



**Metro**

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

**Agenda - Final**

**Thursday, April 16, 2026**

**10:00 AM**

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## **Finance, Budget and Audit Committee**

*Tim Sandoval, Chair*

*Katy Yaroslavsky, Vice Chair*

*Kathryn Barger*

*Lindsey Horvath*

*Holly J. Mitchell*

*Gloria Roberts, non-voting member*

*Stephanie Wiggins, Chief Executive Officer*

## **METROPOLITAN TRANSPORTATION AUTHORITY BOARD AGENDA 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 must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the general public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for one (1) minute during this General Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

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

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

**TECHNOLOGY DISRUPTIONS** - Although staff will do their due diligence to restore service, if joining the meeting virtually, please be aware that the Committee or Board may continue its meeting notwithstanding a technical disruption that prevents members of the public from attending or observing the meeting via the two-way telephonic service or two-way audio visual platform.

**CONDUCT IN THE BOARD ROOM** - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

**REMOVAL FROM THE BOARD ROOM** - The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

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

### **INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD**

Agendas for the Regular MTA Board meetings are prepared by the Board Clerk and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded and is available at <https://www.metro.net> or on CD's and as MP3's for a nominal charge.

## DISCLOSURE OF CONTRIBUTIONS

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

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## LIMITED ENGLISH PROFICIENCY

A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 364-2837 or (213) 922-4600. Live Public Comment Instructions can also be translated if requested 72 hours in advance.



**323.466.3876**

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x3 *中文 (Chinese)*

x4 *한국어 (Korean)*

x5 *Tiếng Việt (Vietnamese)*

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**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

### **Live Public Comment Instructions:**

Live public comment can be given by telephone or in-person.

The Meeting begins at 10:00 AM Pacific Time on April 16, 2026; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-978-8818 and enter  
English Access Code: 5647249#  
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***Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.***

### **Instrucciones para comentarios publicos en vivo:**

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

La Reunion de la Junta comienza a las 10:00 AM, hora del Pacifico, el 16 de Abril de 2026. Puedes unirse a la llamada 5 minutos antes del comienzo de la junta.

Marque: 888-978-8818 y ingrese el codigo  
Codigo de acceso en ingles: 5647249#  
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***Los comentarios del público se tomaran cuando se toma cada tema. Para dar un comentario público sobre una tema ingrese # 2 (Tecla de numero y dos) cuando se le solicite. Tenga en cuenta que la transmisión de video en vivo se retrasa unos 30 segundos con respecto a la reunión real. No hay retraso en la línea de acceso telefónico para comentarios públicos.***

### **Written Public Comment Instruction:**

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

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

Email: BoardClerk@metro.net

Post Office Mail:

Board Administration

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

## CALL TO ORDER

## ROLL CALL

APPROVE Consent Calendar Items: 20, 21, 22, and 23.

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

## CONSENT CALENDAR

- 20. SUBJECT: WORKERS' COMPENSATION UTILIZATION AND PEER REVIEW SERVICES** [2025-0881](#)

### RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 2 to Contract No. PS73428000 with Genex Services, LLC in the amount of \$259,125 to continue to provide workers' compensation utilization and peer review, physician consulting, and expedited review services, increasing the contract value from \$609,090 to \$868,215.

Attachments: [Attachment A - Procurement Summary](#)  
[Attachment B - Contract Modification Change Order Log](#)  
[Attachment C - DEOD Summary](#)  
[Presentation](#)

- 21. SUBJECT: PROPERTY INSURANCE PROGRAM** [2025-1060](#)

### RECOMMENDATION

AUTHORIZE the Chief Executive Officer to negotiate and purchase All Risk Property and Boiler and Machinery insurance policies for all Metro properties at a not-to-exceed premium of \$10 million for the 12-month period of May 10, 2026 through May 10, 2027.

Attachments: [Attachment A - Recommended Program Pricing and Carriers](#)  
[Presentation](#)

- 22. SUBJECT: FY2026-FY2030 CONSOLIDATED AUDIT** [2026-0191](#)

### RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a five-year, firm fixed unit rate Contract No. PS135819000 to Vasquez & Company LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in

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Attachment A (Package A) for fiscal years (FY) 2026-2030 in the Not-To-Exceed (NTE) amount of \$2,715,634, effective May 1, 2026, subject to the resolution of any properly submitted protest(s) if any; and

- B. AWARD a five-year, firm fixed unit rate Contract No. PS135819001 to Simpson and Simpson LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment B (Package B) for FY2026-2030 in the Not-To-Exceed (NTE) amount of \$3,121,225, effective May 1, 2026, subject to the resolution of any properly submitted protest(s), if any.

Attachments:      [Attachment A - Package A](#)  
                             [Attachment B - Package B](#)  
                             [Attachment D - DEOD Summary](#)

- 23. SUBJECT:      AUDIT OF MISCELLANEOUS EXPENSES FOR THE      [2026-0049](#)**  
**PERIOD OF APRIL 1, 2025 TO JUNE 30, 2025**

**RECOMMENDATION**

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the period of April 1, 2025, to June 30, 2025.

Attachments:      [Attachment A - Final Report on Statutorily Mandated Audit of Misc. Expenses Presentation](#)

**NON-CONSENT**

- 24. SUBJECT:      REAL ESTATE & TRANSIT ORIENTED COMMUNITIES      [2026-0139](#)**  
**ENVIRONMENTAL SERVICES BENCH**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to:

- A. AWARD three, seven-year task order-based bench Contracts for Real Estate & Transit Oriented Communities Environmental Services for a total Not-To-Exceed (NTE) amount of \$17,390,400 to the following firms, subject to resolution of any properly submitted protest(s), if any:
1. Kimley-Horn and Associates, Inc. (Contract No. AE135067001)
  2. Polytechnique Environmental, Inc. (Contract No. AE135067002)
  3. TRC Solutions, Inc. (Contract No. AE135067003)
- B. AWARD individual task orders in an amount not to exceed \$1,800,000.

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

**25. SUBJECT: BASIC FINANCIAL STATEMENTS AND COMPONENT  
AUDITS**

[2026-0207](#)

**RECOMMENDATION**

RECEIVE AND FILE the Los Angeles County Metropolitan Transportation Authority's (Metro) basic financial statements and component financial statement audits completed by Crowe LLP (Crowe) as of and for the fiscal year ended June 30, 2025.

**Attachments:**

[Attachment A - SAS 114 Letter](#)

[Attachment B - Single Audit Report](#)

[Attachment C - 90154 Report](#)

[Attachment D - TDA Operations Agency](#)

[Attachment E - TDA Schedule of Expenditures](#)

[Attachment F - STA Special Revenue Fund Financial Statements](#)

[Attachment G - SAFE Financial Statements](#)

[Attachment H - LCTOP Compliance Report](#)

[Presentation](#)

**26. SUBJECT: FISCAL YEAR 2027 BUDGET DEVELOPMENT STATUS  
UPDATE**

[2026-0069](#)

**RECOMMENDATION**

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

**Attachments:**

[Attachment A - Metro Transit Capital Improvement Projects Details](#)

[Attachment B - FY27 Public Budget Outreach Update](#)

[Presentation](#)

**SUBJECT: GENERAL PUBLIC COMMENT**

[2026-0262](#)

RECEIVE General Public Comment

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

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

**Adjournment**



**Board Report**

**File #:** 2025-0881, **File Type:** Contract

**Agenda Number:** 20.

**FINANCE, BUDGET, AND AUDIT COMMITTEE  
APRIL 16, 2026**

**SUBJECT: WORKERS' COMPENSATION UTILIZATION AND PEER REVIEW SERVICES**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute Modification No. 2 to Contract No. PS73428000 with Genex Services, LLC in the amount of \$259,125 to continue to provide workers' compensation utilization and peer review, physician consulting, and expedited review services, increasing the contract value from \$609,090 to \$868,215.

**ISSUE**

Metro's current contract for workers' compensation (WC) utilization and peer review services expires on June 30, 2027. There has been an increase in contract usage, attributed to the current open WC claims of 2,437, up from 1,429 at the start of FY21. This contract modification will ensure that WC utilization and peer review, physician consulting, and expedited review services can continue through June 30, 2027.

**BACKGROUND**

Metro is a self-insured, self-administered employer that administers WC claims through the WC division of the Risk Management Department (RMD). RMD's WC division processes thousands of WC related payments monthly for items such as medical services, equipment, pharmaceuticals, legal fees, indemnity benefits, and other expenses.

Consistent with industry best practices, RMD uses a variety of techniques to lower WC medical expenditures. Such techniques include bill review, utilization review (UR), Preferred Provider Organizations (PPO) discounts, and nurse case management services.

The California Labor Code specifies that insurers and self-insured employers may evaluate the appropriateness of medical care prescribed by an injured employee's treating physician or other medical provider and may deny treatments inconsistent with accepted protocols. Types of treatment subject to review include surgeries, some diagnostic tests, physical therapy, and others. This UR process in California and other states has decreased medical and indemnity costs by reducing unnecessary medical treatments.

The WC division's in-house occupational nurse certifies acceptable treatments or tests. Non-certified treatments are forwarded to a peer-review physician, as required by law, to review specific medical documentation and issue a report citing the guidelines under which the requested treatment complies or fails to comply. For complicated cases, a more extensive consultation with a physician regarding treatment options may be requested. Administrative rules specify a five-day timeframe for insurers and self-insured employers to respond to a treatment request. Hence, a very fast response time is necessary to complete reviews and avoid potential penalties or sanctions.

On May 26, 2021, the Board awarded a four year base term contract with two two-year options to Genex Services, LLC for WC utilization and peer review, physician consulting, and expedited review services.

## **DISCUSSION**

Due to system expansion, Metro's workforce has increased by 20%, rising from 10,219 FTE employees in FY21 to 12,260 in FY26. Consequently, the WC division has seen an increase in the average monthly number of claims filed and open claims, leading to a higher volume of medical bills and an increase in the medical care prescribed.

Under California Division of Workers' Compensation regulations, the WC Division refers non-certified medical care to UR to ensure compliance with the Medical Treatment Utilization Schedule, evidence-based medicine standards and Labor Code §4610 requirements. The WC division has increased its contract usage year over year, going from 153 UR referrals in the first contract year to 572 referrals in contract year 4.

Metro has implemented and is actively working to further implement various mitigation strategies to reduce WC claims and costs. Mitigative measures include the implementation of full bus barriers, bolstering Metro's Return to Work program, implementation of Bus Riding Teams by Department of Public Safety, de-escalation training created by Corporate Safety, and partnering with Operations to enhance claims investigations. These efforts resulted in a 10% reduction of claims in FY25 compared to FY24.

## **DETERMINATION OF SAFETY IMPACT**

Receiving timely medical care is critical to injured Metro employees. Approval of this item will support the WC division's ability to administer claims promptly.

## **FINANCIAL IMPACT**

The FY26 Budget includes \$3.01 million for Workers' Compensation related professional and technical services in Project 100004, PRMA - Workers' Compensation, under Cost Center 0531, Non-Departmental Operations Risk Management.

Since this is a multi-year contract, the cost center manager and the Chief Risk, Corporate Safety, and Asset Management Officer will be responsible for budgeting the cost in future years.

### Impact to Budget

The source of funding for this action will come from federal, state, and local funding sources that are eligible for bus and rail operations.

### EQUITY PLATFORM

The proposed action supports Metro's ability to safely serve the communities and customers who rely on Metro's transportation services and assets by supporting the use of industry best practices that reduce costs associated with the administration of Metro's WC program. The WC program provides workers' compensation medical benefits that allow injured employees to recover from an injury and maintain staffing levels that allow Metro to continue providing services. At the time of the solicitation, the Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the lack of subcontracting opportunities. Genex Services, LLC did not make a DBE commitment.

### VEHICLE MILES TRAVELED OUTCOME

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

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides WC utilization review services in accordance with the CA Labor Code and determines the highest level of savings to reduce medical expenditures. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

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

### IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goals #1) "Provide high-quality mobility options that enable people to spend less time traveling," and #5) "Provide responsive, accountable, and trustworthy governance within the Metro organization." This Board action supports the use of industry best practices that reduce costs associated with the administration of Metro's WC program.

### ALTERNATIVES CONSIDERED

The Board may elect not to approve the recommendation. This option is not recommended since this service is legally mandated by the CA Labor Code to dispute treatment requests. A Utilization Review

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(UR) must be utilized for any treatment that may not be medically necessary. While Metro staff and the nurse case managers may approve warranted treatment, any denial based on medical necessity must, by law, be issued by a qualified medical professional through the UR process. Further, failing to approve would prevent Metro from realizing significant medical cost savings generated by UR services.

### **NEXT STEPS**

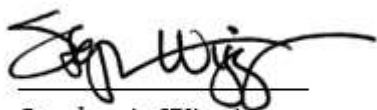
Upon Board approval, staff will execute Modification No. 2 to Contract No. PS73428000 with Genex Services, LLC to continue to provide WC utilization and peer review, physician consulting, and expedited review services.

### **ATTACHMENTS**

- Attachment A - Procurement Summary
- Attachment B - Contract Modification/ Change Order Log
- Attachment C - DEOD Summary

Prepared by: Claudia Castillo del Muro, Executive Officer, Risk Management, (213) 922-4518  
Carolina Coppolo, Deputy Chief Vendor/Contract Management Officer, (213) 922-4471

Reviewed by: Kenneth Hernandez, Chief Risk, Corporate Safety, and Asset Management Officer, (213) 922-2990



Stephanie Wiggins  
Chief Executive Officer

**PROCUREMENT SUMMARY**

**WORKERS' COMPENSATION UTILIZATION  
AND PEER REVIEW SERVICES / PS73428000**

1.	<b>Contract Number:</b> PS73428000		
2.	<b>Contractor:</b> Genex Services, LLC		
3.	<b>Mod. Work Description:</b> Continue to provide existing services.		
4.	<b>Contract Work Description:</b> Provide Workers' Compensation utilization and peer review, physician consulting, and expedited review services.		
5.	<b>The following data is current as of:</b> 2/26/26		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	5/26/21	<b>Contract Award Amount:</b> \$400,000
	<b>Notice to Proceed (NTP):</b>	N/A	<b>Total of Modifications Approved:</b> \$209,090
	<b>Original Complete Date:</b>	6/30/25	<b>Pending Modifications (including this action):</b> \$259,125
	<b>Current Est. Complete Date:</b>	6/30/27	<b>Current Contract Value (with this action):</b> \$868,215
7.	<b>Contract Administrator:</b> David Hernandez		<b>Telephone Number:</b> (213) 922-4254
8.	<b>Project Manager:</b> Claudia Castillo del Muro		<b>Telephone Number:</b> (213) 922-4518

**A. Procurement Background**

This Board Action is to approve Modification No. 2 to Contract No. PS73428000 to continue providing workers' compensation utilization and peer review, physician consulting, and expedited review services.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy, and the contract type is a firm fixed unit rate.

On May 26, 2021, Metro awarded an eight-year (inclusive of two, two-year options) Contract No. PS73428000 to Genex Services, LLC to provide workers' compensation utilization and peer review, physician consulting, and expedited review services.

One modification has been issued to date.

Refer to Attachment B – Contract Modification/Change Order Log.

## **B. Price Analysis**

The recommended price has been determined to be fair and reasonable based on the firm's fixed unit rates that were established and evaluated as part of the competitive award in May 2021. Rates remain unchanged and are lower than current market rates for similar services.

<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Recommended Amount</b>
\$259,125	\$259,125	\$259,125

## CONTRACT MODIFICATION/CHANGE ORDER LOG

**WORKERS' COMPENSATION UTILIZATION  
AND PEER REVIEW SERVICES / PS73428000**

<b>Mod. No.</b>	<b>Description</b>	<b>Status (approved or pending)</b>	<b>Date</b>	<b>\$ Amount</b>
1	Exercise the first, two-year option term, extending the period of performance (POP) through June 30, 2027.	Approved	5/23/2025	\$209,090
2	Continue to provide existing services.	Pending	Pending	\$259,125
	<b>Modification Total:</b>			<b>\$468,215</b>
	<b>Original Contract:</b>		<b>5/26/21</b>	<b>\$400,000</b>
	<b>Total:</b>			<b>\$868,215</b>

**DEOD SUMMARY****WORKERS' COMPENSATION UTILIZATION  
AND PEER REVIEW SERVICES / PS73428000****A. Small Business Participation**

Genex Services, LLC (Genex) did not make a Disadvantaged Business Enterprise (DBE) commitment on this contract. It is expected that Genex, along with their non-certified subcontractor, The P&S Network, Inc., will continue to perform the services of this contract using their own workforce.

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

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

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this modification.

**D. Project Labor Agreement/Construction Careers Policy**

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

**E. Manufacturing Careers Policy**

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



# Workers' Compensation Utilization and Peer Review Services

Finance, Budget, and Audit Committee

April 16, 2026

File #2025-0881



Metro

# Recommendation

AUTHORIZE the Chief Executive Officer to execute Modification No. 2 to Contract No. PS73428000 with Genex Services, LLC in the amount of \$259,125 to continue to provide workers' compensation utilization and peer review, physician consulting, and expedited review services, increasing the contract value from \$609,090 to \$868,215.

# Background

- Utilization and peer review (UR) services are consistent with industry best practice.
- It is a primary technique employed to lower workers' compensation-related medical expenditures.
- CA Labor Code specifies self insured employers may evaluate appropriateness of medical care.
- On May 26, 2021, the Board awarded a four-year base term contract with two two-year options to Genex Services, LLC for workers' compensation (WC) utilization and peer review, physician consulting, and expedited review services.

# Utilization and Peer Review Services

- There has been an increase in contract usage, attributed to the current open WC claims of 2,437, up from 1,429 at the start of FY21.
- Under California Division of Workers' Compensation regulations, the WC Division refers non-certified medical care to UR to ensure compliance with the Medical Treatment Utilization Schedule, evidence-based medicine standards and Labor Code §4610 requirements.
- The WC division has increased its contract usage year over year, going from 153 UR referrals in the first contract year to 572 referrals in contract year 4.

## Next Steps

Upon Board approval, staff will execute Modification No. 2 to Contract No. PS73428000 with Genex Services, LLC to continue to provide WC utilization and peer review, physician consulting, and expedited review services.



Thank you.



Metro®

**Board Report**

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**File #:** 2025-1060, **File Type:** Program**Agenda Number:** 21.

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**FINANCE, BUDGET, AND AUDIT COMMITTEE  
APRIL 16, 2026****SUBJECT: PROPERTY INSURANCE PROGRAM****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to negotiate and purchase All Risk Property and Boiler and Machinery insurance policies for all Metro properties at a not-to-exceed premium of \$10 million for the 12-month period of May 10, 2026 through May 10, 2027.

**ISSUE**

Property insurance protects Metro's assets, including structures, fleets, and improvements. Property insurance is also mandated through contractual obligations, including lease and leaseback agreements covering several of Metro's operating assets. The All-Risk Property and Boiler and Machinery insurance policies expire on May 10, 2026.

**BACKGROUND**

Metro's insurance broker, Marsh USA, LLC (Marsh USA), is responsible for marketing the property insurance program to qualified insurance carriers. Marsh USA is a newly selected insurance broker for Metro and has demonstrated market depth and expertise to secure the best programs to fulfill the needs of a large transit risk. In this continuing hard market, quotes are currently being received from, and negotiations are ongoing with, carriers that have acceptable A.M. Best ratings that are indicative of acceptable financial soundness and the ability to pay claims. Premium indications are based on current market expectations. Final pricing, however, is not yet available as Marsh USA continues to broker the most competitive pricing for Metro.

Metro established the Excess Commercial Property Insurance program to protect against insured losses. Each year, Risk Management collaborates with our insurance broker to prepare for the upcoming marketing process, secure the data required to approach underwriters, and obtain the most competitive coverage and premium available.

Initial discussions begin in the first quarter of the fiscal year through an evaluation of market conditions to determine coverage availability and the premium levels indicated. Once established, an annual stewardship meeting is conducted in September to review what data will be required,

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including new infrastructure, such as rolling stock (bus, rail, and non-revenue vehicles), real property (buildings and facilities), business personal property (equipment, furniture), and newly completed projects. Risk Management obtains status data, including targeted completion dates of various projects, to provide an accurate account of the agency's present and future property exposures.

Risk Management compiles updated information, including projected revenues, payroll, property valuations, and property distribution, as needed. Once internal data is collected, it is forwarded to Marsh USA for presentation to the domestic insurance marketplace and international markets in London, Bermuda, and European markets. Due to timing requirements, Marsh USA approaches underwriters in January to ensure that data is current. Initial indications of interest and costs generally become apparent in late March.

Marsh USA provides a not-to-exceed number that serves two functions. First, it establishes an amount that Risk Management can use to approach the CEO and Board for approval to bind the new program, mitigating a potential gap in insurance coverage. Second, it allows the broker ample time to continue negotiating with underwriters to ensure Metro secures the most competitive pricing. It should be noted that the current not-to-exceed amount is \$1 million less than the previous renewal cycle. This is due to the effective marketing efforts by the new insurance broker Marsh USA.

## **DISCUSSION**

Metro's assets are currently valued at approximately \$23.27 billion, an increase from last year's \$22.02 billion. This growth primarily reflects general replacement cost inflation and the adjustment of both heavy and light rail vehicles valuation. Additionally, Metro will incorporate the D Line Subway Extension Project - Phase 1, which has been fully integrated into the overall statement of values to ensure continuous protection during its transition into revenue operations.

Marsh USA has actively marketed Metro's property insurance program to qualified carriers to secure coverage with Probable Maximum Loss (PML) limits of at least \$650 million. Currently, quotations are being developed by carriers with acceptable A.M. Best financial ratings. Final pricing remains pending; however, the quotes, including contingencies for potential adjustments, establish a not-to-exceed cost framework prior to policy binding.

The existing property program features an All-Risk deductible of \$1,000,000, excludes earthquake coverage, and applies a flood deductible of 5% per location, subject to a \$1,000,000 minimum. Marsh USA continues to negotiate deductible levels and coverage terms for selected Metro assets, including rolling stock, non-revenue vehicles, and potential flood exposures in subway tunnels. Under the current program, All-Risk coverage provides up to \$650 million per occurrence for losses exceeding the deductible, except for flood-related damages, which are covered up to \$150 million. Tsunami and tunnel flood coverage is capped at \$50 million with a \$1,000,000 deductible. Accordingly, authority is requested to proceed with the upcoming property renewal program, maintaining a minimum coverage limit of \$650 million and a not-to-exceed deductible of \$1 million. Attachment A outlines the proposed renewal program structure within these parameters. The not-to-exceed premium includes contingencies for premium adjustments, taxes, and fees as negotiations continue.

Metro has historically opted not to purchase earthquake coverage, based on the expectation that

federal and state disaster funding would support restoration efforts following a major event. This approach aligns with the practices of other large local government agencies in the region.

Similarly, Metro rejected the property carriers' offer to extend coverage for terrorism as defined under the US government backed coverage under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), as such coverage is included in the standalone terrorism placement secured in August 2025 which provides coverage for terrorism events "certified" under TRIA as well as non-certified events.

The property insurance program employs a layered structure, with multiple carriers sharing coverage to diversify risk. Continuous monitoring by Marsh USA and internal teams ensures all participating insurers maintain strong financial ratings, as verified by A.M. Best and other agencies.

Between January and March 2026, Marsh USA engaged with numerous domestic and international insurers, presenting Metro's property risks and supplemental data. Discussions highlighted Metro's extensive security infrastructure, fire protection measures, loss control programs, and relatively low flood risk. The program's favorable loss history, recent construction, and State of Good Repair initiatives contribute to its positive reception in the insurance market.

To foster competition and increase capacity, Marsh USA solicited bids from both incumbent and new insurers. With each renewal cycle, carriers will shift based on current underwriting appetite and pricing, and in some cases new carriers will be introduced on the program to maintain the most competitive program structure.

Buyers continue to benefit from multiple factors that have led to the continued deployment of capacity to the market. This influx of capacity has heightened competition with program structure, pricing, and coverage options. While volatility remains, the insurance and reinsurance sectors are on a strengthened foundation after re-underwriting their portfolios and strategically reallocating capacity in recent years. Consequently, the market is now well-positioned to handle annual catastrophe losses of approximately \$150 billion.

Metro has benefited from some of the lowest insurance rates among transit agencies and remains an attractive risk to insurers. However, the sector's risk profile has become less favorable in recent years, leading carriers to reduce their appetite for transit risks. Despite these challenges, Metro's strong insurability, excellent loss record, and Marsh USA's effective marketing efforts position it advantageously relative to other transit agencies worldwide.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this procurement positively impacts the safety of Metro's patrons and employees. Property insurance carriers will perform certain facility inspections to mitigate potential risks or hazards and provide an overall risk assessment of Metro's assets as they underwrite the program. In addition, carriers may provide best-practice guidance to enhance Metro's risk profile.

### **FINANCIAL IMPACT**

The funding for the initial two months of \$1,832,931 for this action is included in the FY26 Budget

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within cost center 0531 - Risk Management (Non-Departmental Costs), allocated across the following projects: 100001 - General Overhead; 300022 - Rail Operations (A Line); 300033 - Rail Operations (C Line); 300044 - Rail Operations (B Line); 300066 - E Line; 300077 - Rail Operations (K Line); 301012 - Bus Operations (G Line); 306001 - Operations Transportation; 306002 - Operations Maintenance; and 610061 - Owned Property.

Since these are multi-year policies, the cost center manager and Chief Risk, Corporate Safety, and Asset Management Officer will be accountable for budgeting the required costs in the future year.

### Impact to Budget

The funding for this action will come from federal, state, and local funding sources that are eligible for bus and rail operations.

### EQUITY PLATFORM

The insurance policies cover all Metro-owned property, stations, tunnels, bridges, rolling stock fleet, right of ways, facilities, and buildings that provide transportation service and benefits to Metro riders. Metro's property insurance program ensures that its facilities, rolling stock fleet, and infrastructure, which serve all riders, are covered by insurance policies in the event of a major loss or damage. This action has no specific anticipated equity benefit or harm.

### VEHICLE MILES TRAVELED OUTCOME

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

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides property coverage for Metro's assets. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the agency's overall function, it is consistent with the goals of reducing VMT.

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

### IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal #5, which is to "Provide responsive, accountable, and trustworthy governance within the LA Metro organization." The responsible administration of Metro's risk management programs includes using insurance to mitigate large financial risks resulting from damage to or loss of Metro property.

### ALTERNATIVES CONSIDERED

The Board may choose not to approve the recommendation, however, this is not recommended because coverage is required to meet the risk transference protections afforded through the excess property program of insurance. Based on the history of favorable renewal with a lower not-to-exceed premium indication, Risk Management recommends continuing the current insurance program (Attachment A) as the most cost-effective and prudent one. A proposal for earthquake coverage was not included and is not recommended because the high cost of the earthquake premium does not justify the benefit of the coverage.

### **NEXT STEPS**

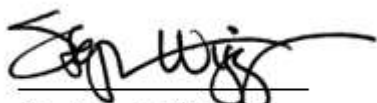
Upon Board approval of this action, staff will advise Marsh USA to proceed with the placement of the property insurance program outlined herein, effective May 10, 2026.

### **ATTACHMENT**

Attachment A - Recommended Program Pricing and Carriers

Prepared by: William Douglas, Senior Manager, Risk Financing, (213) 922-2105  
Claudia Castillo del Muro, Executive Officer, Risk Management, (213) 922-4158

Reviewed by: Kenneth Hernandez, Chief Risk, Corporate Safety, and Asset Management  
Officer, (213) 922-2990



Stephanie Wiggins  
Chief Executive Officer





# Property Insurance Program

Finance, Budget, and Audit Committee

April 16, 2026

File ID #2025-1060



Metro

# Property Insurance Program Renewal

## **Recommendation:**

AUTHORIZE the Chief Executive Officer to negotiate and purchase All Risk Property and Boiler and Machinery insurance policies for all Metro properties at a not-to-exceed premium of \$10 million for the 12-month period of May 10, 2026, through May 10, 2027.

# Property Insurance Program Renewal

## Background:

- Metro established the Excess Commercial Property Insurance program to protect against insured losses. Each year, Risk Management collaborates with our insurance broker (MARSH USA) to prepare for the upcoming marketing process, secure the data required to approach underwriters, and obtain the most competitive coverage and premium available.
- MARSH USA provides a not-to-exceed number that serves two functions. First, it establishes an amount that Risk Management can use to approach the CEO and Board for approval to bind the new program, mitigating a potential gap in insurance coverage. Second, it allows the broker ample time to continue negotiating with underwriters to ensure Metro secures the most competitive pricing.

# Property Insurance Program Renewal

## Discussion:

- In January, February, and March 2026, MARSH USA contacted multiple domestic and international insurance providers to present Metro's property risks and supplemental data. MARSH USA provided an overview of the Metro transit system during discussions with the underwriters, including its extensive security infrastructure, fire protection, loss control, and minimal risk of flood exposures.
- The Metro property program continues to be well received by insurers due to its favorable loss history, newer construction, and State of Good Repair programs.
- Metro has historically enjoyed some of the lowest rates among transit systems and remains an attractive client. This year's renewal is challenging due to continued rate increases, but Metro's favorable insurability, loss record, and ability to take full advantage of the marketing efforts of our broker in a demanding market environment places Metro at an advantage over other transit agencies in the country.

# Property Insurance Program Renewal

## Proposed Coverage:

- MARSH USA marketed the property program to qualified insurance carriers to obtain property insurance pricing for the current total insured value of \$23.27 billion with a Probable Maximum Loss (PML) coverage limits at a minimum of \$650 million.
- Property insurance program quotations are currently being received from carriers with acceptable A.M. Best ratings. Final pricing is pending, and the quotes, including contingencies for unanticipated adjustments, serve to support the not-to-exceed cost before policy binding.



Thank you.



Metro®



## Board Report

File #: 2026-0191, File Type: Contract

Agenda Number: 22.

### FINANCE, BUDGET AND AUDIT COMMITTEE APRIL 16, 2026

**SUBJECT: FY2026-FY2030 CONSOLIDATED AUDIT**

**ACTION: AWARD CONTRACTS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a five-year, firm fixed unit rate Contract No. PS135819000 to Vasquez & Company LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment A (Package A) for fiscal years (FY) 2026-2030 in the Not-To-Exceed (NTE) amount of \$2,715,634, effective May 1, 2026, subject to the resolution of any properly submitted protest(s) if any; and
- B. AWARD a five-year, firm fixed unit rate Contract No. PS135819001 to Simpson and Simpson LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment B (Package B) for FY2026-2030 in the Not-To-Exceed (NTE) amount of \$3,121,225, effective May 1, 2026, subject to the resolution of any properly submitted protest(s), if any.

#### **ISSUE**

Metro is required to have an independent auditor perform financial and compliance audits to provide reasonable assurance to management that recipients of subsidies included in the Consolidated Audit are in compliance with the statutes of each applicable funding source. These audits will be conducted in accordance with generally accepted government auditing standards and will meet the American Institute of Certified Public Accountants' Standards. In performing these audits, the auditors will report on internal control deficiencies when noted and on findings that may result in funds being returned to Metro, including trades or exchanges of funds, unused and lapsed funds, and disallowable expenditures. The current contracts expire June 30, 2026.

#### **BACKGROUND**

As the Regional Transportation Planner for Los Angeles County, Metro is responsible for planning, programming, and allocating transportation funding to Los Angeles County jurisdictions, transit operators, and other transportation programs. Metro has the fiduciary responsibility to provide

assurance that recipients of funds included in the Consolidated Audit adhere to the statutes, program guidelines, and/or agreements with each applicable funding source and that operations data used to allocate funds are fair and are in accordance with Federal Transit Administration (FTA) guidelines.

Metro allocates over \$1.2 billion annually to the stated programs and distributes them to the 88 cities (Cities) in Los Angeles County, as well as the County of Los Angeles (County), and other agencies. Annual audits of the programs ensure that the agencies comply with applicable rules, regulations, policies, guidelines, and executed memoranda of understanding (MOUs). The audits also serve as a program management tool for effectively managing and administering the programs.

The consolidated audit process includes financial and compliance audits of the following programs:

1. Local Funding Program to the 88 cities and Unincorporated Los Angeles County.
  - a) Proposition A Local Return
  - b) Proposition C Local Return
  - c) Measure R Local Return
  - d) Measure M Local Return
  - e) Transit Development Act (TDA) Article 3
  - f) Transit Development Act (TDA) Article 8
  - g) Proposition A Discretionary Incentive Program
2. Transit System Funds to Commerce, Redondo Beach, and Torrance
  - a) Transit Development Act (TDA) Article 4
  - b) State Transit Assistance (STA)
  - c) Proposition A 95% of 40% Discretionary
  - d) Proposition C 5% Security
  - e) Proposition C 40% Discretionary
  - f) Measure R 20% Bus Operations
  - g) Measure M 20% Transit Operations
3. Proposition A Growth Over Inflation (GOI) Funds to the transit operators of LADOT, Glendale, Pasadena, and Burbank
4. EZ Transit Pass Program
5. SB125 Zero Emission Transit Capital Program (ZETCP)
6. LADOT Operating Data (Proposition A Incentive Programs)
7. Low Income Fare is Easy (LIFE) - LIFE Administrator
8. SCRRA Metrolink Program
9. Access Services

## **DISCUSSION**

The consolidated audit contracts are divided into two geographically based packages, with the award limited to one package per firm to preserve auditor independence and ensure adequate coverage. The firms will conduct financial and compliance audits of agencies that receive Metro-administered funds at the program level. Deliverables will vary by program but generally include audited financial statements or fund reports, compliance reports, schedules of findings and questioned costs, expenditure comparison schedules, and financial summaries to support Metro's monitoring and lapsed fund determinations.

In accordance with Assembly Bill 1345 (Government Code §12410.6 (b)), a local agency may not employ a public accounting firm whose lead audit partner has performed audit services for that local agency for six consecutive fiscal years. Consistent with this requirement and to further maintain independence, MAS has implemented a 5-year rotation rule for engagement partners for all external auditors. This requirement is noted in the statement of work.

Approval of these contracts will ensure the continuation of independent oversight necessary to support Metro's administration and monitoring of these funding programs.

## **DETERMINATION OF SAFETY IMPACT**

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

## **FINANCIAL IMPACT**

Funding of \$1,154,549 for these audit services was requested in Management Audit Services' FY2027 budget in cost center 2510 under project numbers 100055, 100058, and 405510. Management Audit Services will be accountable for budgeting the costs in future years, recognizing that these are multi-year contracts.

### **Impact to Budget**

The source of funds for Project 100055 is Measure R administration. The fund is not eligible for bus/rail operating or capital expense. The source of funds for Project 100058 is Measure M administration. The fund is not eligible for bus/rail operating or capital expense. The source of funds for Project 405510 is Proposition A, C & TDA administration. The fund is not eligible for bus/rail operating or capital expense.

## **EQUITY PLATFORM**

The Consolidated Audit supports compliance with applicable ordinances and guidelines, as well as assists program managers in effectively managing and administering programs that serve all communities throughout the County. There are no known equity impacts or concerns associated with the Consolidated Audit services contracts.

The Diversity and Economic Opportunity Department (DEOD) established a 33% Disadvantaged

Business Enterprise (DBE) goal for this procurement. However, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals and enforcement, effective October 3, 2025. Metro is currently reviewing the Interim Final Rule (IFR) to identify necessary program and procedural changes to ensure full compliance. While the DBE commitment is not a factor in the staff recommendation, Vasquez & Company LLP, under Package A, listed one certified small business as a subcontractor.

### **VEHICLE MILES TRAVELED OUTCOME**

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

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

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

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization. The projects/programs developed with these funds directly or indirectly support all five Vision 2028 goals identified in Metro's Strategic Plan.

### **ALTERNATIVES CONSIDERED**

One alternative is that the Board not approve the contracts. This is not recommended, as state laws, federal provisions and sales tax revenue ordinances require that audits be conducted on the allocated funds. The Consolidated Audit process addresses the requirements and plays a major role in the continued implementation, management, and administration of the funding programs.

### **NEXT STEPS**

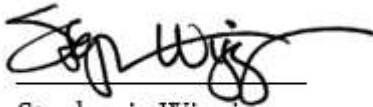
Upon Board approval, staff will execute Contract No. PS135819000 with Vasquez & Company LLP, and Contract No. PS135819001 with Simpson and Simpson LLP, for the Consolidated Financial and Compliance Audits for FY2026 - 2030, effective May 1, 2026.

### **ATTACHMENTS**

Attachment A - Package A  
Attachment B - Package B  
Attachment C - Procurement Summary  
Attachment D - DEOD Summary

Prepared by: Lauren Choi, Senior Director, Audit, (213) 922-3926  
Kimberly Houston, Deputy Chief Auditor, (213) 922-4720  
Carolina Coppolo, Deputy Chief Vendor/Contract Management Officer, (213) 922-4471

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



Stephanie Wiggins  
Chief Executive Officer

**FY2026 - FY2030 Consolidated Audit  
List of Jurisdictions and Agencies  
Funded Programs and Projects to Audit**

Jurisdictions/Agencies	Local Funding							EZ Pass			SB 125 ZETCP	LADOT Operating Data	LIFE	Metrolink Program	Access Services	
	Prop A Local Return	Prop C Local Return	Measure R Local Return	Measure M Local Return	Article 3	Article 8	Prop A Incentive	Transit System Funds	Proposition A GOI Funds	EZ Transit Pass Regular						EZ Pass (Metrolink)
City of Agoura Hills	.	.	.	.	.	.	.									
City of Alhambra	.	.	.	.	.	.	.									
City of Azusa	.	.	.	.	.	.	.									
City of Baldwin Park	.	.	.	.	.	.	.									
City of Bell	.	.	.	.	.	.	.									
City of Bell Gardens	.	.	.	.	.	.	.									
City of Beverly Hills	.	.	.	.	.	.	.									
City of Calabasas	.	.	.	.	.	.	.									
City of Carson	.	.	.	.	.	.	.			.						
City of Commerce	.	.	.	.	.	.	.	.			.					
City of Compton	.	.	.	.	.	.	.	.								
City of Cudahy	.	.	.	.	.	.	.									
City of Culver City	.	.	.	.	.	.	.			.		.				
City of El Monte	.	.	.	.	.	.	.					.				
City of Gardena	.	.	.	.	.	.	.			.	.	.				
City of Hawthorne	.	.	.	.	.	.	.									
City of Hidden Hills	.	.	.	.	.	.	.									
City of Huntington Park	.	.	.	.	.	.	.									
City of Industry	.	.	.	.	.	.	.									
City of Inglewood	.	.	.	.	.	.	.									
City of Irwindale	.	.	.	.	.	.	.									
City of La Puente	.	.	.	.	.	.	.									
City of Lawndale	.	.	.	.	.	.	.									
City of Lynwood	.	.	.	.	.	.	.									
City of Malibu	.	.	.	.	.	.	.									
City of Maywood	.	.	.	.	.	.	.									
City of Montebello	.	.	.	.	.	.	.			.	.	.				
City of Monterey Park	.	.	.	.	.	.	.			.	.	.				
City of Pico Rivera	.	.	.	.	.	.	.									
City of Pomona	.	.	.	.	.	.	.									
City of Rosemead	.	.	.	.	.	.	.									
City of San Fernando	.	.	.	.	.	.	.									
City of San Gabriel	.	.	.	.	.	.	.									
City of San Marino	.	.	.	.	.	.	.									
City of Santa Fe Springs	.	.	.	.	.	.	.									
City of Santa Monica	.	.	.	.	.	.	.			.	.	.				
City of South El Monte	.	.	.	.	.	.	.									
City of South Gate	.	.	.	.	.	.	.									
City of South Pasadena	.	.	.	.	.	.	.									
City of Temple City	.	.	.	.	.	.	.									
City of Vernon	.	.	.	.	.	.	.									
City of Walnut	.	.	.	.	.	.	.									
City of West Hollywood	.	.	.	.	.	.	.									
City of Westlake Village	.	.	.	.	.	.	.									
County of Los Angeles	.	.	.	.	.	.	.			.						
Antelope Valley Transit Authority							.			.	.	.				
Pomona Valley Transportation Authority							.									
Los Angeles World Airports										.						
SCRRA - Metrolink Program															.	

FY2026 - FY2030 Consolidated Audit  
 List of Jurisdictions and Agencies  
 Funded Programs and Projects to Audit

Jurisdictions/Agencies Package B	Local Funding							EZ Pass			SB 125 ZETCP	LADOT Operating Data	LIFE	Metrolink Program	Access Services	
	Prop A Local Return	Prop C Local Return	Measure R Local Return	Measure M Local Return	Article 3	Article 8	Prop A Incentive	Transit System Funds	Proposition A GOI Funds	EZ Transit Pass Regular						EZ Pass (Metrolink)
City of Arcadia	*	*	*	*	*							*				
City of Artesia	*	*	*	*	*		*									
City of Avalon	*	*	*	*	*	*										
City of Bellflower	*	*	*	*	*		*									
City of Bradbury	*	*	*	*	*											
City of Burbank	*	*	*	*	*		*		*	*	*					
City of Cerritos	*	*	*	*	*		*									
City of Claremont	*	*	*	*	*							*				
City of Covina	*	*	*	*	*		*									
City of Diamond Bar	*	*	*	*	*											
City of Downey	*	*	*	*	*		*									
City of Duarte	*	*	*	*	*		*									
City of El Segundo	*	*	*	*	*											
City of Glendale	*	*	*	*	*		*		*	*	*					
City of Glendora	*	*	*	*	*		*									
City of Hawaiian Gardens	*	*	*	*	*											
City of Hermosa Beach	*	*	*	*	*											
City of La Canada Flintridge	*	*	*	*	*											
City of La Habra Heights	*	*	*	*	*											
City of La Mirada	*	*	*	*	*							*				
City of La Verne	*	*	*	*	*											
City of Lakewood	*	*	*	*	*											
City of Lancaster	*	*	*	*	*	*										
City of Lomita	*	*	*	*	*											
City of Long Beach	*	*	*	*	*					*		*				
City of Los Angeles	*	*	*	*	*		*									
City of Manhattan Beach	*	*	*	*	*		*									
City of Monrovia	*	*	*	*	*		*									
City of Norwalk	*	*	*	*	*					*	*	*				
City of Palmdale	*	*	*	*	*	*										
City of Palos Verdes Estates	*	*	*	*	*		*									
City of Paramount	*	*	*	*	*											
City of Pasadena	*	*	*	*	*		*		*	*	*					
City of Rancho Palos Verdes	*	*	*	*	*											
City of Redondo Beach	*	*	*	*	*		*	*	*	*	*	*				
City of Rolling Hills	*	*	*	*	*											
City of Rolling Hills Estates	*	*	*	*	*											
City of San Dimas	*	*	*	*	*											
City of Santa Clarita	*	*	*	*	*	*	*			*	*	*				
City of Sierra Madre	*	*	*	*	*											
City of Signal Hill	*	*	*	*	*											
City of Torrance	*	*	*	*	*			*	*	*	*	*				
City of West Covina	*	*	*	*	*		*									
City of Whittier	*	*	*	*	*		*									
LADOT									*	*	*	*	*	*		
Foothill Transit										*	*	*				
Int'l Institute of LA														*		
Access Services																*

**DEOD SUMMARY****FY2026-FY2030 CONSOLIDATED AUDIT  
PS135819000 / PS135819001****A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 33% Disadvantaged Business Enterprise (DBE) goal for this procurement. However, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals and enforcement, effective October 3, 2025. Metro is currently reviewing the Interim Final Rule (IFR) to identify necessary program and procedural changes to ensure full compliance. While the DBE commitment is not a factor in the staff recommendation, Vasquez & Company LLP, under Package A, listed one certified small business as a subcontractor.

**B. Local Small Business Enterprise (LSBE) Preference Program**

The LSBE preference is not applicable to federally funded procurements. Federal law (49 CFR § 661.21) prohibits the use of local procurement preferences on FTA-funded projects.

**C. Living Wage and Service Contract Worker Retention Policy Applicability**

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

**D. Prevailing Wage Applicability**

Prevailing wage is not applicable to this contract.

**E. Project Labor Agreement/Construction Careers Policy (PLA/CCP)**

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

**F. Manufacturing Careers Policy**

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



## Board Report

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**File #:** 2026-0049, **File Type:** Informational Report

**Agenda Number:** 23.

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**FINANCE, BUDGET & AUDIT COMMITTEE  
APRIL 16, 2026**

**SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF APRIL 1, 2025 TO JUNE 30, 2025**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the period of April 1, 2025, to June 30, 2025.

**ISSUE**

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1, 2025, to June 30, 2025. This audit was performed pursuant to Public Utilities Code section 130051.28(b), which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

**BACKGROUND**

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable Section is responsible for the accurate and timely processing of payments for miscellaneous expenses.

This audit covered a review of Metro miscellaneous expenses for the period of April 1, 2025, to June 30, 2025. For this period, miscellaneous expenses totaled \$5,453,707 with 1,059 transactions. We selected 50 expense transactions totaling \$2,841,628 for testing.

**DISCUSSION**

**FINDINGS**

The miscellaneous expenses we reviewed for the quarter of April 1, 2025, to June 30, 2025 generally

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complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we noted the following issues:

1. Missing Independent P-Card Expense Approval;
2. Missing Approval for an Exception to the Lodging Dollar Limit;
3. Incomplete Documentation for a Check Request; and
4. Inaccuracies in Justification Memo for a Purchase Card Transaction

## **OBSERVATIONS**

During our review of miscellaneous expenses for the period of April to June 2025, we observed the following:

- Union Contract negotiations with AFSCME, ATU, TCU, and TEAMSTERS have been ongoing between January 2024 and December 2025 which has resulted in payment of business meals being extended well over original plan/estimate.
- Vendor GP GENERATE LLC invoices provided only a general description of services provided with no detailed description/support of actual services rendered.
- Multiple instances of payments for high dollar value seminars/conferences/certification programs were observed in the audit period, but there is no Certification Program Policy in place to guide and control such expenditures.
- Four employees/board members traveled internationally at a cost of \$13,730. One of the four traveled to various US, Canada, and Korea supplier facilities to review their design and production of HR5000 Heavy Rail Vehicles. One employee traveled to Hamburg, Germany, for the International Association of Public Transport (UITP) Conference. Another employee traveled to Toronto, Canada, for the Women's Transportation Seminar (WTS) International Annual Conference. The last employee traveled to Milan, Italy, to study the city's preparations for the 2026 Winter Olympics.

## **RECOMMENDATIONS**

We recommend the following:

### **Strategic Financial Management (Vendor/Contract Management - Support Services)**

- Consider including a section within the P Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

### **Countywide Planning & Development (Complete Streets & Highways)**

- Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
- If circumstances change during travel, e.g., the hotel fails to honor the government per diem

rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.

- Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

#### Chief Executive Office (Diversity & Economic Opportunity)

- Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro's Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
- Instruct the employee to review and follow Metro's Accounting Procedures & Guidelines - Check Requests (ACC-01) policy.

#### Chief of Staff (Community Relations)

- Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

### **EQUITY PLATFORM**

It is OIG's opinion that there is no equity considerations or impacts resulting from this audit.

### **VEHICLE MILES TRAVELED OUTCOME**

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

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it contributes to fiscal responsibility and reports on miscellaneous expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro). The Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency and is consistent with the goals of reducing VMT.

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

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendations support strategic plan goal no. 5.2: Metro will exercise good public policy judgment and sound fiscal stewardship.

### **NEXT STEPS**

Metro management will implement corrective action plans.

**ATTACHMENT**

Attachment A - Final Report on Statutorily Mandated Audit of Miscellaneous Expenses for the Period April 1, 2025, to June 30, 2025 (Report No. 26-AUD-04)

Prepared by: Dennis Young, Auditor, (213) 244-7326  
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George Maycott, Senior Director, Special Projects, (213) 244-7310

Reviewed by: Karen Gorman, Inspector General, (213) 922-2975



Karen Gorman  
Inspector General

**Los Angeles County  
Metropolitan Transportation Authority  
Office of the Inspector General**

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**Revised Statutorily Mandated Audit of  
Miscellaneous Expenses  
April 1, 2025 to June 30, 2025**

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Report No. 26-AUD-04

March 30, 2026



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**Metro**

**DATE:** March 30, 2026

**TO:** Metro Board of Directors  
Metro Chief Executive Officer

**FROM:** Yvonne Zheng, Senior Manager, Audit  
Office of the Inspector General

**E-SIGNED by Yvonne Zheng  
on 2026-03-20 09:33:37 PDT**

**SUBJECT:** Final Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses  
April 1, 2025, to June 30, 2025 (Report No. 26-AUD-04)

## INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1 to June 30, 2025. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

We found that the transactions reviewed generally complied with Metro policies, were reasonable, and were adequately supported by required documents. However, we noted the following issues with four of the sampled expenses reviewed:

1. Missing Independent Purchase Card Expense Approval
2. Missing Approval for an Exception to the Lodging Dollar Limit
3. Incomplete Documentation for a Check Request
4. Inaccuracies in Justification Memo for a Purchase Card Transaction

## OBJECTIVES, METHODOLOGY, AND SCOPE OF AUDIT

The objectives of the audit were to determine whether:

- Expenses charged were proper, reasonable, and in accordance with Metro policies and procedures;
- Expenses had proper approval, receipts, and other supporting documentation; and
- Policies and procedures were adequate and followed to ensure that expenses were documented and accounted for properly.

## Revised Statutorily Mandated Audit of Miscellaneous Expenses

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To achieve the audit objectives, we performed the following procedures:

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel, including staff in Accounting, Program Management, Talent Development, Transit Security, Workforce Services, and Operations; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro's miscellaneous expenses for the period of April 1 to June 30, 2025. For this period, miscellaneous expenses totaled \$5,453,707<sup>1</sup> with 1,059 transactions. We selected fifty (50) expense transactions totaling \$2,841,628 for detail testing. Thirty-one (31) of the expense transactions were randomly selected, seven (7) were selected due to their large dollar amounts, two (2) were selected due to their unique nature, and ten (10) were selected to add more samples from account number 50915 (Seminar/Conference fee). See Attachment A for details.

This audit also covered a review of international travel expenses for the period of April 1 to June 30, 2025. We identified and performed detailed testing on all six (6) international expense transactions.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

## BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable section is responsible for the accurate and timely processing of payments for miscellaneous expenses.

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<sup>1</sup> This total does not include transactions that are less than \$200, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

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### RESULTS OF AUDIT

Our audit found that the transactions reviewed generally complied with policies, were reasonable, and were adequately supported by required documents. However, we noted issues with the following transactions:

#### 1. Missing Independent Purchase Card Expense Approval

We examined the P-Card Log and supporting documentation submitted in May 2025 by a Senior Administrative Analyst for a transaction that occurred on May 2, 2025. This expense was a registration fee for a Customer Experience Officer to attend a local conference (Mobility 21). We noticed that in this case, the attendee of this conference was also the Approving Official for this expense.

Although P-Card Rules and Guidelines do not provide specific guidance for this particular situation, P-Card Restrictions states: *“Metro Cardholders, Approving Officials and Business Unit Management should also be mindful of issues of appearance and perception that may arise on a case-by-case basis.”*

Furthermore, Accounting Procedures & Guidelines, Check Requests Section 1.5 states: *“In cases where the approver mentioned above is the same as the payee, the next higher authorized approver for the cost center or department shall approve the check request.”* An exception for this may be made for offices of the agency where this occurs for a higher-ranking employee.

It is important that an Approving Official does not approve their own expenses in order to prevent potential fraud and misuse of Metro funds. When Metro employees approve their own expenses, Metro may expose itself to a higher risk of employees spending fraudulently, since there is no independent check or control on the legitimacy of the costs.

When we brought this issue to the attention of the employee, she subsequently provided a justification memo for the expense, which was signed by the CEO.

#### Recommendation:

##### Strategic Financial Management (Vendor/Contract Management – Support Services)

- Consider including a section within the P Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

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### 2. Missing Approval for an Exception to the Lodging Dollar Limit

We examined the Travel and Business Expense Report (TBE) submitted in June 2025 by a Senior Transportation Planner in Complete Streets & Highway Capital for travel that occurred from May 27-31, 2025. This expense was for attendance at a conference in Washington, DC. We noticed that the lodging rate exceeded the allowed per diem rate, but an exception to the lodging dollar limit was not submitted with the travel package.

Metro Business Travel Guidelines (GEN 65) states: *“An exception to the lodging dollar limit may be made for conference hotels or close proximity to the final business destination when time and commute costs are high when determined by the Administrator and approved by the Department Chief.”*

It is important for employees to submit an exception to the lodging dollar limit in order to protect the employee from out-of-pocket expenses and allow for reimbursement in justified cases. Submission of this document also helps Metro maintain control over travel costs and prevent potential policy abuse.

When we brought this issue to the attention of the employee, she told us that she booked the lodging on Concur using the government rate of \$276/night, which was within the dollar limit. Upon her arrival at the hotel, the hotel staff said this rate was only allowed for federal employees and an additional \$50/night charge was applied to the reservation. When we inquired about this charge, the employee subsequently provided a signed exception to the lodging dollar limit signed by the Chief Planning Officer.

#### Recommendations:

##### Countywide Planning & Development (Complete Streets & Highway Capital)

- Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
- If circumstances change during travel, e.g., the hotel fails to honor the government per diem rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.
- Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

### 3. Incomplete Documentation for a Check Request

We examined the Check Request submitted in June 2025 by a Senior Representative from the Chief Executive Office for business meals with external entities on June 24, 2025. Specifically,

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this expense was for breakfast catering for the Project Labor Agreement (PLA) Regional Roundtable Event. We noticed that a valid list of attendees was not included with the supporting documentation used to substantiate the request.

Metro Check Requests (ACC-01) Section 1.1.1.aa states: *“Such expenses must be accompanied by receipts, account coding, and a detailed justification memo signed by the responsible department head which documents attendees, name and title, affiliation, subject discussed, purpose, and benefit to LACMTA.”*

It is important for employees to submit all of the required supporting documentation in order to show proof that the meal had a clear business objective and was not for a personal or social gathering. Robust documentation procedures also help prevent abuse of the check requests policy and provide proper monitoring of Metro spending.

When we brought this issue to the attention of the employee, she subsequently provided a list of attendees to the meeting.

### Recommendations:

#### Chief Executive Office (Diversity & Economic Opportunity)

- Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro’s Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
- Instruct the employee to review and follow Metro’s Accounting Procedures & Guidelines – Check Requests (ACC-01) policy.

#### **4. Inaccuracies in Justification Memo for a Purchase Card Transaction**

We examined the P-Card Log and supporting documentation submitted in May 2025 by a Senior Administrative Analyst in the Customer Experience Office for a transaction that occurred on May 5, 2025. This expense was for registration fees for 14 employees to attend a local conference (Mobility 21). We noticed that the justification memo for this expense contained inaccuracies related to how many tickets were requested and ultimately purchased. The first section of the memo requests approval for 16 tickets, but only 12 attendee names were listed. It is important for expense justifications to have the correct information to ensure proper decision-making regarding budgets and resource allocation. When the total number of attendees for an event is uncertain, only request tickets up to the anticipated number of scheduled attendees. Memos with errors, missing details, or insufficient information also increase processing time and negatively impact Metro operations and efficiency.

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When we brought this issue to the attention of the employee, she subsequently provided the itemized receipt that showed a total of 14 tickets purchased.

### Recommendation:

#### Chief of Staff (Community Relations)

- Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

## OBSERVATIONS

### 1. Duration of Union Contract Negotiations

During the course of our quarterly audit of miscellaneous expenses, we came across business meals costs incurred during Union Contract Negotiations with AFSCME, ATU, TCU, and TEAMSTERS. The first business meal expense justification memo dated January 22, 2024, pre-approved these purchases between February 2024 and the end of June 2024. A subsequent justification memo dated July 31, 2024, pre-approved business meals to the end of December 2024. The third and latest pre-approval was for an extension on food purchases through December 2025.

We would like to bring this observation to the Employee & Labor Relations management's attention that the approval for the business meals has been extended well over a year from the original plan/estimate.

### 2. Vague Descriptions for Specific Vendor Invoices

Our review of Vendor GP GENERATE LLC invoices found that their invoices provided only a general description of services provided, with no detailed description/support of actual services rendered (ATTACHMENT B sample invoice). Due to the large dollar amount of these invoices, it is important for the vendor to provide corresponding supporting documentation of the services provided in order to ensure the validity of the invoice.

We would like to bring this observation to the Regional Shared Mobility Programs management's attention so that future invoices under this vendor are sufficiently documented.

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### 3. Absence of Formal Policy for Seminars/Conferences/Certification Programs

During our review, we observed multiple instances of payments for high-dollar value seminars/conferences/certification programs. Specifically, in this audit, we saw a \$10,099 certification program for one individual and a \$6,300 executive-level leadership development program for another individual. The recommendation for creating a Certification Program Policy to guide and control Metro expenditures for employee certifications was first brought to the Chief People Office and Accounting's attention in the audit of miscellaneous expenses for the audit period January – March 2024 (25-AUD-03) Recommendation #9.

We would like to bring this observation to the Talent Development management's attention as employees continue to take expensive conferences and certification programs without a policy or program to guide and control such expenditures.

### 4. Underutilization of Metro Resources

During our review, we observed the purchase of 3 tables (8 tickets per table) for a total of 24 available seats for Metro employees to attend the California Transportation Foundation (CTF) Transportation Awards Gala, but only 21 seats were filled. In this instance, there was an underutilization of resources. In the future, management may consider implementing a process to notify employees of any unfilled seats to allow other eligible staff to possibly attend the event.

We would like to bring this to the Operations Administration management's attention to maximize the value of funds spent and reduce the risk of purchasing unused seats for future events.

### 5. International Travel

During our review of miscellaneous expenses for the period of April to June 2025, we identified four employees/board members who traveled internationally at a cost of \$13,730.

- A senior manager attended the HR5000 Preliminary Design Review Workshop at various US and Canadian supplier facilities. The same employee also attended HR5000 Carshell supplier pre-inspection visits at various supplier facilities in Seoul and Changwon, Korea.
- An employee from Maintenance and Engineering attended the International Association of Public Transport (UITP) Conference in Hamburg, Germany.
- A senior transportation planner attended the 2025 Women's Transportation Seminar (WTS) International Annual Conference in Toronto, Canada.
- An employee from the Office of Strategic Innovation traveled to Milan, Italy, to study the city's preparations for the 2026 Winter Olympics. Another employee from the same office

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was also scheduled to go to Italy, but due to a family emergency, was unable to attend. This resulted in a \$1,189 expense due to the non-refundable nature of the hotel reservation.

These international travel expenses were charged in accordance with Metro’s Business Travel Guidelines (GEN 65).

## COMPARISONS WITH PRIOR PERIODS

In the course of our audit, we noted the following when comparing the miscellaneous expenses for prior quarters and fiscal years. Note: All amounts were based on the audit population.

### 1. Reviewed Quarter (FY25 Q4) versus Prior Quarter (FY25 Q3) Miscellaneous Expenses

Miscellaneous expenses in the reviewed quarter totaled \$5,453,707, an increase of 226% compared to the third quarter in FY 2025. This was mainly due to an increase in advertising and miscellaneous expenses. Account 50999 (MISC – EXPENSES – OTHERS) for the third quarter of this fiscal year totaled \$583,663 and \$3,050,167 for this current quarter, resulting in a \$2,466,504 (423%) increase in spending. See Table 1 below.

**Table 1: Reviewed Quarter versus Prior Quarter**

Account	Apr -Jun 2025	Jan -Mar 2025	Increase (Decrease)
Advertising	\$ 1,295,974	\$ 487,753	\$ 808,221
Business Meals	288,963	165,775	123,188
Business Travel	391,590	102,391	289,199
Corporate Membership	140,108	94,677	45,431
Employee Relocation	1,655	14,246	(12,591)
Employee Activities and Recreation	23,042	58,402	(35,360)
Professional Membership	19,052	25,607	(6,555)
Seminar and Conference Fee	207,733	125,636	82,097
Miscellaneous (50999) *	3,050,167	583,663	2,466,504
Others (Mileage and Parking, etc.)	35,423	14,857	20,566
<b>Total</b>	<b>\$ 5,453,707</b>	<b>\$ 1,673,007</b>	<b>\$ 3,780,700</b>
<b>Increase</b>			<b>226%</b>

*\* Miscellaneous (account number 50999) is used for miscellaneous expenses incurred that cannot be classified under accounts 50901 to 50940, including payments made to cover the expenditures for fines and penalties incurred by Metro, books, and periodicals used in the normal operation of Metro’s business, recruitment expenses, community outreach, postage, and others. (Source: Metro’s Descriptive Chart of Accounts)*

*The dollar amounts for April - June 2025 have been rounded to the nearest whole dollar.*

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**2. Reviewed Quarter (FY25 Q4) versus Same Quarter of Prior Year (FY24 Q4)  
Miscellaneous Expenses**

Miscellaneous expenses for the reviewed quarter increased by \$1,281,709 or 31% as compared to the same quarter of FY24. This was mainly due to an increase in Account 50999 (Miscellaneous Expenses - Others) and Account 50198 (Advertising). See Table 2 below.

**Table 2: Reviewed Quarter versus Same Quarter of Prior Year**

<b>Account</b>	<b>Apr -Jun 2025</b>	<b>Apr -Jun 2024</b>	<b>Increase (Decrease)</b>
Advertising	\$1,295,974	\$ 934,691	\$ 361,283
Business Meals	288,963	170,124	118,839
Business Travel	391,590	328,761	62,829
Corporate Membership	140,108	139,300	808
Employee Relocation	1,655	0	1,655
Employee Activities and Recreation	23,042	12,418	10,624
Professional Membership	19,052	15,661	3,391
Seminar and Conference Fee	207,733	148,761	58,972
Miscellaneous (50999) *	3,050,167	2,382,699	667,468
Others (Mileage and Parking, etc.)	35,423	39,585	(4,162)
<b>Total</b>	<b>\$5,453,707</b>	<b>\$ 4,172,000</b>	<b>\$ 1,281,707</b>
<b>Increase Over Same Quarter of Prior Year</b>			<b>31%</b>

**3. July 2024 to June 2025 versus July 2023 to June 2024**

Miscellaneous expenses for the period July 2024 to June 2025 totaled \$13,378,208, a 26% increase from the period July 2023 to June 2024, where expenses totaled \$10,624,300. In the fourth quarter of each fiscal year, from April to June, Metro’s expenses were the highest. (In the fourth quarters of Fiscal Years 2024 and 2025, miscellaneous expenses totaled approximately \$4.2 million and \$5.5 million, respectively. (See Figure 1).

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**Figure 1: Miscellaneous Expenses per Quarter  
July 2024 to June 2025 versus July 2023 to June 2024**

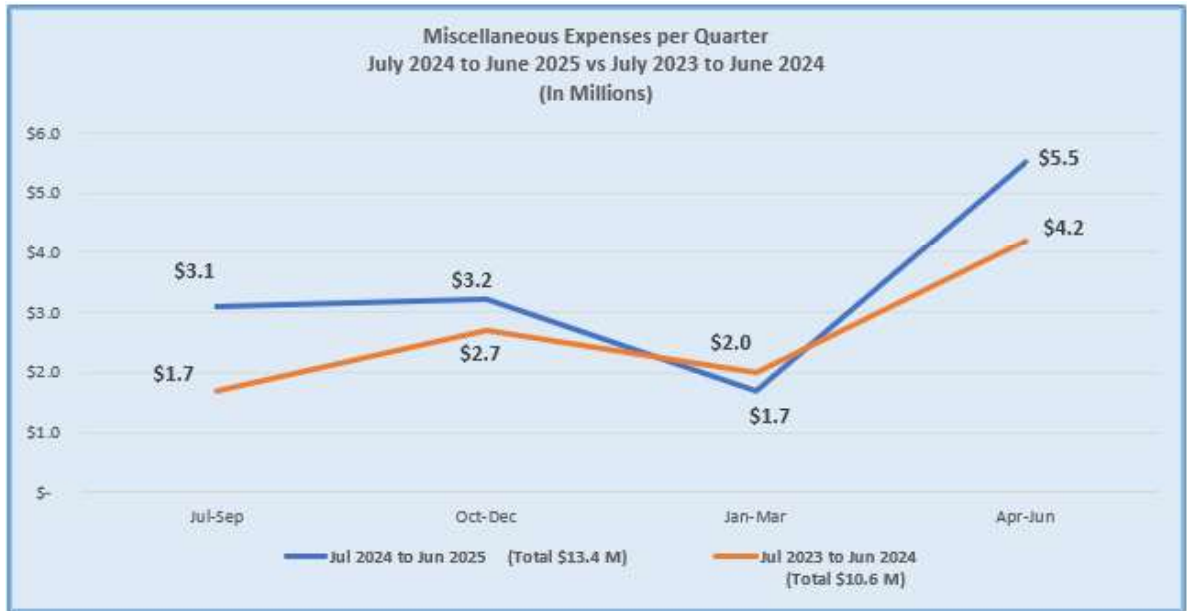
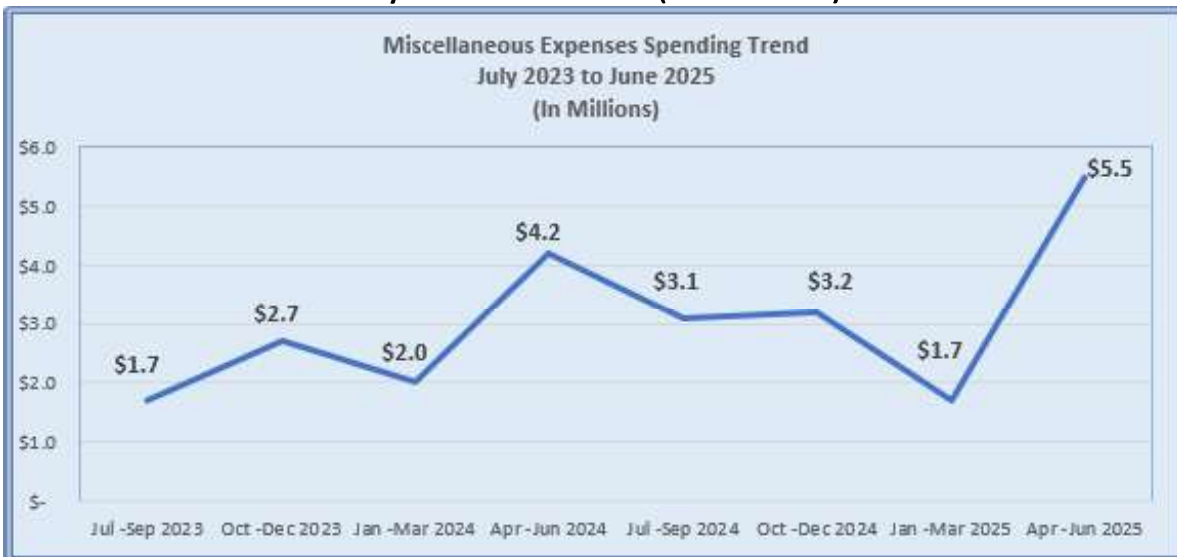


Figure 2 shows the spending trend for miscellaneous expenses for the last two years.

**Figure 2: Miscellaneous Expenses Spending Trend  
July 2023 to June 2025 (FY24 & FY25)**



As noted earlier, miscellaneous expenses were highest during the last quarter of each fiscal year. Part of this increase can be attributed to the accrual of expenses in June of each fiscal year that are charged to the respective year's budget. It is a common practice to exhaust budgeted funds

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in the 4<sup>th</sup> quarter of a fiscal year to avoid trailing expenses to the following fiscal period. The increase in spending this quarter was likely also attributed to increased expansion efforts in anticipation of future major events (World Cup 2026, Olympics 2028).

### CONCLUSION

The miscellaneous expenses we reviewed for the quarter of April 1 to June 30, 2025, generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documentation. However, we found exceptions related to missing independent P-Card expense approval, missing approval for exception to the lodging dollar limit, incomplete documentation for a check request, and inaccuracies in justification memo.

### RECOMMENDATIONS

We recommend the following:

#### **Strategic Financial Management (Vendor/Contract Management – Support Services)**

1. Consider including a section within the P Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

#### **Countywide Planning & Development (Complete Streets & Highways)**

2. Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
3. If circumstances change during travel, e.g., the hotel fails to honor the government per diem rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.
4. Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

#### **Chief Executive Office (Diversity & Economic Opportunity)**

5. Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro's Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
6. Instruct the employee to review and follow Metro's Accounting Procedures & Guidelines – Check Requests (ACC-01) policy.

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**Chief of Staff (Community Relations)**

7. Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

**MANAGEMENT COMMENTS TO RECOMMENDATIONS**

On March 5, 2026, we provided Metro Management with our draft report. By March 18, 2026, Metro Management submitted their responses summarizing their corrective actions. See Attachment C.

**OIG EVALUATION OF MANAGEMENT RESPONSES**

Metro Management corrective actions are responsive to the recommendations in this report. Therefore, we consider all issues related to the recommendations resolved and closed based on the corrective actions taken.

## Summary of Samples Expenses Audited

Account	Account Description	Audit Population	Sample Amount
50213	Training Program	\$ 27,619	\$0
50903	Business Meals	288,963	10,341
50905	Corporate Membership	140,108	1,000
50908	Employee Relocation <a>	1,655	0
50910	Mileage and Parking	7,804	0
50912	Professional Membership	19,052	241
50914	Schedule Checkers Travel <a>	0	0
50915	Seminar and Conference Fee	207,733	60,370
50917	Business Travel	391,590	9,385
50918	Advertising	1,295,974	519,045
50930	Employee Activities & Recreation	23,042	0
50999	Other Miscellaneous Expenses	<u>3,050,167</u>	<u>2,241,246</u>
	<b>Total</b>	<b><u>\$5,453,707</u></b>	<b>&lt;b&gt; <u>\$2,841,628</u></b>

<a> No expenses incurred for this quarter.

<b> This total does not include transactions that are less than \$200, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

GP Generate LLC Sample Invoice

**GP Generate LLC**  
12521 Venice Blvd.  
Los Angeles, CA 90066 US  
steven@gpgenerate.com

**Invoice**

BILL TO  
LA County MTA

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
LAC MTA-SC 511 25-05	06/12/2025	\$97,259.00	06/27/2025	Net 15	

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
06/12/2025	<b>Agency Fee</b>	GP Generate Media Plan: SoCal 511: PO: PS123964005: Pre-Bill 7/1/2025 - 6/30/2026	1	97,259.00	97,259.00

BALANCE DUE **\$97,259.00**

Management Comments to Draft Report

Strategic Financial Management



Metropolitan Transportation Authority

Metro

Interoffice Memo

Date:	March 13, 2026
To:	Yvonne Zheng Senior Manager, Audit Office of Inspector General
From:	Michelle Navarro Chief Financial Officer (Interim) <i>MN</i>
Subject:	Management Response – Statutorily Mandated Audit of Metro Miscellaneous Expenses – April 1, 2025, to June 30, 2025 Report No. 26-AUD-04

Thank you for the opportunity to respond to the finding and recommendation in the draft report (Statutorily Mandated Audit of Metro Miscellaneous Expenses – April 1, 2025, to June 30, 2025, No. 26-AUD-04) prior to the release of the final report. We have reviewed the draft report and provide our response to the recommendation below.

RECOMMENDATIONS:

- 1. Consider including a section within the P-Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

MANAGEMENT RESPONSE:

1. V/CM notes OIG’s recommendation. However, Purchase Card Guidelines on the Purchase Card Intranet site and the training packet provided to all Purchase Card Program participants include the following guidance to departments: “In cases where an employee is a purchase card approver, the approver’s supervisor must approve the expense in writing before the cardholder can proceed with purchase.” As such, to avoid any conflict of interest, we recommend the employee designated to approve these expenses be determined by executive management of these departments.

- c: Debra Avila, Deputy Chief Vendor/Contract Management Officer  
Dr. Irma L. Licea, Executive Officer, Vendor/Contract Management  
Abraham Lora, Senior Director, Finance, Vendor/Contract Management

Management Comments to Draft Report

Countywide Planning & Development



Metropolitan Transportation Authority

Metro

Interoffice Memo

Date:	March 16, 2026
To:	Yvonne Zhang, Sr. Manager, Audit Office of Inspector General
Through:	Ray Sosa <sup>RS</sup> Chief planning Officer
From:	Roberto Machuca Deputy Executive Officer
Subject:	Response to Audit Recommendations in Report No. 26-AUD-04

Thank you for the opportunity to respond to the findings and recommendations in the draft report (Audit Report No. 26-AUD-04) prior to the release of the final report. We have reviewed the draft report and provide our response to the recommendations below.

RECOMMENDATION(S):

1. Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
2. If circumstances change during travel, for example when a hotel does not honor the government per diem rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.
3. Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

MANAGEMENT RESPONSE:

Agree.

The department acknowledges the recommendations and will reinforce the requirements outlined in Metro Business Travel Guidelines (GEN 65) related to lodging per diem limits, documentation of exceptions, and submission of explanatory documentation when circumstances change during travel.

Staff traveled to Washington, D.C. from May 27 through May 31, 2025 to attend the National Association of City Transportation Officials (NACTO) Designing Cities Conference. The travel was approved through the required Travel Authorization process and was consistent with allowable purposes for travel under GEN 65, which includes attendance at professional conferences and seminars related to LACMTA programs and activities.

## Management Comments to Draft Report

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### Countywide Planning & Development (Continued)

Lodging accommodations were reserved through the Concur Travel platform at the Marriott Marquis using the Government Employee rate of \$276 per night, which was within the applicable lodging per diem rate at the time of booking.

Upon arrival at the hotel, staff presented Metro employee identification at check-in. Hotel staff informed the traveler that the Government Employee rate was restricted to federal government employees and could not be honored without federal identification. As a result, the hotel applied an additional \$50 per night, increasing the lodging rate to \$326 per night. Consistent with GEN 65, the employee prepared an explanatory memo requesting approval of the lodging rate exception. The request was reviewed and approved by the Chief Planning Officer.

The Travel and Business Expense Report was submitted shortly after the employee returned from travel. The reimbursement was fully processed through the established approval workflow prior to the completed explanatory memo requesting approval of the lodging rate exception.

Going forward, the department will remind staff to include exception approvals and explanatory documentation with the Travel and Business Expense Report when lodging rates exceed the allowable per diem limits due to circumstances that arise during travel and consistent with the requirements of Metro Business Travel Guidelines (GEN 65).

Attachment: NACTO Memo – Per Der Diem Lodging Exception Approval Memo

cc: Dennis Young, Auditor, OIG  
George Maycott II, Sr. Director, OIG

Management Comments to Draft Report


Chief Executive Office



Metropolitan Transportation Authority

Metro

Interoffice Memo

Date:	March 18, 2026
To:	Yvonne Zheng Senior Manager, Audit Office of Inspector General
From:	Sharon Gookin Deputy Chief Executive Officer  Office of the Chief Executive Officer
Subject:	Management Response to the OIG Draft Report No. 26-AUD-04

Thank you for the opportunity to respond to the Office of Inspector General (OIG) audit of Metro’s miscellaneous expenses from April 1 to June 30, 2025, which includes findings for Diversity & Economic Opportunity (DEOD) within the Chief Executive Office Cabinet. This memo acknowledges the recommendations in Report No. 26-AUD-04 and outlines corrective measures.

Findings

The audit found that, although most transactions followed Metro policies and had proper documentation, one DEOD check request was missing the required supporting materials. Specifically, in June 2025, a DEOD check request for breakfast catering costs for the Project Labor Agreement (PLA) Regional Roundtable event lacked a valid list of attendees, as required by Metro’s Accounting Procedures & Guidelines (ACC-01) Check Requests policy, which states that such expenses must include a memo documenting attendees.

Recommendations

- Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro’s Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
- Instruct the employee to review and follow Metro’s Accounting Procedures & Guidelines - Check Requests (ACC-01) policy.

Proposed Corrective Measures

The DEOD is familiar with ACC-01 because it handles many monthly payment transactions, including check requests. Missing the attendee list was an unintentional oversight and was quickly fixed when it was brought to the department’s attention. As a corrective step, DEOD will develop an internal pre-submission checklist. This checklist will specify the supporting materials needed for each transaction type. Staff must review and verify that all checklist items are included before submitting any transaction to ensure consistency and compliance.

To ensure the new checklist is effective, DEOD will conduct quarterly spot checks of randomly selected transactions to verify that all checklist items are consistently completed before submission. The department will record compliance results and provide feedback to staff as needed, aiming for zero exceptions. We believe that implementing, tracking, and reinforcing the use of the checklist will prevent future noncompliance and help us monitor progress over time.

DEOD leadership and I accept OIG’s findings and will ensure that future business meal payments include all required documentation to maintain policy compliance and fiscal oversight.

Management Comments to Draft Report

Chief of Staff



**Metro**

Interoffice Memo

Date	March 6, 2026
To	Karen Gorman, Inspector General
From	Marisa Perez, Deputy Chief, Community Relations Officer <i>Maria K. Perez</i>
	Lilian De Loza-Gutierrez, Executive Officer, Communications (Community Relations) <i>LDS</i>
Subject	Management Response to Draft Report on Statutorily Mandated Audit of Metro Miscellaneous Expenses April 1, 2025 to June 30, 2025 (Report No. 26-AUD-04)

Community Relations reviewed the Draft Report Statutorily Mandated Audit of Metro Miscellaneous Expenses **April 1, 2025 to June 30, 2025 (Report No. 26-AUD-04)**. Community Relations will update and monitor policies and procedures to comply with the recommendations outlined in the draft report for miscellaneous expenses while using Metro p-card.

The P-Card Log and supporting documentation submitted in May 2025 by a Senior Administrative Analyst was audited. A transaction that occurred on May 5, 2025, was classified as a miscellaneous expense and it was for registration fees for 14 employees to attend a local conference (Mobility 21). The justification memo for this expense contained inaccuracies related to how many tickets were requested and ultimately purchased. The first section of the memo requests approval for 16 tickets, but only 12 attendee names were listed. It is important for expense justifications to have the correct information to ensure proper decision-making regarding budgets and resource allocation. Memos with errors, missing details, or insufficient information also increase processing time and negatively impact Metro operations and efficiency.

This issue was brought to the attention of the employee; she subsequently provided the itemized receipt that showed a total of 14 tickets purchased. There were many changes with the department, which caused a discrepancy. Therefore, the following identifies actions to be taken by Community Relations to comply with the recommendations from the audit.

## Management Comments to Draft Report

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### Chief of Staff (Continued)

#### Recommendation

Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

#### Management Response

To ensure compliance with policy requirements, we will verify and confirm that all information within expense justifications are complete and accurate before submitting for approval.

**Completion Date: Complete and Ongoing**

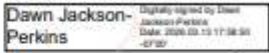
Management Comments to Draft Report

Chief People Office



Metro

Interoffice Memo

<b>Date</b>	March 13, 2026	
<b>To</b>	Yvonne Zheng Senior Manager, Audit Office of the Inspector General	
<b>From</b>	Dawn Jackson-Perkins Chief People Officer	
<b>Subject</b>	Statutorily Mandated Audit of Metro Miscellaneous Expenses April 1, 2025 to June 30, 2025 (Report No. 26-AUD-04)	

Thank you for the opportunity to respond to the findings and recommendations prior to the final release of the Audit Report. It is our understanding that this audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority for miscellaneous expenses such as travel, meals, refreshments, and memberships. Please see our response below to the recommendation pertaining to the Chief People Office (CPO).

**Observation**

#1. During the course of our quarterly audit of miscellaneous expenses, we came across business meals costs incurred during Union Contract Negotiations with AFSCME, ATU, TCU, and TEAMSTERS. The first business meal expense justification memo dated January 22, 2024, preapproved these purchases between February 2024 and the end of June 2024. A subsequent justification memo dated July 31, 2024, pre-approved business meals to the end of December 2024. The third and latest pre-approval was for an extension on food purchases through December 2025. We would like to bring this observation to the Employee & Labor Relations management’s attention that the approval for the business meals has been extended well over a year from the original plan/estimate.

**Response:** Union negotiations are ongoing. As such, CPO requests the extension of food purchases until negotiations are completed.

#3. During our review, we observed multiple instances of payments for high-dollar value seminars/conferences/certification programs. Specifically, in this audit, we saw a \$10,099 certification program for one individual and a \$6,300 executive-level leadership development program for another individual. The recommendation for creating a Certification Program Policy to guide and control Metro expenditures for employee certifications was first brought to the Chief People Office and Accounting’s attention in the audit of miscellaneous expenses for the audit period January – March 2024 (25-AUD-03) Recommendation #9. We would like to bring this observation to the Talent Development management’s attention as employees

## Management Comments to Draft Report

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### Chief People Office (Continued)

continue to take expensive conferences and certification programs without a policy or program to guide and control such expenditures.

**Response:** CPO is reviewing relevant policies to determine whether modifications are necessary in response to this observation, particularly regarding Cabinet/Department-approved and certification and leadership programs. In relation to prior audit 25-AUD-03, Recommendation #9, CPO will continue to collaborate with Accounting on the potential development of a Certification Program Policy under which employees would be required to complete the program and obtain a certification funded by Metro. Consistent with AB692, California employment law effective January 1, 2026, CPO is working with County Counsel to determine whether employees may be required to remain employed with Metro for a specified period following completion of a certification program or reimburse Metro for associated certification or tuition costs. Based on findings, CPO will continue to work with County Counsel to review and update any relevant policies as necessary.

**Completion Date:** June 30, 2026

Final Report Distribution

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**Board of Directors**

Kathryn Barger  
Karen Bass  
James Butts  
Jacquelyn Dupont-Walker  
Fernando Dutra  
Janice Hahn  
Lindsey Horvath  
Holly Mitchell  
Ara Najarian  
Imelda Padilla  
Gloria Roberts  
Tim Sandoval  
Hilda Solis  
Katy Yaroslavsky

**Metro**

Chief Executive Officer  
Chief of Staff  
Board Clerk  
Chief Financial Officer (Interim)  
Chief Planning Officer  
Deputy Chief Executive Officer  
Deputy Chief Auditor  
Inspector General

# OFFICE OF THE INSPECTOR GENERAL

## Audit of Miscellaneous Expenses April to June 2025

Karen Gorman, Inspector General  
Dennis Young, Auditor

Report No. 26-AUD-04

Finance, Budget and Audit Committee  
April 16, 2026

# Objectives

**The objectives of the audit were to determine whether:**

- Expenses charged were proper, reasonable, and in accordance with Metro's policies & procedures
- Expenses had proper approval, receipts, & other supporting documentation
- Policies & Procedures are adequate



# Results of Audit

Staff generally complied with Metro policies & procedures; however, OIG found the following issues:

- Missing Independent P-Card Expense Approval;
- Missing Approval for an Exception to the Lodging Dollar Limit;
- Incomplete Check Requests Documentation; and
- Justification Memo Inaccuracies

Management agreed to all 7 OIG recommendations.





## Board Report

File #: 2026-0139, File Type: Contract

Agenda Number: 24.

### FINANCE, BUDGET, AND AUDIT COMMITTEE APRIL 16, 2026

**SUBJECT: REAL ESTATE & TRANSIT ORIENTED COMMUNITIES ENVIRONMENTAL SERVICES BENCH**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to:

- A. AWARD three, seven-year task order-based bench Contracts for Real Estate & Transit Oriented Communities Environmental Services for a total Not-To-Exceed (NTE) amount of \$17,390,400 to the following firms, subject to resolution of any properly submitted protest(s), if any:
1. Kimley-Horn and Associates, Inc. (Contract No. AE135067001)
  2. Polytechnique Environmental, Inc. (Contract No. AE135067002)
  3. TRC Solutions, Inc. (Contract No. AE135067003)
- B. AWARD individual task orders in an amount not to exceed \$1,800,000.

#### **ISSUE**

As part of its due diligence process, Metro conducts environmental assessments on properties being considered for acquisition or development to evaluate the potential presence of hazardous materials and petroleum products. A Real Estate/Transit Oriented Communities (RE/TOC) Environmental Services Bench is needed to provide timely access to qualified environmental consulting firms to perform Phase I Environmental Site Assessments (ESAs), Hazardous Building Materials Surveys (HBMSs), and Phase II ESAs.

#### **BACKGROUND**

Metro is planning and delivering multiple projects that require environmental site assessments of real estate parcels to be acquired, including (but not limited to): East San Fernando Valley Light Rail, Eastside Transit Corridor Phase 2, K Line Extension to Torrance, Southeast Gateway Line, and other highway and ancillary projects. In addition, in April 2023, the Board adopted a strategy of Investing in Making Sites Development-Ready as part of the Metro Joint Development's 10K Initiative. This included identifying environmental conditions upfront.

To meet these ongoing needs, Metro solicited a bench of qualified environmental consulting firms capable of performing Phase I ESAs, HBMSs (asbestos, lead-based paint, and other hazardous materials), and Phase II ESAs in compliance with applicable regulations and Metro requirements. Previously, this work was performed by engineering subconsultants, joint development partners, or through the Environmental Services Department's single-firm IDIQ contract, however, the proposed contract mechanism provides a more efficient strategy for necessary environmental assessments.

## **DISCUSSION**

Having a dedicated RE/TOC Environmental Services Bench will enable Metro Real Estate to directly manage and obtain environmental documents for due diligence specific to acquisitions and development more quickly and efficiently. Firms will be pre-qualified to perform the required services and provide the required deliverables, certifications, and QA/QC processes. The contracts will have a seven-year term, and Metro reserves the right to reopen the Bench in year five to add new pre-qualified firms if deemed in Metro's best interest.

The RE/TOC Environmental Services Bench scope includes, as applicable per task order:

- Phase I ESAs performed consistent with ASTM E1527-21 (or future revisions during the contract term), including site reconnaissance, records review, historical review, and reporting under the supervision of an Environmental Professional.
- HBMS deliverables including asbestos (AHERA and SCAQMD Rule 1403), lead-based paint surveys with defined criteria (XRF and/or laboratory thresholds), and other hazardous materials inventories, with reporting requirements and qualified personnel (CAC, CSST, lead certifications).
- Phase II ESAs including a Metro-reviewed work plan and Health and Safety Plan (HASP), field investigation activities, laboratory analyses, and a signed report by a California Professional Geologist or Professional Engineer, with remedial alternatives and ROM costs where applicable.
- QA/QC requirements throughout fieldwork, data evaluation, laboratory coordination, and reporting.

Consistent with the solicitation evaluation criteria, proposals were assessed based on firms' relevant experience, qualifications and experience of the project team (including required certifications), and understanding of the project purpose and approach.

To control cost and ensure best value, Metro will establish final task order pricing and level of effort per assignment based on a defined scope, authorized hours, and approved pass-through costs (other direct costs and travel), consistent with the bench pricing framework.

The recommended not-to-exceed cumulative funding value of \$17,390,400 is based on projected environmental due diligence needs over the seven-year term across RE/TOC acquisitions, capital projects, and Joint Development activities. Task orders will be issued on an as-needed basis, and the specific level of effort will vary based on the property type, site conditions, schedule, access constraints, and regulatory requirements.

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**DETERMINATION OF SAFETY IMPACT**

This item does not have an impact on Metro safety standards.

**FINANCIAL IMPACT**

Approval of the Environmental Services Bench will not, by itself, increase the adopted FY26 budget. Task orders will be funded from the specific project or program budgets requiring environmental services, and each task order will identify the applicable funding source at the time of award.

**Impact to Budget**

Each task order awarded for environmental services will be funded with the source of funds identified for that specific project. Since this is a multiyear contract, the project manager will be responsible for budgeting costs in future years, including any options exercised.

**EQUITY PLATFORM**

This item supports Metro’s Equity Platform by strengthening Metro’s ability to deliver equitable project outcomes through timely, consistent, and compliant environmental due diligence for property acquisition, capital improvements, and Joint Development activities countywide. This bench supports Metro’s Equity Platform objectives by providing a consistent framework for environmental assessment services that can be deployed as project needs arise.

Environmental due diligence, including Phase I Environmental Site Assessments (ESAs), Hazardous Building Materials Surveys (HBMSs), and Phase II ESAs, is a critical early step in project planning, particularly in communities that have historically experienced disproportionate environmental burdens and underinvestment. By establishing a pre-qualified bench with standardized scopes, certifications, and QA/QC requirements, Metro can more quickly identify environmental conditions, support appropriate risk management, and reduce avoidable delays that can impede delivery of transit and community-serving improvements. This helps Metro advance projects more consistently across the county while maintaining public health protections, regulatory compliance, and responsible stewardship of Metro-owned and to-be-acquired properties.

The Diversity & Economic Opportunity Department (DEOD) established an overall 17% Small Business Enterprise (SBE) goal and 3% Disabled Veteran Business Enterprise (DVBE) goal on all state, local, and/or Measure M funded task orders on this bench contract. Each bench participant committed to meet the overall SBE and DVBE goal.

**VEHICLE MILES TRAVELED OUTCOME**

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

VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it supports required environmental due diligence for property acquisition and project delivery activities that enable Metro transit and multimodal investments to advance. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

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

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports Strategic Plan Goal #3, Enhance communities and lives through mobility and access to opportunity and Goal #5, Provide responsive, accountable, and trustworthy governance within Metro's organization.

**ALTERNATIVES CONSIDERED**

The Board could choose not to approve the recommendations. This is not recommended because it would require staff to procure Phase I ESA, HBMS, and Phase II ESA services through separate procurements for each property or project need, increasing schedule risk and administrative burden, and potentially delaying acquisitions, design, and construction schedules.

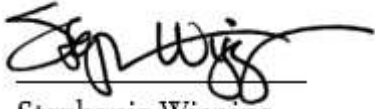
**NEXT STEPS**

Upon Board approval, staff will execute the bench Contract Nos. AE135067001 through AE135067003 for Real Estate and Transit Oriented Communities environmental services. As needs arise, staff will issue task order solicitations among bench firms for Phase I ESAs, HBMSs, and Phase II ESAs, consistent with the scope of services and task order requirements.

**ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - DEOD Summary

Prepared by: Michael Luna, Senior Manager, Real Estate, (213) 922-2332  
Craig Justesen, Executive Officer, Real Estate, (213) 922-7051  
Nick Saponara, Executive Officer, Transit Oriented Communities, (213) 922-4313  
Holly Rockwell, Senior Executive Officer, Transit Oriented Communities and Real Estate (213) 547-4325  
Nicole Ferrara, Deputy Chief Planning Officer, (213) 547-4322  
Carolina Coppolo, Deputy Chief Vendor/Contract Management Officer, (213) 922-4471  
Reviewed by: Ray Sosa, Chief Planning Officer, (213) 547-4274

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

Stephanie Wiggins  
Chief Executive Officer

## PROCUREMENT SUMMARY

## REAL ESTATE &amp; TRANSIT ORIENTED COMMUNITIES ENVIRONMENTAL SERVICES BENCH / AE135067001 THROUGH AE135067003

1.	<b>Contract Numbers:</b> AE135067001 through AE135067003	
2.	<b>Recommended Vendor:</b> Kimley-Horn and Associates, Inc., Polytechnique Environmental, Inc. and TRC Solutions, Inc.	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input checked="" type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> October 29, 2025	
	<b>B. Advertised/Publicized:</b> October 29, 2025	
	<b>C. Pre-Proposal Conference:</b> November 6, 2025	
	<b>D. Proposals Due:</b> December 15, 2025	
	<b>E. Pre-Qualification Completed:</b> February 20, 2026	
	<b>F. Ethics Declaration Forms Submitted to Ethics:</b> December 19, 2025	
	<b>G. Protest Period End Date:</b> April 21, 2026	
5.	<b>Solicitations Downloaded:</b> 42	<b>Proposals Received:</b> 4
6.	<b>Contract Administrator:</b> Lily Lopez	<b>Telephone Number:</b> (213) 922-4639
7.	<b>Project Manager:</b> Michael Luna	<b>Telephone Number:</b> (213) 922-2332

**A. Procurement Background**

This Board Action is to approve task order based bench Contract Nos. AE135067001 through AE135067003 to provide environmental site assessment and investigation services in support of Metro's property acquisitions and related due diligence for major transportation projects on an as needed basis. Board approval of contract awards is subject to resolution of any properly submitted protest(s), if any.

On October 29, 2025, Request for Proposals (RFP) No. AE135067 was issued as a competitive procurement in accordance with Metro's Acquisition Policy. The contract type is task order based, firm fixed unit rate. The Diversity and Economic Opportunity Department recommended a Small Business Enterprise (SBE) goal of 17% and a Disabled Veteran Business Enterprise (DVBE) goal of 3%.

Work under each contract will be authorized through the issuance of separate firm fixed unit rate task orders. Each future task order will contain a specific scope of services and will be issued on a rotational basis.

Four amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on November 18, 2025, provided revisions to the Organizational Conflicts of Interest (OCI) language under Letter of Invitation (LOI-01).

- Amendment No. 2, issued on November 19, 2025, provided revisions to Section J, Indemnification for Designed Professional Work under General Condition (GC)-24.
- Amendment No. 3, issued on November 26, 2025, extended the proposal due date from December 4, 2025, to December 15, 2025.
- Amendment No. 4, issued on December 10, 2025, replaced the SBE/DVBE forms required.

A total of 42 downloads were included in the planholders' list. A virtual pre-proposal conference was held on November 6, 2025, and was attended by five participants representing four firms. There were 14 questions received, and responses were issued prior to the proposal due date.

A total of four proposals were received on December 15, 2025, and are listed below in alphabetical order:

1. Environmental Resource Management, Inc.
2. Kimley-Horn and Associates, Inc.
3. Polytechnique Environmental, Inc.
4. TRC Solutions, Inc.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Environmental Services, Real Property Management, and Real Estate/Right of Way was convened and conducted a comprehensive technical evaluation of the proposals received.

From January 5, 2026 through January 27, 2026, the PET independently evaluated the proposals based on the following evaluation criteria and weights:

- |   |     |
|---|-----|
| • Firm's Relevant Experience                    | 40% |
| • Qualifications and Experience of Project Team | 30% |
| • Understanding of Project Purpose and Approach | 30% |

Several factors were considered when developing these weights, giving the greatest importance to the firm's relevant experience.

This is an A&E, qualifications-based procurement; therefore, price cannot and was not used as an evaluation factor pursuant to state and federal law.

On January 27, 2026, the PET reconvened and determined that all four firms were deemed to be qualified to provide the services.

Discussions on exceptions to terms and conditions were held with all four firms. After several rounds of negotiations, Environmental Resource Management, Inc. and

Metro failed to reach an agreement and therefore, the firm was excluded from further consideration.

The following is a summary of the PET scores:

<b>1</b>	<b>Firm</b>	<b>Average Score</b>	<b>Factor Weight</b>	<b>Weighted Average Score</b>	<b>Rank</b>
<b>2</b>	<b>TRC Solutions Inc.</b>				
<b>3</b>	Firm's Relevant Experience	87.08	40.00%	34.83	
<b>4</b>	Qualifications and Experience of Project Team	86.67	30.00%	26.00	
<b>5</b>	Understanding of Project Purpose and Approach	85.83	30.00%	25.75	
<b>6</b>	<b>Total</b>		<b>100.00%</b>	<b>86.58</b>	<b>1</b>
<b>7</b>	<b>Polytechnique Environmental, Inc.</b>				
<b>8</b>	Firm's Relevant Experience	86.43	40.00%	34.57	
<b>9</b>	Qualifications and Experience of Project Team	82.77	30.00%	24.83	
<b>10</b>	Understanding of Project Purpose and Approach	87.33	30.00%	26.20	
<b>11</b>	<b>Total</b>		<b>100.00%</b>	<b>85.60</b>	<b>2</b>
<b>12</b>	<b>Kimley-Horn and Associates, Inc.</b>				
<b>13</b>	Firm's Relevant Experience	82.75	40.00%	33.10	
<b>14</b>	Qualifications and Experience of Project Team	77.77	30.00%	23.33	
<b>15</b>	Understanding of Project Purpose and Approach	74.17	30.00%	22.25	
<b>16</b>	<b>Total</b>		<b>100.00%</b>	<b>78.68</b>	<b>3</b>

### **C. Cost Analysis**

Each proposer submitted fully burdened rates to perform environmental site assessment and investigation services in support of Metro's property acquisitions and related due diligence for major transportation projects. The rates have been determined to be fair and reasonable based upon an Independent Cost Estimate (ICE), cost analysis, technical evaluation, and discussions.

Work will be assigned through the issuance of separate task orders on a rotational basis in accordance with the negotiated rates. Each task order will contain a specific scope of services.

## **D. Background on Recommended Contractors**

### **Kimley-Horn and Associates, Inc.**

Kimley-Horn and Associates, Inc. (Kimley-Horn) has been in business for 58 years and is headquartered in Los Angeles, California. Kimley-Horn is a full service environmental, planning, and engineering firm providing services to public agencies nationwide. Kimley-Horn specializes in initial and follow up environmental site assessment services. Their client base includes Walmart (various locations nationwide), City of Burbank, Cajon Industrial Park, San Bernardino, City of Burbank, and South Bay Bus Rapid Transit.

Kimley-Horn has worked on Metro projects and has performed satisfactorily.

### **Polytechnique Environmental, Inc.**

Polytechnique Environmental, Inc. is located in Bellflower, California, and has been in business for 11 years providing engineering support and environmental consulting services. Polytechnique Environmental, Inc. has managed on-call contracts for agencies such as Los Angeles World Airport, Long Beach Airport, Port of Long Beach, Hollywood Burbank Airport, John Wayne Airport, and the California High Speed Rail Authority.

Polytechnique Environmental, Inc. has worked on Metro projects and has performed satisfactorily.

### **TRC Solutions, Inc.**

TRC Solutions, Inc. has been in business for 56 years and is headquartered in Los Angeles, California. TRC Solutions, Inc. provides energy and climate services, along with environmental waste handling and environmentally related construction services. Their client base includes the Los Angeles Unified School District, Northeast Illinois Regional Commuter Railroad Corporation, BNSF Railway, Los Angeles Department of Power and Water, and the Port of Los Angeles.

TRC has worked on Metro projects and has performed satisfactorily.

**DEOD SUMMARY**

**REAL ESTATE & TRANSIT ORIENTED COMMUNITIES ENVIRONMENTAL SERVICES BENCH / AE135067001 THROUGH AE135067003**

**A. Small Business Participation**

The Diversity & Economic Opportunity Department (DEOD) established an overall 17% Small Business Enterprise (SBE) goal and 3% Disabled Veteran Business Enterprise (DVBE) goal on all state, local, and or Measure M funded task orders on this bench contract. Each bench participant committed to meet the overall SBE and DVBE goal. Proposers were encouraged to form teams that included SBE and DVBE firms without schedules or specific dollar commitment to designated subcontractors.

Three (3) firms were selected as prime consultants, one of which is SBE certified: Kimley-Horn and Associates, Inc., Polytechnique Environmental, Inc. (SBE), and TRC Solutions, Inc.

In response to a specific Task Order request with a defined scope of work, prime consultants will be required to identify SBE/DVBE subcontractor activity and actual dollar value commitments for that Task Order. Overall SBE/DVBE achievement in meeting the commitments will be determined based on cumulative participation of all Task Orders awarded to each prime consultant.

**Prime: Kimley-Horn and Associates**

<b>Small Business Goal</b>	<b>17% SBE 3% DVBE</b>	<b>Small Business Commitment</b>	<b>17% SBE 3% DVBE</b>
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	<b>SBE/DVBE Subcontractors</b>	<b>SBE Commitment</b>	<b>DVBE Commitment</b>
1.	1 Laboratories, Inc.	TBD	-
2.	Aero Environmental Services, LLC	TBD	-
3.	Advanced Technology Laboratories dba ASSET Laboratories, Inc.	TBD	-
4.	Gregg Drilling, LLC	TBD	-
5.	InterPhase Environmental	TBD	-
6.	Performance Analytical Laboratories, Inc.	TBD	-
7.	Spectrum Environmental Services, Inc.	TBD	-
8.	Veteran Drilling	TBD	TBD
	<b>Total Commitment</b>	<b>17%</b>	<b>3%</b>

**Prime: Polytechnique Environmental, Inc. (SBE Prime)**

<b>Small Business Goal</b>	<b>17% SBE 3% DVBE</b>	<b>Small Business Commitment</b>	<b>17% SBE 3% DVBE</b>
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	<b>SBE/DVBE Subcontractors</b>	<b>SBE Commitment</b>	<b>DVBE Commitment</b>
1.	Polytechnique Environmental, Inc.	TBD	-
2.	eWaste Disposal, Inc.	TBD	TBD
	<b>Total Commitment</b>	<b>17%</b>	<b>3%</b>

**Prime: TRC Solutions, Inc.**

<b>Small Business Goal</b>	<b>17% SBE 3% DVBE</b>	<b>Small Business Commitment</b>	<b>17% SBE 3% DVBE</b>
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	<b>SBE/DVBE Subcontractors</b>	<b>SBE Commitment</b>	<b>DVBE Commitment</b>
1.	Calvada Surveying	-	TBD
2.	GCAP Services	TBD	-
3.	Performance Analytical Laboratories, Inc.	TBD	-
4.	Spectrum Environmental Services, Inc.	TBD	-
5.	Subsurface Surveys & Associates	TBD	-
	<b>Total Commitment</b>	<b>17%</b>	<b>3%</b>

**B. Local Small Business Enterprise (LSBE) Preference Program**

The LSBE Preference Program does not apply to Architecture and Engineering procurements. Pursuant to state and federal law, price cannot be used as an evaluation factor.

**C. Living Wage and Service Contract Worker Retention Policy Applicability**

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

**D. Prevailing Wage Applicability**

Prevailing Wage requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

**E. Project Labor Agreement/Construction Careers Policy (PLA/CCP)**

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

**F. Manufacturing Careers Policy**

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



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File #: 2026-0207, File Type: Informational Report

Agenda Number: 25.

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
APRIL 16, 2026**

**SUBJECT: BASIC FINANCIAL STATEMENTS AND COMPONENT AUDITS**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE the Los Angeles County Metropolitan Transportation Authority's (Metro) basic financial statements and component financial statement audits completed by Crowe LLP (Crowe) as of and for the fiscal year ended June 30, 2025.

**ISSUE**

Metro is required to be audited annually by independent certified public accountants. The resulting reports include Metro's basic financial statements and the following component audits for the fiscal year ending June 30, 2025 (FY25):

- Annual Comprehensive Financial Report for the Los Angeles County Metropolitan Transportation Authority;
- Independent Auditor's Statement of Auditing Standards (SAS) 114 letter covering required communications related to the financial statement audit;
- Single Audit Report;
- Independent Accountant's Report on Applying Agreed-Upon Procedures on Federal Funding Allocation Data for the Transportation Operating Agency (ID# 90154);
- Independent Auditor's Report on Compliance with the California Code of Regulations (Section 6667); Report on Internal Control over Compliance; and Report on 50% Expenditure Limitation Schedule for Transportation Development Act (TDA) Operations Agency;
- Independent Auditor's Report on Compliance with the California Code of Regulations (Sections 6640-6662); Report on Internal Control over Compliance; and Report on Schedule of Revenues, Expenditures, and Changes in Fund Balances for TDA;
- Independent Auditor's Report on the Los Angeles County Metropolitan Transportation Authority State Transit Assistance (STA) Special Revenue Fund's basic financial statements for the fiscal years ended June 30, 2025, and 2024.
- Independent Auditor's Report on the Service Authority for Freeway Emergencies (SAFE) (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) financial statements; and
- Independent Auditor's Report on Compliance with Rules and Regulations of the Low Carbon

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Transit Operations Program (LCTOP) and Report on Internal Control over Compliance for the Los Angeles County Metropolitan Transportation Authority's compliance with the LCTOP Guidelines.

## **BACKGROUND**

State law requires Metro to publish a complete set of audited financial statements within six months of the close of each fiscal year. In compliance with those requirements, this report seeks to provide Metro's Annual Comprehensive Financial Report, completed in December 2025, to the Board.

In addition to regulatory requirements, professional auditing standards require that Crowe communicate certain matters to keep Metro adequately informed about significant and relevant matters related to the financial statement audit. The financial and compliance audits must be conducted in accordance with these auditing standards. The main goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement, whether due to fraud or error.

## **DISCUSSION**

Metro's basic financial statements include its audited financial statements, supplemental information, and unmodified audit opinion from the independent external auditor. The independent auditor issued unmodified opinions on all audit reports for FY25. Receiving an unmodified opinion indicates that all financial statements for FY25 were fairly presented and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements.

The audit resulted in clean (unmodified) opinions. The auditors noted two passed adjustments. One is related to Low Carbon Fuel Standard credits not recorded at their estimated fair value. As a result, approximately \$16M will be recognized when the credits are sold. The second is related to Regional Tap Service Center (RTAP) cash and accounts payable that should be reported in the fiduciary fund instead of an enterprise fund. As a result, enterprise fund net position should be \$8.7 million lower and fiduciary fund net position should be \$8.7 million higher; however, it does not result in any material difference. Additionally, the RTAP financial statements are audited annually by another independent Auditor, BCA Watson Rice, LLP, who also issued a clean opinion for FY25. These items were identified during the audit but were not proposed as adjustments, as they do not constitute errors.

Due to the considerable size of the document, the Annual Comprehensive Financial Report is on file with the Board Clerk. The report is also accessible on Metro's [website](https://lacmta.sharepoint.com/sites/Accounting2/Annual%20Comprehensive%20Financial%20Reports%20ACFR/Forms/AllItems.aspx?id=%2Fsites%2FAccounting2%2FAnnual%20Comprehensive%20Financial%20Reports%20ACFR%2FFY25%20%2D%20LA%20Metro%20ACFR%2Epdf&parent=%2Fsites%2FAccounting2%2FAnnual%20Comprehensive%20Financial%20Reports%20ACFR)  [<https://lacmta.sharepoint.com/sites/Accounting2/Annual%20Comprehensive%20Financial%20Reports%20ACFR/Forms/AllItems.aspx?id=%2Fsites%2FAccounting2%2FAnnual%20Comprehensive%20Financial%20Reports%20ACFR%2FFY25%20%2D%20LA%20Metro%20ACFR%2Epdf&parent=%2Fsites%2FAccounting2%2FAnnual%20Comprehensive%20Financial%20Reports%20ACFR>](https://lacmta.sharepoint.com/sites/Accounting2/Annual%20Comprehensive%20Financial%20Reports%20ACFR/Forms/AllItems.aspx?id=%2Fsites%2FAccounting2%2FAnnual%20Comprehensive%20Financial%20Reports%20ACFR%2FFY25%20%2D%20LA%20Metro%20ACFR%2Epdf&parent=%2Fsites%2FAccounting2%2FAnnual%20Comprehensive%20Financial%20Reports%20ACFR).

## **EQUITY PLATFORM**

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The basic financial statements and component financial statement audits in this report support the completion of the Annual Comprehensive Financial Report, which provides Metro with opportunities to identify equity impacts. There are no equity impacts or concerns from audit services conducted to complete the Annual Financial Comprehensive Report.

### **VEHICLE MILES TRAVELED OUTCOME**

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

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

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

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Receiving and filing of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

### **NEXT STEPS**

Management Audit Services will continue to report on audit activities for the basic financial statements and component financial statements in the next fiscal year.

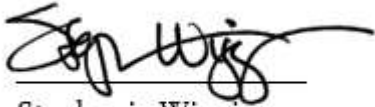
### **ATTACHMENTS**

- Attachment A - SAS 114 Letter
- Attachment B - Single Audit Report
- Attachment C - 90154 Report
- Attachment D - TDA Operations Agency
- Attachment E - TDA Schedule of Expenditures
- Attachment F - STA Special Revenue Fund Financial Statements
- Attachment G - SAFE Financial Statements
- Attachment H - LCTOP Compliance Report

Prepared by: Kimberly Houston, Deputy Chief Auditor, (213) 922-5720  
Lauren Choi, Senior Director, Audit, (213) 922-3926

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



Stephanie Wiggins  
Chief Executive Officer

Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Los Angeles County Metropolitan Transportation Authority (LACMTA) for further information on the responsibilities of management and of Crowe LLP.

### **AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS**

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free of material misstatement, we performed tests of LACMTA's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM LACMTA**

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to LACMTA under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with LACMTA that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

## PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Where LACMTA has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - LACMTA's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications between LACMTA and regulators.
  - Other matters you believe are relevant to the audit of the financial statements.
  - Matters relative to the use of other auditors/other accountants during the audit:
    - An overview of the type of work to be performed by other auditors/other accountants.
    - The basis for the decision to make reference to the audit of the other auditor in our report on LACMTA's financial statements.
    - An overview of the nature of our planned involvement in the work to be performed by the other auditor/other accountant.

## SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. There were no such accounting changes or significant policies requiring communication.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the LACMTA's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Loss Contingencies	LACMTA consults with legal counsel to evaluate outstanding litigation, claims and assessments. Factors that affect management's evaluation of litigation contingencies requiring disclosure include the nature of the contingencies and whether the outcome could have an effect on the consolidated financial statements.	Based on information obtained from LACMTA's legal counsel regarding this matter and discussions with management, we concur with management's accrual and disclosure, or lack thereof, of loss contingencies.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.
Accrual for Self-Insured Claims	Accruals for self-insured claims are based on management's estimate of the ultimate incurred losses and losses that have been incurred but not yet reported. Management determines the self-insured reserves for estimated claims based historical rate of claims, actual claims experience and projected claims experience.	We tested the propriety of information underlying management's estimates and the reasonableness of estimates and assumptions.

**AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES**

We are to discuss with you our comments about the following matters related to LACMTA's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of LACMTA, considering the need to balance the cost of providing information with the likely benefit to users of LACMTA's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.

- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including LACMTA's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying the uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if it was concluded that the uncorrected misstatements are immaterial to the financial statements under audit. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

1. Two known misstatements and one likely misstatement were waived by management relating to the generation and sale of low carbon fuel standards (LCFS) credits, a program administered by the California Air Resources Board. LACMTA generates these credits through the usage of low carbon fuel options, such as CNG and propulsion power, activities that are recorded on the Enterprise fund (business-type activities). Thus, the \$8.1 million of revenue from the sales of these credits should be recorded on the Enterprise fund. However, management has recorded the revenue on the General fund to provide greater visibility to the revenue being generated.

In addition to reclassifying the revenue between LACMTA's funds, we also noted that the number of credits held as of the reporting date, multiplied by their estimated fair value, should be recorded as an asset based on the GASB's definition of an asset. This resulted in a likely misstatement that understated Enterprise fund assets by approximately \$15.9 million, overstated non-operating revenues by approximately \$7.6 million which represents current year sales of credits offset by decline in fair value, and understated beginning net position by approximately \$16.1 million. The misstatement of beginning net position represents the estimated value of LCFS credits that were held as of June 30, 2024, which was reported as waived adjustment in the FY 2024 audit.

2. Two likely misstatements were waived by management related to not accounting for the Regional Transit Access Pass (RTAP) activity for other operators (non LACMTA) as fiduciary activities in a fiduciary fund. If accounted for in a fiduciary fund, the stored value estimated to be used by other operators results in due from other funds in the amount of \$11.8 million. The amount payable to operators results in accounts payable in the amount of \$2 million. Additionally, the activity for the year related to other operators results in deductions and additions in the amount of \$14.1 million and \$15.2 million, respectively.

## OTHER COMMUNICATIONS

Communication Item	Results
<p><b>Other Information Included in an Annual Report</b> Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that:</p> <ul style="list-style-type: none"> <li>• Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or</li> <li>• A material misstatement of fact exists, or the other information is otherwise misleading.</li> </ul> <p>If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared other information to accompany the audited financial statements.</p>
<p><b>Significant Difficulties Encountered During the Audit</b> We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p><b>Disagreements with Management</b> We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to LACMTA's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p><b>Difficulties or Contentious Matters</b> We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.</p>	<p>During the audit, there were no such issues for which we consulted outside the engagement team.</p>
<p><b>Circumstances that Affect the Form and Content of the Auditor's Report</b> We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.</p>	<p>There are no such circumstances that affect the form and content of the auditor's report.</p>
<p><b>Consultations with Other Accountants</b> If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p><b>Representations the Auditor Is Requesting from Management</b> We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>

Communication Item	Results
<p><b>Significant Issues Discussed, or Subject to Correspondence, With Management</b>            We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p><b>Significant Related Party Findings or Issues</b>            We are to communicate to you significant findings or issues arising during the audit in connection with LACMTA's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p><b>Other Findings or Issues We Find Relevant or Significant</b>            We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

We are pleased to serve LACMTA as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe LLP*  
 Crowe LLP

Los Angeles, California  
 December 23, 2025



**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

**SINGLE AUDIT REPORT**

Fiscal year ended June 30, 2025

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
Los Angeles, California

SINGLE AUDIT REPORT  
Fiscal year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise LACMTA's basic financial statements, and have issued our report thereon dated December 23, 2025. Our report includes a reference to other auditors who audited the financial statements of the defined benefit pension plan financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans, as described in our report on LACMTA's financial statements. The financial statements of the defined benefit pension plan of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans were not audited in accordance with *Government Auditing Standards*.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACMTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of LACMTA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Los Angeles, California  
December 23, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

**Report on Compliance for Major Federal Program**

***Opinion on Major Federal Program***

We have audited Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on LACMTA's major federal program for the year ended June 30, 2025. LACMTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LACMTA's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Crowe LLP

Los Angeles, California  
December 23, 2025

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Fiscal year ended June 30, 2025

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
<b>Federal Grants</b>								
U.S. Department of Transportation								
Federal Highway Administration								
Passed through State of California Department of Transportation:								
Highway Planning and Construction Program								
Highway Planning and Construction								
Freight Advanced Traveler Information System (FRATIS)	20.205	ATCMTDL-6065(218)	\$ 3,000,000	\$ 181,034	\$ 90,517	\$ -	\$ -	\$ 90,517
SR-57/60 Confluence Choke Point	20.205	07-5244	99,000,000	37,874,839	28,779,875	28,779,875	-	9,094,964
I-5 Chokepoint relief project	20.205	07-5187	247,000,000	98,155,683	35,890,993	-	13,593,592	48,671,098
I-605 at S. Street Improvement Project	20.205	HIPL-6065(253)	15,791,000	13,959,987	12,006,898	-	-	1,953,090
Program Supplement Agreement Soundwall Package#10	20.205	HIPL-6065(251)	48,649,000	21,074,844	19,224,822	-	-	1,850,022
I-605 Beverly Interchange Improvement Project	20.205	HIPL-6065(262)	16,976,220	455,254	154,104	-	-	301,150
07-LA-091-R11.8 to R13.2	20.205	07-5258	29,000,000	1,517,015	1,156,915	-	-	360,100
Highway Planning and Construction Program Total			<u>459,416,220</u>	<u>173,218,656</u>	<u>97,304,124</u>	<u>28,779,875</u>	<u>13,593,592</u>	<u>62,320,941</u>
The Nationally Significant Multimodal Freight and Highway Projects								
SR-57/60 Confluence Choke Point	20.934	INFRAL-6065 (254)	27,000,000	12,379,576	12,316,358	12,316,358	-	63,217
The Nationally Significant Multimodal Freight and Highway Projects Total			<u>27,000,000</u>	<u>12,379,576</u>	<u>12,316,358</u>	<u>12,316,358</u>	<u>-</u>	<u>63,217</u>
Safe Streets and Roads for All (SS4A)								
Safe Streets and Roads for All (SS4A)	20.939	693JJ32340090	6,320,257	277,532	237,455	96,628	-	40,077
Safe Streets and Roads for All (SS4A)			<u>6,320,257</u>	<u>277,532</u>	<u>237,455</u>	<u>96,628</u>	<u>-</u>	<u>40,077</u>
Federal Highway Administration Total			<u>492,736,477</u>	<u>185,875,764</u>	<u>109,857,937</u>	<u>41,192,861</u>	<u>13,593,592</u>	<u>62,424,235</u>
<b>Federal Transit Administration</b>								
Direct Programs:								
Federal Transit Cluster:								
Federal Transit Capital Improvement Grants:								
Sec 5309 Trans Ctr / Bus Park & Shelters	20.500	CA-04-0088	5,570,560	71,452	57,161	57,161	-	14,290
Sec 5309 Westside Purple Line Extension Section 1 New Starts	20.500	CA-2016-017	1,085,000,000	316,550,656	7,954,410	-	-	308,596,246
Sec 5309 Regional Connector Transit Corridor	20.500	CA-2025-078	164,009,999	185,259,236	164,009,999	-	-	21,249,237
Sec 5309 Westside Purple Line Extension Section 2 New Starts	20.500	CA-2016-047	1,187,000,000	281,345,852	100,326,083	-	-	181,019,769
Sec 5309 Westside Purple Line Extension Section 3 New Starts	20.500	CA-2019-170	984,323,457	369,684,599	94,338,753	-	-	275,345,846
Sec 5309-9 EPD Pilot Program LA county East San Fernando Valley Transit Corrido Phase IFFGA	20.500	CA-2024-136	893,319,978	449,532,731	194,464,976	-	-	255,067,755
Federal Transit - Capital Improvement Grants Total			<u>4,319,223,994</u>	<u>1,602,444,526</u>	<u>561,151,382</u>	<u>57,161</u>	<u>-</u>	<u>1,041,293,143</u>
Federal Transit - Formula Grants:								
Sec 5307 Westside Purple Line Ext Section 3 CMAQ & STBG	20.507	CA-2022-144	138,048,302	3,203,635	2,836,178	-	-	367,457
Sec 5307 Rail To Rail ATC (Segment A-1) ATP	20.507	CA-2022-206	8,326,000	2,416,492	1,933,193	-	-	483,298
Sec 5307 Burbank Replacement buses	20.507	CA-2021-177	1,221,190	1,221,190	1,221,190	1,221,190	-	-
Sec 5307 Bus Preventive Maintenance and ATI project	20.507	CA-2024-065	320,030,833	61,577,500	49,261,998	-	-	12,315,501
Sec 5307 FHWA CMAQ - Operating assistance for Metro K Line and RC (FTACML-6065(263))	20.507	CA-2024-159	128,875,000	74,771,825	59,817,460	-	-	14,954,365
Sec 5307-3A FHWA Transfer to Reconnecting Communities Pilot (RCP) Program	20.507	CA-2025-009	139,000,000	3,876,427	3,876,427	-	-	-
Sec 5307 for E-Paper/Bus Stop Electronic Display and Payroll System Replacement FY 21 & 24	20.507	CA-2025-075	22,220,000	6,857,094	5,485,675	-	-	1,371,419
Federal Transit - Formula Grants Total			<u>757,721,325</u>	<u>153,924,163</u>	<u>124,432,121</u>	<u>1,221,190</u>	<u>-</u>	<u>29,492,040</u>
State of Good Repair Grants Program								
Sec 5337 LA Metro Rail Vehicle Midlife Overhauls	20.525	CA-2018-031	151,251,460	41,854,141	33,472,951	-	-	8,381,230
Sec 5337, FY22-23 Rail Preventive Maintenance	20.525	CA-2023-163	222,000,000	13,222,466	10,577,973	-	-	2,644,493
Sec 5337, FY21 Rail Preventive Maintenance	20.525	CA-2024-071	4,184,985	5,231,232	4,184,985	-	-	1,046,247
State of Good Repair Grants Program Total			<u>377,436,445</u>	<u>60,307,879</u>	<u>48,235,909</u>	<u>-</u>	<u>-</u>	<u>12,071,970</u>
Bus and Bus Facilities Formula Program								
Sec 5339 Fareboxes and Equipment for the City of Glendale	20.526	CA-2017-058	1,132,000	719,614	516,553	516,553	-	203,062
Sec 5339 FY22 LoNo for Zero Emission Buses program	20.526	CA-2024-113	104,160,000	41,370	33,096	-	-	8,274
Bus and Bus Facilities Formula Program Total			<u>105,292,000</u>	<u>760,984</u>	<u>549,649</u>	<u>516,553</u>	<u>-</u>	<u>211,336</u>
Federal Transit Cluster Total			<u>5,559,673,764</u>	<u>1,817,437,552</u>	<u>734,369,061</u>	<u>1,794,904</u>	<u>-</u>	<u>1,083,068,489</u>

(Continued)

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Fiscal year ended June 30, 2025

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
<b>Direct Programs:</b>								
<b>Transit Services Programs Cluster</b>								
<b>Enhanced Mobility of Seniors and Individual with Disabilities</b>								
Sec 5310 Enhanced Mobility of Seniors and Individuals with Disability Program 5310 All	20.513	CA-16-X066	\$ 6,092,451	\$ 121,658	\$ 64,884	\$ 64,884	\$ -	\$ 56,774
Sec 5310 LA County Section 5310 All Subrecipients FY17	20.513	CA-2018-065	9,207,811	487,120	463,119	216,006	-	24,001
Sec 5310 L.A. County Section 5310 All Subrecipients - FY19	20.513	CA-2020-167	9,787,049	3,265,456	2,154,922	2,032,626	-	1,110,535
Sec 5310 Program Administration FY19	20.513	CA-2021-226	1,115,715	178,271	178,271	-	-	-
Sec 5310 Program Administration FY22	20.513	CA-2024-089	1,509,978	1,049,915	1,049,915	-	-	-
Sec 5310 Enhanced Mobility of Senior and Individuals with Disability- ARPA	20.513	CA-2022-142	1,254,836	106,906	106,906	106,906	-	-
Sec 5310 Enhanced Mobility of Senior and Individuals with Disability- CRRSAA	20.513	CA-2022-141	1,254,817	235,787	235,787	235,787	-	-
Sec 5310 FY 2022-2023 FTA L.A. County Subrecipient Projects	20.513	CA-2023-236	13,891,798	4,404,703	3,761,674	3,761,674	-	643,029
Enhanced Mobility of Seniors and Individual with Disabilities Total			<u>44,114,455</u>	<u>9,849,816</u>	<u>8,015,478</u>	<u>6,417,883</u>	<u>-</u>	<u>1,834,338</u>
<b>Job Access and Reverse Commute Program</b>								
Sec 5316 L A County Job Access and Reverse Commute (JARC) Program Administration, FY06-12	20.516	CA-37-X071	5,032,849	217,289	217,289	-	-	-
Sec 5316 Job Access and Reverse Commute Program, Project - LA County Job Access and Program Project	20.516	CA-37-X100	10,343,881	1,107,449	553,724	-	-	553,724
Sec 5316 Job Access and Reverse Commute - Capital/Operating Assist.	20.516	CA-37-X123	13,878,024	41,497	41,497	41,497	-	-
Job Access and Reverse Commute Program			<u>29,254,754</u>	<u>1,366,235</u>	<u>812,510</u>	<u>41,497</u>	<u>-</u>	<u>553,724</u>
<b>New Freedom Program:</b>								
Sec 5317 New Freedom - Capital & Operating, Assistance	20.521	CA-57-X100	7,354,678	112,824	56,412	56,412	-	56,412
Sec 5317 New Freedom - Capital & Operating, Assistance	20.521	CA-57-X048	1,755,553	83,031	41,516	41,516	-	41,516
Sec 5317 New Freedom - Capital & Operating, Assistance	20.521	CA-57-X084	8,702,026	27,930	27,930	27,930	-	-
New Freedom Program Total			<u>17,812,257</u>	<u>223,786</u>	<u>125,858</u>	<u>125,858</u>	<u>-</u>	<u>97,928</u>
Transit Services Programs Cluster Total			<u>91,181,466</u>	<u>11,439,836</u>	<u>8,953,846</u>	<u>6,585,238</u>	<u>-</u>	<u>2,485,990</u>
<b>Other Direct Programs</b>								
<b>Community Project Funding</b>								
Rail to Rail Executed	20.534	CA-2025-030	4,000,000	5,000,000	4,000,000	-	-	1,000,000
National Infrastructure Investments			<u>4,000,000</u>	<u>5,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
<b>Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program</b>								
Executed SMART Grant agreement	20.941	69A3552341046	2,000,000	1,334,051	1,334,051	-	-	-
Executed SMART Grant agreement	20.941	69A3552441011	2,000,000	22,625	22,625	-	-	-
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program			<u>4,000,000</u>	<u>1,356,676</u>	<u>1,356,676</u>	<u>-</u>	<u>-</u>	<u>-</u>
Direct Programs Total			<u>5,658,855,230</u>	<u>1,835,234,064</u>	<u>748,679,583</u>	<u>8,380,142</u>	<u>-</u>	<u>1,086,554,479</u>
<b>Federal Railroad Administration</b>								
<b>Federal-State Partnership for Intercity Passenger Rail</b>								
SC Regional Interconnector PRO	20.326	HSR 15-170	15,000,000	350,000	350,000	-	-	-
Federal-State Partnership for Intercity Passenger Rail			<u>15,000,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>High Desert Corridor Joint Powers Agency</b>								
High Desert Intercity High-Speed Rail Corridor	20.326	69A36524520600FSPCA	100,000	94,462	94,462	-	-	-
High Desert Corridor Joint Powers Agency			<u>100,000</u>	<u>94,462</u>	<u>94,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
Federal Railroad Administration			<u>15,100,000</u>	<u>444,462</u>	<u>444,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation Total			<u>6,166,691,707</u>	<u>2,021,554,291</u>	<u>858,981,982</u>	<u>49,573,003</u>	<u>13,593,592</u>	<u>1,148,978,714</u>

(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Fiscal year ended June 30, 2025

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-Through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
U.S. Department of Homeland Security:								
Direct Programs								
Rail and Transit Security Grant Program								
US DHS-FEMA Video Management System/Security Intelligence	97.075	EMW-2020-RA-00029	\$ 12,180,025	\$ 7,450,021	\$ 7,450,021	\$ -	\$ -	\$ -
Rail and Transit Security Grant Program Total			12,180,025	7,450,021	7,450,021	-	-	-
Passed through State of California Department of Transportation:								
Disaster Grants - Public Assistance								
FEMA-4482-DR-CA	97.036	FEMA-4482-DR-CA	-	8,330,769	8,330,769	-	-	-
Disaster Grants - Public Assistance								
U.S. Department of Homeland Security Total			12,180,025	15,780,790	15,780,790	-	-	-
Total Federal Grants			\$ 6,178,871,732	\$ 2,037,335,080	\$ 874,762,772	\$ 49,573,003	\$ 13,593,592	\$ 1,148,978,714
Grantor/cluster title/program title/pass-through grantor/project title			Total State Award	Total Expenditures			State Share	Local Share
State Grants:								
SC Regional Interconnector PRO			\$ 227,420,000	\$ 34,649,893	\$ -	\$ -	\$ 17,025,225	\$ 17,624,668
CRENSHAW PRE-REVENUE			51,241,974	11,598,833	-	-	11,331,402	267,431
Rosecrans/Marquardt Grade Separation Project			76,665,000	(950,745)	-	-	(6,213,854)	5,263,109
Rosecrans/Marquardt Grade Separation Project			15,000,000	1,987,764	-	-	1,987,764	-
Rosecrans/Marquardt Grade Separation Project			18,000,000	13,690,756	-	-	13,690,756	-
SR-57/60 Confluence Choke Point			118,900,000	248,719	-	-	248,719	-
Metro Electric Bus Charging Infrastructure Project			39,098,039	87,241	-	-	12,924	74,316
Network Integration TIRCP			7,000,000	147,144	-	-	145,376	1,768
Access For All			-	2,703,255	-	-	2,703,255	-
VERMONT TRANSIT CORR			5,000,000	12,756,068	-	-	2,037,144	10,718,924
NEXTGEN BUS IMPROVEMENTS			25,000,000	6,911,588	-	-	3,375,292	3,536,296
TAP BMV Replacement			2,456,000	4,032,850	-	-	2,016,425	2,016,425
SCAG REAP 2.0 Program of 2021(REAP 2.0) Mobility Wallet (LA08)			4,023,750	453,296	-	-	453,296	-
STIP PPM23-6-65(261)			2,836,000	2,836,000	-	-	2,836,000	-
SCAG REAP 2.0 Program of 2021 (REAP 2.0)			15,000,000	814,455	-	-	814,455	-
SCAG REAP 2.0Program of 2021 (REAP 2.0) CountywideSignal Priority Cloud Based Solution (LA03)			4,004,028	126,975	-	-	126,975	-
SCAG REAP 2.0 Traffic Reduction Study (LA04) Program of 2021 (REAP 2.0) Traffic Reduction Study (LA04)			1,000,000	747,583	-	-	747,583	-
SCAG REAP 2.0 Program of 2021 (REAP 2.0) LA06			372,000	18,892	-	-	18,892	-
Metro Red Line and Purple Line Core Capacity Improvements			133,260,000	77,132,255	-	-	37,506,000	39,626,255
North Hollywood-Burbank-Pasadena Corridor Rail transit Feasibility Study			1,000,000	565,306	-	-	565,306	-
FY23/24 Agreement # FSP24-6065(267)			7,746,978	7,746,978	-	-	7,746,978	-
FSP25-6065(273)			7,494,529	7,494,529	-	-	7,494,529	-
FSP25SB1-6065(274)			6,398,633	6,398,633	-	-	6,398,633	-
FY25-27 FSP CO-OP Agreement #07A5869			3,000,000	142,746	-	-	142,746	-
FY22/23 Agreement # FSP23SB1-6065(260)			6,844,484	6,844,484	-	-	6,844,484	-
Metro E Line Operations			51,312,533	51,312,533	-	-	51,312,533	-
STIP PPM FY 2023-2024			2,836,000	2,836,000	-	-	2,836,000	-
SB125 ZTECP			11,142,082	11,142,082	-	-	11,142,082	-
Total State Grants			\$ 842,052,030	\$ 264,476,113	\$ -	\$ -	\$ 185,346,920	\$ 79,129,193

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2025

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**NOTE 1 – GENERAL**

The accompanying schedule of expenditures of federal and state awards (the Schedule) presents the grant activity of all expenditures of federal and state award programs of the Los Angeles County Metropolitan Transportation Authority (LACMTA) in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule. The Schedule also includes state grants that do not participate in the federal awards. LACMTA is the reporting entity as defined in Note 1 to the financial statements of LACMTA's basic financial statements.

**NOTE 2 – BASIS OF PRESENTATION**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. LACMTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – STATE AND LOCAL FUNDS REIMBURSEMENT**

LACMTA utilizes state and local funds when federal funds are not received in a timely manner. Upon receipt of federal funds, LACMTA reimburses state and local funds that were utilized for expenditures for federal programs. Reimbursements are shown as credit balances in the Schedule. Expenditures incurred during the current fiscal year, but before a federal grant is executed are included as state or local on the Schedule in the year the expenditures are incurred and are reported as federal on the Schedule in the year the grant was executed.

**NOTE 4 – FEDERAL FINANCIAL ASSISTANCE**

Pursuant to the Single Audit Act and Uniform Guidance Compliance Supplement, the federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**NOTE 5 – MAJOR PROGRAMS**

The Single Audit Act and Uniform Guidance establish criteria to be used in defining major federal financial assistance programs. Major programs for LACMTA are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2025

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statements:***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

***Federal Awards:***

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major federal programs:

ALN 20.500 / 20.507 / 20.525 / 20.526 – Federal Transit Cluster

Dollar threshold used to distinguish type A and B programs:

  \$ 3,000,000  

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

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(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2025

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted in current year.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted in current year.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2025

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**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**Finding 2024-001 – Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)**

Corrected. Starting with FY25, the Project Accounting team conducted 100% review of the grant cluster classifications, as well as a review of sub-recipient expenditures to ensure no Metro direct costs were included and that all sub-recipient amounts were properly classified. Additionally, training with the entire team was conducted to inform the team of the issues discovered during the audit of the FY24 SEFA and provide instruction on how to prepare and review the SEFA. Grants Management also reviewed the prepared SEFA and revisions, if any, were incorporated in the SEFA.



**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

**FEDERAL FUNDING ALLOCATION DATA**

**Transportation Operating Agency (ID# 90154)**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

Fiscal year ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Management and the Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

We have performed the attached procedures on the Federal Funding Allocation Statistics Form FFA-10 (FFA-10), related to the District's compliance with the Federal Transit Administration's (FTA) Declarations section of the 2025 Policy Manual and the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, as of June 30, 2025. LACMTA management is responsible for compliance with those requirements.

LACMTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating assisting users in understanding compliance with the above specified requirements. Additionally, FTA has agreed to and acknowledged that the procedures are appropriate to meet their purposes. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures and reporting on findings based on the procedures performed.

The procedures and the associated findings are in Attachment A.

We were engaged by LACMTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors, the management of LACMTA, and the FTA and is not intended to be and should not be used by anyone other than these specified parties.



Crowe LLP

Los Angeles, California  
November 12, 2025

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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The procedures below were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway (FG), directional route miles (DRM), passenger miles traveled (PMT), and operating expenses (OE) of LACMTA for the fiscal year ending June 30, 2025 for each of the following modes:

- Motor Bus – directly operated (MB-DO)
- Motor Bus – purchased transportation (MB-PT)
- Rapid Bus – directly operated (RB-DO)
- Heavy Rail – directly operated (HR-DO)
- Light Rail – directly operated (LR-DO)
- Vanpool – purchased transportation (VP-PT)
- Demand Response – directly operated (DR-DO)
- Demand Response – purchased transportation (DR-PT)

- a. Obtain and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993 and as presented in the 2025 Policy Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.

**Findings: Procedure performed without exception.**

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
- The extent to which the transit agency followed the procedures on a continuous basis, and
  - Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993 and as presented in the 2025 Policy Manual.

**Findings: Procedure performed without exception.**

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form (FFA-10).

**Findings: Procedure performed without exception.**

- d. Based on a description of the transit agency's procedures obtained in items a and b above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

**Findings: We selected a haphazard sample of source documents from all modes and from several different months in fiscal years 2024, 2023, and 2022 to ensure they were retained for a minimum of three years. We observed that the source documents were maintained for each fiscal year as required.**

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(Continued)

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

**Findings: Per inquiry with the management, the individuals reviewing source documents are independent of individuals preparing the information and the review is done on a periodic basis depending on the data being reviewed.**

- f. Select a haphazard sample of source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' review.

**Findings: We selected a haphazard sample of source documents, noting the documents that required approval included approval on all source documents. Step performed without exception.**

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

**Findings: We obtained the worksheets and agreed the data on the worksheets to the summaries provided and verified the arithmetical accuracy of the summaries without exception.**

- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2025 Policy Manual.

**Findings: For rail and van pool modes, LACMTA utilized a statistical sampling method as described in FTA Circulars 2710.1A. For bus and demand response modes, LACMTA utilized a 100% count verification for passenger trips and an estimate of passenger miles based on a statistical sampling method as described in FTA Circulars 2710.2A.**

- i. Discuss with transit agency staff, the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:

- a. According to the 2020 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.
- b. The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
- c. Service purchased from a seller is included in the transit agency's NTD report.
- d. For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2023) and determine that statistical sampling was conducted and meets the 95% confidence and +10% precision requirements.
- e. Determine how the transit agency estimated annual PMT for the current report year.

**Findings: Per inquiry with LACMTA management, LACMTA does not meet any of the three criteria that allows transit agencies to conduct statistical samples for accumulating passenger mile data every third year. Therefore, LACMTA conducts statistical sampling annually as described in procedure h.**

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(Continued)

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a haphazard selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was haphazard. Determine that the transit agency followed the stated sampling procedure.

**Findings: Step performed without exception.**

- k. Select a haphazard sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a haphazard sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were tested. Test the arithmetical accuracy of the summarization.

**Findings: We selected a haphazard sample of source documents across all modes from all twelve months in fiscal year 2025, used for accumulating passenger miles traveled (PMT) data. We tested the average trip length and the total trips for each of the samples and recomputed the accumulations for each period. Step performed without exception.**

- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and identify that stated procedures are followed. Select a haphazard sample of source documents used to record charter bus service and test the arithmetical accuracy of the computations.

**Findings: Step performed without exception.**

- m. For actual vehicle revenue miles (VRM) data, document the collection and recording methodology and identify that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a haphazard sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.
- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a haphazard sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.
- If actual VRMs are calculated from vehicle logs, select haphazard samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

**Findings: Vehicle logs are used to compute the VRM data for non-fixed routes. For fixed routes, LACMTA uses monthly services reports and daily loss service records to record any missed trips. The VP-PT mode does not have any deadhead miles.**

**We selected a haphazard sample of source documents across all modes and recalculated the VRMs for the sample of trips, excluding deadhead miles. Step performed without exception.**

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(Continued)

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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- n. For rail modes, obtain and read the recording and accumulation sheets for actual VRM's and identify that locomotive miles are not included in the computation.

**Findings: Step performed without exception. There are no locomotives.**

- o. If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting the NTD data whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR) or
  - Bus (MB) service operating over exclusive or controlled access rights-of-way (ROW), and
    - Access is restricted
    - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway, and
    - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation (see Fixed Guideway Segments form (P-40))

**Findings: Step performed without exception.**

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with the FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

**Findings: Step performed without exception.**

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
  - If the improvements cause a service interruption on the FG-DRMs lasting more than 12 months, the transit agency should contact their validation analyst to discuss. FTA will make a determination on how the DRMs should be reported.

**Findings: Per inquiry of management, no such temporary interruptions in transit service occurred in fiscal year 2025.**

- r. Measure FG/HIB DRM from maps or by retracing route.

**Findings: Step performed without exception.**

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(Continued)

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.

**Findings: Per inquiry of management, LACMTA is the approved operator for all their FG/HIB and LACMTA is reporting their actual VRM, PMT, and OE for their services. Step performed without exception.**

- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2025 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2025 report year, the Agency Revenue Service Date must occur within the transit agency's 2025 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Bus segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

**Findings: Step performed without exception.**

- u. Compare operating expenses with audited financial data after reconciling items are removed.

**Findings: Step performed without exception.**

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation-generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form (B-30).

**Findings: For DR-PT and MB-PT, we compared the PT generated fare revenues to the B-30 form without exception. This procedure is not applicable for the VP-PT.**

- w. If the transit agency's report contains data for purchased transportation services and the procedures in this auditor's review were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this auditor's review, and the transit agency also does not have a separate Independent Auditor's Statement for the purchased transportation data.

**Findings: We inquired to management and noted that the report does include purchased transportation from private operators, but that an Independent Auditor Statement is not required since LACMTA is a public transportation provider and the PT expenditures are included on the B-30 form.**

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(Continued)

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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- x. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract and determine that copies of the contracts are retained for three years.

**Findings: We obtained a copy of the PT contract for each provider and noted that the contract included a description of the services to be provided, the monetary consideration obligated by LACMTA for the service, and the period covered by the contract and that this period is the same as, or a portion of, the period covered by LACMTA's NTD report; and is signed by representatives of both parties to the contract. Management stated that copies of the executed contracts are retained for the last three years, as applicable.**

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

**Findings: Per management, LACMTA provides most of their services in one UZA and therefore it is all allocated to that one UZA. Additionally, all the services provided are in urbanized areas and allocations to non-urbanized areas are not required, therefore the procedure is not applicable.**

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

**Findings: We compared and agreed the data reported on the FFA-10 form to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. This procedure is not applicable for the DR-PT as there is no prior year data to compare.**

The following changes outside the threshold were identified for each mode. For all changes identified, we inquired to LACMTA and documented the explanations for the variances.

- MB-DO OE increased greater than 10%
- MB-PT VRM, PMT, and OE decreased greater than 10%
- HR-DO PMT OE increased greater than 10%
- DR-DO PMT VRM, PMT, and OE decreased greater than 10%

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(Continued)

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
ATTACHMENT A – AGREED UPON PROCEDURES  
June 30, 2025

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- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by the FTA.

**Findings: Step performed without exception.**



LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY  
TRANSPORTATION DEVELOPMENT ACT  
OPERATIONS AGENCY

50% EXPENDITURE LIMITATION SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY  
TRANSPORTATION DEVELOPMENT ACT  
OPERATIONS AGENCY

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CALIFORNIA CODE OF REGULATIONS (SECTION 6667); REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON 50% EXPENDITURE LIMITATION SCHEDULE

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

**Report on Compliance for the Transportation Development Act Program**

***Opinion on the Transportation Development Act Program***

We have audited the Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements identified as subject to audit in the Transportation Development Act Guidebook, including Public Utility Code Section 99245 as enacted and amended by statute, and the allocation instructions and resolutions of the Los Angeles County Metropolitan Transportation Authority (as Planning Agency) as required by Section 6667 of the California Code of Regulations adopted by the California Department of Transportation (collectively, Transportation Development Act [TDA]) that could have a direct and material effect on LACMTA's compliance with the Transportation Development Act for the fiscal year ended June 30, 2025.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the TDA program for the fiscal year ended June 30, 2025.

***Basis for Opinion on the Transportation Development Act Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements specified in the Transportation Development Act. Our responsibilities under those standards and the Transportation Development Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Transportation Development Act program. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Transportation Development Act program.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of the Transportation Development Act program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the LACMTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Transportation Development Act, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Transportation Development Act program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Transportation Development Act program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Transportation Development Act program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Transportation Development Act. Accordingly, this report is not suitable for any other purpose.

### **Report on 50% Expenditure Limitation Schedule**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying 50% expenditure limitation schedule is presented for purposes of additional analysis as required by the Transportation Development Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 50% expenditure limitation schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Los Angeles, California  
December 23, 2025

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
TRANSPORTATION DEVELOPMENT ACT  
50% EXPENDITURE LIMITATION SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Amounts expressed in thousands)

1	Total operating cost	\$	2,537,600
2	Total capital requirements		2,283,677
3	Total debt service		474,402
<b>4</b>	<b>Total of lines 1, 2, and 3</b>		<b><u>5,295,679</u></b>
5	Less federal grant received		734,474
6	Less State Transit Assistance (STA) funds received		267,721
<b>7</b>	<b>Total of lines 5 and 6</b>		<b><u>1,002,195</u></b>
<b>8</b>	<b>Total of line 4 less line 7</b>		<b>4,293,484</b>
	50% of line 8		<u>2,146,742</u>
	<b>Total permissible Local Transportation Fund expenditures</b>	<b>\$</b>	<b><u>2,146,742</u></b>

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
TRANSPORTATION DEVELOPMENT ACT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**  
**TRANSPORTATION DEVELOPMENT ACT**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CALIFORNIA  
CODE OF REGULATIONS (SECTIONS 6640-6662); REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

**Report on Compliance for the Transportation Development Act Program**

***Opinion on the Transportation Development Act Program***

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance with the types of compliance requirements identified as subject to audit in the Transportation Development Act Guidebook, including California Code of Regulations (Sections 6640-6662) (Transportation Development Act [TDA]) and SB1 State of Good Repair that could have a direct and material effect on LACMTA's compliance with the Transportation Development Act for the fiscal year ended June 30, 2025.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the TDA program for the fiscal year ended June 30, 2025.

***Basis for Opinion on the Transportation Development Act Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements specified in the Transportation Development Act. Our responsibilities under those standards and the Transportation Development Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Transportation Development Act program. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Transportation Development Act program.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of the Transportation Development Act program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Transportation Development Act, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Transportation Development Act program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Transportation Development Act program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Transportation Development Act program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Transportation Development Act. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Revenues, Expenditures, and Changes in Fund Balances**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of revenues, expenditures, and changes in fund balances is presented for purposes of additional analysis as required by the Transportation Development Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Crowe LLP

Los Angeles, California  
December 23, 2025

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

**TRANSPORTATION DEVELOPMENT ACT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2025**

(Amounts expressed in thousands)

<b>Revenues:</b>	<u>Planning</u>	<u>Administration</u>	<u>Total</u>
Local grants and contracts	\$ 10,115	\$ 4,379	\$ 14,494
<b>Expenditures:</b>	10,115	4,379	14,494
Excess of revenues over expenditures	—	—	—
<b>Other financing uses;</b>			
Transfer out	—	—	—
Net change in fund balance	—	—	—
Fund balance – beginning of year	—	—	—
Fund balance – end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See notes to Schedule of Revenues Expenditures and Change in Fund Balances.

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**  
**TRANSPORTATION DEVELOPMENT ACT**

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30,2025**

**(1) Transportation Planning Agency**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is the regional transportation planning agency responsible for long-range transportation planning and is designated under the provisions of Section 65080 of the California Government Code (the Code) to prepare and adopt the Regional Transportation Plan (RTP) and the Regional Transportation Improvement Program (RTIP). Both the RTP and RTIP are directed to achieve a coordinated and balanced regional transportation system for the county in its jurisdiction. LACMTA is also the administrator of the Local Transportation Fund (LTF) under the provisions of Section 9532 of the Code.

The LTF was created by the Transportation Development Act (TDA) to fund transit projects in each county. The LTF retail sales taxes collected statewide by the California Department of Tax and Fee Administration, and which are returned to individual counties according to the amount collected within that county. Los Angeles County sales tax receipts are deposited in the Los Angeles County Treasurer's Office. LACMTA, as administrator of the LTF, is authorized to distribute funds from the Treasurer's Office to claimants for transit projects that are in accordance with the Code.

**(2) Basis of Accounting**

The TDA Fund uses the modified accrual basis of accounting as required by generally accepted accounting principles. Under this basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred.

**(3) State of Good Repair**

Total State of Good Repair (SGR) funds received for the year totals \$39,406 consisting of \$17,063 for PUC Section 99313 and \$22,343 for PUC Section 99314. Total expenditure and transfers out are \$19,115 and \$21,194 for PUC Sections 99313 and 99314 respectively.

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE  
SPECIAL REVENUE FUND

Financial Statements

Fiscal Years Ended June 30, 2025 and 2024

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE  
SPECIAL REVENUE FUND

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of the State Transit Assistance Fund (the STA Fund) of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the STA Fund, of LACMTA, as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LACMTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of LACMTA, as of June 30, 2025 and 2024, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the STA Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparison information, schedule of allocations, and schedule of expenditures and transfers but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of the STA Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the STA Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the STA Fund's internal control over financial reporting and compliance.

  
Crowe LLP

Los Angeles, California  
December 23, 2025

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance Fund (the STA Fund) of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the STA Fund's financial statements, and have issued our report thereon dated December 23, 2025. As discussed in Note 1, the financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of LACMTA, the changes in its financial position, or where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the STA Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the STA Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the STA Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the STA Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe LLP

Los Angeles, California  
December 23, 2025

**Los Angeles County**  
**Metropolitan Transportation Authority**  
**State Transit Assistance**  
**Special Revenue Fund**  
Management's Discussion and Analysis (Unaudited)  
Fiscal years ended June 30, 2025 and 2024

The Los Angeles County Metropolitan Transportation Authority's State Transit Assistance Special Revenue Fund (the STA Fund) was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation of the State of California (the State). Sales tax revenues of the STA Fund represent an allocation of sales tax on diesel and gas fuel collected by the California Department of Tax and Fee Administration. Expenditures from the STA Fund are made by Los Angeles County (the County) in accordance with written instructions issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA) under the terms of the Act.

Our discussion and analysis of STA Fund's financial performance presents an overview of the STA Fund's financial activities during the fiscal years ended June 30, 2025, and 2024. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 8). The financial statements, notes to the financial statements, and this discussion and analysis were prepared by management and are the responsibility of the management.

All amounts are expressed in thousands of dollars unless otherwise indicated.

**2025 Financial Highlights**

- Sales tax revenues for the fiscal year decreased by \$32,124 or 12.14% compared with the prior year. Sales tax in FY25 decreased mainly due to lower allocations received from the State brought about by declining fuel tax revenue, slowing growth and high interest rates affecting the overall economic activity and, consequently, sales tax revenue.
- Actual sales tax revenues in FY25 totaled \$232,486 was lower by \$11,389 or 4.67% than the original and final budget of \$243,875 which was projected at 7.84% lower than FY24 actual revenues.
- Total transfers out decreased by \$3,473 or 1.28% compared to the previous year mainly due to less subsidy transfers for Metro's rail operations and maintenance costs. Transportation subsidies to cities/other agencies increased by \$9,901 or 21.69% over FY24 due to higher claims and higher city allocations in the current year.

**2024 Financial Highlights**

- Sales tax revenues for the fiscal year decreased by \$35,524 or 11.84% compared with the prior year. Sales tax in FY24 decreased mainly due to lower allocations received from the State brought about by changes in consumer purchases and fuel prices.
- Actual sales tax revenues in FY24 totaled \$264,610 were higher by \$76,645 or 40.78% than the original and final budget of \$187,965 which was projected at 37.37% lower than FY23 actual revenues.
- Total transfers out increased by \$106,562 or 64.73% compared to the previous year mainly due to the increase in subsidies for Metro's rail operations and maintenance costs. Transportation subsidies to cities/other agencies also increased by \$17,048 or 59.60% over FY23 due to higher claims and higher city allocations in the current year.

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Management's Discussion and Analysis (Unaudited)  
Fiscal years ended June 30, 2025 and 2024

**Overview of Financial Statements**

This discussion and analysis serves as an introduction to the financial statements. The STA Fund's financial statements consist of two components: (1) the fund financial statements, and (2) the notes to the financial statements. This report also contains other information in addition to the financial statements.

The condensed balance sheets show the STA Fund's assets and liabilities as of June 30, 2025, 2024, and 2023. The differences between the assets and liabilities are reported as fund balance. The fund balance may serve as a useful indicator of the STA Fund's financial health.

The comparative statements of revenues, expenditures, and changes in fund balance for the fiscal years show the underlying events or activities of the fund that impacted the fund balances.

**Condensed Balance Sheets**

	2025	2024	2023
Total assets	\$ 175,942	\$ 371,303	\$ 313,817
Total liabilities	65,100	176,573	77,063
Fund balances	110,842	194,730	236,754
Total liabilities and fund balances	\$ 175,942	\$ 371,303	\$ 313,817

Total assets decreased by \$195,361 or 52.61% as of June 30, 2025 compared to June 30, 2024 primarily due to the decrease in sales taxes, interfund receivables and interest receivables. Total liabilities decreased by \$111,473 or 63.13% as of June 30, 2025 compared to June 30, 2024 mainly due to the decrease in the interfund payables.

Total assets increased by \$57,486 or 18.32% as of June 30, 2024 compared to June 30, 2023 primarily due to the increase in the interfund receivables and interest receivables. Total liabilities increased by \$99,510 or 129.13% as of June 30, 2024 compared to June 30, 2023 mainly due to the increase in the interfund payables and accrual of subsidies allocated to LACMTA Enterprise Fund for bus and rail operations and maintenance.

**Los Angeles County**  
**Metropolitan Transportation Authority**  
**State Transit Assistance**  
**Special Revenue Fund**  
Management's Discussion and Analysis (Unaudited)  
Fiscal years ended June 30, 2025 and 2024

**Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Revenues	\$ 239,386	\$ 274,822	\$ 305,494
Expenditures and other financing uses of funds	(323,274)	(316,846)	(193,236)
Net change in fund balances	(83,888)	(42,024)	112,258
Fund balances – beginning of year	194,730	236,754	124,496
Fund balances – end of year	<u>\$ 110,842</u>	<u>\$ 194,730</u>	<u>\$ 236,754</u>

Total revenues decreased by \$35,436 or 12.89% during fiscal year 2025 compared to fiscal year 2024 primarily due to decrease in sales tax revenues and investment income. Expenditures and other financing uses decreased by \$6,428 or 2.03% during fiscal 2025 compared to fiscal year 2024 mainly due to decrease in bus and rail operating subsidies transferred to the LACMTA Enterprise Fund and an increase in local transportation subsidies claims by the cities/other local transportation agencies.

Total revenues decreased by \$30,672 or 10.04% during fiscal year 2024 compared to fiscal year 2023 primarily due to decrease in sales tax revenues. Expenditures and other financing uses increased by \$123,610 or 63.97% during fiscal 2024 compared to fiscal year 2023 mainly due to increase in bus and rail operating subsidies transferred to the LACMTA Enterprise Fund and an increase in local transportation subsidies claims by the cities/other local transportation agencies

**Los Angeles County**  
**Metropolitan Transportation Authority**  
**State Transit Assistance**  
**Special Revenue Fund**  
Balance Sheets  
June 30, 2025 and 2024  
(Amounts expressed in thousands)

	2025		2024
<b>Assets</b>			
Cash and cash equivalents	\$ 115,683		\$ 163,128
Interest receivable	1,323		2,253
Sales tax receivable	55,312		71,472
Due from other funds	3,624		134,450
<b>Total assets</b>	<b>175,942</b>		<b>371,303</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	16,027		11,405
Due to other funds	49,073		165,168
<b>Total liabilities</b>	<b>65,100</b>		<b>176,573</b>
<b>Fund balances</b>			
Restricted	110,842		194,730
<b>Total Fund balances</b>	<b>110,842</b>		<b>194,730</b>
<b>Total liabilities and fund balances</b>	<b>\$ 175,942</b>		<b>\$ 371,303</b>

See accompanying notes to financial statements.

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Statements of Revenues, Expenditures, and Changes in Fund Balances  
Fiscal years ended June 30, 2025 and 2024  
(Amounts expressed in thousands)

	2025	2024
Revenues:		
Sales tax	\$ 232,486	\$ 264,610
Investment income	6,900	10,212
Total revenues	239,386	274,822
Expenditures:		
Transportation subsidies	55,553	45,652
Excess of revenues over expenditures	183,833	229,170
Other financing uses:		
Transfers out	(267,721)	(271,194)
Net change in fund balances	(83,888)	(42,024)
Fund balances - beginning of year	194,730	236,754
Fund balances - end of year	\$ 110,842	\$ 194,730

See accompanying notes to financial statements.

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Notes to Financial Statements  
June 30, 2025 and 2024

**1. Summary of Significant Accounting Policies**

**(a) General Description**

The Los Angeles County Metropolitan Transportation Authority's State Transit Assistance Special Revenue Fund (the STA Fund) was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation of the State of California (the State). Sales tax revenues of the STA Fund represent an allocation of retail sales tax on diesel and gas fuel collected by the California Department of Tax and Fee Administration. Disbursements from the STA Fund are made by Los Angeles County (the County) in accordance with written instructions issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA) under the terms of the Act.

**(b) Basis of Accounting**

The STA Fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LACMTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and a valid claim is presented. Transportation subsidies are recorded when all of the eligibility requirements have been met, including the receipt of the reimbursement request.

**(c) Fund Accounting**

LACMTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The STA Fund is considered a governmental fund. The measurement focus is the determination of changes in financial position, rather than net income determination. Additionally, the STA Fund is considered a special revenue governmental fund. Special revenue funds are used to account for proceeds of specific revenue sources including sales tax that are legally restricted to expenditures for specified purposes.

**(d) Financial Statement Presentation**

The accompanying financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of the LACMTA as of June 30, 2025 and 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Notes to Financial Statements  
June 30, 2025 and 2024

***(e) Cash and Cash Equivalents***

The STA Fund's cash and cash equivalents include deposits with the Los Angeles County Investment Pool (LACIP). The STA Fund is an involuntary participant in the LACIP.

***(f) Sales Tax Receivable***

Sales tax receivables represent uncollected amounts from the allocation of retail sales tax on diesel fuel and gas fuel collected by the California Department of Tax and Fee Administration. As of June 30, 2025 and 2024, the STA Fund had receivables of \$55,312 and \$71,472 respectively.

**2. Cash and Investments**

Cash balances of the STA Fund are pooled with other County funds and invested by the Los Angeles County Treasurer (the Treasurer). These funds are subject to withdrawal from the Treasurer's pool upon demand.

STA Fund's pooled cash and investments with the LACIP amounted to \$115,683 at June 30, 2025 and \$163,128 at June 30, 2024. The County Board of Supervisors provides regulatory oversight for the LACIP. The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2025 and 2024.

Detailed information concerning the County's pooled cash and investments can be found in the County of Los Angeles Annual Comprehensive Financial Report (ACFR). A copy of the County's ACFR can be obtained by writing to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

**3. Due to/from Other Funds**

Due to or from other funds represent payables owed to or receivable from a particular LACMTA fund for temporary loans, advances, goods delivered, or services rendered. As of June 30, 2025 and 2024 the STA Fund had a net payable mainly to LACMTA's Enterprise Fund for \$49,073 and \$165,168, respectively, for various unpaid operating and capital subsidies. Due mainly from Enterprise Fund is \$3,624 as of June 30, 2025 and \$134,450 as of June 30, 2024.

**4. Interfund Transfers**

Transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which resources are to be expended. These transfers represent operating and capital subsidies given out from one fund to another fund. For the fiscal years ended June 30, 2025 and 2024, the STA Fund transferred \$267,721 and \$271,194 to LACMTA Enterprise Fund, respectively.

**5. Sales Tax Revenue**

Sales tax revenue represents amounts from the allocation of retail sales tax on diesel fuel and gas fuel collected by the California Department of Tax and Fee Administration. For the years ended June 30, 2025 and 2024, the STA Fund received an allocation of \$232,486 and \$264,610 respectively.

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Notes to Financial Statements  
June 30, 2025 and 2024

**6. Payable to Cities and Jurisdictions**

As of June 30, 2025 and 2024, the STA Fund had accrued liabilities to various cities and other jurisdictions of \$16,027 and \$11,405, respectively. These accrued liabilities represented claims for the current fiscal year allocation that were disbursed by the STA Fund in the following fiscal year.

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
(Unaudited)  
Fiscal year ended June 30, 2025

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Revenues:				
Sales tax	\$243,875	\$243,875	\$232,486	\$(11,389)
Investment income	—	—	6,900	6,900
Total revenues	243,875	243,875	239,386	(4,489)
Expenditures:				
Transportation subsidies	56,370	56,370	55,553	817
Excess of revenues over expenditures	187,505	187,505	183,833	(3,672)
Other financing sources(uses):				
Transfers out	(251,488)	(258,982)	(267,721)	(8,739)
Net change in fund balances	(63,983)	(71,477)	(83,888)	(12,411)
Fund balances - beginning of the year	194,730	194,730	194,730	—
Fund balances - end of year	\$130,747	\$123,253	\$110,842	\$(12,411)

**Los Angeles County**  
**Metropolitan Transportation Authority**  
**State Transit Assistance**  
**Special Revenue Fund**  
Schedule of Allocations (Unaudited)  
Fiscal years ended June 30, 2025 and 2024  
(Amounts expressed in thousands)

CCR Code	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	2025 Total	2024 Total
Arcadia	\$ 159	\$ —	\$ —	\$ 159	\$ 122
Claremont	52	—	—	52	43
Commerce	255	—	—	255	156
Culver City	2,722	—	—	2,722	1,974
Foothill Transit	12,722	—	—	12,722	9,363
Gardena	2,679	—	—	2,679	1,934
La Mirada	43	—	—	43	35
Long Beach	12,334	—	—	12,334	8,726
LACMTA	146,477	—	152,860	299,337	259,156
Montebello	4,144	—	—	4,144	2,999
Norwalk	1,544	—	—	1,544	1,145
Redondo Beach	322	—	—	322	294
Santa Monica	10,234	—	—	10,234	7,443
Torrance	3,074	—	—	3,074	2,294
Antelope Valley	1,426	—	—	1,426	1,026
LADOT	3,171	—	—	3,171	2,283
Santa Clarita	854	—	—	854	854
Foothill –BSCP	635	—	—	635	459
<b>Total STA fund allocations</b>	<b>\$ 202,847</b>	<b>\$ —</b>	<b>\$ 152,860</b>	<b>\$ 355,707</b>	<b>\$ 300,306</b>

**Los Angeles County  
Metropolitan Transportation Authority  
State Transit Assistance  
Special Revenue Fund**

Schedule of Expenditures and Transfers (Unaudited)  
Fiscal years ended June 30, 2025 and 2024  
(Amounts expressed in thousands)

CCR Code	FY2025				FY2024			
	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	Total	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	Total
Antelope Valley	\$ —	\$ 1,807	\$ —	\$ 1,807	\$ —	\$ 450	\$ —	\$ 450
Arcadia	159	—	—	159	122	—	—	122
Claremont	30	40	—	70	—	—	—	—
Commerce	255	—	—	255	156	—	—	156
Culver City	2,722	—	—	2,722	1,974	—	—	1,974
Foothill Transit	13,357	—	—	13,357	9,822	—	—	9,822
Gardena	2,679	—	—	2,679	1,934	—	—	1,934
La Mirada	78	—	—	78	—	—	—	—
Long Beach	12,334	—	—	12,334	8,725	—	—	8,725
LACMTA	146,435	—	121,286	267,721	77,437	—	193,757	271,194
LADOT	3,171	—	—	3,171	8,260	—	—	8,260
Montebello	2,381	215	—	2,596	1,722	457	—	2,179
Norwalk	1,544	—	—	1,544	1,145	—	—	1,145
Redondo Beach	322	—	—	322	294	—	—	294
Santa Clarita	854	—	—	854	854	—	—	854
Santa Monica	10,234	—	—	10,234	7,443	—	—	7,443
Torrance	3,371	—	—	3,371	2,294	—	—	2,294
<b>Total expenditures &amp; transfers</b>	<b>\$ 199,926</b>	<b>\$ 2,062</b>	<b>\$ 121,286</b>	<b>\$ 323,274</b>	<b>\$ 122,182</b>	<b>\$ 907</b>	<b>\$ 193,757</b>	<b>\$ 316,846</b>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance Fund (the STA Fund) of the Los Angeles County Metropolitan Transportation Authority (LACMTA), which comprise the balance sheet as of June 30, 2025 and 2024, and the related statements of revenues, expenditures, and changes in fund balance for the years then ended, and have issued our report thereon dated December 23, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that LACMTA failed to comply with the terms, covenants, provisions, or conditions of Section 6751 of the California Code of Regulations, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding LACMTA's noncompliance with the above-referenced terms, covenants, provisions, or conditions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of management, LACMTA's Board of Directors, others within LACMTA, and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe LLP

Los Angeles, California  
December 23, 2025

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
(A Component Unit of the  
Los Angeles County Metropolitan Transportation Authority)

Financial Statements and Supplementary Information

June 30, 2025

(With Independent Auditor's Report Thereon)

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
(A Component Unit of the  
Los Angeles County Metropolitan Transportation Authority)

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Service Authority for Freeway Emergencies  
Los Angeles, California

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the governmental activities and the major fund of the Service Authority for Freeway Emergencies (SAFE), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SAFE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of SAFE as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAFE, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SAFE's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAFE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAFE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SAFE's basic financial statements. The schedule of revenues, expenditures, and changes in fund balances – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of SAFE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SAFE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAFE's internal control over financial reporting and compliance.



Crowe LLP

Los Angeles, California  
December 23, 2025

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
 (A Component Unit of the  
 Los Angeles County Metropolitan Transportation Authority)  
 Statement of Net Position  
 June 30, 2025  
 (Amounts expressed in thousands)

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		<u>Governmental Activities</u>
<b>Assets:</b>		
Cash and cash equivalents	\$	7,894
Investments		42,611
Intergovernmental receivable		1,378
Accounts receivable		3
Interest receivable		428
Total assets		<u>52,314</u>
<b>Liabilities:</b>		
Accounts payable and accrued expenses		<u>804</u>
Total liabilities		<u>804</u>
<b>Net position:</b>		
Restricted for motorist aid system projects		<u>51,510</u>
Total net position	\$	<u><u>51,510</u></u>

See accompanying notes to the basic financial statements.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
 (A Component Unit of the  
 Los Angeles County Metropolitan Transportation Authority)  
 Statement of Activities  
 For year ended June 30, 2025  
 (Amounts expressed in thousands)

---

	<b>Governmental Activities</b>
Program expenses, net of revenues:	
Transit operations:	
Congestion relief operations	\$ 4,406
Total program expenses	4,406
General revenues:	
License fees	8,069
Investment income	3,028
Total general revenues	11,097
Change in net position	6,691
Net position – beginning of year	44,819
Net position – end of year	\$ 51,510

See accompanying notes to the basic financial statements.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
 (A Component Unit of the  
 Los Angeles County Metropolitan Transportation Authority)  
 Balance Sheet  
 June 30, 2025  
 (Amounts expressed in thousands)

		<u>Special Revenue Fund</u>
Assets:		
Cash and cash equivalents	\$	7,894
Investments		42,611
Intergovernmental receivable		1,378
Accounts receivable		3
Interest receivable		428
Total assets	\$	<u>52,314</u>
Liabilities:		
Accounts payable and accrued liabilities		<u>804</u>
Fund balance:		
Restricted for motorist aid system projects		<u>51,510</u>
Total liabilities and fund balance	\$	<u><u>52,314</u></u>

See accompanying notes to the basic financial statements.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
 (A Component Unit of the  
 Los Angeles County Metropolitan Transportation Authority)  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For year ended June 30, 2025  
 (Amounts expressed in thousands)

---

	<b>Special Revenue Fund</b>
Revenues:	
License fees	\$ 8,069
Investment income	3,028
Total revenues	\$ 11,097
Expenditures:	
Administration and other transportation projects	4,406
Total expenditures	4,406
Net change in fund balance	
Fund balance – beginning of year	44,819
Fund balance – end of year	\$ 51,510

See accompanying notes to the basic financial statements.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
(A Component Unit of the  
Los Angeles County Metropolitan Transportation Authority)  
Notes to the Basic Financial Statements  
June 30, 2025

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The notes to the basic financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying basic financial statements.

Unless otherwise indicated, all dollar amounts are expressed in thousands.

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

The Service Authority for Freeway Emergencies (SAFE) was created in February 1988 pursuant to California Streets and Highway Code Section 2550 et seq., and is responsible for the operation, maintenance, and administration of the Los Angeles County Kenneth Hahn Call Box system. Under the authority of the above section, the Los Angeles County Metropolitan Transportation Authority (LACMTA) is the designated SAFE for Los Angeles County.

As LACMTA's board is SAFE's board, SAFE is a component unit of LACMTA and is included in LACMTA's financial statements as a blended component unit.

**(b) Operations**

SAFE is responsible for the implementation, maintenance, operation, and administration of motorist aid on the network of freeways, highways, and unincorporated county roads within Los Angeles County. SAFE operates and maintains approximately 625 (not in thousands) call boxes along 436 (not in thousands) miles of freeways, state highways, and selected county roads in Los Angeles County. SAFE also funds, operates, and manages the Southern California 511 traveler information system. This system provides real-time and planned traffic, transit and other related traveler information to the public via the phone, web and mobile application.

**(c) Government-wide Financial Statements**

SAFE's financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, consist of government-wide statements, including a statement of net position, statement of activities, and fund financial statements, which provide a more detailed level of financial information.

# **SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**

(A Component Unit of the

Los Angeles County Metropolitan Transportation Authority)

Notes to the Basic Financial Statements

June 30, 2025

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The government-wide financial statements report information on all of the non-fiduciary activities of the agency and are reported using the economic resources measurement focus and the accrual basis of accounting.

The statement of activities demonstrates the degree to which the direct expenses, including centralized expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. License fees and investment earnings not considered program revenues are reported as general revenues.

**(d) Fund Accounting**

SAFE utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for SAFE's activities. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Additionally, the SAFE fund is considered a special revenue governmental fund. Special revenue funds are used to account for specific revenue sources that are legally restricted to specific purposes. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SAFE considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, and a valid claim is presented.

**(e) Fund Balance and Net Position**

Restricted fund balance and net position include amounts that can be spent only for specific purposes stipulated by enabling legislation, by grants, creditors, or by regulations of other governments. SAFE's fund balance and net position were classified as restricted as they can only be used in accordance with the provisions of the California Streets and Highway Code Section 2550 et seq by which the fund was created.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
(A Component Unit of the  
Los Angeles County Metropolitan Transportation Authority)  
Notes to the Basic Financial Statements  
June 30, 2025

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**(f) Budgetary Accounting**

Enabling legislation and adopted policies and procedures provide that the SAFE Board of Directors approve an annual budget. The Board of Directors conducts a public hearing for discussion of the proposed annual budget prior to adoption of the final budget. Unexpended appropriations lapse at year-end. The legal level of control is at the fund level, and expenses may not exceed total appropriations without board approval. By policy, the board has provided procedures for management to make revisions within operational or project budgets when there is no net dollar impact to total appropriations. The budget is prepared on a generally accepted accounting principles (GAAP) basis.

**(g) Cash and Investments**

SAFE maintains a minimum balance with the Los Angeles County Treasurer's external investment pool. Balances more than \$50 are withdrawn and deposited into the LACMTA internal investment pool. Cash and investments are reported at fair market value which is the quoted market price.

**(h) Receivables**

Receivables are net of estimated allowances for uncollectible accounts which are determined based on experience. Receivables include license fees due from the State Department of Motor Vehicles. As of June 30, 2025, SAFE has a receivable for license fees of \$1,378.

**(i) Vehicle Registration Fees**

Vehicle registration fees revenue is recognized when earned and is generated by a \$1 (amount not in thousands) per each car registered in Los Angeles County, which is collected by the State Department of Motor Vehicles.

**(j) Effects of New GASB Pronouncements**

There were no new GASB Pronouncements applicable to SAFE for the year ended June 30, 2025.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
 (A Component Unit of the  
 Los Angeles County Metropolitan Transportation Authority)  
 Notes to the Basic Financial Statements  
 June 30, 2025

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**(2) Cash and Investments**

The following is a breakdown of SAFE's cash and investments as of June 30, 2025.

LACMTA investment pool	\$	49,738
Los Angeles County investment pool		767
Total	\$	50,505

SAFE's cash balances are pooled with other LACMTA funds participating in the investment pool by the LACMTA Treasurer. These funds are subject to withdrawal from the Treasurer's pool upon demand. The LACMTA Board of Directors provides regulatory oversight for the LACMTA pool. Each fund maintains an equity interest in the pool and is presented as cash and investments in the Statement of Net Position. The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2025. Detailed information regarding the LACMTA's pooled cash and investments can be found in the LACMTA Annual Comprehensive Financial Report (ACFR). A copy of the LACMTA's ACFR can be obtained by submitting a written request to the Accounting Department, One Gateway Plaza, Los Angeles, CA 90012-2952.

SAFE's cash balances are also pooled with other County funds and invested by the Los Angeles County Treasurer. These funds are subject to withdrawal from the Treasurer's pool upon demand. The County Board of Supervisors provides regulatory oversight for the Los Angeles County Investment Pool (LACIP). The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2025. Detailed information regarding the County's pooled cash and investments can be found in the County of Los Angeles Annual Comprehensive Financial Report (ACFR). A copy of the County's ACFR can be obtained by submitting a written request to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

In accordance with GASB Statement No. 40, *Deposit and Risk Disclosure - an Amendment of GASB Statement No. 3*, certain required disclosures regarding investment policies and practices with respect

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
(A Component Unit of the  
Los Angeles County Metropolitan Transportation Authority)  
Notes to the Basic Financial Statements  
June 30, 2025

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to the risk associated with their concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk are discussed in the following paragraphs:

*(a) Concentration of Credit Risk*

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual shares. SAFE maintains investment policies that establish thresholds for holdings of individual securities. SAFE does not have any holdings meeting or exceeding these threshold levels. As of June 30, 2025, SAFE does not have any investments with more than 5% of the total investments under one issuer except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

*(b) Custodial Credit Risk*

SAFE has no known custodial credit risk for deposits as financial institutions are required by the California Government Code to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling.

*(c) Interest Rate Risk*

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. SAFE measures interest rate risk on its short-term investments using the effective duration method. SAFE maintains a policy requiring the average duration of the externally managed short-term investments not to exceed 150% of the benchmark duration and the average duration of the internally managed short-term investments not to exceed three years.

*(d) Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of the cash deposits or investments. As of June 30, 2025, there is no exposure to currency risk as all SAFE cash deposits and investments are denominated in U.S. dollar currency.

**(3) Significant Commitments**

SAFE has entered a Memorandum of Understanding (MOU) with the Public Transportation Services Corporation (PTSC), a blended component unit of LACMTA, for PTSC to provide cost reimbursable

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
(A Component Unit of the  
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June 30, 2025

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administrative support services to SAFE. The MOU will remain in effect until terminated by either party with a minimum of sixty (60) days written notice.

SAFE had \$1,776 of outstanding contractual commitments as of June 30, 2025 that had not been claimed or disbursed.

**SERVICE AUTHORITY FOR FREEWAY EMERGENCIES**  
 (A Component Unit of the  
 Los Angeles County Metropolitan Transportation Authority)  
 Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Fiscal year ended June 30, 2025  
 (Amounts expressed in thousands)

	<b>Original Budget*</b>	<b>Final Budget*</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
License fees	\$ 8,768	\$ 8,768	\$ 8,069	\$ (699)
Investment income	77	77	3,028	2,951
Total revenues	<b>8,845</b>	<b>8,845</b>	<b>11,097</b>	<b>2,252</b>
<b>Expenditures:</b>				
Administration and other transportation projects	7,859	7,733	4,406	(3,327)
Total expenditures	<b>7,859</b>	<b>7,733</b>	<b>4,406</b>	<b>(3,327)</b>
Net change in fund balance	986	1,112	6,691	5,579
Fund balances – beginning of year	44,819	44,819	44,819	-
Fund balances – end of year	<b>\$ 45,805</b>	<b>\$ 45,931</b>	<b>\$ 51,510</b>	<b>\$ 5,579</b>

\*Budget prepared in accordance with GAAP.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Service Authority for Freeway Emergencies  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Service Authority for Freeway Emergencies (SAFE) a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SAFE's basic financial statements, and have issued our report thereon dated December 23, 2025.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SAFE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAFE's internal control. Accordingly, we do not express an opinion on the effectiveness of SAFE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SAFE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe LLP

Los Angeles, California  
December 23, 2025



**LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY  
LOW CARBON TRANSIT OPERATIONS PROGRAM  
COMPLIANCE REPORT**

Fiscal year ended June 30, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH RULES AND  
REGULATIONS OF THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP) AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

**Report on Compliance for the Low Carbon Transit Operations Program Guidelines**

***Opinion on the Low Carbon Transit Operations Program Guidelines***

We have audited the Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements identified as subject to audit in the Low Carbon Transit Operations Program (LCTOP) Guidelines adopted by the California Department of Transportation that could have a direct and material effect on LACMTA's compliance with the LCTOP Guidelines for the fiscal year ended June 30, 2025.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the LCTOP program for the year ended June 30, 2025.

***Basis for Opinion on the Low Carbon Transit Operations Program Guidelines***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements specified in the LCTOP Guidelines. Our responsibilities under those standards and the LCTOP Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the LCTOP Guidelines. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the LCTOP program.

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(Continued)

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the LCTOP Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of the LCTOP.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the LCTOP Guidelines, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the LCTOP Guidelines, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the LCTOP Guidelines on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the LCTOP Guidelines will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the LCTOP Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the LCTOP Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Los Angeles, California  
December 23, 2025



# Los Angeles County Metropolitan Transportation Authority

FY25 Annual Financial and Compliance Audits | April 16, 2026

# Agenda



Audit Results



Required  
Communications



Questions

# Audit Results





# Audit Deliverables

## Financial Audits

- Annual Comprehensive Financial Report (ACFR)
- Service Authority for Freeway Emergencies (SAFE)
- State Transit Assistance fund (STA)

## Compliance and Other Audits

- Single Audit for Federal Funds
- Transportation Development Act Compliance
  - California Code of Regulations Section 6667
  - California Code of Regulations Section 6640-6662
  - Low Carbon Transit Operations Program (LCTOP)
- National Transit Database Report on Federal Funding Allocation Statistics Form (NTD FFA-10)

# Audit Results

## Opinions on Financial Statements

- Unmodified

## Opinion on Uniform Guidance Compliance for Major Programs

- Unmodified

## New Accounting Pronouncements

- No significant new accounting pronouncements

## Corrected Misstatements

- No corrected misstatements identified

## Uncorrected Misstatements

- Two passed adjustments – total net position understated by \$16M \*

\* One passed adjustment is related to not recording Low Carbon Fuel Standard credits at their estimated fair value. As a result, approximately \$16M will be recognized when the credits are sold. The second passed adjustment is related to Regional Tap Service Center (RTAP) cash and accounts payable that should be reported in the fiduciary fund instead of the enterprise fund. As a result, the enterprise fund net position should be approximately \$8.7M lower and the fiduciary fund net position should be \$8.7M higher.

# Required Communications



# Required Communications

- Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in footnote I of the Annual Comprehensive Financial Report (ACFR).
- Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.

## Our values



CARETRUSTCOURAGESTEWARDSHIP

# Required Communications

We did not note:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters

Our values



CARETRUSTCOURAGESTEWARDSHIP



# Questions?

**Katherine V. Lai, CPA, CGMA**

Partner

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## Board Report

File #: 2026-0069, File Type: Informational Report

Agenda Number: 26.

### FINANCE, BUDGET, AND AUDIT COMMITTEE APRIL 16, 2026

**SUBJECT: FISCAL YEAR 2027 BUDGET DEVELOPMENT STATUS UPDATE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

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

#### **ISSUE**

This report continues a series of monthly updates on the FY27 Budget development process, culminating in a planned May 2026 Board Adoption. The report focuses on the key areas of Metro's Transit Operations and Maintenance (O&M) Program and Transit Capital Improvement Program (CIP) to maintain transit infrastructure in a state of good repair. These two programs combined make up 37% of Metro's total budget.

Additionally, an overview of Congestion Management, General Planning and Programs, and Oversight and Administration, which make up about 5% of Metro's total budget are included to complete the program budget discussions for the FY27 Budget development process.

A recap of the latest update regarding Metro's comprehensive budget outreach efforts is also included in this report.

#### **BACKGROUND**

This preliminary budget serves as the annual expenditures required to advance Transit Operations' plans, fulfill O&M needs, repairs and upgrades through the CIP, and enhance customer experience. While the O&M and CIP budgets reflect the annual cash flow needs, CIP is controlled at a Life of Project (LOP) budget level.

#### **DISCUSSION**

In alignment with the CEO's Equitable Zero-Based Budget (EZBB) and cost-efficiency focus, Metro identified cost saving measures in the FY27 budget request. As shown in Figure 1 below, the programs covered in this board report reflect a -\$126.2 M (-5.8%) reduction in controllable costs (expenses excluding labor and allocations) compared to the FY26 budget for the programs covered

in this month’s report. The total budget for these programs totals \$4.04 B (\$2.07 B in controllable costs and \$1.97 B in labor and allocations).

Figure 1:

Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
<b>Controllable Costs</b>					
1	Metro Transit - Operations & Maintenance	\$1,224.9	\$ 1,177.9	\$ (47.0)	-3.8%
2	Metro Transit - Capital Improvement Program	543.1	486.9	(56.2)	-10.4%
3	<b>Metro Transit Total</b>	<b>\$1,768.0</b>	<b>\$ 1,664.8</b>	<b>\$ (103.2)</b>	<b>-5.8%</b>
4	<b>General Planning &amp; Programs</b>	<b>\$ 177.5</b>	<b>\$ 173.7</b>	<b>\$ (3.8)</b>	<b>-2.2%</b>
5	<b>Congestion Management</b>	<b>\$ 119.4</b>	<b>\$ 98.7</b>	<b>\$ (20.7)</b>	<b>-17.4%</b>
6	<b>Oversight &amp; Administration</b>	<b>\$ 126.6</b>	<b>\$ 128.3</b>	<b>\$ 1.6</b>	<b>1.3%</b>
7	<b>Subtotal Controllable Costs</b>	<b>\$2,191.5</b>	<b>\$ 2,065.4</b>	<b>\$ (126.2)</b>	<b>-5.8%</b>
8	<b>Labor and Allocations</b>	<b>\$1,832.8</b>	<b>\$ 1,970.6</b>	<b>\$ 137.8</b>	<b>7.5%</b>
9	<b>Grand Total</b>	<b>\$4,024.3</b>	<b>\$ 4,036.0</b>	<b>\$ 11.7</b>	<b>0.3%</b>

Note: Totals may not add due to rounding.

### Metro Transit Operations and Maintenance Program Overview

Metro Transit’s Operations & Maintenance (O&M) program is dedicated to attracting and retaining riders by providing high quality reliable transit service. This commitment is demonstrated through ongoing NextGen service enhancements, expansion of our transit network, enhanced customer experience, a reimagined approach to public safety, expanded accessibility and affordability for all riders, and comprehensive service planning and operational support for special events.

To advance these priorities, the FY27 Preliminary O&M Budget totals \$2.99 B, representing a \$81.9 M (2.8%) increase over FY26. The budget funds 8.8 M revenue service hours (RSH) for bus and rail operations, as well as the Metro Micro Pilot program, which delivers flexible, on-demand transit options. In addition, the budget includes additional staffing to support enhancing systemwide safety, customer experience, and operational reliability.

A comprehensive plan and resource requirements for operating D Line Extension Section II and III, and G Line improvements, will be brought to the Board separately for approval. Similarly, the Department of Public Safety (DPS) start up costs for FY27 is still under budget development and will be brought to the Board separately for approval.

Figure 2:

	Operations & Maintenance (\$ in millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1	Bus	\$1,895.5	\$ 1,939.1	\$ 43.6	2.3%	64.7%
2	Rail	997.6	1,034.5	36.9	3.7%	34.5%
3	Metro Micro	22.5	23.8	1.4	6.0%	0.8%
4	<b>Operations &amp; Maintenance</b>	<b>\$2,915.5</b>	<b>\$ 2,997.5</b>	<b>\$ 81.9</b>	<b>2.8%</b>	<b>100.0%</b>

Note: Totals may not add due to rounding.

**Bus**

The FY27 Preliminary Budget for Bus is \$1.9 B, reflecting a \$43.6 M, or 2.3% increase from FY26. The budget includes 7.13 M RSH, supporting the NextGen Bus Plan and special events.

**Rail**

The FY27 Preliminary Budget for Rail is \$1.0 B, reflecting a \$36.9 M, or 3.7% increase from FY26. The budget supports rail service levels to not only meet current demand, but also expanding service to increase access to opportunities throughout the region. The budget includes 1.45 M rail RSH for four light rail lines (A, C, E, K) and two heavy rail lines (B, D).

**Metro Micro**

Metro Micro Pilot program continues as a contracted service allowing Metro to provide important first-last mile connections. The FY27 Preliminary Budget for the Metro Micro Pilot is \$23.8 M, reflecting a \$1.4 M, or 6% increase from FY26. This budget maintains current service levels and geographical coverage, supporting 253 thousand RSH.

**Continued Investments in Customer Experience**

*Cleaning*

The FY27 Preliminary Budget allocates \$311.0 M for cleaning efforts, a 2.2% or \$6.7 M increase over FY26. This budget supports 1,264 FTEs dedicated for maintaining bus/rail vehicles, stations, stops, and facilities including three shifts for 7-days a week, End-of-Line (EOL) cleaning, and mid-line cleaning program. Figure 3 summarizes the staffing and budget allocated for cleaning initiatives in FY27.

Figure 3:

(\$ in millions)				
Area	FY26 Budget	FY27 Preliminary	\$ Change	% Change
1 Buses	\$ 84.5	\$ 86.7	\$ 2.2	2.6%
2 Trains	55.7	57.4	1.7	3.0%
3 Facilities	39.7	39.6	(0.1)	-0.4%
4 Stations	119.8	122.7	2.8	2.4%
5 Stops	4.6	4.7	0.1	2.9%
6 <b>Cleaning Total</b>	<b>\$ 304.4</b>	<b>\$ 311.0</b>	<b>\$ 6.7</b>	<b>2.2%</b>

Note: Totals may not add due to rounding.

**Station Experience (SX)**

The CEO-established Station Experience (SX) unit has been highly effective in reducing crime and loitering at stations. Building on this success, SX is expanding to additional locations with a focus on safety and overall customer experience enhancements. Metro continues to prioritize community input, addressing concerns such as improved lighting, mobile ADA-accessible (Americans with Disabilities Act) restrooms, and the modernization of elevators and escalators to enhance safety and accessibility. Access control, safety and fare compliance are strengthened through the taller fare gates and the TAP-to-Exit program.

The FY27 Preliminary Budget allocates \$29.6 M for SX initiatives and enhancements at additional stations.

**Public Safety**

*Resource Deployment*

One of the top priorities for Metro and our riders is safety. Metro’s Reimagining Public Safety Framework outlines a multi-layered approach to enhance public safety on the Metro system by deploying the right resources to address the specific safety concern.

The multi-layered resources include Metro Transit Ambassadors, Community Intervention Specialists (CIS), Homeless Outreach and Mobile Engagement (HOME) teams, Metro Crisis Response Teams, Metro Transit Security (MTS), private security, and law enforcement. The multi-year phased establishment of Metro’s Department of Public Safety (DPS) continues.

A comprehensive plan detailing the resource needs over the various phases is being developed and will be brought to the Board separately for approval.

The preliminary budget for FY27 Public Safety Resource Deployment is \$428.6 M, a 1.6% increase from the FY26 Budget, shown in Figure 4 below. The increase is primarily driven by additional private security services for special events, as well as salary and wage adjustments per the Collective Bargaining Agreements for Metro Transit Ambassadors and MTS.

Figure 4:

	Public Safety Resource Deployment <sup>(1)</sup>		FY26	FY27	\$	%
	(\$ in millions)		Budget	Preliminary	Change	Change
1	Care-Based Services <sup>(2)</sup>		\$ 83.9	\$ 86.2	\$ 2.3	2.8%
2	Law Enforcement		212.6	209.5	(3.0)	-1.4%
3	Metro Department of Public Safety (DPS)		5.1	5.8	0.7	13.2%
4	Metro Transit Security (MTS)		77.2	80.0	2.8	3.7%
5	Private Security		43.2	47.1	3.9	8.9%
6	<b>Public Safety Resource Deployment Total</b>		<b>\$ 422.0</b>	<b>\$ 428.6</b>	<b>\$ 6.7</b>	<b>1.6%</b>

Note: Totals may not add up due to rounding.

(1) DPS budget is still under development and will come separately to the Board

(2) include Metro Transit Ambassadors, Homeless Outreach Management and Engagement (HOME), Community Intervention Specialists (CIS) and Crisis Response Program.

Metro’s public safety capital budget focuses on promoting a safer environment for all riders and Metro employees by maintaining, upgrading and modernizing technology and infrastructure. The FY27 Preliminary Budget of \$37.7 M includes expansion of taller fare gates and retrofits, track and tunnel intrusion technology, fencing installations and enhancements, as well as security technology upgrades.

**Metro Transit Capital Improvement Program (CIP)**

The CIP goal is to methodically renew and improve Metro Transit Systems while maximizing scarce bus and rail capital resources. The CIP budget focuses on maintaining, upgrading, and modernizing assets and infrastructure to provide high quality and reliable transit services. Capital asset improvements within this budget include the implementation of new technologies, rolling stock purchases, rolling stock modernization, station improvements, and other components.

The FY27 Preliminary budget for CIP includes \$567.6 M to maintain Metro’s bus, rail, regional, and critical information systems needed to manage and monitor system-wide performance. The budget reflects the annual cash flow to complete FY27 milestones and deliverables. A profile of the CIP program is shown in figure 5 below.

Figure 5:

	CIP Category (\$ in Millions)	FY26	FY27	\$	%	%
		Budget	Preliminary	Change	Change	of Total
1	Bus	\$ 170.3	\$ 186.0	\$ 15.7	9.2%	32.8%
2	Rail	223.5	186.4	(37.0)	-16.6%	32.8%
3	Other Asset Improvements	226.2	195.2	(31.0)	-13.7%	34.4%
4	<b>CIP Total</b>	<b>\$ 619.9</b>	<b>\$ 567.6</b>	<b>\$ (52.3)</b>	<b>-8.4%</b>	<b>100.0%</b>

Note: Totals may not add due to rounding.

The Bus Program Budget of \$186M represents an increase of \$15.7M or 9.2%, mostly from ZEB bus purchases and charging infrastructure. The Rail Program Budget of \$186.4M consists of rail car purchases, midlives, wayside and facilities. Other Asset Improvements budget of \$195.2M represents a decrease of -13.7% for technology, regional programs and non-revenue vehicles. See Attachment

A for additional CIP budget details. See Attachment A for additional CIP budget details.

**General Planning & Programs, Congestion Management, and Oversight and Administration**

Figure 6:

Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	General Planning & Programs	\$ 257.9	\$ 258.8	\$ 0.9	0.3%
2	Congestion Management	129.6	110.6	(19.1)	-14.7%
3	Oversight & Administration	101.3	101.5	0.3	0.3%
4	<b>Total</b>	<b>\$ 488.9</b>	<b>\$ 471.0</b>	<b>\$ (17.9)</b>	<b>-3.7%</b>

Note: Totals may not add due to rounding.

*General Planning & Programs*

The FY27 Preliminary Budget for General Planning & Programs (GPP) totals \$258.8 M, an increase of 0.3% or \$874 thousand from FY26. GPP encompasses a wide range of activities that support the agency's goal of delivering improved mobility, sustainability, as well as financial and technical support to Metro's partners throughout LA County. Activities under this program include long-range and systemwide financial planning and grants management, new and enhanced transit infrastructure, various aspects of Metro's bike program, other planning and strategic initiatives, sustainability, joint development efforts and Union Station upgrades. Changes in the GPP budget reflect continuous progress on equity outcome-driven initiatives like the Joint Development 10K housing work, additional support for the Regional grants management program, and the continuing work for the Street Safety and Transit to Parks programs.

*Congestion Management*

The FY27 Preliminary Budget for Congestion Management totals \$110.6 M which represents a -\$19.1 M, or -14.7% decrease from FY26. The program consists of four major groups: Express Lanes, Freeway Service Patrol (FSP), Motorist Services, and Rideshare Services. The expenditure decrease in FY27 primarily reflects a strategic right-sizing based on historical trends. Service delivery levels will remain unaffected by this adjustment.

*Oversight and Administration*

The FY27 Preliminary Budget for Oversight and Administration totals \$101.5 M, representing 1.0% of the total annual budget. In this program there are continuous cost controls such as: legal services, ethics compliance, internal investigations, regulatory environmental assessments as well as legally mandated financial and compliance audits.

The program improves customer experience by continuing the mystery rider program, which supports fair and equitable fare compliance, ADA-accessibility, and riders with limited English proficiency. Metro is also transforming and elevating customer experience by reinventing customer focused

initiatives by concentrating on the customer's journey. There is continued investment to value our workforce, including Employee Engagement and Recognition Programs, Transportation School (SEED LA) and Workforce Initiative Now (WIN-LA), to create future employment opportunities in our communities. Other investments include software and hardware license renewals and maintenance support to help drive efficiency and performance.

### **FY27 Public Budget Outreach Update**

Building on the groundwork established from September to March, the FY27 budget outreach process has pivoted from gathering community input to actively applying feedback to the development of the budget and the investments made. The feedback and insights gathered via the My Metro Budget Activity (5,800+ responses) and the My Metro Priorities tool (1,500+ responses) were funneled into departmental dashboards. The direct integration of 5,000+ written comments into the budget development of Metro's programs ensures the budget remains aligned with the goals of our riders.

Throughout April and May, the focus shifts to closing the feedback loop through continued stakeholder engagement and the presentation of the FY27 Proposed budget. These meetings serve as a bridge to the formal public hearing in May, providing the Board with a comprehensive, community-oriented framework for final decision-making. Comments received related to this month's programs are documented in Attachment B.

### **EQUITY PLATFORM**

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

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

### **VEHICLE MILES TRAVELED OUTCOME**

Vehicle Miles Traveled (VMT) and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with the declining VMT trends due in part to Metro's significant investment in rail and bus transit.\* Metro's

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Board-adopted VMT reduction targets align with California’s statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

Although this item is administrative, providing an update on the development of specific parts of Metro’s upcoming proposed budget, the programs discussed in this item are expected to contribute to further reductions in VMT. They support Metro’s systemwide strategy to reduce VMT through expanding transit services, improving accessibility and affordability, enhancing safety and cleanliness, and improving customer experience to attract and retain riders.

The budget allocations discussed in this item will support the delivery of 8.8 M revenue service hours (RSH) across bus, rail (including a new rail line extension), and the Metro Micro Pilot project. The preliminary budget funds efforts to provide a safe, reliable, affordable and clean transit service by enhancing the customer experience, such as more frequent bus and rail cleaning, multi-layered safety initiatives, the Station Experience program, upgrades to faregates, station lighting and cleanliness, and addition of mobile public restrooms. It also provides resources for infrastructure and fleet maintenance, rolling stock upgrades, and new technology implementation, ensuring a safe, affordable, high-quality transit system that encourages ridership growth. Metro’s Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

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

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports the following Metro Strategic Plan Goal:

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

## **NEXT STEPS**

Staff continues to review and refine the FY27 Preliminary Budget as it advances through the process, carried out through the delivery of the Service Plan and Capital Improvement Plan, as well as planned Agency-wide initiatives. The FY27 Proposed Budget will be published on April 30, 2026. A public hearing will be held on May 21, 2026, for the Board's consideration to adopt the proposed FY27 Budget on May 28, 2026.

## **ATTACHMENTS**

Attachment A - Metro Transit Capital Improvement Program Details

Attachment B - FY27 Public Budget Outreach Update

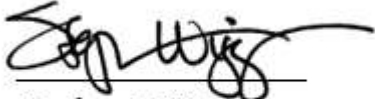
Prepared by: Irene Fine, Deputy Chief Financial Officer (Interim), (213) 922-4420

Tim Chin, Executive Officer, Finance, (213) 922-3082

Parvaneh Ahmadi, Deputy Executive Officer, Finance, (213) 922-2864

Spencer Vrieze, Principal Budget Analyst, (213) 922-2449

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



Stephanie Wiggins  
Chief Executive Officer

## Attachment A : Metro Transit Capital Improvement Program Details

### Metro Transit : Capital Improvement Program (CIP)

To provide world class bus and rail service, assets and infrastructure are maintained in a state of good repair through the CIP program. Projects within the CIP focus on keeping the system assets safe and reliable to ensure Board approved service levels are delivered. CIP is designed to replace assets that have met or exceeded their useful life, or to propose additions for service expansion and enhancement. The FY27 CIP totals approximately \$567.6 M.

	<b>Capital Category (\$ in millions)</b>	<b>FY26 Budget</b>	<b>FY27 Preliminary</b>	<b>\$ Change</b>	<b>% Change</b>	<b>% of Total</b>
1	Fleet Procurement	\$ 35.9	\$ 47.5	\$ 11.6	32.2%	8.4%
2	Fleet Maintenance	50.9	48.0	(2.9)	-5.7%	8.5%
3	Facilities Improvements	83.5	90.5	7.0	8.4%	15.9%
4	<b>Bus Subtotal</b>	<b>\$ 170.3</b>	<b>\$ 186.0</b>	<b>\$ 15.7</b>	<b>9.2%</b>	<b>32.8%</b>
5	Fleet Procurement	\$ 41.1	\$ 38.5	\$ (2.6)	-6.4%	6.8%
6	Fleet Maintenance	106.5	70.4	(36.1)	-33.9%	12.4%
7	Facilities Improvements	20.2	24.4	4.2	20.7%	4.3%
8	Wayside Systems	55.7	53.2	(2.5)	-4.4%	9.4%
9	<b>Rail Subtotal</b>	<b>\$ 223.5</b>	<b>\$ 186.4</b>	<b>\$ (37.0)</b>	<b>-16.6%</b>	<b>32.8%</b>
10	Regional and Hubs	\$ 108.7	\$ 86.7	\$ (22.0)	-20.3%	15.3%
11	Technology	66.8	55.1	(11.7)	-17.5%	9.7%
12	Non MR/MM Major Construction	36.6	42.9	6.2	17.1%	7.6%
13	Non-Revenue Vehicles	14.0	10.5	(3.5)	-25.1%	1.9%
14	<b>Other Asset Improvements Subtotal</b>	<b>\$ 226.2</b>	<b>\$ 195.2</b>	<b>\$ (31.0)</b>	<b>-13.7%</b>	<b>34.4%</b>
15	<b>Total CIP Budget</b>	<b>\$ 619.9</b>	<b>\$ 567.6</b>	<b>\$ (52.3)</b>	<b>-8.4%</b>	<b>100.0%</b>

Note: Totals may not add due to rounding

### Bus Program

Fleet Procurement, Fleet Maintenance, and Facilities Improvements make up \$186.0 M or 32.8% of the total CIP budget.

#### **Bus – Fleet Procurement**

Bus fleet procurement comprises approximately \$47.5 M or 8.4% of the CIP budget. Metro is continuing its pursuit of a sustainable bus fleet. The Board has adopted a goal of converting Metro's entire fleet of buses from Compressed Natural Gas (CNG) to Zero Emission electric Buses (ZEB). This is an ambitious goal considering Metro has the second largest bus fleet in the United States, and places high mileage and vehicle performance demand on its 2,100 buses. Metro anticipates continued deliveries of 100 forty-foot Battery Electric Buses (BEB) buses and finalizing payment for prior procurements of 40-foot and 60-foot BEB and CNG buses.

## **Bus - Fleet Maintenance**

Bus fleet maintenance projects represent \$48.0 M or 8.5% of the CIP budget. Bus maintenance projects include bus midlife refurbishment and integrated engine replacement. Midlife refurbishment ensures that our buses are operational for their designated useful life, which includes structural integrity checks and change-out of critical system components. All buses scheduled for midlife refurbishment are based on bus age, revenue service miles, and reliability measurements of each bus series.

## **Bus - Facilities Improvements**

Bus facilities improvements make up \$90.5 M or 15.9% of the CIP budget. These projects include electric charging infrastructure, development of master plans for facility upgrades, site refurbishment, and site reconfigurations to upgrade and maintain facilities. Upgrades include regulatory compliance mandates, such as replacement of underground fuel storage tanks, roofs, building ventilation, upgrade of fire alarm systems, and bus division pavement replacement. Development of an Operations Central Instruction (OCI) campus which will create a consolidated training location for bus operators and front-line staff. A significant portion of this budget is related to electric charging infrastructure installation.

## **Zero Emissions Bus (ZEB) Initiative**

Electric and ZEB technology are still in the development stage. Metro will partner with electric bus manufacturers to test, develop, and improve electric bus and charging infrastructure technology to the point of full technological maturity. The FY27 Budget represents a step towards realizing this goal. Approximately \$118.8 M or 21% of the CIP budget is allocated for these efforts and is included within the Bus Fleet Procurement and Bus Facilities Improvements programs, and is not additive to the overall CIP total. In total, this is an increase of \$28.9 M or 32.2% from the FY26 Budget and reflects continued efforts to acquire ZEB buses and develop commensurate infrastructure. Metro is procuring ZEB buses as quickly as technology and vehicle availability allows. Placement of new electric charging equipment and infrastructure will continue at stations on the J Line (Silver), as well as operating divisions.

## **Rail Program**

Rail Fleet Procurement, Vehicle Maintenance, Facilities Improvements, and Wayside Systems repair and replacement total \$186.4 M or 32.8% of the CIP budget.

## **Rail - Fleet Procurement**

Light and heavy rail vehicle procurement is allocated \$38.5 M or 6.8% of the CIP budget. It is dedicated to vehicle deliveries for both rail expansion and existing vehicle replacement. A new Light Rail Vehicle (LRV) procurement continues this year for vehicles to be used on new line openings and replacement of 52 Siemens LRV's that

are approaching the end of their useful life. The procurement of Heavy Rail Vehicles (HRV) includes the purchase of 64 vehicles for replacement of A650 vehicles and 34 for the Purple Line Extension (PLE), of which Section 1 is in progress. This is a major milestone in the process of replacing the original B (Red) Line cars that began service in 1992. These new vehicles will replace the existing vehicles and will have many amenities that will enhance the transit customer experience. Procurement is also underway of an additional 182 vehicles for PLE Sections 2 & 3, and system service expansion.

### **Rail - Fleet Maintenance**

Rail Vehicle Maintenance projects are allocated \$70.4 M or 12.4% of the CIP budget. This is a decrease of -33.9% from \$106.5 M last year predominantly due to better alignment with revised refurbishment and overhaul timelines. Vehicle subsystem overhauls will include refurbishment of gearboxes, Heating, Ventilation, and Air Conditioning (HVAC) systems.

The heavy rail vehicle midlife modernization consists of the change out of critical system components to extend the vehicle useful life on B Line (Red) vehicles. Vehicles scheduled for midlife will be sent offsite and be brought back for testing, inspection, and final acceptance to improve operational reliability.

### **Rail - Facilities Improvements**

Rail facilities improvements projects make up \$24.4 M or 4.3% of the CIP budget. Projects are slated to maintain existing rail facilities with mandated regulatory and safety upgrades such as station/facility fire control panel installation, CCTV installation, platform gate replacement, various lighting retrofits, roof replacements, ventilation, HVAC system repairs, pavement replacement, elevator modernization, and art projects.

### **Rail - Wayside Systems**

Wayside system improvements make up \$53.2 M or 9.4% of the CIP budget. Projects include the on-going replacement of the Supervisory Control and Data Acquisition (SCADA) system, improvements to support increased headway on the A Line (Blue) & E Line (Expo), as well as track system replacement, Overhead Catenary System (OCS) inspection/refurbishment, train control track circuits, tunnel corrosion mitigation, replacement of old wood track ties with composite ties, and replacement of mainline fasteners and many other maintenance projects.

### **Other Asset Improvements**

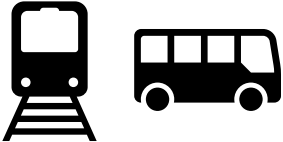
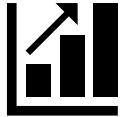

Other Asset Improvements total \$195.2 M or 34.4% of the CIP budget. These projects are slated for regional construction improvements, replacement of maintenance vehicles/equipment, and technology upgrades. Projects for Olympics related facility and station improvements total \$10.3 M. Metro will be making significant investments in


safety related projects: track and tunnel intrusion technology, faregate retrofits, enhanced CCTV systems, transit security communications enhancements, ESOC alert notifications, improvements to signage throughout the system, along with projects to enhance the station experience. It will also include Traction Power Substation (TPSS) improvements for operational support, and technology upgrades for agency IT infrastructure and customer support systems. A significant technology project is continuing efforts with development and integration of the Enterprise Asset Management System (EAMS). Significant investments will also be made in Transit Signal Priority (TSP) and as a part of NextGen. There will also be continued TAP Salesforce User Interface improvements. Metro is also consolidating various facilities into an Operations Downtown Hub.

## Attachment B: FY27 Public Budget Outreach Update

### My Metro Budget Activity & Priorities Update

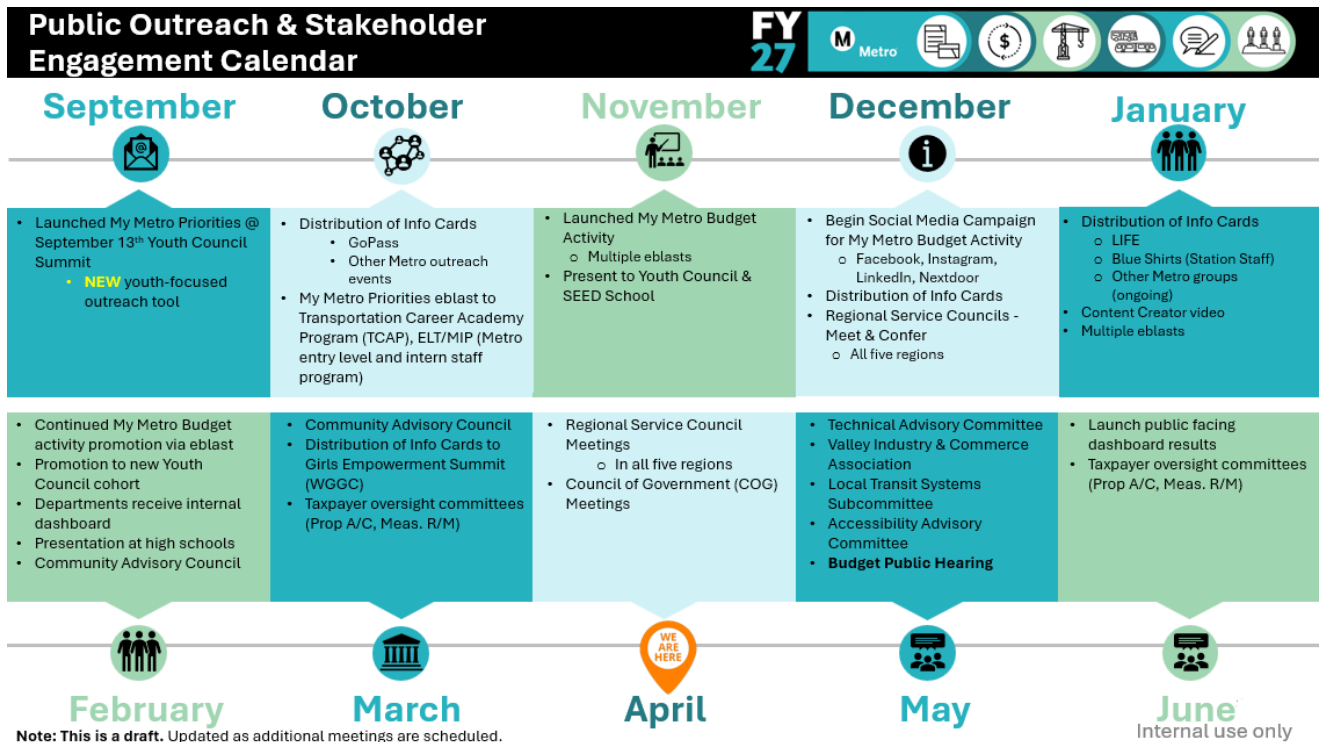
The My Metro Budget and Priorities tool remain open for comment on the FY27 budget through the budget public hearing on May 21, 2026. AI-assisted comment summaries for this month's programs, with responses to the comments by staff are below. In next month's final budget outreach update, quantitative results from the My Metro Budget Activity, My Metro Priorities as well as stakeholder meetings will be reported on.

Program	Comments Summary	What Metro is Doing
<p>Metro Transit Operations (3,100+ comments)</p> 	<p>Advocate funding for:</p> <ul style="list-style-type: none"> <li>• Increased bus &amp; rail service</li> <li>• Increased bus &amp; rail cleanliness</li> <li>• Station Experience (incl. mobile ADA-accessible restrooms)</li> </ul>	<ul style="list-style-type: none"> <li>• Bus investments – (\$1,939.1M)</li> <li>• Rail investments incl. PLE expansion– (\$1,034.5M)</li> <li>• Bus &amp; Rail Cleaning – (\$311M)</li> <li>• Station Experience (incl. mobile ADA-accessible restrooms) – (\$29.6M)</li> </ul>
<p>Capital Improvement Program (CIP) (840+ comments)</p> 	<p>Advocate funding for:</p> <ul style="list-style-type: none"> <li>• Bus &amp; rail fleet maintenance &amp; overhauls</li> <li>• Infrastructure maintenance &amp; improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Bus &amp; Rail fleet maintenance &amp; overhauls – (\$119M) <ul style="list-style-type: none"> <li>○ Includes bus/rail car refurbishment &amp; modernization</li> </ul> </li> <li>• Infrastructure maintenance &amp; improvements – (\$217M) <ul style="list-style-type: none"> <li>○ Includes repairs and updates at bus and rail facilities</li> </ul> </li> </ul>
<p>Public Safety (1,350+ comments)</p> 	<p>Advocate funding for:</p> <ul style="list-style-type: none"> <li>• Code of Conduct &amp; Fare Enforcement</li> <li>• Care-Based Services</li> </ul>	<ul style="list-style-type: none"> <li>• Taller Faregates – (\$15.5M)</li> <li>• Care-Based Services (\$86.2M)</li> <li>• Metro Department of Public Safety (DPS) * – (\$5.8M)</li> <li>• Metro Transit Security (MTS) – (\$80.0M)</li> </ul> <p>*budget is still under development</p>

<p>General Planning and Programming (1,100+ comments)</p> 	<p>Advocate funding for:</p> <ul style="list-style-type: none"> <li>• Sustainability</li> <li>• Active transportation projects</li> <li>• Bike hubs &amp; lockers</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability (\$20.8M)</li> <li>• First/Last Mile – (\$6.7M)</li> <li>• Bike Connectivity Improvements – (\$16.5M)</li> <li>• Bikeshare – Operating &amp; Capital – (\$24.8M)</li> <li>• Bike Services (Hubs/Lockers) – (\$2.4M)</li> </ul>
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### Stakeholder Meetings and Outreach Efforts

April and May remain pivotal periods for public engagement efforts. Meetings with stakeholders and community members will take place throughout the county to make certain that riders, stakeholders, and residents have meaningful opportunities to share their voices. For the latest updates and information regarding the development of Metro’s budget, please visit the Finance and Budget portal at <https://budget.metro.net>.





# Fiscal Year 2027 Budget Development Update

April 16<sup>th</sup>, 2026 | Finance & Budget Audit Committee



# FY27 Preliminary Expenditures by Program

**FY**  
**27**

**M** Metro



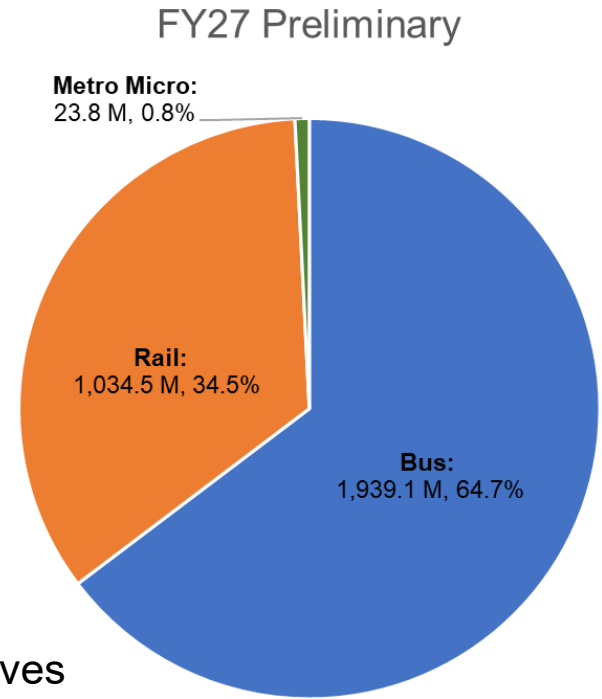
Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
<b>Controllable Costs</b>					
1	Metro Transit - Operations & Maintenance	\$ 1,224.9	\$ 1,177.9	\$ (47.0)	-3.8%
2	Metro Transit - Capital Improvement Program	543.1	486.9	(56.2)	-10.4%
3	<b>Metro Transit Total</b>	<b>\$ 1,768.0</b>	<b>\$ 1,664.8</b>	<b>\$ (103.2)</b>	<b>-5.8%</b>
4	<b>General Planning &amp; Programs</b>	<b>\$ 177.5</b>	<b>\$ 173.7</b>	<b>\$ (3.8)</b>	<b>-2.2%</b>
5	<b>Congestion Management</b>	<b>\$ 119.4</b>	<b>\$ 98.7</b>	<b>\$ (20.7)</b>	<b>-17.4%</b>
6	<b>Oversight &amp; Administration</b>	<b>\$ 126.6</b>	<b>\$ 128.3</b>	<b>\$ 1.6</b>	<b>1.3%</b>
7	<b>Subtotal Controllable Costs</b>	<b>\$ 2,191.5</b>	<b>\$ 2,065.4</b>	<b>\$ (126.2)</b>	<b>-5.8%</b>
8	<b>Labor and Allocations</b>	<b>\$ 1,832.8</b>	<b>\$ 1,970.6</b>	<b>\$ 137.8</b>	<b>7.5%</b>
9	<b>Grand Total</b>	<b>\$ 4,024.3</b>	<b>\$ 4,036.0</b>	<b>\$ 11.7</b>	<b>0.3%</b>

Note: Totals may not add due to rounding.

- FY27 Preliminary budget for these programs is **\$4.04 B**
  - **\$2.07 B for Controllable Costs**
  - **\$1.97 B for Labor and Allocations**
- In alignment with the CEO's Equitable Zero-Based Budget (EZBB) and cost-efficiency focus, a reduction of **\$126.2 million or 5.8% in controllable expenses** was identified in FY27 compared to the FY26 budget.

Operations & Maintenance (\$ in millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1 Bus	\$ 1,895.5	\$ 1,939.1	\$ 43.6	2.3%	64.7%
2 Rail	997.6	1,034.5	36.9	3.7%	34.5%
3 Metro Micro	22.5	23.8	1.4	6.0%	0.8%
4 <b>Operations &amp; Maintenance Total</b>	<b>\$ 2,915.5</b>	<b>\$ 2,997.5</b>	<b>\$ 81.9</b>	<b>2.8%</b>	<b>100.0%</b>

Note: Totals may not add due to rounding.



- O&M Preliminary Budget: **\$2.99B**, increase of \$81.9M (2.8%) over FY26
- Total of **8.8M RSH** on bus, rail, and Metro Micro service
  - ✓ **Bus:** Maintain NextGen Bus Plan and expand NextGen speed and reliability initiatives
  - ✓ **Rail:** Full year operation of D Line Extension Section I, and opening of D Line Extension Section II
  - ✓ **Enhanced customer experience**
    - Station Experience: Public Restroom, Station Lighting, Elevator Modernizations, and taller faregates
    - Cleaning Initiatives: Cleaning of Buses, End of Line and Mid-line Rail Cars, Transit Centers, Rail Stations and other Facilities
    - Safety: Investment in multi-layered resource deployment and in safety infrastructure projects

CIP Category (\$ in Millions)	FY26 Budget	FY27 Preliminary	\$ Change	% Change	% of Total
1 Bus	\$ 170.3	\$ 186.0	\$ 15.7	9.2%	32.8%
2 Rail	223.5	186.4	(37.0)	-16.6%	32.8%
3 Other Asset Improvements	226.2	195.2	(31.0)	-13.7%	34.4%
4 <b>CIP Total</b>	<b>\$ 619.9</b>	<b>\$ 567.6</b>	<b>\$ (52.3)</b>	<b>-8.4%</b>	<b>100.0%</b>

Note: Totals may not add due to rounding.

- CIP Preliminary Budget: **\$567.6M**
  - ✓ Focus on maintaining, upgrading, and modernizing assets to ensure equipment and peripheral systems provide reliable and high-quality service
- **Program highlights**
  - ✓ *Zero Emissions Buses (ZEB)*: to continue procurement of buses **\$47.1M** & infrastructure **\$71.7M**
  - ✓ *Rail Cars*: Major investment of **\$108.8M** in new vehicles and refurbishment of existing vehicles
  - ✓ *Public Safety*: **\$37.7M** for continued faregate retrofits, intrusion detection, fencing installation, and security technology upgrades
  - ✓ *NextGen*: **\$49.9M** for Bus stops in CIP and other NextGen related programs
  - ✓ *Customer Experience*: **\$15.8M** for systemwide signage, elevator modernization and art refurbishment

Expenditures by Program Type (\$ in Millions)		FY26 Budget	FY27 Preliminary	\$ Change	% Change
1	General Planning & Programs	\$ 257.9	\$ 258.8	\$ 0.9	0.3%
2	Congestion Management	129.6	110.6	(19.1)	-14.7%
3	Oversight & Administration	101.3	101.5	0.3	0.3%
4	<b>Total</b>	<b>\$ 488.9</b>	<b>\$ 471.0</b>	<b>\$ (17.9)</b>	<b>-3.7%</b>

Note: Totals may not add due to rounding.

## General Planning and Programs (GPP)

- Active Transportation, Bike & Other Studies **\$89.5**
- Property Management **\$90.4**
- Financial, Grants Management and Admin **\$48.8**
- Other Planning & Strategic Initiatives **\$30.1**



## Congestion Management (CM)

- Express Lanes **\$39.0**
- Freeway Service Patrol **\$43.5**
- Motorist Services **\$14.6**
- Rideshare Services **\$13.5**



## Oversight and Administration (O&A)

- Recurring Activities **\$62.6**
- Valuing Workforce **\$39.0**

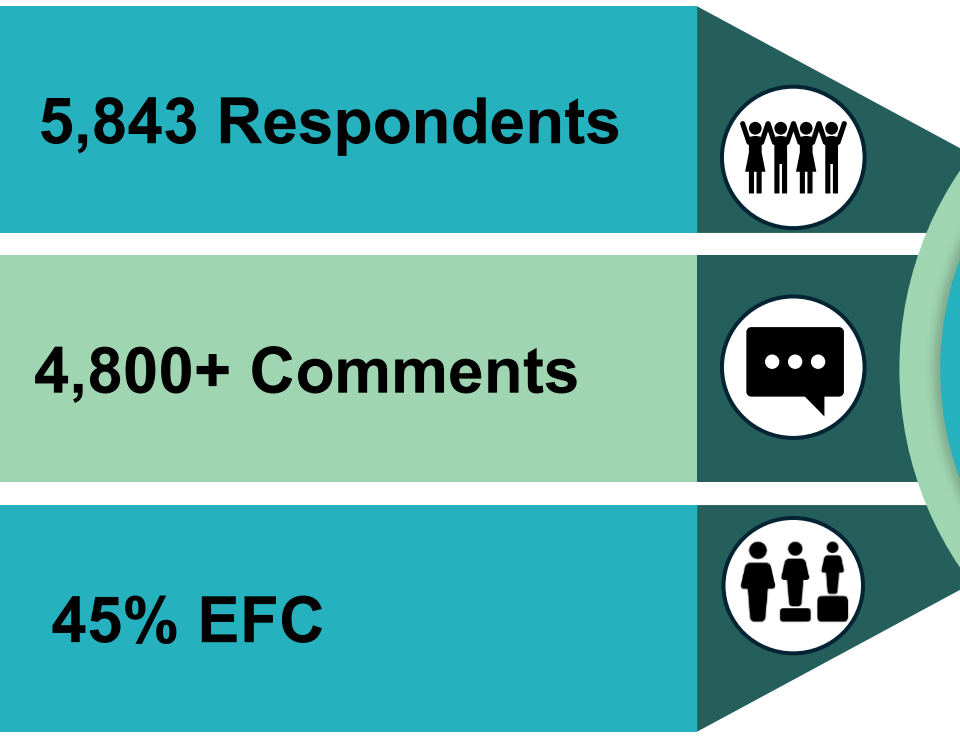


# Combined Activities - Preliminary Results

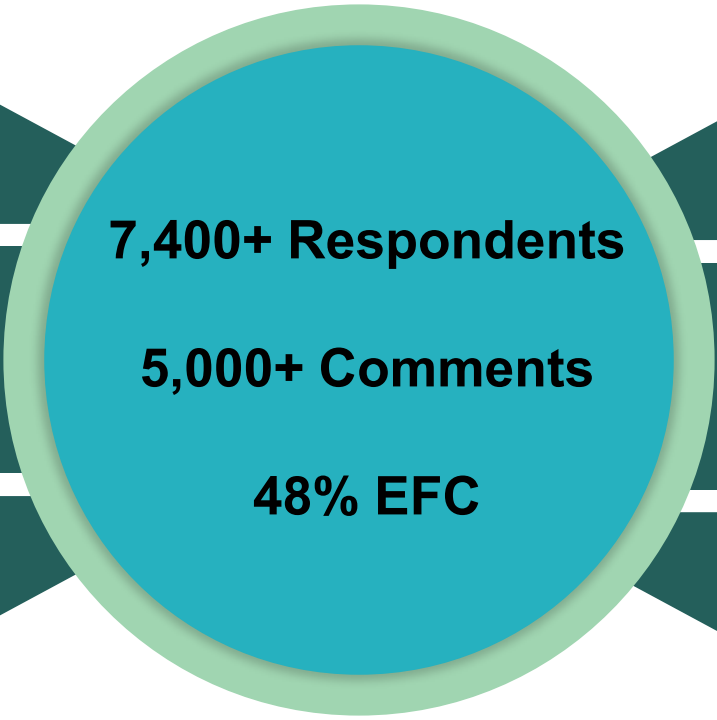
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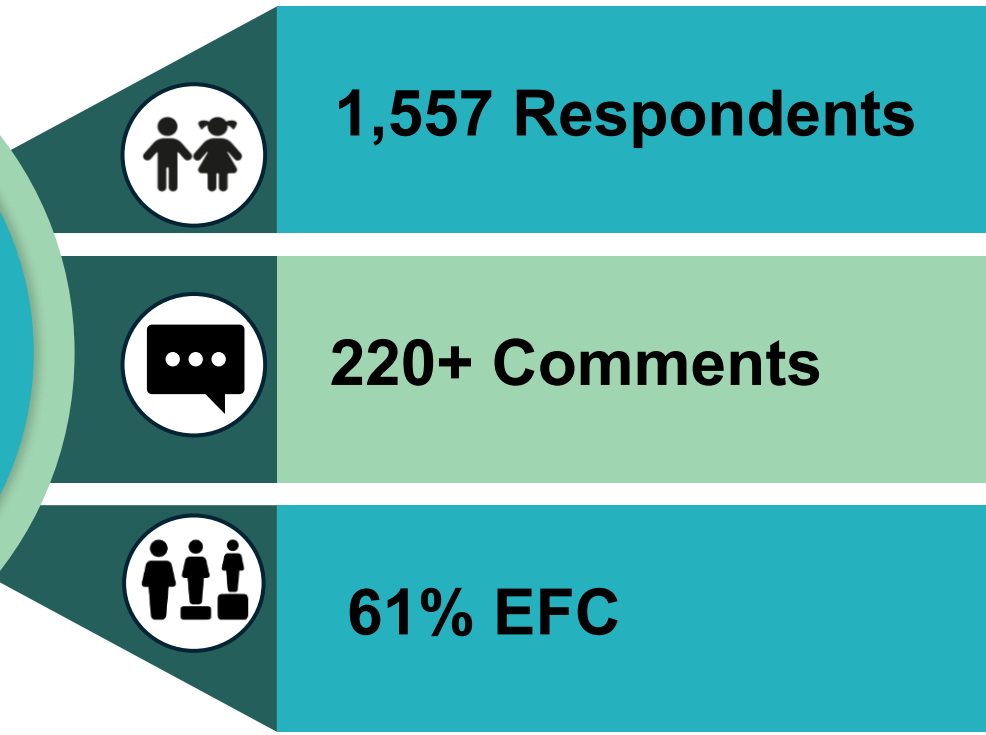
## My Metro Budget Activity



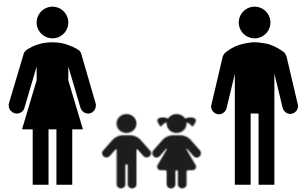
## All Results (Exceeds FY26 outreach)



## My Metro Priorities



\*FY27 collection period: November 2025 - May 2026  
\*Responses to Date (March 30, 2026)



\*FY27 collection period: September 2025 - May 2026  
\*Responses to Date (March 30, 2026)