



Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

File #: 2026-0168, **File Type:** Oral Report / Presentation

Agenda Number:

SPECIAL BOARD MEMBER WORKSHOP MARCH 6, 2026

SUBJECT: BOARD WORKSHOP

ACTION: RECEIVE ORAL REPORT

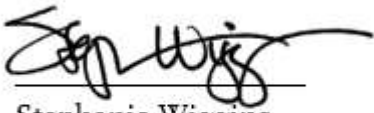
RECOMMENDATION

RECEIVE an oral report on Metro's current financial position, including an overview of the near-term budget outlook, policy topics to mitigate financial challenges, and a capital program review on cost performance and delivery trends. The presentation will also summarize actions implemented to date, and potential revenue-generating strategies under consideration.

The workshop is designed to provide the Board with a comprehensive assessment of Metro's financial deficit, key fiscal risks and uncertainties, and strategies available to address emerging financial challenges while sustaining service, advancing capital priorities, and protecting long-term organizational stability.

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



Stephanie Wiggins
Chief Executive Officer

Special Board Workshop

Metro Talent Hub



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March 2026

WELCOME

Objectives and agenda for the day





Welcome

Honorable Fernando Dutra
Board Chair



Opening Remarks

Honorable Tim Sandoval

Chair

Finance, Budget & Audit Committee

Objectives



Affirm shared understanding of Metro's near-term financial health

- Understand upcoming fiscal cliff
- Problem-solve to make outsize impact



Determine where there is clear Board support to take action

- Discuss pros and cons of potential choices
- Understand where more information is needed to determine the appropriate future course



Call to Action

- Determine which, if any, revenue generation ideas to begin actioning now for long-term impact



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Agenda (1/2)



Topic	Description	Timing (Lead)
Objectives	Share objectives for the day, big questions to address together, and our North Star for decision-making	10:00 – 10:30 AM (F. Dutra, T. Sandoval, S. Wiggins)
Financial overview	Review LA Metro financial position – out-year budget projections, drivers of cost increases, and expected revenues	10:30 – 10:40 AM (M. Navarro / I. Fine)
Capital deep dive	- Provide Capital-specific deep dive into cost performance, actions taken to date, and expected outcomes - Discuss areas of Board support to help “bend the cost curve” for project delivery and what would need to be in place to improve outcomes	10:40 – 11:10 AM (T. Lindholm / R. Sosa) 11:10 – 11:40 AM (Board engagement)
Policy topic deep dive (working lunch)	- Outline policy-related questions to examine how to improve Metro’s long-term budget forecast - Provide input on bike share and ATP O&M policy choices	11:40 – 12:30 PM - Overview: M. Navarro - ATP O&M: T. Lindholm / C. Cheung - Bike Share: S. Amiri - Board engagement

Agenda (2/2)



Topic	Description	Timing (Lead)
Revenue deep dive	Share revenue generation ideas and receive guidance on actions to pursue across: • Advertising • Fare policy • Asset monetization • Innovative financing (P3)	• 12:30 – 1:20 PM • Overview: M. Navarro • Advertising: M. Bouldin • Fare Policy: M. Navarro • Asset Monetization: R. Sosa • Innovative Financing (P3): S. Gookin • Board engagement
Next steps	• Review key discussion points and decisions / areas to explore further • Define next steps	• 1:20 – 1:30 PM (S. Wiggins)

Recall our adopted guidelines for addressing Metro's fiscal cliff



Guiding principles

- **Preserve essential services:** Avoid reductions to core bus and rail service that disproportionately affect transit-dependent riders
- **Prioritize quality service:** Align decision-making with the most urgent concerns of the riders that enhance the rider experience

Measurable outcomes

- **Increase ridership:** Invest in improvements that have a measurable effect on growing systemwide ridership
- **Reduce crime and enhance safety:** Fund initiatives that decrease criminal activity and enhance rider perceptions of safety

Adopted guidelines for addressing Metro's fiscal cliff

- Apply results-driven financial framework that prioritizes investments
- Use guiding principles and measurable outcomes to ensure Metro is maximizing the effectiveness of available resources

Critical time for the Board to consider major decisions to mitigate projected deficits in the coming years

Financial overview



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Metro has a limited amount of funds that are operating eligible (example of FY26 dollars)

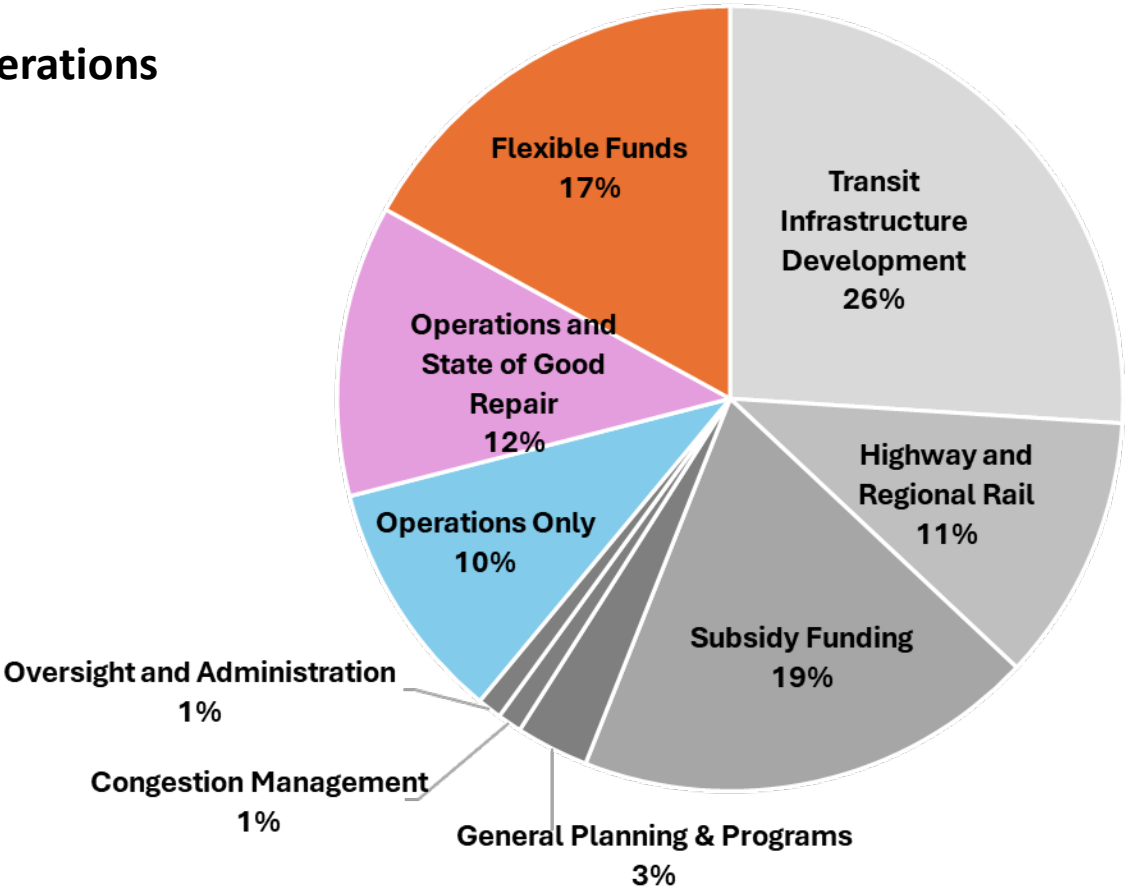


- > 130 Color of Funds
- < 15 Sources are dedicated for Operations

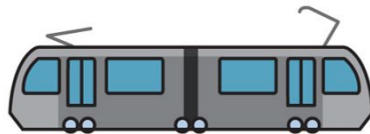
10% of FY26 Resources Dedicated for Operations

89% Flexible Funds Used for Operations & State of Good Repairs

98% Used for Operations & State of Good Repairs Used for Operations



\$261.20
per RSH

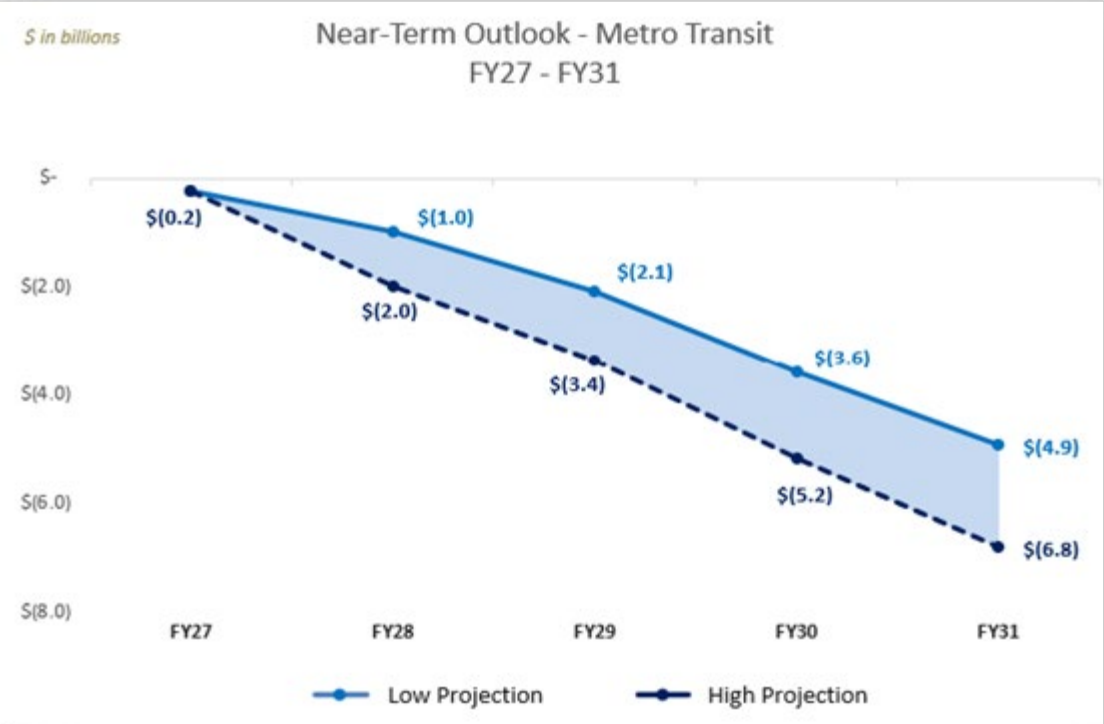


\$647.16
per RSH



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Cumulative financial deficit of \$4.9B – 6.8B is projected by FY31



Financial challenges driven by:



Sales tax revenue growing at only 2.3%, while cost drivers grow by ~7% annually



Operational costs increase with Metro system expansion



Fund balances draw down accelerates as system expands

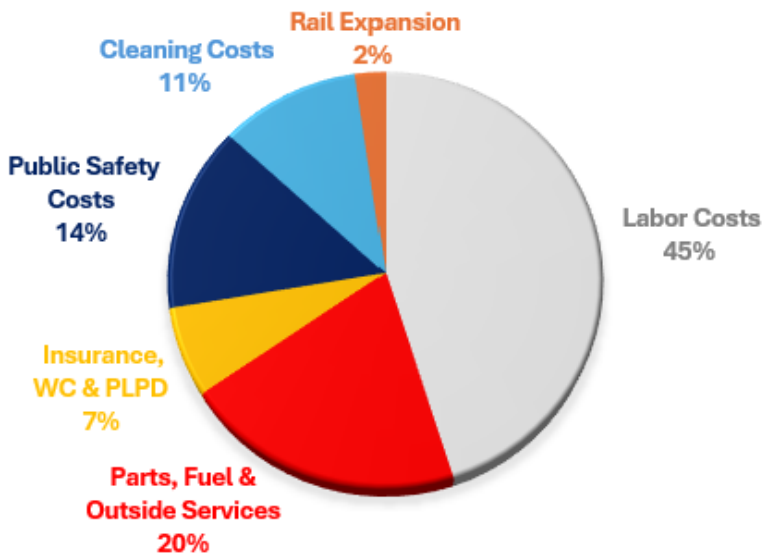
Major Cost Growth Drivers for Metro Transit



The Agency’s Near-Term Outlook through FY31 includes continued cost growth in:

- Metro Transit Operations & Maintenance (O&M) AND ▪ Capital Improvement Program (CIP)

% of Total Metro Transit O&M Costs



Major cost growth drivers as a percentage of total Metro Transit O&M costs

**Average Annual Growth
Operating Expenses – 7.2%**

Average Annual Growth Over the Next 5 Years



ZEB & Infrastructure – 17.5%

Metro’s accelerated Board goal of achieving a zero-emission fleet by 2035 puts further strain on funding needs, for maintaining existing assets in a state of good repair.



Insurance, WC, PL/PD – 7.6%

Incremental growth in insurance premiums, workers’ compensation (WC) and property liability and property damage (PLPD) costs due to higher loss payment projections and set up of Department of Public Safety (DPS).



Public Safety – 6.2%

Public safety resource deployment costs projected to grow at an average annual rate of 6.2% due to establishment of DPS



System Expansion – 9.0%

At least one major rail opening per year for next few years leading up to the 2028 Games.



Cleaning – 9.9%

Station Innovation Experience & cleaning frequency with continued investments in expanding rail system.



Labor Costs – 8.3%

Union labor costs have had a historical growth of 5% per year, that is expected to continue over the next 5 years given the recent union contract negotiations.



Parts, Fuel and Outside Services – 2.5%

Metro preliminary cost inflation projection and contract services.

Sales Tax – 2.3%

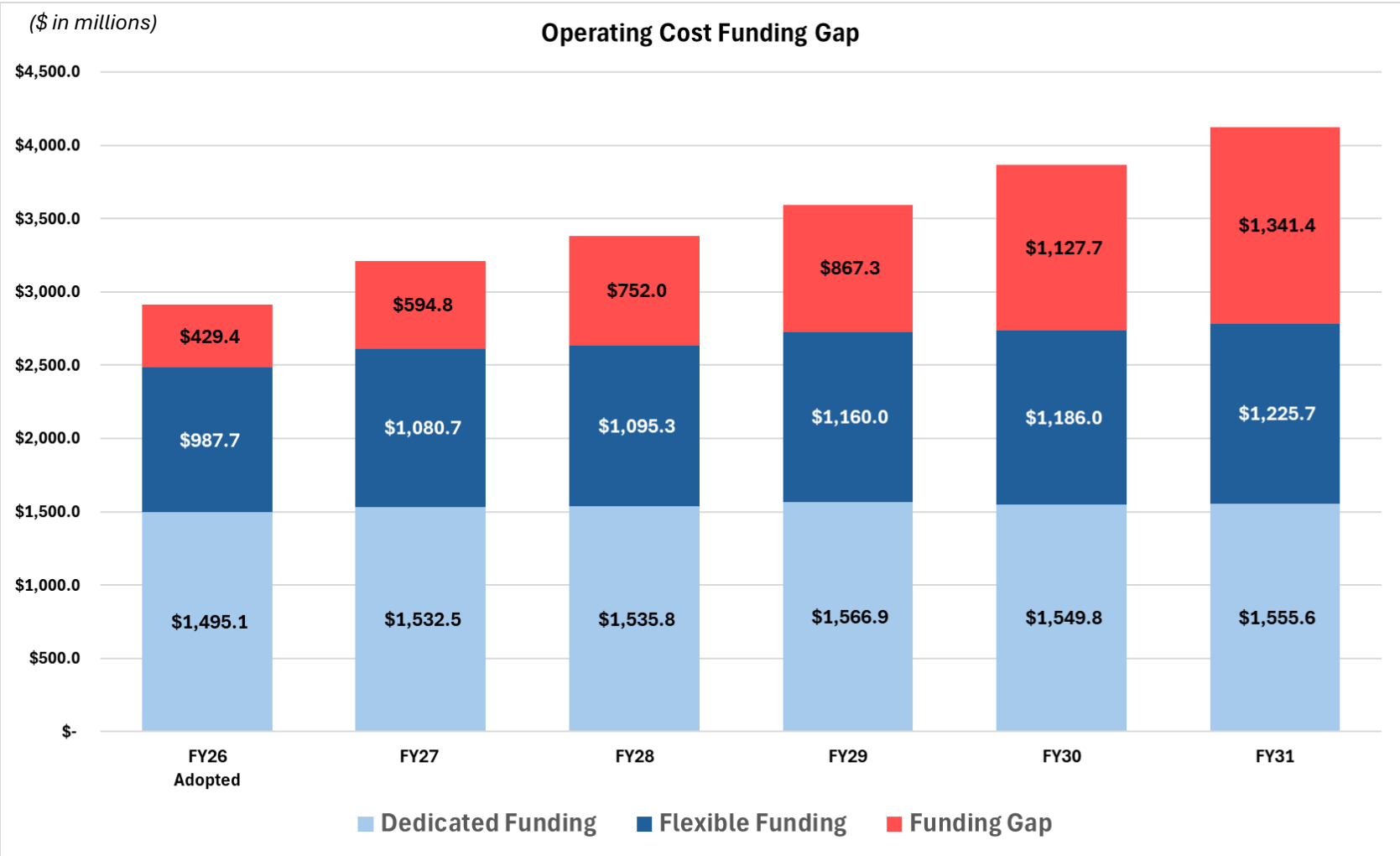
Economy is volatile and sales tax revenues are trending down



Metro is projecting an operational funding deficit, despite using all operations-eligible funding



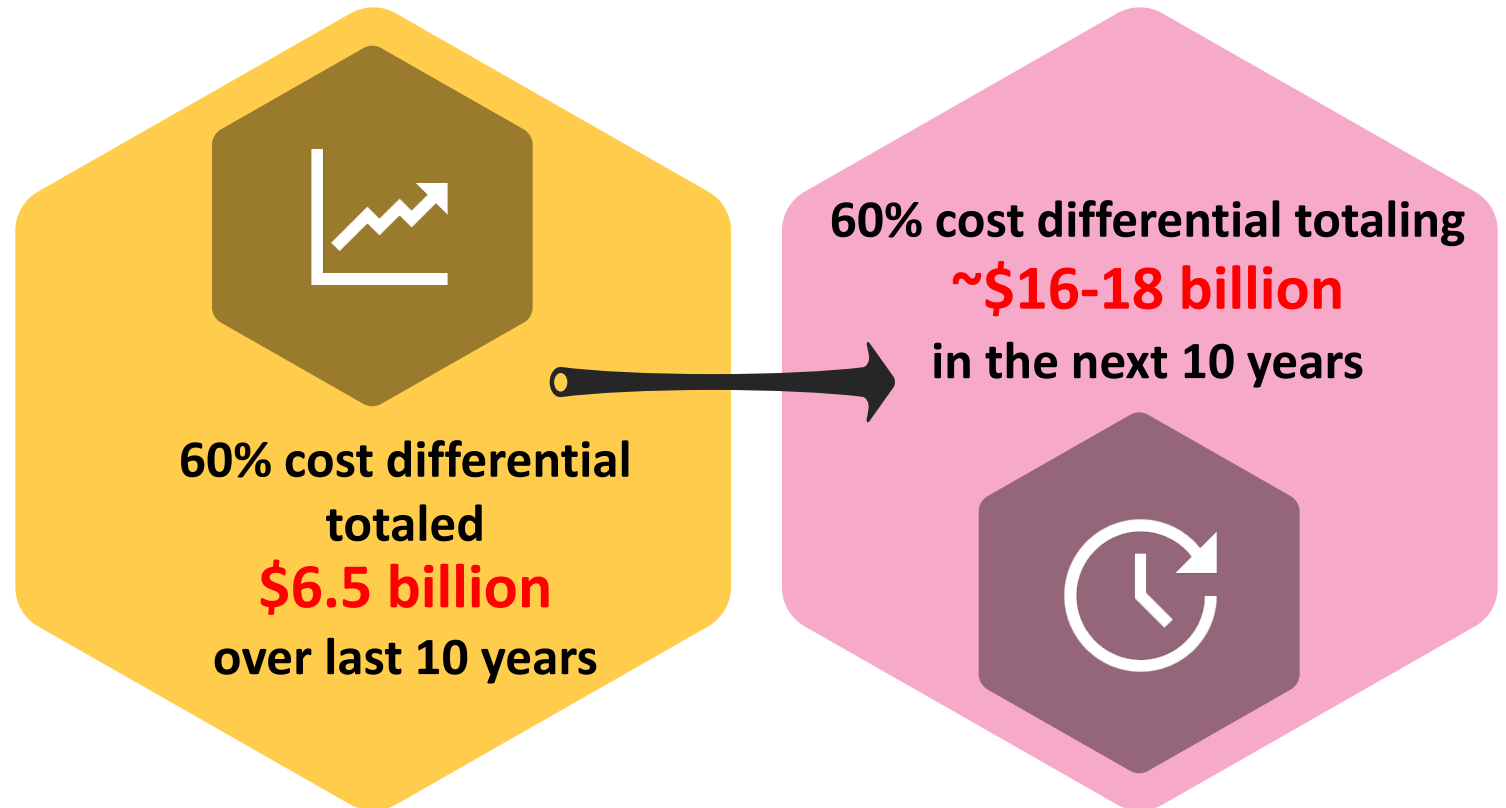
- In FY26, after applying all operations eligible (dedicated and flexible) funding, gap remains of -15% or \$429M, currently mitigated by carryover fund balance
- The funding gap is expected to widen over time as operating costs grow faster than available funding
- By FY31, even after applying all operations-eligible funding, the gap is projected to reach -33% (~-\$1.3B)



Additional Capital Risks and Challenges



- Ongoing capital infrastructure projects continue to create financial pressure as Metro builds out ordinance projects
- Capital pressures may divert funding from bus and rail operations
- Unfunded system integration projects compete for limited operating funds



Capital Deep Dive



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Per Board's request in the last workshop, Staff evaluated a subset of megaprojects to understand cost increases



Purpose

9 projects were analyzed to understand:

- Funding
- LPA process
- Decision-making
- Cost and schedule performance over time
- Root causes for cost increases

Project phase (# of projects)

Completed (4)

- Expo 1
- Expo 2
- Regional Connector, Crenshaw/LAX

Early construction (2)

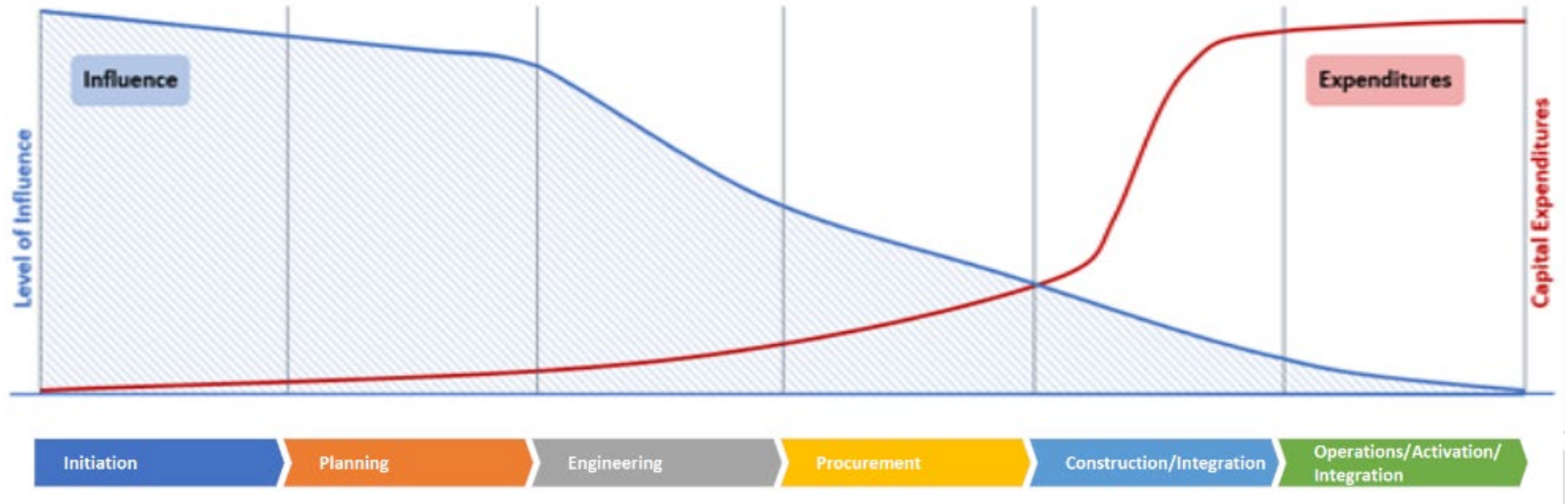
- East San Fernando Vally
- Southeast Gateway Line

Being planned (3)

- Eastside Phase 2
- K-Line to Torrance
- Sepulveda

Note: Please refer to summary handout

Project Lifecycle Cost Influence Curve: The ability to influence cost decreases as the project advances



Project cost increases can occur throughout the project lifecycle, Planning phase is most critical



Pre-Planning



Measures R and M provided project costs based on minimal or no design

Cost estimates were rough order of magnitude (unit rate based)

Cost values unescalated

Planning



Project defined, scope evolves to address:

- Site conditions and operating constraints
- Environmental assessment & impacts
- Community and stakeholder input
- Permitting and 3rd party constraints

Cost estimates updated based on early design and schedule

Cost values in YOES\$

Engineering



Designs advance and engineering matures

Utilities identified

Construction schedule refined

Project risks are identified

Cost estimates more refined with design detail

Project Delivery



Construction market forces (procurement, inflation, etc.)

Differing site conditions

Unfunded betterments

Change orders / Claims

Community & stakeholder engagement

Actual costs are known



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There are 3 key drivers of historical cost increase



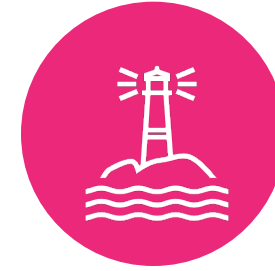
Policy choices

- Mode changes (e.g., BRT to LRT)
- Alignment changes (vertical, horizontal, and distance)
- Station changes
- Addition of grade separation, bridges
- Betterments / community benefits



Project controls methodology

- Reliance on un-escalated high-level, unit-rate-based (e.g., cost per mile) estimates
- Lack of design definition (i.e., soils, geo-tech) to inform early cost estimates
- Insufficient risk assessments and contingencies less than FTA required values



External factors

- Difficulty obtaining permits from local agencies
- Increased demand / supply chain disruption in the construction market (e.g., materials and supplies costs)

Metro staff initiatives/changes that improve cost control and external forces



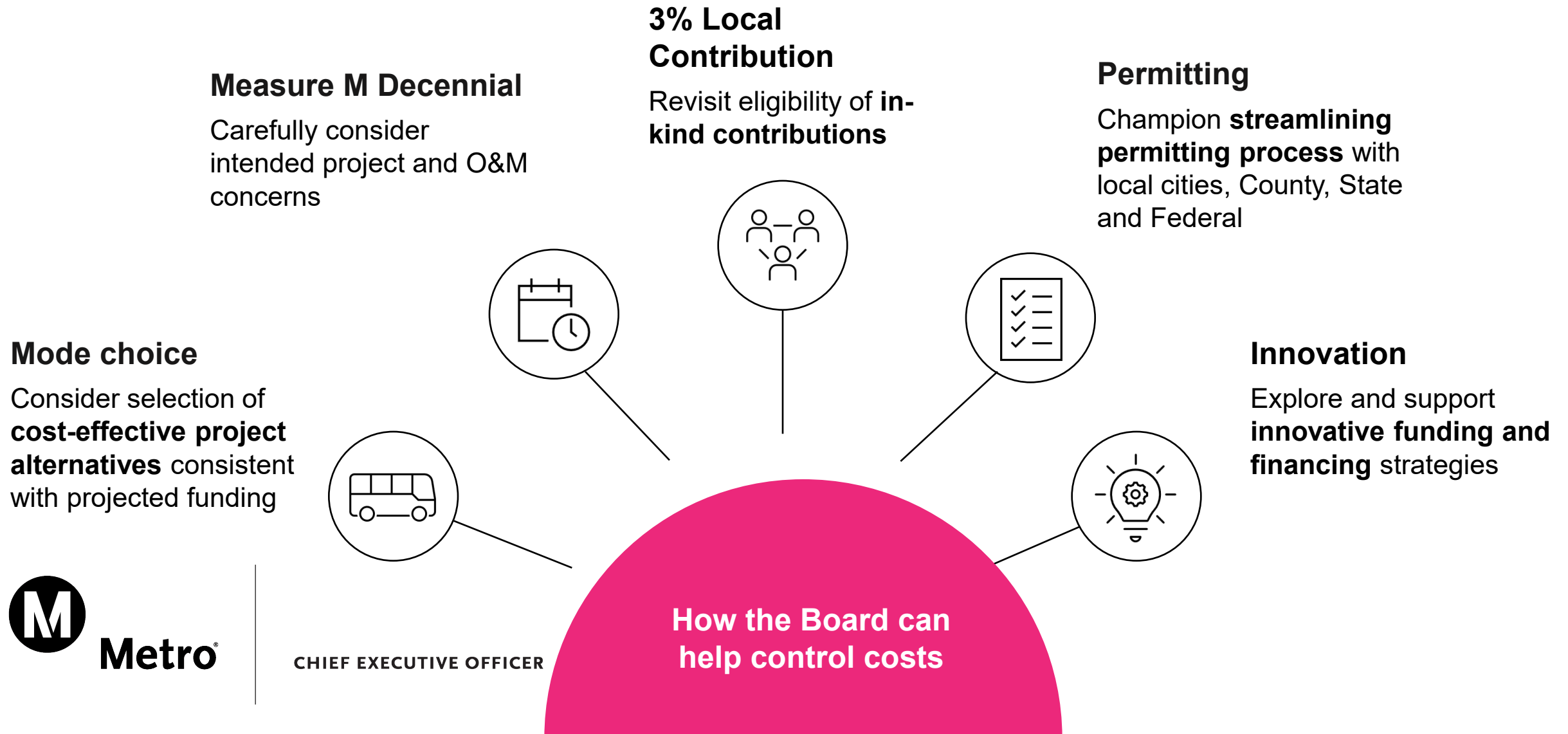
Focus area	Staff initiative
Controlling / predicting costs	▪ Implemented new FTA contingency guidelines (PLE3 into future) ▪ Moved to “bottoms up” estimating (SEGL into future) ▪ Pursuing Program Management and Planning strategic initiatives ▪ Working on consultant conversion and growth internal staffing ▪ Using EIT framework to intercept issues early ▪ Contract using collaborative alternative delivery methods ▪ Revising Policy and Specification requirements ▪ Ensuring earlier PM involvement in Planning ▪ Building a culture of continuous improvement
External factors	▪ Establishing a new Master Cooperative Agreements with cities and utilities ▪ Pursuing permitting efficiencies and streamlining ▪ Using alternative delivery contracts and risk sharing to mitigate against material price growth and market forces ▪ Working toward the “Owner of Choice” to contracting community

Planning initiatives, coupled with Board support, could address project decisions that increase scope and cost



Focus area	Strategic initiative
Planning process	▪ Implement strategic right sizing approach ▪ Conduct Cost Benefit Analysis (CBA) through the design development confirm good investments ▪ Greater level of design earlier (30% during Planning stage) and freeze scope at milestones ▪ Conduct project readiness reviews at stage gates, develop mitigation plans ▪ Track all scope changes and causes ▪ Increase focus on project control functions; assign project control resources early
Community and stakeholder input	▪ Revisit focus of 3% local contribution requirements ▪ Better balance need for cash contribution with supporting local ▪ Avoid substantial impacts to funding plan and needs to find additional funding
3rd party permitting	▪ Streamlining permitting process with cities/County/State/Federal ▪ Execute MCAs early in planning process
Risk identification and mitigation	▪ Perform risk analysis, identify and complete comparative of mitigation strategies on cost and schedule implications ▪ Complete investigations in high-risk areas such as geo-tech and utilities

There are 5 ways that the Board can help Metro protect operations-eligible funding through the Capital program



We will be engaging you throughout the Measure M Comprehensive Assessment process



Five-year look back and ten-year look forward (FY23-37)



Estimate Measure M cashflow and capacity



Assess project and program benefits



Coordinate with key Metro teams (PM, OMB, Ops, etc.)



Gather & evaluate stakeholder feedback



Prepare draft amendments for Board consideration*

**2/3 Board vote to approve report and amend Expenditure Plan*

April Board presentation:

- Discuss Measure M Comprehensive Assessment and amendments process and schedule
- Share what can and cannot be accomplished
- Outline key milestones and critical decision points

Example: 3% Local Contribution



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3% Contribution Examples #1: K Line

#2: Purple Line Phase 2 & 3



K Line Project Overview

- Inglewood’s 3% contribution was \$12M; it satisfied this contribution through:
 - \$6 million in FLM projects
 - \$6 million in Local Return

Purple Line Section 2 & 3 Overview

- **Total of \$169.9M in 3%** contribution due to Metro
- Cities of LA, Beverly Hills and the County have outstanding local contribution obligations
- City of LA staff have informed Metro a plan to implement enough FLM projects to satisfy their portion of the 3%

Bold italics indicate contributions used

3% contribution guidelines	
Project Related	Non-Project-Related
In-kind contributions including self-permitting, specific ROW, local agency staff time	Bike path connections
Franchise agreements	Pedestrian connections
Local Return Funds	Additional park and ride
State Gas Tax Subventions	Transit Improvements
Prop A, C and Measure M/R Local Return, Subregional Program funds	FLM improvements

When non-project-related activities are used to satisfy 3%
Metro must find additional fund sources to fund project
Current outstanding 3% contribution is over \$500 Million
Future 3% contribution estimated at over \$2 Billion



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Example: Mode Choice



Modal choices impact cost, schedule and delivery of community benefits



Bus Rapid Transit

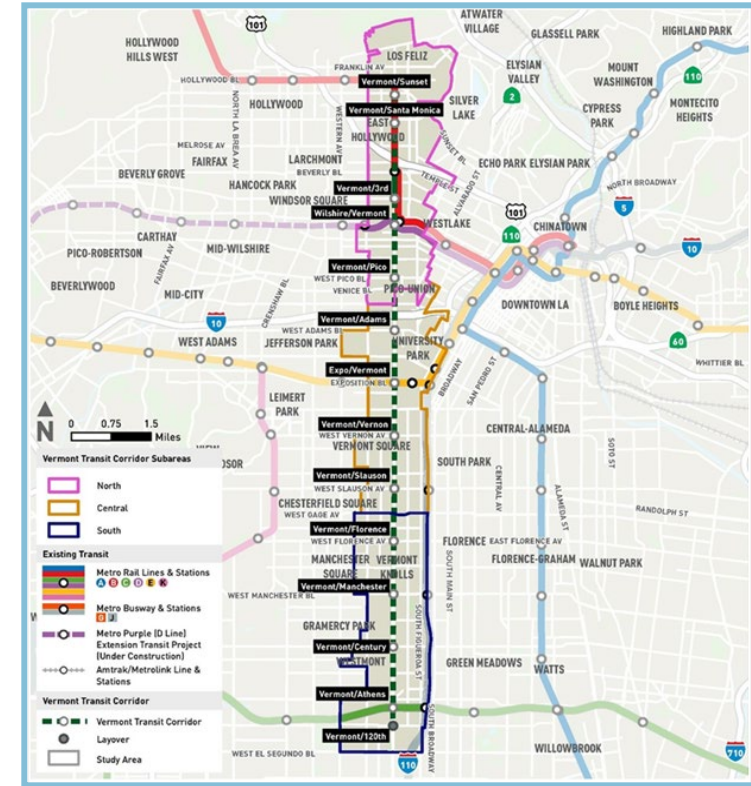
- Potential for CEQA and NEPA expediting leading to reduced schedule
- Simplified infrastructure improvements
- Improvements focused on complete streets within existing public right of way
- Improved mobility, environmental and community benefits delivered earlier

Light Rail Transit

- Extensive environmental approval process with substantial public process
- Major infrastructure requiring significant design time and numerous agency reviews and approvals
- Requires extensive utility relocation and private property acquisitions
- Results in extensive timelines from planning through implementation operation



- Designed to Measure M budget
- Leveraged \$25M in Measure M to secure over \$300M in Federal funding
- Developed short-, mid- and long-term improvements
- Extensive community input on process provided an opportunity to self-determine approach
- Achieves community enhancement more quickly, while improving rider travel time and experience
- Scheduled to be in operation within schedule, in service by 2028



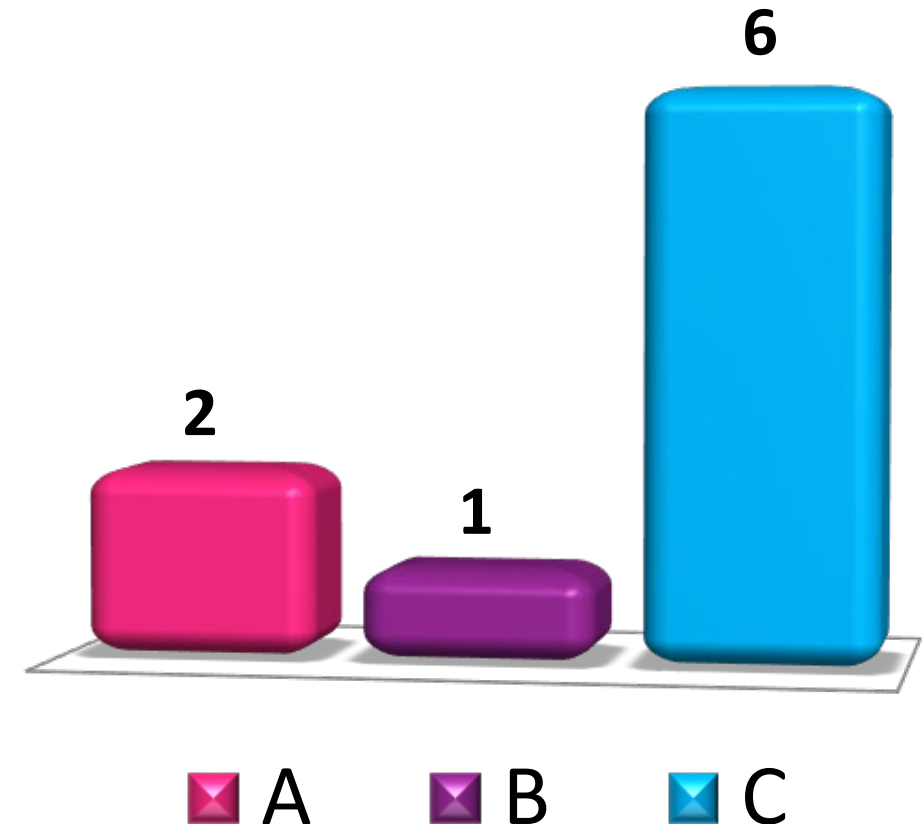
- Contemplated another bus-only lane system
- Based on data and community input, system improvements are being implemented
- Provision of bus stop, signal, and limited sidewalk improvements within schedule



Capital: Pulse Check

When considering projects in voter-approved Measures M and R, what should guide Metro's decisions if project costs continue to escalate?

- A. Deliver the mobility benefits promised as quickly as possible, even if that requires changing the mode or scope.
- B. Preserve rail projects but accept longer timelines or phased delivery if needed to keep costs manageable.
- C. Reevaluate projects case-by-case based on current costs, ridership needs, and available funding.





Of the 5 ways Board can help Metro protect operations-eligible funding through the Capital program, how would you rank them from easiest to hardest? Why?

- Mode choice
- Measure M Decennial
- 3% local contribution
- Permitting
- Innovation

Do you have any other policy or strategy ideas you would like staff to consider in this area of focus?

Policy Topics: Overview



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Metro's role across the infrastructure delivery and operating spectrum results in funding tensions



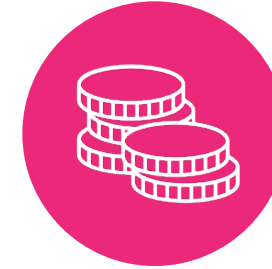
Operator

- Responsible for serving the needs of "public demand for an efficient public transportation system"



Builder

- Authority to develop and build a mass rapid trans system "for the benefit of the people"



Planner and funder

- Charged with the efficient oversight of public transit, the coordination across transit providers, and setting highway policy

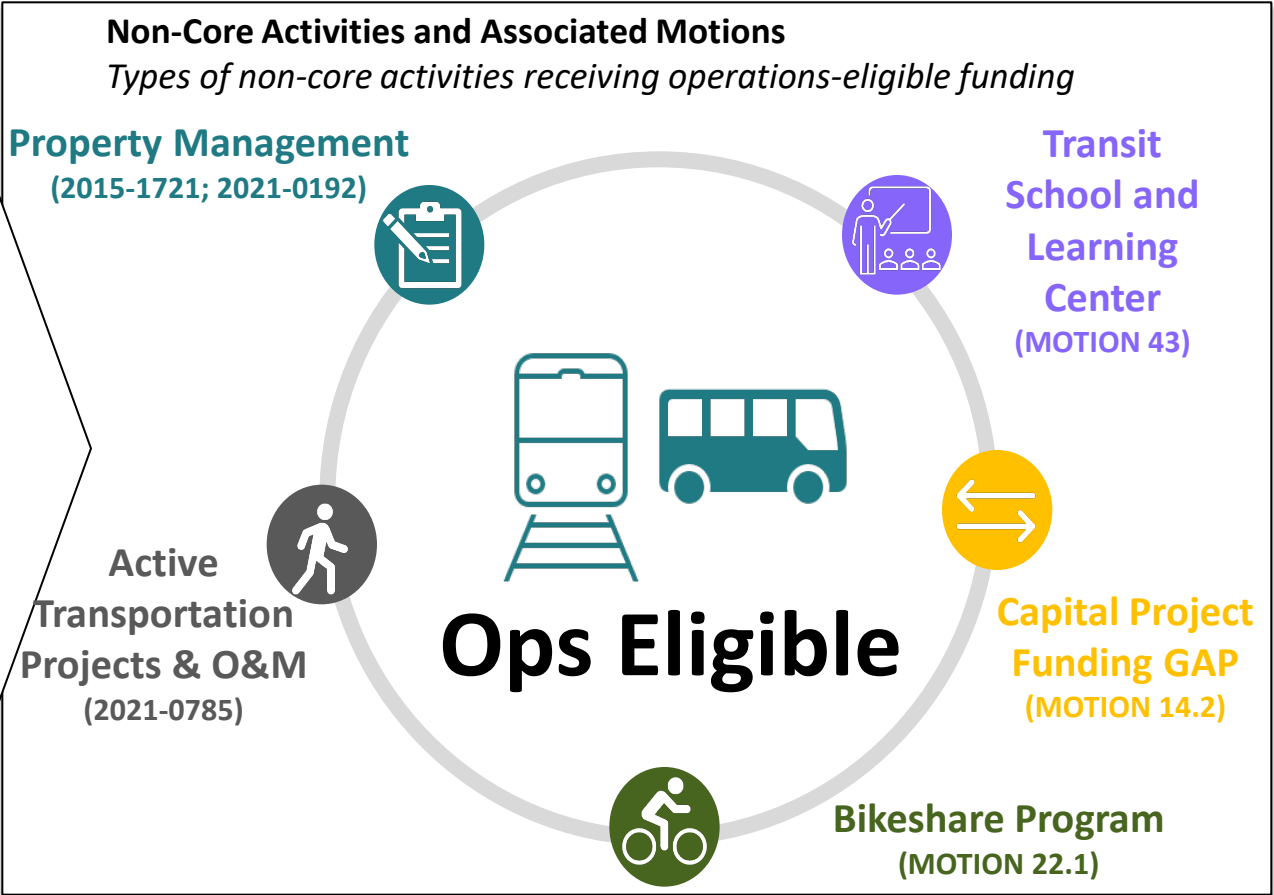
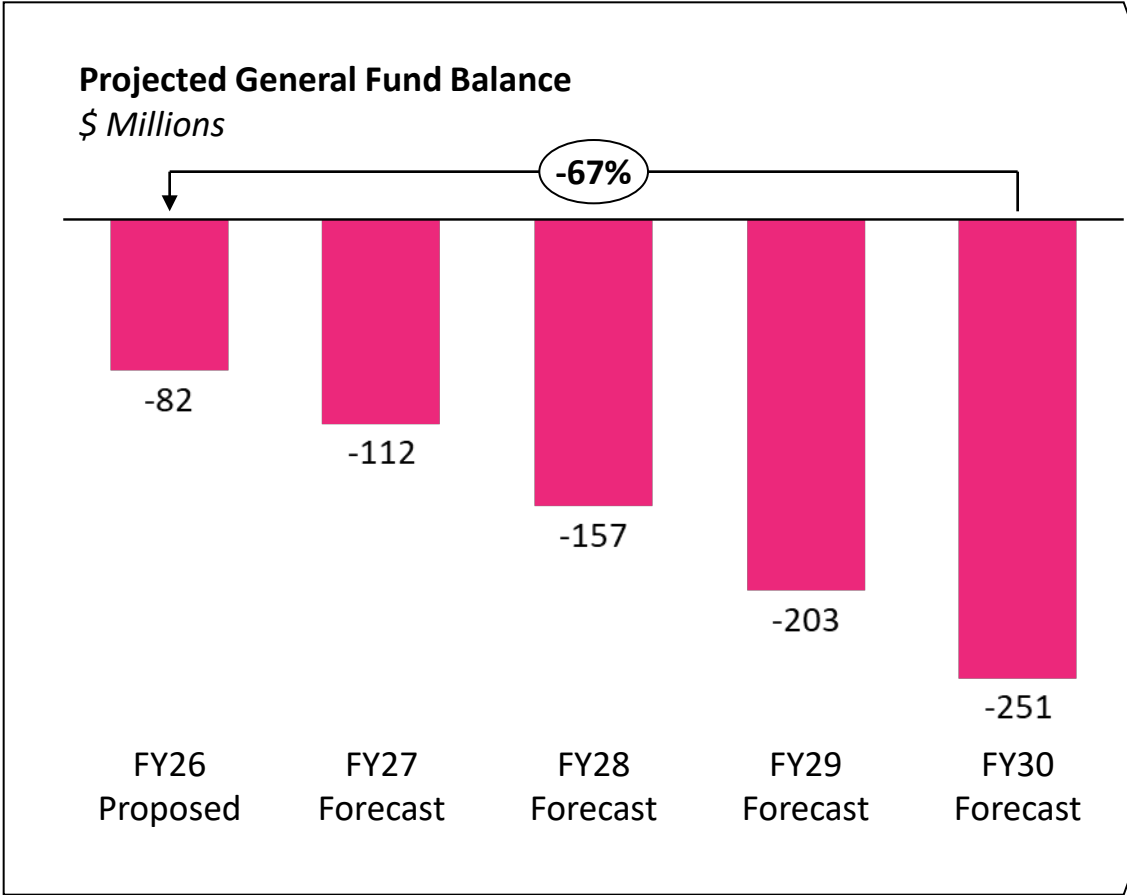
Enabling legislation also included an "Affordability Clause" which states, "recognizing the scarcity of resources available for all transportation development, the commission shall give priority to low-cost highway and transit improvements, and shall work toward maximizing the effectiveness of existing resources"



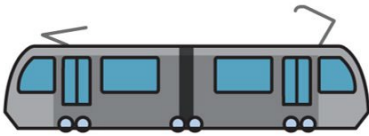
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Today, we will re-examine 2 of 6 non-core activities, given Metro’s projected need for ops-eligible funds



\$261.20
per RSH



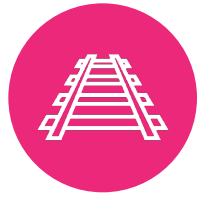
\$647.16
per RSH

Month Year

Policy Topics: ATP O&M



Active Transportation Projects: O&M and Impact on Metro Operating Funds



Completed ATP example: Rail-to-Rail Project O&M costs

- 6-mile active transportation path along a former BNSF right of way
- Project opened in 2025
- Metro is responsible for maintenance and security for the path; forecasted annual O&M costs and Community Intervention Specialists are ~\$2M/year
- Metro also responsible for addressing excessive vandalism, theft, and mis-use (\$680K in change orders due to damage)
- No dedicated O&M funding exists for the 6-mile project; requires Metro to use operating eligible funding



Future ATP example: LA River Path gap closure

- Only permit delivery or funding arrangements that do not require Metro to be responsible for O&M

~\$2M
equates
to:



7.7K bus RSH

3.1K rail RSH

~ 1 month of LIFE ridership (95K riders)



Policy Topics: Bikeshare



Metro Bike Share (MBS) Program Overview



3

Designated service zones across LA City

- Central/Downtown
- North Hollywood
- Westside

FLM

~60% of riders use bikeshare to connect to rail; ~40% connect to bus

225

Bike share stations across LA City

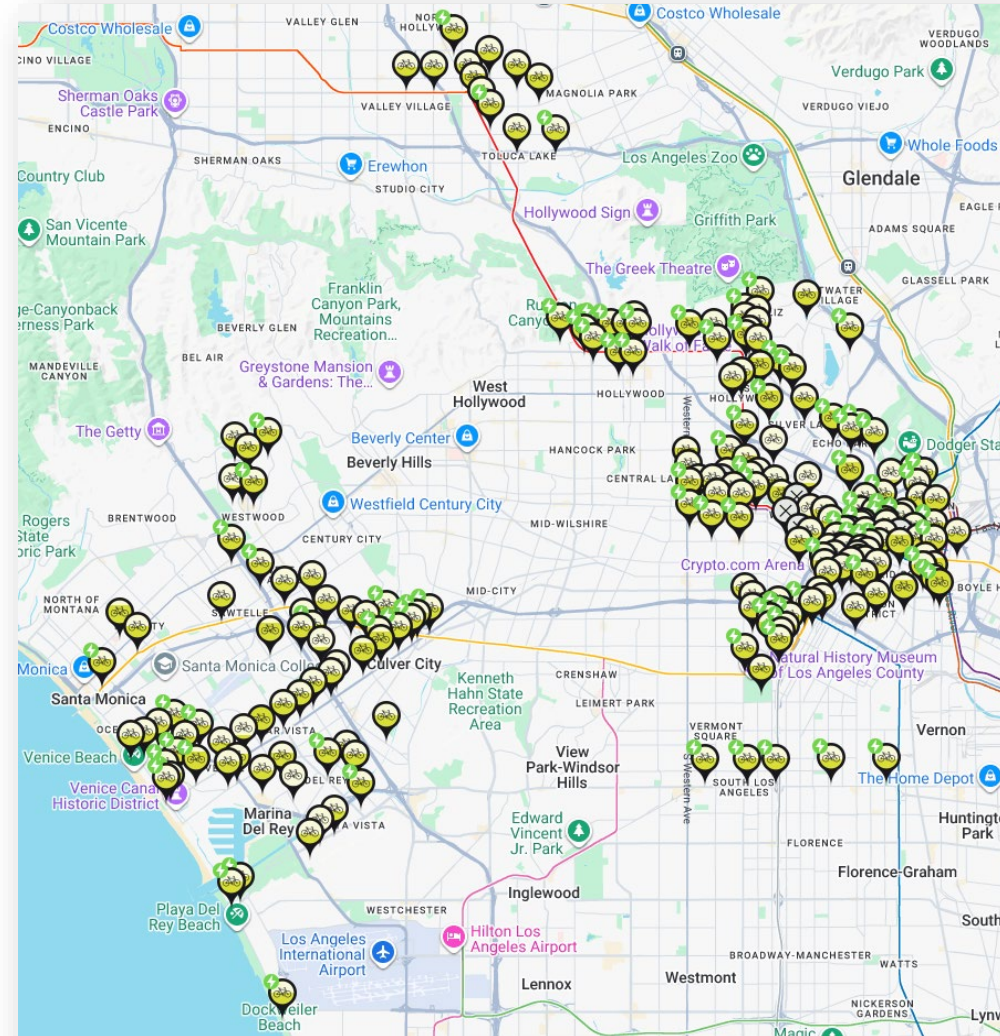
1,800

Bikes across the bike share system in LA City



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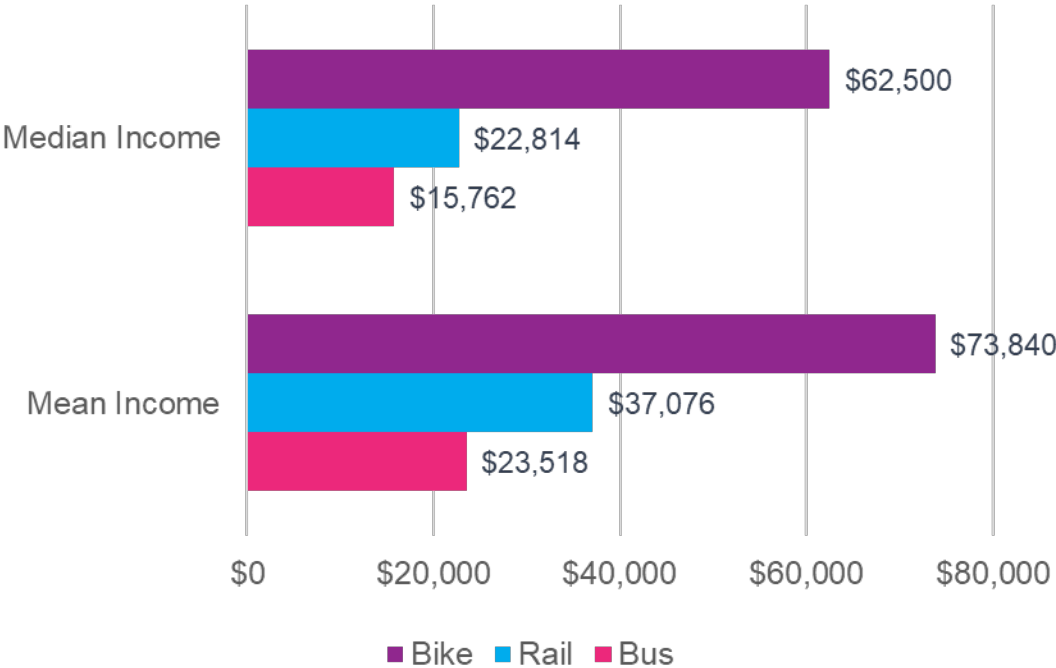
* Respondents could select more than one answer in the bikeshare survey to this question

Rider Demographics: Bikeshare, Bus, Rail



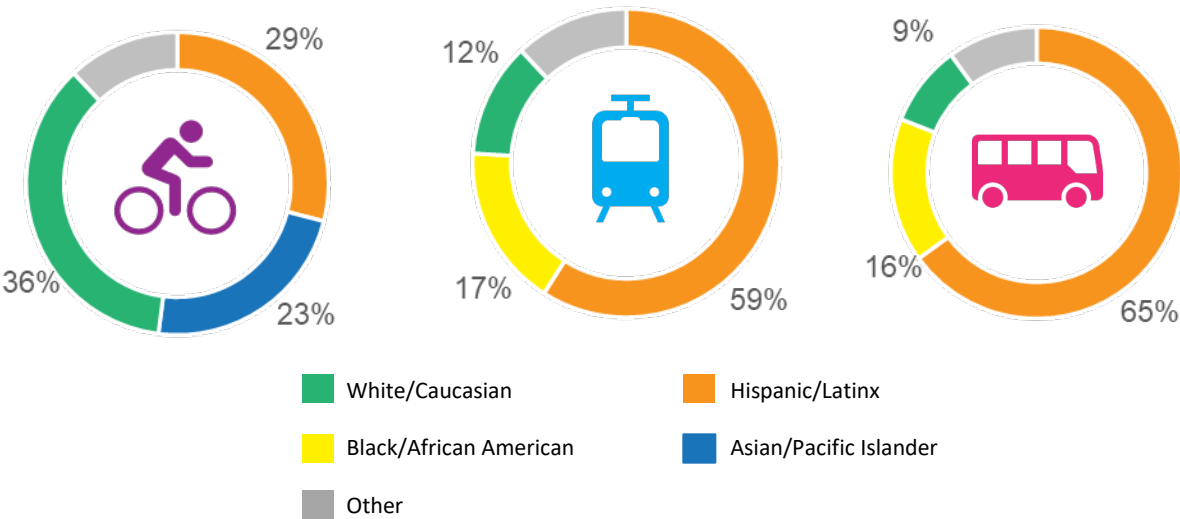
Household Income

Mean and Median Income by Mode



Demographics

Ethnicities Served by Mode



**Age demographics comparing the percentage of riders aged 24-54 to all other age groups across all three modes were generally similar. The age demographic breakdown by Bikeshare mode is 64% are between 24-54 and 36% other. Bus and Rail fare aged 24-54 riders are 57% and 63% respectively*

***Gender demographics across all three modes were generally similar. The gender demographic breakdown by Bikeshare mode is 55% male, 37% female, 3% non-binary, 4% other/prefer not to say.*

Bikeshare earns \$1.5M annually; it costs Metro \$4.2M to operate annually



Costs to Metro by Bikeshare Mode

Cost Components	Metro Bikeshare
Capital expenditures since program launch	\$15.7M
Estimated revenue (ads and fares) (annual)	\$1,520,000
O&M costs without offsets (annual)	\$13,582,479
Net O&M costs (annual)	\$12,062,478
Metro cost share (35%) (annual)	\$4,221,867
Total cost per ride	\$25.40
Metro cost per ride (35%)	\$8.89

**16.0K bus RSH**

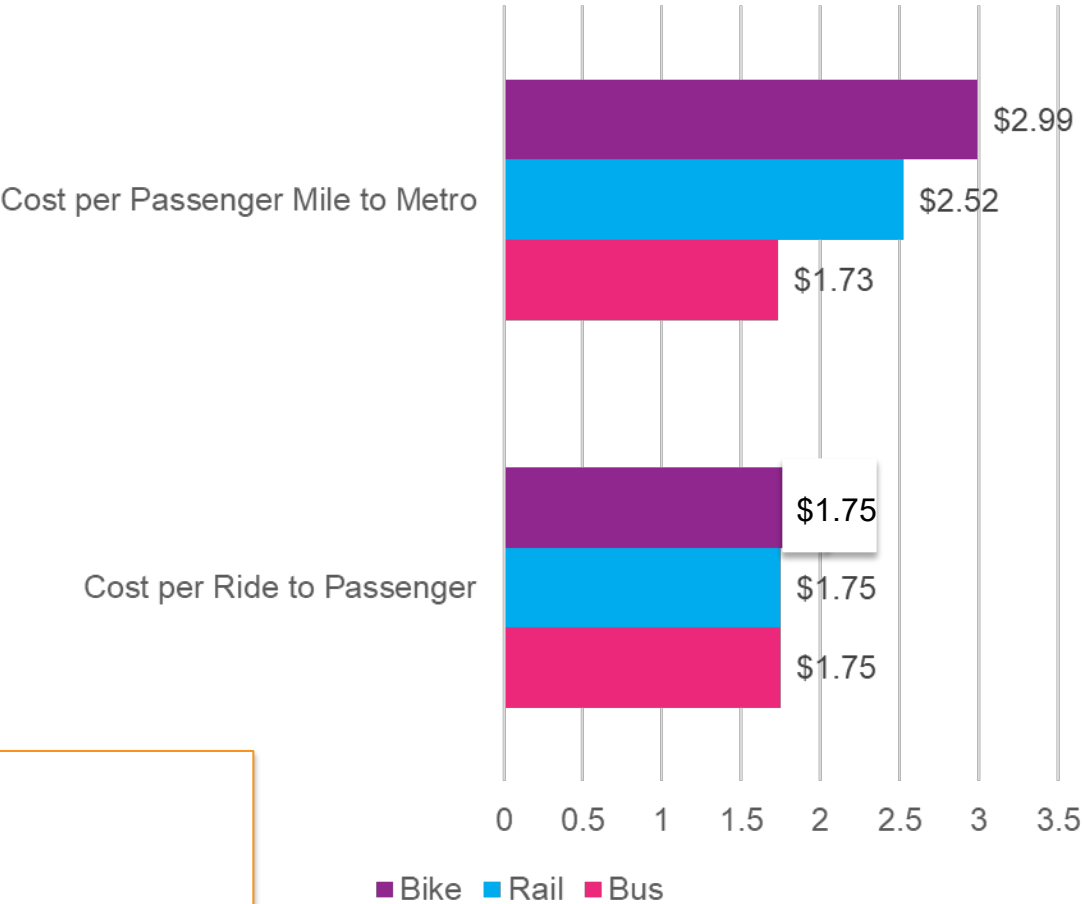
**6.5K rail RSH**



~\$4.2M equates to:

~ 2.25 month of LIFE ridership (215.8K riders)

Costs to Metro vs. Cost to Passenger by Mode



Other bikeshare and micromobility programs have higher fares than Metro



Comparison of bike share vehicles and cost per hour						
Cost to user per minute*	Metro Bike (MBS)	Long Beach Bike Share				
Classic/Pedal	\$0.06	\$0.12	N/A	N/A	N/A	\$0.16 per minute for 1 st 30 minutes; \$0.41 per minute thereafter
E-bike**	\$1.00 to unlock; \$0.09 per minute	N/A	N/A	N/A	\$1.63	\$4.99 to unlock; \$0.41 per minute
E-Scooter**	N/A	N/A	\$2.07	\$1.84	\$1.82	N/A
Total user cost per 30-min ride	\$1.75 - \$2.75	\$3.50	~\$18.50	~\$11.70	~\$13.50 - \$19.97	\$4.99 - \$17.29

* Competitor pricing based on pricing snapshot via apps at time of purchase/ride from 1/23/2026

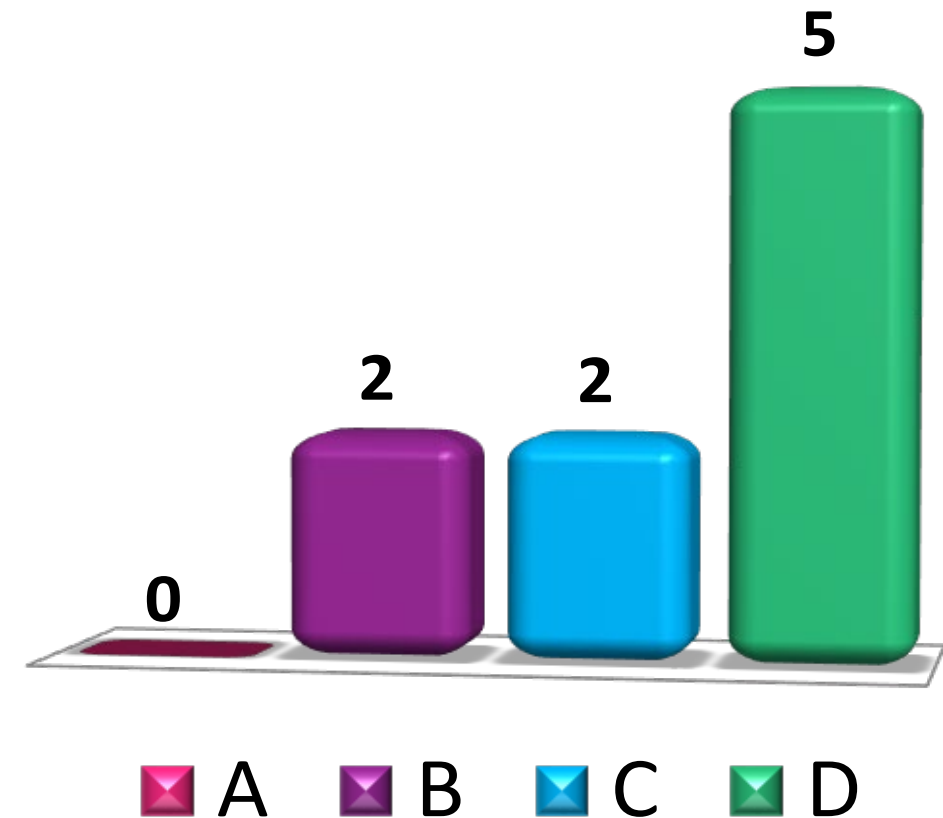
** Price per minute to users of e-bikes and e-scooters include cost of unlock fees

Policy topics: Board engagement questions

Policy Topics: Pulse Check

How should Metro view its role in bike share programs given current operating budget pressures?

- A. Treat bike share as a core Metro service and continue investing in expansion, even if it requires reducing funding for other transit services.
- B. Continue operating bike share but gradually reduce Metro's financial subsidy over time.
- C. Shift Metro's role from operator to funder by providing incentive grants for cities to establish and operate their own bike share systems.
- D. Transition bike share operations entirely to local jurisdictions or private operators.





Should Metro prioritize active transportation investments only in locations where local jurisdictions are willing to partner with us and assume long-term maintenance responsibilities?

What other information do you want staff to provide?

Should the Board adopt a policy that protects transit operating funds by establishing a firm limit on the use of operating funds to maintain active transportation infrastructure?

What other information do you want staff to provide?

Revenue: Overview



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There are pros and cons to each type of potential revenue source: today, we will consider four for Metro



1

Advertising

Advertising revenue from Metro's asset base

2

Fare policy

Fares for ridership across Metro's modes for regular trips and special events

3

Asset monetization

Revenue generated through improved asset values (e.g., place-making)

4

Innovative financing (P3)

Additional funding capacity generated through accessing private partners

Revenue : Advertising



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Metro Advertising Program Overview



Metro's Advertising & Revenue Generation Program currently generates \$23M annually



External support



Intersection

- Rail Assets (trains (interior and exterior placements), stations, digital screens, floor decals, wallsapes)
- 60/40 revenue share

OUTFRONT/

- Bus Fleet (interior and exterior placements)
- 70/30 revenue share



Metro responsibilities

Metro staff leads:

- Strategic direction
- Asset development
- Policy oversight
- Ad approvals



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Metro has taken a number of strategic actions over the past year to redefine how we improve advertising on the system



Reset Metro's Culture & Performance Expectations in Advertising

- Hired senior advertising leaders
- Established clearer performance metrics and accountability
- Directed agencies toward high-impact formats
- Proactively co-developed target lists
- Developed brand mapping
- Piloted new advertising formats

Secured Major Brand Engagement

- Converted short-term buys into multi-month and year discussions
- Transformed amenity partnerships into multimillion-dollar advertising commitments
- Co-pitched global brands
- Established premium pricing tied to mega events



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2026 FIFA World Cup



Premium pricing at **4x** standard advertising rates

2027 NFL Super Bowl



Premium pricing at **2x** standard advertising rates

2028 Olympic & Paralympic Games



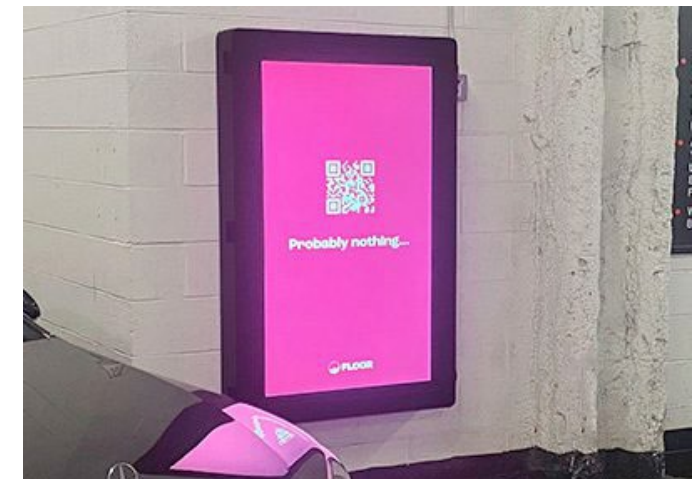
30% markup above World Cup pricing

New Revenue Opportunity: Parking Garages



Expansion of advertising program to include Metro parking garages as an additional asset class including. Advertising opportunities to consider include:

- Adding digital assets to existing structures
 - Metro-owned digital assets allow for multiple advertisers and quick change-outs
 - Include digital advertising assets in future builds
- Staff proposes modifications to California Business & Professional Code § 5405.6 which prohibits Metro from erecting any 'billboard' structure larger than 10ft x 10ft on agency property and/or ROW.
 - Potential additional revenue: approximately \$20M annually



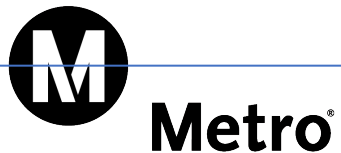
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Update Corporate Sponsorship / Station Naming Rights

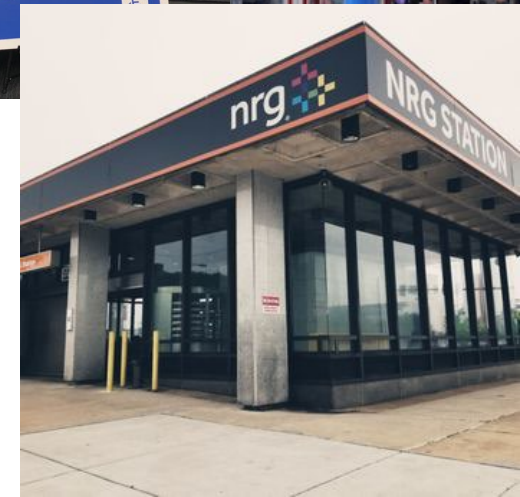
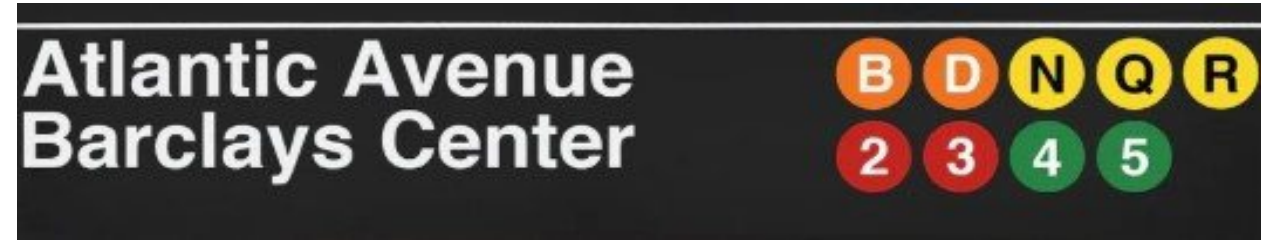


- Current guidelines include:
 - Be established in the U.S. and legally compliant
 - Demonstrate financial stability for the previous 5 years
 - Have a clean record regarding ethical behavior
 - Not have been awarded a Metro contract within six months of the proposal

Staff would like the Board to consider updating the corporate sponsorship policy including sponsorship duration, development of a cost structure, enhance services and activations to make it simpler to monetize stations and create activations for a better customer experience.



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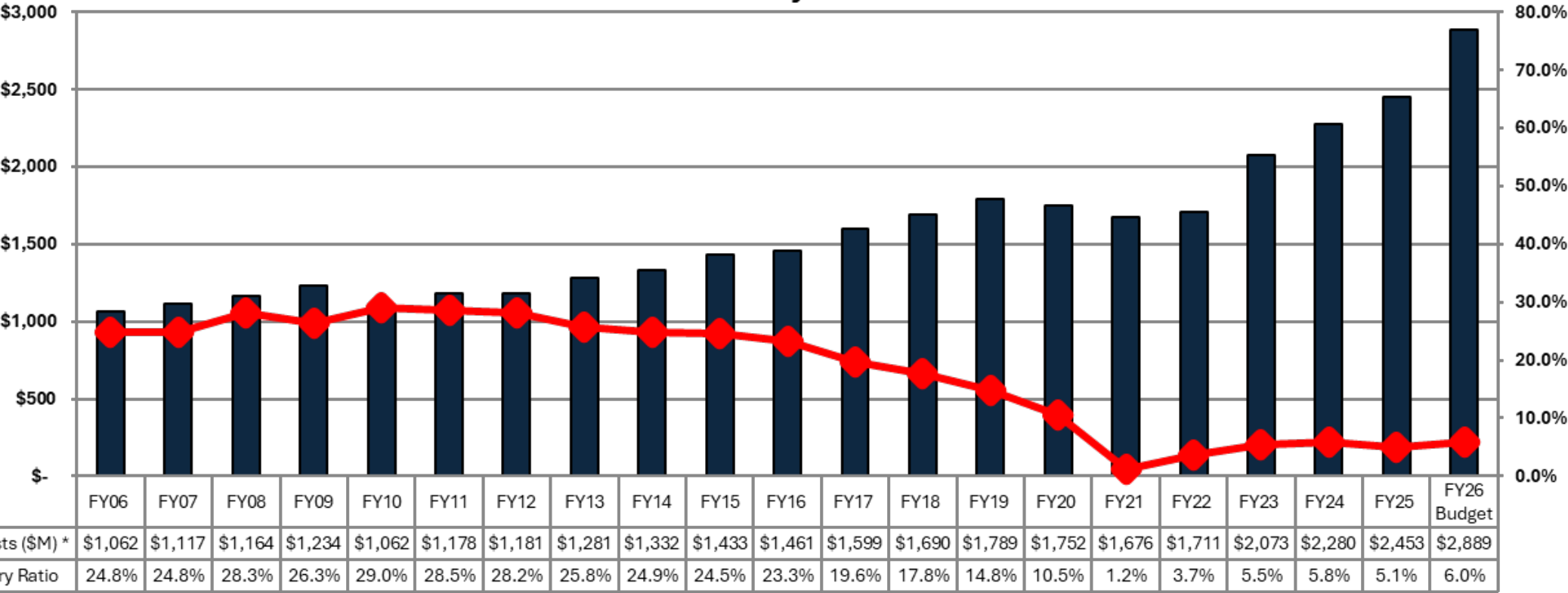
Revenue: Fare Policy



Farebox Recovery Ratio

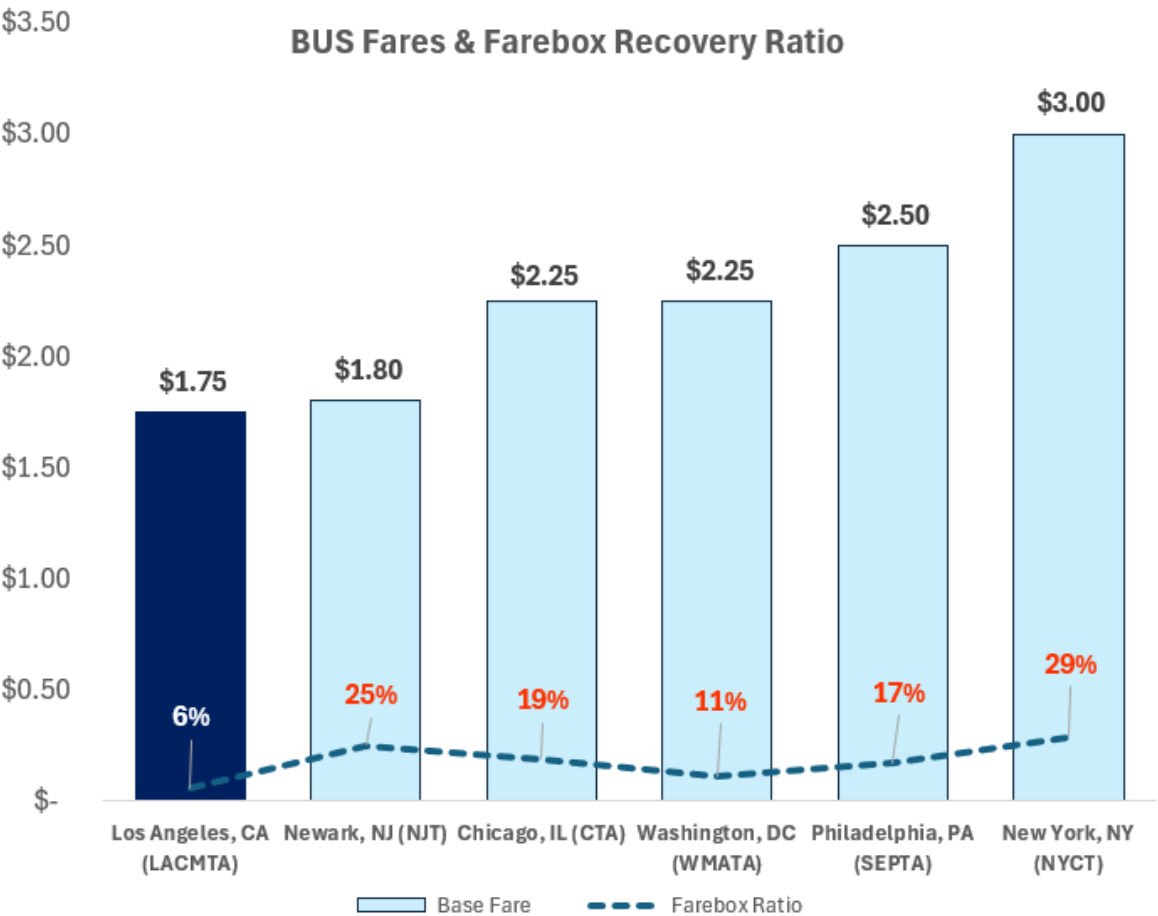


Farebox Recovery



- **Farebox Recovery Ratio** indicates how much of transit operating costs are covered by fares
- **Federal policy encourages user-pay models**, demonstrating that riders contribute to the cost of service
- **Current General Revenue Bonds are secured by fare revenues**, as well as other revenues, and are viewed as a stable operating source and support Metro’s financial standing

Metro has the lowest fares



Metro provides free and discounted fares to riders through various fare programs



**In FY25,
37% of boardings were
free or discounted**

Fare Policy Analysis



Aligning future fares closer to historical averages could generate ~\$100M annually, providing meaningful relief to Metro’s structural operating deficit

	Fares Revenues	Fare per Boarding
FY17	\$272.5 M	\$0.79
FY26	\$172.0 M	\$0.50
Loss	\$100.0M	



383K
RSH



154K
RSH

Opportunities

Current fare programs (LIFE, GoPass, U-Pass) will continue to offer free and discounted fares for riders



- **Adjust base fare (\$2.00–\$2.50):** Could generate ~ \$20–\$74 million annually in additional revenue
- **Establish a predictable fare policy:** Implement moderate, periodic adjustments (e.g., tied to CPI every three years) to help keep pace with rising operating costs
- **Evaluate rail-specific pricing:** With continued rail expansion, consider fare structures that better reflect the cost and value of rail service
- **Introduce special event fares:** Capture additional revenue during high-demand events

Agency	Day Pass Price
1984 Los Angeles Olympic Games	\$10.00
2002 Salt Lake City Winter Olympics	Free for event ticket holders
2015 Vancouver DayPass	\$11.95
2016 Rio Summer Olympics	\$7.50
2022 FIFA World Cup in Qatar	Free
2024 Utah Ticket-as-fare	Free for event ticket holders
2024 Paris Summer Olympics	\$18.68
2025 Toronto Convention Pass	\$10.25
2026 FIFA World Cup Games in NY/NJ	Free for ticket holders (TBD)

Revenue: Asset Monetization



Asset monetization: What Metro has learned and what it can do



Investigate international and domestic case studies of best practices for **Integrated Transit + TOD Deliver** capture value and diversify revenues through real estate and economic development:

- APTA Study Mission **International Case Studies**: Singapore, Seoul, Tokyo
- **Peer agencies** delivering integrated projects: Sound Transit, New York MTA, WMATA



Integrate **early and continued coordination process** between transit infrastructure and TOD opportunity delivery

Pursue **strategic acquisitions** along new rail corridors to leverage Metro's capital investments including along key corridors with high ridership, strong market conditions, and supportive land use regulations

Pursue **real estate market analysis** of existing internal/external station space and adjacent property for potential revenue generation

Revenue: Innovative Financing (P3)

Overview of innovative financing tools: Today, we will deep dive into Public Private Partnerships (P3)



Tools or Approach	Description
TIFIA/RRIF	Federal loan program that allows transit agencies and other transportation borrowers to fund up to 49% of project costs via low-cost, federal loans
Value Capture	- Public financing mechanism that recovers a portion of the increased property values and economic gains created by new transit infrastructure - Common techniques include tax increment financing (TIF), special assessment districts, and joint development
Alternative Funding	- Monetize aspects of current asset portfolio for alternative funding - Opportunities to leverage alternative funding sources once identified for limited applications
Public Private Partnerships	Partnerships with the private sector designed to reallocate risks and/or leverage private capital/expertise In the transit sector, P3s have been used for a range of projects, including farecard systems, wireless access, new transit lines, and electric bus facilities (among other assets)

Recall: P3 Fundamentals



A public-private partnership (P3) is a ***contractual arrangement*** between a public agency and a private entity to deliver and/or operate a public asset



What a P3 is:

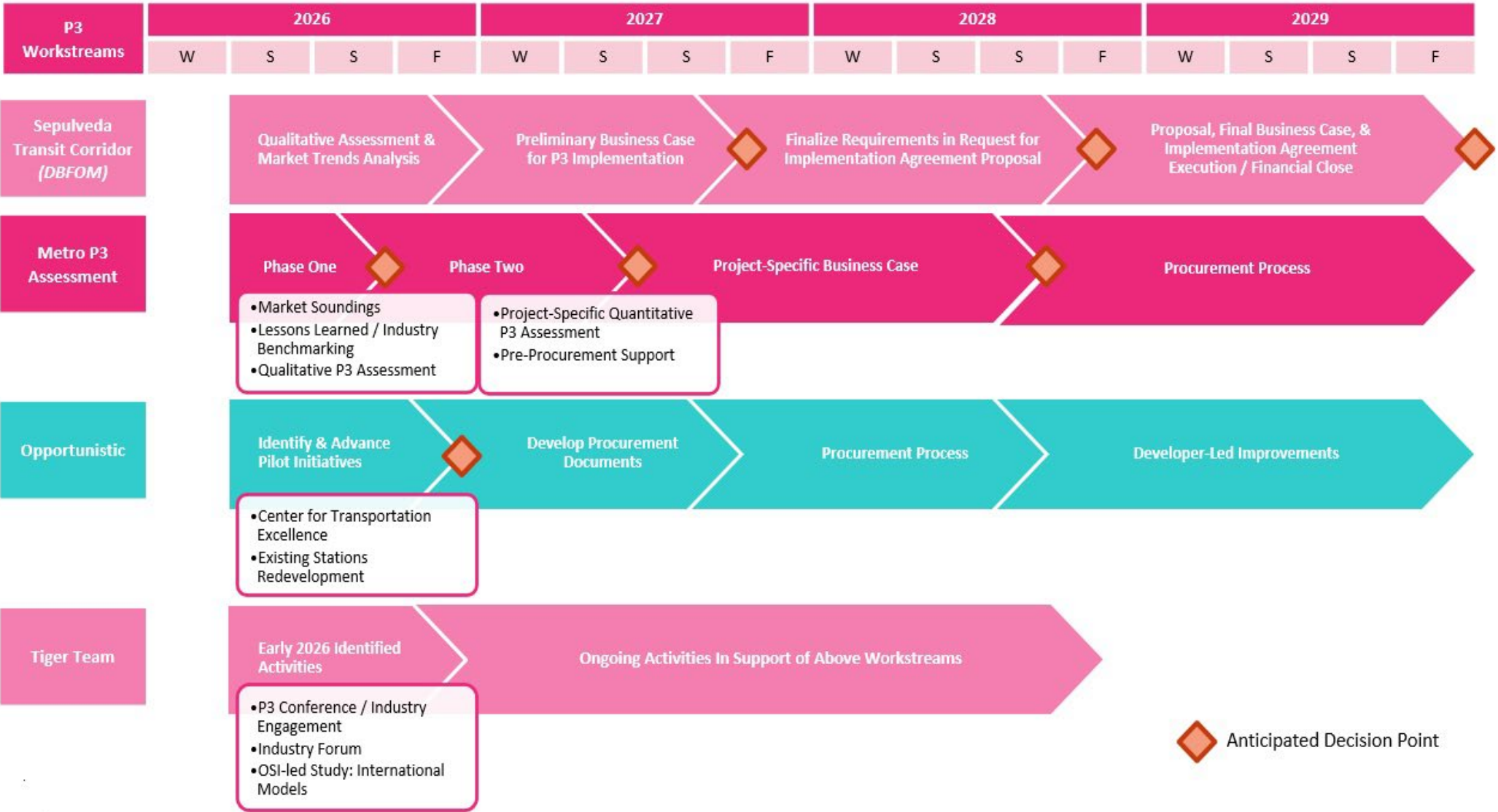
- Leverages the private sector's skills and financing
- Provides a mechanism to share in the risks and rewards of a project
- Incentivizes innovation and long-term performance



What a P3 is not:

- Is not free money, but rather a new funding source that requires repayment in the future (financing)
- Does not change the ownership of the assets, Metro retains the ownership
- Does not suit all projects

Metro is moving to action: standing up a Tiger Team to drill into specific P3 considerations for different P3 workstreams



Revenue: Board engagement questions

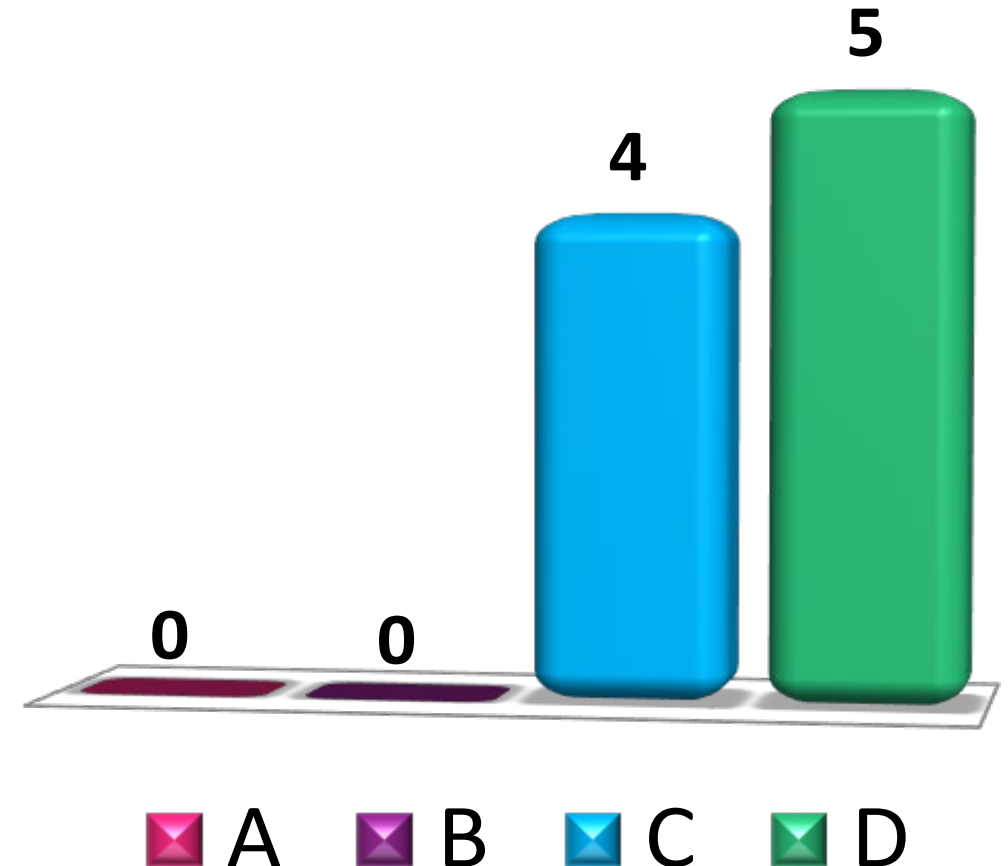


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Revenue – Asset Monetization: Pulse check

Transit agencies in countries such as Japan generate significant revenue from development around stations. How aggressively should Metro pursue a similar model?

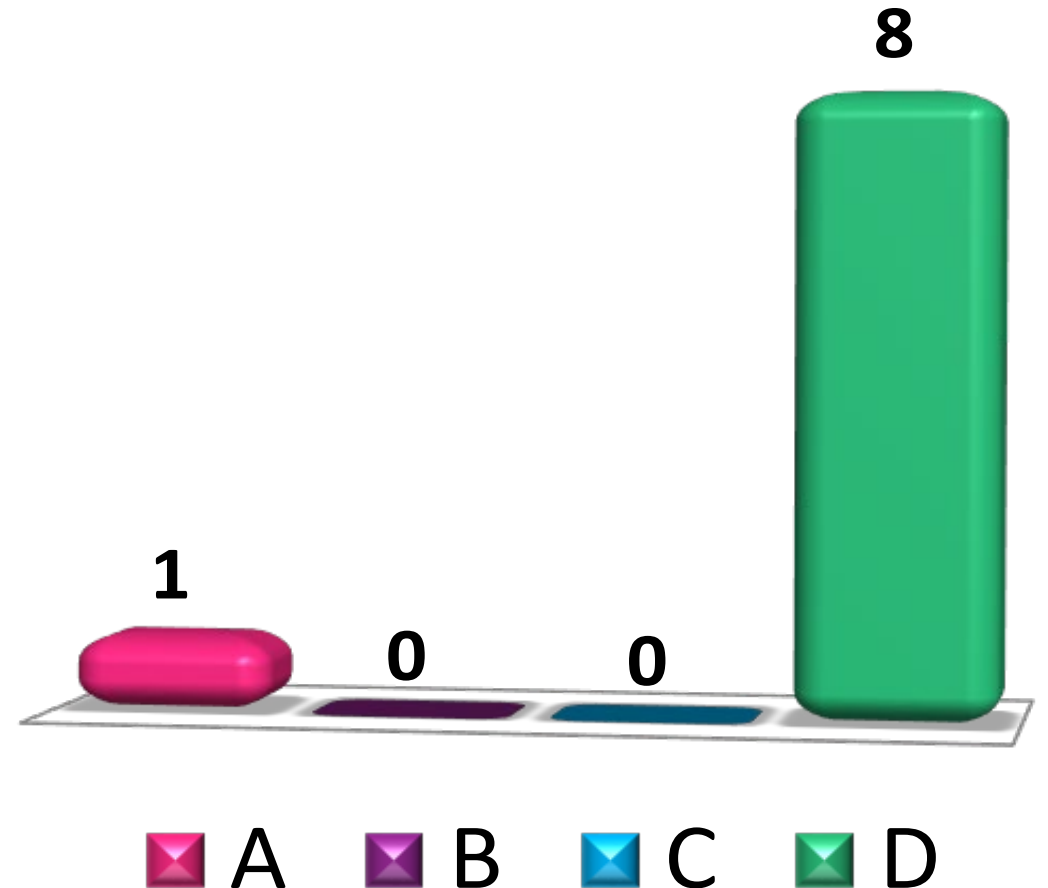
- A. Maintain the current approach focused primarily on affordable housing development.
- B. Expand development opportunities at select high-ridership stations.
- C. Integrate transit investment and real estate development more intentionally across the system.
- D. Fully pursue a station-area development strategy to generate long-term operating revenue.



Revenue – Fare Policy: Pulse check

Which pricing strategy would you prioritize for Metro to explore?

- A) Special event passes
- B) Implement moderate, periodic adjustments (e.g., tied to CPI-every 3 years)
- C) Capture additional revenue from less price-sensitive riders
- D) All of the above



Revenue - Advertising: Board discussion

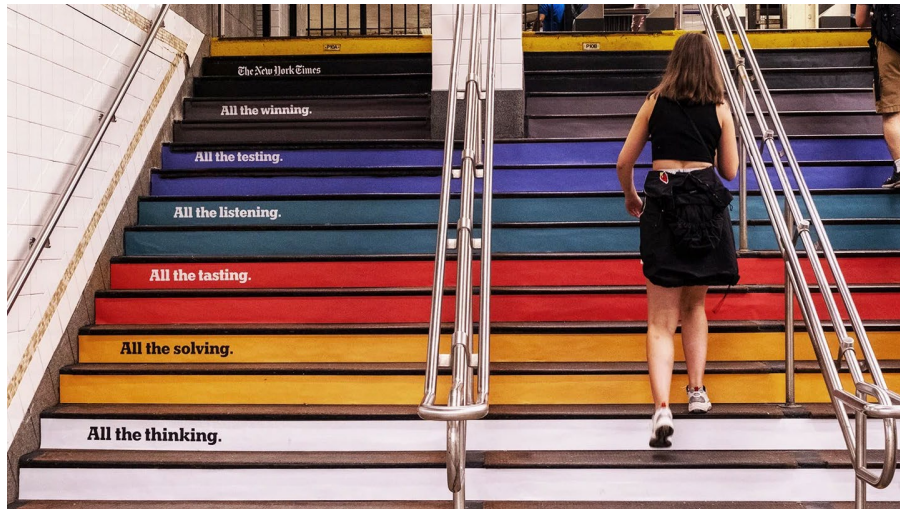


How much commercialization of the transit environment is the Board comfortable with if it generates meaningful revenue?

**TAP Gates
(within ADA guidelines)**



Revenue - Advertising: Board discussion





To what extent should Metro be open to leveraging private capital to advance projects that might otherwise wait decades for traditional funding?

On place-making and P3 value creation: What would it take to make a station in your District a destination?

P3s work when public agencies create genuine value for private partners — through long-term leases, development rights, or revenue-sharing tied to assets the private sector can monetize. As you think about a station in your District, consider what combination of benefits could anchor a P3 arrangement:

- **Development rights and long-term leases** — air rights or adjacent parcels offered to developers in exchange for upfront capital investment or ongoing revenue-sharing for station improvements and pedestrian access
- **Curb and mobility access** — designated, priced access to station curb space for ride-hail, delivery, and micro-mobility operators, generating revenue while managing congestion and improving the rider experience
- **Retail and activation** — commercial concessions, food and beverage, or community programming that increases dwell time and makes the station a reason to arrive — not just a place to pass through

Next steps



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Next Steps



- ▶ Incorporate Board guidance across the topics covered today
- ▶ Bring forward policy recommendations, inclusive of additional desired information or analyses
- ▶ Share additional ideas with Staff on ways to free up operating funding