

Metro

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



Agenda - Final

Wednesday, May 16, 2018

12:00 PM

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

Budget Public Hearing

Kathryn Barger, Chair

Paul Krekorian, Vice Chair

John Fasana

Janice Hahn

Ara Najarian

Carrie Bowen, non-voting member

Phil Washington, Chief Executive Officer

METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES
(ALSO APPLIES TO BOARD COMMITTEES)

PUBLIC INPUT

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

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

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

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

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- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
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NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER**ROLL CALL****Open Public Hearing.****Opening Remarks.****Statement of the MTA Board Secretary concerning publication of notices and dissemination of public information.****FY2019 Proposed Budget:****SUBJECT: FISCAL YEAR 2019 (FY19) BUDGET**[2018-0147](#)**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the proposed FY19 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net); and
- B. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million, included in the proposed FY19 Budget and presented in Attachment A; and
- C. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY19 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval; and
- D. AMEND the proposed budget to include \$2,000,000 for Expo Phase 1 and \$20,624,400 for Expo Phase 2, as approved by Expo Construction Authority for fiscal year 2019, for a total addition of \$22,624,400; and
- E. AMEND the proposed budget to include \$25,000,000 for farebox upgrade, as approved by the Board on April 18, 2018; and
- F. AMEND the proposed budget to include \$500,000 to begin the draft environmental study of the Crenshaw Northern Extension project upon identification of the preferred alternatives identified by the Board for this corridor

Attachments: [Attachment A - FY19 New Capital Projects](#)
 [Attachment B – Reimbursement Resolution of Metro for FY19](#)
 [Attachment C – FY19 Public Outreach](#)

Public Comment

Motion to Close Hearing

Adjournment

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



Board Report

File #: 2018-0147, **File Type:** Public Hearing

Agenda Number:

**BUDGET PUBLIC HEARING
FINANCE, BUDGET AND AUDIT COMMITTEE
MAY 16, 2018**

SUBJECT: FISCAL YEAR 2019 (FY19) BUDGET

ACTION: ADOPT THE FY19 BUDGET

RECOMMENDATION

CONSIDER:

- A. ADOPTING the proposed FY19 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net); and
- B. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million, included in the proposed FY19 Budget and presented in Attachment A; and
- C. APPROVING the Reimbursement Resolution declaring Metro’s intention to issue debt in FY19 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval; and
- D. AMEND the proposed budget to include \$2,000,000 for Expo Phase 1 and \$20,624,400 for Expo Phase 2, as approved by Expo Construction Authority for fiscal year 2019, for a total addition of \$22,624,400; and
- E. AMEND the proposed budget to include \$25,000,000 for farebox upgrade, as approved by the Board on April 18, 2018; and
- F. AMEND the proposed budget to include \$500,000 to begin the draft environmental study of the Crenshaw Northern Extension project upon identification of the preferred alternatives identified by the Board for this corridor

ISSUE

California Public Utilities Code Section 130105 requires Metro to adopt an annual budget to manage the revenues and expenses of the agency's projects and programs. The budget is the legal authorization to obligate and spend funds and to implement Board policy. It includes all operating, capital, planning and programming, subsidy funds, debt service requirements, and general fund activities for the fiscal year. Budget detail is a management plan for financial activity and is prepared at the fund, project, department, and expenditure level. The legal level of control is at the fund level. Total annual expenditures cannot exceed the final appropriation by the Board except for capital expenditures, which is authorized on a life-of-project basis.

Copies of the proposed budget were made available to the public on May 1, 2018, both electronically at www.metro.net and through the Records Management Center (RMC) at RMC@metro.net. Printed copies of the budget document were also made available at the RMC on the plaza level of the Gateway building on May 1, 2018. The public hearing is scheduled for May 16, 2018. Advance public notification of this hearing was issued through advertisements posted in over two dozen news publications on April 11th and May 1st, 2018.

BUDGET MESSAGE

The transportation landscape of Los Angeles (LA) County is changing. Metro is leading the change with groundbreaking, expansive projects designed to invigorate our current infrastructure. As our population grows, mounting congestion stands in our way. Therefore, Congestion Reduction, along with overall Customer Experience, is Metro's top priority to improve the quality of life for LA County residents.

Through enhanced transit services and an ever-growing list of innovative new transportation initiatives, we aim to relieve congestion by focusing on the larger mobility picture. This will require addressing the issue of connectivity across all modes and all trip purposes. As we work to integrate trips made by private vehicles and transit with better first/last mile connections, we are moving closer to a transportation network that accommodates the mobility needs of all residents and visitors in LA County.

Metro's goal in the coming year is to move more people onto transit by making meaningful improvements to the services we provide. In order to appeal to a wider audience and encourage transit use among those who have never used our system, we must create a new customer experience. As a direct approach, we are committed to enhance our transit services by taking advantage of new technologies, such as MicroTransit, more advanced mobile apps, and better real-time information. While we improve overall service and tackle congestion with a comprehensive transportation strategy, it follows that increased ridership will be a natural outcome. Once we prove that Metro is safe, clean, easy to use, and efficient, we can make sure LA keeps on moving.

DISCUSSION

The proposed \$6.6 billion budget for FY19 is balanced and aligns resources in a fiscally responsible manner to achieve the following goals:

1. Advance safety and security for our customers, the public, and Metro employees
2. Exercise fiscal discipline to ensure financial stability
3. Plan and deliver capital projects on time and on budget while increasing opportunities for small business development and innovation
4. Improve the customer experience and expand access to transportation options
5. Increase transit use and ridership
6. Implement an industry-leading state of good repair program
7. Invest in workforce development
8. Promote extraordinary innovation
9. Contribute to the implementation of agencywide and departmental Affirmative Action and Equal Employment Opportunity goals

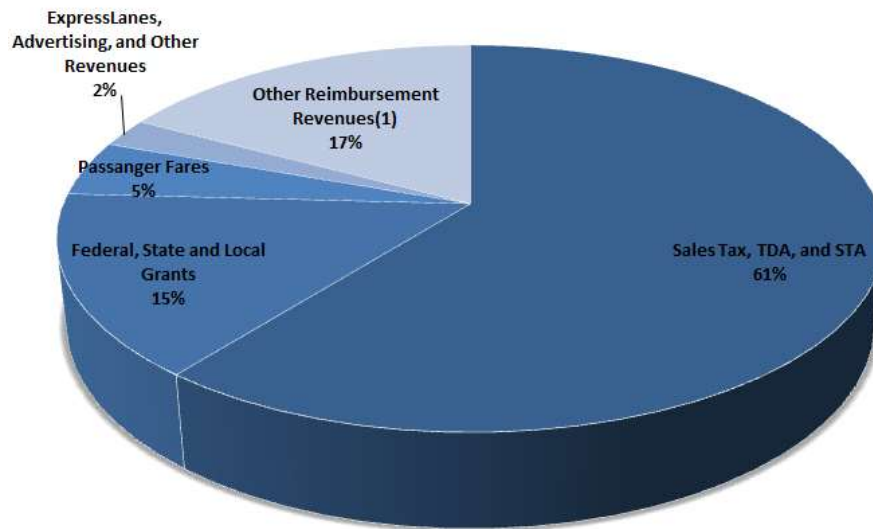
As part of the performance management process, Metro will monitor progress throughout the year relative to the Agency goals using measurements such as budget variance, Key Performance Indicators (KPIs) target achievement, Project Milestone achievement and cost savings and new revenue generation through the risk allocation matrix (RAM). This reinforces Metro's commitment to strategic monitoring of performance and the improvement of accountability.

Resources Summary

Resources (\$ in Millions)	FY18	FY19	FY18 - FY19 \$ Change	FY18 - FY19 % Change
	Budget	Prelim Budget		
1 Sales Tax, TDA, and STA	\$ 3,691.2	\$ 3,980.2	\$ 289.0	7.8%
2 Federal, State and Local Grants	985.9	997.3	11.4	1.2%
3 Passanger Fares	302.6	302.6	-	0.0%
4 ExpressLanes, Advertising, and Other Revenues	137.7	158.1	20.4	14.8%
5 Other Reimbursement Revenues ⁽¹⁾	1,164.3	1,124.4	(39.9)	-3.4%
Total Budget	\$ 6,281.7	\$ 6,562.6	\$ 280.9	4.5%

⁽¹⁾ Includes bond proceeds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdown and prior year commitment

**Resources %
of FY19 Budget**



The FY19 Proposed Budget ensures resources available to meet the planned Metro program and project delivery for the coming fiscal year. Revenue projections are built on historical sales tax growth cycles, accepted forecasting sources and Metro’s 30 year actual sales tax receipts. The total FY19 budget planned resources is \$280.9 million or 4.5% greater than FY18.

- Sales Tax, TDA, and STA increases \$289 million or 7.8% in total, due to the following 2 reasons:
 - There is a \$98 million or 3.4% projected increase for Prop A, C and Measure R sales tax as well as TDA revenues. Measure M increase is 5.5% more at 8.9%, or \$68.8 million, reflecting allowances for FY18 Measure M inaugural year of lower than

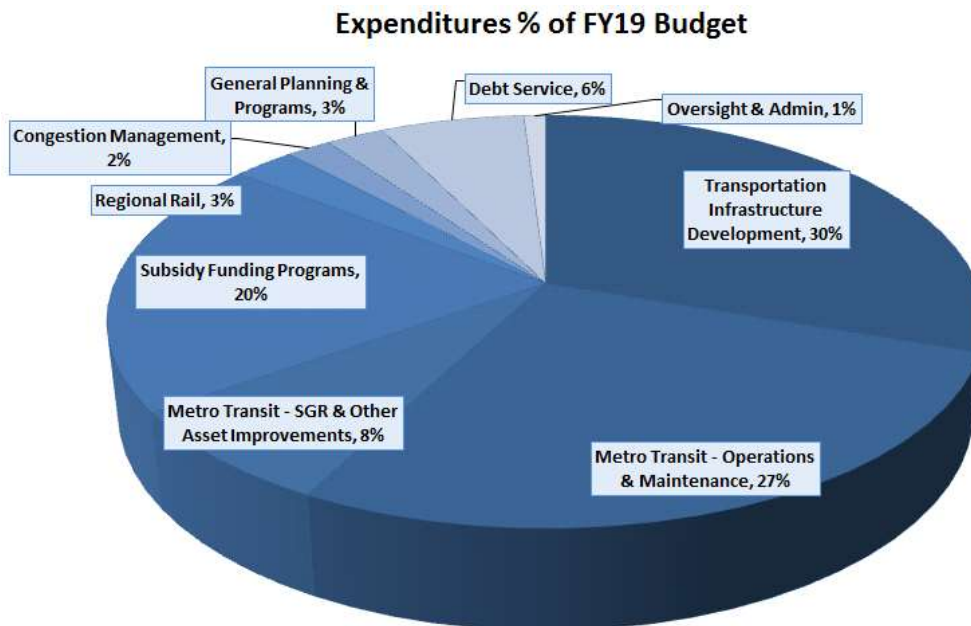
anticipated sales tax receipts.

- STA and State Senate Bill 1 (SB1) increase by \$122 million or 204% based on State Controllers' Office (SCO) estimates and new SB1 supplemental funding for transit and state of good repair.
- Federal, State and Local Grants are at a modest \$11 million increase or 1.2%, reflecting related capital expense activity.
- Passenger Fare revenues to remain flat due to level ridership & fare per boarding estimates.
- ExpressLanes, Advertising, and Other Revenues are increasing \$20.4 million or 14.8% in total, primarily due to the addition of Green Funds and increasing CNG credits for FY19.
- Other Reimbursement Revenues is \$39.9 million or 3.4% lower in total based on timing of project schedules. This includes bond proceeds, sales tax carryover, and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdowns which are backed by future expected sales tax.

Expenditure Summary

In FY19, Metro is poised to lead the ongoing transformation of Los Angeles County, with a bold plan to push the region to new heights. This year, we will continue our rapid progress toward achieving the vision of Measure M, with over a dozen transit expansion projects in various stages of planning, groundbreaking, and construction. We are also focused on the rejuvenation of our existing lines and facilities, as we move to pilot an electric bus fleet and continue major rehabilitation efforts on the Blue Line, our oldest rail line.

Expenditures by Program Type (\$ in Millions)		FY18	FY19		
		Budget	Prelim Budget	FY18 - FY19 \$ Change	FY18 - FY19 % Change
1	Transportation Infrastructure Development	\$ 1,987.2	\$ 1,987.7	\$ 0.5	0.0%
2	Metro Transit – Operations, Maintenance, & Regional Operating Services	1,755.4	1,795.5	40.1	2.3%
3	Metro Transit - SGR & Other Asset Improvements	431.9	493.0	61.1	14.1%
4	Subsidy Funding Programs	1,243.3	1,333.0	89.7	7.2%
5	Regional Rail	178.4	179.0	0.6	0.3%
6	Congestion Management	113.0	127.3	14.3	12.6%
7	General Planning & Programs	133.5	167.4	33.9	25.4%
8	Debt Service	383.9	416.6	32.7	8.5%
9	Oversight & Admin	55.2	63.3	8.2	14.8%
Total Budget		\$ 6,281.7	\$ 6,562.6	\$ 280.9	4.5%



The total budget increase from FY18 to FY19 is \$281 million or 4.5%. The major differences are addressed in program categories below which include the assumption for CPI increase of 2.25%.

- Transportation Infrastructure Development remains steady and supports Measure R and M projects such as Westside Purple Line Extension, including the Division 20 expansion, Regional Connector and Crenshaw LAX projects.
- Metro Transit - Bus and Rail Operations & Maintenance has a 5.1% increase from FY18 due to the new labor contracts and additional Revenue Service Hours (RSH) needed to support bus bridges for the “New Blue” rehabilitation project and special events.
 - Bus Revenue Service Hours (RSH) increases by 104,000 hours or 1.5%, due to Bus bridges for Blue Line closures related to the “New Blue” rehabilitation project and minor service adjustments to relieve overcrowding.
 - Rail RSH increases by 2,000 hours or 0.2%, due to minor service adjustments for 3-car consists on the Gold Line and headway increases on the Green line during the AM peak; increases mostly offset by reductions due to Blue Line closures for the New Blue project.
- Metro Transit - State of Good Repair (SGR) & Other Asset Improvements is at a 4% increase from FY18 due to piloting the conversion of the bus fleet to Electric/Zero Emission Buses (ZEB), rehabilitation of the Blue Line, system upgrades, and improving customer experience.
- Subsidy Funding Programs increases by \$89.6 million, or 7.2%, primarily due to increased funding from growth in sales tax revenues and new SB1 funding.
- Regional Rail remains constant with continuing operating and capital support of the Metrolink commuter rail system and the Metro managed Regional Rail.
- Congestion Management is increasing by \$14 million, or 13%, primarily due to a service provider and contract renewal rate change.
- General Planning & Programs increases by \$31 million, or 25%, due to the expansion of bikeshare, LA River Bikepath, Rail to Rail/River, Union Station improvements and Public Private Partnerships (P3).
- Debt Service increases by \$33 million, or 9% due to repayment of FY18 proceeds issued as previously approved by the Board.
- Oversight & Admin is a \$6 million increase, or 15%, due to continued ramp up of support for carrying out Measure M initiatives as well as cost inflation factors.
- The labor cost increase reflects rising cost inflation, living wage standard increases and labor market contraction. Wage increases and health/welfare benefits for represented employees are based on Collective Bargaining Agreements; salary increases for non-represented employees are expected to be in line with represented employees at a 4% increase over FY18 and is merit based. Non-represented medical/dental benefits reflect costs previously approved by the Board.

FTE Summary

The FY19 proposed budget includes requests for 79 non-represented FTE additions and up to 170 represented FTE additions.

- Total Non-Represented FTE increase of 79 primarily due to Crenshaw project and other capital projects support, Metro operations, and continuing Measure M initiatives and oversight.
- Total Represented FTE increase of up to 170 primarily due to Crenshaw Pre-Revenue Service and increase in bus service for “New Blue” rehabilitation bus bridges.

A summary of the requested FTEs is shown in the table below.

1	Non-Represented FTEs	
2	FY18 Budget	1,601
3	Congestion Management	3
4	Crenshaw Pre-Revenue Service	11
5	Debt Service	1
6	General Planning & Program	1
7	Measure M Initiatives Support, Oversight & Admin	26
8	Metro Operations and Support	17
9	MR/MM Planning Studies	16
10	Westside Subway Ext Sect 1, 2, 3	4
11	<i>FY18 vs FY19 Change</i>	<i>79</i>
12	FY19 Proposed	1,680

13	Represented FTEs	
14	FY18 Budget	8,367
15	Crenshaw Pre-Revenue Service	83
16	Operating Bus Service	81
17	Property Maintenance	2
18	Metro Programs Support, Oversight & Admin	4
19	<i>FY18 vs FY19 Change ⁽¹⁾</i>	<i>170</i>
20	FY19 Proposed	8,537

(1) The FY19 Proposed Represented FTE's will not exceed 170 and is subject to change based on further service level adjustments.

Life of Project (LOP) Budgets

Projects greater than \$1 million with LOP budget increases and new projects in excess of \$5 million must be approved by the Board in separate Board actions.

Attachment A includes a detailed listing of new capital projects for FY19 with LOP in excess of \$5 million. These projects are included in the proposed FY19 budget but do require LOP approval by the Board, as requested by Recommendation B of this report.

Reimbursement Resolution

Per Federal tax law, bond proceeds can only be used for expenses incurred after the issuance of bonds. Metro must pass a resolution indicating the intent to issue bonds at a later date for the expenditures described in the reimbursement resolution to be reimbursed for expenses incurred before the bond issue. See Attachment B for anticipated expenditures in the budget related to proceeds from future bond issuance.

Public Outreach

Soliciting meaningful input from the public and stakeholders is critical to budget development. The comprehensive outreach program for FY19 included many opportunities to provide feedback online or by telephone in addition to in-person meetings. These meetings included Metro Service Councils, Citizens Advisory Council (CAC), Technical Advisory Committee, Bus Operations Subcommittee, Local Transit Systems Subcommittee, Streets & Freeways Subcommittee, Policy Advisory Committee (PAC), Valley Industry & Commerce Association (VICA) Transportation Committee, and BizFed. This allowed for the greatest level of engagement and direct dialogue with stakeholders.

To encourage participation, the times and locations of public workshops were advertised through multiple channels, including the Metro website, “take ones” on board vehicles, newspaper advertising, messages on hold, e-blasts, and social media ads. Outreach efforts for FY19 also included two Telephone Town Hall sessions and an interactive Online Budget Tool, making it convenient for LA County residents to participate in the budget process without physical presence at a meeting. A summary of public outreach efforts and comments received is shown in Attachment C.

FINANCIAL IMPACT

The proposed FY19 budget (provided in a separate transmittal) at \$6.6 billion, plus the following amendments: \$2 million for Expo Phase 1, \$20.6 million for Expo Phase 2, \$25 million for farebox upgrades, and \$500,000 for Crenshaw Northern Extension, is balanced, and includes expenditures and appropriates the resources necessary to fund them. The proposed budget demonstrates Metro’s ongoing commitment to meeting its capital and operating obligations, which is a requirement

necessary in order to continue to receive subsidies from the state and federal governments and to administer regional transportation funding to local cities and municipal operators.

NEXT STEPS

Upon Board authorization and adoption of the FY19 budget, staff will start make funds available for the planned transit and transportation programs outlined in this document and be programmed to fund regional transit/transportation partnering agencies, cities and recipients.

Monitoring the FY19 budget performance will be a year-round ongoing effort. Staff will conduct quarterly performance management reviews and track metrics to reinforce accountability and budgetary control. There will be a mid-year budget assessment to evaluate the budget's alignment to agency priorities and actual performance. In addition, continuous improvements will be implemented to the process and regular updates will be reported to the Board.

ATTACHMENTS

Attachment A - FY19 New Capital Projects

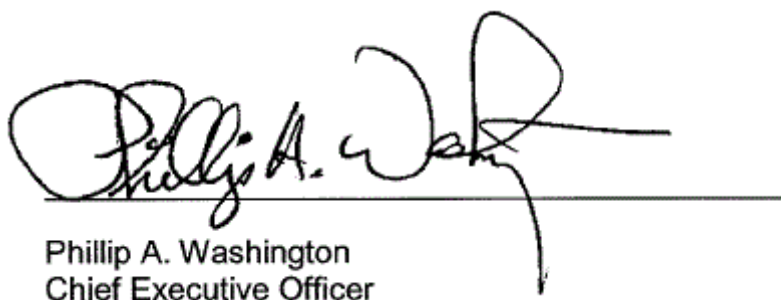
Attachment B - Reimbursement Resolution of Metro for FY19

Attachment C - FY19 Public Outreach

Prepared by: Office of Management & Budget Staff

Irene Fine, Deputy Executive Officer, Finance, (213) 922-4420

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

FY19 New Capital Projects

Transportation Infrastructure Development

1	PROJECT: Orange Line BRT Improvements	
	PROJECT OWNER: Program Management	
	LOP: to be adopted at a future date	FY19: \$11,429,000
	<p>SCOPE: Improvements consist of grade separations and gate systems along the Orange Line. Recommended scope includes aerial grade separation between Sepulveda and Van Nuys, four quadrant gates at busway intersections between North Hollywood and Chatsworth, and closing minor street crossing.</p>	
	<p>JUSTIFICATION: Measure M project, required to ground break in FY19. The project is planned to address excessive travel times and safety concerns for existing at-grade intersections. Grade separations, four quadrant gate system and closure of minor busway crossing will improve the bus operating speeds, reduce end-to-end bus travel times and reduce potential conflicts between MOL buses and cross-street vehicles, cyclists and pedestrians.</p>	
	ELIGIBLE FUNDING SOURCE: Measure M 35%	

State of Good Repair Projects

2	PROJECT: Bus Midlife Project (203024)
PROJECT OWNER: Operations - Central Maintenance	
LOP: \$158,138,000	FY19: \$42,069,600
SCOPE: The Bus Midlife Program provides preventive, midlife maintenance service to Metro buses. The buses currently in the Midlife program have been in service at least 7 to 8 years. The maintenance services provided include engine package change-outs, fuel cylinder replacements, suspension work, wheelchair securement system retrofit, body repair, painting, and interior refurbishment including graffiti abatement and wheelchair lift maintenance.	
JUSTIFICATION: The Bus Midlife Program improves the safety, performance, and reliability of Metro buses. The improved overall condition of the program's vehicles also helps to reduce ongoing maintenance costs and the amount of maintenance work performed at the Metro Bus Operating divisions. The program promotes the efficient use of Metro and Central Maintenance resources by having each bus series go through a planned production process in which labor, material and facilities are scheduled to proactively address problems rather than just reacting to them.	
ELIGIBLE FUNDING SOURCE: Enterprise Funding sources such as local and state sales tax	

3	PROJECT: Bus Engine Replacement
PROJECT OWNER: Operations - Central Maintenance	
LOP: \$13,518,000	FY19: \$1,528,322
SCOPE: Purchase near zero emission engines and replace high mileage engines that reached the end of their useful life enabling Metro to continue utilizing the buses. The plan involves ninety-eight (98) engines and peripheral equipment (hoses, clamps, gaskets and wiring) required for optimal operation.	
JUSTIFICATION: This program allows Metro to replace engines in a timely manner and keeps high mileage buses in service. Without this program, Metro would struggle to manage a number of buses failing while in service. This program directly impact Metro's ability to meet service requirements by coordinating procurement, logistics, fleet management and maintenance.	
ELIGIBLE FUNDING SOURCE: Enterprise Funding sources such as local and state sales tax	

4	PROJECT: FY19 NRV REPLACEMENT (RAIL)
	PROJECT OWNER: Operations - Maintenance Administration
	LOP: \$8,994,000 FY19: \$2,705,696
	SCOPE: This project is for the replacement of Non-Revenue Vehicles and Equipment scheduled for FY19. This includes: trucks, vans, sedans, carts, forklifts, generators, hi-rail support vehicles, rail bound support vehicles, floor scrubbers, compressors, tractors, trailers, tow motors and other vehicles and equipment. (Agency-wide, includes all department vehicles and equipment)
	JUSTIFICATION: Metro owns and operates a fleet of over 2,100 vehicles and pieces of equipment that are used to support the Metro mission of Planning, Designing, Constructing, Administering, and Operating the Los Angeles County's largest transportation system. The funding requested for this project is required to purchase replacement vehicles to support this mission. The vehicles identified for replacement have exceeded their useful life in age, mileage or are in poor operating condition, and are now scheduled for retirement. Further, the cost of repair, downtime, on street safety, and the impact to support departments ability to respond to repair/service activities reduces operational effectiveness.
	ELIGIBLE FUNDING SOURCE: Enterprise Funding sources such as local and state sales tax

5	PROJECT: MRL A650 Component Overhauls
	PROJECT OWNER: Operations - Rail Fleet Maintenance
	LOP: \$8,120,000 FY19: \$32,000
	SCOPE: The heavy rail fleet overhaul will include repair and replacement of components that are not part of the mid-life. Improvements include renovating the car interiors by repainting all seat frames, converting seat mountings and redesigning the front and rear end doors. Mechanical improvement will include an overhaul of the friction brakes, traction motors and the drawbar.
	JUSTIFICATION: The existing A650 fleet is being gone through a component overhaul program and a partial major system replacement program. However, there are certain systems still requiring overhaul in order to maintain the "State of Good Repairs" which are not included in the previous scope. The aim is to continue to service the public for another 15 years.
	ELIGIBLE FUNDING SOURCE: Enterprise Funding sources such as local and state sales tax

6	PROJECT: Enterprise Asset Management System
PROJECT OWNER: ITS - Business Applications	
LOP: to be adopted at a future date	FY19: \$2,728,691
SCOPE: Replace the existing legacy based Enterprise Asset Management (EAM) M3 System and meet developing federal requirements for the "Moving Ahead for Progress in the 21st Century Act" (MAP 21 State of Good Repair). This provides a scalable technology solution to support LA Metro's expanding bus and rail services, such as the Regional Rail Connector initiative.	
JUSTIFICATION: The legacy based EAM M3 system will no longer be supported / maintained by the vendor, Infor. The vendor has transitioned to new EAM solution strategy and has stopped all development support.	
ELIGIBLE FUNDING SOURCE: Enterprise Funding sources such as local and state sales tax	

7	PROJECT: Connected Facilities Project
PROJECT OWNER: ITS - Systems Architecture	
LOP: \$7,454,200	FY19: \$175,000
SCOPE: The Connected Facilities Project will replace twelve year old Communication Backbone Infrastructure, provide Wi-Fi Coverage in Yards providing surveillance video, safety analytics video, transit operations data and vehicle diagnostics.	
JUSTIFICATION: The project supports Metro's Goals of safety and security, fiscal efficiency, and productivity by enabling technicians the ability to access vehicles' systems remotely.	
ELIGIBLE FUNDING SOURCE: Enterprise Funding sources such as local and state sales tax	

8	PROJECT: Crenshaw Pre-Revenue Service
PROJECT OWNER: Operations - Rail Integration	
LOP: \$40,956,000	FY19: \$25,939,290
SCOPE: The Crenshaw Pre-revenue Project will prepare Metro for the operation of the new rail line. Metro staff will inspect third-party construction and test systems prior to revenue operations in FY20. Testing includes operational scenarios examining integrity and system reliability of infrastructure and new rail cars.	
JUSTIFICATION: Significant testing is crucial for seamless system integration of multiple types of rail cars with new systems. The training and systems testing will ensure staff and infrastructure are able to handle a multitude of revenue operating situations prior to opening day.	
ELIGIBLE FUNDING SOURCE: Measure R 35%	

9	PROJECT: Willowbrook / Rosa Parks Station Improvements
	PROJECT OWNER: Program Management
	LOP: \$109,305,000 FY19: \$12,137,000
	SCOPE: Modernize Willowbrook/Rosa Parks station and surrounding area to provide multi-modal transportation/community hub incorporating bike hub, customer service and security center and community plaza. Included in the scope are: extension of the Blue Line platform, upgraded pedestrian pathways, improved wayfinding signage, upgraded vertical transportation, consolidated regional and local bus bays, pick-up and drop-off zones, lighting enhancements, and other improvements to increase ridership and enhance the customer experience.
	JUSTIFICATION: Willowbrook/Rosa Parks Station is one of the more heavily used stations in Metro system. It is in need of improvements to the passenger flow and regional connectivity between various transit systems. Metro is working in tandem with several community revitalization efforts in the area to provide a regional facility to improve connections to the surrounding community, expand station capacity and multi-modal capacity, streamline rail and bus transfers, ensuring enhanced safety and security throughout the improvements.
	ELIGIBLE FUNDING SOURCE: Federal TIGER grant, Active Transportation & SB1 state fund, Toll Revenue, Fed 5307, local bonds, TDA Article 4 and other eligible local funds

Other Operating Capital

10	PROJECT: Bikeshare Phase 3 Expansion
	PROJECT OWNER: Planning & Development - Parking and Shared Mobility Management
	LOP: May Board Meeting (2017-0925 - P&P) FY19: \$12,708,513
	SCOPE: Expand Metro Bike Share to Culver City, Marina del Rey, West Los Angeles, and Downtown Los Angeles Expanded.
	JUSTIFICATION: Bike Share Phase III project: \$10.5M is for expanding to Culver City, Marina del Rey, West Los Angeles, and Downtown Los Angeles Expanded and \$2.2M to add more bike share stations/bikes to the existing network to better serve our transit riders and increase first/last mile connections to our transit system and partner communities.
	ELIGIBLE FUNDING SOURCE: City's capital reimbursements, Measure M ATP 2%

ATTACHMENT B

REIMBURSEMENT RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR FISCAL YEAR 2019

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "Metro") desires and intends to finance certain costs relating to (i) the design, engineering, construction, equipage and acquisition of light rail lines including the Crenshaw/LAX Transit Corridor and Regional Connector projects; (ii) the design, engineering, construction, equipage and acquisitions for the Rail and Bus State of Good Repair Program including station improvements and rail gating installations; (iii) the design, engineering, construction, equipage related to Purple Line Extension Sections 1, 2, and 3; (iv) the engineering, construction, renovation, maintenance, and/or acquisition of various capital facilities and equipment, including buses and rail cars, related to service operation; (v) the engineering, construction, renovation, maintenance, and/or acquisition of various highway/surface transportation assets; and (vi) other transit related projects (each a "Project" and collectively, the "Projects");

WHEREAS, to the extent that federal and/or state grant funding budgeted to be received during FY19 is delayed or reduced, the Los Angeles County Metropolitan Transportation Authority desires and intends to finance certain costs relating to the Projects;

WHEREAS, Metro expects to issue debt through the issuance of tax-exempt bond issues to pay for these expenditures, which bond issues will have four separate security sources, Proposition A, Proposition C, Measure R and Measure M sales tax revenues, respectively, or grant revenues to finance the costs of the Project on a permanent basis (the "Debt");

WHEREAS, Metro expects to expend moneys of the Enterprise Fund (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Projects prior to the issuance of the Debt, which expenditures will be properly chargeable to a capital account under general federal income tax principles;

WHEREAS, Metro reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Debt;

WHEREAS, Metro expects that the amount of Debt that will be issued to pay for the costs of the Projects will not exceed \$100.0 million for Proposition A, \$400.0 million for Proposition C, \$500.0 million for Measure R and \$400.0 million for Measure M.

WHEREAS, at the time of each reimbursement, Metro will evidence the reimbursement in writing, which identifies the allocation of the proceeds of the Debt to Metro, for the purpose of reimbursing Metro for the capital expenditures made prior to the issuance of the Debt;

WHEREAS, Metro expects to make reimbursement allocations no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure for the Project is paid or (ii) the date on which the Project is placed in service (or abandoned),

but in no event later than three (3) years after the date on which the earliest original expenditure for the Project is paid;

WHEREAS, Metro will not, within one (1) year of the reimbursement allocation, use the proceeds of the Debt received by way of a reimbursement allocation in a manner that will result in the creation of replacement proceeds of the Debt or another issue (e.g., Metro will not pledge or use the proceeds received as reimbursement for the payment of debt service on the Debt or another issue, except that the proceeds of the Debt can be deposited in a bona fide debt service fund); and

WHEREAS, this Resolution is intended to be a " declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations.

NOW THEREFORE, BE IT RESOLVED, that (i) all of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, Metro declares its intention to issue Debt in an amount not to exceed \$100.0 million for Proposition A, \$400.0 million for Proposition C, \$500.0 million for Measure R and \$400.0 million for Measure M; the proceeds of which will be used to pay for the costs of the Projects, including the reimbursement to Metro for certain capital expenditures relating to the Projects made prior to the issuance of the Debt.

ATTACHMENT C

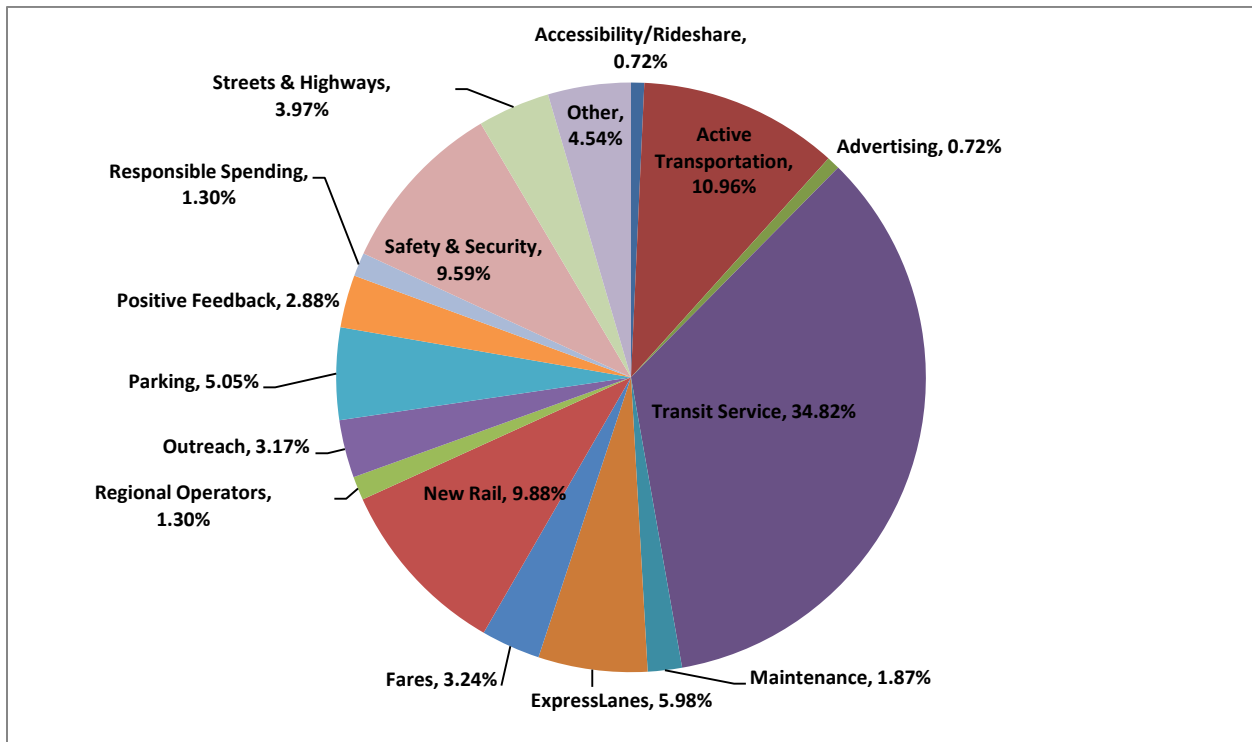
FY19 PUBLIC OUTREACH

Summary of FY19 Proposed Budget Public Outreach Efforts and Comments Received

Events	Participation
Workshops and Meetings	Covering all Service Councils and key stakeholders throughout LA County
Telephone Town Hall	7,249
Interactive Budget Tool	3,433 (as of May 3, 2018)
Web Page Visits	3,914 (as of May 3, 2018)
All Comments (Email/mail)	1,459

Comments received from the public during Metro’s FY19 budget outreach process are summarized below. This summary includes comments received through May 3, 2018. Due to the large volume of comments received, not all can be included in this summary. However, the summary presented is a fair representation of the types of comments received across all outreach efforts. Comments received during the workshops and meetings have been addressed; while the written, email, and budget survey comments will be forwarded to relevant departments for consideration in the development of their programs.

A recap of the comments received during the budget outreach process is shown in the table below. As evidenced by the range of subjects in the summary, the public provided input and suggestions on virtually every Metro function. In addition, the perspectives on each issue varied greatly by respondents.



Key Topics	Synopsis of Comments
Active Transportation	<ul style="list-style-type: none"> • Create more safety programs for pedestrians, designated sidewalks, diagonal crosswalks and separate walkways • Fix the streets and sidewalks. There are holes • Split sidewalks and have pedestrians and bikes on each half • Don't close road lanes for bike lanes • Bike lanes should be just for bikes and not pedestrians • Need first/last mile transportation for new rail lines • Need better sidewalks in unincorporated LA County • Add a dedicated east-west path for bikes and pedestrians
Transit Service	<ul style="list-style-type: none"> • Cut bus fares and increase service • Reduce amount of stops on local bus lines • Add one more car to Gold Line in the mornings • End rail service at midnight and add owl service in its place • Add more rail cars during peak hours • Add dedicated lanes for red express bus • Add dedicated full length bus lanes thoroughfares • Improve service between Torrance and West Hollywood • Improve connections between bus lines • Make the light rail system faster to increase ridership • Make riding buses and trains easier and more reliable • When rail lines go out of service, implement bus shuttles quicker • Need to elevate or tunnel rail lines whenever possible • Implement Express loops and local loops • Expand all rail lines, especially the Expo line • Consolidate bus lines so you can add more frequent service on fewer lines • Add rail lines along freeways to access longer distances • Add more long distance commute buses • Consider safety at night at bus stops when scheduling buses • Run rail more often 20 minute wait time is too slow • Building more BRT Lanes is a better use of funds than building more rail
Maintenance	<ul style="list-style-type: none"> • Please increase maintenance on the Blue line to cut down delays • Change traffic control on lights to give light rail priority • More maintenance on buses and trains so more riders will be comfortable • Spend more on train maintenance • Maintain the cleanliness of buses • Clean green line elevators • Replace cloth seats, homeless people make them smell
ExpressLanes	<ul style="list-style-type: none"> • Don't sell anymore transponders, making congestion worse in ExpressLanes • Lower cost in the AM, it is too expensive • Make all express lanes carpool lanes • Get rid of the \$1 monthly fee for fast track • Add more express lanes and offer a subsidy to car dependent and low income • Allow fast track people to also use all diamond lanes • Increase rail coverage and more express lanes • Add a fast track on the I-5 freeway • Add express lanes to all freeways • Need to fix holes on fast track lanes • Add express lanes to the I-10 and 405, very congested freeways • Expand fast track east from El Monte to Inland Empire • Add more money to enforce proper use of transponders
Fares	<ul style="list-style-type: none"> • Do not raise fares on bus or rail • Students should ride for free • Lower prices to make transit more affordable • A smart phone application to pay the fare would be convenient and encourage transit use • Raise taxes and make public transit free • Increase fares to provide free parking

Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> • Offer more affordable fares, especially for low income riders • There should be a low income program for monthly bus passes • Add round trip transfers on one fare • Make it easier to navigate public transportation by using one method of payment for the Los Angeles area • Lower the Senior/Disabled minimum age to 60 • Add options for large companies to buy preloaded fares • Adjust and round up single ride fares, but lower the cost of a day pass • Do not provide free rides on transit
New Rail	<ul style="list-style-type: none"> • Fund and start a Project EIR/EIS for the Northern Extension of the Crenshaw/LAX Line in 2018 to get this project shovel-ready by 2020 • Extend the Gold Line to El Monte • Provide direct service to LAX without having to take a shuttle • Connect Red Line to Crenshaw Line • Do not build more rail, because there will never be enough riders • San Fernando Valley needs a subway • The Vermont bus line should be a subway • Expand into the Orange County area • All rail lines should be elevated to avoid getting stuck in traffic • Extend rail deeper into the Valley, to Pacoima, Sunland, and Lake View Terrace • The Sepulveda Pass project should be heavy rail • Extend the Red Line to Santa Clarita or Sylmar • Extend the Red Line further north • Add a north/south line from the valley to the Westside • Build a rail line from Laguna Hills to San Jose • The 110 corridor should have a train • Start building rail in the South Bay to provide an alternative to the 405 • Add rail in Glendale • Add new express rail service between downtown LA and Long Beach • Build new rail lines that are faster than driving • Build rail from the South Bay to Long Beach • Provide direct rail service from San Dimas to La Canada at 7am • Build a rail line on Santa Monica Blvd • Extend the Green Line to the Norwalk/Santa Fe Springs Metrolink station • Extend the Crenshaw Line into West Hollywood • Add rail service to San Pedro
Regional Operators	<ul style="list-style-type: none"> • Make later departures from Union Station on Metrolink • Metrolink should open doors before 7 minutes of departures • Expand Metrolink service to Riverside • Be able to use Metrolink pass on more than one line • Run DASH buses on nights and weekends • Foothill transit needs better management • Reinstate 91 line on Metrolink from 5:40 am to 6:25am
Outreach	<ul style="list-style-type: none"> • Survey is hard to read with a black and grey background • Permit priorities in responses • Provide more materials for Chinese Americans on how to take Metro bus and rail • Survey residents where rail doesn't exist to assess whether to add rail lines • Allow fields on the survey for alternate solutions • Great illustration on Budget Tool of public works involves trade-offs • Language in survey is too advanced and technical for most people • Overhaul Metro.net website
Parking	<ul style="list-style-type: none"> • Don't charge for parking at parking lots • Security at lots just stand around and talk • If you use a Metro pass, then parking should be included • Offer a bundle of passes and long term options for parking • Offer discounted parking for Metro riders

Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> • Parking lots a very unsafe • If you charge at Atlantic Station (low income) why don't you charge at Arcadia? • Add more parking places so more people can ride Metro • Lack of parking around Metro Stations deters Metro use • Offer low income waivers for parking • Implement permit parking in all stations
Positive Feedback	<ul style="list-style-type: none"> • Metro is doing a great job • Metro has come a long way • Metro is open to feedback, and that is great • Budget tool is a superb tool to gather input • Thank you for all the hard work and services you provide to the LA County area • Great budget tool for education and feedback • Appreciative of all updates as people are using Metro more • The bus system is convenient and easy to use
Responsible Spending	<ul style="list-style-type: none"> • Sub Contract work to the private industry and slash budget by half • People in government positions accept bribes to choose certain projects • Reduce executive management salaries • Cut redundant and overlapping positions that can be eliminated • Encourage businesses to subsidize public transit costs for its employees • Direct more funds to subsidize door to door ride sharing options • Balance between transportation and road repairs
Safety & Security	<ul style="list-style-type: none"> • More police officers on all bus lines • Need more security on trains and parking lots • Improve rail station safety • Better enforcement on existing ridership rules • Stop criminalizing poverty with fare inspection • Increase security presence and make it safe for small children • Policing Metro stations to allow safe bicycle parking • Add cameras to rail cars • Remove cops from the trains • Add armed security guards North Hollywood parking lot
Streets & Highways	<ul style="list-style-type: none"> • Add more lanes on all freeways • Remove call boxes, people now have cell phones • Complete the 110 through Downtown Los Angeles • Make lanes on freeways for motorcycle riders • Add more expanding freeways, toll ways and roadways • Finish the Sound Wall • Stop funding expensive and inefficient rail and improve road and freeway options
Accessibility/Rideshare	<ul style="list-style-type: none"> • Add more routes throughout the city for disabled passengers • Add more wheelchair access • More coordination with muni operators to gain senior and disabled ridership • Keep people with disabilities in mind when creating programs or considering budget expenditures
Advertising	<ul style="list-style-type: none"> • Use unused space for advertising and generating revenues • Metro's branding and PR materials are great • Use marketing money to educate the public and promote transit use instead of driving • More advertising of public transit along heavily congested streets and highways

Workshops & Meetings

- Metro Service Councils
- Citizens Advisory Council
- Technical Advisory Committee
- Bus Operations Subcommittee
- Local Transit Systems Subcommittee
- Streets & Freeways Subcommittee
- Policy Advisory Committee (PAC)
- Valley Industry & Commerce Association (VICA) Transportation Committee
- BizFed

Interactive Budget Tool

The interactive Online Budgeting Tool engaged the public by asking a series of questions on transportation priorities to develop a customized Metro budget. Respondents were able to see the budgetary impact for their choices interactively and include narrative comments to further express their feedback and concerns. The budget tool allowed Metro to receive comments from a larger portion of the general public, including those who are not Metro riders.

The Online Budget Tool focused on five key areas: Transportation Priorities, Bus & Rail Improvement, Active Transportation, Streets & Highways, and Budget Balance.

Below are general results of the survey:

- 77% of the respondents favored Metro improving rail services
- 41% of respondents favored better pedestrian crossings on busy intersections
- 40% of the respondents were willing to cut service to balance the budget by reducing service on less heavily used bus line

When asked about which freeway they would like to see ExpressLanes expanded to, 30% of respondents selected: do not expand ExpressLanes.

The results of this survey helps Metro get a snapshot on the public's ranking of their transportation priorities. Comments and feedback are being gathered and evaluated to help shape the budget and Metro's priorities.



Board Report

File #: 2018-0147, **File Type:** Public Hearing

Agenda Number: 9.

**BUDGET PUBLIC HEARING
FINANCE, BUDGET AND AUDIT COMMITTEE
MAY 16, 2018**

SUBJECT: FISCAL YEAR 2019 (FY19) BUDGET

ACTION: ADOPT THE FY19 BUDGET

RECOMMENDATION

CONSIDER:

- A. ADOPTING the proposed FY19 Budget as presented in the budget document (provided in a separate transmittal and posted on metro.net); and
- B. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million, included in the proposed FY19 Budget and presented in Attachment A; and
- C. APPROVING the Reimbursement Resolution declaring Metro’s intention to issue debt in FY19 for capital projects, as shown in Attachment B, with the provision that actual debt issuance will require separate Board approval; and
- D. AMEND the proposed budget to include \$2,000,000 for Expo Phase 1 and \$20,624,400 for Expo Phase 2, as approved by Expo Construction Authority for fiscal year 2019, for a total addition of \$22,624,400; and
- E. AMEND the proposed budget to include \$25,000,000 for farebox upgrade, as approved by the Board on April 18, 2018; and
- F. AMEND the proposed budget to include \$500,000 to begin the draft environmental study of the Crenshaw Northern Extension project upon identification of the preferred alternatives identified by the Board for this corridor

ISSUE

California Public Utilities Code Section 130105 requires Metro to adopt an annual budget to manage the revenues and expenses of the agency's projects and programs. The budget is the legal authorization to obligate and spend funds and to implement Board policy. It includes all operating, capital, planning and programming, subsidy funds, debt service requirements, and general fund activities for the fiscal year. Budget detail is a management plan for financial activity and is prepared at the fund, project, department, and expenditure level. The legal level of control is at the fund level. Total annual expenditures cannot exceed the final appropriation by the Board except for capital expenditures, which is authorized on a life-of-project basis.

Copies of the proposed budget were made available to the public on May 1, 2018, both electronically at www.metro.net and through the Records Management Center (RMC) at RMC@metro.net. Printed copies of the budget document were also made available at the RMC on the plaza level of the Gateway building on May 1, 2018. The public hearing is scheduled for May 16, 2018. Advance public notification of this hearing was issued through advertisements posted in over two dozen news publications on April 11th and May 1st, 2018.

BUDGET MESSAGE

The transportation landscape of Los Angeles (LA) County is changing. Metro is leading the change with groundbreaking, expansive projects designed to invigorate our current infrastructure. As our population grows, mounting congestion stands in our way. Therefore, Congestion Reduction, along with overall Customer Experience, is Metro's top priority to improve the quality of life for LA County residents.

Through enhanced transit services and an ever-growing list of innovative new transportation initiatives, we aim to relieve congestion by focusing on the larger mobility picture. This will require addressing the issue of connectivity across all modes and all trip purposes. As we work to integrate trips made by private vehicles and transit with better first/last mile connections, we are moving closer to a transportation network that accommodates the mobility needs of all residents and visitors in LA County.

Metro's goal in the coming year is to move more people onto transit by making meaningful improvements to the services we provide. In order to appeal to a wider audience and encourage transit use among those who have never used our system, we must create a new customer experience. As a direct approach, we are committed to enhance our transit services by taking advantage of new technologies, such as MicroTransit, more advanced mobile apps, and better real-time information. While we improve overall service and tackle congestion with a comprehensive transportation strategy, it follows that increased ridership will be a natural outcome. Once we prove that Metro is safe, clean, easy to use, and efficient, we can make sure LA keeps on moving.

DISCUSSION

The proposed \$6.6 billion budget for FY19 is balanced and aligns resources in a fiscally responsible manner to achieve the following goals:

1. Advance safety and security for our customers, the public, and Metro employees
2. Exercise fiscal discipline to ensure financial stability
3. Plan and deliver capital projects on time and on budget while increasing opportunities for small business development and innovation
4. Improve the customer experience and expand access to transportation options
5. Increase transit use and ridership
6. Implement an industry-leading state of good repair program
7. Invest in workforce development
8. Promote extraordinary innovation
9. Contribute to the implementation of agencywide and departmental Affirmative Action and Equal Employment Opportunity goals

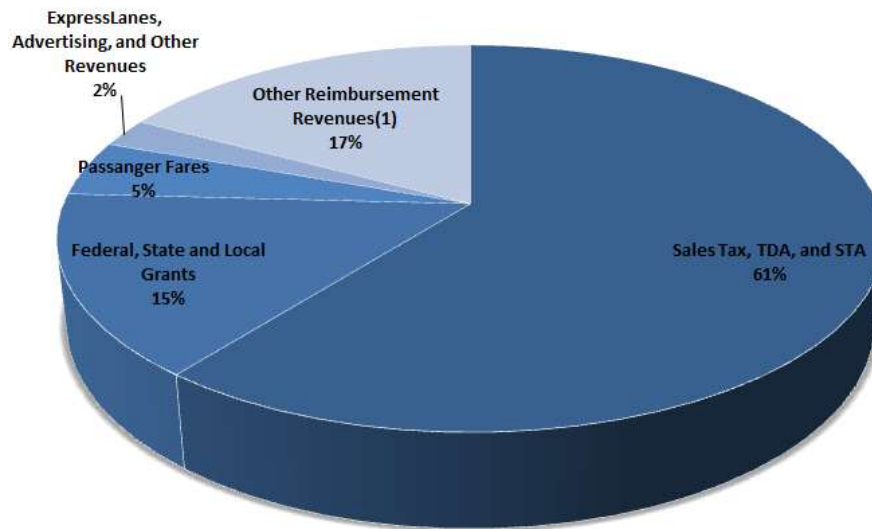
As part of the performance management process, Metro will monitor progress throughout the year relative to the Agency goals using measurements such as budget variance, Key Performance Indicators (KPIs) target achievement, Project Milestone achievement and cost savings and new revenue generation through the risk allocation matrix (RAM). This reinforces Metro's commitment to strategic monitoring of performance and the improvement of accountability.

Resources Summary

Resources (\$ in Millions)	FY18	FY19	FY18 - FY19	FY18 - FY19
	Budget	Prelim Budget	\$ Change	% Change
1 Sales Tax, TDA, and STA	\$ 3,691.2	\$ 3,980.2	\$ 289.0	7.8%
2 Federal, State and Local Grants	985.9	997.3	11.4	1.2%
3 Passanger Fares	302.6	302.6	-	0.0%
4 ExpressLanes, Advertising, and Other Revenues	137.7	158.1	20.4	14.8%
5 Other Reimbursement Revenues ⁽¹⁾	1,164.3	1,124.4	(39.9)	-3.4%
Total Budget	\$ 6,281.7	\$ 6,562.6	\$ 280.9	4.5%

⁽¹⁾ Includes bond proceeds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdown and prior year commitment

**Resources %
of FY19 Budget**



The FY19 Proposed Budget ensures resources available to meet the planned Metro program and project delivery for the coming fiscal year. Revenue projections are built on historical sales tax growth cycles, accepted forecasting sources and Metro’s 30 year actual sales tax receipts. The total FY19 budget planned resources is \$280.9 million or 4.5% greater than FY18.

- Sales Tax, TDA, and STA increases \$289 million or 7.8% in total, due to the following 2 reasons:
 - There is a \$98 million or 3.4% projected increase for Prop A, C and Measure R sales tax as well as TDA revenues. Measure M increase is 5.5% more at 8.9%, or \$68.8 million, reflecting allowances for FY18 Measure M inaugural year of lower than

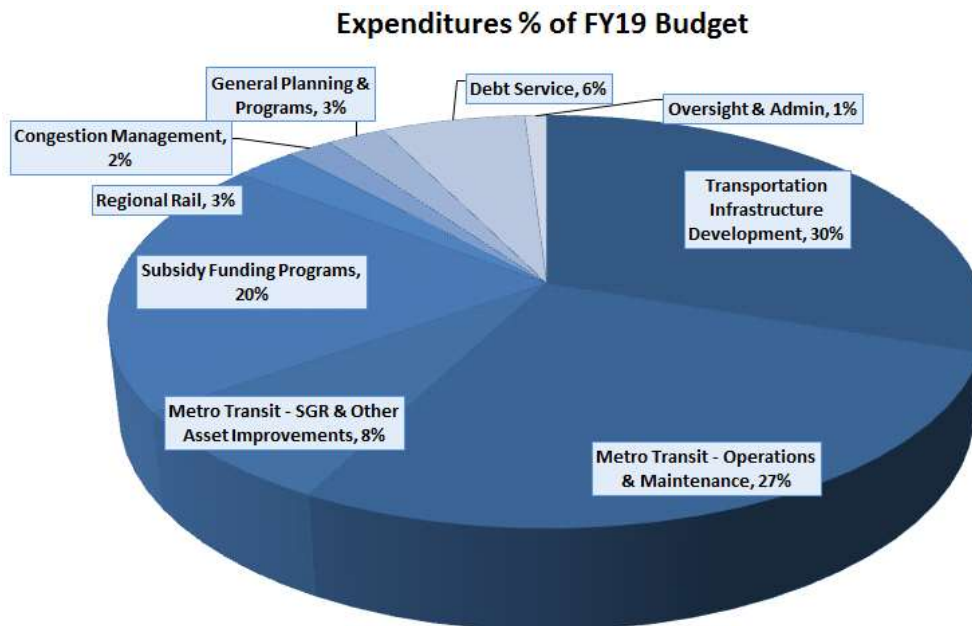
anticipated sales tax receipts.

- STA and State Senate Bill 1 (SB1) increase by \$122 million or 204% based on State Controllers' Office (SCO) estimates and new SB1 supplemental funding for transit and state of good repair.
- Federal, State and Local Grants are at a modest \$11 million increase or 1.2%, reflecting related capital expense activity.
- Passenger Fare revenues to remain flat due to level ridership & fare per boarding estimates.
- ExpressLanes, Advertising, and Other Revenues are increasing \$20.4 million or 14.8% in total, primarily due to the addition of Green Funds and increasing CNG credits for FY19.
- Other Reimbursement Revenues is \$39.9 million or 3.4% lower in total based on timing of project schedules. This includes bond proceeds, sales tax carryover, and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdowns which are backed by future expected sales tax.

Expenditure Summary

In FY19, Metro is poised to lead the ongoing transformation of Los Angeles County, with a bold plan to push the region to new heights. This year, we will continue our rapid progress toward achieving the vision of Measure M, with over a dozen transit expansion projects in various stages of planning, groundbreaking, and construction. We are also focused on the rejuvenation of our existing lines and facilities, as we move to pilot an electric bus fleet and continue major rehabilitation efforts on the Blue Line, our oldest rail line.

Expenditures by Program Type (\$ in Millions)		FY18	FY19	FY18 - FY19	FY18 - FY19
		Budget	Prelim Budget	\$ Change	% Change
1	Transportation Infrastructure Development	\$ 1,987.2	\$ 1,987.7	\$ 0.5	0.0%
2	Metro Transit – Operations, Maintenance, & Regional Operating Services	1,755.4	1,795.5	40.1	2.3%
3	Metro Transit - SGR & Other Asset Improvements	431.9	493.0	61.1	14.1%
4	Subsidy Funding Programs	1,243.3	1,333.0	89.7	7.2%
5	Regional Rail	178.4	179.0	0.6	0.3%
6	Congestion Management	113.0	127.3	14.3	12.6%
7	General Planning & Programs	133.5	167.4	33.9	25.4%
8	Debt Service	383.9	416.6	32.7	8.5%
9	Oversight & Admin	55.2	63.3	8.2	14.8%
Total Budget		\$ 6,281.7	\$ 6,562.6	\$ 280.9	4.5%



The total budget increase from FY18 to FY19 is \$281 million or 4.5%. The major differences are addressed in program categories below which include the assumption for CPI increase of 2.25%.

- Transportation Infrastructure Development remains steady and supports Measure R and M projects such as Westside Purple Line Extension, including the Division 20 expansion, Regional Connector and Crenshaw LAX projects.
- Metro Transit - Bus and Rail Operations & Maintenance has a 5.1% increase from FY18 due to the new labor contracts and additional Revenue Service Hours (RSH) needed to support bus bridges for the “New Blue” rehabilitation project and special events.
 - Bus Revenue Service Hours (RSH) increases by 104,000 hours or 1.5%, due to Bus bridges for Blue Line closures related to the “New Blue” rehabilitation project and minor service adjustments to relieve overcrowding.
 - Rail RSH increases by 2,000 hours or 0.2%, due to minor service adjustments for 3-car consists on the Gold Line and headway increases on the Green line during the AM peak; increases mostly offset by reductions due to Blue Line closures for the New Blue project.
- Metro Transit - State of Good Repair (SGR) & Other Asset Improvements is at a 4% increase from FY18 due to piloting the conversion of the bus fleet to Electric/Zero Emission Buses (ZEB), rehabilitation of the Blue Line, system upgrades, and improving customer experience.
- Subsidy Funding Programs increases by \$89.6 million, or 7.2%, primarily due to increased funding from growth in sales tax revenues and new SB1 funding.
- Regional Rail remains constant with continuing operating and capital support of the Metrolink commuter rail system and the Metro managed Regional Rail.
- Congestion Management is increasing by \$14 million, or 13%, primarily due to a service provider and contract renewal rate change.
- General Planning & Programs increases by \$31 million, or 25%, due to the expansion of bikeshare, LA River Bikepath, Rail to Rail/River, Union Station improvements and Public Private Partnerships (P3).
- Debt Service increases by \$33 million, or 9% due to repayment of FY18 proceeds issued as previously approved by the Board.
- Oversight & Admin is a \$6 million increase, or 15%, due to continued ramp up of support for carrying out Measure M initiatives as well as cost inflation factors.
- The labor cost increase reflects rising cost inflation, living wage standard increases and labor market contraction. Wage increases and health/welfare benefits for represented employees are based on Collective Bargaining Agreements; salary increases for non-represented employees are expected to be in line with represented employees at a 4% increase over FY18 and is merit based. Non-represented medical/dental benefits reflect costs previously approved by the Board.

FTE Summary

The FY19 proposed budget includes requests for 79 non-represented FTE additions and up to 170 represented FTE additions.

- Total Non-Represented FTE increase of 79 primarily due to Crenshaw project and other capital projects support, Metro operations, and continuing Measure M initiatives and oversight.
- Total Represented FTE increase of up to 170 primarily due to Crenshaw Pre-Revenue Service and increase in bus service for “New Blue” rehabilitation bus bridges.

A summary of the requested FTEs is shown in the table below.

1	Non-Represented FTEs	
2	FY18 Budget	1,601
3	Congestion Management	3
4	Crenshaw Pre-Revenue Service	11
5	Debt Service	1
6	General Planning & Program	1
7	Measure M Initiatives Support, Oversight & Admin	26
8	Metro Operations and Support	17
9	MR/MM Planning Studies	16
10	Westside Subway Ext Sect 1, 2, 3	4
11	<i>FY18 vs FY19 Change</i>	<i>79</i>
12	FY19 Proposed	1,680

13	Represented FTEs	
14	FY18 Budget	8,367
15	Crenshaw Pre-Revenue Service	83
16	Operating Bus Service	81
17	Property Maintenance	2
18	Metro Programs Support, Oversight & Admin	4
19	<i>FY18 vs FY19 Change ⁽¹⁾</i>	<i>170</i>
20	FY19 Proposed	8,537

(1) The FY19 Proposed Represented FTE's will not exceed 170 and is subject to change based on further service level adjustments.

Life of Project (LOP) Budgets

Projects greater than \$1 million with LOP budget increases and new projects in excess of \$5 million must be approved by the Board in separate Board actions.

Attachment A includes a detailed listing of new capital projects for FY19 with LOP in excess of \$5 million. These projects are included in the proposed FY19 budget but do require LOP approval by the Board, as requested by Recommendation B of this report.

Reimbursement Resolution

Per Federal tax law, bond proceeds can only be used for expenses incurred after the issuance of bonds. Metro must pass a resolution indicating the intent to issue bonds at a later date for the expenditures described in the reimbursement resolution to be reimbursed for expenses incurred before the bond issue. See Attachment B for anticipated expenditures in the budget related to proceeds from future bond issuance.

Public Outreach

Soliciting meaningful input from the public and stakeholders is critical to budget development. The comprehensive outreach program for FY19 included many opportunities to provide feedback online or by telephone in addition to in-person meetings. These meetings included Metro Service Councils, Citizens Advisory Council (CAC), Technical Advisory Committee, Bus Operations Subcommittee, Local Transit Systems Subcommittee, Streets & Freeways Subcommittee, Policy Advisory Committee (PAC), Valley Industry & Commerce Association (VICA) Transportation Committee, and BizFed. This allowed for the greatest level of engagement and direct dialogue with stakeholders.

To encourage participation, the times and locations of public workshops were advertised through multiple channels, including the Metro website, "take ones" on board vehicles, newspaper advertising, messages on hold, e-blasts, and social media ads. Outreach efforts for FY19 also included two Telephone Town Hall sessions and an interactive Online Budget Tool, making it convenient for LA County residents to participate in the budget process without physical presence at a meeting. A summary of public outreach efforts and comments received is shown in Attachment C.

FINANCIAL IMPACT

The proposed FY19 budget (provided in a separate transmittal) at \$6.6 billion, plus the following amendments: \$2 million for Expo Phase 1, \$20.6 million for Expo Phase 2, \$25 million for farebox upgrades, and \$500,000 for Crenshaw Northern Extension, is balanced, and includes expenditures and appropriates the resources necessary to fund them. The proposed budget demonstrates Metro's ongoing commitment to meeting its capital and operating obligations, which is a requirement

necessary in order to continue to receive subsidies from the state and federal governments and to administer regional transportation funding to local cities and municipal operators.

NEXT STEPS

Upon Board authorization and adoption of the FY19 budget, staff will start make funds available for the planned transit and transportation programs outlined in this document and be programmed to fund regional transit/transportation partnering agencies, cities and recipients.

Monitoring the FY19 budget performance will be a year-round ongoing effort. Staff will conduct quarterly performance management reviews and track metrics to reinforce accountability and budgetary control. There will be a mid-year budget assessment to evaluate the budget's alignment to agency priorities and actual performance. In addition, continuous improvements will be implemented to the process and regular updates will be reported to the Board.

ATTACHMENTS

Attachment A - FY19 New Capital Projects

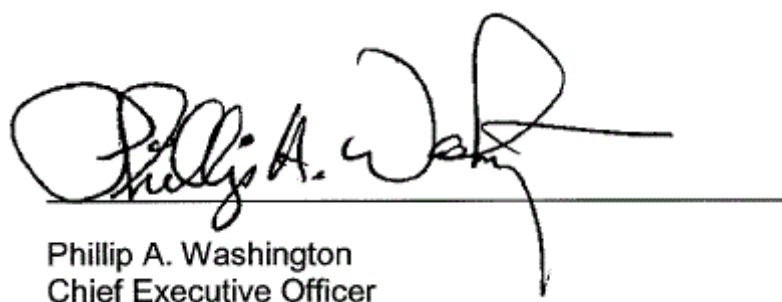
Attachment B - Reimbursement Resolution of Metro for FY19

Attachment C - FY19 Public Outreach

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