



**Metro®**

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

**Agenda - Final**

**Thursday, May 15, 2025**

**10:00 AM**

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**Finance, Budget and Audit Committee**

*Tim Sandoval, Chair*

*Lindsey Horvath, Vice Chair*

*Kathryn Barger*

*James Butts*

*Imelda Padilla*

*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.

**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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Upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public for MTA-sponsored meetings and events. All requests for reasonable accommodations must be made at least three working days (72 working hours) in advance of the scheduled meeting date. Please telephone (213) 364-2837 or (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800) 252-9040.

Requests can also be sent to [boardclerk@metro.net](mailto:boardclerk@metro.net).

## 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**

x2 *Español (Spanish)*

x3 *中文 (Chinese)*

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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 May 15, 2025; 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 15 de Mayo de 2025. Puedes unirse a la llamada 5 minutos antes del comienso de la junta.

Marque: 888-978-8818 y ingrese el codigo  
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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

### 18. SUBJECT: FISCAL YEAR 2026 (FY26) PROPOSED BUDGET

[2025-0183](#)

#### RECOMMENDATION

##### CONSIDER:

- A. ADOPTING the proposed FY26 Budget as presented in the budget document (provided in a separate transmittal and posted on [metro.net](https://www.metro.net/about/financebudget/) [<https://www.metro.net/about/financebudget/>](https://www.metro.net/about/financebudget/));
1. AUTHORIZING \$9.4 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals;
  2. AUTHORIZING a total of 11,821 FTEs, of which 9,616 are Represented FTEs and 2,205 are Non-Represented FTEs;
  3. AUTHORIZING an average 4% performance-based merit increase for Non-Represented employees. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is an average 4.0%;
  4. AUTHORIZING a 5% adjustment to current Non-Represented job pay grade levels to reflect best practice. (see Attachment A);
  5. APPROVING the Life of Project (LOP) budgets for new capital projects; new capital projects with LOP exceeding \$5.0 million are presented in Attachment B;
  6. AMENDING the proposed budget to include any Board approved actions currently under consideration from now to the end of the fiscal year (June 30, 2025);
- B. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY26 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will require separate Board approval; and
- C. RECEIVING AND FILING response to Board Motion 25 - Addressing Rider Feedback from Telephone Hall.

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**Attachments:**      [Attachment A - FY26 Compensation Adjustment](#)  
                                 [Attachment B - FY26 New Capital Projects](#)  
                                 [Attachment C - FY26 Reimbursement Resolution](#)  
                                 [Attachment D - FY26 Public Outreach \(Public Comments\)](#)  
                                 [Attachment E - Response to Motion 25: Addressing Rider Feedback](#)  
                                 [Attachment F - Metro EFC Budget Assessment Results Over Time](#)  
                                 [Presentation](#)

**19. SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE SELECTION** [2024-1112](#)

**RECOMMENDATION**

APPROVE the following nominees for the Measure M Independent Taxpayer Oversight Committee (MMITOC):

- A. Jesse Soto, the recommended nominee for area of expertise B, municipal/public finance and/or budgeting professional; and
- B. Michael Moore, the recommended nominee for area of expertise C, transit professional with experience in senior-level decision-making in transit operations and labor practices.

**Attachments:**      [Attachment A - Committee Membership Requirements](#)  
                                 [Attachment B - Selection Panel Guidelines](#)  
                                 [Attachment C - Soto Candidate Bio](#)  
                                 [Attachment D - Moore Candidate Bio](#)  
                                 [Presentation](#)

**20. SUBJECT: MANAGEMENT AUDIT SERVICES FY 2025 THIRD QUARTER REPORT** [2025-0270](#)

**RECOMMENDATION**

RECEIVE AND FILE the Management Audit Services FY 2025 Third Quarter Report.

**Attachments:**      [Attachment A - MAS FY 2025 Third Quarter Report](#)

**SUBJECT: GENERAL PUBLIC COMMENT** [2025-0360](#)

RECEIVE General Public Comment

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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 #: 2025-0183, File Type: Public Hearing

Agenda Number: 18.

**BUDGET PUBLIC HEARING  
FINANCE, BUDGET, AND AUDIT COMMITTEE  
MAY 15, 2025**

**SUBJECT: FISCAL YEAR 2026 (FY26) PROPOSED BUDGET**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the proposed FY26 Budget as presented in the budget document (provided in a separate transmittal and posted on [metro.net <https://www.metro.net/about/financebudget/>](https://www.metro.net/about/financebudget/));
1. AUTHORIZING \$9.4 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals;
  2. AUTHORIZING a total of 11,821 FTEs, of which 9,616 are Represented FTEs and 2,205 are Non-Represented FTEs;
  3. AUTHORIZING an average 4% performance-based merit increase for Non-Represented employees. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is an average 4.0%;
  4. AUTHORIZING a 5% adjustment to current Non-Represented job pay grade levels to reflect best practice. (see Attachment A);
  5. APPROVING the Life of Project (LOP) budgets for new capital projects; new capital projects with LOP exceeding \$5.0 million are presented in Attachment B;
  6. AMENDING the proposed budget to include any Board approved actions currently under consideration from now to the end of the fiscal year (June 30, 2025);
- B. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY26 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will require separate Board approval; and

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C. RECEIVING AND FILING response to Board Motion 25 - Addressing Rider Feedback from Telephone Hall.

**ISSUE**

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

On April 30, 2025, the FY26 Proposed Budget was made available to the public at [www.metro.net](http://www.metro.net) <<http://www.metro.net>>, in printed copies through the Records Management Center (RMC) at [RMC@metro.net](mailto:RMC@metro.net) <<mailto:RMC@metro.net>>, and on the plaza level of the Gateway building. The public hearing is scheduled for May 15, 2025. On April 15, 2025, advanced public notifications of the Budget Public Hearing were issued through advertisements posted in more than ten news publications and in various languages.

**BACKGROUND**

In preparation for the FY26 Budget development process, the Office of Management and Budget (OMB) initiated early engagement by presenting an oral report to the Finance, Budget, and Audit Committee on November 21, 2024. This presentation provided a thorough overview and evaluation of key drivers of Metro Transit cost growth, Transit Infrastructure Development (TID), other programs, revenue assessments, and the forthcoming steps in the budget development process.

Since February 2025, staff have kept the Board, and the public consistently informed on the progress of the FY26 Budget development through an extensive public outreach campaign that was launched in October 2024 with the introduction of the My Metro Budget Activity Tool & Dashboard. Additionally, a Budget Telephone Town Hall was convened on Tuesday, February 4, 2025, to gather public input for incorporation into the budget development process.

Continuing transparency regarding the proposed allocation of public transportation funds, staff has conducted a series of briefings and discussions with Board Staff and key stakeholder groups, including:

- Community Advisory Council
- Regional Service Councils
- Technical Advisory Committee
- Policy Advisory Committee, and

- Accessibility Advisory Committee

For further details, please refer to Attachment D, which provides the Early, Expanded, and Improved Public Outreach Report.

This represents the final series of monthly updates to the Board on the FY26 Budget development process, culminating with the FY26 Budget recommendation for Board Adoption. This report concludes the framework for the annual budget development, with the primary objective of advancing Metro's transit and transportation goals in a fiscally responsible manner, while embedding an equity-centered approach throughout the process led by the Office of Equity and Race (OER).

## **DISCUSSION**

### **Metro's Commitment to Equity and Fiscal Responsibility**

Metro has fostered a culture grounded in equity, fiscal responsibility, and cost containment. As we progress, Metro staff will steadfastly adhere to robust financial planning principles, ensuring the effective execution of both transit capital investments and operational strategies.

### **The Equitable Zero-Based Budget (EZBB) Process**

The Equitable Zero-Based Budget (EZBB) process remains a cornerstone of this year's annual budget development, serving as a pivotal cost control mechanism while embedding an equity-focused framework to create a fiscally responsible budget. This methodology promotes cross-departmental collaboration, ensuring that all Board approved initiatives are harmonized with the Agency's strategic priorities.

### **Public Input and Alignment**

By integrating feedback obtained through Metro's expanded public outreach efforts, each department is empowered to allocate resources in alignment with Metro's mission, core objectives, and strategic imperatives ensuring that the final budget reflects a shared vision shaped by meaningful public input. Key investments continue to elevate the customer experience-improving station conditions, safety, and cleanliness-while reaffirming Metro's commitment to keeping transit accessible and affordable for all. Investments include:

- Lighting Retrofit
- Elevator/Escalators
- Mobile ADA Accessible Restrooms
- Tap-To-Exit/Taller Faregates Pilot

Weapons Detection Phase 2 Pilot Metro is focused on putting people first - redefining how we serve our communities through care, connection, and accessibility. That vision is taking shape through a care-based safety and security approach grounded in community values. In FY26, Metro will expand

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its safety presence by adding 46 Transit Security Officers (TSOs) for the A and D Line extensions, enhanced homeless outreach, and continuing the development of the new the Transit Community Public Safety Department (TCPSP), beginning with key leadership and the foundation for sworn officer recruitment. The proposed FY26 budget does not reflect any expansion of the Ambassador Program at this time, as staff is currently in negotiations with our union partners on the collective bargaining agreement. Upon successful completion of these negotiations, staff will return to the Board to present the finalized agreement, associated costs, and a proposal to expand the program to support staffing needs over the next year.

### **Capital Development and Infrastructure Growth**

Alongside this, Metro is entering a major growth phase in capital development, led by ordinance projects and a significant expansion of the Transit Infrastructure Development (TID) program. These efforts reflect our ongoing commitment to building a safe, inclusive, and world-class transit system for the region.

### **FY26 Proposed Budget Overview**

The proposed budget for FY26, totaling \$9.4 billion, is both balanced and strategically oriented. The budget is crafted to sustain the ongoing expansion of the system, elevate the customer experience through enhancements in safety and cleanliness, and preserve assets in a state of good repair. Furthermore, this budget strengthens Metro's core business operations, encompassing planning, operations, and construction, thereby ensuring the organization is well-positioned to meet the evolving needs of its community while advancing its long-term goals.

### **Risks and Uncertainties**

While the FY26 budget is presented as balanced, there are risks and uncertainties as we look ahead to the coming years.

Metro remains committed to mitigating the key drivers contributing to rising costs, while closely monitoring risks and uncertainties which may affect the Agency in the near-term. These challenges include potential fluctuations in federal funding, the impact of tariffs on procurement pricing, and persistent inflationary pressures. In addition, internal financial considerations such as the expansion of the rail system, rising capital costs, and preparations for the mega events continue to exert pressure on the Agency's fiscal outlook.

### **FY26 Budget Summary & Proposed Budget can be accessed at:**

[<https://budget.metro.net/budget-book.html>](https://budget.metro.net/budget-book.html)

### **Resources Summary**

The FY26 Proposed Budget ensures that resources are available to meet the planned Metro program and project delivery schedules for the upcoming fiscal year. Revenue projections are informed by the following socio-economic factors:

- Uncertainty surrounding tariffs and inflation, impacting overall economic stability
- Rising insurance and housing costs, which constrain consumer spending on taxable goods
- Slowing economic growth projections for FY26
- Insights from leading regional economic forecasting sources

The total FY26 Proposed Budget planned resources are \$9.4 billion, which are a 2.0% increase from the FY25 Budget. The 7.4% projected decrease in sales tax revenues is due to the lower than budgeted FY25 year to date actual receipts, reflecting a slowdown in consumer spending.

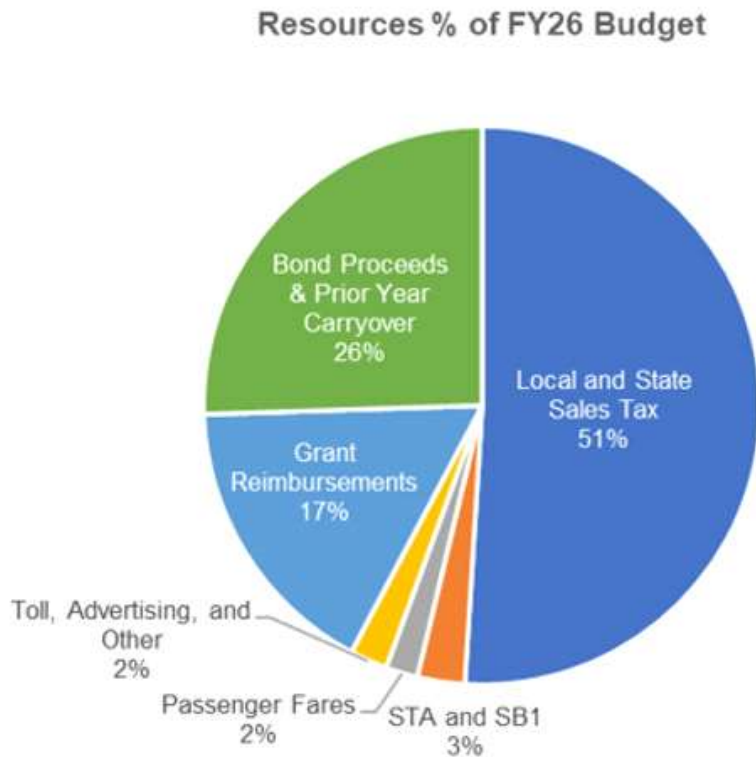
Figure 1

	Resources (\$ in millions)	FY25 Budget	FY26 Proposed	\$ Change	% Change
1	Local and State Sales Tax	\$ 5,202.0	\$ 4,815.0	\$ (386.9)	-7.4%
2	STA and SB1	279.6	260.2	(19.5)	-7.0%
3	<b>Sales Tax and STA/SB1 Revenues Subtotal</b>	<b>\$ 5,481.6</b>	<b>\$ 5,075.2</b>	<b>\$ (406.4)</b>	<b>-7.4%</b>
4	Passenger Fares	174.6	174.7	0.2	0.1%
5	Toll, Advertising, and Other	196.9	205.5	8.6	4.3%
6	<b>Operating &amp; Other Revenues Subtotal</b>	<b>\$ 371.5</b>	<b>\$ 380.2</b>	<b>\$ 8.7</b>	<b>2.3%</b>
7	Grant Reimbursements	1,440.0	1,578.4	138.4	9.6%
8	Bond Proceeds & Prior Year Carryover <sup>(1)</sup>	1,967.7	2,408.0	440.3	22.4%
9	<b>Capital &amp; Bond Resources Subtotal</b>	<b>\$ 3,407.7</b>	<b>\$ 3,986.4</b>	<b>\$ 578.6</b>	<b>17.0%</b>
10	<b>Resources Total</b>	<b>\$ 9,260.8</b>	<b>\$ 9,441.8</b>	<b>\$ 181.0</b>	<b>2.0%</b>

Note: Totals may not add up due to rounding.

<sup>(1)</sup> Represents use of Bond Proceeds and sales tax revenues received and unspent in prior years.

Figure 2



### **Expenditure Summary**

The proposed budget of \$9.4 billion is strategically aligned with the Board's priorities, reflecting the public's feedback on enhancing customer experience and service quality. It emphasizes the provision of reliable daily service and public safety, all through an equity lens. This budget also supports the ongoing expansion of Metro's Transit Infrastructure and addresses the evolving countywide mobility needs. Each program, function, and department's budget has been carefully developed to align with the current economic realities while reflecting the progress made on various projects.

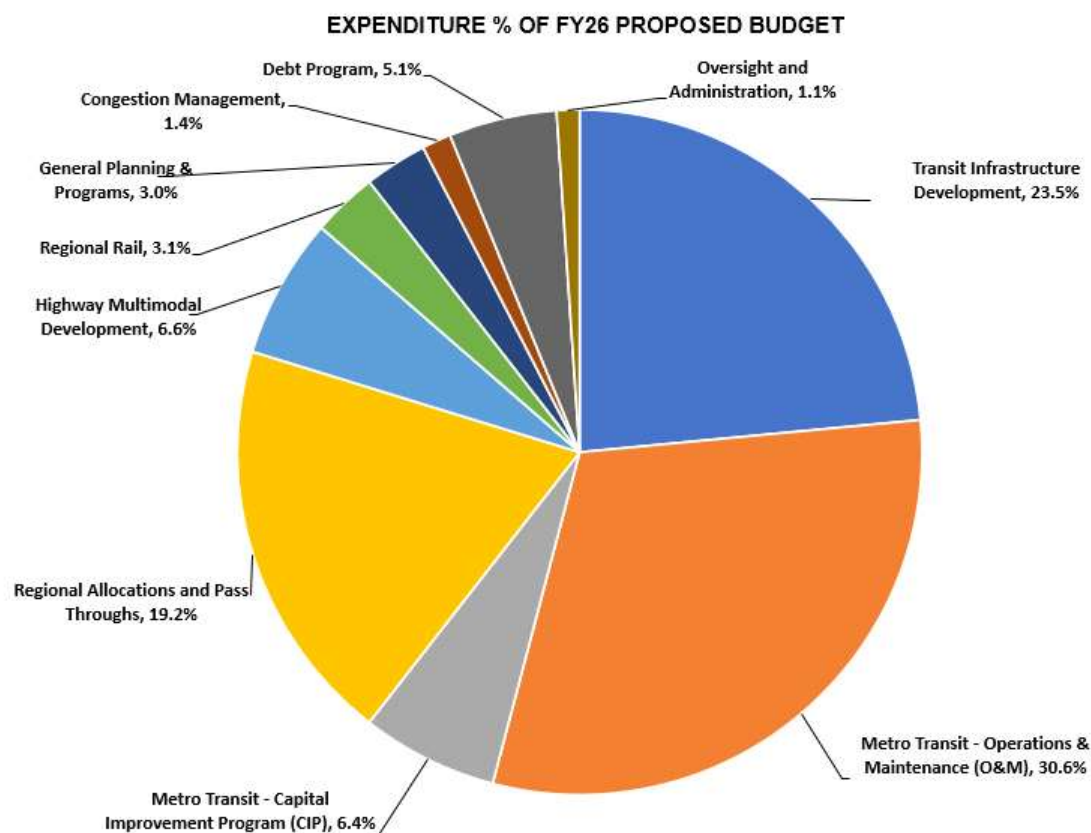
The table below illustrates the expenditures by program type in the FY26 Proposed Budget, providing a detailed breakdown of the allocation of funds across various sectors.

Figure 3

Expenditures by Type (\$ in millions)		FY25 Budget	FY26 Proposed	\$ Change	% Change
1	Transit Infrastructure Development	\$ 1,968.9	\$ 2,218.3	\$ 249.4	12.7%
2	Metro Transit - Operations & Maintenance (O&M)	2,725.0	2,888.8	163.8	6.0%
3	Metro Transit - Capital Improvement Program (CIP)	578.4	608.8	30.4	5.3%
4	Regional Allocations and Pass Throughs	2,078.0	1,813.6	(264.4)	-12.7%
6	Highway Multimodal Development	681.8	626.7	(55.1)	-8.1%
7	Regional Rail	256.3	292.2	35.8	14.0%
8	General Planning & Programs	259.5	280.0	20.5	7.9%
9	Congestion Management	124.5	129.9	5.3	4.3%
11	Debt Program	498.3	481.8	(16.5)	-3.3%
12	Oversight and Administration	90.2	101.7	11.6	12.8%
13	<b>Grand Total</b>	<b>\$ 9,260.8</b>	<b>\$ 9,441.8</b>	<b>\$ 181.0</b>	<b>2.0%</b>

Note: Totals may not add up because of rounding.

Figure 4



### **Full-Time Equivalent (FTE) Summary**

The FY26 Proposed Budget includes 11,821 FTEs, an increase of 400 FTEs from FY25. FTE additions include 182 Non-Represented (67 are mostly cost-neutral by shifting from temporary to permanent) and 218 Represented (net of Metro Micro transition).

Non-Represented FTEs for FY26 total 2,205; which includes an additional 182 new positions (67 are mostly cost neutral), to serve the following areas:

- Enhance the Transit Rider Experience
- Mega Project Resource Model
- Valuing the Workforce
- Transit Expansion - A and D Line
- Administration, Financial Sustainability, and Legal Compliance
- Operational Efficiencies
- Capital Project Support
- Complete Streets and Highway

*Figure 5*

Agencywide FTEs: Non-Represented	Enhance Transit Rider Experience	Mega Project Resource Model	Transit Expansion A & D Line	Admin, Financial, and Legal Compliance	Operational Efficiencies	Capital Project Support	Complete Streets & Highway	New Positions	Cost Neutral	FY26 New Additions
1 Chief Executive Office				2		1		3	2	5
2 Chief Of Staff	11					1		12	1	13
3 Chief People Office	2		4		2			8	20	28
4 Chief Safety Office	2		1	1				4	1	5
5 Countywide Planning & Development	3	2		6		4	2	17	1	18
6 Customer Experience Office	16		4	1				21	8	29
7 Office Of Strategic Innovation	1			1				2		2
8 Operations	2		6			2		10		10
9 Program Management		17						17	27	44
10 Strategic Financial Management	2		3	5	11			21	7	28
11 <b>Grand Total</b>	<b>39</b>	<b>19</b>	<b>18</b>	<b>16</b>	<b>13</b>	<b>8</b>	<b>2</b>	<b>115</b>	<b>67</b>	<b>182</b>

Represented FTEs for FY26 total 9,616; which includes 218 new positions (net of Metro Micro transition) for the following:

- Transit Expansion for the A and D Line: cleaning, maintenance, public safety and technology support.
- Increased Operational Needs: System, Station and End of Line Cleaning; Maintenance of Way training; Bus and Rail Fleet Reliability; Paint and Repair of Non-Revenue Fleet and Rail Body; and Zero Emission Bus Fleet oversight.
- Technical Support for Public Safety, inventory management to support agency growth, Employment Processing Center, and Customer Information.

Figure 6

Agencywide FTEs: Represented	Transit Expansion (A & D Line)	Operations Additional Needs	Support Agency Growth	Metro Micro Transition	New Positions
1 Chief People Office	1		8		9
2 Chief Safety Office	46				46
3 Customer Experience Office			1		1
4 Operations	223	120		-191	152
5 Strategic Financial Management	7		3		10
6 <b>Grand Total</b>	<b>277</b>	<b>120</b>	<b>12</b>	<b>-191</b>	<b>218</b>

### **Labor Summary**

The FY26 Proposed Budget includes contract wage increases of an average of 4.0% according to the pre-negotiated Collective Bargaining Agreements (CBAs) with the represented union groups AFSCME, ATU, SMART, TCU, and Teamsters. An average 4.0% performance increase is included for non-represented employees which will be distributed on a merit-based system.

Health and welfare benefits for represented employees are determined by their respective CBAs. Non-represented employees receive medical and dental benefits at the carrier contract rates previously approved by the Board.

Non-Represented pay grade levels were last updated by 2.5% in January 2024. To remain competitive with the external market, the Chief People Office will adjust the current compensation pay grade levels by 5.0%. There will be a minimal impact of \$136,000 to the budget and current employees' salaries. Please refer to Attachment A for more details.

### **Budget Amendments through June 30, 2025**

The proposed budget shall include any Board approved actions currently under consideration, from now to the end of the fiscal year (June 30, 2025).

### **Life of Project (LOP) Budgets**

The Board must approve new capital projects with LOP budgets exceeding \$5.0 million as separate Board actions.

Attachment B includes a detailed listing of new capital projects for FY26 with LOP budgets over \$5.0 million. These new capital projects in the FY26 Proposed Budget include: Metro A Line (Blue) North and E Line (Expo) East Communication Transmission System (CTS); FY26 Non-Revenue Vehicle Equipment Replacement; Metro B (Red) and D Line (Purple) to NOHO CTS Replacement; Advanced Transportation Management System II (ATMS) System Integration; A650 Door and Heating, Ventilation & Air Conditioning (HVAC) Overhaul; FY26 Non-Revenue Vehicle Equipment Expansion; Metro D Line (Purple) Track & Tunnel Intrusion Detection (TTID); High Security Fencing and Installation; Union Station Fencing; Payroll Cloud Integration; Rail Fleet Services (RFS) Wheel Measurement Machine; Logistics Equipment Replacement Phase 2; Union Station Gateway (USG)

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Plaza and East Portal Floor; Metro Operations Downtown Hub; Tap Plus (Capital); Non-Revenue Fleet Electric Vehicle (EV) Charging; LA Union Station Americans With Disabilities Act (ADA) West; LA Union Station Plumbing Infrastructure Phase 3; LA Union Station Parking Equipment; and LA Union Station Stationwide HVAC Upgrades.

### **Reimbursement Resolution**

Per Federal tax law, bond proceeds can only be used for capital expenditures incurred after the issuance of bonds. Metro must pass a resolution indicating the intent to issue bonds at a later date in order to reimburse expenditures incurred prior to the bond issuance. See Attachment C for Reimbursement Resolution.

### **Debt Program**

Debt financing is a cash management and budget tool Metro uses to help deliver projects. Debt issuance is authorized by applicable state and federal legislation and the local sales tax ordinances. The Board-adopted Debt Policy establishes prudent guidelines for the issuance and management of debt following industry best practices and ordinance-specific affordability limits.

Debt is not an additional source of revenue. It must be paid back with interest using existing and predetermined funding sources, in most cases, local sales tax revenues. However, it is a way to spread out the impact of large spikes in capital costs over multiple years. For this reason, most of Metro's large projects have been utilized or are expected to use debt financing to facilitate project delivery.

As of July 1, 2025, Metro has approximately \$4,542.9 million in outstanding long-term debt. The annual debt service cost in FY26 is estimated at \$477.7 million, a decrease of 3.2% over the FY25 Budget of \$493.8 million, according to the debt service schedule. In FY26, it is anticipated that the I-105 Express Lanes will utilize TIFIA loan proceeds and other projects such as Westside D Line (Purple) Sections 3, Gold Line Foothill Extension, E Line Eastside Light Rail Phase 2, East San Fernando Transit Corridor, Southeast Gateway Line, Metro G Line Bus Rapid Transit (BRT) Improvements, and various other projects will utilize bond proceeds from the issued debt.

### **Motion 25: Addressing Rider feedback from Telephone Town Hall**

On February 4, 2025, Metro hosted a live Telephone Town Hall (TTH) to gather input from LA County residents on the annual budget. This TTH serves as a forum for gathering public feedback on cleanliness, bus and rail service, and riders' overall transit experience. The feedback highlighted interest in enhanced lighting for safety, increased cleaning frequency of buses and trains, and better promotion of Small Business Enterprise and Disadvantaged Business Enterprise (SBE/DBE) opportunities, and more. Metro continues to focus efforts in these areas and assures riders and stakeholders that their feedback is valued and shapes the agency's goals and budget.

On February 20, 2025, the Board approved Motion 25, directing Metro to report back in 90 days on how the community feedback is being addressed. Metro's detailed response outlining these actions, promotional efforts, and planned improvements is provided in Attachment E.

### **DETERMINATION OF SAFETY IMPACT**

This recommendation will not have an impact on safety standards at Metro.

## **FINANCIAL IMPACT**

The FY26 Proposed Budget (provided in a separate submittal) totals \$9.4 billion and is balanced. This proposed budget underscores Metro's steadfast commitment to fulfilling its capital and operational obligations—an essential factor in securing subsidies from both federal and state governments. Moreover, it ensures the effective administration of regional transportation funding to local cities and municipal operators.

## **EQUITY PLATFORM**

Metro's commitment to equity is embedded in the FY26 Budget development process through the continued application of Equity Zero-Based Budgeting (EZBB) and equity assessments to understand and quantify potential impacts on marginalized communities and highlight budget requests that advance equitable outcomes. Staff used the Equity Focus Communities (EFC) Budget Assessment and the Budget Equity Principles Next Step Equity Initiatives Pilot for the FY26 Budget; staff did not apply the Metro Budget Equity Assessment Tool (MBEAT). The Offices of Equity and Race (OER) and Management and Budget (OMB) are working with consultants to complete an Agencywide Budget Equity Assessment (ABEA) to identify opportunities for improvement to the MBEAT and budget equity approach overall. Recommendations from ABEA will be available later this summer and implemented in the FY27 and FY28 Budget development processes.

Per Board Direction, the EFC Budget Assessment was introduced in 2022 for the FY23 Approved Budget. It is a geographic equity analysis to identify the extent that Metro's budget invests in EFCs, areas in very high and high need of mobility investment, which comprise approximately 40% of Los Angeles County's population. The FY23 Approved Budget established a baseline of 67.3% EFC Benefits. The FY26 Proposed Budget exceeds this baseline by 11.9 percentage points, increasing EFC Benefits to 79.2% of the budget. This represents roughly \$3.1 billion in targeted and \$4.8 billion in indirect benefits. Year-over-year fluctuations in Benefits to EFCs in the table below can be attributed to an evolving understanding of how to quantify expenses and major transit projects being developed or coming online. OER and OMB are working on continued improvements to staff training to ensure consistent application over time. See Attachment F for more details on the EFC Budget Assessment, including the results of the EFC Budget Assessment for the FY24 Actuals, completed in December 2024.

*Figure 7*

<b>EFC Benefits</b>	<b>FY23 Baseline</b>	<b>FY24 Proposed</b>	<b>FY25 Proposed</b>	<b>FY26 Proposed</b>	<b>% Change FY23 vs. FY26</b>
Targeted	26.1%	29.6%	28.1%	30.9%	+4.8%
Indirect	41.2%	45.6%	45.5%	48.4%	+7.2%
<b>Total</b>	<b>67.3%</b>	<b>75.2%</b>	<b>73.6%</b>	<b>79.2%</b>	<b>+11.9%</b>

Staff also aligned their FY26 department budgets towards Metro's Budget Equity Principles, using the Next Step Equity Initiatives Pilot, in support of Metro's Equity Platform. The Pilot was part of the ABEA and sought to engage Metro's Senior Leadership Team (SLT) in identifying the initiatives that are moving the needle the most on equity at Metro in FY26. All SLT members and their staff established measurable outcomes and identified a point person for each initiative. OER will meet with departments regularly in FY26 to check in on the progress of the initiatives. Highlights from the Pilot are included in Attachment F and summarized on Page 6 of the FY26 Proposed Budget Book.

### **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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through investment activities that will improve/benefit and further encourage transit ridership, ridesharing, and active transportation. Although projects and programs in this budget have mixed outcomes, taken as a whole, most of the investments described in this report will likely decrease VMT in LA County. Within the suite of projects funded in this budget, Metro seeks to reduce single-occupancy vehicle trips, provide a safe transportation system, and increase accessibility to destinations via transit, cycling, walking, and carpooling. Some of the projects funded include items that will ease congestion for cars and trucks, or expand vehicle capacity, resulting in the possibility of increased VMT. However, the investments Metro is making into programs such as rail, bus, active transportation and shared mobility will result in an overall decrease in VMT. 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.

### **ALTERNATIVES CONSIDERED**

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

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## **NEXT STEPS**

Upon Board authorization and adoption of the FY26 Proposed Budget, Metro will make funds available for the planned transit and transportation programs outlined in the proposed budget document and program funding to regional transit/transportation partnering agencies, cities, and recipients.

Staff will closely monitor the financial situation and provide regular performance updates to the Board.

## **ATTACHMENTS**

FY26 Budget Summary & Proposed Budget can be accessed at:

[<https://budget.metro.net/budget-book.html>](https://budget.metro.net/budget-book.html)

Attachment A - FY26 Compensation Adjustment

Attachment B - FY26 New Capital Projects

Attachment C - FY26 Reimbursement Resolution

Attachment D - FY26 Public Outreach (Public Comments)

Attachment E - Response to Motion 25: Addressing Rider Feedback from Telephone Town Hall

Attachment F - Metro EFC Budget Assessment Results Over Time

Prepared by:

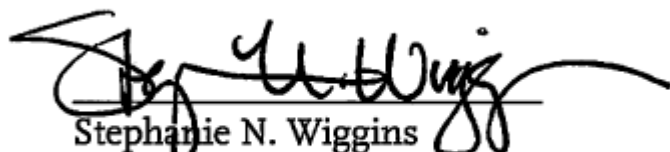
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Chief Executive Officer

## ATTACHMENT A

### Compensation Adjustment

Effective July 1, 2025, the Chief People Office will be adjusting the current non-represented compensation pay grade levels by 5.0%. Below are the new FY26 pay grades:

FY26 HOURLY RATES			
Pay Grade	Minimum (Hourly)	Midpoint (Hourly)	Maximum (Hourly)
HFF	\$ 184.86	\$ 231.21	\$ 277.57
HEE	\$ 147.89	\$ 184.85	\$ 221.82
HDD	\$ 118.09	\$ 147.89	\$ 177.69
HC2	\$ 107.61	\$ 134.65	\$ 161.69
HC1	\$ 97.13	\$ 121.40	\$ 145.68
HBB	\$ 84.42	\$ 105.40	\$ 126.37
HAA	\$ 75.27	\$ 94.36	\$ 113.45
H1Q	\$ 67.86	\$ 84.81	\$ 101.77
H1P	\$ 61.08	\$ 76.34	\$ 91.60
H1O	\$ 55.20	\$ 69.01	\$ 82.80
H1N	\$ 50.12	\$ 62.64	\$ 75.18
H1M	\$ 45.70	\$ 57.11	\$ 68.52
H1L	\$ 41.83	\$ 52.29	\$ 62.74
H1K	\$ 38.46	\$ 48.08	\$ 57.69
H1J	\$ 35.60	\$ 44.49	\$ 53.40
H1I	\$ 33.05	\$ 41.31	\$ 49.56
H1H	\$ 30.83	\$ 38.51	\$ 46.22
H1G	\$ 27.96	\$ 34.94	\$ 41.93
H1F	\$ 25.41	\$ 31.76	\$ 38.13
H1E	\$ 23.22	\$ 29.01	\$ 34.82
H1D	\$ 21.33	\$ 26.64	\$ 31.96
H1C	\$ 19.69	\$ 24.60	\$ 29.53
H1B	\$ 18.20	\$ 22.75	\$ 27.30
H1A	\$ 16.96	\$ 21.21	\$ 25.46

FY26 ANNUAL RATES			
Pay Grade	Minimum (Annual)	Midpoint (Annual)	Maximum (Annual)
HFF	\$384,508.80	\$480,916.80	\$577,345.60
HEE	\$307,611.20	\$384,488.00	\$461,385.60
HDD	\$245,627.20	\$307,611.20	\$369,595.20
HC2	\$223,828.80	\$280,072.00	\$336,315.20
HC1	\$202,030.40	\$252,512.00	\$303,014.40
HBB	\$175,593.60	\$219,232.00	\$262,849.60
HAA	\$156,561.60	\$196,268.80	\$235,976.00
H1Q	\$141,148.80	\$176,404.80	\$211,681.60
H1P	\$127,046.40	\$158,787.20	\$190,528.00
H1O	\$114,816.00	\$143,540.80	\$172,224.00
H1N	\$104,249.60	\$130,291.20	\$156,374.40
H1M	\$ 95,056.00	\$118,788.80	\$142,521.60
H1L	\$ 87,006.40	\$108,763.20	\$130,499.20
H1K	\$ 79,996.80	\$100,006.40	\$119,995.20
H1J	\$ 74,048.00	\$ 92,539.20	\$111,072.00
H1I	\$ 68,744.00	\$ 85,924.80	\$103,084.80
H1H	\$ 64,126.40	\$ 80,100.80	\$ 96,137.60
H1G	\$ 58,156.80	\$ 72,675.20	\$ 87,214.40
H1F	\$ 52,852.80	\$ 66,060.80	\$ 79,310.40
H1E	\$ 48,297.60	\$ 60,340.80	\$ 72,425.60
H1D	\$ 44,366.40	\$ 55,411.20	\$ 66,476.80
H1C	\$ 40,955.20	\$ 51,168.00	\$ 61,422.40
H1B	\$ 37,856.00	\$ 47,320.00	\$ 56,784.00
H1A	\$ 35,276.80	\$ 44,116.80	\$ 52,956.80

## **FY26 New Capital Projects**

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## FY26 New Capital Projects

### Capital Improvement Program (CIP)

1	<b>PROJECT: Metro A Line (Blue) North and E Line (Expo) East CTS</b>
	PROJECT OWNER: Operations - Rail – Wayside Systems
	LOP: \$75,000,000 <span style="float: right;">Budget Request: \$50,000</span>
	SCOPE: Installing 40 miles of new fiber cables & associated communication equipment on A Line North (7th/Metro - Sierra Madre Station) & E Line (East Extension).
	JUSTIFICATION: Existing fiber cables are about 30 years old and are not reliable. In addition, they have limited network capacity and are not able to accommodate future high bandwidth systems such as new CCTV systems and planned security improvements.
	ELIGIBLE FUNDING SOURCE: PA 35% Cash or Bond proceeds
2	<b>PROJECT: FY26 Non-Revenue Vehicle Equipment Replacement</b>
	PROJECT OWNER: Operations - Bus – Non-Revenue Vehicles
	LOP: \$74,677,910 <span style="float: right;">Budget Request: \$2,826,702</span>
	SCOPE: This project is for the replacement of Non-Revenue Vehicles and Equipment scheduled for FY26 for Logistics, Bus Maintenance, Maintenance of Way, Rail Fleet Services, Facilities Maintenance and various other departments.
	JUSTIFICATION: Metro owns and operates a fleet of over 2,400 vehicles and pieces of equipment that are used to support the Metro mission of Planning, Designing, Constructing, Administering, and Operating Los Angeles County's largest transportation system. The vehicles identified for replacement have exceeded their useful life in age, mileage or are in poor operating condition, and are now scheduled for retirement. Replacement will decrease the cost of repair and downtime, improve street safety, and positively impact operational effectiveness by ensuring Metro's ability to respond quickly to repair/service activities.
	ELIGIBLE FUNDING SOURCE: TDA Art 4

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|---|---|
| 3 | <b>PROJECT: Metro B (Red) and D Line (Purple) to NOHO CTS Replacement</b>   |
|   | PROJECT OWNER: Operations - Rail – Wayside Systems  |
|   | LOP: \$64,500,000 Budget Request: \$50,000  |
|   | SCOPE: Installing six miles of new fiber cables & fiber network equipment at 16 communication rooms in B & D lines stations.  |
|   | JUSTIFICATION: Existing fiber cables are about 30 years old and are not reliable. In addition, they have limited network capacity and are not able to accommodate future high bandwidth systems such as new CCTV systems and security improvements. |
|   | ELIGIBLE FUNDING SOURCE: PA 35% Cash or Bond proceed  |
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| 4 | <b>PROJECT: Advanced Transportation Management System II (ATMS) System Integration</b>  |
|   | PROJECT OWNER: Operations – OAI - Sys – Technology  |
|   | LOP: \$50,000,000 Budget Request: \$2,000,000   |
|   | SCOPE: This contract will provide system integration and oversight of the ATMS II Implementation. The entire bus and rail fleet will be upgraded with a new Computer-Aided Dispatch/Automatic Vehicle Location (CAD/AVL) solution. The new system will integrate with 5 different software packages and related hardware. |
|   | JUSTIFICATION: The existing CAD/AVL system is 20 years old and the outdated technology does not integrate with modern equipment or software. The integration systems are pivotal to ensuring a seamless data interface across Metro's existing hardware and software platforms.   |
|   | ELIGIBLE FUNDING SOURCE: PC 40%   |
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|---|---|
| 5 | <b>PROJECT: A650 Door and HVAC Overhaul</b>   |
|   | PROJECT OWNER: Operations – Rail – Fleet Maintenance  |
|   | LOP: \$22,823,547 Budget Request: \$400,000   |
|   | SCOPE: Overhaul the A650 heavy rail vehicle systems impacting vehicle availability and passengers' comfort. Equipment includes doors and Heating Ventilation & Air Conditioning mini overhaul.                                |
|   | JUSTIFICATION: Upcoming events including the 2028 Olympics require additional service vehicles to accommodate increased passengers loads. Maintaining the equipment in a state of good repair now will ensure future success. |
|   | ELIGIBLE FUNDING SOURCE: PA 35% Cash or Bond proceeds   |

6	<b>PROJECT: FY26 Non-Revenue Vehicle Equipment Expansion</b>	
	<b>PROJECT OWNER: Operations – Bus – Non-Revenue Vehicles</b>	
	<b>LOP: \$13,454,463</b>	<b>Budget Request: \$389,120</b>
	<b>SCOPE:</b> This project is for the expansion of Non-Revenue Vehicles and Equipment scheduled for FY26. This project includes vehicles and equipment for Metro Bus and Rail Operations.	
	<b>JUSTIFICATION:</b> Additional Non-Revenue Vehicles and Equipment are required to support the expanding activities of Maintenance of Way (MOW), System Security and Law Enforcement (SSLE), and Rail Facilities Maintenance. MOW provides support, maintenance and emergency response for Metro's Rail System. The vehicles and equipment identified are for expansion due to planned Metro Rail expansion project openings and personnel who support these lines. SSLE ensures the safety and security of Metro employees, customers, and properties. This project will fulfill the need to have additional vehicles for emergency responses on the expanding system. Rail Facilities Maintenance must expand its equipment and vehicle fleet size to meet the demand for maintaining cleanliness and safety of the Metro system.	
	The Non-Revenue Vehicles and Equipment will support PLE1, PLE2, Foothill 2B, MCP, and AMC.	
7	<b>PROJECT: Metro D Line (Purple) Track &amp; Tunnel Intrusion Detection (TTID)</b>	
	<b>PROJECT OWNER: Operations – Rail – Wayside Systems</b>	
	<b>LOP: \$20,000,000</b>	<b>Budget Request: \$50,000</b>
	<b>SCOPE:</b> Installation of TTID on Metro D Line (Purple) Segments 2B and 3. A TTID system is a warning system for train operators to avoid unnecessary accidents.	
	<b>JUSTIFICATION:</b> There are many tunnel intrusion incidents that occur in D Line tunnels. These incidents cause interruptions of train operations, creating schedule delays. In addition, it is a critical safety issue, because unauthorized persons entering rail right of way can cause major accidents that could result in injury or fatality.	
	<b>ELIGIBLE FUNDING SOURCE:</b> PA 35% Cash or Bond proceed	

8	<b>PROJECT: High Security Fencing and Installation</b>	
	<b>PROJECT OWNER: SSLE – Bus – Facilities Improvements</b>	
	<b>LOP: \$20,000,000</b>	<b>Budget Request: \$4,500,000</b>
	<p><b>SCOPE:</b> Installation of high-security fencing around facilities that are critically unsecured, including maintenance yards, divisions, and storage facilities. The fencing built from durable, tamper-resistant materials will feature anti-climb technology to further secure these areas. The scope also includes regular maintenance and inspections to ensure the integrity and effectiveness of the fencing over time. High priority locations include Traction Power Substations, crossing signal cabinets, various Metro operating divisions and right-of-way.</p>	
	<p><b>JUSTIFICATION:</b> Metro facilities and critical infrastructure fencing are breached on an almost daily basis, making the agency, its assets and its people susceptible to violence, vandalism and theft. Implementing high-security fencing is crucial for protecting some of Metro's most valuable material assets. High-security fencing prevents cutting and climbing of the material. By preventing unauthorized access and securing vital infrastructure, this project plays a key role in ensuring facilities remain uncompromised and sustain operations. The enhanced protection provided by these barriers is vital to maintaining a secure environment for both personnel and assets.</p>	
	<b>ELIGIBLE FUNDING SOURCE: TDA Art 4</b>	

9	<b>PROJECT: Union Station Fencing</b>	
	<b>PROJECT OWNER: SSLE – Rail – Wayside Systems</b>	
	<b>LOP: \$ 6,465,838</b>	<b>Budget Request: \$ 4,561,000</b>
	<p><b>SCOPE:</b> SSLE is requesting approximately 1,203 linear feet of perimeter fencing and gates, 42 impact rated bollards and blast resistant film for Union Station. The funds will support the planning and equipment purchases of the fencing, gates, bollards and blast film, and will support the funding priority of Enhancing the Protection of Soft Targets and Crowded Places. These amounts are considered reasonable amounts per recent quotes from various market sources.</p>	
	<p><b>JUSTIFICATION:</b> Union Station is the largest train station on the West Coast with immeasurable cultural and historic significance to the City of Los Angeles. In 2020 it served as the location for the Oscars and will also host future global events such as the FIFA World Cup in 2026 and the Olympics in 2028. Events such as these attract thousands of visitors to the Los Angeles area and with it, the possibility of political protests. Most recently, Union Station has served as the portal into downtown for protests of the current Israeli-Palestinian conflict, and in 2020 the Black Lives Matter protests, wherein the National Guard and Homeland Security supported the protection of Union Station. Additionally, due to its adjacent location to the largest jail in Southern California, the public, tenants and transit personnel are at risk from non-transit personnel attacks and/or the destruction of the infrastructure of our regional buses and transit partners.</p> <p>The investment of a perimeter fence/gates, impact rated bollards and blast resistant film is the most impactful and cost-efficient method for hardening Union Station as has been proposed by multiple vulnerability and security assessments. With minimal maintenance required, the perimeter fence will allow our personnel to heighten access control measures and better secure operations and personnel safety. The fencing will also serve as a physical deterrent against those who seek to use Union Station as the site for criminal or terrorist activities. The consequence of not receiving this investment can range from criminal physical attacks on the public or transit personnel, to the destruction of key transit operation systems or even the historic Union Station facility.</p>	
	<b>ELIGIBLE FUNDING SOURCE: PC 40%</b>	

10	<b>PROJECT: Payroll Cloud Integration</b>
	PROJECT OWNER: Finance and Budget – OAI – Sys -Technology
	LOP: \$10,000,000 Budget Request: \$100,000
	SCOPE: This system integration project will allow the new payroll system to interface with Metro's other systems for seamless synchronization of data and for extraction of HR, pension and benefits, and payroll data for analysis and reporting needs.
	JUSTIFICATION: The new payroll system is cloud-based and does not allow for easy access to its data to integrate with data from other Metro systems for data synchronization, analysis, or reporting needs. This project will allow payroll data to be extracted and merged with other systems for seamless integration.
11	ELIGIBLE FUNDING SOURCE: TDA Art 4
	<b>PROJECT: RFS Wheel Measurement Machine</b>
	PROJECT OWNER: Operations – Rail – Fleet Maintenance
	LOP: \$8,663,565 Budget Request: \$400,000
	SCOPE: Metro's rail fleet consists of 337 Light Rail Vehicles (LRVs) and 100 Heavy Rail Vehicles (HRVs) with additional vehicles currently under procurement. There are over 5,600 rail vehicle wheels that require frequent inspection and measuring, which is labor intensive and subject to potential human interpretation errors. This project is for the procurement and installation of automatic wheel measurement equipment utilizing state-of-the-art laser technology with real time wheel condition and size updates. This equipment will be installed at each rail Division and will significantly reduce labor hours during wheel inspection and measurements.
	JUSTIFICATION: LRV and HRV wheels are safety sensitive equipment. With failures, the vehicles can derail or split switches causing harm or damage to equipment and passengers. This wheel measuring equipment is automated and will eliminate routine inspections and time required to complete and with greater accuracy thereby enhancing Metro's wheel maintenance program.
	ELIGIBLE FUNDING SOURCE: PA 35% Cash or Bond proceed

12	<b>PROJECT: Logistics Equipment Replacement Phase 2</b>
	<b>PROJECT OWNER: Logistics – OAI – Sys – Technology</b>
	<b>LOP: \$7,496,000</b> <b>Budget Request: \$1,227,134</b>
	<p><b>SCOPE:</b> Part 1 of the project includes the AGV system which consists of 11 AGVs, including charging stations, and associated software necessary to operate system. The Contractor shall design, furnish and install a complete AGV wireless system that operates under the supervision of a central controller. The complete system shall consist of the following: a number of Automated Guided Vehicles recommended by the contractor that keeps the efficiency equal or better than current, including batteries, AGV Battery Charging Stations and a portable charging station; wireless devices necessary to interface with AGV units; and programable Logic Controller and operating software that will control the new AGV's and the existing stackers and conveyors. The contractor is responsible to provide and install all necessary cabling, mounting hardware and wireless equipment to interface with new AGV necessary to install the system at Location 30/CMF. The AGV's have been successfully maintained and serviced by Metro over their lifetime in order to keep them in good operating order but have reached their mechanical useful life. Routine maintenance is no longer an adequate measure to ensure the uptime of the AGV's. The Contractor shall also supply a spare parts/accessories analysis to maintain the upkeep of the system. The vendor will develop a recommended Spare Parts List for the specific scope, which will be provided to Metro during the project for future parts consideration.</p> <p>Part 2 of the project will replace the 2-decade old White System Vertical Carousel at A07 Bus Storeroom with a new High Density Storage Machine (HDSM).</p>
	<p><b>JUSTIFICATION:</b> Replacing the 18-year-old Automated Guided Vehicles (AGV) Communications; replacement of the AGV's obsolete and unsupported software/equipment are required to continue the uninterrupted flow of material and supplies from the Central Warehouse and distribution center to Bus and Rail storerooms. Unless these AGV's are replaced, the Central Warehouse and Distribution Center will experience long periods of downtime (stoppage of deliveries within the central warehouse and movements of supportive cranes that retrieve inventory), delays of inventory disbursements to clients thus impacting Metro's ability to put buses and trains into service. These parts have exceeded the manufacturer's rated life cycle and are showing performance degradation.</p> <p>The A07 Storeroom already operates at 100% capacity. The breakdown the White VC at the Storeroom would severely cripple Metro's ability to safely protect and store large quantities of high-dollar Bus assets. The loss of the 1 White VC would not only impact that Storeroom but also ripple throughout the entire Metro Bus Fleet. Given the experience already encountered at A22, a recurrence with the White VC is inevitable in the near future, as Metro has used these machines years beyond their intended lifecycle. This Capital Project will both resolve Metro's current vulnerable situation at A07 and ensure reliable warehousing of Metro assets for the next 20 years.</p>
	<b>ELIGIBLE FUNDING SOURCE: TDA Art 4</b>

13	<b>PROJECT: USG Plaza and East Portal Floor</b>
	PROJECT OWNER: Operations – OAI – Sys – Systemwide & Hubs
	LOP: \$6,350,000 Budget Request: \$75,000
	SCOPE: This project will include the replacement of Patsaouras Bus Plaza flooring and drainage gutters, as well as replacement of flooring in the East Portal entrance and main station.
	JUSTIFICATION: Due to poor tile and surface quality, there are various tripping hazards at the Patsaouras Bus Plaza and East Portal floor. Furthermore, the stormwater drain system requires replacement, as the current configuration tends to fall off-track, creating additional trip hazards. All tiles will be replaced with a type that is more durable and less prone to breakage.
	ELIGIBLE FUNDING SOURCE: PC 40%
14	<b>PROJECT: Metro Operations Downtown Hub</b>
	PROJECT OWNER: Operations - Rail Facilities Improvements
	LOP: \$102,000,000 Budget Request: \$16,236,828
	SCOPE: Acquisition of office space in the Downtown LA area, plus associated construction and moving costs. The \$102M total is based on the latest funding plan provided by OMB. This needs to be updated by revenue/funding staff based on our last meeting on February 27th.
	JUSTIFICATION: Division 10 has been selected as the site for construction of a new ROC/BOC facility that will serve the operational needs of Metro's expanding system through 2070. Currently, Operations Central Instruction, Non-Revenue Vehicles, and MOW/Rail Comm are housed at the D10 site. To make room for the new ROC/BOC facility, and to account for the proportionally expanding needs of the MOW/Rail Comm group, the current MOW/Rail Comm facility must be expanded. These staff will be co-located with additional staff being displaced or added due to leases expiring at One Santa Fe and the PLE 1 IPMO office, Division 20 expansion, and the opening of TID projects for revenue service.
	ELIGIBLE FUNDING SOURCE: PA 35% Cash or Bond proceed
15	<b>PROJECT: Tap Plus (Capital)</b>
	PROJECT OWNER: Strategic Financial Management – OAI - Sys - Systemwide & Hubs
	LOP: \$ 66,423,946 Budget Request: \$ 10,750,000
	SCOPE: Improvements include the ability to pay fares with credit and debit cards on buses and at rail stations, new account-based features that simplifies sign-ups and TAP use for both new and existing customers – with easier access to reduced and free fares programs such as GoPass and LIFE, and an upgraded back office system and fare collection equipment for Metro and the 27 TAP Partner transit agencies.
	JUSTIFICATION: The current TAP fare payment system requires an upgrade to expand its capabilities to meet the features available at transit systems around the world and to improve accessibility to fare payment plans, so customer expectations are satisfied and ensure broad access to free and reduced fares.
	ELIGIBLE FUNDING SOURCE: PC 40%

16	<b>PROJECT: Non-Revenue Fleet EV Charging</b>
PROJECT OWNER: Project Management – OAI - Sys - Non-Revenue Vehicles	
LOP: \$14,772,000 <span style="float: right;">Budget Request: \$400,000</span>	
<p>SCOPE: This LOP budget will cover the cost of design/engineering, construction, charger purchase, installation, and commissioning of approximately 400 charging ports at Metro divisions through 2030. Each year, based on the existing prioritized plan of facilities and any identified emerging needs among the Non-Revenue fleet, Metro will select facilities to begin detailed planning, design, and utility coordination, eventually moving these projects through construction and charger installation.</p>	
<p>JUSTIFICATION: This capital project funding request is a direct response to Metro's MBS Energy Resource Management Goal to optimize and manage Metro's use of energy from the 2030 Business As Usual Scenario and the Emissions &amp; Pollution Control Goal to reduce regional GHG emissions, including Energy Action 5.3: Partner with regional utilities to implement EV charging infrastructure and Emissions. Action 1.2: Develop, adopt and implement an EV Strategic Plan to expand use of EVs and access to EV charging infrastructure.</p> <p>Beyond energy savings and emissions displacement, this project will also bolster cross-departmental collaboration and an agency-wide culture of sustainability. The project will be a collaborative effort between the Office of Sustainability, Non-Revenue Fleet, and Operations.</p>	
ELIGIBLE FUNDING SOURCE: TDA 4	

## Other Operating Capital

1	<b>PROJECT: LA Union Station ADA West</b>
	<b>PROJECT OWNER:</b> Countywide Planning & Development
	<b>LOP:</b> \$10,500,000 <b>Budget Request:</b> \$3,500,000
	<b>SCOPE:</b> This comprehensive, multi-phased project is designed to address and remediate non-compliant conditions throughout the LA Union Station West Campus, ensuring full adherence to Americans with Disabilities Act (ADA) code requirements. The project encompasses a wide range of improvements, including but not limited to enhancements to paths of travel such as walkways, elevators, and stairwells. It also includes corrections to sloping issues, restroom upgrades, modifications to historic doors, and updates to patio bench configurations. Furthermore, the project will address non-compliant tenant spaces, as well as necessary improvements to parking lots and passenger drop-off areas.
	<b>JUSTIFICATION:</b> This project addresses Americans with Disabilities Act (ADA) violations. In response to the April 21, 2023, settlement agreement with the Department of Justice (DOJ), Metro's Union Station Management, Civil Rights and County Counsel has engaged an Independent Licensed Architect (ILA) and Certified Access Specialist (CAsp) team to oversee compliance efforts. This team has developed a comprehensive Transition Plan to guide implementation efficiently and ensure adherence to ADA requirements.
	<b>ELIGIBLE FUNDING SOURCE:</b> PC 40%
2	<b>PROJECT: LA Union Station Plumbing Infrastructure Phase 3</b>
	<b>PROJECT OWNER:</b> Countywide Planning & Development
	<b>LOP:</b> \$7,750,000 <b>Budget Request:</b> \$4,800,000
	<b>SCOPE:</b> Phase 3 of the Plumbing Infrastructure project aims to comprehensively design and repair the plumbing and drainage systems across the entire frontage area of LA Union Station, as well as the exterior of the Northwest (NW) Office Building. This phase includes upsizing storm drains to accommodate a 10-year storm event and replacing deteriorated plumbing lines. Additional drainage systems will be installed where necessary, and grading will be corrected to ensure proper water runoff and prevent pooling.
	<b>JUSTIFICATION:</b> LA Union Station Plumbing Infrastructure Phase 3 phase addresses the most critical areas in need of repair or replacement, ensuring the station's long-term structural integrity and operational efficiency. LA Union Station, a historic landmark built in 1939, still relies on much of its original plumbing infrastructure. Decades of deferred maintenance under prior ownership have resulted in significant deterioration and system failures. Water intrusion is widespread in public areas and retail spaces, while flooding is common in the basement, utility chases, and subgrade levels leading to ongoing damage to the building's foundation, flooring, and electrical infrastructure. This project is essential to enhancing public safety by improving drainage and eliminating water infiltration, thereby reducing the risk of slip-and-fall incidents. Following a thorough evaluation, Union Station Management has identified multiple sections of the existing plumbing system that have either failed or become ineffective.
	<b>ELIGIBLE FUNDING SOURCE:</b> PC 40%

3	<b>PROJECT: LA Union Station Parking Equipment</b>
	<b>PROJECT OWNER: Countywide Planning &amp; Development</b>
	LOP: \$6,600,000 Budget Request: \$500,000
	SCOPE: Parking technology and equipment purchase and replacement of revenue equipment in the Union Station parking facilities.
	JUSTIFICATION: The current revenue equipment is becoming obsolete and is no longer supported by the manufacturer. Equipment and technology need to be upgraded for continuation of daily operations and in preparation for the LA28 games.
	ELIGIBLE FUNDING SOURCE: PC 40%
4	<b>PROJECT: LA Union Station Stationwide HVAC Upgrades</b>
	<b>PROJECT OWNER: Countywide Planning &amp; Development</b>
	LOP: \$6,550,000 Budget Request: \$1,750,000
	SCOPE: The Stationwide HVAC Upgrades project aims to design and replace the outdated heating, ventilation, and air conditioning (HVAC) systems within the historic Los Angeles Union Station transportation facility. The new systems will be carefully integrated with the station's existing architectural design, avoiding visible ductwork or equipment that could disrupt its historic appearance. Considering the station's aged infrastructure, reinforcement may be necessary to support modern HVAC systems, with a strong emphasis on minimizing disruptions to the building's daily operations.
	JUSTIFICATION: The Stationwide HVAC system has reached its end of life and is inefficient, leading to inconsistent temperature control and increased energy consumption. Upgrading the HVAC system is crucial to meeting contemporary standards for energy efficiency, indoor air quality, and climate control. This not only impacts passenger experience/comfort but also threatens the preservation of the building's historic elements. Los Angeles Union Station is listed on the National Register of Historic Places and features infrastructure that has aged beyond its useful life over its 85-year history. Implementing energy-efficient systems will reduce operating costs and environmental impact, aligning with Metro's sustainability goals while ensuring compliance with regulations governing historic buildings.
	ELIGIBLE FUNDING SOURCE: PC 40%

**REIMBURSEMENT RESOLUTION  
OF THE  
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
FOR FISCAL YEAR 2026**

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

WHEREAS, to the extent that federal and/or state grant funding budgeted to be received during FY26 is delayed or reduced, the Los Angeles County Metropolitan Transportation Authority desires and intends to finance certain costs relating to the Projects.

WHEREAS Metro expects to issue debt through the issuance of tax-exempt bonds to pay for these expenditures, each bond issue will have its own separate security source, Proposition A, Proposition C, Measure R and Measure M sales tax revenues, respectively, grant revenues, or toll revenues to finance the costs of the Projects on a permanent basis (the “Debt”);

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

Whereas Metro reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Debt.

WHEREAS Metro expects that the amount of Debt that will be issued to pay for the costs of the Projects will not exceed \$150.0 million for Proposition A, \$150.0 million for Proposition C, \$150.0 million for Measure R, \$650.0 million for Measure M and \$300.0 million for toll revenues.

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

WHEREAS, Metro expects to make reimbursement allocations no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure for the Project is paid or (ii) the date on which the Project is placed in service (or abandoned), but in no event later than three (3) years after the date on which the earliest original expenditure for the Project is paid;

## **ATTACHMENT C**

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

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

NOW THEREFORE, BE IT RESOLVED, that (i) all of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, Metro declares its intention to issue Debt in an amount not to exceed \$150.0 million for Proposition A, \$150.0 million for Proposition C, \$150.0 million for Measure R, \$650.0 million for Measure M and \$300.0 million for toll revenues; the proceeds of which will be used to pay for the costs of the Projects, including the reimbursement to Metro for certain capital expenditures relating to the Projects made prior to the issuance of the Debt.

## FY26 Public Outreach (Public Comments)

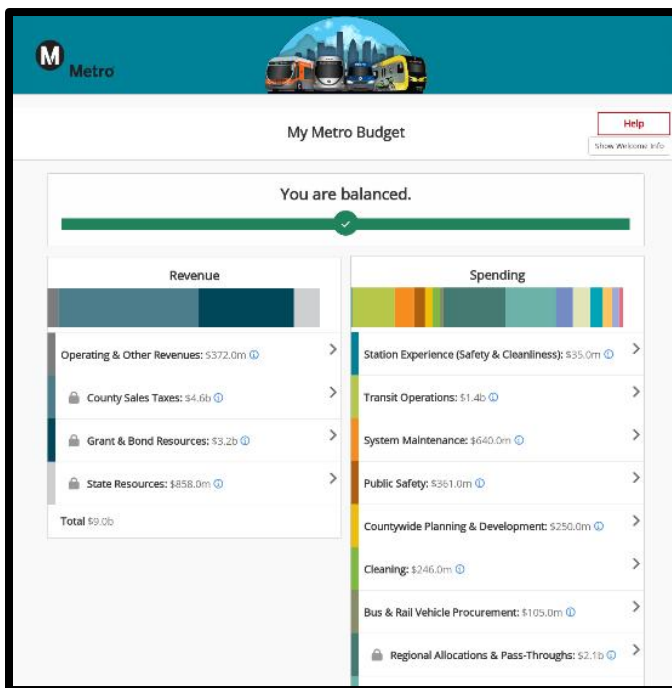
### ***Public Comments Overview***

Public engagement is a vital component of the FY26 budget development process, yielding significant feedback and valuable insights into public priorities for Metro. The numerous comments and questions received have been carefully considered in developing the proposed budget.

Key themes emerging from public outreach closely mirrored those of the previous year, underscoring their continued importance to Metro riders:

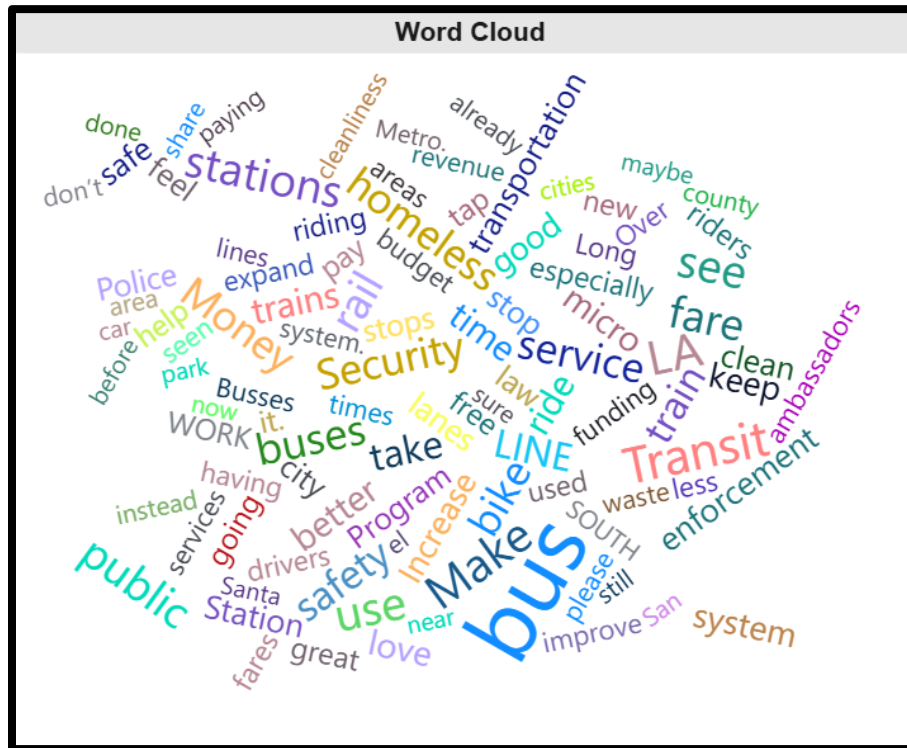
- **Safety and Security:** Including dedicated efforts for homeless outreach
- **Service:** Emphasizing efficient, frequent, and reliable transit
- **Cleanliness:** Focusing on the condition of vehicles and stations

### ***My Metro Budget Activity***



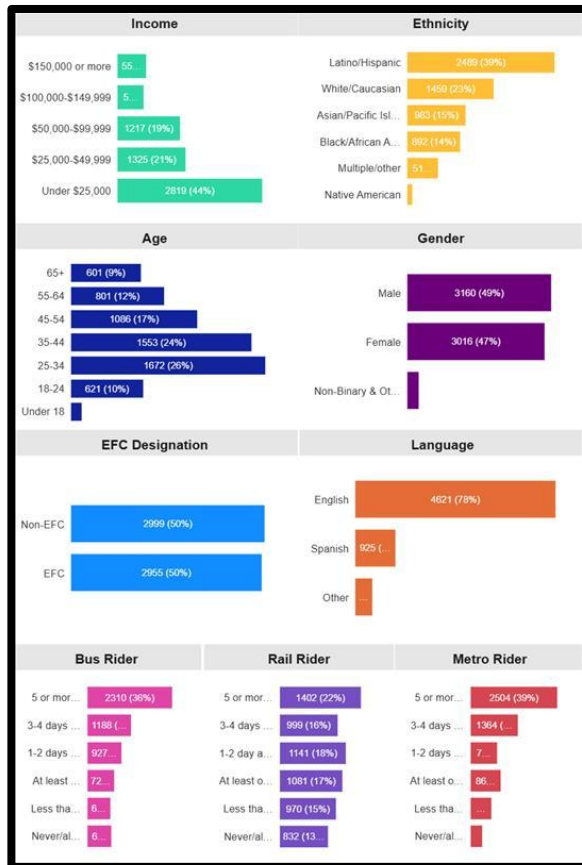
The "My Metro Budget Activity" demonstrated a substantial increase in public participation, garnering over **6,400 responses** and **4,300 written comments**, surpassing last year's figures of 4,200 responses and 3,200 written comments. This enhanced engagement was facilitated by strong collaborative partnerships across various Metro groups and departments, including TAP, GoPass, Community Relations, LIFE, the Women and Girls Governing Council, Station Staff, Metro Micro, Metro Youth Council, Transit Ambassadors, SEED School, and numerous Community-Based Organizations (CBOs). My Metro Budget activity results, and other budgetary information are available on the Metro Budget Portal at [budget.metro.net](http://budget.metro.net).

Summarized below in the word cloud are the most frequent words used in the comments. The FY26 Proposed Budget addresses the comments and concerns raised.



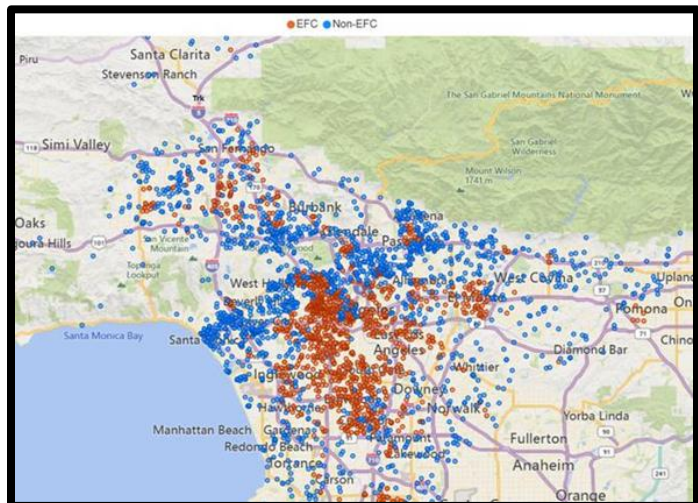
The word cloud presented above visually highlights key themes that echo the sentiments expressed during FY26 budget outreach. The written comments received through this process are just one method Metro considers in budget development. The prominence of words like “bus,” “security,” and “transit” aligns directly with the qualitative and quantitative feedback received, consistently indicating that safety, service frequency and reliability, and cleanliness remain top priorities for the community.

Below are My Metro Budget activity demographic results and a map to show participant locations.



As illustrated in the figure on the left, the respondent demographics closely align with those of LA County and Metro's ridership. This year's survey indicates that 50% of respondents reside in an Equity Focus Community (EFC), 44% have an income below \$25,000, 39% identify as Hispanic, and 72% ride Metro one or more days per week. The statistically valid sample ensures the overall results are representative and would not significantly change with further participation.

The map displays the geographic distribution of participants, with orange points specifically indicating residents within EFCs. Metro remains dedicated to robust engagement and outreach within these communities.



### ***Metro's Response to Comments & Community Priorities***

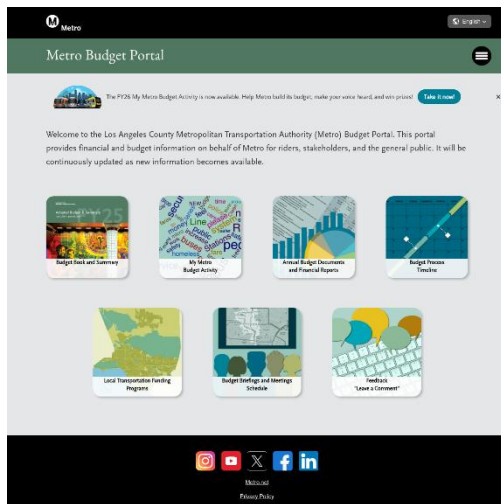
In direct response to public comments, the FY26 Proposed Budget allocates significant resources to the identified priorities. To increase safety and security, a \$392.5 million investment (a 1.9% increase) will support Ambassadors, Community Intervention Specialists, Homeless Outreach, Crisis Intervention Teams, Metro Transit Security, Private Security, Law Enforcement, and the establishment of the Transit Community Public Safety Department (TCPSPD). Recognizing the importance of cleanliness, the cleaning budget is increasing by 13.1% (\$36.6 million) and includes \$9.9 million for the Station Experience Program. Furthermore, a \$157.6 million (5.8%) increase in the Operations & Maintenance budget directly addresses concerns about service by improving speed, frequency, and reliability. Other Investments include:

- Lighting Retrofit
- Elevator/Escalator Modernization
- Mobile ADA Accessible Restrooms
- Tap-To-Exit/Taller Faregates Pilot
- Weapons Detection Phase 2 Pilot
- Mid-line cleaning pilot

### ***Public Engagement Strategy***

Public Engagement	Participation
Telephone Town Hall – February 4, 2025	>2,100 listeners including 121 Spanish listeners
My Metro Budget Activity Responses	>6,400
My Metro Budget Activity Comments	>4,300
My Metro Budget QR Info Cards	>30,000
Budget Portal Views ( <a href="https://budget.metro.net">https://budget.metro.net</a> )	>2,100 views
Community Based Organizations	392
Email Blasts/Community Newsletters	>15
<i>The Source/El Pasajero</i> Posts	1
Social Media Platforms	5 – Facebook, Instagram, X, LinkedIn, NextDoor
Newsprint Publications – Public Hearing Announcement	20 newsprint agencies
Stakeholder & Public Engagement Meetings	21

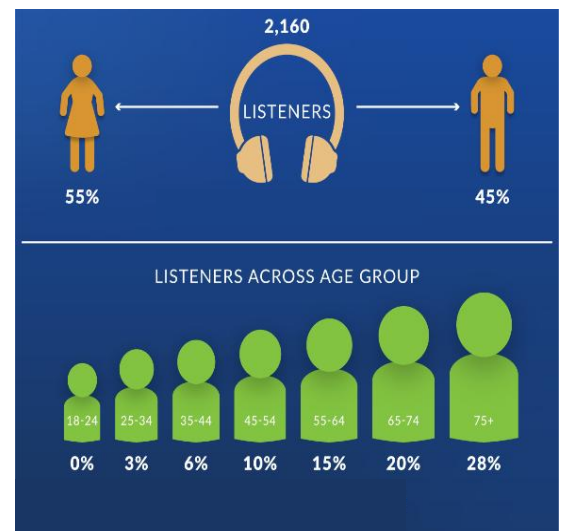
## Metro Budget Portal



Metro's budget portal (<https://budget.metro.net>) remains the central hub for all budget-related information, including documents, timelines, and notifications. The Office of Management and Budget (OMB) continues to enhance the portal's accessibility, with the notable addition of language translation this year. The portal also provides avenues for public feedback and allows users to subscribe for budget updates.

## February 4, 2025, Telephone Town Hall

A Telephone Town Hall (TTH) was held for the FY26 Budget Development Cycle, engaging over 2,100 English and Spanish callers. This unique virtual forum provided a platform for the public to listen to and pose questions directly to Metro senior leadership. Following the Board's request via Motion 25 on February 20, 2025, a report addressing the topics raised during the TTH is provided in Attachment E, within the 90-day timeframe requested by the Board. These TTH events have proven to be an invaluable outreach tool, effectively reaching the EFCs and residents who may face barriers to attending traditional public meetings or participating online. The recording for the February 4, 2025, TTH is accessible on the budget portal.



## Stakeholder and Public Meetings

The legally mandated budget public hearing, as required by California PUC code 130106 ("Notice of time and place of the public hearing for the adoption of the annual budget shall be published pursuant to Section 6061 of the Government Code and shall be published not later than the 15th day prior to the date of the hearing."), was conducted this year. The notice of the public hearing was published in 20 newspapers, in multiple languages, 15 and 30 days prior to the event.

Metro continued to hold stakeholder meetings throughout the budget development, concluding with the legally required budget public hearing and possible board adoption of

the FY26 Budget. These meetings were guided by a commitment to Putting People First, ensuring that Metro listened and learned from stakeholder input. Detailed schedules, meeting information, and up-to-date budget data were posted on the Finance and Budget portal (<https://budget.metro.net>) in advance of each event.

FY26 Budget – Outreach Meeting Schedule			
Meeting	Date	Time	Completed
Regional Service Councils Meet & Confer	Nov 24, 2024	6-7pm	X
Telephone Town Hall	Feb 4	6-7pm	X
Community Advisory Council – General Assembly	Feb 26	6-8pm	X
Measure R Independent Taxpayers Oversight Committee	Mar 5	1-2pm	X
Independent Citizens Advisory Committee	Mar 5	2-3pm	X
Community Advisory Council – General Assembly	Mar 20	6-8pm	X
San Gabriel Valley Council of Governments	Apr 2	4pm	X
Regional Service Council – San Fernando Valley	Apr 2	6:30-8:30pm	X
Regional Service Council – Westside Cities	Apr 9	6-8pm	X
Regional Service Council – Gateway Cities	Apr 10	5-7pm	X
Regional Service Council – South Bay Cities	Apr 11	9:30-11:30am	X
Regional Service Council – San Gabriel Valley	Apr 14	5-6pm	X
Community Advisory Council	Apr 23	6pm	X
San Gabriel Valley Council of Governments	May 7	4pm	X
Gateway Cities Council of Governments	May 7	4pm	X
Technical Advisory Committee	May 7	9:30-11am	X
Accessibility Advisory Committee	May 8	1-3pm	X
South Bay COG	May 12	10:30am	X
Valley Industry Commerce Association	May 13	8:30-10:30am	X
Streets & Freeways Committee	May 15	9:30am	
Public Hearing	May 15	10am	

**Response to Motion 25: Addressing Rider Feedback from Telephone Town Hall**

Below is the report back for Motion 25 on how Metro is addressing, promoting and/or improving the initiatives which were received as community feedback at the telephone town hall.

See Motion 25 included in this document on page 10 of this statement.

A. Increased lighting throughout the system

**Response:** Metro is upgrading lighting systems with more reliable and energy-efficient LED fixtures to enhance visibility and deter issues like encampments and vandalism at rail and bus stations (G Line and J Line). Lights at G Line Roscoe Station walkway were replaced with solar lights as a pilot for other installations being planned, such as throughout all G Line Stations. Preventive maintenance on lighting is conducted quarterly to ensure functionality. To ensure consistent lighting levels across the system, a Standard Operating Procedure for measuring illumination will be integrated into preventive maintenance inspections.

B. Cleanliness on buses and trains

**Response:** Dedicated Bus and Rail Quality Assurance teams conduct monthly inspections to uphold these standards. To enhance our efforts, we will integrate customer feedback and operator reports to proactively address problem areas and schedule additional deep cleans as needed. We are actively hiring and providing specialized training for supervisors and maintenance teams. The FY26 Cleaning budget totals \$316.2 million, a 13.1% increase over last year and includes 24 new custodial staff and 84 new service attendants to ensure a clean transit system.

On a scale of 1 -10 with 10 being the best, bus and rail cleanliness efforts over the past three years have resulted in the below averages:

- Bus – Overall rating increasing from 8.43 in 2022 to 8.70 in 2024
- Rail – Overall rating increasing from 8.58 in 2022 to 8.96 in 2024

**Cleaning protocols and frequencies for buses and trains (Current & Planned)**

Metro prioritizes a clean and pleasant experience on both buses and trains through regular daily and nightly cleaning, including thorough interior and exterior detailing, with deep cleans every 6,000 miles.

<b>Bus</b>	<b>Rail</b>
Buses are cleaned at several of the terminals during layover stops throughout the day.	Rail cars are cleaned at several end of line locations.
<b>Nightly cleaning</b> - wipe downs of operator's area and touch points throughout the bus/car, mopping the floors, removing all graffiti, and cleaning the exterior of the cars utilizing the bus/train car wash.	
<b>Deep cleans</b> - performed at least once every 6,000 miles (interior and exterior)	
<b>Quality Assurance</b> - monthly inspections to ensure cleanliness standards are met.	
<b>ENHANCEMENTS</b>	
Talent Acquisition is currently filling open positions for all bus/rail divisions to be fully staffed as soon as possible.	
Upcoming Supervisor Training classes on how to improve and maintain improvements in fleet cleanliness.	
Provide feedback to employees who cleaned buses to encourage and thank employees for meeting higher performance standards and conduct management audits.	
In service mid-line cleaning at key locations throughout the rail system. Mid-line cleaning will have staff riding the trains between major connection hubs and cleaning up waste while trains are in service.	

#### C. Timely elevator maintenance

**Response:** Below is a summary of information on elevator maintenance and repairs.

##### **Current process for elevator maintenance and repairs**

All elevators are inspected and have preventative maintenance performed on a monthly basis. Any deficiencies found are corrected immediately. Any items showing wear or limited life expectancy are scheduled for replacement as soon as the replacement material is acquired. As-needed repairs for calls received are performed immediately or as soon as material is available if not currently on hand.

**Average response times for elevator maintenance requests**

Response times for units reported out of service are:

- Seven (7) days a week, including holidays
- 30 minutes between the hours of 6:00 am to 9:00 pm
- One (1) hour for emergencies between 9:01 pm and 5:59 am

**Other Initiatives**

*Elevator/Escalator upgrades*

Metro has ongoing capital projects including comprehensive upgrades to over 100 elevators and 80 escalators across the system.

*Elevator Attendant Pilot with Return-to-Work Employees Launches*

In March 2025, the Return-To-Work unit began assigning Metro employees to the B/D Line at Pershing Square Station. These Transitional Duty Elevator Attendants help provide additional eyes and ears to monitor elevators and deter inappropriate activity, as well as assist riders with wayfinding and documenting safety, cleanliness, and issues with disruptive passengers to the Transit Watch App and Rail Operations Control Center. This program, which is already underway to monitor traditional bathrooms at El Monte Bus Station and Harbor Gateway Transit Center, will also expand to other B/D Line station elevators.

*Polycarbonate protective shields*

Metro is actively working to enhance the safety and reliability of its elevators, particularly addressing the issue of broken glass vandalism that can disrupt service. In February 2022, a proactive initiative was launched to install polycarbonate protective shields on the elevator glass. This measure aims to prevent vandalism and minimize out-of-service time. Significant progress has been made, with 111 of the 166 elevators identified now equipped with polycarbonate protective shields. The installation process for the remaining 55 elevators is currently underway and is strategically planned to extend over the next 24 months.

*Heavy-duty vinyl flooring*

In 2017, an assessment identified 117 elevators with flooring prone to fluid seepage into the elevator shaft, leading to odors and equipment corrosion. These floors were subsequently replaced with heavy-duty vinyl. An assessment in July 2024 identified 53 additional transit elevators requiring floor replacement due to cuts, holes, or

tripping hazards. To date, 19 of these floors have been replaced with full project completion anticipated by October 2025.

- D. Expansion of and interaction with small businesses and disadvantaged enterprises, including outreach to small businesses and disadvantaged businesses enterprises

**Response:** The Diversity and Economic Opportunity Department (DEOD) is committed to supporting the small and disadvantaged business community by hosting and participating in various outreach and engagement initiatives. Through workshops, industry forums, and a number of other networking events, DEOD provides resources, guidance, and opportunities to help small businesses grow and succeed. Through outreach and engagement events, which are made available to the public on Metro's Vendor Portal at [business.metro.net](https://business.metro.net), DEOD aims to continue maximizing small business participation on Metro projects.

**Key Outreach and Engagement**

Annually, Metro host and/or support on average 70 small business-related outreach events.

- 32 MetroConnect Events/Workshops
- 7 Metro Targeted Outreach (for specific projects such as FMS, Link US, etc.)
- 25 Metro Technical Workshops (Certification, CUF, Audit, etc.)
- 30 External Outreach Events (City & County of LA, Regional Chambers of Commerce, Professional Associations, etc.)

**Access to contracting opportunities**

Metro's main resource in facilitating access to contracting opportunities for these businesses is by utilizing Metro's Online Vendor Portal. The vendor portal provides small businesses with the most up to date information regarding contracting opportunities with Metro. The vendor portal also allows firms to view upcoming news and events, the 12-month look-ahead, awarded contracts, open solicitations, small business set-aside solicitations, and offers other helpful and informative resources to the small business community. Additionally, when a business registers as a vendor with Metro, the Vendor/Contract Management (V/CM) team notifies firms via email about relevant contracting opportunities. Metro also ensures the latest and upcoming contracting opportunities are shared during Transportation Business Advisory Council (TBAC), Industry Forums, and project specific targeted outreach events.

**Plans to increase interactions and outreach**

Metro plans to increase interactions with and outreach by enhancing its engagements and outreach to small businesses in the following ways:

- Utilize social media: Leverage social media platforms to promote events, resources, and success stories.
- Offer One-on-One Consulting: Provide personalized guidance and support to help businesses develop with one-on-one focused technical assistance with professional business mentoring provided by industry professionals in the areas of professional services, architectural and engineering (A&E), construction and project management services, alternative project delivery methods and construction.
- Expand Training Programs: Guided access to business resources, mentoring in the areas of estimating, scheduling, forms preparation, Change Order and/or the Modification approval process, proposal submission and claim filing, training, workshops and referrals to other industry professionals and/or service providers to further support and develop small business needs.

E. Metro's Bike Share (MBS) program

**Response:** The FY26 Budget includes \$7.7M for Bikeshare Expansion. The current Metro Bike Share (MBS) program consists of 225 stations and up to 1,800 bikes. Of these bikes, 10% - 15% are pedal assisted Electric Bikes (e-bikes). E-bikes continue to generate the highest utilization at 4.1 trips/bike/day compared to the classic "human-powered" pedal bikes at 0.49 trips/bike/day.

MBS ridership grew 18% year over year, generating 519,392 trips during calendar 2024 which represents the highest ever annual ridership. Reduced fare usage (passholders and ridership) also grew year over year with reduced fare trips totaling 162,702 or 31% of total rides in 2024. Currently 47% of MBS stations are in EFCs and generate 40% of overall ridership.

**Expansion, improvements, and maintenance**

Metro has secured two grants, REAP (State) and RCN (Federal), to support the expansion of MBS. Metro is currently coordinating with LADOT to ensure a

commitment to implement the expansion. When authorized, this expansion will add approximately 100 stations and 1,000 bikes. The expansion will be within the City of Los Angeles and connect the Central/Downtown and Westside service areas (from Vermont Ave to Westwood Bl and Exposition Bl to Wilshire Bl).

Metro is also working with other interested jurisdictions to explore the ability to expand MBS – County of Los Angeles, Culver City, Glendale, etc.

Metro is currently working on other improvements to MBS including upgrading all MBS equipment (stations, docks and bikes), increasing the number of available pedal assisted e-bikes, and enhancing and updating the website and mobile app to streamline the bike check-out process.

### **Other Initiatives**

Metro is working to move MBS stations onto Metro rail and bus stations and other Metro project areas, where appropriate to improve connectivity to Metro's bus and rail services. As such, five (5) MBS stations will be installed along the Rail to Rail Active Transportation Corridor Project – Segment A, along Slauson. Metro is also working to incorporate charging stations to ensure e-bikes are charged in the most efficient manner to meet customer needs.

## **F. Metro's Free and Reduced Programs**

**Response:** Below is a list of the free and reduced fare programs, and relevant information and initiatives.

### **GoPass**

Since its launch in 2021, the GoPass program has recorded over 51 million boardings—including 6.9 million in the first half of FY25 alone, a 14% year-over-year increase—demonstrating its continued success in promoting public transit usage for K-14 students throughout LA County. The program, now a permanent initiative entering its fifth year, has served 481,845 unique participants through the first half of FY25 (40% of the 1.2 million eligible students in participating districts).

### ***Outreach***

Metro continues to expand outreach through back-to-school and on-campus registration events to boost enrollment. Currently, 130 districts—spanning public, charter, private, adult/vocational, and community colleges—representing over 1,600 schools participate in the program. Metro staff are actively working to onboard

additional schools and districts, increase student registrations, and encourage on-going transit use for school commutes across LA County.

The GoPass team conducts outreach on an average of 5-7 community and school events per month, sharing information about the program and details on how to obtain a GoPass card. Work is being done year-round with program administrators to ensure that students at their schools receive information needed to obtain and register their GoPass cards. This includes emails directly to GoPass students who have opted to receive communication from Metro.

Next school year, there will be a county-wide paid marketing campaign launching during the back-to-school season and continuing throughout the school year. This will be a mix of social media, targeted digital ads, and paid search.

**U-Pass, E-Pass, SEP, and ATAP - Commute Services:**

Metro has launched an agency-wide initiative to boost awareness of its Commute Services programs. As part of this effort, the goals for FY25 include increasing employer pass revenue by 18%, adding 54 new employer accounts, and growing lead generation by 667% through targeted marketing campaigns.

In FY24, the Employer Pass Program generated \$4.99 million in revenue with 10,991 participants. The U-Pass Program brought in \$2.54 million in revenue, serving 43,585 student participants.

*Outreach*

Metro is primarily targeting businesses in LA County with 50 employees or more that are located within one mile of a Metro transit option, employee transportation coordinators, and LA County business organizations including Chambers of Commerce, rotary clubs, SBE groups, and others. Secondly, Metro is working to engage businesses who meet the California AQMD standards and current bus and rail riders that work at potential business partners.

The outreach is being conducted through the following methods:

- Metro.net branded landing page
- Engaging current Commute Services customers
- Market commute services opportunities through the Vendor Portal
- Customer Care Center Holders
- Bus Car Cards
- Rail Posters
- Video walls
- Internal departmental collaboration

- Social Media (Paid and Organic)

### **LIFE Program**

The program now has over 415,594 total LIFE participants. LIFE boardings continue to grow as customers participate in the program and utilize LIFE subsidies. During the first half of FY25, LIFE free boardings totaled 10.6 million and has reached well over 48 million boardings since 2021.

### *Outreach & Initiatives*

In November 2024, Metro marketing launched a 7-month campaign to raise awareness of the LIFE program and drive sign-ups and renewals. The campaign primarily targeted Spanish-speaking communities, with also awareness to English-speaking African American communities. Staff utilized trusted media channels, including newspapers, radio, billboards, digital, social media, and search, concentrating on areas with high public transit use but low program adoption.

Other outreach initiatives are underway, including LIFE Bus Car Cards, which have seen new LIFE advertisements added to buses by six Transit Agencies:

- Antelope Valley Transit (AVTA)
- Baldwin Park Transit
- Foothill Transit
- Gtrans (Gardena)
- Santa Clarita Transit
- Torrance Transit.

The LIFE Program is partnering with the South LA Eco Lab project to provide 6-month transit passes to LIFE riders within a specific area of South Los Angeles.

Metro continues to collaborate with community-based organizations and local government agencies, including the County and City of Los Angeles, to assist with extensive program promotion, outreach, and referral. One of such promotions is the Uber Pilot, which was launched in October of 2024 and resulted in 533 rides booked (Oct. – Dec. 2024). This program allows agencies and riders to book rides directly on the UBER landing page and/or the UBER app and pay for the service with UBER coupons provided by the LIFE Limited Program. The UBER coupon is a great alternative to the current taxi vouchers which have a 100% utilization rate.

### *Response to wildfires*

Additionally, Metro was quick to respond to the devastating wildfires that broke out in LA County on January 7, 2025 by offering free transit to all Angelenos during the crisis. In order to assist the wildfire survivors, Metro expanded the criteria to include

individuals and families displaced by the wildfires. This effort proved to be beneficial with over 4,493 Wildfire Relief participants enrolled in the program, providing almost 60 thousand free boardings.



Metro

Board Report

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

File #: 2025-0132, File Type: Motion / Motion Response

Agenda Number: 25.

EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 20, 2025

Motion by:

DIRECTORS HAHN SANDOVAL AND DUPONT-WALKER

ADDRESSING RIDER FEEDBACK FROM TELEPHONE TOWN HALL

On February 4th 2025, the Los Angeles County Metropolitan Authority (Metro) invited LA County residents to provide input on the agency's annual budget through a live and interactive Telephone Town Hall.

As part of Metro's ongoing "Putting People First" engagement efforts, these annual telephone town halls' serve as a tool for Metro to gather input from riders, encouraging discussion around cleanliness, bus and rail service, and riders' overall transit experience.

In addition to this annual telephone town hall meeting, LA Metro also released their Metro Budget Portal in October 2024, a valuable tool that aims to increase education and transparency about Metro's revenue and spending while also collecting riders' feedback. While a report back is expected on Metro's budget tool this spring, input collected from the telephone town halls is also important in understanding how the agency could improve the experience for both existing and future riders.

At this year's annual telephone town hall, riders expressed interest in a wide array of topics. Suggestions included adding lighting throughout the system to enhance safety, increasing the frequency of bus and train cleaning, and improving the promotion of SBE/DBE opportunities.

While it is important to acknowledge that Metro is already making strides in these areas, riders and stakeholders should know that their voices are being heard, and that this agency's goals and budget reflects the communities it serves.

**SUBJECT: ADDRESSING RIDER FEEDBACK FROM TELEPHONE TOWN HALL MOTION**

**RECOMMENDATION**

APPROVE Motion by Hahn, Sandoval and Dupont-Walker that the Board direct the Chief Executive Officer to report back in 90 days on how Metro is addressing, promoting and/or improving the following initiatives which were received as community feedback at the telephone town hall:

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**File #:** 2025-0132, **File Type:** Motion / Motion Response

**Agenda Number:** 25.

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- A. Increased lighting throughout the system;
- B. Cleanliness on buses and trains;
- C. Timely elevator maintenance;
- D. ~~Promotion of DBE/SBE workshops~~ Expansion of and interaction with small businesses and disadvantaged enterprises, including outreach to small businesses and disadvantaged businesses enterprises;
- E. Metro's Bike Share program; and
- F. Metro's Free and Reduced programs.

### Metro EFC Budget Assessment Results Over Time

The EFC Budget Assessment responds to the Board's direction to utilize Metro's EFC Map to prioritize budget expenditures. To develop the EFC Budget Assessment Baseline, staff assigned an EFC Impact Category to every cost center and project of the FY23 Adopted Budget. Table 1 includes the categories and examples of their use.

*Table 1. EFC Budget Assessment Categories, Definitions, and Examples*

EFC Impact Category	Definition	Example
1. Targeted Benefits to EFCs	Demonstrate positive impacts from Metro's projects, programs, policies, and services that are <u>intentionally focused</u> on EFCs	<ul style="list-style-type: none"> <li>New or updated station improvements located in or adjacent to EFCs</li> <li>Services or programs that demonstrate prioritization for EFCs</li> </ul>
2. Indirect Benefits to EFCs	Projects, programs, or services that <u>disproportionately serve but are not targeted</u> to groups comprising the EFC criteria: low-income, people of color, no car.	<ul style="list-style-type: none"> <li>Expenses that fund service to the general public or ridership without intentional inclusion for people living and working in EFCs</li> </ul>
3. No EFC Benefits or Service	No demonstrated benefit or service to EFCs	<ul style="list-style-type: none"> <li>Projects not located within EFCs or within a service area of EFCs</li> <li>General/countywide services (not qualified as Indirect Benefits)</li> </ul>
4. Formula-Based	Allocations based on formulas and laws	<ul style="list-style-type: none"> <li>Local Return programs</li> <li>Pass-through funds</li> </ul>
5. Admin. or Technical	Strictly administrative or technical support	<ul style="list-style-type: none"> <li>Treasury activity costs</li> <li>Copy machine repair, payroll systems</li> </ul>

In May 2023, during the adoption of the FY24 Proposed Budget, the Board directed staff to compare the EFC Budget Assessment Baseline with actuals for that fiscal year. Table 2 demonstrates that Metro has maintained or increased Total Benefits to EFCs (Targeted and Indirect categories). The actuals for FY24 were almost two percentage points lower than the proposed budget for that fiscal year. Minor differences between actual and proposed results for every fiscal year are expected, as Metro does not spend its entire budget and the total dollar amount (denominator) may differ when calculating percentages.

*Table 2. EFC Budget Assessment Results FY23-FY25*

	FY23 Adopted (Baseline)	FY23 Actuals	FY24 Actuals	FY25 Actuals
Targeted Benefits	26.10%	29.49%	29.73%	Coming Fall 2025
Indirect Benefits	41.20%	42.21%	43.29%	
<b>Total Benefits</b>	<b>67.30%</b>	<b>71.70%</b>	<b>73.03%</b>	



Metro®

# Metro Fiscal Year 2026 Proposed Budget

Public Hearing

May 15, 2025





Metro®

**One Metro**

*For generations of Angelenos and visitors as we welcome the world*



### **Customer Experience**

- Listen & Learn: Extensive Outreach
- Safe Metro for riders & employees
- New mid-line cleaning
- Station Experience

### **Multi-layered Care-based Approach to Public Safety**

- Transit Ambassadors
- Crisis intervention
- Community intervention specialists
- Contract law enforcement
- Homeless Outreach
- TAP-to-Exit/Taller Faregates Pilot
- Weapons Detection Phase 2 Pilot

### **Ready to Welcome the World**

- FIFA World Cup 2026
- First choice in transportation
- Legacy infrastructure projects
- Lasting impacts for residents & visitors

**The FY26 Budget demonstrates our commitment and continued investments in Putting People First**

## National Economy

- Tariff increases
- Market volatility
- Period of instability
- Federal Reserve to pause interest rate reductions
- Concerns of both recession & inflation
- Federal grant uncertainties impact transportation funding

## Local Economy

- Recent wildfires
- Rising housing & insurance costs
- Reduced consumer spending due to lower consumer confidence
- Increased costs in non-taxable items reduces disposable income, impacting sales tax revenues

## Cost Increases

- Expanding rail system
- Rising capital costs
- Labor expense
- Persistent inflationary pressures
- Preparing for mega sporting events

## Resources

## Expenditures



FY26 Proposed Budget reflects a \$181.0M or 2.0% increase from FY25

- Balanced Budget
- 3 Fund source categories
- 10 Program expenditure items

## PLANNING

**\$280.7M**

Countywide BRT Planning	\$3.5M
C/K Line Ext. to Torrance	\$61.0M
E Line Eastside LRT Phase 2	\$87.7M
Eastside Access	\$0.2M
ESFV LRT (Shared Corridor)	\$0.7M
K Line Northern	\$9.4M
North San Fernando Valley BRT	\$0.4M
Rail & Bus Ops Control Center	\$17.3M
Sepulveda Corridor	\$76.6M
SGV Transit Feasibility Study	\$1.4M
Vermont Transit Corridor	\$22.4M

## CONSTRUCTION

**\$1,810.8M**

A Line Foothill Ext. 2A & 2B	\$148.0M
D Line Westside Ext.	\$778.9M
East San Fernando Valley LRT	\$267.7M
G Line BRT Improvements	\$215.0M
NoHo to Pasadena BRT Connector	\$84.5M
Southeast Gateway Line	\$316.0M



## TRANSITIONAL COSTS & REVENUE READINESS

**\$45.8M**

A Line Foothill Ext. 2B	\$7.2M
D Line Westside Ext. Section 1	\$15.6M



LAX/Metro Transit Center*	\$22.9M
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\* Contract closeout activities post opening

Reflects a \$249.4M or 12.7% increase from FY25

- Planning & Studies increases by \$65.3M (30.3%)
- Transit Construction grows by \$184.1M (10.5%)
- Support project closeout & systemwide projects: \$81.0M



**Metro**

## Metro Transit Operations - \$2.9B

*Service plans and initiatives to improve customer experience*

### Bus Service

\$1.9B  
(+\$114.2M, +6.4%)



- Maintain existing NextGen Bus Plan service levels, continuing to expand NextGen speed and reliability initiatives

### Rail Service

\$968.1M  
(+\$68.9M, +7.7%)



- A Line to Pomona & D Line Section 1 extensions and improved service frequencies

### Metro Micro

\$23.1M  
(-\$19.2M, -45.5%)








- New Business Model: New operations and software contracts, same geographical coverage

Reflects a \$163.8M or 6% increase from FY25

- Bus system labor - largest component in bus operating (62.1% of total cost)
- Rail budget supports 1.53M rail RSH

- Metro Micro - implementing new delivery model, reducing costs by \$19.0M, while maintaining service levels

Restrooms	Elevators/Escalators	Taller Faregates Pilot	Weapons Detection Phase 2 Pilot	Lighting Retrofit
<p>Throne Restrooms</p> <ul style="list-style-type: none"> <li>• ADA Expansion</li> <li>• 50 by Summer 2026</li> </ul>	<ul style="list-style-type: none"> <li>• Modernization &amp; Replacement</li> <li>• Open Door Cleanliness</li> <li>• Attendants to monitor/assist</li> </ul>	<ul style="list-style-type: none"> <li>• LAX/Metro Transit Center</li> <li>• Expanded to 21 stations</li> </ul>	<ul style="list-style-type: none"> <li>• AI powered concealed weapons detection pilot extended - 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• Improved visibility &amp; safety</li> </ul>
				

- Continue to expand investments in faregates pilot
- Enhance CCTV system

- Implement various lighting retrofits
- Improvements to signage and wayside features throughout system

## Multi-layered Care-based Public Safety

- Safety presence by continuing Transit Ambassadors
- Adding 46 Transit Security Officers
- Homeless Outreach budget : \$19.1M, a 4.4% increase
- Crisis Intervention program startup as part of the TCPSD implementation



## Free & Reduced Fare Programs

- GoPass – K-14 students
- LIFE – 20-trips/month
- U-Pass – college students
- Employer pass – employee passes
- Mobility Wallet – subsidies of \$150 per month
- South LA Eco Lab Project – 6-month passes to LIFE riders in South LA



## Cleaning

- Bus: Daily cleaning - 4 terminals 7-days/week
- Rail: Daily Division cleaning, 3 End-of-line (EOL) cleaning shifts, 7-days/week
- New mid-line cleaning: trains cleaned while in service
- Stations: Rail custodial staff @ 17 Hot Spots
- Facilities: Graffiti control, power sweeping, trash removal



- 13% increase to continue to make improvements on cleaning efforts
- Expanding outreach on GoPass and LIFE programs



**Metro**

# Capital Improvement Program (CIP) - \$608.8M

*Serving riders with transit options that are sustainable, reliable, and innovative*

## Bus

**\$176.4M**

**(+31.0M, +21.3%)**



Bus Zero Emissions Buses (ZEB): continue procurement of buses (\$35.0M) & infrastructure (\$57.2M)

## Rail

**\$253.4M**

**(+\$17.7M, +7.5%)**



Rail Cars: \$181.2M in new vehicles & existing vehicle refurbishment

## Other Asset Improvements

**\$179.0M**

**(-\$17.2M, -8.8%)**



Customer Experience: \$19.2M customer experience tech enhancements

Reflects a \$30.4M or 5.3% increase from FY25

- CIP focuses on maintaining, upgrading, & modernizing assets to ensure equipment & peripheral systems to provide reliable & high-quality service
- \$608.8M allocated for maintaining system in a state of good repair, for improvements, & modernization

### Local Return, TDA 3 & 8 : \$844.8M (-\$76.6M, -8.3%)



- Allocations to 88 cities & LA County for transit & mobility improvements
- Local Return – Prop A & C Measure R & M
- TDA Articles 3 & 8

### Regional Transit : \$761.8 (-\$44.0M, -5.5%)



- Municipal & Local Operator's funds
- Access Services (+7.5%)

### Major Projects : \$72.4M (-\$138.6M, -65.7%)



- Alameda Corridor East Phase II
- Antelope Valley Metrolink Line
- Inglewood Transit Connector
- Sankofa Park

### Other Local Programs : \$76.3M (-\$5.4M, -6.6%)



- Call for Projects
- Active Transportation & Transit
- Congestion Reduction Toll Revenue Grants
- Federal Pass-Throughs
- Transit Oriented Development Grants

### Fare Assistance (LIFE) : \$36.4M (+\$2.1M, +6.1%)



- Low Incomes Fares is Easy (LIFE) Program

### Regional Fed. Grants : \$21.8M (-\$2.0M, -8.4%)



- Job Access Reverse Commute (JARC)
- New Freedom Program
- Section 5310
- Surface Transportation Program – Local Exchange

Reflects a \$264.4M or 12.7% reduction from FY25

- Sales Taxes: FY26 projected lower than FY25
- Major Projects: Allocations decreased due to completion of projects



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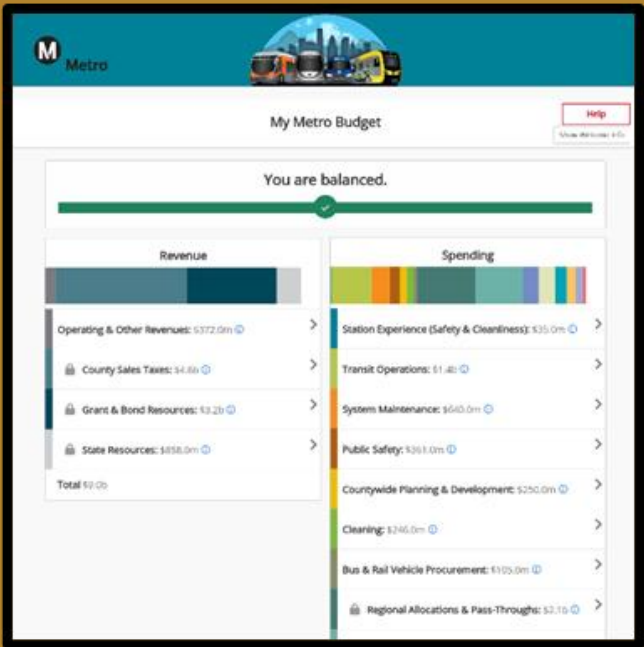
## Other Programs - \$1.9B

*Serving transit needs of communities across LA County*

Highway Multimodal Development \$626.7M	Regional Rail \$119.0M*	General Planning & Programming \$280.0M	Oversight & Admin \$101.7M	Debt Program \$481.8M	Congestion Management \$129.9M
<ul style="list-style-type: none"><li>• Reflects a \$55.1M or 8.1% reduction from FY25</li><li>• Decreasing due to project schedules and project phasing</li><li>• Bus investments up 200% from FY24</li><li>• New Bus Priority Lanes &amp; Transit Signal Priority</li><li>• Expand NextGen speed &amp; reliability initiatives</li></ul>	<ul style="list-style-type: none"><li>• Reflects a \$61.9M or 108.4% increase from FY25</li><li>• Double Tracking &amp; Grade Separation transitioning to construction phase</li><li>• FY26 Metrolink budget * (<i>PENDING APPROVAL</i>)</li></ul>	<ul style="list-style-type: none"><li>• Reflects a \$20.5M or 7.9% increase from FY25</li><li>• Mobility initiatives and other programs reported in four major categories:<ul style="list-style-type: none"><li>• \$99.1M - Active Transportation, Bike &amp; Other</li><li>• \$87.6M - Property Management</li><li>• \$51.5M - Financial, Grants Mgmt &amp; Admin</li><li>• \$41.8M - Unsolicited Proposals, P3 &amp; Other</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Reflects a \$11.6M or 12.8% increase from FY25</li><li>• \$65.2M - Recurring Activities</li><li>• \$25.3M - Valuing Workforce</li><li>• \$11.3M - Customer Experience</li></ul>	<ul style="list-style-type: none"><li>• Reflects a \$16.5M or 3.3% reduction from FY25</li><li>• Debt Service Costs for bonds are issued to advance major capital investment projects</li></ul>	<ul style="list-style-type: none"><li>• Reflects a \$5.3M or 4.3% increase from FY25</li><li>• Express Lanes: Procuring a new Back Office System (BOS)</li><li>• Freeway Service Patrol: Service reductions on select routes</li><li>• Motorist Services: Increased costs for RIITS and LA SAFE</li><li>• Rideshare Services: Minor decrease due to savings in services, outreach, and program support</li></ul>

\* Metrolink's FY26 Proposed Budget is preliminary, pending the transmittal of Metrolink's official budget request.

## My Metro Budget Activity



- 50% EFC
- 44% Income <\$25,000
- 39% Hispanic
- 72% Ride 1+ day/week



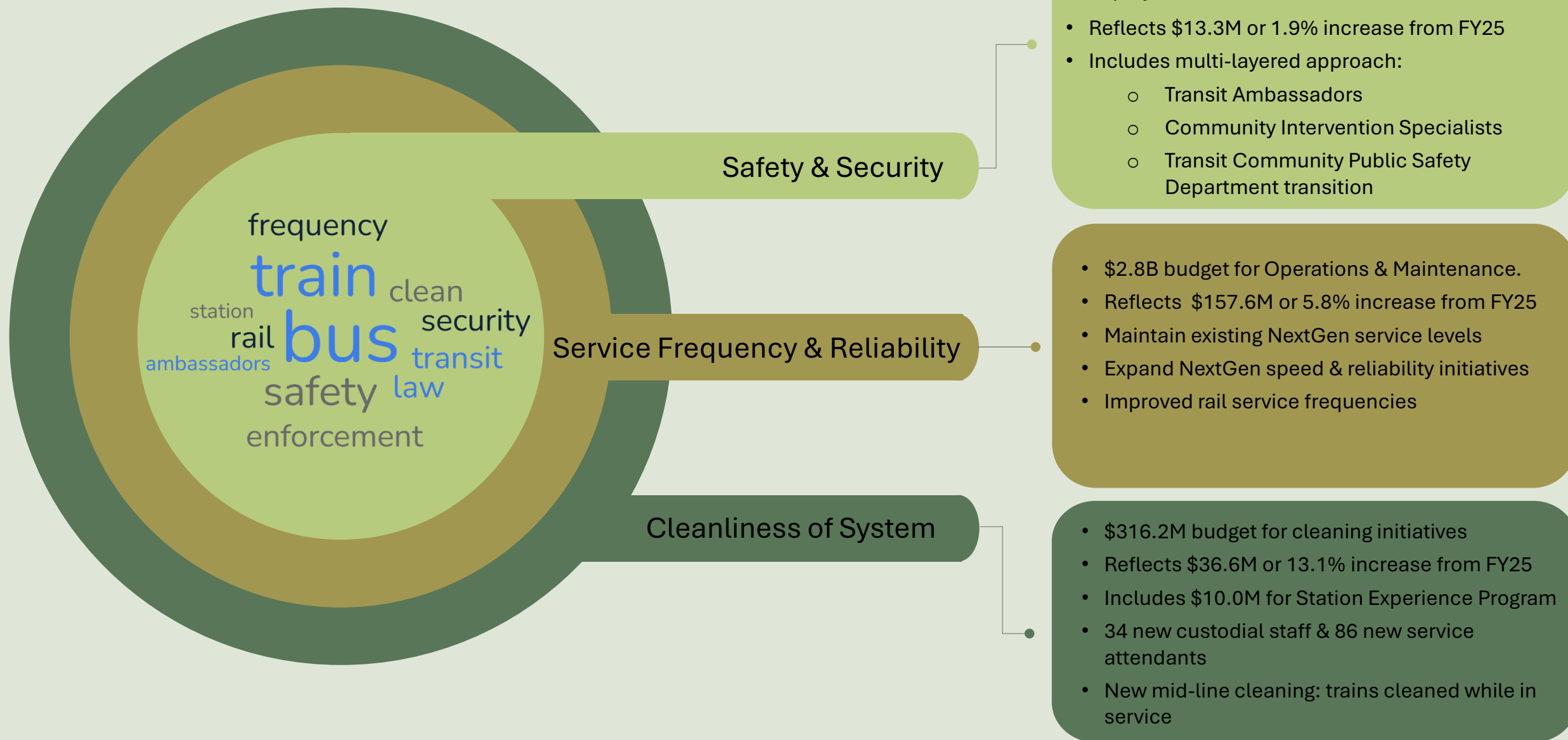
**6,400+ Respondents & 4,300+ Written Comments**  
**Collection Period: October 2024 – May 2025**

## Summary

Telephone Town Hall – February 4, 2025	>2,100 listeners including 121 Spanish listeners
My Metro Budget Activity ( <a href="https://mybudget.metro.net">https://mybudget.metro.net</a> )	>6,400 responses >4,300 comments >30,000 QR Info cards
Community Based Organizations	392 reached
Email Blasts/Community Newsletters	>15
Social Media Platforms	5 – Facebook, Instagram, X, LinkedIn, NextDoor, The Source/El Pasajero
Newsprint Publications – Public Hearing Announcement	20 newsprint agencies
Stakeholder & Public Engagement Meetings	25

- Base participation of My Metro Budget Activity increased from FY25 (+2,200 responses)
- ICMA Voice of the People Award Recipient
- Utilized a variety of marketing methods

- Introduced language translation feature (9 languages)
- First year utilizing CBO database



- A. ADOPTING the proposed FY26 Budget as presented in the budget document (provided in a separate transmittal and posted on [metro.net](https://metro.net));
1. AUTHORIZING \$9.4 billion annual consolidated expenditures to achieve goals and objectives set forth by the Board adopted mission and goals; and
  2. AUTHORIZING a total of 11,821 FTEs, of which 9,616 are Represented FTEs and 2,205 are Non-Represented FTEs; and
  3. AUTHORIZING an average 4% performance-based merit increase for Non-Represented employees. The wage increases for Represented employees, in accordance with the pre-negotiated Collective Bargaining Agreements, is an average 4.0%; and
  4. AUTHORIZING a 5% adjustment to current Non-Represented job pay grade levels to reflect best practice (see Attachment A); and
  5. APPROVING the Life of Project (LOP) budgets for new capital projects; new capital projects with LOP exceeding \$5.0 million are presented in Attachment B; and
  6. AMENDING the proposed budget to include any Board approved actions currently under consideration from now to the end of the fiscal year (June 30, 2025); and
- B. APPROVING the Reimbursement Resolution declaring Metro’s intention to issue debt in FY26 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will require separate Board approval.
- C. RECEIVE AND FILE response to Board Motion 25 - Addressing Rider Feedback from Telephone Hall



## Board Report

File #: 2024-1112, File Type: Appointment

Agenda Number: 19.

### FINANCE, BUDGET AND AUDIT COMMITTEE MAY 15, 2025

**SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE SELECTION**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

APPROVE the following nominees for the Measure M Independent Taxpayer Oversight Committee (MMITOC):

- A. Jesse Soto, the recommended nominee for area of expertise B, municipal/public finance and/or budgeting professional; and
- B. Michael Moore, the recommended nominee for area of expertise C, transit professional with experience in senior-level decision-making in transit operations and labor practices.

#### **ISSUE**

The MMITOC consists of seven members representing various areas of expertise (Attachment A). Currently, there are three open positions on the MMITOC. This action seeks to fill two of the resulting vacancies.

#### **BACKGROUND**

The Measure M Ordinance (Ordinance), approved by voters in November 2016, requires the establishment of a Taxpayer Oversight Committee to provide an enhanced level of accountability for expenditures of sales tax revenues made under the Expenditure Plan. The MMITOC carries out the responsibilities laid out in the Ordinance. It plays a valuable and constructive role in the ongoing improvement and enhancement of project delivery contemplated under the Measure M Ordinance. See Attachment A for committee requirements.

The MMITOC is comprised of seven members representing the following areas of expertise (Attachment A):

- A. A retired federal or state judge;
- B. A professional from the field of municipal/public finance and/or budgeting with a minimum of ten (10) years of relevant experience;

- C. A transit professional with a minimum of ten (10) years of experience in senior-level decision making in transit operations and labor practices;
- D. A professional with a minimum of ten (10) years of experience in management and administration of financial policies, performance measurements, and reviews;
- E. A professional with demonstrated experience of ten (10) years or more in the management of large-scale construction projects;
- F. A licensed architect or engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten (10) years of relevant experience; and
- G. A regional association of business representative with at least ten (10) years of senior-level decision making experience in the private sector.

In October 2020, the member representing Expertise A - a retired federal or state judge, resigned. In June 2024, the member representing Expertise B - municipal/public finance and/or budgeting professional resigned due to a change in residence, which made them ineligible to serve. In addition, the member representing Expertise C - transit professional, notified staff of their resignation effective June 2025 at the conclusion of their five-year term.

The Ordinance states that the Selection Panel consisting of Metro's Board Chair, Vice Chair, and Second Vice Chair or their designees shall select the MMITOC Members for approval (Attachment B). In April 2025, staff presented the eligible candidates for the MMITOC to the Selection Panel for their review. The Ethics Officer also conducted a screening of the recommended candidates to ensure compliance with the conflict of interest provisions outlined in the Ordinance.

The Board shall approve the recommended candidates by a simple majority per the selection panel guidelines (Attachment B).

## **DISCUSSION**

There are currently three open positions on the MMITOC. This action aims to fill two of those vacancies: a municipal/public finance and/or budgeting professional and a transit professional.

In May 2024, Metro issued a press release to attract interested individuals and conducted outreach to judicial and mediation agencies, and professional finance and transit organizations to identify candidates with legal, financial, and transit expertise to promote the vacancies within the MMITOC. In addition, staff opened an online application system to collect candidate submissions.

Following this outreach process, candidate applications were evaluated and staff presented eligible candidates to the Selection Panel for review. The Selection Panel reviewed the candidates' qualifications and recommends the following two candidates be approved for the MMITOC.

- Jesse Soto, the recommended nominee for area of expertise B, municipal/public finance and/or budgeting professional has over 40 years of accounting and financial management experience, has been a recipient of top government finance awards, and is a member of

several government finance organizations. (Attachment C)

- Michael Moore, the recommended nominee for area of expertise C, transit professional with experience in senior-level decision-making in transit operations and labor practices has over 30 years of experience in public transit, specializing in rail/ bus safety, and has received numerous rail safety certifications and awards (Attachment D).

As the candidate pool for Expertise A, retired federal or state judge is limited, recruitment efforts have been challenging. The expertise has been vacant for five years and has only received one applicant since the 2017 MMITOC establishment. In order to fill the remaining vacancy, staff will coordinate efforts across multiple departments to expand outreach to targeted professional organizations.

Staff will also identify potential candidates to fill the anticipated vacancy for the licensed architect (Expertise F), as she informed staff following the March MMITOC meeting that she would be stepping down once a replacement is identified.

Approval of the staff recommendation will result in one vacancy, as well as the anticipated vacancy for Expertise F. The application portal remains open to allow for renewed and continued recruitment efforts.

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

Approving the recommended action has no financial impact on the agency.

### **EQUITY PLATFORM**

Responsible and transparent stewardship of taxpayer dollars is an important component of equitable governance. This action will fill vacancies on this oversight committee. The addition of the two recommended candidates will contribute to greater diversity within the MMITOC.

### **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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in 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 the recruitment and selection process for candidates to serve on the Measure M Independent Taxpayer Oversight

Committee (MMITOC). 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 the highway performance monitoring system data between 2001-2019.

..Implementation\_of\_Strategic\_Plan\_Goals  
**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 as the MMITOC was established to ensure that Metro and local sub-recipients comply with the terms of the Ordinance.

**ALTERNATIVES CONSIDERED**

The Board could choose not to approve the recommended member(s) for the MMITOC and re-solicit applications. This is not recommended as it would limit the number of members and increase the likelihood of not obtaining the quorum necessary to review and discuss important Measure M matters. This may impact the ability to provide an enhanced level of accountability for expenditures of sales tax revenues made under the Expenditure Plan.

**NEXT STEPS**


Upon approval, staff will schedule an orientation session for the selected member(s). In addition, staff will continue recruitment efforts to fill the remaining vacancies.

**ATTACHMENTS**

Attachment A - Committee Membership Requirements  
Attachment B - Selection Panel Guidelines  
Attachment C - Soto Candidate Bio  
Attachment D - Moore Candidate Bio

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

  
Stephanie N. Wiggins  
Chief Executive Officer

**Measure M Independent Taxpayer Oversight Committee**  
**Membership**

**Requirements:**

Committee Members shall be comprised of seven (7) voting members representing the following professions or areas of expertise:

- A. A retired Federal or State judge
- B. A professional from the field of municipal/public finance and/or budgeting with a minimum of ten (10) years of relevant experience
- C. A transit professional with a minimum of ten (10) years of experience in senior-level decision making in transit operations and labor practices
- D. A professional with a minimum of ten (10) years of experience in management and administration of financial policies, performance measurements, and reviews
- E. A professional with demonstrated experience of ten (10) years or more in the management of large-scale construction projects
- F. A licensed architect or engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten (10) years of relevant experience
- G. A regional association of businesses representative with at least ten (10) years of senior-level decision making experience in the private sector

The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one (1) or more of the areas of expertise, then no more than two (2) members from one (1) or more of the remaining areas of expertise may be selected.

The members of the Committee must reside in Los Angeles County and be subject to conflict of interest provisions. No person currently serving as an elected or appointed city, county, special district, state, or federal public officeholder shall be eligible to serve as a member of the Committee.

The Committee members shall be subject to Metro's conflict of interest policies. The members shall have no legal action pending against Metro and are prohibited from acting in any commercial activity directly or indirectly involving Metro, such as being a consultant to Metro or to any party with pending legal actions against Metro during their tenure on this Committee. Committee members shall not have direct commercial interest

## ATTACHMENT A

### Measure M Independent Taxpayer Oversight Committee Membership

or employment with any public or private entity, which receives sales tax funds authorized by this Ordinance.

Each member of the Committee shall serve for a term of five (5) years, and until a successor is appointed, except that initial appointments may be staggered with terms of three (3) years. A Committee member may be removed at any time by the appointing authority. Term limits for Committee members will be staggered to prevent significant turnover at any one time. There is no limit as to the number of terms that a Committee member may serve. Members will be compensated through a stipend and they may choose to waive.

Any member may, at any time, resign from the Committee upon written notice delivered to the Metro Board. Acceptance of any public office, the filing of intent to seek public office, including a filing under California Government Code Section 85200, or change of residence to outside the County shall constitute a Member's automatic resignation.

**Selection Panel Guideline  
Measure M Independent Taxpayer Oversight Committee**

**Independent Taxpayer Oversight Committee Selection**

**I. Solicitation/Outreach**

Metro's Communications Department will be responsible for developing an outreach plan to solicit applicants for the Measure M Independent Taxpayer Oversight Committee which requires the following seven (7) areas of expertise:

- A. A retired federal or state judge.
- B. A professional from the field of municipal/public finance and/or budgeting with a minimum of ten (10) years of relevant experience.
- C. A transit professional with a minimum of ten (10) years of experience in senior-level decision making in transit operations and labor practices.
- D. A professional with a minimum of ten (10) years of experience in management and administration of financial policies, performance measurements, and reviews
- E. A professional with demonstrated experience of ten (10) years or more in the management of large-scale construction projects.
- F. A licensed architect or engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten (10) years of relevant experience.
- G. A regional association of businesses representative with at least ten (10) years of senior-level decision making experience in the private sector.

Management Audit Services will partner with Information Technology Services and Communications in the maintenance and update of the Independent Taxpayer Oversight Committee Webpage that links to the Measure M website. The Independent Taxpayer Oversight Committee Webpage will include the purpose, responsibilities, membership of the Committee including eligibility requirements as stipulated in the Ordinance, vacancies and recruitment information at a minimum. The website will also include links to the full Ordinance and online application; as well as a centralized email address for applicant inquiries. Inquiries on the application will be forwarded to the respective department or personnel and response time will be within three to five business days.

**II. Application Process**

Management Audit Services in partnership with various business units within Metro will develop the draft application questions for the Selection Panel's input and approval. Once approved, the questions will be converted to an online application. The online application and bulletin will be approved by the Selection Panel prior to posting on the Independent Taxpayer Oversight Committee Webpage which links to the Measure M website. The application will be open to the public for at least sixty (60) days to allow for adequate outreach.

**III. Collection of Applications**

Submitted application forms will be collected using the online application process approved by the Selection Panel. At the end of at least the 60 day period of online application process, a summary of applications received together with the completed

**Selection Panel Guideline  
Measure M Independent Taxpayer Oversight Committee**

applications and associated attachments will be turned in to the Selection Panel within seven business days after the online application closes. The summary will include but will not be limited to:

1. Total applicants received including areas of expertise that they applied for,
2. Total applicants that meet the eligibility requirements per area of expertise applied for, and
3. Total applicants that did not meet the eligibility requirements per area of expertise applied for.

**IV. Selection Panel's Review of Applications**

The Selection Panel, which will consist of Metro's Board Chair, Vice Chair, and second Vice Chair or designees, will be responsible for reviewing applications received from eligible applicants and for screening the applicants. The Panel shall recommend potential candidates for the Independent Taxpayer Oversight Committee membership to the Metro Board for approval. The successful candidates will receive notification from the Selection Panel at least three weeks prior to Metro Board Meeting.

**V. Board Approval**

Once the Selection Panel recommends the final candidates, it will be added as an agenda item for the Metro Board Meeting. The recommended candidates for Independent Taxpayer Oversight Committee Membership shall be approved by the Metro Board by a simple majority.

**VI. Term**

Each member of the Independent Taxpayer Oversight Committee shall serve for a term of five (5) years, and until a successor is appointed, except that initial appointments may be staggered with terms of three (3) years. A Committee member may be removed at any time by the appointing authority. Term limits for Committee members will be staggered to prevent significant turnover at any one time. There is no limit as to the number of terms that a Committee member may serve.

Six (6) months prior to expiration of term, the Selection Panel will convene to determine if there is any need to replace any of the Committee members. The Selection Panel will also confirm whether the incumbent Committee members still wish to serve for additional term(s).

**VII. Compensation**

Members will be compensated through a stipend, the amount of which is approved by the Metro Board. Members may choose to waive stipend.

**VIII. Resignation/Replacement of Committee Members**

Any member may, at any time, resign from the Committee upon written notice delivered to the Metro Board. Acceptance of any public office, the filing of intent to seek public office,

**Selection Panel Guideline  
Measure M Independent Taxpayer Oversight Committee**

including a filing under California Government Code Section 85200, or change of residence to outside Los Angeles County shall constitute a Member's automatic resignation.

The filling of membership vacancies, due to removals and reappointments will follow the above procedures in this Guideline.

**IX. Committee Orientation**

Management Audit Services will work with various departments to prepare an orientation handbook and presentation will conduct the orientation at least one month prior to the first scheduled Independent Taxpayer's Oversight Committee.

**X. Establishment of Committee Officers and Bylaws**

Subsequent to the orientation, the Independent Taxpayer's Oversight Committee may elect to develop their own bylaws including rules for the establishment of Committee Officers (e.g. Chair, Vice Chair, etc.) including a rotation schedule for these positions.

## **Jesse Soto Bio**

**Jesse Soto** is a seasoned accounting leader with over 40 years of experience, including nearly three decades in governmental accounting at the Los Angeles County Metropolitan Transportation Authority (LA Metro). As Senior Executive Officer, Finance/Controller, Jesse directed all core accounting functions—including payroll, accounts receivable, credit and collections, accounts payable, general ledger, grants, and accounting systems—while managing high-performing teams and ensuring compliance with local, state, and federal regulations.

Throughout his career, Jesse has driven efficiency through process improvements, financial system upgrades, and internal controls, contributing to multiple years of clean audits and award-winning financial reporting. Notable achievements include the earliest completion of LA Metro's Annual Comprehensive Financial Report with zero findings and successful oversight of multimillion-dollar audits tied to key transportation funding measures.

He retired from Metro in 2024 and is recognized for his strategic leadership, operational insight, and commitment to public service excellence. Jesse holds a B.B.A. in Finance from Loyola Marymount University.

## **Michael Moore Bio**

**Michael J. Moore** is a seasoned rail transportation leader with over 30 years of experience in public transit operations at the Los Angeles County Metropolitan Transportation Authority (LA Metro). With a career that began as a bus operator and progressed through every level of rail operations, Michael has led major initiatives in safety, performance optimization, labor relations, and regulatory compliance. As Transportation Operations Director for Rail, he managed multi-million dollar budgets, directed large teams, and played a pivotal role in the successful launch and expansion of key LA Metro rail lines, including the Gold Line.

Michael's strategic leadership has resulted in measurable improvements in safety, operational efficiency, and on-time performance, along with notable cost reductions. He has served as a panelist for the National Academies of Sciences Transportation Research Board and holds multiple certifications from the Transportation Safety Institute. A champion of operational excellence and collaboration, Michael retired from Metro in 2021 and holds a B.A. in Business Administration from the University of La Verne and is widely recognized for his commitment to public service and transit innovation.

# Measure M Independent Taxpayer Oversight Committee – Recruitment

Kimberly Houston  
Deputy Chief Auditor

May 15, 2025



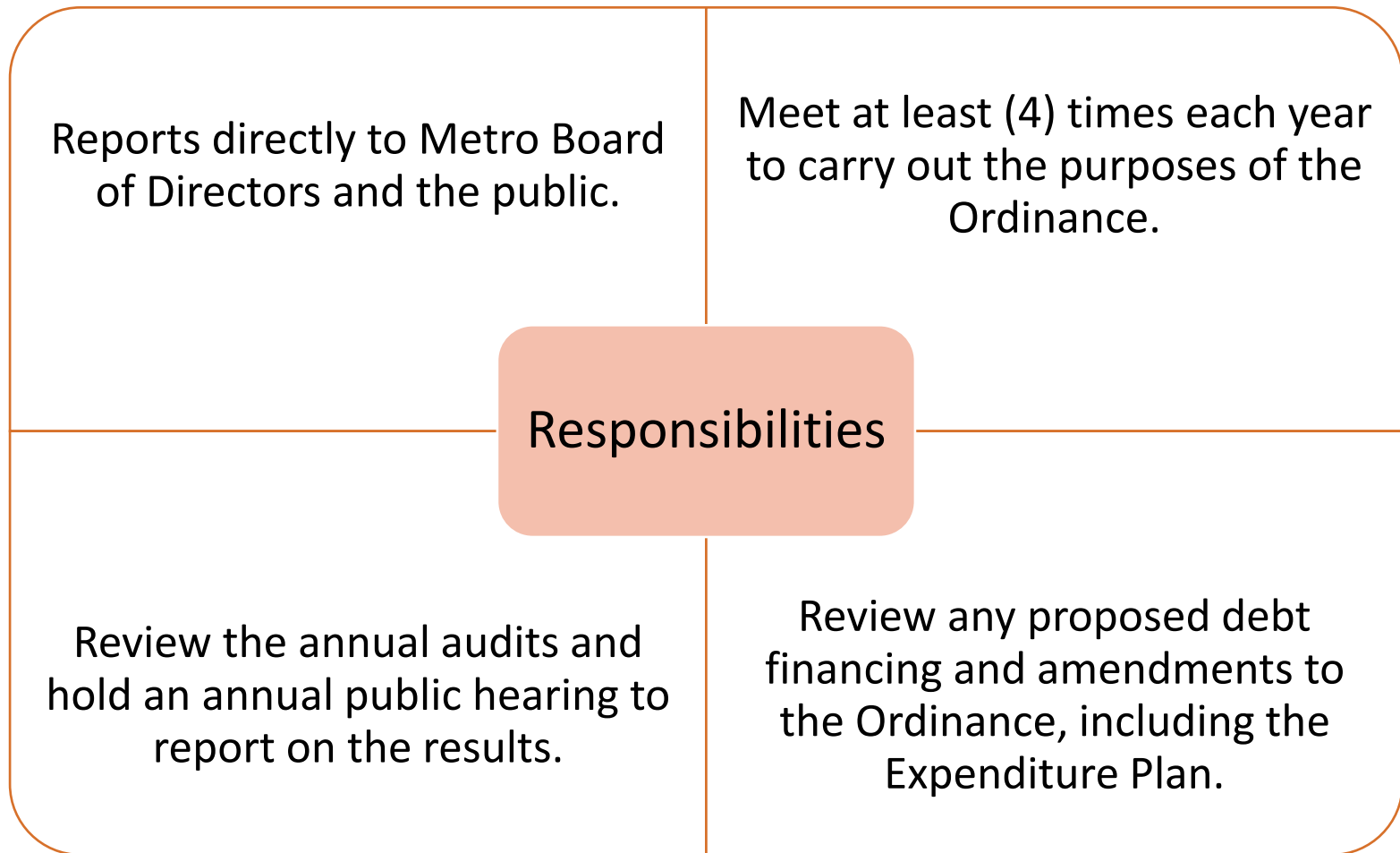
MANAGEMENT  
AUDIT SERVICES



# Committee Composition

	Area	Member	Start Date	Vacant Date
1.	<b>Retired Federal / State Judge</b>	<b>Vacant</b>		<b>October 2020</b>
2.	<b>Municipal / Public Finance / Budget</b>	<b>Vacant</b>		<b>June 2024</b>
3.	<b>Transit (Operations and Labor Practices) Professional</b>	<b>R. Stanger (Vacant)</b>	<b>August 2020</b>	<b>Resignation pending new appointment</b>
4.	Financial Policies, Performance Measurements and Reviews	R. Campbell	June 2017	
5.	Management of Large-Scale Construction Projects	P. Rajmaira	October 2022	
6.	Licensed Architect or Engineer	V. Tanzmann	June 2017	Resignation pending new appointment
7.	Business Representative	L. Briskman	June 2017	

# Committee Responsibilities



# Recommended Applicants

## Michael Moore

- Retired 2021
- Transit Operations Director, Rail
- 30+ years public transit experience, specializing in rail/bus safety. Led major initiatives in safety, performance, labor relations, and regulatory compliance

## Jesse Soto

- Retired 2024
- Senior Executive Officer, Finance/Controller
- 40+ years governmental accounting experience, including ensuring compliance with local, state, and federal regulations.

# Next Steps

- Conduct orientation sessions for new committee members.
- Continue Recruitment Efforts for the remaining vacancies.

Thank you.



## Board Report

**File #:** 2025-0270, **File Type:** Informational Report

**Agenda Number:** 20.

### FINANCE, BUDGET AND AUDIT COMMITTEE MAY 15, 2025

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2025 THIRD QUARTER REPORT**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the Management Audit Services FY 2025 Third Quarter Report.

#### **ISSUE**

Management Audit Services (MAS) is required to provide a quarterly activity report to Metro's Board of Directors (Board) that presents information on audits that have been completed or are in progress, including information related to audit follow-up activities.

#### **BACKGROUND**

It is customary for MAS to deliver the quarterly status report. The FY 2025 third quarter report covers the period from January 1 to March 31, 2025.

MAS provides audit services in support of Metro's ability to provide responsive, accountable, and trustworthy governance. The department performs internal and external audits. Internal audits evaluate the processes and controls within the agency, while external audits analyze contractors, cities, and/or non-profit organizations that are recipients of Metro funds. The department delivers management audit services through functional groups: Performance Audit, Contract, Financial and Compliance Audit, and Administration and Policy, which includes audit support functions. Performance Audit is mainly responsible for internal audits of Metro Departments and their operating units, including Planning and Development, Operations, Program Management, The Chief People Office, Strategic Financial Management, Customer Experience, Safety, Customer Experience, and units of the Chief Executive Office and other internal areas. Contract, Financial, and Compliance Audit is primarily responsible for external audits in Planning, Program Management, and Vendor/Contract Management. MAS' functional units provide assurance to the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably; and that desired outcomes are being achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, quality assurance, financial management, including audit support, audit follow-up, and resolution tracking.

## **DISCUSSION**

The following summarizes MAS activity for FY 2025 third quarter:

Performance Audits: 8 projects were in progress.

Contract, Financial and Compliance Audits: 8 audits with a total value of \$33 million were completed; 79 were in progress.

Financial and Compliance Audits of Metro: 140 audits were completed by external Certified Public Accounting (CPA) firms

Audit Follow-up and Resolution: 8 recommendations were closed; 33 recommendations are open.

The FY 2025 Third Quarter Report is included as Attachment A.

## **EQUITY PLATFORM**

Management Audit Services' quarterly audit activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. There are no known equity impacts or concerns from audit services conducted during this period.

## **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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in 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 public information on 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 the highway performance monitoring system data between 2001-2019.

## **..Implementation\_of\_Strategic\_Plan\_Goals** **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Management Audit Services FY 2025 Third Quarter Report supports Metro's Vision 2028 Goal #5:

Provide responsive, accountable, and trustworthy governance within the Metro organization.

**NEXT STEPS**

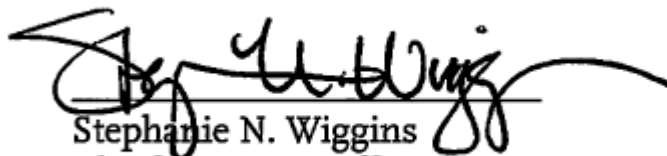
Management Audit Services will continue to report audit activity throughout the current fiscal year.

**ATTACHMENT**

Attachment A - MAS FY 2025 Third Quarter Report

Prepared by: Monica Del Toro, Senior Manager, Audit, (213) 922-7494  
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Kimberly L. Houston, Deputy Chief Auditor, (213) 922-4720

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



Stephanie N. Wiggins  
Chief Executive Officer

# Quarterly Report to Metro Board of Directors

FY 2025 Third Quarter



**Metro**

**MANAGEMENT  
AUDIT SERVICES**

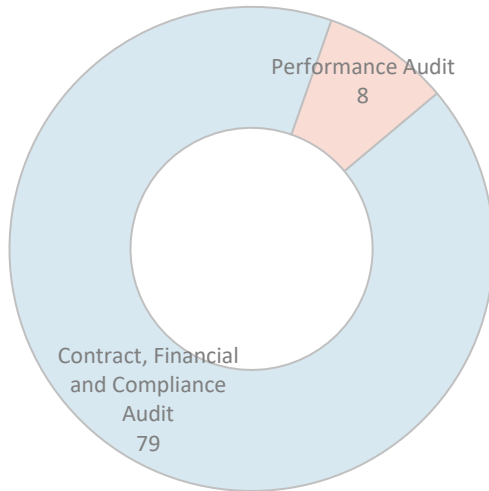
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# Executive Summary

In Progress Projects  
as of March 31, 2025

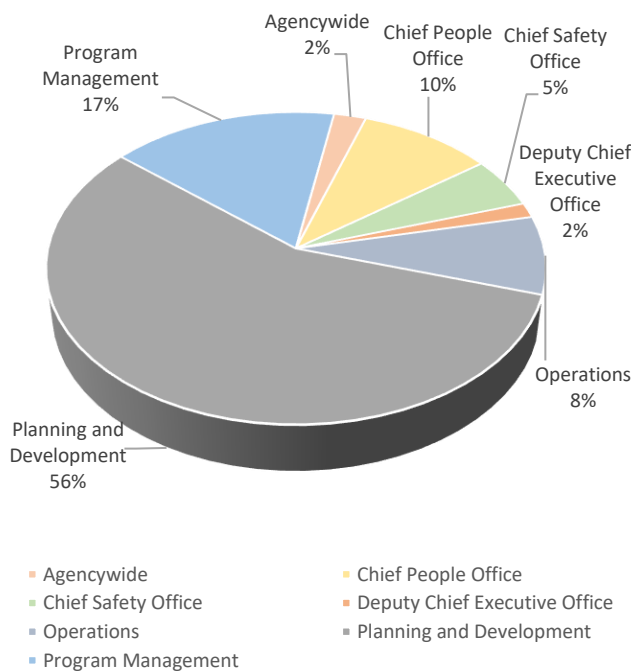


## Summary of In-Progress Audit Activity

As of March 31, 2025, Management Audit Services (MAS) had 87 in-progress projects, including 8 performance projects and 79 contract, financial and compliance audits. The in-progress performance projects are listed in Appendix A.

As of the reporting period, there are 33 open MAS audit recommendations.

Summary of Audit Activity by Department  
Reporting Period  
January 1, 2025 – March 31, 2025



## Summary of Completed Audit Activity

MAS completed 148 audit projects. The projects are comprised of eight (8) contract, financial and compliance audits, and 140 financial and compliance audits of Metro issued by external Certified Public Accountant (CPA) firms.

The completed contract, financial and compliance audits are highlighted on page 4. The other audits issued by external firms are highlighted beginning on page 5.

A summary of the open audit recommendations is included on page 9.

## External Quality Assurance Review

MAS completed a successful external quality assurance review; highlights are included on page 8.

# Contract, Financial & Compliance Audits

MAS staff completed 8 independent auditor reports on agreed-upon procedures for the following:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
City of Glendale - Beeline Maintenance Facility	\$4,426,000	\$-
City of Palmdale – Rancho Vista Blvd Widening	\$6,575,317	\$653,954
City of Los Angeles, Department of Public Works – Destination Crenshaw Sankofa Park	\$19,647,358	\$-
City of South Gate – Firestone Blvd at Otis Improvements	\$850,000	\$-
City of Burbank – SR 134 Corridor Arterial Signal Improvements	\$1,920,979	\$79,021
<i>Reviewed and questioned costs were not identified for the following, as these audits reviewed labor rates for pre-award or indirect cost rates.</i>		
Grimshaw Architects	N/A	N/A
JAD & Associates	N/A	N/A
ABCS Consulting Services	N/A	N/A
<b>Total Amount</b>	<b>\$33,419,654</b>	<b>\$732,975</b>

Details on contract, financial and compliance audits completed during FY 2025 third quarter are included in Appendix B.

# Financial and Compliance Audits of Metro

The following highlights financial and compliance audits of Metro completed by the external CPA firms:

## ***Basic Financial Statements and Component Units Audits – Issued Various Dates***

MAS contracted with Crowe, LLP to conduct the basic financial statements and component unit audits for the year ended June 30, 2024. The resulting reports include:

- Annual Comprehensive Financial Report (ACFR);
- Single Audit for the Federal Funds;
- Transportation Development Act (TDA) Operations Agency – 50% Expenditure Limitation Schedule;
- TDA Schedule of Revenue, Expenditure and Changes in Fund Balances;
- State Transit Assistance (STA) Special Revenue Fund Financial Statements;
- Federal Funding Allocation Data for NTD as a Transportation Operating Agency (ID#90154);
- Service Authority for Freeway Emergencies (SAFE) Financial Statements; and
- Low Carbon Transit Operations Program (LCTOP) Compliance Audit.

The independent auditor issued unmodified opinions on all audit reports for FY24, which indicates that all financial statements were fairly presented, and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements.

Crowe identified one finding in the Single Audit report and two findings in the 90154 Report related to variances. The results of these audits were presented to the committee during the March board cycle.

## ***Consolidated Audits – Issued Various Dates***

MAS contracted with two firms, Simpson & Simpson, CPAs and Vasquez & Company, to conduct the financial and compliance audits of the following programs for the year ended June 30, 2024:

- Local Funding Program to 88 cities and Unincorporated Los Angeles County
  - Proposition A Local Return
  - Proposition C Local Return
  - Measure M Local Return
  - Measure R Local Return
  - Transportation Development Act (TDA) Article 3, Article 4 and Article 8 Programs
  - Proposition A Discretionary Incentive Program

- Prop A Discretionary Incentive Grant
  - Antelope Valley Transit Authority
  - Pomona Valley Transportation Authority
- Transit System Operators of Commerce, Redondo Beach, Torrance
  - Transit System Funds
  - Measure M 20%
  - Measure R 20%
- Proposition A Growth Over Inflation (GOI) Fund to Burbank, Glendale, LADOT and Pasadena
- Fare Subsidies Programs
  - Low-Income Fare is Easy (LIFE) Program
- Metrolink Program
- EZ Transit Pass Program
- Access Services\*
- LADOT

The 131 audits issued by external CPA firms reviewed funds allocated to jurisdictions for these programs.

### **Local Return**

#### Proposition A and C

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinances and Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2024.

The auditors found 33 instances of non-compliance for Proposition A and C, consisting of 17 findings not resulting in questioned costs. Sixteen (16) findings with questioned costs totaling \$280 thousand for Proposition A and \$1.2 million for Proposition C represent less than 1% of each total fund reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

#### Measure R

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinance and Guidelines that are applicable to the Measure R Local Return program for the fiscal year ended June 30, 2024.

The auditors found 10 instances of non-compliance for Measure R, consisting of four (4) findings not resulting in questioned costs. Six (6) findings with questioned costs totaling \$4.5 million for Measure R represent nearly 3% of the total amount reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

---

### Measure M

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinance that are applicable to the Measure M Local Return program for the fiscal year ended June 30, 2024.

The auditors found 12 instances of non-compliance for Measure M, consisting of four (4) findings not resulting in questioned costs. Eight (8) findings with questioned costs totaling \$586 thousand for Measure M represent less than 1% of the total amount reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

### Non-Local Return

The auditors found that schedules/financial statements for the various programs included in the Consolidated Audit present fairly, in all material respects. They also found that the entities complied, in all material respects, with the compliance requirements of their respective guidelines. However, the auditors noted several compliance findings; 33 findings for the TDA Article 3 program and one (1) finding for Metrolink. Metro Program Managers are working with the fund recipients to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

A receive and file report with additional details on the Consolidated Audit will be brought to the committee in the coming months.

*\*Results of the Access Services audit will be included in the FY25 fourth quarter report pending completion.*

### **Business Interruption Fund**

MAS contracted with BCA Watson Rice to conduct an audit of the Business Interruption Fund and Pacific Coast Regional Small Business Development Corporation's (PCR) compliance with the Los Angeles County Metropolitan Transportation Authority's (Metro) Business Interruption Fund (BIF) Administrative Guidelines and Fund Disbursement Procedures. The objective of this audit was to determine PCR's compliance with Metro's BIF Administrative Guidelines and Fund Disbursement Procedures for the fiscal year ended June 30, 2024.

The auditors found that PCR complied, in all material respects, with Metro's Business Interruption Fund Administrative Guidelines and Fund Disbursement Procedures.

# External Quality Assurance Review (Peer Review)

As required by auditing standards, The Association of Local Government Auditors (ALGA) conducted a peer review of MAS' compliance with the Institute of Internal Auditors (Red Book) and with the Comptroller General of the United States (Yellow Book) standards and practices for the three-year period ending June 30, 2024. The peer review team, comprised of highly qualified audit professionals from various parts of the country, certified that they are free from personal, external, and organizational impairments to independence. They evaluated MAS' quality control system, sampled engagements, and work papers for adherence to standards, and interviewed staff, executive leadership, and the Finance, Budget, and Audit Committee Chair. They also examined evidence of staff qualifications, development, and training.

The peer review team concluded that MAS fully complies with Red Book and Yellow Book standards and practices. Only a handful of local government audit organizations across the country have successfully completed a dual standards peer review. In addition, the team issued a report without management letter comments. The report and MAS' management response is included in Appendix D.

# Audit Follow-Up and Resolution

The tables below summarize the open audit recommendations as of March 31, 2025.

MAS and External Audit Recommendations				
Executive Area	Closed	Currently Open	New	Past Due
Chief People Office	3			
Chief Safety Office		5		
Operations	3	14		
Strategic Financial Management	2	14		
Total	8	33		

Details of open audit recommendations for MAS are included in Appendix C.

## Appendix A

Performance Audit - In Progress Projects as of March 31, 2025				
No.	Area	Project Number & Title	Description	Estimated Date of Completion
1	Program Management	*24-CON-P01 - Eastside Access Improvement Project (EAIP)	Assess whether usage of EAIP funds, including grants, complied with applicable terms, conditions, and restrictions, and determine whether the executed scope of the EAIP aligned with the scope described in the Board Report, Grant, and other funding agreements and assess reasons for variances, including change orders.	4/2025
2	Program Management	24-CON-P01 - Purple (D-Line) Extension 1 (PDLE1)	Evaluate the state of processes and planning for final-year activities (testing, certification, training, activation) of PDLE1 transit project prior to start of revenue operations.	4/2025
3	Chief People Office	*24-PEN-P01 – Employee Pension Benefits	Verify the accuracy of pension payroll deductions and contributions for active eligible employees.	6/2025
4	Chief Safety Office	24-SEC-P01 – Physical Security Monitoring Equipment	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	7/2025
5	Chief People Office	*24-BEN-P01 – Employee Health Care Benefits	Verify the accuracy and completeness of the health and dental benefits enrollment and the corresponding payroll deductions for all active eligible recipients, excluding represented employees and retirees, and confirm elected coverages correspond with payroll deductions and benefits received.	7/2025
6	Program Management / Operations	25-CON-P01 - Gold Line Extension Phase 2B	Evaluate Metro's oversight of the Metro Gold Line Foothill Extension Construction Authority's project management of Gold Line Extension Phase 2B Project, and Metro Operations' project management over the final year processes leading to revenue service.	7/2025
7	Deputy Chief Executive Officer	*25-DEO-P01 - Small Business Enterprise (SBE)/Disadvantaged Business Enterprise (DBE) Certification Processes	Evaluate if DEOD's SBE/DBE certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.	9/2025
8	Program Management	25-CON-P02 - Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.	9/2025

Schedule Adjustment Notes

In the third quarter of FY 25, adjustments were made to the completion dates for various performance audit projects in varying stages. The completion dates for the East Side Improvement project (24-CON-C01) and the Purple (D-Line) Extension 1 (24-CON-P01) project were adjusted due to the project reports still undergoing final quality reviews. The Employee Pension Benefits project (24-PEN-P01) and Employee Health Care Benefits project (24-BEN-P01) are complementary projects with complexities requiring expanded due diligence over data analysis. The Physical Security Monitoring Equipment project (24-SEC-P01) fieldwork is near conclusion and the Gold Line Extension Phase 2B project (25-CON-P01) project was placed on hold to address scope limitations. The adjusted dates are deemed reasonable and attainable.

\* Audits 1, 3, 5 and 7 listed above were initiated at the request of Metro's Chief Executive Officer.

## Appendix B

Contract, Financial and Compliance Audit - Audits Completed as of March 31, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Program Management	23-CON-A02 - Agreed-Upon Procedures	Grimshaw Architects	2/2025
2	Planning & Development	25-PLN-A04 - Agreed-Upon Procedures	City of Glendale	3/2025
3	Program Management	24-CON-A06 - Agreed-Upon Procedures	JAD & Associates	3/2025
4	Planning & Development	24-PLN-A18 - Agreed-Upon Procedures	City of Palmdale	3/2025
5	Planning & Development	25-PLN-A10 - Agreed-Upon Procedures	City of Los Angeles	3/2025
6	Program Management	24-CON-A04 - Agreed- Upon Procedures	ABCS Consulting Services	3/2025
7	Planning & Development	25-HWY-A06 - Agreed-Upon Procedures	City of South Gate	3/2025
8	Planning & Development	25-HWY-A08 - Agreed-Upon Procedures	City of Burbank	3/2025

## Appendix C

Open Audit Recommendations as of March 31, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	21-SEC-P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	3 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
2	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	1	OCI Management should establish and document a formal process for overseeing training courses that are required under the OCI Training Matrix and delivered by either OCI or the Divisions to ensure compliance with the PTASP.	6/30/2025	
3	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	2	OCI Management should update the OCI Standard Operating Procedures (SOP), Revision 1, January 22, 2020, to ensure alignment with the PTASP OCI Training Matrix and current practices.	6/30/2025	
4	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	3	OCI Management should explore the feasibility of adding the proper naming convention within OTTS when an employee completes training courses for the first, second, and third avoidable accidents within 18 months of the first accident. The naming convention should align with the procedures outlined in the PTASP on Post Accident Training.	6/30/2025	
5	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	4	OCI Management should explore the feasibility of utilizing OTTS or collaborate with Talent Development, to assess the capability of using the Adobe Learning Management System to capture not only employees' training course titles and hours but also as a data repository for all hard copy files associated with an employee's completed training records. This will help ensure that all training files are maintained in a centralized location. Regardless of the chosen approach, OCI Management should pursue an alternative solution, including documenting the process.	6/30/2025	
6	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	5	To help with archival and retrieval of OCI Matrix training courses, OCI Management should collaborate with the Divisions to develop a standardized method for retaining attendee rosters. This approach should be uniform and adopted across all Bus Divisions.	6/30/2025	
7	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	6	For consistent record keeping across OCI and the Bus Divisions, OCI and Division Management should document their process for the electronic archiving of training records for employees and Goodyear contractor personnel. This should include a training checklist outlining essential documents (e.g. DL260) required for each type of OCI Matrix training course.	6/30/2025	
8	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	7	OCI Management should collaborate with the Divisions to formally communicate the need to comply with the OCI Training Matrix as it relates to recommendations 1-7.	6/30/2025	
9	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	9	OCI Management should work with Corporate Safety to ensure that the OCI Training Matrix includes current course descriptions, and any updates should be communicated to all staff that have responsibility for compliance with the OCI Training Matrix.	6/30/2025	

Any findings that have not been corrected 90 days after the due date are reported as late.

## Appendix C

Open Audit Recommendations as of March 31, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
10	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	1	Logistic Planners (Planners) should document policies and procedures that include processes, methodologies, key parameters, considerations, and filters used by Logistics staff during the monthly review process to establish reorder points, business impact and other relevant criteria.	6/27/2025	
11	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	2A	Incorporate into Policies and Procedures requirements for Planners to review and populate all prior missing Business Impact fields.	6/27/2025	
12	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	2B	Incorporate into Policies and Procedures requirements for regular review and update to the Business Impact field.	6/27/2025	
13	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	3	Require Planners to reexamine inventory items classified as Business Impact C for upgrade consideration to Business Impact to "A" or "B" if inventory items are known to cause revenue vehicles to be downed or out of service. This would accurately reflect their criticality.	6/27/2025	
14	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	4	Collaborate with ITS to make the Business Impact field a mandatory data entry field in the MRO/IO system.	6/27/2025	
15	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	5	Logistics Management should eliminate terminated and retired employees' master key access to facilities by either replacing all locks with electronic key card access or altering locks to prevent older master keys from gaining access to the buildings.	10/31/2024	12/27/2025
16	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	6	Ensure newly issued keys are assigned to appropriate individuals. When an individual no longer needs a key, collect and log the key's return.	10/31/2024	12/27/2025
17	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	7	Remove key card access for terminated and retired employees.	10/31/2024	12/27/2025
18	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	8	Work with Building Services and Facilities Maintenance to limit access to all their storerooms to those who require it, revoke access for all others, and confirm that their access has been removed. Logistics should also review the logs in detail on a regular basis to ensure they are up to date.	10/31/2024	12/27/2025
19	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	9	Logistics should document any exceptions to policies and procedures regarding general cycle count timelines, including how the respective area counts are to be performed.	10/31/2024	9/27/2025
20	Strategical Financial Management	23-ITS-P01 - Performance Audit of Third-Party Risk Management - Outsourced Service Providers	4 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
21	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	1	The Chief Safety Officer should instruct Emergency Management to collaborate with Contracted Bus Services to include Contracted Bus Services in the Bus COOP as a mission essential function and update the Bus COOP and external contractor agreements with any necessary information related to Contracted Bus Service emergency procedures.	4/30/2025	

Any findings that have not been corrected 90 days after the due date are reported as late.

## Appendix C

Open Audit Recommendations as of March 31, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
22	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	2	Emergency Management should collaborate with Bus Operations for annual Bus COOP training and testing.	12/31/2025	
23	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	3	Emergency Management should coordinate with the Bus Operations to create an SOP template to include names, titles, and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions, and successors; and reference and attach/link all Bus COOP-related SOPs as appendices to the Bus COOP.	4/30/2025	
24	Operations	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	4	Bus Operations should update the SOP contact details as requested by Emergency Management on a periodic basis, e.g., quarterly or semi-annually; when a revised organization chart is issued with changes to key personnel; or whenever there is a change in executive continuity personnel.	4/30/2025	
25	Operations	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	5	Bus Operations should create a roster of trained personnel and include it in the Bus COOP or reference the SOP.	4/30/2025	
26	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	6	Emergency Management should collaborate with Bus Operations to ensure that each Bus division has a designated primary and secondary relocation site for maintenance and/or storage for enough of its buses to maintain service, including a schedule of required equipment, tools, and spares that should be relocated with staff and vehicles.	4/30/2025	
27	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	7	Emergency Management should collaborate with Bus Operations to establish which backup facilities (a primary and secondary location) each employee should report to in an emergency.	4/30/2025	
28	Operations	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	8	Bus Operations should establish a formal working group to secure agreements with the various utility companies that support Metro Bus Operations to commit these entities to provide Metro with priority for service continuity and restoration in emergency situations, in accordance with Metro's regulatory tier as an essential public service. The working group should include representation from Sustainability, Governmental Relations, Emergency Management, Vendor Contract Management, Project Delivery Third Party Coordination, and County Counsel.	3/31/2025	



## External Quality Control Review

of the  
Los Angeles County Metropolitan Transportation  
Authority - Management Audit Services Department  
(MASD)

Conducted in accordance with guidelines of the  
**Association of Local Government Auditors**  
for the period July 1, 2021 through June 30, 2024



## Association of Local Government Auditors

January 30, 2025

Kimberly L. Houston, Deputy Chief Auditor  
Los Angeles County Metropolitan Transportation Authority - Management Audit Services Department  
One Gateway Plaza  
Los Angeles, CA 90012

Dear Kimberly L. Houston,

We have completed a peer review of the Los Angeles County Metropolitan Transportation Authority (LA MTA) Management Audit Services Department (MASD) for the period July 1, 2021 through June 30, 2024. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guides* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors as part of their *Professional Practices Framework* and reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States, as well as applicable legal and regulatory requirements. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, LA MTA Audit Committee Board Chairperson and Deputy CEO.

Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case but does imply adherence in most situations.

Based on the results of our review, it is our opinion that during the period July 1, 2021 through June 30, 2024, MASD's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of conformance with *the Standards*, resulting in a rating of generally conforms, and compliance with *Government Auditing Standards*, resulting in a rating of pass.



Miguel Montiel  
CIA, CGAP  
Audit Manager  
City of El Paso, TX



Camille Jones  
CPA  
Asst. City Controller IV  
City of Houston, TX



Rebekah Bein  
MPPA  
Senior Auditor  
City of Milwaukee, WI



Tammy Nevin  
CIA, CFE  
Auditor II  
Palm Beach County, FL



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

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January 30, 2025

Mr. Miguel Montiel  
ALGA Peer Review Team Lead  
Audit Manager, City of El Paso  
218 N Campbell  
El Paso, TX 79902

Dear Mr. Montiel,

On behalf of Los Angeles County Metropolitan Transportation Authority (Metro) and Management Audit Services (MAS), I would like to thank you, Camille Jones, Rebekah Bein, and Tammy Nevin for successfully completing the Association of Local Government Auditors (ALGA) Peer Review for the three-year period, July 1, 2021 through June 30, 2024.

We were pleased to learn an independent peer review team found MAS' internal quality control system is suitably designed and operating effectively to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, as part of their *Professional Practices Framework* and reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States, thus, resulting in a rating of pass. The final peer review report will be shared with Metro's executive leadership and the Metro Board of Directors.

Sincerely,

Kimberly L. Houston  
Deputy Chief Auditor

Management Audit Services

# FY 2025 Third Quarter Report

Finance, Budget & Audit Committee  
May 15, 2025

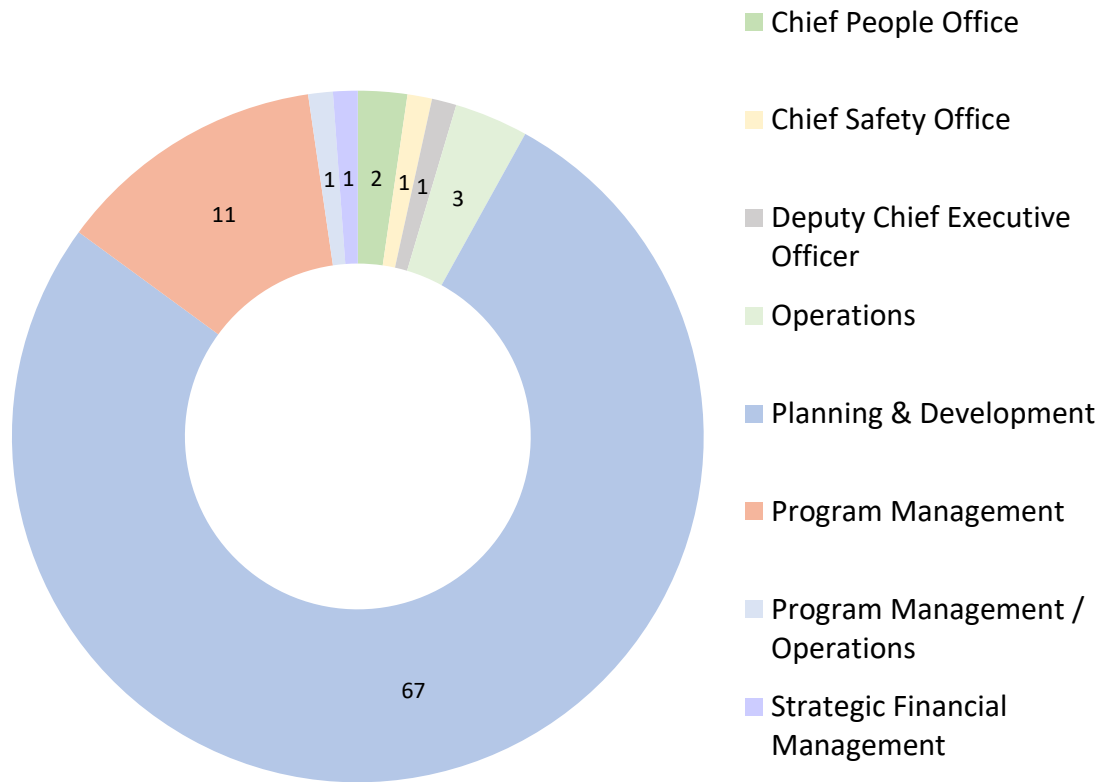
Kimberly Houston, Deputy Chief Auditor



MANAGEMENT  
AUDIT SERVICES







# In Progress: MAS Audit Activity

## Agency Representation

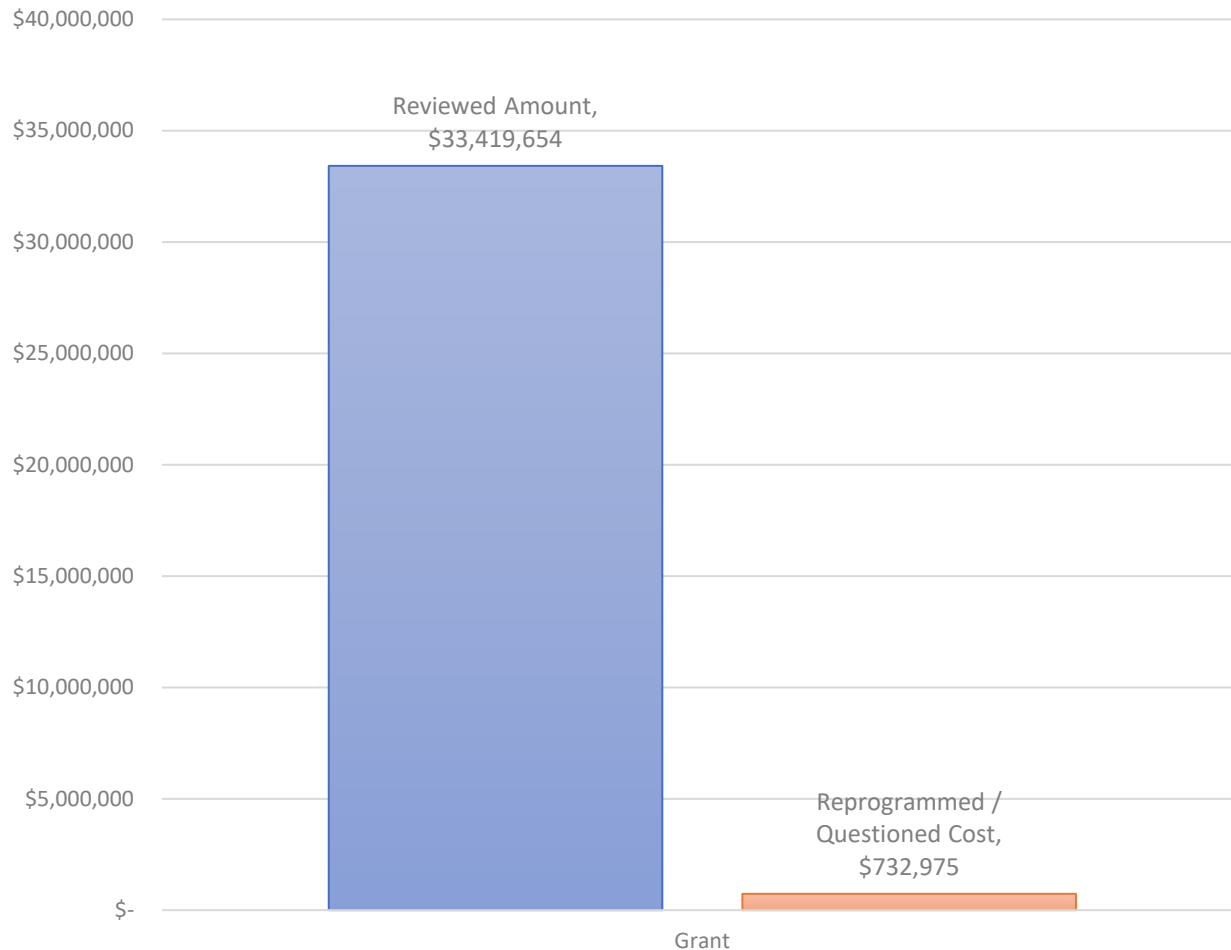


- 8 Performance Audits
- 79 Contract, Financial and Compliance Audits

# In Progress: Performance Audits

			Estimated Completion	
	Audit Title	Description	FY25 Q4 Apr - Jun	FY26 Q1 Jul - Sep
1	Eastside Access Improvement Project	Evaluate if fund usage complied with applicable terms and if the scope aligned with the board-approved scope and other agreements.		
2	Purple (D-Line) Extension 1 (PDLE1)	Evaluate the state of processes and planning for final-year activities (testing, training, activation) prior to start of revenue operations.		
3	Employee Pension Benefits	Verify accuracy of pension payroll deductions and contributions for active eligible employees.		
4	Physical Security Monitoring Equipment	Assess adequacy of policies and procedures regarding video monitoring equipment.		
5	Employee Health Care Benefits	Verify accuracy of health / dental benefits enrollment and payroll deductions for active eligible employees.		
6	25-CON-P01 - Gold Line Extension Phase 2B	Evaluate oversight of the Construction Authority's management of Gold Line Phase 2B and Metro Operations' management of the final year processes leading to revenue service.		
7	SBE / DBE Certification	Evaluate if certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.		
8	Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.		

# Completed: Contract, Financial & Compliance Audits



- Delivered financial audits that reviewed incurred project costs of \$33M.

# External Quality Assurance Review (Peer Review)

- Peer Review for the three-year period ending June 30, 2024, is required by auditing standards
- Peer Review Team evaluated MAS' quality control system for adherence to audit standards
- Interviewed staff, executive leadership, and the Finance, Budget, and Audit Committee Chair
- Peer Review Team found that MAS fully complies with auditing standards and practices

Thank you