

FY18 Budget Development



Metro

**Metro – STREETS AND FREEWAYS
SUBCOMMITTEE
March 2017**

FY18 Budget Development Timeline

- February 2017:
 - Budget Development Process and Schedule
 - Outreach
 - Sales Tax Revenue and Consumer Price Index (CPI) Assumptions
- March 2017:
 - Transit Projects
 - Metro Bus/Rail Service Levels and State of Good Repair (SGR)
 - Transit Boardings and Fare Revenue Projections
- April 2017:
 - Preliminary FY18 Budget proposal, Revenue Update, Labor and Expense
 - Outreach status update
- May 2017:
 - Public Hearing: May 17
 - Final Board Adoption: May 25



Budget Development Outreach

- Outreach will be conducted throughout the budget process until board adoption
- Soliciting input with “bottoms-up” approach through key groups (transit riders, communities, key stakeholders, transit operators, and general public)
- Social media to push information on budget development and Online Budget Tool
- **Telephone Town Hall to accommodate members of the public who are unable to attend the public hearing**

Type	Description	Dates
Board Updates	Monthly Board Reports will provide status of budget process	Finance & Budget Committees (Feb/Mar/Apr/May)
Board Staff Briefings	Weekly meetings will be held on specific budget topics	Focused briefings (Feb/Mar/Apr/May)
Stakeholder meetings	Bus Operations Subcommittee Technical Advisory Subcommittee Local Transit Systems Subcommittee Streets & Freeways Citizens Advisory Council	Mar 21, May 16 Mar 1, May 3 Mar 30, Apr 27 TBD Mar 3, May 5
Public	Service Council meetings On-Line Budgeting tool Monthly Podcasts on budget topics as provided to the Board Blog posts on theSource Website to provide latest budget information Metro Briefs Email for public to provide comments Public Hearing	Mar 2-11, May 4-13 Feb-May Feb/Mar/Apr/May Feb/Mar/Apr/May On-going On-going On-going May 17
Board and Deputy briefings	Will be scheduled as requested with each of the Board offices	May 1 – May 24 (as requested)



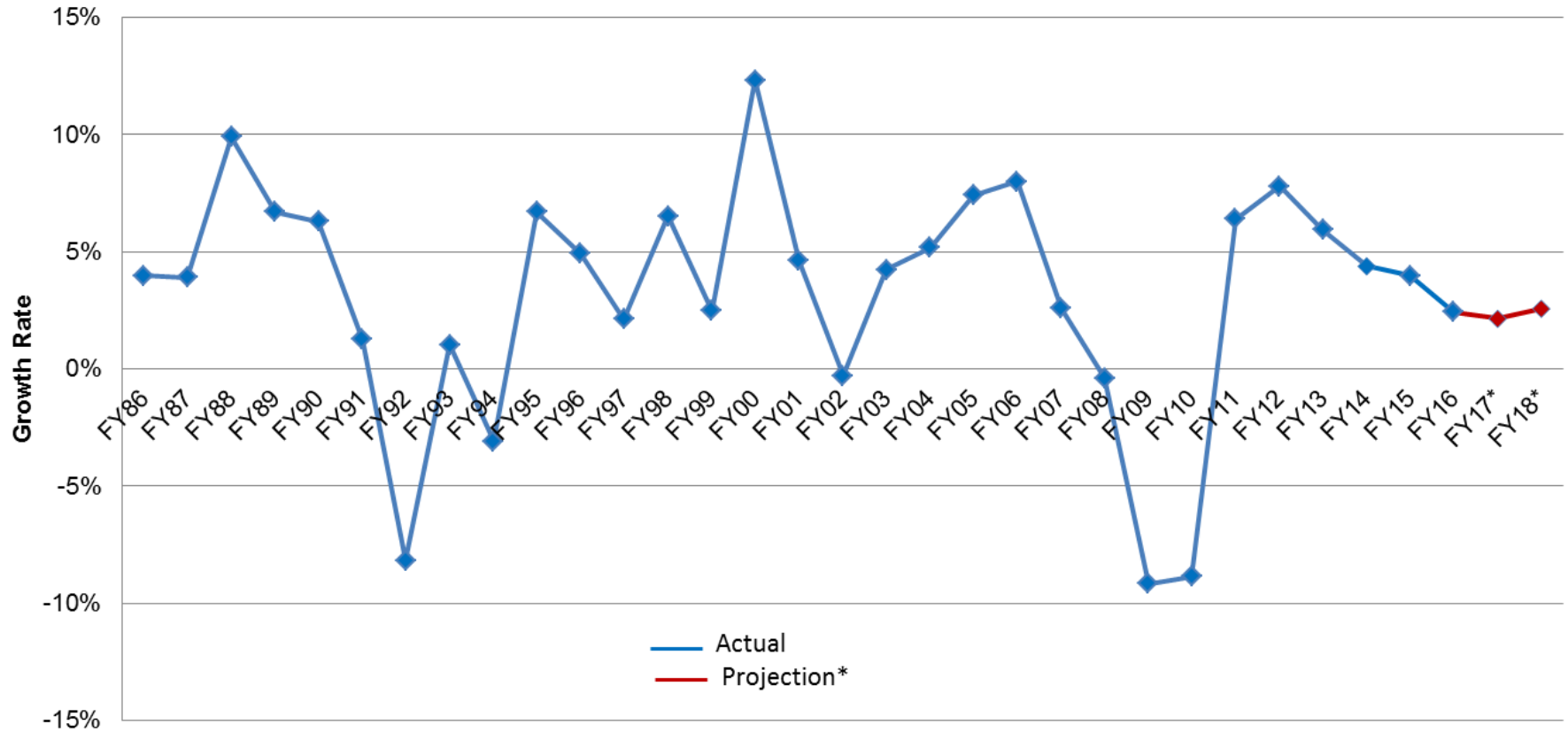
Anticipate over 50 briefings and workshops

CEO Goals

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

Sales Tax Revenues Assumptions

Sales Tax Annual Growth Rate



Sales Tax Revenues Assumptions

Annual Change in Sales Taxes

(\$ in millions)

Revenues for each Sales Tax Ordinance - Propositions A, C, Measure R, and Measure M				
	FY15 Actual	FY16 Actual	FY17 Estimated Actual	FY18 Assumption
	\$ 745.7	\$ 763.7	\$ 780.0	\$ 800.0
% Change	4.0%	2.4%	2.1%	2.6%

Sales Tax Forecast Source Comparison

Forecast Source	FY15	FY16	FY17	FY18
Actual *	\$ 745.7	\$ 763.7	\$ 780.0	---
Metro **	\$ 734.2	\$ 763.5	\$ 795.7	\$ 800.0
UCLA	\$ 733.2	\$ 772.1	\$ 807.4	\$ 810.0
Beacon Economics	\$ 751.7	\$ 766.2	\$ 806.2	\$ 816.9
Muni Services	\$ 741.5	\$ 785.8	\$ 806.2	\$ 803.6

* FY17 Actual is projection based on FY17 Q1 receipt from State Board of Equalization

** FY15 and FY16 are Adopted Budget



Consumer Price Index Assumptions

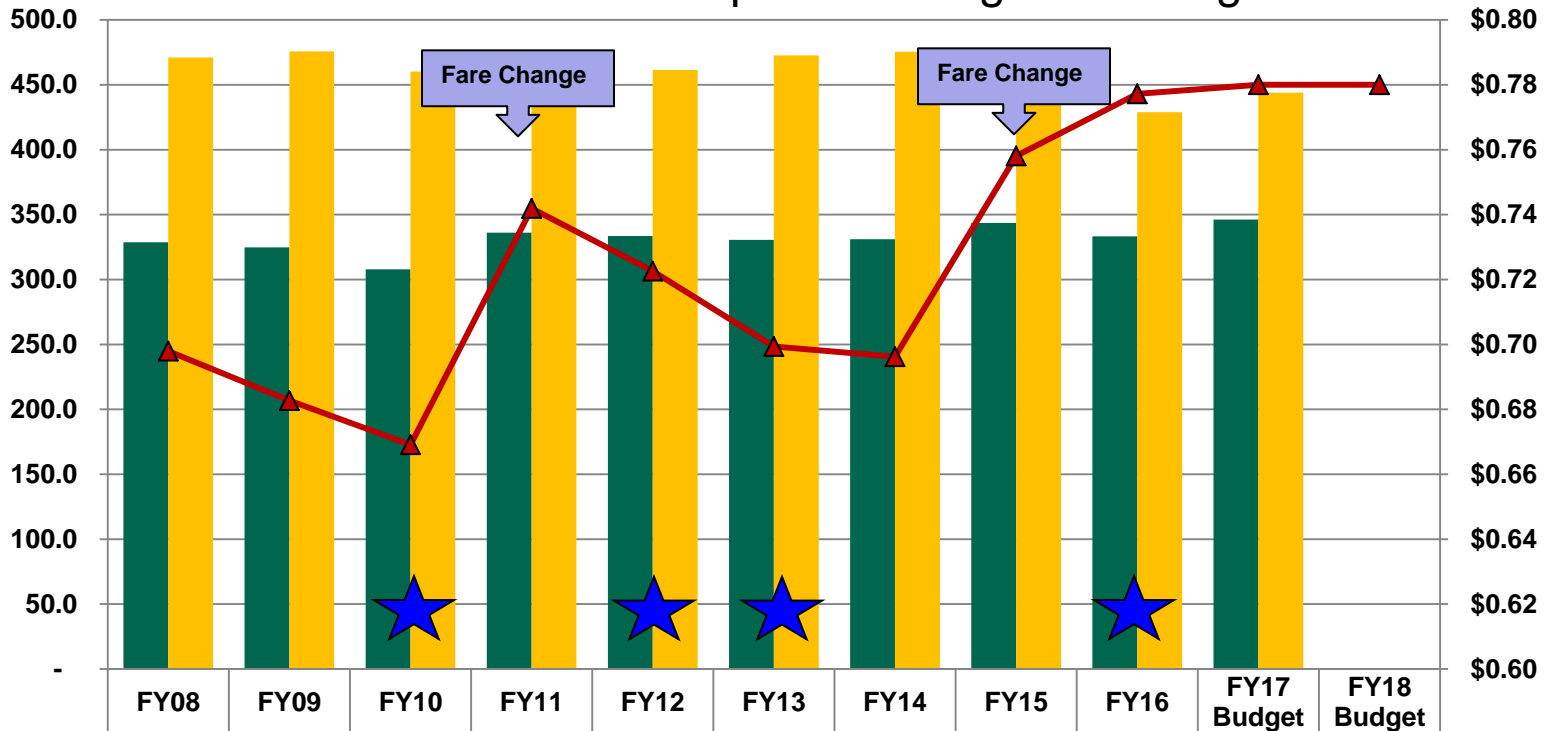
Annual Change in Consumer Price Index (CPI)

Forecast Source	FY15	FY16	FY17	FY18
<i>Actual</i>	0.94%	1.73%	1.24% *	
Metro	2.30%	1.97%	1.85%	1.25 - 2.00%
UCLA	2.81%	2.25%	2.70%	2.78%
Beacon Economics	1.97%	1.57%	1.98%	2.00%

* YTD actual based on data from U.S. Bureau of Labor Statistics (through Dec '16).

Fare Revenue Trends

Total Fare Revenues = Fare per Boarding * Boardings



- FY11 Fare Change resulted in \$33M in additional revenues
- FY15 Fare Change resulted in \$28M in additional revenues



New line openings: Gold Line Eastside (FY10), Expo 1 (FY12), Orange Line Chatsworth Extension (FY13), Expo 2/Foothill 2A (FY16)



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Measure R/M Projects in EIR/EIS/PE

	Major Transit Planning Projects planned in FY18 (\$ in millions)	Sub Region	Ordi- nance	Cost Est in 2015 \$
1	Crenshaw/LAX Light Rail Transit: Planning	sb	R	2,058.0
2	Eastside Light Rail Access	sg	R	30.0
3	Regional Connector: Planning	sc	R	1,750.8
4	Orange Line Improvements	sf	M	286.0
5	Gold Line Foothill Extension: Planning (JPA)	sg	M / R	1,097.0
6	Westside Subway Extension: Planning	w	M / R	1,980.4
7	Airport Metro Connector (Accomodations)	sc	M / R	581.0
8	Eastside Extension Phase II: Planning	gc / sg	M / R	3,000.0
9	Green Line Extension: Redondo to South Bay	sb	M / R	891.0
10	San Fernando Valley East North/South Rapidways	sf	M / R	1,331.0
11	Sepulveda Pass Transit Corridor	sf / w	M / R	5,934.0
12	West Santa Ana Branch Corridor	gc	M / R	4,000.0
	Total			\$ 22,939.2

FY18 Budget requests for Planning efforts to be provided upon department upload starting Feb 21

* Board Adopted Life-of-Project Budget

- FY18 Budget plans to include first phase of Measure R and Measure M major transit projects
- Planning expenditures through EIR/EIS/PE phase are generally in the range of 2% or less of total project cost, based on past experience
- Planning phases typically take approximately 4 years to complete



FY18 Budget Transit Construction

	Measure R Projects (\$ in millions)	Bd Auth LOP	Est ITD \$ thru FY17	Est %ITD thru FY17	Proposed FY18	Est ITD % thru FY18	Target Rev Svc Date
1	Expo 1: Washington Siding	13.0	1.5		3.0		
3	Metro Orange Line Ext to Canoga	215.6	144.2		0.2		
2	Expo 2: Closeout	0.0	36.0		7.9		May 2016
4	Gold Line Foothill Ext to Azusa 2A	741.0	651.6		1.5		Mar 2016
5	Closeouts	969.6	833.3	85.9%	12.6	87.2%	
6	Crenshaw/LAX Light Rail Transit	2,058.0	1,313.9		380.0		
7	Division 22 Paint And Body Shop	11.0	5.6		5.2		
8	Southwestern Maintenance Yard	157.0	78.9		46.4		
9	Crenshaw Projects	2,226.0	1,398.5	62.8%	431.5	82.2%	Oct 2019
10	Regional Connector: Construction	1,750.8	805.5		201.0		
11	Regional Connector: Construction: Non-FFGA	40.0	33.0		0.8		
12	Regional Connector Projects	1,790.8	838.6	46.8%	201.9	58.1%	Jul 2021
13	Westside Subway Purple Line Ext. Sect 1	2,773.9	1,112.0		378.8		Nov 2023
14	Westside Subway PLE Sect 2	2,441.0	309.1		267.5		Aug 2025
15	Westside Subway PLE Sect 3 (est LOP)	2,500.0	63.8		245.9		TBD
16	WSE PLE Core Cap Enhanc @ Div 20	17.2	3.5		13.7		TBD
17	Westside Purple Line Projects	7,732.0	1,488.4	19.2%	905.9	31.0%	
18	Grand Total Measure R	12,718.5	4,558.7	35.8%	1,551.9	48.0%	

	Measure M Projects (\$ in millions)	Bd Auth LOP			Proposed FY18		
19	Airport Metro Connector (New in FY18)	TBD	0.0	0	70.6		TBD
20	Foothill Extention 2B	TBD			4.0		TBD
21	Grand Total Measure M	TBD	0.0	0.0	74.6	TBD	

- Westside Purple Line Projects account for 58% (\$905.9M) of all Transit Construction in FY18 (\$1,551.9M)
- Airport Metro Connector (New in FY18) would begin construction work

Bus and Rail Service Levels

Bus Revenue Service Hours (RSH):

- No change in overall RSH from FY17 Budget of 7,005,960 RSH
- Right-size service, increasing frequency in the Owl Network

Rail Revenue Vehicle Service Hours (RVSH):

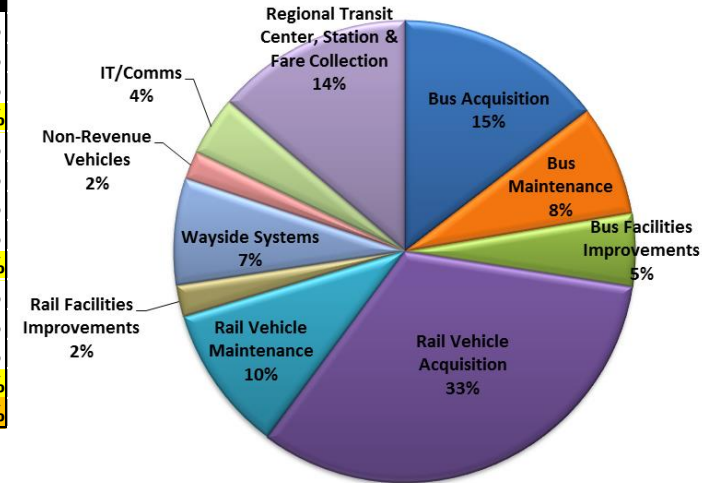
- FY18 first year in which we can meet rail demand with new and existing rail vehicles on all rail lines since opening of Expo 2 and Foothill 2A extensions
- FY18 increases in scheduled service levels to accommodate rider demand and special events
- Total increase in RVSH in FY17 of 10% to 1,263,083 RVSH in FY18
- Continue to maximize revenue service while performing state of good repair work on the main lines

Rail Line	Weekdays	Weekend
Gold Line	• Increase all trains to 3 car consists	• No change
Expo Line	• Increase all trains to 3 car consists	• 3 car/6 min headway for 8 months of the year • 2 car/6 min headway for 4 months of the year
Green Line	• Increase peak period headway to 6 min	• No change
Blue Line	• No change	• No change
Red/Purple Line	• No change	• No change

System State of Good Repair

(\$ IN MILLIONS)

SGR Category	FY17 Budget	FY18 Proposed	% of Total FY18 SGR	Year Over Year Change
Bus Acquisition	\$ 57.94	\$ 59.77	15%	3%
Bus Maintenance	25.95	31.92	8%	23%
Bus Facilities Improvements	17.83	20.98	5%	18%
Bus Subtotal	101.72	112.67	27%	11%
Rail Vehicle Acquisition	55.61	134.20	33%	141%
Rail Vehicle Maintenance	55.06	42.02	10%	-24%
Rail Facilities Improvements	26.81	9.15	2%	-66%
Wayside Systems	53.80	30.61	7%	-43%
Rail Subtotal	191.28	215.98	53%	13%
Non-Revenue Vehicles	8.68	8.06	2%	-7%
IT/Communications	13.13	17.08	4%	30%
Regional Transit Center, Station & Fare Collection	38.85	56.52	14%	45%
Other Subtotal	60.66	81.66	20%	35%
Total Proposed SGR Budget	\$ 353.66	\$ 410.30		16%



Overall

- Total SGR FY18 Budget is 16% greater than FY17 Budget
- Safety and security (\$40.5M) embedded throughout Bus and Rail Projects, including projects such as Blue Line pedestrian crossings, bus safety barriers, and video monitors
- Rosa Parks/Willowbrook Regional Transit Center design in progress

Bus

- Bus deliveries were completed in FY17 and were deployed out to differing service regions
- We will begin procurement activities to purchase and incorporate Zero Emission Buses in to our bus fleet
- Bus Midlife and engine repower activities will ensure reliability and useful life of our buses
- Connected wi-fi on buses

Rail

- Blue Line current has largest share of non-vehicle SGR improvements
- Wayside systems improvements are prioritized to improve our oldest lines first
- FY18 will be first year we have enough light rail cars to run planned service since opening Expo 2 & Foothill 2A extensions
- Planned deliveries will prepare us for new service improvements and new rail lines
- Continuing overhaul and midlife of Light and Heavy Rail Vehicles

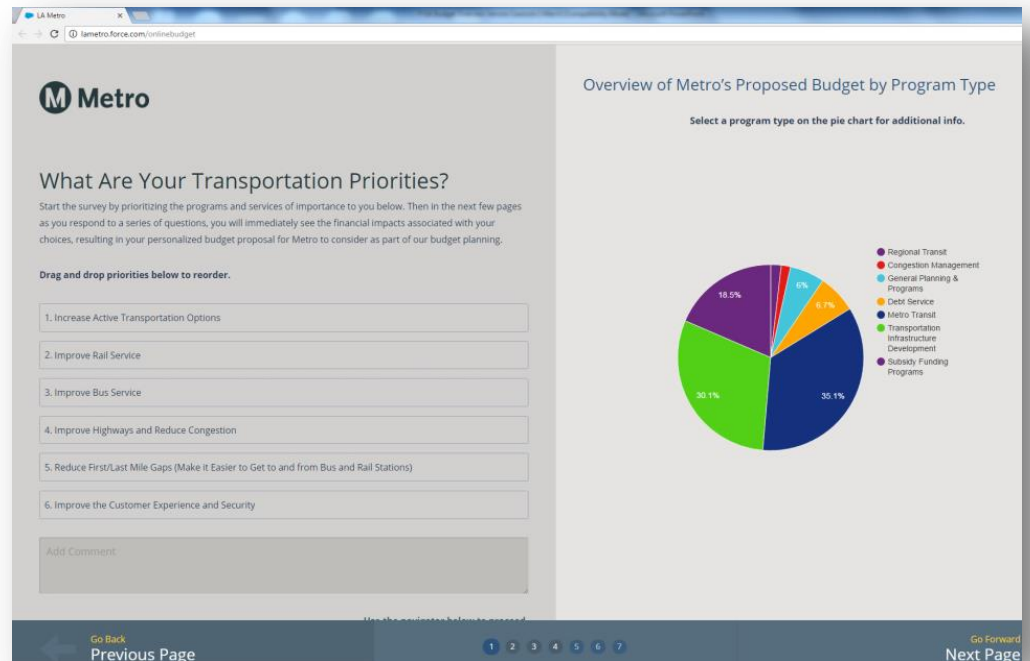


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On Line Budget Tool

- Interactive application to engage the public in the budgeting process
- Not only a survey, but eventually a way to allow the public to provide feedback on their individual transportation priorities

- Prioritize agency goals
- Reallocating funding among different modes
- Propose specific programs and services to be funded



Available on Metro.net starting in April 2017 with FY18 proposed budget data