

FY21 Preliminary Budget Status Update

Technical Advisory Committee

August 5, 2020



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Budgeting with COVID-19 Impact



- FY21 will be a transition year as Metro continues to monitor and adapt to financial challenges in a Post-COVID economy
- Outbreak of COVID-19 in LA County region has negatively impacted Agency's financials and operations
- Sales tax revenues and fare revenues that fund Metro services and functions have sharply declined and are permanent
- Full financial impact of COVID-19 is unknown due to uncertainty of its severity and duration in LA County region
- Temporarily, Metro will experience near term budget and cashflow challenges due to reimbursement timing from CARES Act and other potential stimulus funding

FY21 Budget Development



To Transition out of COVID-19 and deliver Metro service and projects, in FY21 Metro will:

- Respond to revenue projections and shortfalls
- Develops a tailored approach in next 4 quarters by a close conservation of cashflow in first half of year and assuming a steady ramp up in second half of the year as revenue projection
- Prepares for a long-lasting impact of COVID19 to economy and implications to level of service and ridership beyond next 4 quarters
- Maintain current workforce level; continue Collective Bargaining Agreement wage and benefit increases for union labor
- Cost control actions are a necessary but temporary measure and will still be able to meet objectives of:
 - Operating bus and rail services including planning for future ridership/NextGen impact
 - Staying on MM/MR project schedules
 - Funding for regional transportation activities (planning project to make shovel ready)
- If needed, Midyear Budget will be brought to Board for approval
- Staff to monitor the pace of recovery and as opportunities arise budget will be adjusted

Estimated Revenues - FY21 Preliminary

Summary of Resources

Resources (\$ in Millions)	FY20 Adopted Budget	FY21 Preliminary Budget	% Change
Sales Tax and TDA Resources	\$ 3,928.5	\$ 3,487.9	-11.2%
STA and SB1 Revenues	245.9	228.8	-7.0%
Passenger Fares	284.5	60.0	-78.9%
Toll, Advertising and Others	155.3	138.2	-11.0%
Grant Resources	1,184.8	1,225.2	3.4%
Total (Excluding New Bond Proceeds)	\$ 5,799.0	\$ 5,140.0	-11.4%

- COVID-19 revenue impacts first felt in FY20 will continue into FY21
- Revenue decline compared to FY20 Budget: \$659M
- Note: Partial mitigation due to CARES Act not included in this table
- CARES Act Funding:
LA County: \$1.068B
Metro: \$874M
- CARES Act funds do not cover all Metro losses from Jan '20 – Jun '21

FY21 Revised Budget Process & Schedule

Month **Topic** (Planned and subject to change)

May

FY21 Continuing Resolution

June

FY21 Revised Budget Development Process and Schedule

- Budget Process and Schedule
- Sales Tax Forecast, Resources Assumption
- Stakeholder Outreach Plan

July

Budget Development Process

- Expense Assumptions



August

Program Summaries

- Transportation Infrastructure Development, Regional Rail, Highways
- Metro Transit – Operations & Maintenance Expense and State of Good Repair
- Subsidy to Regional Partners

September

FY21 Revised Budget Adoption (Planned)

- Consolidated Agency-wide Expenses and FTEs Budget Proposal
- Public Hearing on September 16, 2020
- Summary of Public Comment and Stakeholder Review
- Final Board Adoption on September 24, 2020

December

Mid-Year Budget Amendment (as needed)



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FY 21 Budget Stakeholder Outreach - Update



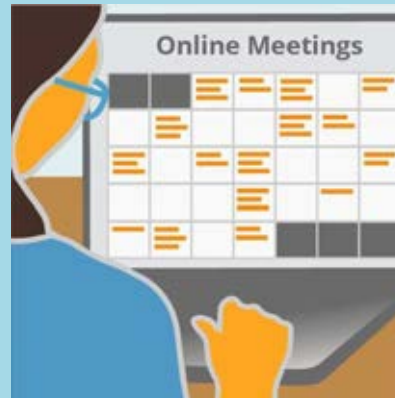
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FY21 Budget Outreach - Tactics & Efforts

Digital



[Metro.net/myvoice](https://metro.net/myvoice)

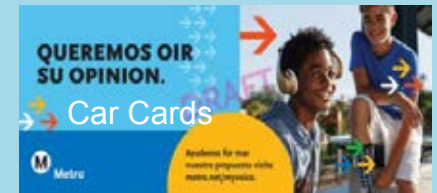
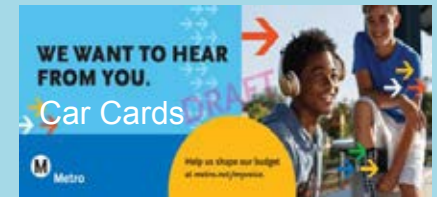


Virtual Public Meetings



budgetcomments@metro.net

Marketing



Budget Outreach Schedule

Jul, Aug, Sept

Digital & Marketing Campaign

Sept 3

Regional Service Councils

- San Gabriel Valley
- San Fernando Valley
- Gateway Cities
- South Bay
- West Side/Central

Sept 4 - 17

Stakeholder Meetings

- Bus Operator Subcommittee (BOS)
- Local Transit Service Subcommittee (LTSS)
- Streets & Freeways
- Technical Advisory Committee (TAC)
- Community Advisory Council (CAC)
- BizFed
- COGS & other meetings as requested

Sept 16

Budget Public Hearing

Sept 24

Board Meeting (final adoption)



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