



Board Report

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FINANCE, BUDGET, AND AUDIT COMMITTEE MARCH 19, 2026

SUBJECT: FISCAL YEAR 2027 BUDGET DEVELOPMENT STATUS UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

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

ISSUE

This report continues the monthly updates to the Board on the FY27 Budget Development process, culminating in a planned May 2026 Board Adoption. This report focuses on the following programs:

- Transit Infrastructure Development
- Highway Multimodal Development
- Regional Rail Programs
- Regional Allocations & Pass-Throughs

Additionally, an update on Metro's comprehensive budget outreach efforts is included.

Metro's diverse portfolio of major infrastructure projects is included in Transit Infrastructure Development, Highway Multimodal Development, and Regional Rail Programs. The projects in these programs rely on federal and state funding as well as the local funds generated through the four local sales taxes. Amidst the fiscal uncertainty in FY27, Metro remains committed to delivering projects that expand the region's transit network, provide better connectivity, broaden access to destinations, and reduce travel times.

The FY27 Budget Development process is on-going even as this report is being generated. All FY27 budget amounts presented in this report are preliminary and are subject to change as additional information unfolds.

BACKGROUND

The annual budget request reflects the twelve-month financial cash flow needs required for advancing through each project's development phase. It serves to monitor the cash flow

requirements for activities in each project phase and considers factors such as the existing level of Board authorization, the respective project delivery schedules, and the identification of eligible and available funding sources. These sources may include federal, state, and local grants, sales taxes, and various financing mechanisms.

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

DISCUSSION

Major Infrastructure Capital Investment

LA County's infrastructure expansion plan is one of the nation's most ambitious and transformative transportation construction and enhancement programs, enabled by the sales tax revenues from the voter approved Measure R and Measure M Ordinances along with funds from state and federal grants. Major infrastructure projects are subject to market conditions, environmental conditions, and natural disasters which pose financial and schedule risks. While FY27 Preliminary Budget assumes no change in the funds obligated to these projects, the uncertainties surrounding these funds exacerbate the situation. Should any of these factors be realized, they must be evaluated and mitigated for a successful project delivery.

The following programs are covered in this report:

Transit Infrastructure Development: The FY27 Preliminary Budget primarily provides funding for planning and constructing new transit projects for LA County per the voter approved Measure R and Measure M sales tax ordinances.

Highway Multimodal Development: The FY27 Preliminary Budget primarily provides funding from voter approved Measure R and Measure M sales tax ordinances to advance design and construction activities for highway, streets and multimodal infrastructure projects in LA County, along with HOV and ExpressLanes and Bus Only Lane projects.

Regional Rail: The FY27 Preliminary Budget supports commuter rail projects such as Metro-led commuter rail projects and ongoing subsidy support for Metrolink's operating and SGR/capital components.

The major infrastructure capital projects typically make up one third of the annual budget. The FY27 Preliminary Budget represents the funding needed for the year to advance these capital projects based on the phase of each project.

Transit Infrastructure Development

The Transit Infrastructure Development (TID) Program consists of expansion and enhancement of transit lines outlined in the Measure R and Measure M Ordinances, as well as those capital projects critical to operating these expansion lines once in service. These initiatives progress through three stages of project development: planning, construction, and program support and administration.

Typically, the planning phase commences with a feasibility study followed by alternative analyses, ultimately leading to environmental clearance and selection of Locally Preferred Alternative by the Board. Subsequently, the project moves into the project development and construction phase. Once completed, it is transferred to Operations. Annual program expenditure and cash flow are largely influenced by the project's phase during the fiscal year.

Fig 1:

	Transit Infrastructure Development (\$ in millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	Transit Construction	\$ 1,897.3	\$ 1,801.8	\$ (95.6)	-5.0%
2	Transit Planning	255.7	221.4	(34.3)	-13.4%
3	Program Support/Admin	28.2	34.9	6.7	23.9%
4	Program Total	\$ 2,181.2	\$ 2,058.1	\$ (123.1)	-5.6%

For FY27, the Preliminary Budget for the Transit Infrastructure Development (TID) Program totals \$2.1 billion, reflecting a decrease of \$123.1 million, or 5.6%, compared to the FY26 budget, as shown in Figure 1. The decrease is primarily attributable to the wind-down of construction activities following the opening of the LAX/Metro Transit Center and the A Line extension to Pomona, as well as the anticipated opening of D Line Section 1.

The FY27 budget supports continued construction and revenue service readiness for the D Line Extension Sections 2 and 3, which are anticipated to open in phases before the 2028 Games. Funding is also provided for early construction of the East San Fernando Valley Light Rail Transit (LRT) and the Southeast Gateway Line, as well as design activities for the A Line Foothill Extension from Pomona to Claremont.

Transit Construction

Construction funding for Bus Rapid Transit (BRT) projects increases by approximately \$142.2 million in FY27. The G Line BRT Improvements project is in heavy construction, while the North Hollywood-Pasadena BRT and Vermont Avenue BRT projects are advancing into construction, with schedules aligned to support readiness for the 2028 Olympic and Paralympic Games.

Transit Planning

Transit Planning totals \$221.4 million in FY27 to support ongoing studies, development activities, and environmental certification for major corridor projects, including the Sepulveda Transit Corridor, the E Line Eastside Extension Phase 2, and the K Line Extension to Torrance. The FY27 budget also

includes funding for design of an upgraded Metro Command and Control Center (formerly the Rail and Bus Operations Center), which will accommodate expanded service as new projects enter operation.

Program Support and Administration

Program Support and Administration include funding for the Business Interruption/Solutions program and other activities supporting the planning and delivery of TID projects. All FY27 Preliminary Budget figures remain under development and may be updated prior to publication of the Proposed Budget Book.

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

Highway Multimodal Development

The FY27 Preliminary Budget of \$887.1 million represents a \$249.3 million or 39.1% increase over the FY26 Budget as shown in Figure 2. The FY27 Preliminary Budget reflects Metro's ongoing investments in HOV and ExpressLanes construction, the expansion of bus-only lanes, subregional street improvements, as well as safety enhancements to freeways, interchanges and arterial streets. As the Highway Multimodal Development program evolves, Metro will continue to integrate pedestrian oriented and multi-modal components into freeway and surface street projects and advance an equity-focused approach that restricts displacement and emphasizes community participation.

In FY27, the Highway Multimodal Development budget supports the construction phase of the I-105 ExpressLanes project, expansion of bus-only lanes and bus infrastructure throughout LA County, including customer-oriented amenities to bus stop shelters and bus-lane implementations in preparation for the 2028 Olympics. The Preliminary FY27 Budget also supports the re-imagining of the I-710 South and I-605 Hot Spots projects, the construction start for several "hotspot" projects, and ongoing construction for the I-5 North (North County) and the SR-57/SR-60 Interchange Improvement Project.

Fig 2:

Highway Multimodal Development Project (\$ in millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	Bus Improvements	\$ 46.5	\$ 46.3	\$ (0.2)	-0.4%
2	Capacity Improvements	134.6	157.5	22.9	17.0%
3	Express/HOV Improvements	162.7	340.5	177.7	109.2%
4	General Planning	8.0	5.6	(2.4)	-30.3%
5	Local Subregion/Street/Safety/Op Improvements	278.9	335.2	56.3	20.2%
6	Property Maintenance	2.0	1.6	(0.5)	-23.3%
7	Traffic Noise Reduction	5.0	0.4	(4.6)	-91.3%
8	Total Highway Multimodal Development	\$ 637.7	\$ 887.1	\$249.3	39.1%

See Attachment B for additional Highway project details.

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

Metro Regional Rail

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

The FY27 Preliminary Budget of \$241.0 million is \$126.5 million or 110.4% increase from the FY26 Budget. The increase is primarily driven by an increase in funding for the Link Union Station project to support the advancement of the Construction Manager / General Contractor (CM/GC) contract in FY27. Other increases are attributable to an acceleration in construction activities for the Brighton to Roxford Double Track project as well as the Doran Street Grade Separation project.

Other major activities include closeout activities for the Rosecrans/Marquardt Grade Separation Project, ongoing funding to support preliminary engineering for a high-speed rail service from Palmdale via the High Desert Corridor to the future Apple Valley station of Brightline's privately funded high-speed rail line to Las Vegas, and design efforts for an in-fill Metrolink station at the LA General Medical Center. Additionally, the Lone Hill to White Double Tracking Project in the San Gabriel Valley will develop a full funding plan in preparation for the construction phase.

Regional Rail Project (\$ in millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	Link Union Station	\$ 41.7	\$ 165.9	\$124.2	297.7%
2	Rosecrans & Marquardt Grade Separation	12.4	0.8	(11.6)	-93.9%
3	Brighton to Roxford Double Track	8.9	26.7	17.8	200.2%
4	High Desert Corridor	17.2	11.3	(5.9)	-34.5%
5	Doran Street Grade Separation	19.4	21.8	2.4	12.4%
6	Lone Hill to CP White Double Track	4.1	5.0	0.8	20.3%
7	Other Metro Regional Rail	10.8	9.5	(1.2)	-11.4%
8	Total Metro Regional Rail	\$ 114.5	\$ 241.0	\$126.5	110.4%

Fig 3:

Metrolink Commuter Rail

At the time of this report, Metrolink is developing its FY27 operating and capital budget. Metro will work with Metrolink and the other partner agencies to align subsidy levels with eligible financial resources. Final budget amounts for Metrolink will be based on a separate board report brought forward later this year.

All modes of transportation in LA County are experiencing funding challenges due to the slower than anticipated growth of sales tax revenues and persistent increases in costs for labor, fuel, construction materials and other operating and capital costs.

The financial impact on commuter rail agencies has been particularly acute, as telecommuting has eroded commuter rail's core ridership and fare revenues.

Whereas urban transit ridership has significantly rebounded, Metrolink's ridership has plateaued at 60% of pre-covid levels. As a result, Metrolink's subsidy requirement will be evaluated based first on eligible funding sources for commuter rail in LA County followed by the funding capacity of the other four member agencies.

Regional Allocations and Pass Throughs

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

- Pass-through funding awarded to local jurisdictions and municipal and local transit operators through Local Agency Programs (i.e. Local Return) and Regional Transit Funding (i.e. Regional Transit Formula and Access Services)
- Pass-through funding for Major Projects being implemented by local agencies, including Antelope Valley Metrolink Line Projects, and Inglewood Transit Connector
- Grants allocated to local agencies through Other Local Programs such as the Congestion Reduction Demonstration (CRD) Toll Revenue grant program, Open Streets grant program, Active Transportation Program (ATP), Federal Pass-Throughs, and the Transit Oriented Development (TOD) Planning grant initiative

The FY27 Preliminary Budget totals \$1.8 billion, representing a \$49.4 million (2.7%) decrease compared to the FY26 Budget, as shown in Figure 4. Approximately 91% of this program consists of Local Agency Programs and Regional Transit Funding. Current economic conditions indicate a 1.8% increase in projected sales tax revenues for FY27 over the FY26 Budget. This will benefit subprograms that are funded with local and state sales tax revenues and is driving a projected increase in Local Agency Programs that directly allocate subsidies to local jurisdictions. While Regional Transit is also tied to sales tax revenues, allocations for transit agencies are expected to decrease in FY27 primarily due to lower projected state revenues.

Fig 4:

Regional Allocations and Pass Throughs (\$ in millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	Local Agency Programs	\$ 844.8	\$ 861.8	\$ 17.0	2.0%
2	Regional Transit	761.6	730.0	(31.6)	-4.1%
3	Major Projects	72.4	23.3	(49.2)	-67.9%
4	Other Local Programs	71.2	85.2	14.0	19.7%
5	Regional Federal Grants	20.5	20.7	0.2	1.0%
6	Fare Assistance	35.1	35.3	0.2	0.5%
7	ProgramTotal	\$ 1,805.6	\$ 1,756.2	\$ (49.4)	-2.7%

Local Agency Programs

Local Return and Transit Development Act (TDA) Article 3 and Article 8 funding comprise this subprogram. Local Agency Programs is projected to increase by \$17.0 million, or 2.0% compared to the FY26 budgeted amount. This increase is driven by projected sales tax revenues for FY27.

Regional Transit Funding, Including Access Services

In contrast to Local Agency Programs, Regional Transit Funding programs are projected to decrease by \$31.6 million (4.1%) in FY27. This subprogram consists of formula-based transit funding allocated to Los Angeles County municipal and local transit operators, as well as Access Services, the Los Angeles County's ADA Complementary Paratransit service provider. Regional Transit formula funding includes Proposition A Discretionary, Measure M 20%, Measure R 20%, STA, SB1, TDA Article 4, and other related fund programs. The projected budget decrease is primarily due to lower State Transit Assistance (STA) and Senate Bill 1 (SB1) revenues once adjusted for lower than anticipated FY25 revenue receipts. The revised projection of lower State revenue estimates is an update to what was reported in the February Budget Development Board report on Resources and Parameter

Access Services: Access Services' budget is funded with both federal and local funding and their adopted FY26 Budget was \$370 million. The Regional Transit subprogram includes the local funding sources to support Access Services' annual budget for operating and capital expenses as well as the Free Fare program with Metrolink. The agency's primary federal grant source is secured through SCAG's competitive federal Surface Transportation Block Grant (STBG) process. A preliminary estimate of \$213.8 million in Proposition C Discretionary and Measure M funding is proposed for Access Services in FY27 through the Regional Transit subprogram. This equates to a \$10.6 million or 5.4% increase over FY26.

Metro provides this local subsidy to bridge the gap between Access Services' total annual budget and the federal operations grants they receive. For example, while Access Services requested \$283.1 million for FY27 and FY28 through SCAG's competitive grant process consistent with past federal funding amounts, they were awarded only \$131.8 million, 47% of their request. The resulting shortfall will need to be offset by Metro's Regional Transit subprogram allocation. Metro is currently working with Access Services to refine their final budget request and secure the additional funds necessary to

cover this federal funding gap.

Major Projects

This subprogram is comprised of the Antelope Valley Line Projects, and Inglewood Transit Connector and is decreasing by \$49.2 million, or 67.9% compared to the FY26 Budget as depicted in Figure 5. This is due to reduced cash flow needs in FY27 for these two projects. The reduction is primarily due to the Inglewood Transit Connector's rephased plan for early delivery of less capital-intensive improvements by the 2028 Olympic games.

Fig 5:

Major Projects (\$ in millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	Inglewood Transit Connector	\$ 62.0	\$ 13.3	\$ (48.8)	-78.6%
2	Antelope Valley Metrolink Line Projects	10.4	10.0	(0.4)	-3.7%
3	Total Major Projects	\$ 72.4	\$ 23.3	\$ (49.2)	-67.9%

Other Local Programs & Regional Federal Grant Programs

Other Local Programs is increasing by \$14.0 million or 19.7% primarily due to increased activity in the Call for Projects and ATP-related grant programs. The increases are offset by no change in the Congestion Relief Demonstration Toll Revenue Grant Program, and decreased project activity in the Federal Earmarks and TOD Planning Grant programs.

Regional Federal Grant Programs is proposed to increase by \$0.2 million or 1.0% due to a slight increase in activity for the Section 5310 Seniors and Disability grant program.

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

The LIFE program is anticipated to continue to grow during the coming year, and the budget request has increased accordingly to \$35.3 million to support the Board approved expansion and improvements to the program. This represents a 0.5% increase over the FY26 budgeted amount for the program.

FY27 Public Budget Outreach Update

Moving into the third month of the Budget Outreach and Engagement cycle, Metro continues to see strong participation for the FY27 Budget development. While outreach began with youth-focused and public activities in late 2025, focus has shifted to synthesizing the high volume of feedback received to date.

As of mid-February, the My Metro Budget Activity has received over 5,400 responses and My Metro Priorities has generated over 1,100 responses, resulting in over 4,600 unique written comments. This 6,500+ response count between the two activities exceeds last year's base participation. Consistent

with feedback from prior years, public safety, service frequency, and system cleanliness remain the most prominent themes.

To ensure this input directly impacts the budget, OMB has compiled this feedback into an internal dashboard. This tool is now being used by departments to inform the public's priorities and tradeoffs as part of the FY27 budget development process. Attachment C includes a summary of this month's program comments, how they are being addressed, and additional information on outreach efforts.

EQUITY PLATFORM

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

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

VEHICLE MILES TRAVELED OUTCOME

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

The budget invested in Transit and Regional Rail Infrastructure Development projects supports reduction in VMT within LA County. These projects promote reduction of single-occupancy vehicle trips and increase accessibility to destinations by expanding the public transportation network within Los Angeles County.

Investments made in Multimodal Highway projects such as highway capacity enhancements and HOV improvements, will ease congestion for cars and trucks, or expand vehicle capacity, resulting in the possibility of increased VMT. However, these projects also provide for carpooling infrastructure,

which is intended to reduce VMT. Projects such as I-105 ExpressLane will contribute to increased VMT while toll revenues generated by this project when completed can be used to fund future transit projects. Specific VMT outcome of various projects will be provided in subsequent Board reports.

Overall, the budget discussed in this status report supports Metro's systemwide strategy to reduce VMT through planning, constructing and funding activities that will improve and further encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and the FY27 Preliminary Budget identified in this report aligns with those objectives.

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

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports the following Metro Strategic Plan Goal:

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro Organization.

NEXT STEPS

Next month's budget development update will address Metro Transit Operations & Maintenance, Metro Transit Capital Improvements, Congestion Management, and Planning & Administration Programs.

ATTACHMENTS

Attachment A - Transit Infrastructure Development

Attachment B - Highway Multimodal Development

Attachment C - My Metro Budget Activity

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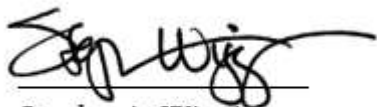
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A handwritten signature in black ink, appearing to read 'Step Wiggins', written over a horizontal line.

Stephanie Wiggins
Chief Executive Officer

Transit Infrastructure Development Projects

TID Projects in Construction Phase:

The FY27 Preliminary Construction Budget of \$1.80 billion supports construction activities on Measure R and Measure M projects.

- *A Line Foothill Extensions 2A & 2B*

The A Line Foothill Extension provides 12.3 miles of new rail to the east, beyond the current end point of the line in Azusa, adding 6 new stations. The FY27 Preliminary Budget of \$94.1 million supports design work for the last stretch beyond Pomona and completion of punchlist items on Glendora to Pomona stretch.

- *D Line Sections 1, 2, & 3*

This project encompasses three sections of the D Line subway extension, expanding westward from the current terminus at Wilshire/Western, and collectively adding seven new stations. The FY27 Preliminary Budget of \$724.7 million supports the wrap up in Section 1, ongoing progress of tunneling, station box, and trackwork construction activities along Sections 2 and 3. The revenue service dates for Sections 1, 2, and 3 are slated for 2026 and 2027. Additionally, the Division 20 Portal Widening project involves the construction of a new turnback facility to accommodate the headway requirements for the entire D Line and the shared trunk between B and D Lines.

- *East San Fernando Valley LRT*

The East San Fernando Valley LRT project spans a total of 6.7 miles with 11 stations, extending from the G Line Van Nuys station to San Fernando Road in Pacoima. The project improves access to jobs, schools, healthcare, and key destinations, while reducing emissions. The FY27 Preliminary Budget of \$320.5 million supports right-of-way acquisition and construction activities.

- *G Line Bus Rapid Transit (BRT) Improvements*

The G Line BRT Improvements will provide better transit service in the San Fernando Valley area with grade separations on major streets, better signal priority technology, electric bus connectivity, and a four-quad gating system for safer and faster trips. FY27 Preliminary Budget is \$283.5 million.

- *K Line Crenshaw/LAX Light Rail Transit*

The Crenshaw/LAX Transit Project is an 8.5-mile north–south light rail line serving Los Angeles, Inglewood, Hawthorne, El Segundo, and unincorporated Los Angeles County. The alignment runs from Crenshaw/Exposition Boulevards to a connection with the Metro C Line south of Aviation/LAX Station, providing links to LAX, the C Line, the E Line Expo, and the countywide bus network. The line opened for revenue service in October 2022. The FY27 Preliminary Budget includes \$5.5 million for project closeout activities.

- *LAX/Metro Transit Center*

The LAX/Metro Transit Center is a station hub at Aviation Bl/96th Street on the Crenshaw/LAX Light Rail Transit line, which will allow direct transfer from the Metro network to the LAX Automated People Mover. This station hub includes a light rail station, bus plaza, bicycle parking, and customer service center. FY27 Preliminary Budget of \$1.1 million supports close-out activities and punch list items.

- *North Hollywood to Pasadena BRT Connector*

Metro's North Hollywood–Pasadena Bus Rapid Transit (BRT) project will provide faster, more reliable east-west service connecting North Hollywood, Burbank, Glendale, Eagle Rock, and Pasadena. Zero-emission electric buses will operate in dedicated lanes with all-door boarding and enhanced stations, improving travel times, reducing greenhouse gas emissions, and expanding access to jobs, schools, and services across both valleys. The FY27 Preliminary Budget of \$44.7 million supports pre-construction activities and will be updated following development of the life-of-project budget and Board adoption.

- *Regional Connector*

The 1.9-mile Regional Connector in Downtown Los Angeles includes three stations: Little Tokyo/Arts District, Historic Broadway and Grand Av Arts/Bunker Hill. These stations provide seamless rail access to the core of downtown. The Connector enables a one-seat ride from East LA to Santa Monica on the east-west alignment, and Azusa to Long Beach on the north-south alignment. Project was delivered in June 2023. The \$2.4 million FY27 Preliminary Budget supports close-out and punch list items.

- *Southeast Gateway Line*

The Southeast Gateway Line is a proposed light rail transit (LRT) line that will connect the Slauson/A Line Station in Los Angeles to Pioneer Station in the City of Artesia. This segment stretches 14.5 miles and will include 9 stations traversing through Artesia, Cerritos, Bellflower, Paramount, Downey, South Gate, Cudahy, Bell, Huntington Park, Vernon, Los Angeles, and the unincorporated community of Florence-Firestone. It will also include 1 new infill C Line Station. This project is progressing into early works and right-of-way acquisitions. The FY27 Preliminary Budget request is \$190.0 million.

- *Vermont BRT*

Metro is constructing a 12.4-mile Bus Rapid Transit line along Vermont Avenue, from Sunset Boulevard to 120th Street. The project will improve speed, reliability, and access for over 36,000 daily riders, connecting diverse communities to jobs, schools, and regional transit. Bus improvements include restriping, curb cutouts, and wayfinding while dedicated bus lanes, zero emission buses, and enhanced stations are considered for BRT. The \$135.3 million FY27 Preliminary Budget supports final design and construction activities.

TID Projects in Planning Phase:

The Planning Studies FY27 Preliminary Budget of \$221.4 million supports conceptual engineering, environmental clearance, and Locally Preferred Alternative selection.

- *Countywide BRT Planning*

Countywide BRT Planning conducts technical analysis, to determine Bus Rapid Transit feasibility and configurations across the Broadway, Atlantic, and Venice transit corridors. The FY27 Preliminary Budget request is \$3.5 million.

- *E Line Eastside LRT Phase 2*

The Eastside Transit Corridor Phase 2 project extends the E Line further east, from its current terminus at Atlantic Station in East Los Angeles to Greenwood Station in Montebello via the Initial Operating Segment. Once fully completed, this project will increase mobility options for the cities of Commerce, Montebello, Pico Rivera, Santa Fe Springs, Whittier, and unincorporated communities of East Los Angeles. The \$73.7 million FY27 Preliminary Budget includes design and preliminary engineering services.

- *K Line Extension to Torrance*

This project will extend the K Line 4.5 miles, adding 2 new stations, Redondo Beach Transit Center and Torrance Transit Center. When completed, this alignment will provide a direct ride between Torrance and the Metro E Line (Expo). In January 2026, the Metro Board certified the Final EIR and approved the Hawthorne alignment. With environmental review complete, the project will advance into next phase of planning and design, supported by \$60.7 million of the FY27 budget.

- *K Line Northern*

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

- *Metro Command and Control Center*

The Metro Command and Control Center, formerly Rail and Bus Control Center, is a technologically advanced, centralized, and critical component of safe bus and rail operations, which will accommodate expanded service as new projects enter operation. The FY27 Preliminary Budget is \$20.8 million for design.

- *North San Fernando Valley BRT*

Metro is implementing transit improvements in the North San Fernando Valley to enhance mobility and service quality. Improvements include nearly 400 new bus shelters, upgraded stops, all-door boarding, and the introduction of 75 zero-emission buses. Network enhancements will complement the NextGen Bus Plan, with funding

assumed in various operating and capital improvement projects under Metro Operations and Multimodal Highway programs.

- *Sepulveda Transit Corridor*

This project aims to improve transit between the San Fernando Valley and the Westside communities. Currently in the environmental review phase, the FY27 Preliminary Budget of \$61.7 million supports technical studies, a Planning and Environmental Linkages study engaging federal agencies early, and an Environmental Impact Statement addressing transportation needs comprehensively.

- *SGV Forward*

SGV Forward, building on the completed San Gabriel Valley Transit Feasibility Study that established a framework to improve mobility in the region, advances corridor improvements such as bus lanes, signal priority, and upgraded bus stops. The FY27 Preliminary Budget of \$0.9 million supports environmental clearance and project approval.

Transit Infrastructure Development		Expenditure	FY26	FY27	Life of	Ordinance
Project (\$ in millions)		thru FY25	Budget	Preliminary	Project Budget	Start Date (Fiscal Year)
1	Transit Construction					
2	A Line Foothill Extensions 2A & 2B ⁽¹⁾	\$ 2,121.4	\$ 155.8	\$ 94.1	\$ 2,345.1	2010
3	D Line Sections 1, 2, & 3 ⁽²⁾	8,329.5	796.4	724.7	10,486.9	2013
4	E Line Expo Light Rail Transit	2,292.2	0.7	0.0	2,300.2	2010
5	East San Fernando Valley LRT ⁽³⁾	558.2	267.9	320.5	1,493.1	2013
6	G Line Bus Rapid Transit (BRT) Improvements	186.1	214.7	283.5	668.5	2019
7	K Line Crenshaw/LAX Light Rail Transit	2,712.9	11.6	5.5	2,740.7	2010
8	LAX/Metro Transit Center	825.7	22.8	1.1	902.2	2010
9	North Hollywood to Pasadena BRT Connector ⁽³⁾	40.5	84.4	44.7	135.2	2020
10	Regional Connector	1,836.8	5.2	2.4	1,874.9	2014
11	Southeast Gateway Line	181.4	315.6	190.0	998.9	2024
12	Vermont Transit Corridor	28.2	22.2	135.3	-	2024
13	Transit Construction Subtotal	\$ 19,112.7	\$ 1,897.3	\$ 1,801.8	\$ 23,945.6	
14	Transit Planning					
15	Countywide BRT Planning	\$ 1.2	\$ 3.6	\$ 3.5	-	2020
16	E Line Eastside LRT Phase 2	113.5	88.3	73.7	-	2022
17	Eastside Access ⁽⁴⁾	43.3	0.2	0.1	29.7	2010
18	K Line Extension to Torrance	48.5	59.5	60.7	-	2026
19	K Line Northern	38.1	9.3	-	-	2041
20	Metro Command and Control Center	4.8	17.3	20.8	-	
21	North San Fernando Valley BRT ⁽⁵⁾	8.2	0.3	-	-	2019
22	Sepulveda Corridor	217.0	75.9	61.7	-	2024
23	SGV Forward	3.6	1.4	0.9	-	
25	Transit Planning Subtotal	\$ 478.2	\$ 255.7	\$ 221.4	\$ 29.7	
26	Program Support / Admin	125.3	28.2	34.9		
27	Total Transit Infrastructure Development	\$ 19,716.2	\$ 2,181.2	\$ 2,058.1	\$ 23,975.3	

Note: Totals may not add due to rounding

(1) - A Line Foothill Extension includes 2A, 2B and 2B2.

(2) - D Line Extension includes all three sections, Division 20 Portal Widening and other supporting projects.

(3) - LOP budget for East San Fernando Valley LRT and North Hollywood to Pasadena BRT Connector is for pre-construction phase only.

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

(5) - Funding in various projects under Capital Improvement Program and Highway Multimodal Program.

Highway Multimodal Development

The Highway Multimodal Development Program continues to evolve, as legacy expansion projects move towards completion or undergo rescoping with robust community participation, new ExpressLanes accelerate construction activities, and multimodal components are integrated into freeway and street projects.

The Highway Multimodal Development Program differs from the Transit Construction Program in that completed projects represent non-Metro owned capital assets despite similarities in delivery and construction phases. For most Highway projects, Metro oversees the planning and early engineering phases, then transitions the project to Caltrans to execute right-of-way acquisitions and construction. Upon completion, Highway projects are capitalized as a Caltrans asset with Caltrans assuming primary responsibility for operations and maintenance.

The FY27 preliminary Highway Multimodal Development budget of \$887.1 million represents a \$249.3 million or 39.1% increase from the FY26 Budget. This increase is primarily driven by the acceleration of the I-105 ExpressLanes project construction, Metro's expansion of bus-only lane infrastructure and enhancements to bus stop shelters throughout L.A. County, including bus-lane projects in advance of the 2028 Games, and several "hotspot" projects entering the construction phase.

Additionally, the FY27 preliminary budget allocates financial resources to support ongoing construction for the SR-57/SR-60 Interchange Improvement, the I-5 North (North County) project, the incorporation of multi-modal and active transportation components into Metro's highway and streets projects, and comprehensive packages of mobility improvement projects in the I-710 North and South regions.

ATTACHMENT B

	Highway Multimodal Development Project (\$ in millions)	Exp thru FY25	FY26 Budget	FY27 Preliminary	Subregion
1	MR/MM Projects				
2	Countywide Soundwall Constructions	\$ 205.0	\$ 5.0	\$ 0.4	sc
3	Highway Demand Based Program (SG)	0.1	0.1	0.3	sg
4	Highway Efficiency Program	92.5	58.6	69.8	av, lvm, nc
5	Highway Operational Improvements in Arroyo Verdugo Subregion	70.0	10.0	5.1	av
6	Highway Operational Improvements in Las Virgenes/Malibu Subregion	141.6	6.2	4.4	lvm
7	I-105 ExpressLane from I-405 to I-605	398.3	156.1	334.1	sc
8	Sepulveda Pass Transit Corridor (Ph 1 - I-405 ExpressLane)	30.6	6.6	6.0	sf
9	Interstate 405, I-110, I-105 and SR-91 Ramp & Interchange Improvements (South Bay)	276.5	10.6	17.2	sb
10	I-5 Capacity Enhancement from SR-134 to SR-170	158.3	0.2	0.4	av, sf
11	Interstate 5 Capacity Enhancement from I-605 to Orange County Line	168.4	12.4	4.3	gc
12	Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	422.9	86.2	121.5	nc
13	Interstate 5/St. Route 14 Capacity Enhancement (North County)	23.7	1.1	1.3	nc
14	Interstate 605 corridor "Hot Spot" Interchanges (Gateway Cities)	383.9	66.6	128.4	gc
15	Interstate 710 South and/or Early Action Projects (Gateway Cities)	257.5	45.9	37.9	gc
16	South Bay Highway Operational Improvements	6.2	5.3	3.8	sb
17	SR-57/SR-60 Interchange Improvements	324.6	31.4	69.5	sg
18	SR-71 Gap from I-10 to Rio Rancho Road	97.6	29.8	7.8	sg
19	SR-710 N Corridor Mobility Improvements	19.6	24.1	10.7	av, cc, sg
20	State Route 138 Capacity Enhancements (North County)	81.1	4.9	4.3	nc
21	SR-14 Safety Improvements	7.1	4.6	0.2	nc
22	Transportation System and Mobility Improvement Program (South Bay)	65.7	14.5	5.9	sb
23	MR/MM Projects Total	\$ 3,231.3	\$ 580.0	\$ 833.4	
24	Other				
25	Caltrans Property Maintenance	\$ 14.9	\$ 2.0	\$ 1.6	
26	Highway Planning	158.8	8.0	5.6	
27	I-210 Barrier Replacement	18.5	0.6	0.2	
28	I-405 Carpool Lane	1,143.7	0.6	0.1	
29	NextGen Bus Lanes	53.9	46.5	46.3	
30	Total Highway Multimodal Development	\$ 4,621.1	\$ 637.7	\$ 887.1	

* Totals may not add up due to rounding.

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

My Metro Budget Activity & Priorities

The My Metro Budget Activity and My Metro Priorities remain active through the legally mandated public hearing on May 21, 2026, serving as the primary vehicles for stakeholder input and feedback. All data, including scenario-based responses and qualitative comments, is being used to directly inform the FY27 budget development process.

To streamline analysis and cross-departmental coordination, OMB has developed a centralized internal dashboard that consolidates data from both. The dashboard allows staff to review results related to the geographic distribution of responses, including Equity Focus Communities (EFCs), participant demographics, regional trends, response from scenario-based questions, and categorized/summarized comments. The geographic data is particularly valuable in helping Metro assess how equity-related needs and priorities are reflected across communities. The following section provides an overview of the public comments as they relate to this month's budget update.

Public Comments

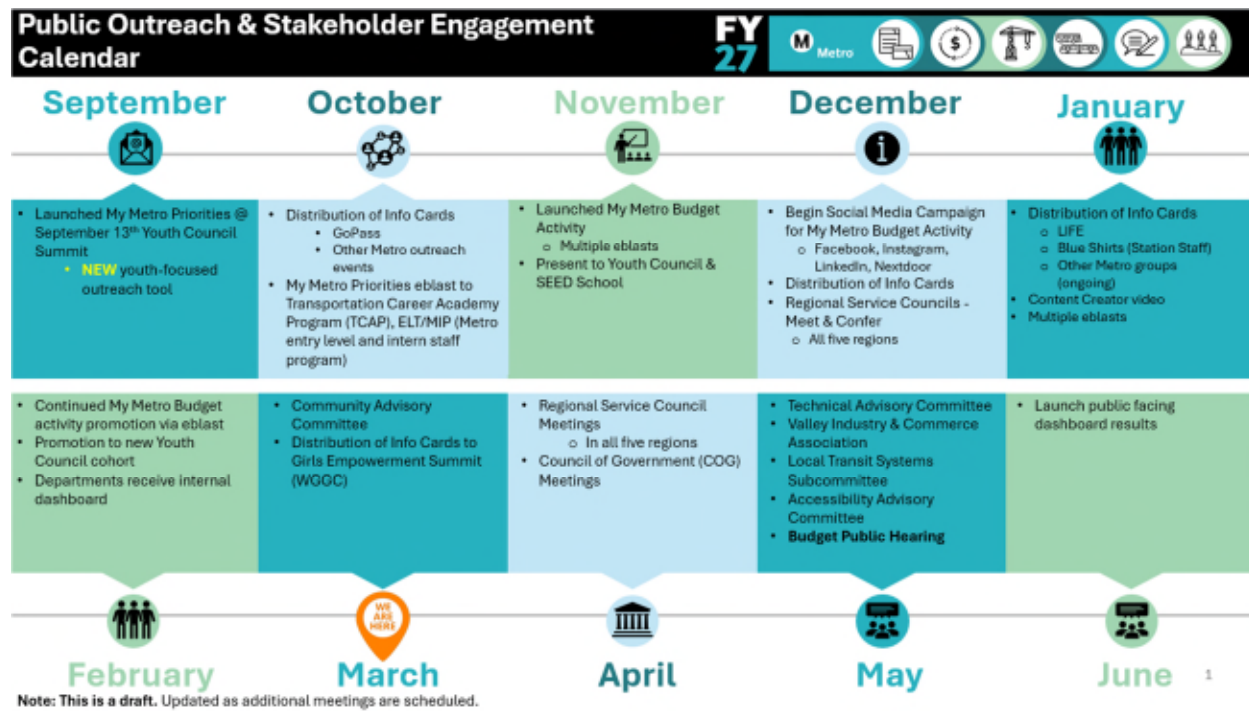
To manage the high volume of public input, the internal dashboard utilizes AI-powered analytics for enhanced categorization and summarization. The system uses a framework of over 70 topics to organize feedback, while the summarization feature provides concise summaries of the topics. These AI-driven tools enable a more effective and efficient review of the 4,600+ unique comments collected to date. Below are the AI-assisted summaries and departmental responses for this month's budget update.

Program	Comments Summary	What Metro is Doing
Regional Rail (45+ comments) 	Advocate funding for: • Double-tracking • Grade Separation • Station Studies/ Expansions	• FY27 budget for double-tracking projects is \$31.7M, an \$18.7M or 143% increase over FY26 • FY27 budget for grade separation projects is \$25.4M, an \$8.7M or 26% decrease due to the completion of the Rosecrans/Marquardt Grade Separation project, while the Doran Street Grade Separation project continues construction activities • FY27 budget is \$4.3M for continuing in-fill station studies and design efforts
Highway Multimodal	Advocate funding for:	• FY27 budget for bus-priority lanes and infrastructure is \$46.3M, a

Development (135+ comments) 	• More bus-only lanes • Lane repair and upkeep before lane expansion • Enhancing and expanding ExpressLanes	\$9.6M or 26% increase of over FY26 • Generally, cities and counties perform surface street road maintenance, and Caltrans maintains freeways • FY27 budget for ExpressLanes is \$340.5M, a \$177.7M or 109% increase over FY26, mainly due to accelerated construction for I-105 ExpressLanes project
Transportation Infrastructure Development (325+ comments) 	Advocate funding for: • Sepulveda Transit Corridor (Valley to UCLA/Westside) • K Line Torrance Extension • D Line Extension Completion • LAX Connectivity	FY27 budget request reflective of current project phase • Sepulveda Transit Corridor (Valley to UCLA/Westside) - \$61.7M • K Line to Torrance - \$60.7M • D Line Extension Completion - \$724.7M • Upon completion, the Automated People Mover - funded and delivered by LAWA - will provide a direct connection to the LAX Transit Center. Currently, Metro provides shuttle service from the LAX station to the airport.
Regional Allocations and Pass-Throughs (150+ comments) 	Advocate funding for: • Enhancing services for seniors/disabled (Access Services) • Improving bus service & amenities • Reduced/discounted fares	• Regional Allocations fund local jurisdictions and transit operators to improve fixed-route, senior dial-a-ride services, and bus system amenities • FY27 budget continues to fund Access Services (ADA paratransit for people with disabilities) and discounted fares for low-income riders through the LIFE Program

Stakeholder Meetings and Outreach Efforts

Metro will maintain a robust schedule of stakeholder engagement through the spring as a core component of the FY27 budget process. Engagement activities will continue through March and April and will conclude with the budget public hearing and adoption of the proposed FY27 budget in May. Grounded in Metro's commitment to Putting People First, these discussions ensure stakeholder perspectives are directly integrated into budgetary decision-making. Upcoming meeting schedules, budget materials, and data will be made available on Metro's Finance and Budget portal (<https://budget.metro.net>) for each engagement opportunity.





Fiscal Year 2027 Budget Development Update

March 2026 | Office of Management & Budget



Major Infrastructure Investment & Regional Allocations

FY
27



Transit Infrastructure Development

\$2,058.1M (-5.6%)



Highway Multimodal Development

\$887.1M (39.1%)



Metro Regional Rail

\$241.0M (+110.4%)



Regional Allocation & Passthroughs

\$1,756.2M (-2.7%)



The four programs typically make up roughly 50% of the annual budget.

Transit Infrastructure Development (\$2.1B)

FY
27



Planning

\$221.4M

Countywide BRT Planning	\$ 3.5
E Line Eastside LRT Phase 2	73.7
Eastside Access	0.1
K Line Extension to Torrance	60.7
Metro Command & Control Center	20.8
Sepulveda Corridor	61.7
SGV Forward	0.9



In Construction

\$1,752.5M

A Line Foothill Ext. 2A & 2B	\$ 94.1
D Line Extension	686.3
East San Fernando Valley LRT	320.5
G Line BRT Improvements	281.7
NoHo to Pasadena BRT Connector	44.7
Southeast Gateway Line	190.0
Vermont Transit Corridor BRT	135.3



Revenue Readiness

\$40.3M



D Line Extension Section 2	\$ 8.5
D Line Extension Section 3	30.0
G Line BRT Improvements	1.8

- \$8.9M budget for closeout projects such as K Line (Crenshaw/LAX), Regional Connector, etc.
- \$34.9M in program support and admin including Business Solution Center

- **FY27 Budget: \$2,058.1M:** ↓ \$123.1M (-5.6%) from FY26, driven by project phase shifts
- **Transit Construction (87% of program):** ↓ \$95.6M (-5.0%) due to wind-down of major rail projects
 - Continues East San Fernando Valley LRT & Southeast Gateway Line
 - Increased BRT funding
- **Transit Planning (11% of program):** ↓ \$34.3M (-13.4%), Supports K Line Extension to Torrance, E Line Eastside Phase 2, Sepulveda Corridor, Metro Command & Control Center, etc.

Highway Multimodal Program: \$887.1M

FY
27



Bus Improvements

\$46.3M

-\$0.2m (-0.4%)



Capacity Improvements

\$157.5M

+\$22.9m (17.0%)



Express / HOV Improvements

\$340.5M

+\$177.7m (109.2%)



General Planning

\$5.6M

-\$2.4m (-30.3%)



Local Subregional Improvements

\$335.1M

+\$56.3m (20.2%)



Traffic Noise Reduction & Property Maintenance

\$2.0M

-\$5.0m (-71.4%)

Overview:

- FY27 Preliminary Highway Budget is a \$249M or 39% increase over FY26 (\$637.7M)
- Increases are attributable to I-105 ExpressLanes acceleration and (3) I-605 Hotspot projects transitioning to construction phase.
- Investments in Bus-Only Lanes includes Games-related bus lane projects supported by federal RCN Grant.

Regional Rail: \$241.0M

FY
27

M Metro



Link Union Station

- ROW acquisition
- Ongoing design and construction activities

\$165.9M

+124.2m (297.7%)



Grade Separation Projects

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

\$25.4M

-\$8.7m (-26%)



Double Tracking Projects

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

\$31.7M

+\$18.7m (143.8%)



HDC/Other Regional Rail Project

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

\$18.0M

-\$7.4m (-29.2%)



Metrolink

- Metrolink's FY27 Budget is still under development and will be available upon receipt

Currently In Development

Overview:

- Link Union Station project advancing ROW acquisitions and early construction activities
- Double Tracking and Grade Separation projects advance into the Construction Phase
- Growth rate of Metrolink's operating subsidy requests are outpacing sales tax revenue growth

Regional Allocations & Pass Throughs

FY
27



Local Agencies

- Local Return
- TDA 3
- TDA 8

\$861.8M

+\$17m (2.0%)



Regional Transit

- Municipal Operator Funds
- Local Operator Funds
- Access Services

\$730.0M

-\$31.6m (-4.1%)



Major Projects

- AV Metrolink Line
- ITC

\$23.3M

-\$49.2m (-67.9%)



Other Local Programs

- Call for Projects
- ATP-Transit
- CRD Toll
- Federal Pass-Thru
- TOD Grants

\$85.2M

+\$14.0m (19.7%)



Regional Federal Grants

- JARC
- New Freedom
- 5310
- Federal Exchange

\$20.7M

+\$0.2m (1.0%)



Fare Assistance

- LIFE

\$35.3M

+\$0.2m (0.5%)

Overview:

- Overall - FY27 estimated budget of \$1.76B reflects a -\$49.4M or -2.7% reduction from FY26
 - Programs that allocate funds to other local agencies to implement projects
- Sales Taxes – Majority (Local Agencies & Regional Transit) linked to sales tax projections
 - 86% to transit agencies & local jurisdictions per Fed/State law & Board policy
 - 14% for Access Services & LIFE Program
- Final Access Services & Transit Fund allocations will be presented to Board for action in May

Combined Activities - Preliminary Results

FY
27

M Metro



My Metro Budget Activity

5,400+ Respondents



4,500+ Comments



45% EFC



All Results

(Exceeds FY26 outreach)

6,500+ Respondents

4,600+ Comments

48% EFC

My Metro Priorities

1,100+ Respondents



180+ Comments



61% EFC



*FY27 collection period: November 2025 - May 2026
*Responses to Date (February 20, 2026)

*FY27 collection period: September 2025 - May 2026
*Responses to Date (February 20, 2026)

Next Steps

FY
27

M Metro



Budget Development Parameters:

- Sales Tax Forecast, Resources Assumption
- Cost Inflation Estimate

Feb



- Budget Workshop for Board Members
- Transit Infrastructure Expansion
- Multimodal Highway Investments, Regional Rail
- Regional Allocations and Pass-Throughs

Mar



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

Apr



FY27 Budget: Public Hearing and Board Adoption

May

