



Board Report

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**EXECUTIVE MANAGEMENT COMMITTEE
FEBRUARY 18, 2016
~~FINANCE, BUDGET AND AUDIT COMMITTEE~~
~~FEBRUARY 17, 2016~~**

SUBJECT: FY17 PRELIMINARY CAPITAL BUDGET

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on **FY17 Preliminary Capital Budget.**

ISSUE

The FY17 Capital Program currently valued at \$2.02 billion represents the annual cashflow of a multi-year plan totaling \$15.5 billion to improve the transportation system for Los Angeles County. This program is a plan to deliver transit expansion projects funded and leveraged through Measure R. The program also includes projects for maintaining Metro assets in a state of good repair with a strong emphasis on safety and security improvements. The preliminary FY17 Capital Program will be included and finalized as part of the overall agency budget to be considered for Board adoption in May.

DISCUSSION

Transit expansion continues in FY17. In partnership with our Federal funding partners, Measure R has allowed Metro to deliver on our promise for regional mobility. As we expand our transportation network, we continue to focus on maintaining our assets in a state of good repair. Together, all elements of the Capital Program serve as an economic growth engine for the region, contributing to the transformation of local communities by improving transportation infrastructure, creating jobs and delivering on the promise of improved mobility.

A summary of the \$2.02 billion preliminary FY17 Capital Program and a description of each category are shown below. Additional program level details are shown in Attachment A.

Category	FY17 Cashflow Estimate (\$ in millions)
Measure R Transit Expansion	\$1,681
State of Good Repair & Asset Improvements	296
New Projects - First Year Investment	42
Total	\$2,020

Measure R Transit Expansion

The completion of the Gold Line Foothill Extension 2A to Azusa and the Expo 2 Extension to Santa Monica is expected to increase transit ridership by attracting new long term riders. Looking back, we have seen significant growth in transit ridership along corridors where rail service has been added. Based on a Spring 2012 analysis as shown in the table below, combining bus and rail boardings along travel corridors illustrates a significant increase in bus and rail usage after new rail line openings.

Rail Line	Average Weekday Boardings (Bus & Rail Combined)		
	Before Rail Opening	2012 After Rail Opening	% Change
Blue	41,971	104,001	148%
Red	51,306	161,168	214%
Green	11,074	49,640	348%
Gold	31,199	60,922	95%

Improvements will continue in FY17 with continued efforts to design and construct the Crenshaw/LAX project, Regional Connector, South Western Yard and Westside Purple Line Subway Extension. Key assumptions include approval for Westside Purple Line Subway Extension Section 3 acceleration to be considered in February 2016. New light rail vehicles are planned for continued delivery through FY17 to support the agency's service expansion needs for the Expo II and Foothill openings.

State of Good Repair & Asset Improvements

The FY17 Capital Program will maintain Metro's assets in a State of Good Repair (SGR). Projects are in place to optimize the mix of maintenance, overhauls and replacements. At the forefront of the SGR program are vehicle replacements for bus, light rail and heavy rail. Component overhauls, engine replacements and vehicle midlife service will continue in FY17 to improve fleet performance. The preliminary budget also includes provisions to improve ITS infrastructure and Safety/Security for the benefit of our patrons and employees and to keep Metro's assets up to date with the latest technologies.

New Projects - First Year Investment

New improvements include a variety of projects, such as a new 40' replacement bus procurement, P2550 light rail vehicle component overhaul, preventative maintenance and safety related projects. Measure R funding is planned for a \$14 million increase in insurance coverage for Westside Purple Line Subway Extension and Airport Connector construction accommodations.

The \$42 million amount represents the first year investment for new projects with a total Life of Project budget (LOP) of \$400 million. All projects with LOP budgets greater than \$5 million will be brought separately to the Board for review and adoption.

FINANCIAL IMPACT

The FY17 Capital Program plan will be part of the balanced budget to be presented to the Board for adoption in May 2016.

ALTERNATIVES CONSIDERED

The annual budget serves as the legal authority to obligate and spend funds. Failure to adopt the budget would severely impede Metro's stated goal of improving transportation in Los Angeles County.

NEXT STEPS

A complete FY17 Budget will be presented to the Board in May 2016 for approval. The Board and Board staff will be briefed with updates and additional information as it becomes available in the months prior to FY17 Budget adoption.

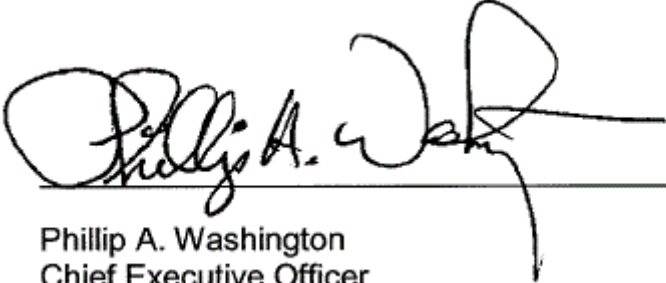
ATTACHMENTS

Attachment A - FY17 Preliminary Capital Program Summary
Attachment B - FY17 New Project Requests

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Chief Executive Officer

Attachment A: FY17 Preliminary Capital Program Summary

Capital Project Category (\$ in thousands)	Life of Project	Prelim FY17
Measure R Transit Capital Expansion		
Transit Construction		
Rail		
Crenshaw/LAX Light Rail Transit	2,229,200	392,766
Expo Blvd Light Rail Transit Phase 1 (Closeout)	978,900	3,500
Expo Blvd Light Rail Transit Phase 2 (LRV's)	1,504,058	163,167
Gold Line Foothill Extension to Azusa Phase 2A	741,000	15,119
Regional Connector	1,463,208	233,583
Westside Subway Extension	3,447,181	854,410
Bus		
Acquisition 30 Zero Emission/Super Low Emission	30,000	6,844
Total Transit Expansion - Construction	10,393,547	1,669,388
Measure R Transit Planning		
Rail		
Airport Connector Accommodations	23,110	8,392
Highway		
I-405	1,141,400	17,508
Total Transit Expansion - Planning	1,164,510	25,900

SGR Capital by Mode (\$ in 000's)	Safety & Security	Asset Imps & Maintenance	Capital Infrastructure	FY17 SGR Total by Mode
Mode				
Bus	4,386	102,424	4,862	111,672
Rail				
Blue Line	19,741	12,828		32,569
Gold Line		4,076	1,799	5,875
Green Line	773	2,191		2,964
Red/Purple Line	6,120	31,655	1,627	39,402
Multiple Lines	1,197	65,937	787	67,920
Rail Subtotal	27,831	116,686	4,213	148,730
Mixed Mode	9,930	11,619	5,028	26,577
Bike			1,036	1,036
* Other	12,462	20,789	3,535	36,786
Total By Mode	54,609	251,518	18,673	324,800

GRAND TOTAL: Transit Expansion and State of Good Repair	2,020,089
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* "Other" includes ITS Hardware & Software Technology, UFS/TAP, Gateway Building, and Union Station Improvements.

Attachment B: FY17 New Project Requests

(\$ in thousands)

LN	DESCRIPTION	OMB FY17	Forecast LOP
1	Replacement 40' Buses	5,646	302,091
2	Fire Alarm Panel Replacement Program	89	1,624
3	CNG Detection and Alarm Systems	159	4,586
4	Solar PPA Project - Roof Replacements at Divisions 11 and 22	2,308	2,648
5	Metro Red Line Access Control / Alarm Monitoring System Repl	440	2,319
6	P2550 Light Rail Vehicle Component Overhaul	2,540	20,008
7	Application Platform Systems Upgrades (FY17-FY18)	600	1,685
8	Enterprise Telephone & Unified Messaging System	400	10,146
9	Workstation & Network Technology Refresh (FY17 - FY18)	950	2,700
10	Meto Rail Blue Line High Density Storage Equipment	464	964
11	490 Bauchet Environmental Canopy Structure	110	110
12	Cash Room Equipment Request	273	393
13	MOL Safety Enhancements to Increase Operating Speeds	4,228	4,359
14	Replace Uninterruptible Power / Batteries on Red Line FY17 - FY22	2,420	3,684
15	Interagency Transfer (IAT)	753	803
16	Union Station-FLS, ADA Site Improvements and LED Lighting	6,600	19,900
17	FY17 NEW STATE OF GOOD REPAIR REQUESTS	27,978	378,018
18	Airport Metro Connector	8,392	16,400
19	Excess Liability Insurance - Metro Westside Extension Section 2	5,893	5,893
20	ADDITIONAL TRANSIT EXPANSION	14,285	22,293
21	FY17 NEW PROJECTS FUNDED TO DATE	42,264	400,311

FY17 Budget Development: Preliminary Capital Program

**Executive Management Committee
February 18, 2016**



The Office of Management, Budget and
Local Programming

Metro

Capital Program

- Fiscal Year 17 Capital Program budget is estimated at \$2.02 billion; approximately 40% of projected fiscal year budget.
- This represents the annual cash flow of a multi-year plan totaling \$15.5 billion to improve our transportation system.
- Two major components: deliver transit expansion projects and support state of good repair project efforts.

FY17 Capital Program Highlights

1) Transit Expansion:

1. **Design and construction:** Continued progress for Crenshaw / LAX, Regional Connector & the Westside Subway Purple Line Ext (PLE) Sect 1. advancement of PLE Sec 2 for Full Funding Grant Agreement. Closeouts for Expo 2 & Foothill projects.
2. **Construction completion:** Conclude Universal City Pedestrian Bridge and Orange Line to Red Line Pedestrian Underpass.

2) State of Good Repair:

1. **Facility, System and Maintenance of Way:** Bus, Blue, Gold, Green, Red/Purple line projects that focus on system reliability improvements
2. **Vehicle Maintenance / Acquisitions:** Conclude 40' bus acquisitions, start new artic bus and 40' bus acquisition, bus midlife, engine replacements, Initiate light rail & heavy rail acquisitions / component / midlife overhauls.
3. **Technology Improvements:** Web Infrastructure, Enterprise Telephone System, Tablet POS System, Software/Hardware Refresh, Mobile Phone Validator App.
4. **Infrastructure Improvements:** Union Station Renovations/FLS/ADA, Gateway Building Improvements.



FY17 Preliminary Capital Budget Plan

(\$ in millions)

Ln	FY17 Preliminary Capital Budget Plan	Capital Expansion
1	Capital Expansion	
2	Crenshaw / LAX	\$392.8
3	Expo 1 ^(A)	3.5
4	Expo 2 ^(A)	163.2
5	Foothill to Azusa ^(B)	15.1
7	Regional Connector	233.6
6	Westside Subway	854.4
8	30 ZEB / SLEB	6.8
9	Airport Connector Accommodations	\$8.4
10	I-405 Highway	17.5
11	Total Capital Expansion	\$1,695.3

A. Expo 1 and 2 budgets are placeholder budgets for closeout needs & LRV delivery. FY17 budget will be replaced with Expo Bd adopted budgets on or before May.

B. Foothill budget represent placeholder for closeout needs.



Data as of Jan 27, 2016. Preliminary FY17 Capital Project details are available on the OMB Capital Program website for reference.

FY17 Preliminary Capital Budget Plan

(\$ in millions)

Ln	FY17 Preliminary Capital Budget Plan	Safety & Security	Asset Maintenance & Improvement	New Assets & Closeouts	Total
1	State of Good Repair				
2	Bus	\$4.4	\$102.4	\$4.9	\$111.7
3	Rail				
4	Blue Line	19.7	12.8	-	32.6
5	Gold Line	-	4.1	1.8	5.9
6	Green Line	0.8	2.2	-	3.0
7	Red/Purple Line	6.1	31.7	1.6	39.4
8	Multi-Lines / Mixed Modes ^(A)	1.2	65.9	0.8	67.9
9	Systemwide ^(B)	9.9	11.6	5.0	26.6
10	Gateway / Union Stn / ITS ^(C)	12.5	20.8	3.5	36.8
11	Bike	-	-	1.0	1.0
12	State of Good Repair	54.6	251.5	18.7	324.8
13	Total Capital Expansion				1,695.3
14	Grand Total	\$54.6	\$251.5	\$18.7	\$2,020.1

A. Multi-Lines / Mixed Modes: Affect 2+ modes: Platform Intrusion detection, Security Kiosks, LRV midlife/overhauls, SCADA Repl, Radio Sys, Corrosion protection, etc.

B. Systemwide-Bus, Rail & Agencywide benefits: Communication system upgrades, Emergency Ops Ctr, Call Ctr Imps, Shop Equip, TVMs, Nextrip, Bus Stop Imps etc.

C. Gateway / Union Stn/ ITS: ITS Hardware Software refresh, UFS PCI Compliance, POS devices, Gateway Renovations & Union Station FLS / ADA. Pkg Guidance.

Data as of Jan 27, 2016. Preliminary FY17 Capital Project details are available on the OMB Capital Program website for reference.

