 million. Project details are presented in Attachment B;
 - 6. AUTHORIZE the CEO to execute Metrolink’s continuing resolution to extend FY26 budget authorization through first quarter of FY27 until October 1, 2026, and execute all necessary agreements between Metro and SCRRA based on the continuing resolution;
 - 7. AMENDING the proposed FY27 Budget document by including 76 additional FTEs for the

Department of Public Safety (DPS), to support the phased start-up of the care-based, multi-layered safety unit, and \$5.6 million in non-labor budget;

8. AUTHORIZE the CEO to execute contract modifications to extend the current transit law enforcement contracts annually (for up to three additional years), utilizing funds to be requested during future fiscal years' budget processes;
 9. AMENDING the proposed budget to include any Board approved actions currently under consideration from now to the end of the fiscal year (June 30, 2026); and
- B. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY27 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.

On May 5, 2026, the FY27 Proposed Budget was made available to the public at www.metro.net <<http://www.metro.net>>, in printed copies through the Records Management Center (RMC) at RMC@metro.net <<mailto:RMC@metro.net>>, and on the plaza level of the Gateway building. The public hearing is scheduled for May 21, 2026. On April 21, 2026, advanced public notifications of the Budget Public Hearing were issued through advertisements posted in more than ten news publications and in various languages.

BACKGROUND

In preparation for the FY27 Budget development process, the Office of Management and Budget (OMB) initiated early engagement with the Board through a comprehensive presentation to the Finance, Budget, and Audit Committee on September 18, 2025. This analysis identified a growing structural deficit, driven by constrained revenue growth alongside rising operating and system expansion costs. In response, Metro approached FY27 as a disciplined budget reduction year, emphasizing cost control, operational efficiency, and the preservation of core services.

Metro is also advancing a forward-looking strategy to strengthen long-term financial resilience by actively evaluating and advancing opportunities to diversify and enhance revenue streams across the organization. These efforts, further elevated during the March 2026 Special Board Workshop, will continue to be refined over the coming fiscal year to support a more sustainable and adaptable

financial future.

Transparency and public engagement were central to the FY27 Budget development process, with a significant expansion of outreach beginning in September 2025. Through a dual-track strategy that included relaunching the My Metro Budget Activity Tool and introducing the youth-focused My Metro Priorities tool, Metro broadened participation and ensured more inclusive input, particularly from younger riders. These efforts resulted in high engagement, with more than 7,400 responses and 5,000 comments received, representing the highest level of public participation in Metro's budget process. This level of engagement not only strengthens transparency but also ensures that budget decisions are directly informed by the communities Metro serves. Additional details are provided in Attachment D.

This report represents the culmination of the FY27 Budget development process and the final in a series of monthly updates to the Board. Building on the transition from recovery to reinvention, the FY27 Proposed Budget reflects a measured and strategic response to near term fiscal constraints, advancing Metro's transit and transportation objectives in a fiscally responsible manner while embedding an equity centered approach led by the Office of Equity and Race (OER). Together, these actions position Metro to navigate current challenges while laying the foundation for a more resilient, equitable, and sustainable transit system.

DISCUSSION

FY27 Proposed Budget Overview

The FY27 Proposed Budget totals \$9.7 billion, reflecting a \$223 million increase (2.4%) over the prior year. This growth remains modest and below the current inflation rate of approximately 3%, underscoring Metro's commitment to cost discipline even as it addresses contractual obligations, system expansion, and rising operating costs.

Achieving a balanced budget this year proved exceptionally difficult, requiring a strategic reliance on fund balances to bridge the gap between projected revenues and rising expenditures. While this approach successfully preserves our existing workforce and avoids service cuts, it has significantly drawn down our fund balances, leaving limited flexibility for future fiscal years and highlighting the urgent need for long-term financial sustainability.

Despite these fiscal headwinds, the budget continues to advance critical multi-year capital investments already underway, while emphasizing efficiency, cost containment, and the preservation of the existing workforce.

Metro's Commitment to Preserving Service

The FY27 Proposed Budget marks a clear transition from recovery to reinvention, positioning Metro to move beyond stabilization and toward a more resilient, forward looking future. Under the direction of the CEO, Metro applied a disciplined and strategic approach to resource allocation, ensuring that limited funding is directed toward core operations and high value service delivery. This included a comprehensive reassessment of programs and expenditures to identify efficiencies, refine scopes, and align investments with the agency's strategic priorities. The budget balances equity centered decision making with disciplined fiscal stewardship, prioritizing essential operations, preserving

service quality, and aligning resources with the agency's core mission.

Metro will continue to proactively address near term financial challenges while remaining grounded in its guiding principles of preserving essential services and prioritizing quality service. In FY27, the agency will maintain approximately 7.13 million bus revenue service hours and 1.45 million rail revenue service hours, including expanded service for new stations along the D Line. Maintaining this level of service underscores Metro's commitment to delivering consistent, reliable mobility for the residents of Los Angeles County, even as the agency navigates a constrained fiscal environment.

FY27 Public Input and Alignment

The FY27 Proposed Budget is grounded in the delivery of a safer, cleaner, and improved transit system, shaped by an unprecedented level of public engagement. This input has directly informed strategic alignment across the agency, ensuring departments allocate resources in a manner that reflects the priorities of the riders. Key investments continue to enhance customer experience, including infrastructure improvements such as lighting retrofits and the modernization of elevators and escalators to improve reliability.

In addition, FY27 priorities include the expansion of Throne Restrooms pilot, continuation of the Tap-to-Exit pilot program, and the expansion of the taller faregate pilot to strengthen access control and reduce fare evasion. Metro's multi-layered approach to enhance public safety, which balances traditional security measures with care-based services, further reinforces its commitment to system quality. Collectively, these investments ensure the FY27 Proposed Budget reflects the safety, cleanliness, and accessibility priorities identified by Metro's riders.

Risks and Uncertainties

While the budget is balanced, Metro continues to operate in a complex and uncertain fiscal environment. Economic forecasts suggest a potential inflection point as investment in emerging sectors and fiscal stimulus begin to take hold; however, the recovery across California and Los Angeles County is expected to remain uneven, with modest job growth and unemployment levels continuing to exceed national averages.

At the local level, economic conditions present ongoing challenges to revenue stability. Los Angeles County continues to lag neighboring regions in sales tax growth, while out migration, high costs of living, and rising household expenses continue to repress consumer spending. These trends directly impact Metro's primary revenue sources, reinforcing uncertainty in sales tax projections and limiting near term revenue growth.

External risks, including federal funding, tariff-related impacts on procurement, and persistent inflation. Federal transit funding remains subject to ongoing reauthorization discussions, increasing the likelihood of short-term continuing resolutions, while inflation, influenced by geopolitical conditions, energy prices, and tariffs, remains elevated above historical targets and continues to exert pressure on both operating and capital costs.

Internal pressures, such as ongoing rail expansion and increasing capital needs, continue to place constraints on available operating resources. Preparations for upcoming mega events add further

uncertainty with a lack of additional funding. In response, Metro is maintaining a proactive and adaptive approach, closely monitoring economic conditions, revenue performance, and expenditure trends, and remains prepared to adjust projections and spending as necessary throughout FY27 to ensure continued fiscal stability and responsible program delivery.

FY27 Budget Summary & Proposed Budget can be accessed at:

[Budget Book | Metro Budget Portal <https://budget.metro.net/budget-book.html>](https://budget.metro.net/budget-book.html)

Resources Summary

The FY27 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 informed by the following socio-economic factors:

- Uncertainty over tariffs, inflation, and immigration, impacting overall economic stability
- Rising insurance, health care, and housing costs, which constrain consumer spending on taxable goods
- Gradual economic recovery projections for FY27
- Leading regional economic forecasting sources such as UCLA, Beacon Economics, and Muni Services

The total FY27 Proposed Budget planned resources are \$9.7 billion, which are a 2.4% increase from the FY26 Budget. The 1.8% projected increase in sales tax revenues assumes a moderate sales tax revenue growth.

Figure 1

	Resources (\$ in millions)	FY26 Budget	FY27 Proposed	\$ Change	% Change
1	Local and State Sales Tax	\$ 4,815.0	\$ 4,900.5	\$ 85.5	1.8%
2	STA and SB1	260.2	249.4	(10.8)	-4.2%
3	Sales Tax and STA/SB1 Revenues Subtotal	\$ 5,075.2	\$ 5,149.9	\$ 74.7	1.5%
4	Passenger Fares	174.7	149.6	(25.2)	-14.4%
5	Toll, Advertising, and Other	205.5	207.0	1.5	0.7%
6	Operating & Other Revenues Subtotal	\$ 380.2	\$ 356.5	\$ (23.7)	-6.2%
7	Grant Reimbursements	1,214.5	1,527.5	313.1	25.8%
8	Bond Proceeds & Prior Year Carryover ⁽¹⁾	2,784.8	2,643.7	(141.1)	-5.1%
9	Capital & Bond Resources Subtotal	\$ 3,999.3	\$ 4,171.2	\$ 172.0	4.3%
10	Resources Total	\$ 9,454.7	\$ 9,677.7	\$ 223.0	2.4%

Note: Totals may not add up due to rounding.

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

Expenditure Summary

The FY27 Proposed Budget of \$9.7 billion reflects a deliberate and strategic rebalancing of resources, prioritizing investments to sustain essential operations while advancing critical capital projects already underway. This approach reinforces Metro’s commitment to maintaining reliable service today while building the system for tomorrow.

Growth is concentrated in operating and service-critical areas, with Metro Transit Operations & Maintenance increasing by \$83.3 million (2.9%), supporting service delivery and addressing rising cost pressures (Figure 2). These investments ensure the system remains responsive to rider needs.

Targeted capital investments also drives key program increases. The Highway Multimodal Development Program reflects progress on major initiatives, including the advancement of I-105 ExpressLanes construction and the transition of multiple I-605 Hotspot projects into construction. Similarly, growth in the Regional Rail program is driven by continued momentum on the Link Union Station project, as the team advances the Construction Manager/General Contractor (CM/GC) contract and initiates early construction.

At the same time, the Program Subtotal reflects a net reduction of \$201.6 million (2.5%), driven in part by CEO directed-targeted cost efficiency efforts by Cabinet members, as well as project phasing across capital and programmatic areas. These cost efficiency efforts include the reduction of discretionary spending, tighter controls on non-essential expenditures, and the prioritization of core service delivery with high-impact investments. Additionally, departments were directed to identify operational savings, streamline processes, and defer or rescope lower-priority activities where feasible. These actions reflect a disciplined approach to managing resources, ensuring funding is aligned with near-term priorities while improving overall cost effectiveness.

Each program, function, and departmental budget focused on aligning resources to current economic conditions, operational needs, and measurable progress on priority initiatives.

The table below presents expenditures by program type in the FY27 Proposed Budget, providing a detailed view of how resources are allocated across Metro to support these priorities.

Figure 2

Expenditures by Program Type (\$ in millions)		FY26 Budget	FY27 Proposed	\$ Change	% Change
1	Metro Transit - Operations & Maintenance (O&M)	\$ 2,915.5	\$ 2,998.9	\$ 83.3	2.9%
2	Metro Transit - Capital Improvement Program (CIP)	619.9	576.5	(43.4)	(7.0)%
3	Transit Infrastructure Development	2,205.6	2,035.5	(170.1)	(7.7)%
4	Regional Allocations and Pass Throughs	1,809.9	1,759.9	(49.9)	(2.8)%
5	General Planning & Programs	257.9	255.2	(2.7)	(1.1)%
6	Congestion Management	129.6	110.6	(19.1)	(14.7)%
7	Oversight and Administration	101.3	101.5	0.3	0.3%
8	Program Subtotal	\$ 8,039.8	\$ 7,838.2	\$ (201.6)	(2.5)%
9	Debt Program	481.2	537.7	56.5	11.7%
10	Highway Multimodal Development	637.7	886.9	249.1	39.1%
11	Regional Rail	295.9	415.0	119.0	40.2%
12	Grand Total	\$ 9,454.7	\$ 9,677.7	\$ 223.0	2.4%

Note: Totals may not add up because of rounding.

Board Appointee Budgets

This year’s budget reduction efforts include the Board appointed functions for County Counsel, Ethics, Board Admin, and Inspector General. As the agency faces tightening financial constraints, these functions, like all other departments, were tasked to undergo a review of prioritization of activities. There were no new FTE requests and includes withholding one FTE vacancy which resulted in cost reductions of -2.2%. Figure 3 includes the total non-labor and labor budgets. These reductions were achieved without compromising the fiduciary responsibilities as intended by these Board oversight functions.

Figure 3

SLT (\$ in millions)	FY26 Budget	FY27 Requested	FY27 Proposed	% Variance	
				FY27 Requested vs. FY26 Budget	FY27 Proposed vs. FY26 Budget
County Counsel	\$ 24.8	\$ 23.6	\$ 23.6	(4.9)%	(4.8)%
Ethics Office	\$ 2.9	\$ 3.0	\$ 2.9	3.6%	(1.7)%
Office of the Board Administration	\$ 8.8	\$ 8.8	\$ 9.1	(0.3)%	3.5%
Office of the Inspector General	\$ 8.5	\$ 8.7	\$ 8.4	2.5%	(0.7)%
Total	\$ 45.0	\$ 44.1	\$ 44.0	(2.1)%	(2.2)%

Full-Time Equivalent (FTE) Summary

The FY27 Proposed Budget includes 12,321, FTEs, an increase of 61 FTEs from FY26. FTE additions include 50 Non-Represented (33 are mostly cost-neutral by shifting from temporary to permanent) and 11 Represented (Figure 4).

Non-Represented FTEs for FY27 total 2,297, which include an additional 50 new positions (33 are mostly cost neutral), to serve the following areas:

- Operational Efficiencies
- Enhance the Transit Rider Experience
- Safety and Security
- Organizational Support: General Administration, Contract Management, Financial, and Legal Compliance
- Capital Project Support
- Workforce Initiatives
- Joint Development

Figure 4

Agencywide FTE s: Non-Represented	Organizational Support	Safety and Security	Operational Efficiencies	Enhance the Transit Rider Experience	Capital Project Support	New Positions	Cost Neutral	FY27 New Additions
1 Chief Executive Office					1	1	4	5
2 Chief Of Staff	2			1		3	0	3
3 Chief People Office						0	5	5
4 Countywide Planning & Development						0	2	2
5 Customer Experience Office				1		1	8	9
6 Department Of Public Safety		2				2	2	4
7 Information Technology And Services			2			2	0	2
8 Office Of The Board Administration	1					1	0	1
9 Operations		2				2	0	2
10 Risk, Corporate Safety, And Asset Management			2			2	0	2
11 Strategic Financial Management	2		1			3	12	15
12 Grand Total	5	4	5	2	1	17	33	50

Represented FTEs for FY27 total 10,024, which includes 11 new positions (Figure 5) for the following:

- Technical Support: Network Infrastructure, Databases, and Systems, administrative functions for Vehicle Operations, as well as invoice processing and resolution.
- Operational Maintenance: CCTV, HVAC and Electricals

Figure 5

	Agencywide FTEs: Represented	Technical Support	Operational Maintenance	FY27 New Additions
1	Information Technology And Services	2		2
2	Operations	1	3	4
3	Strategic Financial Management	5		5
4	Grand Total	8	3	11

Labor Summary

The FY27 Proposed Budget includes contract wage increases of an average of 4.0% according to the negotiated Collective Bargaining Agreements (CBAs) with the represented union groups AFSCME, ATU, SMART, TCU, and Teamsters. An average 3.0% performance increase is included for non-represented employees which will be distributed on a merit-based system; this adjustment is intended to help align compensation with inflation and ensure competitive retention.

Health and welfare benefits for represented employees are determined by their respective CBAs. Non-represented employees receive medical and dental benefits at the carrier contract rates previously approved by the Board.

Non-Represented pay grade levels were last updated by 5% in July 2025. To remain competitive with the external market, the Chief People Office will adjust the current compensation pay grade levels by 5.0%. There will be a minimal impact of \$361,317 to the budget and current employees' salaries. Please refer to Attachment A for more details.

Budget Amendments through June 30, 2026

The proposed budget shall include any Board approved actions currently under consideration, from now to the end of the fiscal year (June 30, 2026).

Life of Project (LOP) Budgets

The Board must approve new capital projects with LOP budgets exceeding \$5.0 million; existing projects with LOP exceeding \$1.0 million requiring LOP amendment also requires Board approval as separate Board action. Attachment B details projects which fall under this category.

Metrolink Continuing Resolution

Metrolink is facing significant fiscal and operational challenges which have delayed the transmission of its budget to the Member (funding) Agencies. At Metrolink's request, the new fiscal year will begin under continuing resolutions to allow time for rigorous decision-making. When Metrolink transmits its official proposed budget to Metro, staff will return to the Board for consideration of the proposed Metro subsidy for the official FY27 Metrolink budget.

Department of Public Safety (DPS) Start-up

Implementation of the Department of Public Safety (DPS) is well underway, and FY27 represents a significant milestone as the Department initiates large-scale hiring of sworn personnel. In parallel, DPS will expand the broader public safety ecosystem by adding care-based teams. To support field operations, DPS will also add new operational and administrative FTEs, including dispatchers to

facilitate communication with sworn staff and technical personnel to support the implementation of core systems such as Computer-Aided Dispatch (CAD) and Records Management Systems (RMS). Additionally, several Metro departments have identified the need for incremental staffing to support DPS implementation. These include several CPO positions to manage recruitment, hiring, pensions, and benefits, as well as ITS staff to provide programming, systems support, and communications infrastructure. Collectively, these support FTEs are critical to successfully establishing and sustaining the DPS operating model.

Additional non-labor funding is required to support the implementation of the DPS, including various stages of the hiring process, uniforms, firearms, and other related safety equipment. In addition, supporting departments-particularly CPO and ITS-require non-labor resources to hire, recruit, and onboard DPS personnel, including funding for recruitment, live-scan fingerprinting, written assessments, and other hiring-related services. ITS costs include procuring computers, mobile devices, software, and associated licenses for all new DPS hires. These investments are necessary to ensure DPS staff are fully equipped and operational from the outset.

As DPS starts the initial stages of hiring and recruiting sworn officers, Metro will continue the existing law enforcement contracts, as there is still a need for sworn officers on the system to respond to calls for service requiring a sworn officer response, and address penal code violations and violation of local laws in jurisdictions throughout the Metro system. Sworn officers will be needed during this transition, and a gradual demobilization of both contracts is expected as Metro resources assume responsibility for stations and law enforcement patrols. DPS recognizes the need to maintain services and ensure consistency on the Metro system during the upcoming major events (FIFA World Cup, Super Bowl). Metro will extend the existing law enforcement contracts, utilizing funds to be requested during the annual budget process, consistent with the last three years, as DPS hires sworn resources and begins patrolling segments of the system.

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 to reimburse expenditures incurred prior to the bond issuance. See Attachment C for Reimbursement Resolution.

Debt Program

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 been utilized or are expected to use debt financing to facilitate project delivery.

Beginning July 1, 2026, Metro has approximately \$4.3 billion in outstanding long-term debt. The

annual debt service cost in FY27 is estimated at \$535.7 million, an increase of 12.1% over the FY26 Budget of \$477.8 million, according to the debt service schedule. In FY27, it is anticipated that the I-105 Express Lanes will utilize toll revenue bond proceeds and other projects such as Westside D Line (Purple) Sections 3, East San Fernando Transit Corridor, Metro G Line Bus Rapid Transit (BRT) Improvements, Vermont BRT, E-Line Eastside Transit Corridor Phase 2, A-Line Foothill Extension Phase 2B2, Heavy Rail Vehicle Procurement, Bus Acquisition and Maintenance, and various other projects will utilize bond proceeds from future issuances.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The FY27 Proposed Budget, provided under separate submittal, totals \$9.7 billion and is balanced. This budget reflects Metro's continued commitment to meeting its capital and operational obligations, which are critical to maintaining eligibility for federal and state funding. It also supports the effective administration and distribution of regional transportation funds to local jurisdictions and municipal operators.

EQUITY PLATFORM

Metro's commitment to equity is embedded in the FY27 Budget development process through the continued application of Equitable Zero-Based Budgeting (EZBB) and equity assessments to understand and quantify potential impacts on marginalized communities and highlight budget requests that advance equitable outcomes. Staff used the Equity Focus Communities (EFC) Budget Assessment and the Budget Equity Principles Next Step Equity Initiatives for the FY27 Budget; staff did not apply the Metro Budget Equity Assessment Tool (MBEAT). The Offices of Equity and Race (OER) and Management and Budget (OMB) are working with consultants to complete an Agencywide Budget Equity Assessment (ABEA) to identify opportunities for improvement to the MBEAT and budget equity approach overall. A revised ABEA process will be implemented in the FY28 and FY29 Budget development processes.

Per Board Direction, the EFC Budget Assessment was introduced in 2022 for the FY23 Approved Budget. It is a geographic equity analysis to identify the extent that Metro's budget invests in EFCs, areas in very high and high need of mobility investment, which comprise approximately 40% of Los Angeles County's population. The FY23 Approved Budget established a baseline of 67.3% EFC Benefits. The FY27 Proposed Budget exceeds this baseline by 13.1 percentage points, increasing EFC Benefits to 80.4% of the budget. This represents roughly \$3.3 billion in targeted and \$4.7 billion in indirect benefits. Year-over-year fluctuations in Benefits to EFCs in the table below can be attributed to an evolving understanding of how to quantify expenses and major transit projects being developed or coming online. OER and OMB are working on continued improvements to staff training to ensure consistent application over time. See Attachment E for more details on the EFC Budget Assessment, including the results of the EFC Budget Assessment for the FY25 Actuals, completed in December 2025.

Figure 6

EFC Benefits	FY23 Baseline	FY24 Proposed	FY25 Proposed	FY26 Proposed	FY27 Proposed	% Change FY23 vs. FY27
Targeted	26.1%	29.6%	28.1%	30.9%	33.2%	7.1%
Indirect	41.2%	45.6%	45.5%	48.4%	47.2%	6.0%
Total	67.3%	75.2%	73.6%	79.2%	80.4%	13.1%

Staff also aligned their FY27 department budgets towards Metro’s Budget Equity Principles, using the Next Step Equity Initiatives Pilot, in support of Metro’s Equity Platform. The Pilot was part of the ABEA and sought to engage Metro’s Senior Leadership Team (SLT) in identifying the initiatives that are moving the needle the most on equity at Metro in FY27. All SLT members and their staff established measurable outcomes and identified a point person for each initiative. OER will meet with departments regularly in FY27 to check in on the progress of the initiatives.

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 these 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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro’s systemwide strategy to reduce VMT through investment activities that will improve/benefit and further encourage transit ridership, ridesharing, and active transportation. Although projects and programs in this budget have mixed outcomes, taken as a whole, most of the investments described in this report will likely decrease VMT in LA County. Within the suite of projects funded in this budget, Metro seeks to reduce single-occupancy vehicle trips, provide a safe transportation system, and increase accessibility to destinations via transit, cycling, walking, and carpooling. Some of the projects funded include items that will ease congestion for cars and trucks, or expand vehicle capacity, resulting in the possibility of increased VMT. However, the investments Metro is making into programs such as rail, bus, active transportation and shared mobility will result in an overall decrease in VMT. 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.

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 FY27 Proposed Budget, Metro will make funds available for the planned transit and transportation programs outlined in the proposed budget 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

FY27 Budget Summary & Proposed Budget can be accessed at:

[Budget Book | Metro Budget Portal <https://budget.metro.net/budget-book.html>](https://budget.metro.net/budget-book.html)

Attachment A - FY27 Compensation Adjustment

Attachment B - FY27 New Capital Projects and Existing Projects LOP Increases

Attachment C - FY27 Reimbursement Resolution

Attachment D - FY27 Public Outreach (Public Comments)

Attachment E - Metro EFC Budget Assessment Results Over Time

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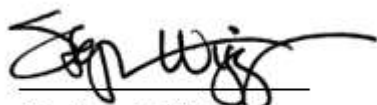
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Compensation Adjustment

Effective July 1, 2026, the Chief People Office (CPO) will be adjusting the current non-represented compensation pay grade levels by 5.0%. Below are the new FY27 pay grades:

FY27 HOURLY RATES			
Pay Grade	Minimum (Hourly)	Midpoint (Hourly)	Maximum (Hourly)
HFF	\$194.10	\$242.77	\$291.45
HEE	\$155.28	\$194.09	\$232.91
HDD	\$123.99	\$155.28	\$186.57
HC2	\$112.99	\$141.38	\$169.77
HC1	\$101.99	\$127.47	\$152.96
HBB	\$88.64	\$110.67	\$132.69
HAA	\$79.03	\$99.08	\$119.12
H1Q	\$71.25	\$89.05	\$106.86
H1P	\$64.13	\$80.16	\$96.18
H1O	\$57.96	\$72.46	\$86.94
H1N	\$52.63	\$65.77	\$78.94
H1M	\$47.99	\$59.97	\$71.95
H1L	\$43.92	\$54.90	\$65.88
H1K	\$40.38	\$50.48	\$60.57
H1J	\$37.38	\$46.71	\$56.07
H1I	\$34.70	\$43.38	\$52.04
H1H	\$32.37	\$40.44	\$48.53
H1G	\$29.36	\$36.69	\$44.03
H1F	\$26.68	\$33.35	\$40.04
H1E	\$24.38	\$30.46	\$36.56
H1D	\$22.40	\$27.97	\$33.56
H1C	\$20.67	\$25.83	\$31.01
H1B	\$19.11	\$23.89	\$28.67
H1A	\$17.81	\$22.27	\$26.73

FY27 ANNUAL RATES			
Pay Grade	Minimum (Annual)	Midpoint (Annual)	Maximum (Annual)
HFF	\$403,728.00	\$504,961.60	\$606,216.00
HEE	\$322,982.40	\$403,707.20	\$484,452.80
HDD	\$257,899.20	\$322,982.40	\$388,065.60
HC2	\$235,019.20	\$294,070.40	\$353,121.60
HC1	\$212,139.20	\$265,137.60	\$318,156.80
HBB	\$184,371.20	\$230,193.60	\$275,995.20
HAA	\$164,382.40	\$206,086.40	\$247,769.60
H1Q	\$148,200.00	\$185,224.00	\$222,268.80
H1P	\$133,390.40	\$166,732.80	\$200,054.40
H1O	\$120,556.80	\$150,716.80	\$180,835.20
H1N	\$109,470.40	\$136,801.60	\$164,195.20
H1M	\$99,819.20	\$124,737.60	\$149,656.00
H1L	\$91,353.60	\$114,192.00	\$137,030.40
H1K	\$83,990.40	\$104,998.40	\$125,985.60
H1J	\$77,750.40	\$97,156.80	\$116,625.60
H1I	\$72,176.00	\$90,230.40	\$108,243.20
H1H	\$67,329.60	\$84,115.20	\$100,942.40
H1G	\$61,068.80	\$76,315.20	\$91,582.40
H1F	\$55,494.40	\$69,368.00	\$83,283.20
H1E	\$50,710.40	\$63,356.80	\$76,044.80
H1D	\$46,592.00	\$58,177.60	\$69,804.80
H1C	\$42,993.60	\$53,726.40	\$64,500.80
H1B	\$39,748.80	\$49,691.20	\$59,633.60
H1A	\$37,044.80	\$46,321.60	\$55,598.40

FY27 New Capital Projects and Existing Projects LOP Increases

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FY27 NEW CAPITAL PROJECTS

Capital Improvement Program (CIP)

1	PROJECT: Bus Division CNG Equipment Replacement
	PROJECT OWNER: Operations - Bus - Facilities Improvements
	LOP: \$26,600,000 Budget Request: \$500,000
	SCOPE: Replacement of CNG infrastructure equipment at the following bus divisions: 1; 2; 3; 5; 7; 8; 9; 10; and 18.
	JUSTIFICATION: The underground CNG (Compressed Natural Gas) fueling compounds used by the Bus Divisions have reached a critical point in their operational lifecycle, necessitating immediate replacement of key components. These systems, originally installed during Metro's initial CNG infrastructure build-out in the 1990s, are now exhibiting frequent mechanical failures due to age-related degradation, including corrosion, wear, and outdated technology. Such failures have directly impacted on the timely rollout of buses, causing delays in fueling operations and reducing fleet availability for scheduled routes. This not only disrupts public transit service but also increases maintenance costs and safety risks, as aging infrastructure is more prone to leaks and pressure irregularities. Furthermore, continued reliance on obsolete equipment jeopardizes compliance with evolving safety and environmental regulations. Replacing these critical components will restore reliability, enhance operational efficiency, and support the divisions' commitment to safe, sustainable, and uninterrupted transit service.
ELIGIBLE FUNDING SOURCE: Transportation Development Act (TDA) Article 4	
2	PROJECT: FY27 Environmental Capital Program
	PROJECT OWNER: Program Management - Bus - Facilities Improvements
	LOP: \$35,750,000 Budget Request: \$6,696,431
	SCOPE: Installation of an above-ground storage tank and retirement of the existing underground tank, which is at the end of its life. This project also includes the replacement of all Veeder Root systems with INCON monitoring systems.
	JUSTIFICATION: New above ground Storage Tank is required due to Consent Decree and to ensure compliance with AQMD/CARB regulations. This is also necessary to ensure compatibility with HVAC systems, stormwater, industrial wastewater, and for expedited response to notices of violation.
ELIGIBLE FUNDING SOURCE: Transportation Development Act (TDA) Article 4	
3	PROJECT: El Dorado & New Flyer 60 Ft Bus Midlife
	PROJECT OWNER: Operations - Bus - Fleet Maintenance
	LOP: \$206,872,469 Budget Request: \$45,574,796
	SCOPE: For regular midlife fleet maintenance for the ENC El Dorado series 3850-4199 and 1800-2058/60ft New Flyer series 8700-8764.

JUSTIFICATION: The Bus Midlife Program improves the safety, performance, and reliability of Metro buses. The improved overall condition of the program's vehicles also helps to reduce ongoing maintenance costs and the amount of maintenance work performed at the Metro Bus Operating divisions. The program promotes the efficient use of Metro and Central Maintenance resources by having each bus series go through a planned production process in which labor, material and facilities are scheduled, versus reacting to unplanned problems as they arise. The planned maintenance program also enables Central Maintenance to manage demand for heavy bus repairs.

ELIGIBLE FUNDING SOURCE: Federal & Transportation Development Act (TDA) Article 4

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|---|---|
| 4 | PROJECT: Systemwide Line Status Monitor |
| | PROJECT OWNER: Operations - Rail - Wayside Systems |
| | LOP: \$15,450,420 Budget Request: \$257,000 |
| | SCOPE: For installation of Line Status Monitoring (LSM) systemwide for public-facing phones at Metro rail line stations. |
| | JUSTIFICATION: The existing public-facing telephones are aging, and they use 20-year-old analog technology. These phones do not have the capability to monitor the status of Rail Operation Control (ROC). A Line Status Monitoring (LSM) system is needed for remote monitoring capability. The LSM systems are part of the safety system to ensure that public-facing phones are always working properly. |
| | ELIGIBLE FUNDING SOURCE: Proposition A 35% |
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- | | |
|---|--|
| 5 | PROJECT: Direct Fixation Concrete Plinths Replacement |
| | PROJECT OWNER: Operations - Rail - Wayside Systems |
| | LOP: \$9,277,837 Budget Request: \$170,000 |
| | SCOPE: For the repair of concrete plinths within the seismic section of the B line tunnel. |
| | JUSTIFICATION: The existing plinths are over 27 years old and require repair due to constant use and water that caused deterioration. Plinths are an integral part of the system that the tracks sit upon. |
| | ELIGIBLE FUNDING SOURCE: Proposition A 35% |
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- | | |
|---|--|
| 6 | PROJECT: Light Detection and Ranging (LiDAR) Intrusion Detect System |
| | PROJECT OWNER: Operations - Rail - Wayside Systems |
| | LOP: \$41,037,708 Budget Request: \$68,000 |
| | SCOPE: For systemwide Installation of LiDAR Intrusion Detection System at Interlocks to detect intruders and provide alarms and visual video streaming. |
| | JUSTIFICATION: High voltage copper wires are frequently stolen along the ROW located at Interlocks. The LiDAR system is required to detect the intruders and provide alarms and video streaming to ROC and Metro Security to monitor and respond to these incidents. |
| | ELIGIBLE FUNDING SOURCE: Proposition A 35% |

7	PROJECT: E Line West & D Line Fiber Replacement
	PROJECT OWNER: Operations - Rail - Wayside Systems
	LOP: \$122,360,662 Budget Request: \$1,000,000
	SCOPE: For installation of new fiber cables & associated communication equipment on E Line West (7th/Metro to Downtown Santa Monica) and D Line (Wilshire/Vermont to Wilshire/Western).
	JUSTIFICATION: Existing fiber cables are about 20 years and are not reliable. In addition, existing fiber cables have limited capacity and cannot accommodate additional network capacity (high bandwidth) systems such as new CCTV systems & Security Improvements.
	ELIGIBLE FUNDING SOURCE: Proposition A 35%

8	PROJECT: CSP – Cloud Transition
	PROJECT OWNER: Operations - OAI- Systemwide & Hubs
	LOP: \$11,521,510 Budget Request: \$4,059,988
	SCOPE: The purpose of this project is to support the board-adopted NextGen Bus Plan. This project will deploy cloud-based transit signal priority to all existing corridors and expand the current footprint. It includes the installation and upgrade of hardware and software, leverages regional GTFS (general transit feed specification) data, and invests in a scalable cloud-based solution.
	JUSTIFICATION: This project is an essential bus speed and reliability improvement project needed to support Metro board-adopted NextGen Bus Plan. This project will deploy cloud-based transit signal priority to all existing corridors and expand the current footprint with a scalable cloud-based platform.
	ELIGIBLE FUNDING SOURCE: Proposition C 40%

9	PROJECT: Systemwide Solar Panel & Renewable Energy Replacement
	PROJECT OWNER: Program Management - OAI - Systemwide & Hubs
	LOP: \$27,000,000 Budget Request: \$442,355
	SCOPE: This project will remove and replace aging solar photovoltaic (PV) parts and systems that have been in service for almost 15 years. This includes field verification, decommissioning, and disposal of the existing solar panels, associated racking, and the balance-of-system components in accordance with applicable safety and environmental regulations.
	JUSTIFICATION: Existing panels are about 15 years old, inefficient, and unreliable. The new system will meet current codes and updated system requirements and will help achieve Climate Action and Adaptation Plan (CAAP) organizational goals.
	ELIGIBLE FUNDING SOURCE: Proposition C 40%

10	PROJECT: Bus Lane Enforcement Expansion
	PROJECT OWNER: Operations - OAI - Technology
	LOP: \$52,050,210 Budget Request: \$250,000
	SCOPE: Metro has implemented the installation of the pilot program of handsfree cameras for 90 dedicated buses. LADOT has started issuing tickets and collecting fines along the routes of the dedicated fleet. Metro will expand and install handsfree cameras to an additional planned total 437 bus vehicles in 12 additional bus routes throughout Los Angeles County.
	JUSTIFICATION: The existing Bus Lane Enforcement project has been found to be effective in reducing vehicles from stopping on bus lanes/stops and improving the transit headway speeds on the current routes. Installation of cameras on the additional bus vehicles will result in the same improvement and effectiveness through the affected corridors.
	ELIGIBLE FUNDING SOURCE: Transportation Development Act (TDA) Article 4

11	PROJECT: Financial Process Improvements
	PROJECT OWNER: Strategic Financial Management - OAI - Technology
	LOP: \$20,000,000 Budget Request: \$500,000
	SCOPE: Automate manual processes with online validation and exception handling in billing, budgeting, and payroll processes, ensuring Metro's financial data is secure and complying with best practices.
	JUSTIFICATION: Ensuring Metro's financial data is secure and complying with best practices by automating manual processes with online validation and exception handling in billing, budgeting, and payroll processes.
	ELIGIBLE FUNDING SOURCE: Transportation Development Act (TDA) Article 4

12	PROJECT: Human Capital Management (HCM) Phase II
	PROJECT OWNER: Information Technology Services - OAI - Technology
	LOP: \$6,998,000 Budget Request: \$350,000
	SCOPE: Identify business needs and pain points (redundancies, inefficiencies, etc.) through stakeholder interviews and workshops; define measurable outcomes; and quantify potential benefits of expanded HCM capabilities (e.g., talent development, analytics, automation). Also includes business process reengineering; HCM configuration and integration; implementation and training; transition and risk mitigation; and post-implementation support.
	JUSTIFICATION: Phase 2 aims to significantly increase efficiency and streamline operations by reducing administrative burdens in our HR processes. Additionally, with the upcoming Olympics, there is an urgent need for heightened focus and efficiency to ensure our workforce is well-prepared and capable of meeting the increased demands and expectations during this period. HCM Phase 2 will expand Metro's capabilities across talent management, learning, performance, and analytics, enabling a unified platform for managing the employee lifecycle. This integration will improve the employee experience by eliminating fragmented HR processes, improving data consistency, and supporting agency-wide goals for operational efficiency and service delivery. By leveraging Oracle's advanced analytics and AI capabilities, Metro will gain real-time insights into workforce trends, succession planning, and employee engagement by empowering data-driven decision-making and enabling predictive modeling for future workforce needs. Phase 2 will strengthen Metro's compliance posture by aligning HIPAA and NIST standards, improving data governance, and reducing cyber vulnerabilities associated with legacy systems. Additionally, it will simplify Metro's integration layer by consolidating HR data into a unified ERP database, allowing seamless, near real-time data sharing across departments.
	ELIGIBLE FUNDING SOURCE: Transportation Development Act (TDA) Article 4

LOP INCREASES

13	PROJECT: SR-91 East Bound Atlantic to Cherry Auxiliary Lane Improvements
	PROJECT OWNER: Program Management - Highway Multimodal Development Program
	LOP: \$174,187,000 Additional LOP: \$24,333,000 Revised LOP: \$198,520,000
	SCOPE: The project consists of adding a 0.86-mile auxiliary lane in the eastbound direction, between Atlantic Avenue on-ramp and Cherry Avenue off-ramp, along with modifications to on- and off-ramps, higher soundwalls and new retaining walls within the 1.4-mile project limits. These improvements will enhance safety by minimizing weaving, reducing traffic incidents, and improving traffic flow. The project includes accommodation of deeper freeway retaining walls that will provide additional usable space to assist the City of Long Beach in building the Hamilton Loop Community Park, partly within the project limits to benefit the North Long Beach community.
	JUSTIFICATION: The adjustment in the LOP is attributed to additional costs incurred to mitigate and address stakeholder and community concerns, which resulted in an approximately 20-month suspension of the project. These added costs include increases in labor, materials, and equipment, as well as supplemental mitigation measures and expenses incurred during the suspension period.

FUNDING SOURCE: Measure R Highway 20%, Trade Corridor Enhancement Program (TCEP), Surface Transportation Block Grant (STBG)

14

PROJECT: D Line Public Safety Center	
PROJECT OWNER: Program Management - Transit Infrastructure Development Program	
LOP: \$2,000,000	Additional LOP: \$2,000,000 Revised LOP: \$4,000,000
SCOPE: Build Public Safety Center at northwest corner of Wilshire / La Cienega Plaza.	
JUSTIFICATION: Construction costs are higher than initial projection.	
FUNDING SOURCE: City of Beverly Hills will assume full cost per license agreement.	

REIMBURSEMENT RESOLUTION
OF THE
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
FOR FISCAL YEAR 2027

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; (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; (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 FY27 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 indebtedness 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 money of the Enterprise Fund (other than money derived from the issuance of Debt) 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 \$150 million for Proposition A, \$400 million for Proposition C, \$300 million for Measure R, \$850 million for Measure M and \$400 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 \$150 million for Proposition A, \$400 million for Proposition C, \$300 million for Measure R, \$850 million for Measure M and \$400 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.

FY27 Public Outreach (Public Comments)

Overview

Public outreach launched in September 2025 with a new youth-focused initiative, *My Metro Priorities*, marking a strategic expansion of Metro's engagement approach. In November, the *My Metro Budget Activity* was released to a broader audience, initiating a multi-channel, data-driven outreach campaign. Participation exceeded last year's levels by 16%, marking the highest level of public engagement achieved to date.

My Metro Budget Activity / My Metro Priorities

Following the launch, Metro executed a robust communications strategy reaching hundreds of thousands of Los Angeles County residents. This included targeted eblasts, distribution of over 39,500 QR-coded outreach materials, on-the-ground engagement, live demonstrations, and presentations to various Metro groups. Outreach was further amplified through Metro's *The Source* blog and social media platforms including TikTok, Facebook, Instagram, NextDoor, and LinkedIn.

Stakeholder engagement deepened through Regional Service Councils in all five regions and continued through sustained coordination with advisory bodies, community-based organizations, and Metro-led groups.

A key advancement in this cycle was an intentional expansion of youth engagement. Metro prioritized presence at youth-centered events and institutions, including Youth Council initiatives, the Women & Girls Governing Council, SEED School, and TCAP, ensuring early and meaningful input from the next generation of transit riders. The under-18 demographic saw a seven-fold increase in participation, from 92 to 676 responses.

Outreach efforts were reinforced through recurring communications across GoPass, TAP, and Community Relations channels, alongside new partnerships with social media content creators to strengthen resonance with both youth and general audiences. Additional visibility was achieved through placements on the Metro Micro app, reflecting a continued commitment to meeting customers where they are.

Metro equipped departments with enhanced tools to integrate public input into budget decision-making. Since January, a continuously updated internal dashboard has included AI-enabled comment analysis, expanded scenario questions, refined categories, and integrated insights from *My Metro Priorities*. The dashboard guided departments in developing budgets that aligned with riders' priorities.

Public Feedback Analysis

Analysis of the collective quantitative and qualitative input revealed ongoing priorities for the Metro community. These core themes, validated by riders year after year, will be central to Metro's budgetary decision-making:

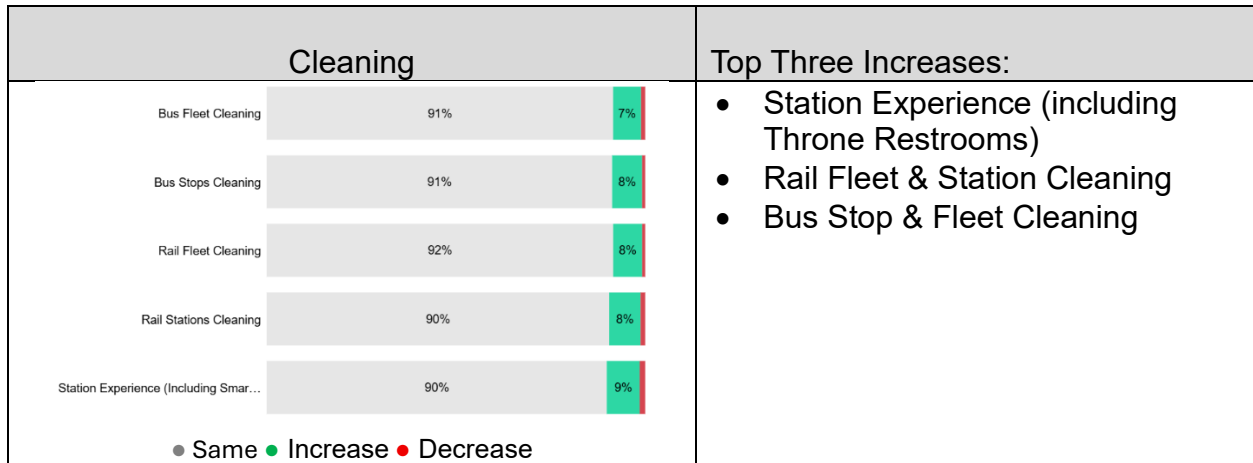
- **Public Safety:** Prioritizing enhanced security measures, including traditional and care-based approaches.

- **Service Frequency & Reliability:** Committing resources to ensure transit remains efficient, frequent, and accessible.
- **Infrastructure & Cleanliness:** Maintaining high standards for vehicle and station upkeep to ensure a consistently clean and dependable riding experience.

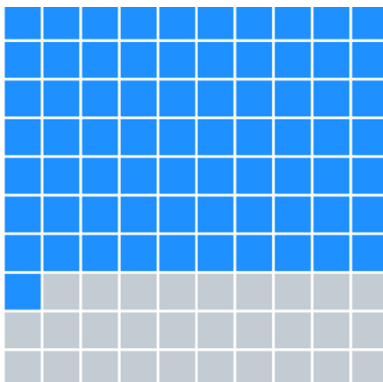
My Metro Budget Activity Quantitative Results

Below are the results of the add/subtract categories and scenario questions. Generally, respondents kept budget items unchanged. Like last year, the statistical rigor of this sample confirms its high representativeness; these findings are robust and unlikely to shift materially with additional participation.

Operations		Top Three Increases:
Bus Lanes & Improvements	89% 	<ul style="list-style-type: none"> • Rail Service • Bus Lanes & Improvements • Bus Service
Bus Service	92% 	
Metro Micro (MicroTransit)	88% 	
Rail Service	90% 	
Special Events Service	91% 	
● Same ● Increase ● Decrease		
Public Safety		Top Three Increases:
Community Intervention Specialists	89% 	<ul style="list-style-type: none"> • Metro Law Enforcement • Homeless Outreach & Crisis Intervention • Metro Transit Security
Contracted Law Enforcement	89% 	
Homeless Outreach & Crisis Interven...	86% 	
Metro Ambassadors	88% 	
Metro Law Enforcement	87% 	
Metro Transit Security	87% 	
Private Security	89% 	
Public Safety Investments	90% 	
● Same ● Increase ● Decrease		

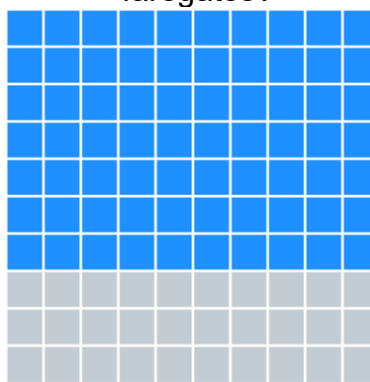


Should Metro invest in retail amenities?



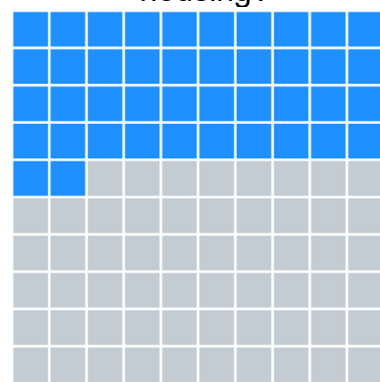
71% Yes / 29% No
N = 3,419

Should Metro invest in code of conduct enforcements & taller faregates?



70% Yes / 30% No
N = 3,284

Should Metro focus its real estate on revenue generation or affordable housing?

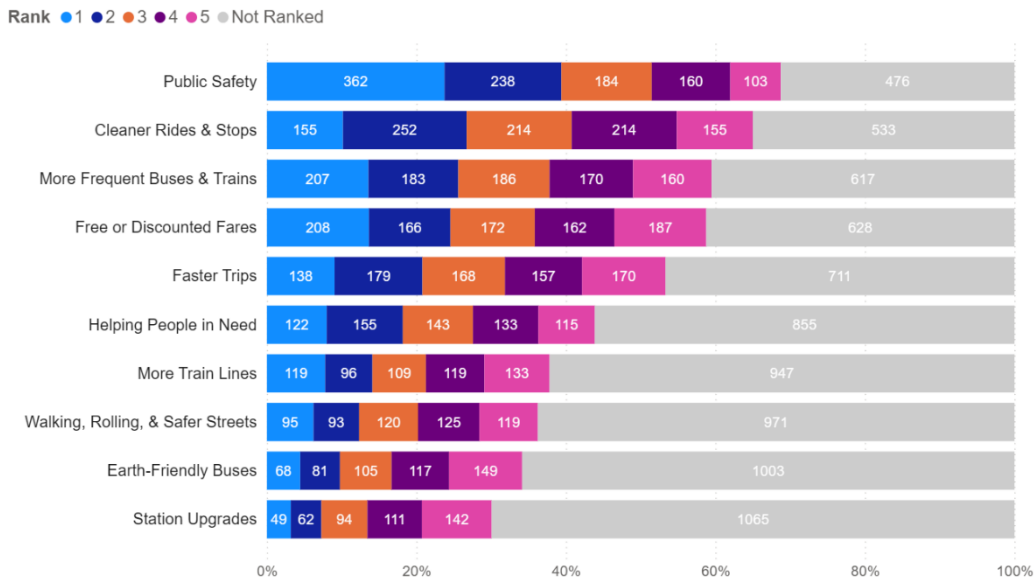


42% Revenue / 58% Housing
N = 3,230

My Metro Priorities Quantitative Results

The new *My Metro Priorities* initiative delivered forward-looking insights directly from younger riders. Utilizing a streamlined, preference-based system, participants were given five 'tokens' to allocate across ten priority options and then rank them. Each rank corresponds to a weighted value: where the most important selection yields five points and the least important yields one. The top five priorities, ranked by most to least important, are: Public Safety, Cleaner Rides & Stops, More Frequent Buses & Trains, Free or Discounted Fares, and Faster Trips. Below are the results.

Top Priorities by Count of Respondents



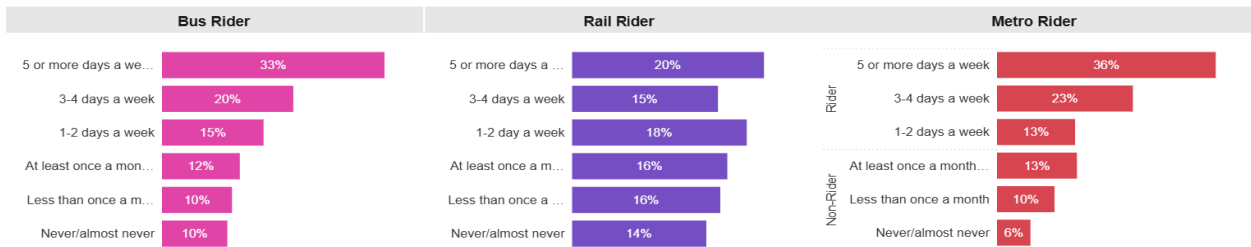
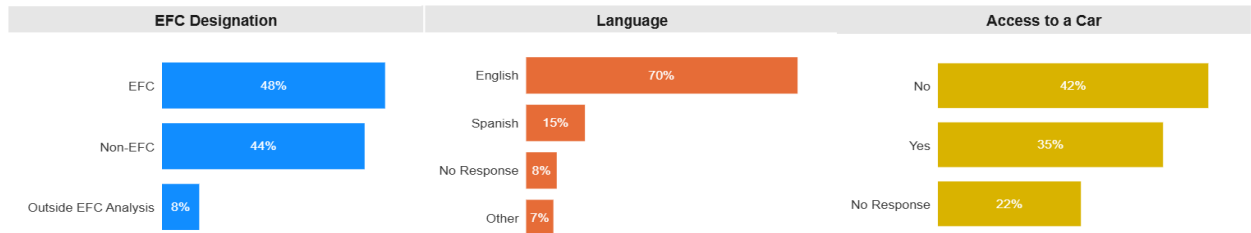
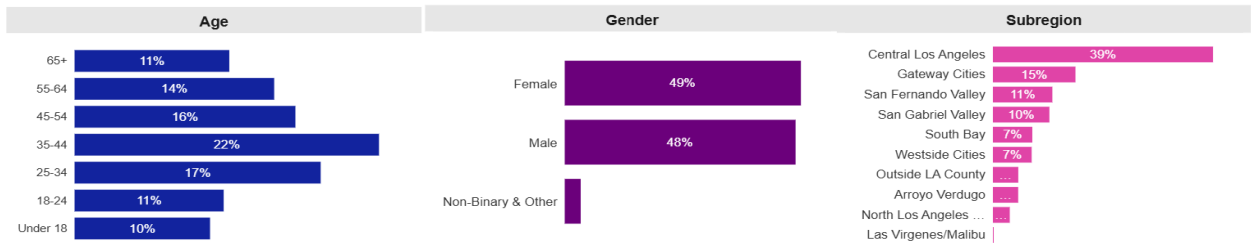
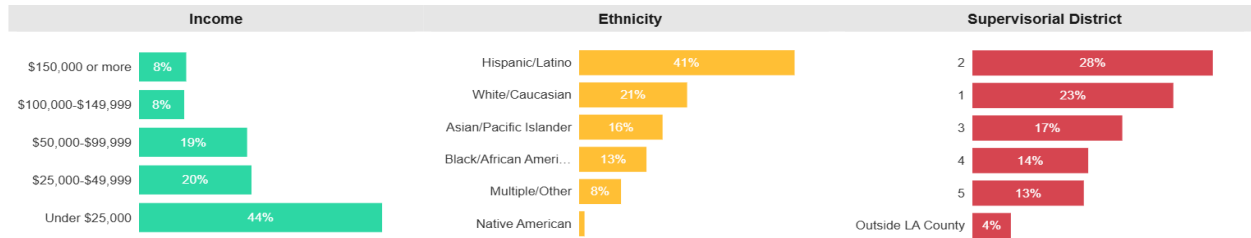
Demographic Results (Combined)

The demographic profile of survey respondents is statistically valid and aligns with the broader population of LA County and Metro ridership. This year’s participation highlights significant engagement within key communities:

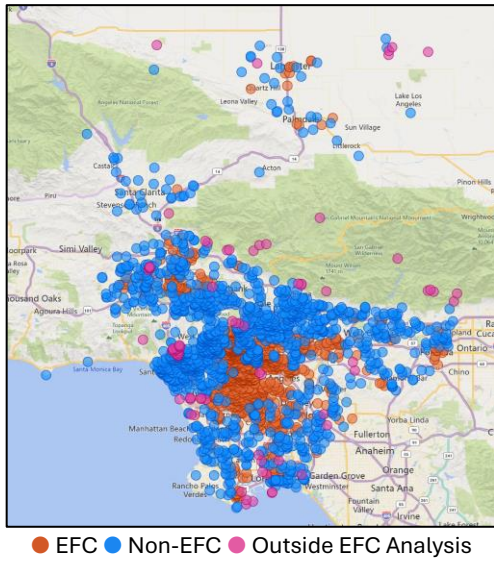
- 48% of respondents reside within an Equity Focus Community (up 2% from FY26)
- 44% report household incomes under \$25,000
- 41% identify as Hispanic
- 72% utilize Metro services at least weekly

For the first time, female participants represent the largest proportion of the sample, at 49%, a shift attributable to youth outreach efforts through *My Metro Priorities*. Spanish speakers represent 15.5% of respondents (up from 14.5% in FY26), an increase of over 200 respondents. Notable from the demographic information is the increase in youth (under 18) participation, at 10% overall (1.4% in FY26). Below are all the demographic results.

ATTACHMENT D



EFC Analysis



The accompanying map illustrates the precise geographic footprint of participation, with orange markers specifically denoting residents within designated Equity Focus Communities (EFCs). This visualization underscores Metro’s strategic imperative: maintaining deep and targeted engagement within these areas. Metro remains committed to strengthening outreach infrastructure across all EFCs to ensure that the voices and needs of the most impacted communities are not only heard but integrated into Metro’s operational and financial planning.

Metro’s Response to Feedback

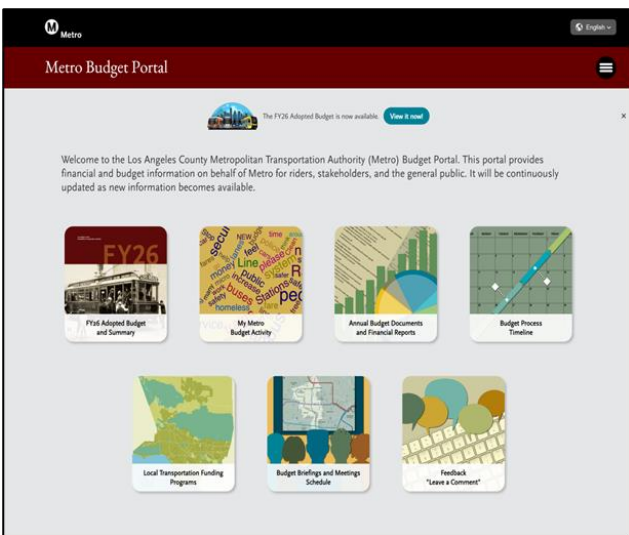
Between January 2026 and May 2026, OMB has provided transparent updates on community input and addressing all submitted commentary throughout March and April. Metro is strategically managing fiscal constraints to maintain a resilient budget position while vigorously protecting and sustaining the delivery of essential services. The proposed allocations for FY27 are not merely fiscal line items; they represent a direct translation of comprehensive public sentiment, successfully integrating both nuanced stakeholder feedback and the foundational priorities established earlier in this report.

Outreach Strategy - Metrics

Public Engagement	Participation
My Metro Budget Activity Responses	>5,900
My Metro Budget Activity Comments	>4,800
My Metro Budget QR Info Cards	>33,000 distributed
My Metro Priorities Responses	>1,500
My Metro Priorities Comments	>200
My Metro Priorities QR Info Cards	>6,500 distributed
Budget Portal Views (https://budget.metro.net)	>8,300
Community Based Organizations	>650 reached

Email Blasts/Community Newsletters	>20 sent
<i>The Source/El Pasajero</i> Posts	4
Social Media Platforms	4 – Facebook, Instagram, LinkedIn, NextDoor
Newsprint Publications – Public Hearing Announcements	20
Stakeholder & Public Engagement Meetings	28

Budget Portal



The Metro Budget Portal (<https://budget.metro.net>) remains the definitive source for all fiscal information. Under the continuous enhancement by OMB, this centralized hub provides comprehensive access to official documentation, key timelines, and system notifications. It features an integrated dashboard where data from outreach initiatives is made publicly available, alongside dedicated channels for public feedback and personalized subscription alerts.

Stakeholder Meetings

Continuous stakeholder dialogues guided budget development to the final, legally mandated public hearing (California PUC § 130106) and potential FY27 budget adoption by the Board of Directors. All meeting details, agendas, and up-to-date financial data were transparently provided via the Finance and Budget portal: <https://budget.metro.net>. The following is a schedule of the meetings.

ATTACHMENT D

FY27 Budget – Outreach Meeting Schedule			
2025			
Meeting	Date	Time	Completed
Youth Council Summit	Sept 13	8am	X
SEED School presentation	Nov 12	4:30pm	X
Regional Service Councils Meet & Confer	Dec 15	5pm	X
2026			
Outreach – Flintridge Sacred Heart Academy	Feb 24	11:30am	X
Community Advisory Committee – General Assembly	Feb 25	6pm	X
Independent Citizens Advisory Committee	Mar 4	9am	X
Measure M Independent Taxpayers Oversight Committee	Mar 4	10am	X
Measure R Independent Taxpayers Oversight Committee	Mar 9	1pm	X
Regional Service Council – San Fernando Valley	Apr 1	6:30pm	X
Regional Service Council – South Bay Cities	Apr 6	5pm	X
Regional Service Council – Westside Cities	Apr 8	6pm	X
Regional Service Council – Gateway Cities	Apr 9	5pm	X
Regional Service Council – San Gabriel Valley	Apr 13	5pm	X
Community Advisory Council	Apr 23	6pm	X
Technical Advisory Committee	May 6	9:30am	X
Local Transit Systems Subcommittee	May 6	1:30pm	X
Gateway Cities COG	May 6	4pm	X
South Bay COG	May 11	10:30am	X
Valley Industry Commerce Association	May 12	8:30am	X
Accessibility Advisory Committee	May 12	1pm	X
SEED LA Career Fair	May 13	11am	X
Bus Operators Subcommittee	May 19	9:30am	X
Streets & Freeways Committee	May 21	9:30am	
Budget Public Hearing	May 21	10am	
San Gabriel Valley COG	June 3	4pm	
Independent Citizens Advisory Committee	TBD	TBD	
Measure M & R Independent Taxpayers Oversight Committees	TBD	TBD	

Looking Ahead

The roadmap for FY27 outreach ends with two key commitments to transparency and refinement. First, OMB will publicly release the aggregated results from both engagement platforms via a dedicated dashboard hosted on the Finance & Budget Portal (<https://budget.metro.net>). Second, a brief, two-minute exit survey will be conducted to gauge public perception of this year's outreach effectiveness and identify actionable improvements for future cycles. Metro remains steadfast in its dedication to capturing a diverse and representative audience, while continuously advancing the technological and user experience of outreach to rigorously uphold the "Listen and Learn" equity principle.

Metro EFC Budget Assessment Results Over Time

The EFC Budget Assessment responds to the Board's direction to utilize Metro's EFC Map to prioritize budget expenditures. To develop the EFC Budget Assessment Baseline, staff assigned an EFC Impact Category to every cost center and project of the FY23 Adopted Budget. Table 1 includes the categories and examples of their use.

Table 1. EFC Budget Assessment Categories, Definitions, and Examples

EFC Impact Category	Definition	Example
1. Targeted Benefits to EFCs	Demonstrate positive impacts from Metro's projects, programs, policies, and services that are <u>intentionally focused</u> on EFCs	<ul style="list-style-type: none"> New or updated station improvements located in or adjacent to EFCs Services or programs that demonstrate prioritization for EFCs
2. Indirect Benefits to EFCs	Projects, programs, or services that <u>disproportionately serve but are not targeted</u> to groups comprising the EFC criteria: low-income, people of color, no car.	<ul style="list-style-type: none"> Expenses that fund service to the general public or ridership without intentional inclusion for people living and working in EFCs
3. No EFC Benefits or Service	No demonstrated benefit or service to EFCs	<ul style="list-style-type: none"> Projects not located within EFCs or within a service area of EFCs General/countywide services (not qualified as Indirect Benefits)
4. Formula-Based	Allocations based on formulas and laws	<ul style="list-style-type: none"> Local Return programs Pass-through funds
5. Admin. or Technical	Strictly administrative or technical support	<ul style="list-style-type: none"> Treasury activity costs Copy machine repair, payroll systems

Table 2 demonstrates that Metro has maintained or increased Total Benefits to EFCs (Targeted and Indirect categories). The actuals for FY25 were almost two percentage points higher than the proposed budget for that fiscal year. Minor differences between actual and proposed results for every fiscal year are expected, as Metro does not spend its entire budget and the total dollar amount (denominator) may differ when calculating percentages.

Table 2. EFC Budget Assessment Results FY25

	FY25 Proposed	FY25 Actuals
Targeted Benefits	28.1%	28.3%
Indirect Benefits	45.5%	47.1%
Total Benefits	73.6%	75.4%

**Board Report**

File #: 2026-0302, **File Type:** Budget

Agenda Number: 23.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MAY 21, 2026**

SUBJECT: FISCAL YEAR 2026-27 TRANSIT FUND ALLOCATIONS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. APPROVING \$2.9 billion in Fiscal Year 2026-27 (FY27) Transit Fund Allocations for Los Angeles County jurisdictions, transit operators, and Metro Operations as shown in Attachment A. These allocations comply with federal, state, and local regulations and Metro Board approved policies and guidelines. Federal and state fund allocations are subject to actual fund apportionments;
- B. APPROVING fund exchanges in the estimated amount of \$4,748,679 of Metro's Transportation Development Act (TDA) Article 4 allocation with Municipal Operators' shares of the Low Carbon Transit Operations Program (LCTOP). Funding will be adjusted based on LCTOP actual allocations, and the FY27 Budget will be amended as necessary to reflect the adjustments;
- C. APPROVING fund exchanges in the estimated amount of \$1,046,112 of Metro's Proposition (Prop) C 40% allocation with Antelope Valley, Santa Clarita, Burbank, and Glendale's shares of the LCTOP. Funding will be adjusted based on LCTOP actual allocations, and the FY27 Budget will be amended as necessary to reflect the adjustments;
- D. APPROVING fund exchange of Federal Section 5307 discretionary fund awarded to the Southern California Regional Transit Training Consortium (SCR TTC) through Long Beach Transit in the amount of \$400,000 with Metro's TDA Article 4 allocation subject to final federal apportionments. If federal funds are not available for this fund exchange, \$400,000 in FY28 TDA Article 4 funds will be allocated to Metro off the top as reimbursement;
- E. APPROVING fund exchanges in the amount totaling \$16.7 million of Metro's Federal Section 5307 share with Municipal Operators' shares of Federal Sections 5337 and 5339 subject to final federal apportionments;
- F. AUTHORIZING the Chief Executive Officer to adjust FY27 Federal Section 5307 (Urbanized Formula), Section 5339 (Bus and Bus Facilities), and Section 5337 (State of Good Repair) allocations upon receipt of final apportionments from the Federal Transit Administration and

amend the FY27 Budget as necessary to reflect the adjustments;

- G. APPROVING project selection and programming of \$6,062,927 for the Local Transit Services Subcommittee (LTSS) Zero Emission Vehicle (ZEV) Call for Projects as shown in Attachment B;
- H. ADOPTING a resolution designating Transportation Development Act (TDA) and State Transit Assistance (STA) fund allocations are in compliance with the terms and conditions of the allocations (Attachment C); and
- I. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements, amendments to existing agreements, and FY27 Budget amendments to implement the above funding programs.

ISSUE

Each year, transit operating and capital funds consisting of federal, state, and local revenues are allocated to Metro Operations, transit operators, and Los Angeles County local jurisdictions for programs, projects, and services according to federal guidelines, state laws, and established funding policies and procedures. The Board of Directors must approve allocations for FY27 prior to fund disbursement. As in prior years, the proposed transit allocations include fund exchanges of Metro funding for municipal and local transit operator shares of federal and state grant programs to enable them to draw down funding quickly with fewer requirements, contingent on federal and state fund availability.

BACKGROUND

The Los Angeles County Metropolitan Transportation Authority (Metro), as the Regional Transportation Commission for Los Angeles County, is responsible for planning, programming, and allocating transportation funding to Los Angeles County jurisdictions, transit operators, and Metro Operations. The Metro Board approval will allow the continued funding of transportation projects, programs, and services in Los Angeles County.

The recommended FY27 Transit Fund Allocations are developed according to federal, state, and local requirements, as well as policies and guidelines previously approved by the Metro Board. Details of significant information, methodologies, and assumptions are described in Attachment D.

Staff has reviewed the recommended allocations, related methodologies, and assumptions with Metro Operations, transit operators, Los Angeles County local jurisdictions, Technical Advisory Committee (TAC), Bus Operations Subcommittee (BOS), and the Local Transit Systems Subcommittee (LTSS). TAC, BOS, and LTSS have all formally adopted the recommended FY27 Transit Fund Allocations.

DISCUSSION

Fund Exchanges

Metro has been requested to facilitate fund exchanges with the municipal and local transit operators

to help them access funding more rapidly and with fewer administrative requirements as follows:

- The Municipal operators are requesting fund exchanges of their Federal Sections 5339 and 5337 allocations with Metro's share of Federal Section 5307 allocation to minimize the impact on administrative processes associated with these funding programs. These exchanges are subject to federal fund availability.
- The Municipal Operators, Burbank, and Glendale are requesting fund exchanges of their LCTOP allocations with Metro's TDA Article 4 and Prop C 40% fund allocations to minimize the impact on administrative processes associated with these funding programs. These fund exchanges are subject to final LCTOP fund allocations.
- Long Beach Transit is requesting a fund exchange of their share of Section 5307 15% Discretionary funds with Metro's TDA Article 4 funds for the Southern California Regional Transit Training Consortium (SCRTTC). In March 2026, BOS awarded \$400,000 a year for three years for the regional training program through an award to Long Beach Transit. If federal funds are not available for this fund exchange, \$400,000 in FY28 TDA Article 4 funds will be allocated to Metro off the top as reimbursement.

Reallocation of Federal Section 5307 Capital Revenues for LTSS ZEV Call for Projects

In June 2022, the Board approved the reallocation of greater than anticipated Federal Section 5307 Capital revenues made available by the Federal Infrastructure Investment and Jobs Act (IIJA), to fund a zero-emission vehicle capital call for projects for local transit operators, administered by the LTSS. Working collaboratively with members of the BOS, and the Los Angeles County Municipal Operators Association (LACMOA), staff agreed to collectively set aside Section 5307 funding as follows: \$10 million in FY22, \$5 million in FY24 and \$5 million in FY26. These funds are intended to address the capital needs of local operators, particularly the mandated transition to electric or other zero emission vehicles for a total of \$20 million over the life of the IIJA.

The Metro Board approved fund exchanges in June 2022 for the first \$10 million allocation, in June 2023 for the second \$5 million allocation, and the final \$5 million allocation in FY26 Section 5307 funds with Metro's local funds, subject to federal fund availability.

The first call for projects was conducted during FY23 and the Board approved fund awards for seven projects totaling \$13.9 million in June 2023. On March 4, 2026, LTSS approved the distribution of the remaining \$6,062,927 and the associated grant awards, as detailed in Attachment B.

DETERMINATION OF SAFETY IMPACT

Adoption of this item will provide funding for increased safety efforts.

FINANCIAL IMPACT

The FY27 Transit Fund Allocations are included in the FY27 Budget in multiple cost centers and

multiple projects. Approval of these recommendations authorizes Metro to disburse these funds to the Los Angeles County jurisdictions and transit operators.

EQUITY PLATFORM

Under Board-adopted guidelines, this item enables the programming of funds to recipients to support the implementation of various transportation projects and improvements throughout the region. The FY27 Transit Fund Allocations referenced in Attachment A are intended to enhance mobility for pedestrians, cyclists, transit users, and individuals with disabilities. Through the process of public input and engagement, local decision-making, and project implementation, cities and unincorporated areas of the county and transit operators have control to appropriately and equitably address the needs of their communities.

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 these 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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through investment activities that will maintain and further encourage transit ridership, ridesharing, and active transportation. Los Angeles County's Transit Fund allocation formula directs 50 percent of funding to each transit operator based on fare units (normalized boardings) and 50 percent based on vehicle service miles. This performance-based structure ties half of the subsidy directly to ridership levels: operators that attract more riders receive proportionally more funding, reinforcing the shift away from single occupant car trips. At the same time, the service-mile component ensures that coverage is maintained and expanded only where service is productive, incentivizing agencies to concentrate service on high demand corridors where each vehicle mile carries the most passengers.

By this program's design, agencies that grow both ridership and efficient service span see their allocations rise. As a result, this allocation framework drives continuous efficiency gains in the system and measurable declines in per-capita VMT in Los Angeles County. 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 goals of the Strategic Plan by funding the improvement projects presented in Attachment A:

- Goal 1: Provide high-quality mobility options that enable people to spend less time traveling
- Goal 2: Deliver outstanding trip experiences for all users of the transportation system
- Goal 3: Enhance communities and lives through mobility and access to opportunity

ALTERNATIVES CONSIDERED

The Board may choose not to approve the FY27 Transit Fund Allocations and instruct staff to use an alternative methodology for allocation. This alternative is not recommended as federal, state, and local requirements, as well as prior Metro Board policies and guidelines require an annual allocation of funding to Los Angeles County jurisdictions, transit operators, and Metro Operations for programs, projects, and services. Allocation methodologies and assumptions comply with federal, state, and local requirements, as well as policies and guidelines previously approved by the Metro Board and have been agreed upon by affected operators and jurisdictions.

NEXT STEPS

Upon Board approval of the recommended allocations and adoption of the resolution, we will work with Los Angeles County jurisdictions, transit operators, Southern California Association of Governments (SCAG) and Metro Operations to ensure the proper disbursement of funds. In addition, the Board will be notified of final adjustments made to the LCTOP fund allocations once available.

ATTACHMENTS

Attachment A - FY27 Transit Fund Allocations

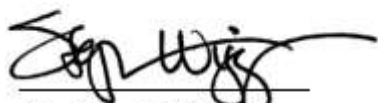
Attachment B - LTSS ZEV Call for Projects Selection and Awards

Attachment C - TDA and STA Resolution

Attachment D - Summary of Significant Information, Methodologies and Assumptions

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Chief Executive Officer



Metro[®]

Los Angeles County Metropolitan Transportation Authority

Fiscal Year 2027

Transit Fund Allocations

PROPOSED

July 1, 2026 – June 30, 2027

FY 2027
Transit Fund Allocations

PROPOSED

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I. BUS TRANSIT SUBSIDIES

STATE & LOCAL FUNDS

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

PRELIMINARY REVENUE ESTIMATES

STATE AND LOCAL		FY27 Estimated Revenue	Carryover FY25 Budget vs Actual	Interest FY25 Actual	FY27 Total Funds Available	N O T E	FY26 Total Funds
<u>Transportation Development Act:</u>							
Planning & Administration:							
1	Planning - Metro	\$ 5,445,000			\$ 5,445,000		\$ 5,350,000
2	Planning - SCAG	4,083,750			4,083,750		4,012,500
3	Administration - Metro	4,466,432			4,466,432		4,378,855
4	Sub-total	13,995,182			13,995,182		13,741,355
5	Article 3 Pedestrian & Bikeways	2.0000% 10,610,096	(1,285,362)	475,165	9,799,899		9,254,395
6	Article 4 Bus Transit	90.7441% 481,402,066	(58,312,650)	21,559,213	444,648,629		420,097,045
7	Article 8 Streets & Highways	7.2559% 38,492,656	(4,670,083)	1,723,863	35,546,436		33,368,313
8	Total	544,500,000	(64,268,095)	23,758,241	503,990,146		476,461,108
<u>Proposition A:</u>							
9	Administration	5.0000% 54,450,000	(3,799,014)		50,650,986	a	48,151,623
10	Local Return	25.0000% 258,637,500	n/a		258,637,500	b	254,125,000
11	Rail Development	35.0000% 362,092,500	(25,263,441)		336,829,059		320,208,295
Bus Transit:							
12	95% of 40% Capped at CPI 3.00%	40.0000% 305,243,836	n/a		305,243,836	c	296,353,239
13	95% of 40% Over CPI	87,885,164	n/a		87,885,164	d	89,916,761
14	Sub-total	393,129,000	-		393,129,000		386,270,000
15	5% of 40% Incentive	20,691,000	(1,443,625)		19,247,375		18,297,617
16	Total	1,089,000,000	(30,506,080)		1,058,493,920		1,027,052,536
<u>Proposition C:</u>							
17	Administration	1.5000% 16,335,000	(1,139,728)		15,195,272	a	14,445,561
18	Rail/Bus Security	5.0000% 53,633,250	(3,742,107)		49,891,143		47,429,594
19	Commuter Rail	10.0000% 107,266,500	(7,484,215)		99,782,285		94,859,187
20	Local Return	20.0000% 214,533,000	n/a		214,533,000	b	210,790,000
21	Freeways and Highways	25.0000% 268,166,250	(18,710,537)		249,455,713		237,147,968
22	Discretionary	40.0000% 429,066,000	(29,936,859)		399,129,141		379,436,749
23	Total	1,089,000,000	(61,013,446)		1,027,986,554		984,109,059
<u>State Transit Assistance:</u>							
24	Bus (PUC 99314 Rev Base Share)	65,679,532	(3,498,286)	3,143,327	65,324,573		110,722,375
25	Rail (PUC 99313 Population Share)	49,592,341	(2,558,539)	657,111	47,690,913		59,333,749
26	Total	115,271,873	(6,056,825)	3,800,438	113,015,487		170,056,124
<u>SB 1 State Transit Assistance:</u>							
27	Bus (PUC 99314 Rev Base Share)	53,218,147	(3,076,344)	2,563,755	52,705,558	f	89,289,284
28	Rail (PUC 99313 Population Share)	40,183,180	(2,255,878)	535,952	38,463,253		47,532,980
29	Total	93,401,327	(5,332,222)	3,099,707	91,168,811		136,822,265
<u>SB 1 State Of Good Repair</u>							
30	Bus (PUC 99314 Rev Base Share)	23,112,031	1,984,577	1,296,038	26,392,646	e,f	33,637,880
31	Rail (PUC 99313 Population Share)	17,592,764	1,656,593	139,861	19,389,218		18,745,950
32	Total	40,704,795	3,641,170	1,435,899	45,781,864		52,383,830

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

PRELIMINARY REVENUE ESTIMATES (Continued)

STATE AND LOCAL		FY27 Estimated Revenue	Carryover FY25 Budget vs Actual	Interest FY25 Actual	FY27 Total Funds Available	NOTE	FY26 Total Funds
Measure R:							
33 Administration	1.5000%	16,335,000	(1,142,876)	2,608,475	17,800,600	a	16,102,169
34 Transit Capital - "New Rail"	35.0000%	375,432,750	(26,267,097)	11,954,466	361,120,119		349,845,052
35 Transit Capital - Metrolink	3.0000%	32,179,950	(2,251,465)	(2,159,391)	27,769,093		28,900,180
36 Transit Capital - Metro Rail	2.0000%	21,453,300	(1,500,977)	2,608,538	22,560,861		20,565,396
37 Highway Capital	20.0000%	214,533,000	(15,009,770)	11,019,125	210,542,355		194,764,750
38 Operations "New Rail"	5.0000%	53,633,250	(3,752,442)	2,589,730	52,470,537		51,749,413
39 Operations Bus	20.0000%	214,533,000	(15,009,770)	19,784,335	219,307,565		207,531,978
40 Local Return	15.0000%	160,899,750	n/a	n/a	160,899,750	b	158,092,500
41 Total		1,089,000,000	(64,934,397)	48,405,277	1,072,470,880		1,027,551,438
Measure M:							
Local Return Supplemental & Administration:							
42 Administration	0.5000%	5,608,350	(390,670)	625,849	5,843,529	a	5,289,718
43 Supplemental transfer to Local Return	1.0000%	10,726,650	n/a	n/a	10,726,650	b,g	10,539,500
44	Sub-total	16,335,000	(390,670)	625,849	16,570,179		15,829,218
45 Local Return Base	16.0000%	171,626,400	n/a	n/a	171,626,400	b,g	168,632,000
46 Metro Rail Operations	5.0000%	53,633,250	(3,736,022)	(344,927)	49,552,301		48,326,073
47 Transit Operations (Metro & Municipal Providers)	20.0000%	214,533,000	(14,944,090)	17,631,488	217,220,398		205,287,685
48 ADA Paratransit/Metro Discounts for Seniors & Students	2.0000%	21,453,300	(1,494,409)	1,326,798	21,285,689		19,464,401
49 Transit Construction	35.0000%	375,432,750	(26,152,157)	(14,379,246)	334,901,347		333,428,580
50 Metro State of Good Repair	2.0000%	21,453,300	(1,494,409)	3,710,803	23,669,694		20,599,967
51 Highway Construction	17.0000%	182,353,050	(12,702,476)	41,841,783	211,492,356		191,414,971
52 Metro Active Transportation Program	2.0000%	21,453,300	(1,494,409)	6,461,927	26,420,818		22,320,536
53 Regional Rail	1.0000%	10,726,650	(747,204)	(1,808,325)	8,171,121		9,830,999
54 Total		1,089,000,000	(63,155,848)	55,066,151	1,080,910,303		1,035,134,429
55 Total Funds Available		\$ 5,149,877,995	\$ (291,625,743)	\$ 135,565,712	\$ 4,993,817,964		\$ 4,909,570,789
Total Planning & Admin Allocations:							
56 (Lines 4, 9, 17, 33 and 42)		\$ 106,723,532	\$ (6,472,288)	\$ 3,234,325	\$ 103,485,568		\$ 97,730,427

Notes:

- a) Sales tax is projected to be \$1,089.0 million per ordinance.
- b) Local Return Subfunds are not reflected with carryover balances. The distribution of these funds occurs within the same period they are received.
- c) The Consumer Price Index (CPI) increase of 3.0% represents the average anticipated growth rate, as derived from a range of forecasting sources and historical trends. This rate is specifically applied to the Proposition A discretionary funds allocated to Included operators.
- d) Proposition A 95% of 40% Bus Transit growth over CPI estimate will be used to fund Eligible and Tier 2 operators. No carryover per Board Policy, amounts transferred to Prop C 40% to fund various Board-approved regional discretionary programs.
- e) To qualify for SB1-SGR funds, eligible agencies are required to fulfill a number of reporting obligations.
- f) STA and SGR portion of SB1 will be allocated based on Measure R allocation methodology.
- g) Measure M provides for a total of 17% net revenues for Local Return. Supplement of 1% to be funded by 1.5% Administration.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

SUMMARY OF BUS TRANSIT SUBSIDIES

Fiscal Year 2027

STATE AND LOCAL FUNDS

Operators	Formula Allocation Procedure				Proposition C 5% Security	Proposition C 40% Discretionary	Measure R		Measure M	Senate Bill 1		Total
	TDA Article 4 + Interest	STA + Interest	Proposition A 95% of 40 % Discretionary	Sub-Total FAP			20% Bus Operations	Clean Fuel & Facilities		STA	State of Good Repair	
Included Operators:												
1 Metro Bus Operations	\$ 324,646,805	\$ 48,451,177	\$ 226,399,076	\$ 599,497,058	\$ 36,597,107	\$ 24,476,050	\$ 151,741,157	\$ -	\$ 150,297,025	\$ 36,467,517	\$ 18,207,158	\$ 1,017,283,072
Municipal Operators:												
2 Arcadia	426,494	58,423	272,995	757,913	5,845	120,054	182,972	-	181,230	43,973	21,954	1,313,942
3 Claremont	171,703	24,023	112,254	307,981	3,034	38,364	75,237	-	74,521	18,082	9,028	526,246
4 Commerce	678,449	88,513	413,597	1,180,559	64,578	1,552,151	277,208	-	274,570	66,621	33,262	3,448,949
5 Culver City	6,597,587	929,016	4,341,035	11,867,638	385,256	1,984,992	2,909,525	-	2,881,835	699,238	349,109	21,077,592
6 Foothill Transit	30,691,210	4,330,257	20,234,105	55,255,572	1,153,524	9,902,640	13,561,656	-	13,432,589	3,259,234	1,627,240	98,192,455
7 Gardena	6,323,305	892,689	4,171,290	11,387,284	287,812	2,489,249	2,795,755	-	2,769,148	671,896	335,458	20,736,601
8 La Mirada	111,564	14,086	65,819	191,468	3,659	22,494	44,114	-	43,694	10,602	5,293	321,325
9 Long Beach	29,346,585	4,093,114	19,125,998	52,565,698	2,289,893	10,348,340	12,818,962	-	12,696,963	3,080,744	1,538,125	95,338,725
10 Montebello	9,509,139	1,344,066	6,280,450	17,133,655	341,335	3,811,651	4,209,393	-	4,169,332	1,011,631	505,078	31,182,075
11 Norwalk	3,702,286	519,705	2,428,439	6,650,430	151,036	898,993	1,627,631	-	1,612,141	391,164	195,297	11,526,691
12 Redondo Beach	792,763	108,811	508,446	1,410,020	30,965	178,668	340,780	-	337,536	81,899	40,890	2,420,758
13 Santa Monica	23,870,907	3,381,677	15,801,651	43,054,235	1,176,133	6,378,512	10,590,860	-	10,490,066	2,545,271	1,270,779	75,505,855
14 Torrance	7,779,832	1,089,017	5,088,679	13,957,528	284,763	3,917,559	3,410,624	-	3,378,165	819,665	409,235	26,177,539
15 Sub-Total	120,001,824	16,873,397	78,844,760	215,719,980	6,177,833	41,643,668	52,844,717	-	52,341,790	12,700,019	6,340,746	387,768,753
Eligible Operators:												
16 Antelope Valley	-	-	6,509,558	6,509,558	190,628	2,027,906	3,392,584	-	3,360,297	815,330	407,070	16,703,372
17 LADOT	-	-	30,625,263	30,625,263	1,657,870	7,388,283	7,685,679	-	7,612,533	1,847,077	922,191	57,738,896
18 Santa Clarita	-	-	4,212,238	4,212,238	278,591	1,223,121	2,067,994	-	2,048,313	496,995	248,135	10,575,387
19 Foothill BSCP	-	-	6,277,661	6,277,661	-	685,556	1,575,434	-	1,560,441	378,620	189,034	10,666,744
20 Sub-Total	-	-	47,624,720	47,624,720	2,127,089	11,324,866	14,721,691	-	14,581,583	3,538,022	1,766,430	95,684,400
Tier 2 Operators:												
21 LADOT Community Dash	-	-	7,281,278	7,281,278	-	-	-	-	-	-	-	7,281,278
22 Glendale	-	-	1,199,024	1,199,024	-	-	-	-	-	-	-	1,199,024
23 Pasadena	-	-	499,353	499,353	-	-	-	-	-	-	-	499,353
24 Burbank	-	-	195,822	195,822	-	-	-	-	-	-	-	195,822
25 Sub-Total	-	-	9,175,477	9,175,477	-	-	-	-	-	-	-	9,175,477
26 Lynwood Trolley	-	-	-	-	-	264,776	-	-	-	-	-	264,776
27 Total Excluding Metro	120,001,824	16,873,397	135,644,956	272,520,177	8,304,922	53,233,309	67,566,408	-	66,923,373	16,238,041	8,107,176	492,893,405
28 County of Los Angeles	-	-	-	-	-	-	-	-	-	-	78,312	78,312
29 Grand Total	\$ 444,648,629	\$ 65,324,573	\$ 362,044,033	\$ 872,017,235	\$ 44,902,028	\$ 77,709,360	\$ 219,307,565	\$ -	\$ 217,220,398	\$ 52,705,558	\$ 26,392,646	\$ 1,510,254,790

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

BUS TRANSIT FUNDING PERCENTAGE SHARES

Operators	Vehicle Service Miles (VSM) ⁽¹⁾	Passenger ⁽¹⁾ Revenue	Base Fare	Fare Units	Fare Units Prior to Fare Increase/ decrease	Fare Units Used in FAP ⁽²⁾	Sum 50% VSM + 50% Fare Units	Proposition A Base Share	DAR Cap Adjustment ⁽³⁾	TDA/STA Share
Included Operators										
1 Metro Bus Operations ⁽⁴⁾	70,436,637	\$ 97,712,806	\$ 1.75	55,835,889	197,161,600	197,161,600	133,799,119	74.1699%	0.0000%	74.1699%
2 Arcadia DR	75,471	4,581	0.50	9,162	72,829	72,829	74,150	0.0411%	0.0000%	0.0411%
3 Arcadia MB	167,142	3,616	0.50	7,232	-	7,232	87,187	0.0483%	0.0000%	0.0483%
4 Claremont	50,842	36,903	2.50	14,761	81,840	81,840	66,341	0.0368%	0.0000%	0.0368%
5 Commerce	488,862	-	-	-	-	-	244,431	0.1355%	0.0000%	0.1355%
6 Culver City	1,457,791	1,638,104	1.00	1,638,104	3,673,208	3,673,208	2,565,500	1.4222%	0.0000%	1.4222%
7 Foothill Transit	9,695,223	7,809,374	1.75	4,462,499	14,221,000	14,221,000	11,958,112	6.6288%	0.0000%	6.6288%
8 Gardena	1,226,764	1,295,988	1.00	1,295,988	3,703,600	3,703,600	2,465,182	1.3665%	0.0000%	1.3665%
9 La Mirada	54,507	23,289	1.00	23,289		23,289	38,898	0.0216%	0.0000%	0.0216%
10 Long Beach	6,634,012	9,722,255	1.25	7,777,804	15,972,456	15,972,456	11,303,234	6.2658%	0.0000%	6.2658%
11 Montebello	1,567,784	1,951,362	1.10	1,773,965	5,855,556	5,855,556	3,711,670	2.0575%	0.0000%	2.0575%
12 Norwalk	776,288	742,919	1.25	594,335	2,094,068	2,094,068	1,435,178	0.7956%	0.0000%	0.7956%
13 Redondo Beach DR	58,615	10,028	1.00	10,028		10,028	34,322	0.0190%	0.0000%	0.0190%
14 Redondo Beach MB	341,414	190,914	1.00	190,914		190,914	266,164	0.1475%	0.0000%	0.1475%
15 Santa Monica	4,015,837	6,373,352	1.25	5,098,682	14,661,333	14,661,333	9,338,585	5.1767%	0.0000%	5.1767%
16 Torrance	1,504,696	1,104,505	1.00	1,104,505	4,510,000	4,510,000	3,007,348	1.6671%	0.0000%	1.6671%
17 Sub-Total	98,551,885	128,619,996		79,837,158		262,238,953	180,395,419	100.0000%	0.0000%	100.0000%
Eligible Operators										
18 Antelope Valley	2,850,489	1,649,065	1.50	1,099,377	3,543,241	3,543,241	3,196,865	1.6583%	0.0000%	1.6583%
19 Santa Clarita ⁽⁵⁾	2,257,916	1,810,777	1.25	1,448,622	1,639,466	1,639,466	1,948,691	1.0108%	0.0000%	1.0108%
20 LADOT Local	2,960,494	607,541	0.50	1,215,082	6,727,520	6,727,520	4,844,007	2.5127%	0.0000%	2.5127%
21 LADOT Express	1,643,734	906,420	1.50	604,280	3,152,832	3,152,832	2,398,283	1.2440%	0.0000%	1.2440%
22 Foothill - BSCP	1,342,135	1,056,297	1.75	603,598	1,650,000	1,650,000	1,496,068	0.7701%	0.0000%	0.7701%
23 Sub-Total	11,054,768	6,030,100		4,970,959		16,713,059	13,883,914	7.1958%	0.0000%	7.1958%
24 Total	109,606,653	\$ 134,650,096		84,808,116		278,952,012	194,279,332			

Notes:

- (1) Operator statistics exclude BSIP, TSE, Base Restructuring, and MOSIP services funded from PC 40% Discretionary. Services funded from other sources, such as federal funds, are also excluded.
- (2) Fare units in **bold** remain frozen at their pre-fare change levels in accordance with the Funding Stability Policy adopted by the Board in November 2007.
- (3) TDA cap of 0.25% is applied for DAR operators - Arcadia, Claremont, La Mirada and Redondo Beach DR.
- (4) MTA Statistics include contracted services with LADOT for Lines 422, 601 and 602 (Consent Decree Lines), Glendale Bee Line, and Palos Verdes Peninsula Transit Authority (PVPTA).
- (5) Santa Clarita increased their base fare from \$1.00 to \$1.25 in FY24.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

INCLUDED & ELIGIBLE OPERATORS ESTIMATED FUNDING LEVELS

Operators	TDA & STA % Share	TDA Article 4 plus interest			STA Revenue base Share plus Interest	Prop A Discretionary % Shares	Prop A Discretionary Allocations ⁽²⁾	Total Formula Funds
		Allocated	Fund Exchange ⁽¹⁾	Net				
Included Operators								
1 Metro Bus Operations ⁽³⁾	74.1699%	\$ 329,795,485	\$ (5,148,679)	\$ 324,646,805	\$ 48,451,177	74.1699%	\$ 226,399,076	\$ 599,497,058
2 Arcadia DR	0.0411%	182,769	-	182,769	26,851	0.0411%	125,468	335,088
3 Arcadia MB	0.0483%	214,903	28,822	243,725	31,572	0.0483%	147,528	422,825
4 Claremont	0.0368%	163,521	8,182	171,703	24,023	0.0368%	112,254	307,981
5 Commerce	0.1355%	602,487	75,962	678,449	88,513	0.1355%	413,597	1,180,559
6 Culver City	1.4222%	6,323,585	274,002	6,597,587	929,016	1.4222%	4,341,035	11,867,638
7 Foothill Transit	6.6288%	29,475,016	1,216,194	30,691,210	4,330,257	6.6288%	20,234,105	55,255,572
8 Gardena	1.3665%	6,076,317	246,988	6,323,305	892,689	1.3665%	4,171,290	11,387,284
9 La Mirada	0.0216%	95,878	15,686	111,564	14,086	0.0216%	65,819	191,468
10 Long Beach ⁽³⁾	6.2658%	27,860,838	1,485,748	29,346,585	4,093,114	6.2658%	19,125,998	52,565,698
11 Montebello	2.0575%	9,148,730	360,409	9,509,139	1,344,066	2.0575%	6,280,450	17,133,655
12 Norwalk	0.7956%	3,537,506	164,780	3,702,286	519,705	0.7956%	2,428,439	6,650,430
13 Redondo Beach DR	0.0190%	84,598	-	84,598	12,428	0.0190%	58,075	155,101
14 Redondo Beach MB	0.1475%	656,056	52,109	708,165	96,383	0.1475%	450,371	1,254,919
15 Santa Monica	5.1767%	23,018,262	852,645	23,870,907	3,381,677	5.1767%	15,801,651	43,054,235
16 Torrance	1.6671%	7,412,678	367,154	7,779,832	1,089,017	1.6671%	5,088,679	13,957,528
17 Sub-Total Excluding Metro	100.0000%	444,648,629	0	444,648,629	65,324,573	100.0000%	305,243,836	815,217,039
Eligible Operators								
Formula Equivalent Funded from Proposition A 95% of 40% Growth over CPI ⁽⁴⁾								
18 Antelope Valley ⁽⁵⁾	1.6583%	-	\$ 364,537	\$ 364,537	\$ 1,083,257	1.6583%	\$ 5,061,764	\$ 6,509,558
19 Santa Clarita ⁽⁵⁾	1.0108%	-	466,460	466,460	660,314	1.0108%	3,085,464	4,212,238
20 LADOT Local	2.5127%	11,172,552		11,172,552	1,641,391	2.5127%	7,669,770	20,483,713
21 LADOT Express	1.2440%	5,531,565		5,531,565	812,658	1.2440%	3,797,327	10,141,550
22 Foothill - BSCP	0.7701%	3,424,061		3,424,061	503,038	0.7701%	2,350,561	6,277,661
23 Sub-Total	7.1958%	20,128,179	830,997	20,959,176	4,700,658	7.1958%	21,964,886	47,624,720
24 Total FAP		\$ 444,648,629		\$ 444,648,629	\$ 65,324,573	107.1958%	\$ 305,243,836	\$ 862,841,758
Proposition A Discretionary (95% of 40%) Growth Over CPI:								
25 Revenue								\$ 87,885,164
Uses of Fund:								
26 Eligible Operators - Formula Equivalent Funds								47,624,720
27 Tier 2 Operators ⁽⁶⁾								9,175,477
28 Total Uses of Funds								56,800,196
29 Proposition A Discretionary (95% of 40%) GOI Transfer to PC 40% based on Board policy.								31,084,967
30 Backfill from (Transfer to) PC40% Discretionary								(31,084,967)
31 Total								\$ -

Notes:

- (1) Included Operators' share of LCTOP fund will be exchanged with Metro's TDA Article 4 allocation.
- (2) Prop A Discretionary funds (95% of 40%) allocated to Included Operators have been capped at 3.00% CPI for FAP allocation.
- (3) Funds allocated to the SCRTPC through Long Beach Transit will be exchanged with Metro's share of TDA Article 4 funds.
- (4) Formula Equivalent funds are allocated by formula to Eligible Operators based on PUC 99207.5. Fund source is Prop A 95% of 40% growth over CPI.
- (5) Antelope Valley and Santa Clarita's LCTOP fund will be exchanged with Metro's Prop C 40% Discretionary transfer to Proposition A Discretionary GOI.
- (6) In FY24, the Board approved increasing the funding cap to Tier 2 operators, from \$6 million to \$8.2 million, with annual increases indexed to CPI.

PROPOSITION C 5% TRANSIT SECURITY FUNDING ALLOCATION

	Operators	FY25 Unlinked Passengers	Percent of Total Unlinked Passengers	Total ⁽¹⁾
1	Antelope Valley	1,637,048	0.4245%	\$ 190,628
2	Arcadia	50,199	0.0130%	5,845
3	Claremont	26,053	0.0068%	3,034
4	Commerce	554,573	0.1438%	64,578
5	Culver City	3,308,439	0.8580%	385,256
6	Foothill Transit	9,906,051	2.5690%	1,153,524
7	Gardena	2,471,629	0.6410%	287,812
8	LADOT Local/Express	14,237,196	3.6922%	1,657,870
9	La Mirada	31,423	0.0081%	3,659
10	Long Beach	19,664,785	5.0998%	2,289,893
11	Montebello	2,931,266	0.7602%	341,335
12	Norwalk	1,297,047	0.3364%	151,036
13	Redondo Beach DR/MB	265,919	0.0690%	30,965
14	Santa Clarita	2,392,437	0.6204%	278,591
15	Santa Monica	10,100,208	2.6193%	1,176,133
16	Torrance	2,445,440	0.6342%	284,763
17	Sub-Total	71,319,713	18.4956%	8,304,922
18	Metro Bus/Rail Operations ⁽²⁾	314,282,934	81.5044%	36,597,107
19	Total	385,602,647	100.0000%	\$ 44,902,028

Notes:

(1) Total funding is 90% of Prop C 5% Transit Security:

Estimated Revenue: \$	49,891,143
90% Thereof: \$	44,902,028

(2) Metro operations data includes unlinked passengers for bus and rail.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

PROPOSITION C 40% DISCRETIONARY PROGRAMS

Operators	MOSIP			Zero-fare Compensation (1)	Foothill Transit Mitigation	Transit Service Expansion	Discretionary Base Restructuring	BSIP Overcrowding Relief	Total
	Prop A % Share	% Share	\$ Allocation						
INCLUDED OPERATORS									
1 Metro Bus Operations					\$ 11,343,586	\$ -	\$ -	\$ 14,178,577	\$ 25,522,163
2 Metro Exchange (2)					(1,046,112)				(1,046,112)
3 Metro Sub-total					10,297,474			\$ 14,178,577	24,476,050
4 Arcadia	0.0894%	0.2708%	79,621		13,678	-	-	26,755	120,054
5 Claremont	0.0368%	0.1114%	32,740		5,624	-	-	-	38,364
6 Commerce	0.1355%	0.4103%	120,628	1,104,597	20,723	-	306,202	-	1,552,151
7 Culver City	1.4222%	4.3062%	1,266,090		217,505	295,147	-	206,250	1,984,992
8 Foothill Transit	6.6288%	20.0716%	5,901,405		-	408,509	2,451,416	1,141,311	9,902,640
9 Gardena	1.3665%	4.1378%	1,216,583		209,000	848,358	-	215,308	2,489,249
10 La Mirada	0.0216%	0.0653%	19,196		3,298	-	-	-	22,494
11 Long Beach	6.2658%	18.9724%	5,578,218		958,296	2,800,844	-	1,010,981	10,348,340
12 Montebello	2.0575%	6.2300%	1,831,733		314,678	-	1,398,372	266,867	3,811,651
13 Norwalk	0.7956%	2.4089%	708,270		121,675	-	-	69,048	898,993
14 Redondo Beach DR/MB	0.1666%	0.5044%	148,292		25,475	-	-	4,902	178,668
15 Santa Monica	5.1767%	15.6747%	4,608,651		791,732	-	-	978,129	6,378,512
16 Torrance	1.6671%	5.0478%	1,484,145		254,965	993,336	889,785	295,328	3,917,559
17 Sub-Total	25.8301%	78.2115%	22,995,572	1,104,597	2,936,651	5,346,194	5,045,775	4,214,878	41,643,668
ELIGIBLE OPERATORS									
18 Antelope Valley	1.6583%	5.0211%	1,476,295		30,341	462,561	-	58,708	2,027,906
19 Santa Clarita	1.0108%	3.0607%	899,895		18,495	241,933	-	62,798	1,223,121
20 LADOT Local/Express	3.7567%	11.3750%	3,344,451		536,598	3,323,160	-	184,074	7,388,283
21 Foothill - BSCP	0.7701%	2.3317%	685,556		-	-	-	-	685,556
22 Sub-Total	7.1958%	21.7885%	6,406,198		585,434	4,027,654	-	305,580	11,324,866
23 City of Lynwood Trolley						264,776	-	-	264,776
24 Total Municipal Operators	33.0259%	100.0000%	29,401,770	1,104,597	3,522,084	9,638,624	5,045,775	4,520,458	53,233,309
25 Total	33.0259%	100.0000%	\$ 29,401,770	\$ 1,104,597	\$ 13,819,558	\$ 9,638,624	\$ 5,045,775	\$ 18,699,035	\$ 77,709,360
26	Last Year		28,545,408			\$ 9,357,887	\$ 4,898,811	\$ 18,154,403	
27	% Increase		3.00%		CPI	3.00%	3.00%	3.00%	
28	Current Year		\$ 29,401,770			\$ 9,638,624	\$ 5,045,775	\$ 18,699,035	

Note:

(1) Allocated as part of FAP to Commerce as compensation for having zero passenger revenues.

(2) The LCTOP funds of Antelope Valley, Santa Clarita, Burbank, and Glendale, totaling \$1,046,112, are set to be swapped with Metro's "Foothill Mitigation" fund / Prop A Discretionary GOI fund.

MEASURE R 20% BUS OPERATIONS AND CAPITAL ALLOCATIONS

Operators	20% Bus Operations			Clean Fuel Bus Capital Facilities and Rolling Stock Fund ⁽¹⁾	
	Proposition A Base Share %	MR Percentage Share	Bus Operations Allocation	Federal Section 5307 Capital Allocation Formula Share	\$ Allocation
<u>Included Operators:</u>					
1 Metro Bus Operations	74.1699%	69.1910%	\$ 151,741,157	64.4767%	\$ -
2 Arcadia	0.0894%	0.0834%	182,972	0.1734%	-
3 Claremont	0.0368%	0.0343%	75,237	0.0214%	-
4 Commerce	0.1355%	0.1264%	277,208	0.3655%	-
5 Culver City	1.4222%	1.3267%	2,909,525	1.3729%	-
6 Foothill Transit ⁽²⁾	6.6288%	6.1839%	13,561,656	8.9586%	-
7 Gardena	1.3665%	1.2748%	2,795,755	1.0475%	-
8 La Mirada	0.0216%	0.0201%	44,114	0.0633%	-
9 Long Beach	6.2658%	5.8452%	12,818,962	6.8259%	-
10 Montebello	2.0575%	1.9194%	4,209,393	1.4895%	-
11 Norwalk	0.7956%	0.7422%	1,627,631	0.6914%	-
12 Redondo Beach DR	0.0190%	0.0177%	38,924	0.3327%	-
13 Redondo Beach MB	0.1475%	0.1376%	301,856		-
14 Santa Monica	5.1767%	4.8292%	10,590,860	4.1097%	-
15 Torrance	1.6671%	1.5552%	3,410,624	1.2461%	-
<u>Eligible Operators:</u>					
16 Antelope Valley	1.6583%	1.5470%	3,392,584	2.0874%	-
17 Santa Clarita	1.0108%	0.9430%	2,067,994	1.8243%	-
18 LADOT Local	2.5127%	2.3440%	5,140,568	4.9138%	-
19 LADOT Express	1.2440%	1.1605%	2,545,111		-
20 Foothill BSCP	0.7701%	0.7184%	1,575,434	-	-
21 Total Municipal Operators	33.0259%	30.8090%	67,566,408	35.5233%	-
22 Total Funds Allocated	107.1958%	100.0000%	\$ 219,307,565	100.0000%	\$ -

Notes:

(1) Clean Fuel Capital Facilities and Rolling Stock Funds of \$10M will be allocated every even fiscal year.

(2) Foothill Transit Clean Fuel allocation includes the allocation for the Foothill BSCP.

MEASURE M 20% TRANSIT OPERATIONS
 (Metro and Municipal Providers)

	Operators	Measure M Percentage Share ⁽¹⁾	\$ Allocation
	<u>Included Operators:</u>		
1	Metro Bus Operations	69.1910%	\$ 150,297,025
2	Arcadia	0.0834%	181,230
3	Claremont	0.0343%	74,521
4	Commerce	0.1264%	274,570
5	Culver City	1.3267%	2,881,835
6	Foothill Transit	6.1839%	13,432,589
7	Gardena	1.2748%	2,769,148
8	La Mirada	0.0201%	43,694
9	Long Beach	5.8452%	12,696,963
10	Montebello	1.9194%	4,169,332
11	Norwalk	0.7422%	1,612,141
12	Redondo Beach DR	0.0177%	38,553
13	Redondo Beach MB	0.1376%	298,983
14	Santa Monica	4.8292%	10,490,066
15	Torrance	1.5552%	3,378,165
	<u>Eligible Operators:</u>		
16	Antelope Valley	1.5470%	3,360,297
17	Santa Clarita	0.9430%	2,048,313
18	LADOT Local	2.3440%	5,091,644
19	LADOT Express	1.1605%	2,520,889
20	Foothill BSCP	0.7184%	1,560,441
21	Total Municipal Operators	30.8090%	66,923,373
22	Total Funds Allocated	100.0000%	\$ 217,220,398

Notes:

(1) Metro adheres to the Measure R allocation methodology for Measure M 20% fund allocations.

Senate Bill 1 - Road Repair and Accountability Act of 2017

	Operators	Measure R % Share ⁽¹⁾	State Transit Assistance	State of Good Repair ⁽²⁾	Total
	<u>Included Operators:</u>				
1	Metro Bus Operations	69.1910%	\$ 36,467,517	\$ 18,207,158	\$ 54,674,675
2	Arcadia	0.0834%	43,973	21,954	65,928
3	Claremont	0.0343%	18,082	9,028	27,109
4	Commerce	0.1264%	66,621	33,262	99,882
5	Culver City	1.3267%	699,238	349,109	1,048,347
6	Foothill Transit	6.1839%	3,259,234	1,627,240	4,886,474
7	Gardena	1.2748%	671,896	335,458	1,007,354
8	La Mirada	0.0201%	10,602	5,293	15,895
9	Long Beach	5.8452%	3,080,744	1,538,125	4,618,869
10	Montebello	1.9194%	1,011,631	505,078	1,516,709
11	Norwalk	0.7422%	391,164	195,297	586,460
12	Redondo Beach DR	0.0177%	9,354	4,670	14,025
13	Redondo Beach MB	0.1376%	72,544	36,219	108,763
14	Santa Monica	4.8292%	2,545,271	1,270,779	3,816,050
15	Torrance	1.5552%	819,665	409,235	1,228,900
	<u>Eligible Operators:</u>				
16	Antelope Valley	1.5470%	815,330	407,070	1,222,400
17	Santa Clarita	0.9430%	496,995	248,135	745,130
18	LADOT Local	2.3440%	1,235,418	616,808	1,852,226
19	LADOT Express	1.1605%	611,659	305,383	917,043
20	Foothill BSCP	0.7184%	378,620	189,034	567,653
21	Total Municipal Operators	30.8090%	16,238,041	8,107,176	24,345,217
22	County of Los Angeles			78,312	78,312
23	Total Funds Allocated	100.0000%	\$ 52,705,558	\$ 26,392,646	\$ 79,098,204

Notes:

(1) The STA and SGR portions of SB1 fund will be distributed based on Measure R allocation methodology.

(2) Preliminary estimates. Subject to the submittal of eligible projects.

LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)
Fund Exchange between LA County Transit Operators & Metro

Operators	LCTOP Share ⁽¹⁾	TDA 4 Fund Exchange ⁽²⁾	Prop A GOI / Prop C 40% Fund Exchange ⁽³⁾	Net Funds Available
1 Metro Bus Ops.		\$ (4,748,679)	\$ (1,046,112)	\$ (5,794,792)
2 Antelope Valley	\$ (364,537)		364,537	-
3 Arcadia	(28,822)	28,822		-
4 Claremont	(8,182)	8,182		-
5 Commerce	(75,962)	75,962		-
6 Culver City	(274,002)	274,002		-
7 Foothill Transit	(1,216,194)	1,216,194		-
8 Gardena	(246,988)	246,988		-
9 La Mirada	(15,686)	15,686		-
10 Long Beach	(1,085,748)	1,085,748		-
11 Montebello	(360,409)	360,409		-
12 Norwalk	(164,780)	164,780		-
13 Redondo Beach	(52,109)	52,109		-
14 Santa Clarita	(466,460)		466,460	-
15 Santa Monica	(852,645)	852,645		-
16 Torrance	(367,154)	367,154		-
17 Tier Two Operators				
18 Burbank	(67,608)		67,608	-
19 Glendale	(147,508)		147,508	-
20 Pasadena	-		-	-
21 TOTAL	\$ (5,794,792)	\$ 0	\$ 0	\$ (5,794,792)

Note:

(1) Estimated - To be adjusted based on actual allocations.

(2) Included Operators' share of LCTOP fund will be exchanged with Metro's TDA Article 4 allocation.

(3) LCTOP fund will be exchanged with Metro's "Foothill Mitigation Fund" share. Metro will allocate Proposition A Discretionary (95% of 40%) GOI fund to these operators.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

TIER 2 OPERATORS ESTIMATED FUNDING LEVELS

Operators	Vehicle Service Miles (VSM) FY25 data	Passenger Revenue	Base Fare	Fare Units (1)	50% VSM + 50% Fare Units	% Share			
1 LADOT Community Dash	3,786,526	\$ 1,003	\$ 0.50	16,808,232	10,297,379	4.9757%			
2 Glendale	786,329	651,484	1.00	2,187,836	1,487,083	0.7186%			
3 Pasadena	727,405	513,743	0.75	684,991	706,198	0.3412%			
4 Burbank	237,625	125,024	1.00	125,024	181,325	0.0876%			
5 Sub-Total	5,537,885	1,291,254		19,806,083	12,671,984	6.1232%			
6 Included and Eligible Operators	109,606,653	134,650,096		84,808,116	194,279,332	93.8768%			
7 Total	115,144,538	\$ 135,941,350		104,614,199	206,951,316	100.0000%			
		% Share	TDA Article 4 + Interest	STA + Interest	Proposition A 95% of 40% Discretionary	Total			
8 Funds Allocated to Included Operators			\$ 444,648,629	\$ 65,324,573	\$ 305,243,836	\$ 815,217,039			
Formula Equivalent Calculation									
9 LADOT Community Dash		4.9757%	\$ 22,124,602	\$ 3,250,387	\$ 15,188,169	\$ 40,563,157			
10 Glendale		0.7186%	3,195,095	469,400	2,193,379	5,857,875			
11 Pasadena		0.3412%	1,517,313	222,913	1,041,610	2,781,835			
12 Burbank		0.0876%	389,588	57,235	267,445	714,269			
13 Total		6.1232%	\$ 27,226,598	\$ 3,999,936	\$ 18,690,603	\$ 49,917,137			
Funds Allocated to Tier 2 Operators						17.95% (2)	MTA Allocations (3)	LCTOP fund Exchange (4)	FY27 Total Funds Available
Actual Allocation									
14 LADOT Community Dash			\$ 3,971,470	\$ 583,460	\$ 2,726,348	\$ 7,281,278	\$ -	\$ 7,281,278	
15 Glendale			573,535	84,260	393,722	1,051,516	147,508	1,199,024	
16 Pasadena			272,365	40,014	186,974	499,353	-	499,353	
17 Burbank			69,933	10,274	48,008	128,215	67,608	195,822	
18 Total			\$ 4,887,303	\$ 718,007	\$ 3,355,051	\$ 8,960,361	\$ 215,115	\$ 9,175,477	

	Prop A Incentive Allocation (5)	Before Tier 2 GOI Allocation	GOI Allocation Deduction	Net Prop A Incentive Allocation
19 LADOT Community Dash		\$ 2,542,417	\$ (456,376)	\$ 2,086,041
20 Glendale		494,448	(88,756)	405,692
21 Pasadena		519,836	(93,313)	426,523
22 Burbank		135,096	(24,250)	110,845
23 Total		\$ 3,691,796	\$ (662,695)	\$ 3,029,102

Notes:

- (1) Funding Stability Policy is applied on LADOT and Glendale Fare Units.
- (2) This percentage is applied as a deduction from Tier 2 Operators' Incentive Program allocations.
- (3) The Board approved increasing the Tier 2 funding from \$6 million to \$8.2 million in FY24, with annual adjustments indexed to CPI. The CPI for FY27 is 3.0%.
- (4) Burbank and Glendale's LCTOP fund will be exchanged with Metro's "Foothill Mitigation" Fund. Metro will allocate Prop A Discretionary (95% of 40%) GOI funds to these operators.
- (5) Estimated - to be Adjusted to Actual apportionment.

II. LOCAL SUBSIDIES

PROPOSITION A 5% OF 40% DISCRETIONARY PROGRAMS

PRIORITY I: EXISTING SUB-REGIONAL PARATRANSIT PROJECTS ⁽¹⁾		Total Allocation
1	Agoura Hills	\$ 62,167
2	Antelope Valley, Elderly & Disabled	1,387,111
3	Culver City Community Transit and LA County	148,029
4	Gardena, Hawthorne and LA County	191,256
5	Glendale Paratransit and La Canada Flintridge	295,311
6	Inglewood Transit and Hawthorne	295,568
7	LA County (Whittier et al)	195,737
8	LA County (Willowbrook)	80,781
9	Los Angeles Taxi & Lift Van, City Ride ⁽²⁾	508,040
10	Los Angeles Dial-a-Ride, City Ride ⁽²⁾	2,221,070
11	Monrovia D.A.R. and LA County	276,230
12	Palos Verdes PTA D.A.R.	28,227
13	Palos Verdes PTA - PV Transit	610,930
14	Pasadena Community Transit, San Marino and LA County	650,775
15	Pomona Valley TA - E&D (Get About)	1,141,017
16	Pomona Valley TA General Public (VC)	24,492
17	Santa Clarita D.A.R.	2,714,103
18	West Hollywood (DAR)	216,713
19	Whittier (DAR)	572,490
20	TOTAL EXISTING SUB-REGIONAL PARATRANSIT PROJECTS	\$ 11,620,044
PRIORITY II: SERVICES THAT RECEIVE GROWTH OVER INFLATION		
21	City of L.A. - Bus Service Continuation Project/DASH/Central City Shuttle	\$ -
22	Santa Clarita - Local Fixed Route	-
23	Antelope Valley - Local Fixed Route	-
24	Foothill - Bus Service Continuation Project	-
25	TOTAL SERVICES THAT RECEIVE GROWTH OVER INFLATION	\$ -
26 PRIORITY III: APPROVED EXISTING EXPANDED PARATRANSIT		\$ -
27 PRIORITY IV: APPROVED NEW EXPANDED PARATRANSIT SERVICES		\$ -

Los Angeles County Metropolitan Transportation Authority
 FY 2027 Transit Fund Allocations

ATTACHMENT A

PROPOSITION A 5% OF 40% DISCRETIONARY PROGRAMS (Continued)

(In Order of Priority)

Priority V: VOLUNTARY NTD DATA REPORTING				
(Estimated - to be Adjusted to Actual apportionment)				
FY25 NTD Report Year		Estimate	Tier 2 Deduction	Total Allocation
28	City of Alhambra (MB and DR)	\$ 151,489		\$ 151,489
29	City of Artesia (DR)	19,921		19,921
30	City of Azusa (DR)	39,092		39,092
31	City of Baldwin Park (MB and DR)	126,301		126,301
32	City of Bell (MB, DR and DT)	22,305		22,305
33	City of Bell Gardens (MB and DR)	70,477		70,477
34	City of Bellflower (MB and DR)	49,813		49,813
35	City of Burbank (MB)* (2)	135,096	(24,250)	110,845
36	City of Calabasas (MB and DR)	57,609		57,609
37	City of Carson (MB, DR and DT)	70,521		70,521
38	City of Cerritos (MB and DR)	79,809		79,809
39	City of Compton (MB and DR)	97,746		97,746
40	City of Covina (DR)	26,138		26,138
41	City of Cudahy (MB and DR)	29,974		29,974
42	City of Downey (MB and DR)	86,880		86,880
43	City of El Monte (MB and DR)	138,075		138,075
44	City of Glendora (MB and DR)	54,840		54,840
45	City of Glendale (MB)* (2)	494,448	(88,756)	405,692
46	City of Huntington Park (MB)	62,703		62,703
47	City of Los Angeles -- Community DASH* (MB) (2)	2,542,417	(456,376)	2,086,041
48	City of Los Angeles -- Department of Aging (DR) (2)	148,186		148,186
49	LA County Dept. of Public Works -- Avocado Heights (MB)	22,240		22,240
50	LA County Dept. of Public Works -- East Valinda (MB)	25,117		25,117
51	LA County Dept. of Public Works -- East LA (MB and DR)	149,194		149,194
52	LA County Dept. of Public Works -- Willowbrook (MB)	43,131		43,131
53	LA County Dept. of Public Works -- King Medical (MB)	20,374		20,374
54	LA County Dept. of Public Works -- Athens (MB)	20,817		20,817
55	LA County Dept. of Public Works -- Lennox (MB)	15,487		15,487
56	LA County Dept. of Public Works -- South Whittier (MB)	110,300		110,300
57	LA County Dept. of Public Works -- Florance/Firestone (MB)	34,309		34,309
58	City of Lakewood (DR)	25,897		25,897
59	City of Lynwood (MB)	78,305		78,305
60	City of Malibu (DT)	5,457		5,457
61	City of Manhattan Beach (DR)	9,761		9,761
62	City of Maywood (MB and DR)	27,377		27,377
63	City of Monterey Park (MB and DR)	147,236		147,236
64	City of Pasadena (MB)*	519,836	(93,313)	426,523
65	City of Pico Rivera (DR)	13,488		13,488
66	City of Rosemead (MB and DR)	90,901		90,901
67	City of Santa fe Springs (DR)	9,366		9,366
68	City of South Gate (DT and MB)	141,297		141,297
69	City of South Pasadena (DR)	14,152		14,152
70	City of West Covina (MB and DR)	\$ 96,896		96,896
71	City of West Hollywood (MB)	\$ 61,661		61,661
72	TOTAL VOLUNTARY NTD DATA REPORTING	\$ 6,186,442	\$ (662,695)	\$ 5,523,747

PROPOSITION A 5% OF 40% DISCRETIONARY PROGRAMS (Continued)
 (In Order of Priority)

PRIORITY VI: SPECIAL DEMONSTRATION PROJECTS		Total Allocation
73	Avalon Ferry Subsidy (3)	\$ 800,000
74	Avalon Transit Services (Jitney and Dial-a-Ride) (3)	200,000
75	Hollywood Bowl Shuttle Service	1,057,000
76	TOTAL SPECIAL DEMONSTRATION PROJECTS	\$ 2,057,000
77	Total funds	\$ 19,200,791
78	Reserves for contingencies (4)	46,584
79	TOTAL ESTIMATED REVENUE	\$ 19,247,375
80	Surplus (Deficit)	\$ -

NOTES:

- (1) Priority I allocations are now based on new Board approved Prop A Incentive guidelines.
- (2) Tier 2 Operators' share have been reduced by % of GOI Funding per Tier 2 Operators Funding Program.
- (3) Avalon's subsidy total remains unchanged. The City has requested that Metro adjust the Ferry and Land Transit subsidy from a \$7K/\$3K split to an \$8K/\$2K split, reflecting the increase in ferry fares.
- (4) These funds are held in reserve for future contingency purposes such as deficit years, growth over inflation, approved new or existing expanded paratransit services, and new NTD reporters.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

**Prop A, Prop C, MR & MM LOCAL RETURN
TDA ARTICLE 3 & 8**

LOCAL JURISDICTION	Population DOF Report 2025 data ⁽¹⁾	Population as % of County	Proposition A Local Return Estimate ⁽²⁾	Proposition C Local Return Estimate ⁽²⁾	Measure R Local Return Estimate ⁽²⁾	Measure M Local Return Estimate	TDA Article 3 Ped & Bike (A)	TDA Article 8 (S & H)		Total
								Population	Article 8 Allocation	
1 AGOURA HILLS	19,904	0.2015%	\$ 521,213	\$ 432,332	\$ 324,249	\$ 367,482	\$ 16,759		\$ -	\$ 1,662,036
2 ALHAMBRA	82,374	0.8340%	2,157,073	1,789,236	1,341,927	1,520,850	69,321			6,878,407
3 ARCADIA	56,116	0.5682%	1,469,472	1,218,889	914,167	1,036,055	47,228			4,685,811
4 ARTESIA	16,359	0.1656%	428,382	355,332	266,499	302,032	13,776			1,366,021
5 AVALON	3,383	0.0343%	88,588	73,482	55,111	62,459	5,000	3,383	167,800	452,441
6 AZUSA	48,988	0.4960%	1,282,816	1,064,062	798,047	904,453	41,230			4,090,609
7 BALDWIN PARK	70,848	0.7173%	1,855,250	1,538,881	1,154,161	1,308,049	59,623			5,915,963
8 BELL	33,315	0.3373%	872,398	723,631	542,723	615,086	28,043			2,781,881
9 BELLFLOWER	76,656	0.7761%	2,007,340	1,665,036	1,248,777	1,415,280	64,510			6,400,942
10 BELL GARDENS	38,471	0.3895%	1,007,415	835,624	626,718	710,280	32,381			3,212,418
11 BEVERLY HILLS	31,945	0.3234%	836,523	693,873	520,405	589,792	26,890			2,667,484
12 BRADBURY	902	0.0091%	23,620	19,592	14,694	16,653	5,000			79,560
13 BURBANK	106,146	1.0747%	2,779,575	2,305,584	1,729,188	1,959,747	89,323			8,863,417
14 CALABASAS	22,797	0.2308%	596,970	495,171	371,378	420,895	19,193			1,903,607
15 CARSON	91,812	0.9296%	2,404,220	1,994,237	1,495,678	1,695,102	77,262			7,666,499
16 CERRITOS	47,871	0.4847%	1,253,566	1,039,800	779,850	883,830	40,290			3,997,337
17 CLAREMONT	37,299	0.3776%	976,724	810,167	607,625	688,642	31,395			3,114,553
18 COMMERCE	12,146	0.1230%	318,059	263,822	197,866	224,249	10,231			1,014,227
19 COMPTON	93,692	0.9486%	2,453,450	2,035,072	1,526,304	1,729,812	78,844			7,823,483
20 COVINA	51,090	0.5173%	1,337,860	1,109,720	832,290	943,262	42,999			4,266,130
21 CUDAHY	22,132	0.2241%	579,556	480,726	360,545	408,617	18,634			1,848,078
22 CULVER CITY	40,403	0.4091%	1,058,007	877,589	658,191	745,950	34,007			3,373,744
23 DIAMOND BAR	53,539	0.5421%	1,401,990	1,162,914	872,186	988,477	45,059			4,470,626
24 DOWNEY	111,871	1.1327%	2,929,492	2,429,936	1,822,452	2,065,446	94,140			9,341,466
25 DUARTE	23,746	0.2404%	621,821	515,784	386,838	438,416	19,992			1,982,851
26 EL MONTE	107,986	1.0933%	2,827,758	2,345,551	1,759,163	1,993,718	90,871			9,017,061
27 EL SEGUNDO	16,983	0.1719%	444,723	368,886	276,664	313,553	14,301			1,418,127
28 GARDENA	60,263	0.6101%	1,578,067	1,308,965	981,724	1,112,620	50,717			5,032,094
29 GLENDALE	192,212	1.9461%	5,033,328	4,175,013	3,131,260	3,548,761	161,739			16,050,101
30 GLENDORA	51,254	0.5189%	1,342,155	1,113,282	834,961	946,290	43,137			4,279,824
31 HAWAIIAN GARDENS	13,561	0.1373%	355,113	294,557	220,918	250,373	11,422			1,132,383
32 HAWTHORNE	85,653	0.8672%	2,242,938	1,860,458	1,395,344	1,581,390	72,080			7,152,210
33 HERMOSA BEACH	19,014	0.1925%	497,907	413,001	309,751	351,051	16,010			1,587,719
34 HIDDEN HILLS	1,746	0.0177%	45,721	37,925	28,443	32,236	5,000			149,325
35 HUNTINGTON PARK	53,051	0.5371%	1,389,211	1,152,314	864,236	979,467	44,649			4,429,877

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

Prop A, Prop C, MR & MM LOCAL RETURN
TDA ARTICLE 3 & 8 (Continued)

LOCAL JURISDICTION	Population DOF Report 2023 data ⁽¹⁾	Population as % of County	Proposition A Local Return Estimate ⁽²⁾	Proposition C Local Return Estimate ⁽²⁾	Measure R Local Return Estimate ⁽²⁾	Measure M Local Return Estimate	TDA Article 3 Ped & Bike (A)	TDA Article 8 (S & H)		Total
								Population	Article 8 Allocation	
36 INDUSTRY (B)	431	0.0044%	11,286	9,362	7,021	7,957	-			35,627
37 INGLEWOOD	106,305	1.0763%	2,783,739	2,309,038	1,731,778	1,962,682	89,457			8,876,694
38 IRWINDALE	1,509	0.0153%	39,515	32,777	24,583	27,860	5,000			129,735
39 LA CANADA-FLINTRIDGE	20,160	0.2041%	527,917	437,893	328,420	372,209	16,974			1,683,412
40 LA HABRA HEIGHTS	5,503	0.0557%	144,103	119,530	89,647	101,600	5,000			459,881
41 LAKEWOOD	80,596	0.8160%	2,110,514	1,750,616	1,312,962	1,488,023	67,825			6,729,940
42 LA MIRADA	48,233	0.4883%	1,263,046	1,047,663	785,747	890,514	40,595			4,027,565
43 LANCASTER	177,768	1.7999%	4,655,093	3,861,277	2,895,958	3,282,085	149,586	177,768	8,817,477	23,661,476
44 LA PUENTE	37,546	0.3801%	983,192	815,532	611,649	693,202	31,603			3,135,178
45 LA VERNE	32,300	0.3270%	845,819	701,584	526,188	596,347	27,189			2,697,127
46 LAWDALE	30,860	0.3124%	808,110	670,306	502,730	569,760	25,977			2,576,884
47 LOMITA	20,407	0.2066%	534,385	443,258	332,443	376,769	17,182			1,704,037
48 LONG BEACH	462,561	4.6833%	12,112,778	10,047,231	7,535,423	8,540,146	389,210			38,624,788
49 LOS ANGELES CITY	3,835,263	38.8310%	100,431,489	83,305,277	62,478,958	70,809,486	3,666,957			320,692,167
50 LYNWOOD	66,660	0.6749%	1,745,581	1,447,914	1,085,935	1,230,727	56,099			5,566,256
51 MALIBU	10,604	0.1074%	277,680	230,328	172,746	195,779	8,934			885,467
52 MANHATTAN BEACH	34,051	0.3448%	891,671	739,618	554,713	628,675	28,662			2,843,339
53 MAYWOOD	24,496	0.2480%	641,461	532,075	399,056	452,263	20,623			2,045,477
54 MONROVIA	38,920	0.3941%	1,019,172	845,377	634,032	718,570	32,759			3,249,910
55 MONTEBELLO	62,732	0.6351%	1,642,721	1,362,594	1,021,946	1,158,205	52,794			5,238,260
56 MONTEREY PARK	59,269	0.6001%	1,552,038	1,287,375	965,531	1,094,268	49,881			4,949,093
57 NORWALK	101,075	1.0234%	2,646,784	2,195,438	1,646,578	1,866,122	85,056			8,439,978
58 PALMDALE	167,097	1.6918%	4,375,658	3,629,493	2,722,120	3,085,069	140,607	167,097	8,288,185	22,241,133
59 PALOS VERDES ESTATE	12,999	0.1316%	340,396	282,350	211,762	239,997	10,949			1,085,454
60 PARAMOUNT	52,371	0.5302%	1,371,405	1,137,544	853,158	966,912	44,077			4,373,096
61 PASADENA	140,631	1.4239%	3,682,611	3,054,629	2,290,972	2,596,434	118,339			11,742,984
62 PICO RIVERA	60,858	0.6162%	1,593,648	1,321,889	991,417	1,123,606	51,218			5,081,777
63 POMONA	153,042	1.5495%	4,007,609	3,324,207	2,493,155	2,825,576	128,781			12,779,327
64 RANCHO PALOS VERDE	40,727	0.4123%	1,066,491	884,626	663,470	751,932	34,279			3,400,798
65 REDONDO BEACH	68,091	0.6894%	1,783,054	1,478,996	1,109,247	1,257,147	57,303			5,685,748
66 ROLLING HILLS	1,677	0.0170%	43,914	36,426	27,319	30,962	5,000			143,622
67 ROLLING HILLS ESTATES	8,545	0.0865%	223,762	185,605	139,204	157,764	7,202			713,536
68 ROSEMEAD	50,501	0.5113%	1,322,436	1,096,926	822,695	932,387	42,503			4,216,947
69 SAN DIMAS	34,209	0.3464%	895,808	743,049	557,287	631,592	28,795			2,856,532
70 SAN FERNANDO	23,692	0.2399%	620,407	514,611	385,958	437,419	19,946			1,978,342

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

**Prop A, Prop C, MR & MM LOCAL RETURN
TDA ARTICLE 3 & 8 (Continued)**

LOCAL JURISDICTION	Population DOF Report 2023 data ⁽¹⁾	Population as % of County	Proposition A Local Return Estimate ⁽²⁾	Proposition C Local Return Estimate ⁽²⁾	Measure R Local Return Estimate ⁽²⁾	Measure M Local Return Estimate	TDA Article 3 Ped & Bike (A)	TDA Article 8 (S & H)		Total
								Population	Article 8 Allocation	
71 SAN GABRIEL	38,953	0.3944%	1,020,036	846,093	634,570	719,179	32,787			3,252,666
72 SAN MARINO	12,330	0.1248%	322,878	267,818	200,864	227,646	10,386			1,029,592
73 SANTA CLARITA	232,377	2.3528%	6,085,102	5,047,432	3,785,574	4,290,317	195,534	232,377	11,526,141	30,930,101
74 SANTA FE SPRINGS	18,680	0.1891%	489,161	405,746	304,309	344,884	15,729			1,559,829
75 SANTA MONICA	93,212	0.9437%	2,440,881	2,024,646	1,518,485	1,720,949	78,440			7,783,402
76 SIERRA MADRE	10,870	0.1101%	284,645	236,106	177,079	200,690	9,158			907,679
77 SIGNAL HILL	11,421	0.1156%	299,074	248,074	186,056	210,863	9,621			953,688
78 SOUTH EL MONTE	19,535	0.1978%	511,550	424,317	318,238	360,670	16,448			1,631,224
79 SOUTH GATE	92,955	0.9411%	2,434,151	2,019,064	1,514,298	1,716,205	78,224			7,761,942
80 SOUTH PASADENA	26,287	0.2661%	688,360	570,977	428,233	485,330	22,130			2,195,029
81 TEMPLE CITY	36,322	0.3678%	951,140	788,946	591,709	670,604	30,573			3,032,972
82 TORRANCE	143,261	1.4505%	3,751,481	3,111,755	2,333,816	2,644,991	120,551			11,962,594
83 VERNON	207	0.0021%	5,421	4,496	3,372	3,822	5,000			22,111
84 WALNUT	28,214	0.2857%	738,821	612,833	459,625	520,908	23,751			2,355,938
85 WEST COVINA	109,428	1.1079%	2,865,518	2,376,872	1,782,654	2,020,341	92,084			9,137,470
86 WEST HOLLYWOOD	35,284	0.3572%	923,959	766,399	574,800	651,440	29,700			2,946,297
87 WESTLAKE VILLAGE	7,918	0.0802%	207,343	171,986	128,989	146,188	6,674			661,181
88 WHITTIER	87,850	0.8895%	2,300,470	1,908,179	1,431,134	1,621,952	73,929			7,335,664
89 UNINCORP LA COUNTY	1,004,490	10.1702%	26,303,914	21,818,404	16,363,803	18,545,643	1,871,760	136,022	6,746,833	91,650,357
90 TOTAL	9,876,811	100.0000%	\$ 258,637,500	\$ 214,533,000	\$ 160,899,750	\$ 182,353,050	\$ 9,799,899	716,647	\$ 35,546,436	\$ 861,769,635

NOTES:

(1) Population estimates are based on State of California Department of Finance's (DOF) 2025 population estimates. The Unincorporated Population figure for TDA Article 8 is based on 2007 estimates by Urban Research.

(2) Proposition A, Proposition C, Measure R and Measure M Local Return funds are allocated their share of estimated revenues (minus administration) without carryover since payments are made based on actual revenues received.

TDA Article 3 Allocation:

(A) 15% of the estimated revenue is first awarded to the City of Los Angeles and Los Angeles County (30%-70% split) as Supplemental Allocation.

(B) City of Industry has opted out of the TDA Article 3 program indefinitely.

III. BUS TRANSIT SUBSIDIES

Federal Formula Grants

FEDERAL FORMULA GRANTS REVENUE ESTIMATES

Estimated - to be Adjusted to Actual apportionment

Los Angeles County Share of Los Angeles-Long Beach-Anaheim UZA

1	<u>Section 5307 Urbanized Area Formula Grants:</u>		
	Estimated Revenue		<u>\$ 316,281,478</u>
2	Estimated Revenue	\$ 316,281,478	
3	Off the Top:		
	1% Enhancement Allocation	<u>(3,162,815)</u>	
4			<u>\$ 313,118,663</u>
5	85% Formula Allocation	\$ 266,150,864	
6	Allocated to Munis	\$ 266,150,864	
7	15% Discretionary Allocation	<u>46,967,799</u>	
8			<u>\$ 313,118,663</u>
	<u>Section 5339 Bus and Bus Facilities Formula Grants:</u>		
9	Estimated Revenue		<u>\$ 25,335,042</u>
	<u>Section 5337 State of Good Repair (LA County Share of LA UZA 2):</u>		
	High Intensity Fixed Guideway:		
10	Directional Route Miles (DRM) Generated	\$ 52,237,980	
11	Vehicle Revenue Miles (VRM) Generated	<u>92,278,251</u>	
12			<u>\$ 144,516,231</u>
	High Intensity Motorbus:		
13	Directional Route Miles (DRM) Generated	\$ 3,995,623	
14	Vehicle Revenue Miles (VRM) Generated	<u>6,088,481</u>	
15			<u>\$ 10,084,104</u>
16	Section 5337 State of Good Repair Total Estimated Revenue		<u>\$ 154,600,335</u>
17	Total Federal Formula Funds Available		<u>\$ 496,216,855</u>

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

FEDERAL FORMULA GRANTS (Estimated - to be Adjusted to Actual apportionment)

Operators	Urbanized Formula Program (Section 5307)			Bus & Bus Facilities (Section 5339)			State of Good Repair (Section 5337)			Total FY27	FY25 Adjustment ⁽¹⁾	FY27 Available
	Allocation	Fund Exchanges	Adjusted Allocation	Allocation	Fund Exchange	Adjusted Allocation	Allocation	Fund Exchange	Adjusted Allocation			
Included Operators:												
1 Metro Bus Operations	\$ 200,120,439	\$ (16,317,284)	\$ 183,803,155	\$ 16,754,346	\$ 8,580,696	\$ 25,335,042	\$ 146,463,748	\$ 8,136,589	\$ 154,600,335	\$ 363,738,532	\$ (520,681)	\$ 363,217,851
Municipal Operators:												
2 Arcadia	474,009	45,121	519,130	45,121	(45,121)	-	-	-	-	519,130	(2,475)	516,655
3 Claremont	67,793	6,453	74,246	6,453	(6,453)	-	-	-	-	74,246	(307)	73,939
4 Commerce	3,976,969	108,361	4,085,330	108,361	(108,361)	-	-	-	-	4,085,330	(4,574)	4,080,756
5 Culver City	4,143,858	394,456	4,538,314	394,456	(394,456)	-	-	-	-	4,538,314	831,622	5,369,936
6 Foothill Transit	27,782,668	9,014,487	36,797,156	2,448,001	(2,448,001)	-	6,566,486	(6,566,486)	-	36,797,156	(98,135)	36,699,021
7 Gardena	2,712,216	258,177	2,970,393	258,177	(258,177)	-	-	-	-	2,970,393	(8,448)	2,961,945
8 La Mirada	175,412	16,698	192,109	16,698	(16,698)	-	-	-	-	192,109	(1,180)	190,929
9 Long Beach	24,977,424	1,594,295	26,571,719	1,774,379	(1,774,379)	-	219,916	(219,916)	-	26,571,719	(54,423)	26,517,297
10 Montebello	7,368,990	384,324	7,753,313	384,324	(384,324)	-	-	-	-	7,753,313	(14,520)	7,738,793
11 Norwalk	3,945,127	206,432	4,151,559	206,432	(206,432)	-	-	-	-	4,151,559	(6,488)	4,145,071
12 Redondo Beach	913,975	87,002	1,000,977	87,002	(87,002)	-	-	-	-	1,000,977	(4,246)	996,731
13 Santa Monica	16,315,037	1,234,610	17,549,646	1,143,548	(1,143,548)	-	91,062	(91,062)	-	17,549,646	(40,227)	17,509,419
14 Torrance	3,904,166	371,640	4,275,805	371,640	(371,640)	-	-	-	-	4,275,805	(16,228)	4,259,577
15 Sub-Total	96,757,642	13,722,054	110,479,697	7,244,592	(7,244,592)	-	6,877,464	(6,877,464)	-	110,479,697	580,373	111,060,070
Excluded Operators:												
16 Antelope Valley	-	-	-	-	-	-	-	-	-	-	-	-
17 LADOT	19,403,397	2,595,229	21,998,626	1,336,104	(1,336,104)	-	1,259,125	(1,259,125)	-	21,998,626	(59,692)	21,938,934
18 Santa Clarita	-	-	-	-	-	-	-	-	-	-	-	-
19 Foothill BSCP	-	-	-	-	-	-	-	-	-	-	-	-
20 Sub-Total	19,403,397	2,595,229	21,998,626	1,336,104	(1,336,104)	-	1,259,125	(1,259,125)	-	21,998,626	(59,692)	21,938,934
21 Total Excluding Metro	116,161,039	16,317,284	132,478,323	8,580,696	(8,580,696)	-	8,136,589	(8,136,589)	-	132,478,323	520,681	132,999,004
22 Grand Total	\$ 316,281,477	\$ -	\$ 316,281,477	\$ 25,335,042	\$ -	\$ 25,335,042	\$ 154,600,335	\$ -	\$ 154,600,335	\$ 496,216,854	\$ -	\$ 496,216,854

Note: Totals may not add due to rounding.

(1) FY25 federal formula allocations were impacted by an error in Culver City's reported Active Vehicle count (14 reported instead of 54), resulting in an under-allocation of approximately \$831,622. To correct this miscalculation, an adjustment will be included in the FY27 Federal Transit Fund Allocation to make Culver City whole, as reflected in the FY27 Federal Allocation Schedule.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

FEDERAL SECTION 5307 CAPITAL ALLOCATION
(Estimated - to be Adjusted to Actual apportionment)

	OPERATOR	LA UZA 2 NET FORMULA SHARE ⁽¹⁾	85% FORMULA ALLOCATION	15% DISCRETIONARY ALLOCATION		1% ENHANCEMENT ALLOCATION		TOTAL	TDA Fund Exchange	S5339/S5337 Fund Exchange ⁽²⁾	Total Funds Available
				Project Title	\$ Amount	Project Title	\$ Amount				
1	Antelope Valley	0.0000%	\$ -					\$ -		\$ -	\$ -
2	Arcadia	0.1781%	474,009					474,009		45,121	519,130
3	Claremont	0.0255%	67,793					67,793		6,453	74,246
4	Commerce	0.4277%	1,138,360	City of Commerce Transit Maintenance Facility Solar Project	\$ 2,097,809	Bus Stop Amenities Improvement Project - Completion Phase	\$ 740,800	3,976,969		108,361	4,085,330
5	Culver City	1.5570%	4,143,858					4,143,858		394,456	4,538,314
6	Foothill Transit	9.6625%	25,716,859	Battery-Electric Bus Charger Replacement	2,065,809			27,782,668		9,014,487	36,797,156
7	Gardena	1.0191%	2,712,216					2,712,216		258,177	2,970,393
8	LADOT	5.2737%	14,036,103	CNG Bus Replacement for LADOT	5,367,294	Router Upgrades for Buses	-	19,403,397		2,595,229	21,998,626
9	La Mirada	0.0659%	175,412					175,412		16,698	192,109
##	Long Beach Transit	7.0037%	18,640,292	Zero Emission Bus Replacement	5,380,782	Four Corners Bus Stop Improvement	556,350	24,977,424 ⁽³⁾	(400,000)	1,994,295	26,571,719
##	Montebello	1.5170%	4,037,415	Zero-Emission Hydrogen Bus Fleet Replacement Initiative	2,609,575	Bus Stop Improvement Project (BSIP)	722,000	7,368,990		384,324	7,753,313
##	Metro Bus Operations	66.1311%	176,008,539	LA Metro Bus Procurement Project	23,283,900	Proof of Concept Pilot	828,000	200,120,439 ⁽³⁾	400,000	(16,717,284)	183,803,155
##	Norwalk	0.8148%	2,168,619	Norwalk Transit Fleet Replacement	1,460,843	Onboard Digital Information Display System	315,665	3,945,127		206,432	4,151,559
##	Redondo Beach	0.3434%	913,975					913,975		87,002	1,000,977
##	Santa Clarita	0.0000%	-					-		-	-
16	Santa Monica	4.5137%	12,013,250	Replacement of 40-foot Buses	4,301,787			16,315,037		1,234,610	17,549,646
##	Torrance	1.4669%	3,904,166					3,904,166		371,640	4,275,805
##	TOTAL	100.0000%	\$ 266,150,864		\$ 46,967,799		\$ 3,162,815	\$ 316,281,477	\$ -	\$ -	\$ 316,281,478

Notes: Total may not add due to rounding.

(1) Beginning with the FY24 apportionments, AVTA and Santa Clarita no longer report their NTD data under the LA-LB-OC UZA. Instead, they now report exclusively under the Palmdale-Lancaster and/or Santa Clarita UZAs. As a result, they are no longer included in the federal funding allocation for the LA UZA.

(2) Operators' share of Section 5337 and 5339 will be exchanged with Metro's share of Section 5307 allocation.

(3) Allocations for the Southern California Regional Transit Training Consortium (SCR TTC) will be facilitated by Long Beach Transit. These funds will be exchanged with Metro's TDA 4 allocation.

FEDERAL SECTION 5337 - STATE OF GOOD REPAIR
 (Estimated - to be Adjusted to Actual apportionment)

LOS ANGELES COUNTY SHARE (UZA 2)	Directional Route Miles (DRM) Allocation			Vehicle Revenue Miles (VRM) Allocation			Total \$ Allocation	Fund Exchange (1)	Net Funds Available ⁽¹⁾
	DRM	DRM%	DRM \$Allocation	VRM	VRM%	VRM \$Allocation			
High Intensity Fixed Guideway:									
1 Metro (Including Metrolink)	506.0	99.783%	\$ 52,124,666	25,453,596	98.769%	\$ 91,142,009	\$ 143,266,674	\$ 1,249,559	\$ 144,516,231
2 Long Beach Transit	0.5	0.099%	51,507	47,032	0.183%	168,408	219,916	(219,916)	-
3 Santa Monica	0.6	0.118%	61,808	8,170	0.032%	29,254	91,062	(91,062)	-
4 Foothill Transit	-	0.000%	-	262,121	1.017%	938,580	938,581	(938,581)	-
5 Sub-total	507.1	100.000%	52,237,980	25,770,919	100.000%	92,278,251	144,516,232	-	144,516,231
High Intensity Motorbus:									
6 Foothill Transit	39.4	26.785%	1,070,208	1,528,527	74.858%	4,557,697	5,627,905	(5,627,905)	-
7 LADOT	35.1	23.861%	953,408	102,529	5.021%	305,717	1,259,125	(1,259,125)	-
8 Metro Bus Operations	72.6	49.354%	1,972,007	410,854	20.121%	1,225,067	3,197,074	6,887,029	10,084,104
9 Sub-total	147.1	100.00%	3,995,623	2,041,910	100.000%	6,088,481	10,084,103	-	10,084,104
10 Total LA County Share - UZA 2	654.20		\$ 56,233,603	27,812,829	200.000%	\$ 98,366,732	\$ 154,600,335	\$ -	\$ 154,600,335

Note:

(1) Operators' share of Section 5337 will be exchanged with Metro's share of Section 5307 allocation.

FEDERAL SECTION 5339 - BUS AND BUS CAPITAL ALLOCATION

(Estimated - to be Adjusted to Actual apportionment)

	OPERATOR	LA UZA 2 NET FORMULA SHARE	Net Formula Share	Fund Exchange	Net Funds Available ⁽¹⁾
1	Antelope Valley	0.0000%	\$ -	\$ -	\$ -
2	Arcadia	0.1781%	45,121	(45,121)	-
3	Claremont	0.0255%	6,453	(6,453)	-
4	Commerce	0.4277%	108,361	(108,361)	-
5	Culver City	1.5570%	394,456	(394,456)	-
6	Foothill Transit	9.6625%	2,448,001	(2,448,001)	-
7	Gardena	1.0191%	258,177	(258,177)	-
8	LADOT	5.2737%	1,336,104	(1,336,104)	-
9	La Mirada	0.0659%	16,698	(16,698)	-
10	Long Beach	7.0037%	1,774,379	(1,774,379)	-
11	Montebello	1.5170%	384,324	(384,324)	-
12	Metro Bus Operations	66.1311%	16,754,346	8,580,696	25,335,042
13	Norwalk	0.8148%	206,432	(206,432)	-
14	Redondo Beach	0.3434%	87,002	(87,002)	-
15	Santa Clarita	0.0000%	-	-	-
16	Santa Monica	4.5137%	1,143,548	(1,143,548)	-
17	Torrance	1.4669%	371,640	(371,640)	-
18	TOTAL	100.0000%	\$ 25,335,042	\$ -	\$ 25,335,042

Note:

(1) Operators' share of Section 5339 will be exchanged with Metro's share of Section 5307 allocation.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

CAPITAL ALLOCATION % SHARE CALCULATION

	OPERATOR	MILEAGE CALCULATION (FY25 data)				ACTIVE FLEET CALCULATION (FY25 data)						
		Local Vehicle Miles [Input]	Express Vehicle Miles [Input]	Total Miles Weighted 60% Local/ 40% Express	1/3 Weight	Active Fleet (2) [Input]	Peak Bus Fixed Route (3) [Input]	Allowable Peak Bus (Peak+20%)	DAR Seats (4) [Input]	Bus Eqvt. (44 Seats per Bus)	Total Active Vehicle	1/3 Weight
1	Antelope Valley	0	0	0	0.0000%	0	0	0.0	0	0.0	-	0.0000%
2	Arcadia DR	94,930	-	56,958	0.0254%	0	0	0.0	78	1.8	1.8	0.0185%
3	Arcadia MB	198,472	-	119,083	0.0532%	9	6	7.2	0	0.0	7.2	0.0750%
4	Claremont	59,382	-	35,629	0.0159%	0	0	0.0	22	0.5	0.5	0.0052%
5	Commerce	542,231	-	325,339	0.1453%	23	15	18.0	64	1.5	19.5	0.2025%
6	Culver City	1,688,038	-	1,012,823	0.4524%	60	46	55.2	0	0.0	55.2	0.5747%
7	Foothill Transit	14,853,627	1,881,531	9,664,789	4.3170%	357	307	357.0	0	0.0	357.0	3.7167%
8	Gardena	1,321,137	-	792,682	0.3541%	25	24	25.0	15	0.3	25.3	0.2638%
9	LADOT	4,868,229	3,268,129	4,228,189	1.8886%	259	213	255.6	0	0.0	255.6	2.6611%
10	La Mirada	61,579	-	36,947	0.0165%	0	0	0.0	182	4.1	4.1	0.0431%
11	Long Beach	7,594,466	-	4,556,680	2.0353%	239	184	220.8	40	0.9	221.7	2.3082%
12	Montebello	1,767,073	40,862	1,076,589	0.4809%	55	39	46.8	4	0.1	46.9	0.4882%
13	Metro Bus Operations	76,474,974	5,192,520	47,961,992	21.4231%	2,066	1,620	1,944.0	0	0.0	1,944.0	20.2390%
14	Norwalk	1,068,307	-	640,984	0.2863%	34	24	28.8	0	0.0	28.8	0.2998%
15	Redondo Beach	462,513	-	277,508	0.1240%	14	12	14.0	75	1.7	15.7	0.1635%
16	Santa Clarita	0	0	0	0.0000%	0	0	0.0	0	0.0	-	0.0000%
17	Santa Monica	4,553,463	48,043	2,751,295	1.2289%	193	137	164.4	0	0.0	164.4	1.7116%
18	Torrance	1,438,624	564,734	1,089,068	0.4865%	59	44	52.8	54	1.2	54.0	0.5625%
19	TOTAL	117,047,045	10,995,819	74,626,555	33.3333%	3,393	2,671	3,189.6	534	12.1	3,201.7	33.3333%

Notes:

(1) Beginning with the FY24 apportionments, AVTA and Santa Clarita no longer report their NTD data under the LA-LB-OC UZA. Instead, they now report exclusively under the Palmdale-Lancaster and/or Santa Clarita UZAs. As a result, they are no longer included in the federal funding allocation for the LA UZA.

Include only MTA Funded Programs:

(2) Source: NTD Report Form A-30 "Vehicle Inventory Report (Mode MB), Number of Active Vehicles in Fleet". LADOT's total active vehicles is reported separately.

(3) Source: NTD Report Form S-10 "Service Non-Rail (Mode MB), Vehicles Operated in Annual Maximum Service". LADOT's figure is from TPM excluding Community Dash.

(4) Source: NTD Report Form A-30 "Vehicle Inventory Report (Mode DR), Seating Capacity". Redondo Beach's Seating Capacity is apportioned between FAP and non-FAP vehicles.

Los Angeles County Metropolitan Transportation Authority
FY 2027 Transit Fund Allocations

ATTACHMENT A

CAPITAL ALLOCATION % SHARE CALCULATION (Continued)

	OPERATOR	FARE UNITS (FY25 data)				UNLINKED PASSENGERS (FY25 data)		Gross Formula Share	LA UZA 2 Net Formula Share
		Passenger Revenue [Input]	Base Fare \$ [Input]	Fare Units	1/2 of 1/3 Weight	Unlinked Passengers [Input]	1/2 of 1/3 Weight		
1	Antelope Valley	\$0	\$ 1.50	0	0.0000%	0	0.0000%	0.0000%	0.0000%
2	Arcadia DR	4,581	0.50	9,162	0.0018%	19,008	0.0010%	0.0468%	0.0468%
3	Arcadia MB	3,773	0.50	7,546	0.0015%	31,191	0.0017%	0.1313%	0.1313%
4	Claremont	36,903	2.50	14,761	0.0029%	26,053	0.0014%	0.0255%	0.0255%
5	Commerce ⁽¹⁾	-	-	249,977	0.0497%	554,573	0.0301%	0.4277%	0.4277%
6	Culver City	1,760,217	1.00	1,760,217	0.3502%	3,308,439	0.1797%	1.5570%	1.5570%
7	Foothill Transit	9,535,782	1.75	5,449,018	1.0840%	10,030,349	0.5448%	9.6625%	9.6625%
8	Gardena	1,341,689	1.00	1,341,689	0.2669%	2,471,629	0.1342%	1.0191%	1.0191%
9	LADOT	2,025,330	1.50	1,350,220	0.2686%	8,385,661	0.4555%	5.2737%	5.2737%
10	La Mirada	23,289	1.00	23,289	0.0046%	31,423	0.0017%	0.0659%	0.0659%
11	Long Beach	10,003,159	1.25	8,002,527	1.5920%	19,664,785	1.0681%	7.0037%	7.0037%
12	Montebello	2,149,212	1.10	1,953,829	0.3887%	2,931,266	0.1592%	1.5170%	1.5170%
13	Metro Bus Operations	98,049,862	1.75	56,028,493	11.1462%	245,283,814	13.3228%	66.1311%	66.1311%
14	Norwalk	994,113	1.25	795,290	0.1582%	1,297,047	0.0705%	0.8148%	0.8148%
15	Redondo Beach	208,643	1.00	208,643	0.0415%	265,919	0.0144%	0.3434%	0.3434%
16	Santa Clarita	-	1.25	0	0.0000%	0	0.0000%	0.0000%	0.0000%
17	Santa Monica	6,438,007	1.25	5,150,406	1.0246%	10,100,208	0.5486%	4.5137%	4.5137%
18	Torrance	1,433,324	1.00	1,433,324	0.2851%	2,445,440	0.1328%	1.4669%	1.4669%
19	TOTAL	\$134,007,884		83,778,392	16.6667%	306,846,805	16.6667%	100.0000%	100.0000%

Note:

(1) Commerce Fare Units are calculated as follows: ((Total Fare Units w/out MTA and Commerce) / (Total Unlinked Passengers w/out MTA and Commerce)) * Commerce Unlinked Passengers.

IV. METRO and MUNICIPAL OPERATORS' FUND EXCHANGE

FUND EXCHANGE BETWEEN LA COUNTY TRANSIT OPERATORS AND METRO

Operators	Municipal Operators			Metro		
	LCTOP	Federal Section 5307	Federal Sections 5339/5337	TDA 4	PA GOI / PC 40%	Federal Section 5307
1 Metro Bus Operations	\$ 5,794,792	\$ 400,000	\$ 16,717,284	\$ (5,148,679)	\$ (1,046,112)	\$ (16,717,284)
Municipal Operators:						
2 Arcadia	(28,822)	-	(45,121)	28,822	-	45,121
3 Claremont	(8,182)	-	(6,453)	8,182	-	6,453
4 Commerce	(75,962)	-	(108,361)	75,962	-	108,361
5 Culver City	(274,002)	-	(394,456)	274,002	-	394,456
6 Foothill Transit	(1,216,194)	-	(9,014,487)	1,216,194	-	9,014,487
7 Gardena	(246,988)	-	(258,177)	246,988	-	258,177
8 LADOT	-	-	(2,595,229)	-	-	2,595,229
9 La Mirada	(15,686)	-	(16,698)	15,686	-	16,698
10 Long Beach Transit ⁽¹⁾	(1,085,748)	(400,000)	(1,994,295)	1,485,748	-	1,994,295
11 Montebello	(360,409)	-	(384,324)	360,409	-	384,324
12 Norwalk	(164,780)	-	(206,432)	164,780	-	206,432
13 Redondo Beach	(52,109)	-	(87,002)	52,109	-	87,002
14 Santa Monica	(852,645)	-	(1,234,610)	852,645	-	1,234,610
15 Torrance	(367,154)	-	(371,640)	367,154	-	371,640
16 Antelope Valley	(364,537)	-	-	-	364,537	-
17 Santa Clarita	(466,460)	-	-	-	466,460	-
18 Glendale	(147,508)	-	-	-	147,508	-
19 Pasadena	-	-	-	-	-	-
20 Burbank	(67,608)	-	-	-	67,608	-
21 Total	\$ (0)	\$ -	\$ (0)	\$ 0	\$ -	\$ 0

Notes:

(1) Allocations for the Southern California Regional Transit Training Consortium (SCR TTC) will be facilitated by Long Beach Transit. These funds will be exchanged with Metro's TDA 4 allocation.

LTSS ZEV Call for Projects Selection & Awards

	Project Proposal	Sponsor	Number of Vehicles	City's Match	Amount Requested	Total Project Cost	Award Value
1	C.O.A.S.T. Fleet Expansion: 3 BEV Golf Carts	Avalon	3	\$ 31,807	\$ 127,226	\$ 159,033	\$ 127,227
2	Purchase 1 BEV	Burbank	1	338,963	1,035,375	1,374,338	1,000,000
3	Tariff Impact on 20 replacement BEVs	Glendale	20	28,300,000	1,200,000	29,500,000	1,020,000
4	Purchase 2 BEV	El Monte	2	624,000	1,578,780	2,202,780	1,515,700
5	Hydrogen Fuel Cell Bus Procurement Cost Adjustment	Pasadena	17	3,514,488	3,031,000	6,545,488	2,400,000
6	Total		43	\$32,809,258	\$6,972,381	\$ 39,781,639	\$ 6,062,927

BEV = battery electric vehicle

Los Angeles County Metropolitan Transportation Authority
FY2027 Transit Fund Allocations**RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR FISCAL YEAR 2026-2027 FOR LOCAL TRANSPORTATION, TRANSPORTATION DEVELOPMENT ACT, AND STATE TRANSIT ASSISTANCE FUND ALLOCATIONS**

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (LACMTA) is the designated Transportation Planning agency for the County of Los Angeles and is, therefore, responsible for the administration of the Transportation Development Act (TDA), Public Utilities Code Section 99200 et seq.; and

WHEREAS, under Chapter 2.5, Article 5, the State Transit Assistance Fund (STA) Section 6753, allocations to claimants shall be made and take effect by resolution and shall designate: 1) the fiscal year for which the allocation is made; 2) the amount allocated to the claimant for each of the purposes defined in Sections 6730 and 6731; and 3) any other terms and conditions of the allocation; and

WHEREAS, Section 6659 requires that allocation instructions be conveyed each year to the county auditor by a written memorandum of its executive director and accompanied by a certified copy of the authorizing resolution; and

WHEREAS, the resolution shall also specify conditions of payment and may call for a single payment, for payments as money becomes available, or for payment by installments monthly, quarterly, or otherwise; and

WHEREAS, the amount of a regional entity's allocation for a fiscal year that is not allocated to claimants for that fiscal year shall be available to the regional entity for allocation in the following fiscal year; and

WHEREAS, Section 6754 requires that the regional entity may allocate funds to an operator or a transit service claimant only if, in the resolution allocating the funds, it finds all of the following:

- a.1 The claimant's proposed expenditures are in conformity with the Regional Transportation Plan.
- a.2 The level of passenger fares and charges is sufficient to enable the operator or transit service claimant to meet the fare revenue requirements of PUC Section 99268.2, 99268.3, 99268.4, 99268.5, and 99268.9, as they may be applicable to the claimant.
- a.3 The claimant is making full use of federal funds available under the Urban Mass Transportation Act of 1964, as amended.
- a.4 The sum of the claimant's allocations from the state transit assistance fund and from the local transportation fund does not exceed the amount the claimant is eligible to receive during the fiscal year.

ATTACHMENT C

**Los Angeles County Metropolitan Transportation Authority
FY2027 Transit Fund Allocations**

- a.5 Priority consideration has been given to claims to offset reductions on federal operating assistance and the unanticipated increase in the cost of fuel, to enhance existing public transportation services, and to meet high priority regional, countywide, or area wide public transportation needs.

WHEREAS, the regional entity may allocate funds to an operator for the purposes specified in Section 6730 only if, in the resolution allocating the funds, it finds all of the following:

- b.1 The operator has made a reasonable effort to implement the productivity improvements recommended pursuant to PUC Section 99244.
- b.2 A certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle code, as required in PUC Section 99251. The certification shall have been completed within the last 13 month, prior to filing claims.
- b.3 The operator is in compliance with the eligibility requirements of PUC Section 99314.6 or 99314.7

WHEREAS, the regional entity may allocate funds to an operator to exchange funds pursuant to PUC Section 99314.4(b) only if, in the resolution allocating the funds made available pursuant to PUC Section 99231, it finds that the operator is eligible to receive State Transit Assistance funds; and

WHEREAS, LACMTA staff in consultation with the Transit Operators and Cities have developed allocations in accordance with the Transportation Development Act as previously specified.

NOW THEREFORE,

- 1.0 The LACMTA Board of Directors approves the allocation of TDA and STA for the Fiscal Year 2026-27 to each claimant for each of the purposes as specified in Attachments A.
- 2.0 The Board of Directors hereby finds that a claimant's proposed expenditures are in conformity with the Regional Transportation Plan, the level of passenger fares and charges is sufficient to enable the operator or transit service claimant to meet the fare revenue requirements; the claimant is making full use of federal funds

ATTACHMENT C

**Los Angeles County Metropolitan Transportation Authority
FY2027 Transit Fund Allocations**

available under the Urban Mass Transportation Act of 1964; the sum of the claimant's allocations from the State Transit Assistance fund and from the Local Transportation Fund does not exceed the amount the claimant is eligible to receive during the fiscal year; and that priority consideration has been given to claims to offset reductions on federal operating assistance and the unanticipated increase in the cost of fuel, to enhance existing public transportation services, and to meet high priority regional, countywide, or area wide public transportation needs.

- 3.0 The Board of Directors hereby finds that, for the purposes specified in Section 6730, the operators eligible for funding have made reasonable efforts to implement the productivity improvements recommended pursuant to PUC Section 99244. A certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, has been remitted. The operator is in compliance with the eligibility requirements of PUC Section 99314.6 or 99314.7.
- 4.0 The Board of Directors hereby authorizes that the operators listed in Attachment A are eligible to receive State Transit Assistance funds.
- 5.0 The Board of Directors hereby authorizes that the operators may receive payments upon meeting the requirements of the STA eligibility test and submittal of TDA and STA claims.

CERTIFICATION

The undersigned, duly qualified and acting as the Board Clerk of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct representation of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on May 28, 2026.

COLLETTE LANGSTON
Board Clerk

DATED:
(SEAL)

**Summary of Significant Information, Methodologies & Assumptions
for Revenue Estimates**

- Sales tax is projected to be \$1,089.0 million per ordinance, an increase of 1.8% over the FY26 estimated revenue of \$1,070.0 million.
- Assumed Consumer price index (CPI) growth of 3.0% represents a composite index from several economic forecasting sources.
- Senate Bill (SB) 1, known as the Road Repair and Accountability Act of 2017, allocates formula funds to transit agencies for two different programs: 1) State of Good Repair (SGR) and 2) State Transit Assistance. SGR is a program funded by the increase in Vehicle License Fees. To be eligible for SGR funding, eligible transit agencies must comply with various reporting requirements. The second program augments the base of the State Transit Assistance program with a portion of the new sales tax on diesel fuel. Recipients are asked to provide supplemental reporting on the augmented State Transit Assistance funding received each fiscal year to allow for transparency and accountability of all SB 1 expenditures. Recipients are asked to report on the general uses of STA expenditures. These funds are allocated using FAP calculation methodology to Included and Eligible Operators.
- Pursuant to section 130004, up to 1 percent of annual TDA revenues shall be allocated to Metro and up to $\frac{3}{4}$ percent shall be allocated to Southern California Association of Governments (SCAG) for transportation planning and programming process. Beginning in FY20, Metro increased the TDA planning allocation to the full 1 percent of annual TDA revenues for Metro.
- Formula Equivalent funds are allocated by formula to Eligible Operators as defined in Section 99207.5 of the TDA guidelines, in lieu of TDA, STA, and Prop A 40% Discretionary funds. The source of these funds is 95% of the 40% Proposition A growth over the Consumer Price Index (CPI).
- Federal formula grants (urbanized Formula Section 5307, Bus and Bus Facilities Section 5339, and State of Good Repair Section 5337) are presented for budgetary purposes only and will be adjusted upon receipt of the final apportionments.
- FY25 federal formula allocations were impacted by an error in Culver City's reported Active Vehicle count (14 reported instead of 54), resulting in an under-allocation of approximately \$831,622. To correct this miscalculation, an adjustment will be included in the FY27 Federal Transit Fund Allocation to make Culver City whole, as reflected in the FY27 Federal Allocation Schedule.

Los Angeles County Metropolitan Transportation Authority
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- Federal Sections 5307 and 5339 are calculated using the Capital Allocation Procedure (CAP) as adopted by the Bus Operations Subcommittee (BOS). Section 5337 is calculated based on the directional route miles and vehicle revenue miles formula used by the Federal Transit Administration (FTA). Operators' shares of Sections 5339 and 5337 will be exchanged with Metro's share of Section 5307 allocation.
- Fifteen (15) Los Angeles County LCTOP recipients (Contributing Sponsors) have requested to transfer \$5,794,792 in PUC 99314 FY 2025-26 LCTOP funds to Metro in exchange for Metro's Proposition C 40% Discretionary or TDA Article 4 funds. The State Controller's Office is scheduled to release final fund amounts in Summer 2026 and staff will revise the FY27 Transit Fund Allocations accordingly.

Bus Transit Subsidies (\$1,510.3M)**Formula Allocation Procedure (\$872.0M)**

Allocations of transit subsidy funds (STA, TDA Article 4, Proposition A 95% of 40% Discretionary) are based on the Formula Allocation Procedure (FAP) that was adopted by the Los Angeles County Metropolitan Transportation Authority (LACMTA) Board of Directors and legislated through SB 1755 (Calderon – 1996). Los Angeles County Included and Eligible Operators' Transit Performance Measures (TPM) data is used for the FAP calculations. This data was validated and used in the calculations. The FAP uses 50% of operators' vehicle service miles and 50% of operators' fare units. (fare units are defined as operators' passenger revenues divided by operators' base cash fare).

In November 2008, the Board approved a Funding Stability Policy, where operators who increase their fares will have their fare units frozen at their level prior to the fare increase until such time that fare unit calculation based on the new higher fare becomes greater than the frozen level.

In FY08, the Board allocated \$18.0 million from the Prop A GOI fund to assist Tier 2 Operators, including LADOT Community Dash, Glendale, Pasadena, and Burbank fixed route transit programs. This allocation, based on the same methodology as the FAP, did not impact the existing Included and Eligible Operators. The program provided annual funding of \$6.0 million starting in FY11 and continued this funding level each year until FY24. Following the Board's approval, the funding cap was increased to \$8.2 million for FY24, with future annual allocations to be adjusted based on the Consumer Price Index (CPI). In FY27, Tier 2 operators will receive \$8.9 million in funding.

Measure R Allocations (\$219.3M)

- **Measure R 20% Bus Operations (\$219.3M)**

Measure R, approved by voters in November 2008, allocates 20% of the revenues for bus service operations, maintenance, and expansion. The 20% bus operations share is allocated using FAP calculation methodology to Included and Eligible Operators.

- **Clean Fuel Bus Capital Facilities and Rolling Stock Fund (\$0.0)**

The Measure R ordinance also provides a lump sum allocation of \$150.0 million over the life of the ordinance for clean fuel and bus facilities. This fund is allocated to Metro and LA County Municipal Operators at \$10 million every even year.

Measure M 20% Transit Operations (\$217.2M)

Measure M was approved by voters of Los Angeles County in November 2016 to improve transportation and ease traffic congestion. As defined in Section 3 of the Measure M Ordinance, the 20% Transit Operations share is allocated according to FAP calculation methodology to Included and Eligible Operators.

Proposition C 5% Security (\$44.9M)

Ninety percent of Proposition C 5% Security fund is allocated to Los Angeles County transit operators and Metro Operations for security services. State law requires that each operator's share of funds be based on its share of unlinked boardings to total Los Angeles County unlinked boardings. The remaining ten percent is allocated to Metro to mitigate other security needs.

Proposition C 40% Discretionary Programs (\$77.7M)

The following programs are funded with Prop C 40% Discretionary funds:

- **Municipal Operators Service Improvement Program (MOSIP).** MOSIP was adopted by the Board in April 2001. The program is intended to provide bus service improvements to the transit dependent in Los Angeles County by reducing overcrowding and expanding services. In the past, funding was increased by 3% from the previous year's funding level. All Municipal Operators participate in this program and funds are allocated according to FAP calculation methodology.
- **Zero-Fare Compensation.** The City of Commerce is allocated an amount equivalent to its FAP share as compensation for having zero fare revenues.
- **Foothill Mitigation.** This fund is allocated to operators to mitigate the impact of Foothill becoming an Included Operator. The Foothill Mitigation Program is

Los Angeles County Metropolitan Transportation Authority
FY27 Transit Fund Allocations

calculated similarly to the TDA and STA portion of the normal FAP, except that Foothill's data is frozen at its pre-inclusion level. The result of this calculation is then deducted from the TDA and STA portion of the normal FAP to arrive at the Foothill Mitigation funding level. This methodology was adopted by the BOS in November 1995.

- **Transit Service Expansion Program (TSE).** Created in 1990 to increase ridership by providing funds for additional services to relieve congestion, the TSE Program continues for eight Municipal Operators including Culver City, Foothill Transit, Gardena, Long Beach, Torrance, Antelope Valley, Santa Clarita, and LADOT for expansion or introduction of fixed-route bus service in congested corridors. Metro Operations does not participate in this program.
- **Base Re-Structuring Program (Base-Re).** The Base Restructuring Program continues for four Municipal Operators who added service before 1990. These operators are Commerce, Foothill Transit, Montebello, and Torrance.
- **Bus Service Improvement Program (BSIP).** Created in 1996 to provide additional buses on existing lines to relieve overcrowding, Metro Operations and all other Los Angeles County transit operators participate in this program, except for Claremont, Commerce, and La Mirada.

Senate Bill 1 (\$79.1M)

The following programs are funded with SB1:

- **State Transit Assistance (\$52.7M)**
- **State of Good Repair (\$26.4M)**

SB1 funds are allocated based on Measure R allocation methodology.

Local Subsidies (\$881.0M)

Proposition A Incentive Programs (\$19.2M)

In lieu of TDA Article 4.5, five percent (5%) of Proposition A 40% Discretionary funds have been allocated to local transit operators through the Board-adopted Incentive Program guidelines. Programs include the Sub-Regional Paratransit Program (\$11.6M), the Voluntary NTD Reporting Program (\$5.5M) and the Special Demonstration Projects (\$2.1M).

Under the Voluntary NTD Reporting Program, local transit operators report operating data for entitlement to the Federal FTA Section 5307 funds. Operators participating in

Los Angeles County Metropolitan Transportation Authority
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the Voluntary NTD Reporting Program and who are not receiving Sub-Regional Paratransit funds are allocated an amount equal to the Federal FTA Section 5307 funds they generate for the region.

Under the Sub-Regional Grant Projects, Avalon's Ferry, which provides a lifeline service for residents commuting between Avalon and the mainland, will receive \$800,000, and Avalon Transit Services will receive \$200,000 in subsidy funding. Additionally, the Hollywood Bowl Shuttle Service will receive \$1,057,000.

Local Return (\$816.4M)

Proposition A 25% (\$258.6M)

Proposition C 20% (\$214.5M)

Measure R 15% (\$160.9M)

Measure M 17% (\$182.4M)

Local Return estimates are apportioned to all Los Angeles County cities and the County of Los Angeles based on population shares according to state statutes and Proposition A, Proposition C, Measure R and Measure M ordinances.

TDA Article 3 funds (\$9.8M)

TDA Article 3 funds are for Bicycle and Pedestrian Facilities and are split into two parts:

- Fifteen percent (15%) of TDA Article 3 funds are allocated towards the maintenance of regionally significant Class I bike paths as determined by LACMTA policy and in current TDA Article 3 Guidelines. This portion is divided between the two largest jurisdictions, with 30% allocated to the City of Los Angeles and 70% allocated to the County of Los Angeles.
- Eighty-five percent (85%) of the funds are allocated to all Los Angeles County cities and the County of Los Angeles based on population shares. TDA Article 3 has a minimum allocation amount of \$5,000. The City of Industry has opted out of the TDA Article 3 program indefinitely. The Street and Freeway Subcommittee and the Technical Advisory Committee (TAC) approved this redistribution methodology in prior years, and it remains unchanged.

TDA Article 8 funds (\$35.5M)

TDA Article 8 funds are allocated to areas within Los Angeles County, but outside the Metro service area. This includes allocations to Avalon, Lancaster, Palmdale, Santa Clarita, and portions of unincorporated areas of Los Angeles County. The amount of TDA funds for Article 8 allocation is calculated based on the proportionate population of these areas to the total population of Los Angeles County.

Federal Funds (\$496.2M)**Section 5307 Urbanized Formula Program (\$316.3 M)**

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes Federal resources available to urbanized areas for transit capital and operating assistance in urbanized areas and for transportation related planning. Based on federal revenue estimates for FY27, \$316.3 million in Federal Section 5307 Urban Formula funds are allocated to Los Angeles County transit operators and LACMTA Operations. Eighty-five percent (85%) of these funds have been allocated based on a capital allocation formula consisting of total vehicle miles, number of vehicles, unlinked boardings, passenger revenue and base fare. The 15% Capital Discretionary fund and the 1% Transit Enhancement Act fund have been allocated on a discretionary basis with BOS review and concurrence.

At its March 2026 meeting, the BOS allocated \$400,000 each year for the next three years to the Southern California Regional Transit Training Consortium (SCR TTC) from the 15% discretionary fund. SCR TTC provides a training resource network comprised of Community Colleges, Universities, Transit Agencies, and Public and Private Organizations focused on the development and delivery of training and employment of the transit industry workforce that is proficient at the highest standards, practices, and procedures for the industry. The funds will be exchanged with Metro's TDA Article 4 share and disbursed through Long Beach Transit.

Section 5339 Bus and Bus Facilities (\$25.3M)

Section 5339 is a grant program authorized by 49 United States Code (U.S.C) Section 5339 as specified under the Federal Reauthorization Moving Ahead for Progress in the 21st Century or "MAP 21". The Program provides capital funding to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities. Based on federal revenue estimates for FY27, \$25.3 million is allocated to Los Angeles County operators and Metro operations using the Capital Allocation Procedure adopted by the BOS. Operators' shares are swapped with Metro's share of Federal Section 5307 to minimize the administrative process.

Section 5337 State of Good Repair (\$154.6 M)

The State of Good Repair grants program provides financial assistance to public transit agencies that operate rail fixed-guideway and high-intensity motorbus systems for the maintenance, replacement, and rehabilitation of capital assets, along with the development and implementation of transit asset management plans. These funds reflect a commitment to ensuring that public transit operates safely, efficiently, reliably,

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and sustainably so that communities can offer balanced transportation choices that help to improve mobility, reduce congestion, and encourage economic development.

- **High Intensity Fixed Guideway** - provides capital funding to maintain a system in a state of good repair for rail and buses operating on lanes for exclusive use of public transportation vehicles, i. e. bus rapid transit. Based on federal revenue estimates for FY27, \$144.5 million is allocated to Metro and Municipal operations.
- **High Intensity Motorbus** - provides capital funding to maintain a system in a state of good repair for buses operating on lanes not fully reserved only for public transportation vehicles. Based on federal revenue estimates for FY27, \$10.1 million is allocated to Metro Operations and Los Angeles County operators following the FTA formula: the fund allocated with Directional Route Miles (DRM) data is allocated using the operators' DRM data while the fund allocated with Vehicle Revenue Miles (VRM) data is allocated using the operators' VRM data.

Operators' shares are swapped with Metro's share of Federal Section 5307 to minimize administrative process.



Item #2026-0302

Fiscal Year 2027 Transit Fund Allocations
Finance, Budget & Audit Committee
May 21, 2026



Background

- Metro is responsible for allocating transit funds to operators and jurisdictions within Los Angeles County
- Projects and programs funded through this action include:
 - Regional transit funding for transit operators
 - Local Return (Proposition A/C and Measure R/M)
 - Transportation Development Act Article 3 (bike & pedestrian) & Article 8 (unmet transit needs)
- Allocations developed per federal, state, local requirements, and Metro Board adopted policies & guidelines
- Approved and reviewed by:
 - Bus Operations Subcommittee (BOS)
 - Local Transit Systems Subcommittee (LTSS)
 - Technical Advisory Committee (TAC)



Key Recommendations

- APPROVE \$2.9 billion for FY27 transportation fund allocations (Attachment A):
 - 89 Los Angeles County local jurisdictions
 - Transit Operators: Included, Eligible, Tier 2 and Local Transit systems
- Exchanges of Metro funds for transit operator federal & state grants - accelerating draw downs and minimizing administrative processes
- LTSS ZEV Call for Projects Awards:
 - Funded by BOS' increased capacity from IIJA
 - \$6.1M for 5 projects to purchase 43 vehicles (Attachment B)
- Administrative actions to enable the flow of funds
 - Adopt the Transportation Development Act resolution
 - Authorize CEO to execute agreements



Board Report

File #: 2026-0315, **File Type:** Informational Report

Agenda Number: 24.

FINANCE, BUDGET, AND AUDIT COMMITTEE MAY 21, 2026

SUBJECT: FISCAL YEAR 2027 AUDIT PLAN

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

ADOPT the Fiscal Year 2027 (FY27) Proposed Annual Audit Plan (Attachment A).

ISSUE

Management Audit Services (MAS) is required to complete an annual agency-wide risk assessment and submit an annual audit plan (AAP) to the Board of Directors for approval.

BACKGROUND

The Financial Stability Policy, approved in 2007 and last amended in 2022, requires MAS to develop a risk assessment and an AAP each year and present it to the Board. It also requires the Finance, Budget, and Audit Committee to provide input and approve the audit plan.

Some projects included in the FY27 AAP are identified as carryovers, meaning they were initiated in FY26 but are expected to be completed during the first quarter of FY27.

DISCUSSION

The FY27 AAP was developed with consideration of the current state of the agency and the results of the agency-wide risk assessment. The agency-wide risk assessment incorporated research as well as input received from leadership teams across the agency. MAS leveraged the risk assessment results to prepare an AAP that is flexible, relevant, and risk based. The AAP includes audit projects that add value and support agency risk management efforts and the achievement of agency goals. The agency goals, objectives and desired outcomes considered in the preparation of the FY 27 AAP include those in Metro's Vision 2028 Strategic Plan, the CEO's FY26 priority initiatives, and the One Metro Strategic Implementation Plan.

Risk Assessment

MAS staff performed an agency-wide risk assessment between January and April 2026. This assessment is a structured, systematic process that combines research and stakeholder

engagement and is the foundation for selecting internal audit projects that add value and support the agency's objectives. The identified risks varied in nature, the likelihood of occurrence, and their potential impact on the agency. The agency-wide risk assessment also identified potential future opportunities related to the agency's goals and objectives.

To help MAS understand the various risks the agency currently faces and their potential impacts, the following guiding principles were considered:

- Identification of auditable units
- Identification of potential risks, including emerging risks
- Categorization of identified risks
- Assessment of the likelihood of identified risks
- Assessment of the impact of identified risks

The following risk categories were considered in the performance of the agency-wide risk assessment:

- Capital Project
- Compliance
- Environmental, Social, and Governance
- Financial
- Human Capital
- Information Technology
- Legal / Regulatory
- Operational
- Public Image / Reputational
- Reporting
- Safety / Security

Enterprise Risk Themes

The agency-wide risk assessment led to the identification and discussion of core enterprise-risk themes. Not all risks identified as part of the agency-wide risk assessment process led to the inclusion of an audit project in the AAP. This is due to factors such as timing, robust management initiatives in the area, and the need to prioritize audit efforts given limited audit resources. Six core risk themes identified are summarized below:

- **Staffing:** Leadership across departments emphasized that employee retention and wellness remain critical, particularly given increased workloads associated with approaching mega events and the anticipated completion of various key projects in the near term. Concerns were also raised that budget constraints may limit the hiring needed to support service delivery across an expanding rail network. Some suggested exploring alternatives to promotions for rewarding employees' high performance to avoid an imbalance in the workforce and prevent the agency from becoming top-heavy with too many layers of management. Others highlighted the importance of accelerating the hiring of entry-level talent to sustain the agency in the future. Mitigating some of these concerns are new recruitment strategies aimed at improving candidate selection and employment offer timelines for staff who will support the capital

improvement program. There are also nascent internship and entry-level trainee programs for non-contract staff.

- **Public Safety:** During FY26, TAP-to-Exit resumed at both Union Station and the North Hollywood Station and expanded to the Pomona Station. Pilot testing of weapons detection systems at select rail stations is ongoing, with continued exploration of a similar pilot for buses. The agency also launched an online safety hub to provide information on efforts to protect employees and customers. Another milestone was the completion of phase 1 of the three-phase implementation of the Department of Public Safety (DPS), with phase 2 underway and including resource planning, recruitment, and training. The DPS care-based services division was launched, with Metro Ambassadors, Home Team, and Community Intervention Specialists transitioning into it. Key challenges include developing crisis response teams within the care-based services division, developing policy for the police services division, and creating a comprehensive hiring and recruitment strategy. The formation of DPS will also require compliance with new legal provisions. To support public safety efforts, MAS has included a carry-over project to analyze controls for physical security monitoring equipment and enhance customer and employee safety.
- **Operational (Funding Constraints):** Hosting the 2026 FIFA World Cup, Super Bowl LXI, and the Summer 2028 Olympic and Paralympic Games remains a priority alongside delivering core transit services. The D Line Extension Section 1 opening is highly anticipated, and progress continues on the Games Enhanced Transit System, a temporary supplementary transit system created to ensure reliable spectator and workforce transit during the 2026 FIFA World Cup. Achievement of the 2028 Mobility Concept Plan, including ensuring sufficient bus availability during the Games, is also top of mind. Federal funding commitments for the Games for operational activities have not yet been granted. As the rail network expands, operations and maintenance costs grow faster than available funding, a gap compounded by limited sales tax revenues dedicated to operations. To help control operations and maintenance costs, the agency is also exploring predictive maintenance strategies for right-of-way and rolling stock.
- **Capital Projects:** The agency is focused on delivering large capital projects tied to voter approved sales tax Measures R and M. The value of projects in development and implementation increased from \$25.7-\$27.2 billion in FY25 to \$33.7-\$35.9 billion in FY26. Efforts continue to recruit new talent and to develop emerging talent to support the program, alongside recruitment efforts to rebalance the staff-to-consultant ratio to control costs and retain institutional knowledge. Price volatility in materials, labor shortages, and limited contractor supply pose cost escalation risks. Lessons learned from past projects underscore the importance of evaluating and selecting the right project delivery method for each project's risk profile, as well as using alternative project delivery methods where appropriate. The North Hollywood to Pasadena Bus Rapid Transit, Vermont Transit Corridor, G-Line Bus Rapid Transit, East San Fernando Valley Transit Corridor, and the Southeast Gateway Line are all using alternative delivery methods. As more Metro projects are expected to be delivered using collaborative delivery methods in the future, such as construction manager/general contractor and progressive design-build, these approaches present both risks and opportunities for the agency. To help provide assurance in this area, the AAP includes as priority projects: oversight for the Planning Phase of Capital Project Management, and Metro's North Hollywood to

Pasadena Bus Rapid Transit project.

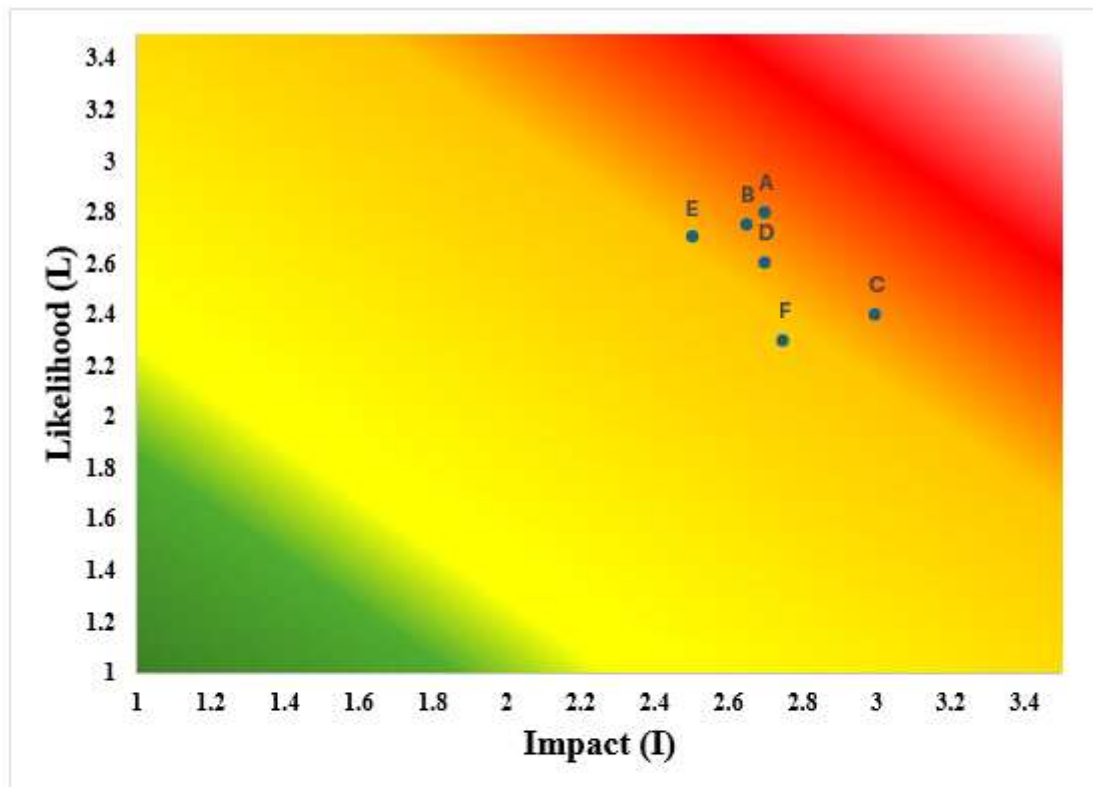
- **Financial:** Near- and long-term financial challenges have been a focus of the Board over the past three years and are top-of-mind for leadership across the agency. Annual deficits are projected to widen from FY28 through FY30, with labor, fuel, energy, and capital investment costs outpacing sales tax revenue growth. A significant cost driver is labor. Shifts in Federal Transit Administration priorities, geopolitical conflicts, and the declining population in Los Angeles County present additional financial risks. The agency is exploring policy options to refocus unrestricted resources on core bus and rail operations. Third-party risk management is also critical during this period to limit financial exposure and to help ensure third parties effectively and efficiently deliver the services for which they receive funding. To help provide assurance in this area, the AAP includes as priority projects a performance audit of Access Services compliance and reporting, and an audit of Minimum Annual Guarantee agreements to support revenue enhancement opportunities.
- **Environmental, Social, and Governance Risk:** The agency continues to explore ways to strengthen its cybersecurity posture by expanding efforts to prevent, detect, and respond to cyber incidents including utilization of the latest tools, techniques, and methods. To support these efforts, a new continuous IT audit initiative is included in the AAP to help provide ongoing assurance in the IT area.

There are also unique risks that do not clearly fit into one of the outlined major risk categories, as well as risks that may not have been identified or presented during the agency-wide risk assessment. MAS will continue to assess emerging risks throughout FY27 and, if necessary, adjust the AAP.

Audit Plan

The FY27 Audit Plan is based primarily on the results of the agency-wide risk assessment. Scores were assigned to individual risks in our risk assessment, with consideration given to the potential likelihood and impact. Identified risks are ranked through assessing the potential severity of a risk event and the probability of its occurrence. This assessment helps prioritize audit focus by assigning high-risk scores, which lead to the selection of projects for inclusion in the FY27 plan. The risk scores associated with the newly identified priority projects for FY27 are displayed in Exhibit 1.

Exhibit 1:
FY27 Annual Audit Plan Projects Heat Map



Risk	Scale	Heat Map
Low	1	Green
Low Medium	1.1 - 3.6	Light Green
Medium	3.7 - 4.5	Yellow
Medium High	4.6 - 6.7	Orange
High	6.8 - 9	Red

Legend	
Project ID	Project Description
A	North Hollywood to Pasadena Bus Rapid Transit
B	Information Technology Continuous Audit Services
C	Access Services Compliance & Reporting Review
D	Minimum Annual Guarantees
E	Planning Phase Capital Project Management
F	ADA Improvement Projects

Risk scores were not the only guide used by MAS to select audit projects for the FY27 Audit Plan. Additional factors considered included:

- Perceived strength of management controls
- Prior audits or reviews
- Subject matter expertise/capacity required by MAS to perform an audit or review
- Complexity of the risk area

- Input from senior leadership

Accordingly, the Audit Plan includes audit projects to address areas of moderate to high risk that are expected to add value, mitigate potential future risks, and support the achievement of agency goals and objectives.

Outreach was made to the agency's Senior Leadership Team during the selection of audit projects included in the FY27 Audit Plan to solicit feedback and suggestions on the proposed work. The feedback received was considered and incorporated into the FY27 Proposed Annual Audit Plan (Attachment A).

The FY27 Proposed Annual Audit Plan includes 13 audit projects in three categories: priority, discretionary, and carryover.

- Priority: Audit projects that will be given primary focus during FY27.
- Discretionary: Audit projects that MAS will perform based on the status of priority and carryover projects, and time and resources permitting.
- Carryover: Audit projects initiated in FY26 and will be completed in FY27.

The FY27 Proposed Annual Audit Plan also includes the required Contract and Financial Compliance Audits throughout the year. These audits include contract pre-award and incurred cost audits as requested by Vendor/Contract Management, incurred cost audits of various grant projects, and external financial and compliance audits of Metro and sub-recipients.

Professional audit standards and leading practices suggest that the agency is best served by a dynamic audit plan that can be modified in response to changing business conditions, the discovery of new information, or areas being elevated to priority status based on the needs of the Board of Directors, Chief Executive Officer, and/or senior leadership.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not negatively impact the safety of Metro patrons or employees.

FINANCIAL IMPACT

There are no financial impacts associated with the approval of the FY27 Audit Plan.

EQUITY PLATFORM

The FY27 agency-wide risk assessment and audit plan include conditions that could negatively impact the rider experience. At least three projects in the FY27 Proposed Annual Audit Plan were included, in part, based on these factors. These projects include the Access Services Quarterly Reporting Review, Access Services Fleet Management, and American with Disabilities Act (ADA) Improvements Projects. Also, in applying an equity lens to the FY27 AAP, MAS will ask departments during the audits whether any applicable and required Metro equity assessments have been completed.

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. These declining VMT trends are 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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, since it describes areas to be reviewed in FY27 by MAS with the goal of promoting effective and efficient operations and continuous improvement within the organization. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

**Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization. The projects included in the Audit Plan directly or indirectly support various goals outlined in Metro's Vision 2028 Strategic Plan, the CEO's FY26 priority initiatives, and the One Metro Strategic Implementation Plan.

ALTERNATIVES CONSIDERED

An alternative is not to approve the FY27 Proposed Annual Audit Plan. This is not recommended, as it is a management tool for systematically assigning resources to deliver an agency-wide audit plan in accordance with the Financial Stability Policy. Additionally, developing an annual internal audit plan is consistent with the MAS Audit Charter and Generally Accepted Government Auditing Standards.

NEXT STEPS

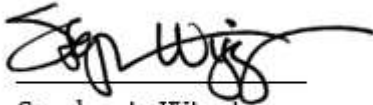
Upon Board approval, MAS will develop the FY27 Annual Audit Plan schedule and deliver quarterly status reports to the Board.

ATTACHMENT

Attachment A - FY27 Proposed Annual Audit Plan

Prepared by: Kimberly L. Houston, Deputy Chief Auditor, (213) 922-4720
Alfred Rodas, Senior Director, Audit, (213) 922-4553

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101

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

Stephanie Wiggins
Chief Executive Officer

Priority Projects

Access Services – Compliance and Reporting Review

Office: Strategic Financial Management

Objective: Evaluate the accuracy, efficacy, and reliability of quarterly reporting and performance metrics. Examine functional performance trends and compare metrics to peer paratransit agencies to identify benchmarks and best practices.

Capital Project Management – Planning Phase

Office: Countywide Planning and Development

Objective: Assess whether standardized project management processes and tools are being consistently used and applied during the planning stage of capital projects.

Information Technology Continuous Audit Services

Office: Chief Executive Office

Objective: Continuous review of the area of information technology through ongoing distinct assurance projects working in collaboration with ITS.

Bus Rapid Transit

Office: Program Management \ Operations

Objective: Assess the oversight of Program Management and Operations over the North Hollywood to Pasadena Bus Rapid Transit Project's construction efforts and review preparations for operations upon the opening to Pasadena.

Priority Projects

Minimum Annual Guarantees

Office: Customer Experience

Objective: Evaluate the efficacy and reliability of the Minimum Annual Guarantee (MAG) contract management process, ensuring that inflation adjustments, revenue thresholds, and year-end 'look back' reconciliations are accurately executed to ensure revenue assurance and effective response to market fluctuations.

ADA Improvement Projects

Office: Planning and Development / Chief of Staff

Objective: Examine the methodology used to identify and prioritize Metro locations in need of ADA improvement projects.

Discretionary Projects

Access Services – Fleet Management	
Office:	Strategic Financial Management
Objective:	Assess the effectiveness, efficiency, and economy of fleet management practices, with attention to asset lifecycle, costs, and overall utilization.

Carryover Projects

Physical Security Monitoring Equipment

Office: Operations / Chief People Office

Objective: Assess the adequacy of policies and procedures related to video monitoring equipment at the agency.

Measure M Subregional Program (MSP) Performance

Office: Planning and Development

Objective: Evaluate the effectiveness, implementation performance, and subregional project progress to ensure MSP or similar grants are maximizing the program's capacity and adhering to project schedule(s).

Non-Revenue Vehicle Reserve Readiness

Office: Operations

Objective: Assess the availability and readiness of the non-revenue vehicle fleet for operational deployment and use.

Wayside Track Maintenance

Office: Operations

Objective: Evaluate how Metro ensures that track maintenance complies with FTA State-of-Good-Repair requirements.

Real Estate Condition and Utilization

Office: Planning and Development

Objective: Determine if Metro has a comprehensive inventory of its real estate and if its system accurately describes and monitors the current utilization of properties.

Carryover Projects

Bus Division Operation Efficiencies	
Office:	Operations
Objective:	Examine Metro’s Bus Division administrative operations and explore ways to build efficiencies into processes and utilize technology, including AI, to accomplish goals.

Contract, Financial and Compliance Audits

Contract Pre-Award Audits

Office: Strategic Financial Management
 Objective: Perform pre-award audits for procurements and modifications

Incurred Cost Contract and Grant Audits

Office: Planning and Development / Program Management
 Objective: Verify whether costs are reasonable, allowable, and allocable on cost-reimbursable contracts and grants for contractors and grantees, respectively

Financial and Compliance External Audits

Offices: Agencywide
 Objective: Complete legally mandated financial and compliance audits

Business Interruption Fund

Offices: Chief Executive Office
 Objective: Verify the Business Interruption Fund (BIF) Administrator's compliance with the Los Angeles County Metropolitan Transportation Authority's (Metro) BIF Administrative Guidelines and Fund Disbursement Procedures.

Renewable Identification Numbers (RINs)

Offices: Program Management
 Objective: Verify Metro's Environmental Protection Agency (EPA) reporting of RINs for renewable energy credits is complete and accurate.

FY27 Proposed Annual Audit Plan

Finance, Audit and
Budget Committee
May 21, 2026

Kimberly Houston
Lauren Choi
Yvette Suarez



Audit Plan Background

Required by:

- Financial Stability Policy
- Audit Charter
- Professional Audit Standards (GIAS & GAS)

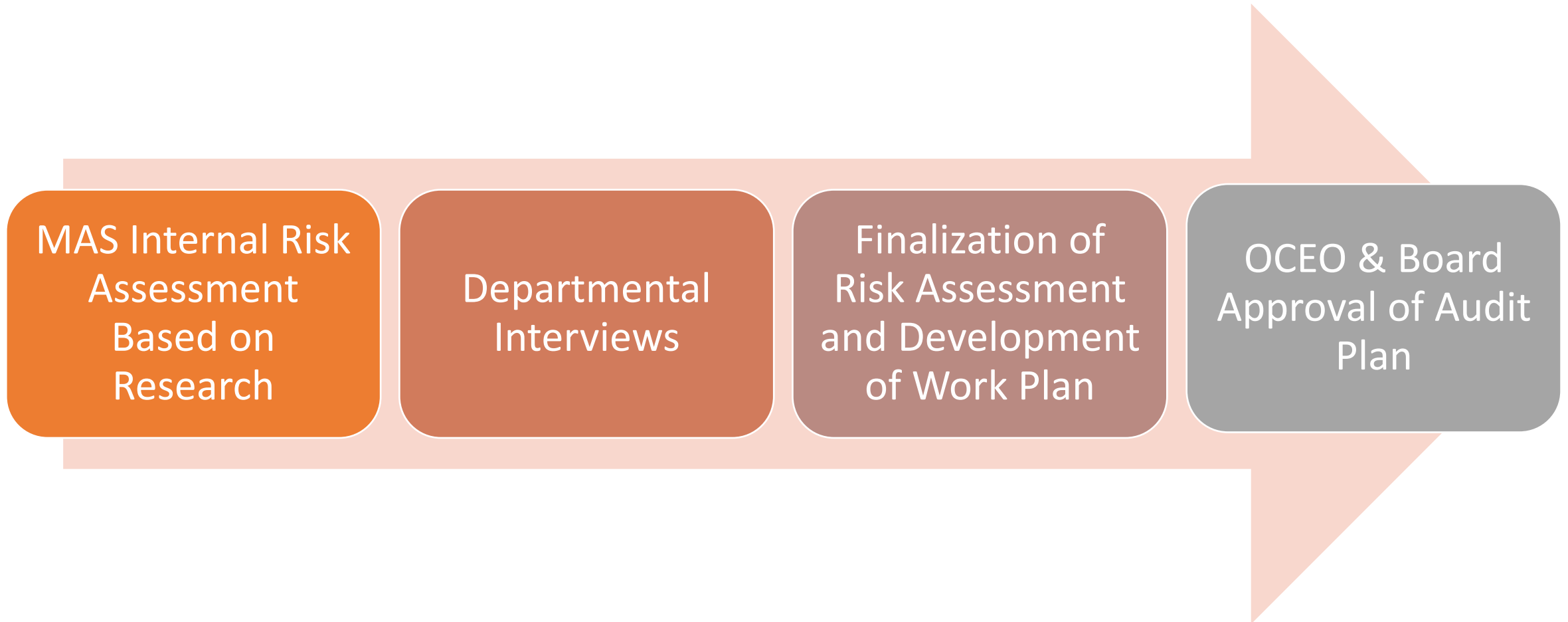
Determined by:

- Agency Wide Risk Assessment (AWRA)
- A structured process of research and stakeholder engagement

Risk Types



Key Steps to Preparing the Plan



Audit Plan Projects

Priority	Discretionary	Carryover	CFC
Access Services – Compliance and Reporting Review	Access Services – Fleet Management	Physical Security Monitoring	Contract Pre-Award Audits
Information Technology Continuous Audit Services		Measure M Subregional Program (MSP) Performance	Incurred Cost Contract and Grant Audits
Capital Project Management – Planning Phase		Non-Revenue Vehicle Reserve Readiness	Financial and Compliance External Audits
Minimum Annual Guarantees		Wayside Track Maintenance	Business Interruption Fund (BIF)
North Hollywood to Pasadena BRT		Real Estate Condition and Utilization	Renewable Identification Numbers (RINs)
ADA Improvement Projects		Bus Division Operation Efficiencies	

Questions