Introduction: CEO’s Fiscal Vision for Metro

- We face the financial challenges described here
- Metro must have realistic yet challenging fiscal goals
  - As custodians of taxpayer’s monies, we must:
    - Be frugal, responsible, practical and approve only appropriate expenditures
    - Capture the greatest share possible of passenger trips and increase farebox recovery
    - Optimize utilization of our financial resources in pursuit of our legislative and Metro Board-approved goals and objectives
- These goals are fundamental to our future success
Transportation Public Investments by Mode: Countywide and Metro Controlled Spending Forecast

Countywide Uses
FY 2015 – FY 2024

- Highways, Roads, etc.: $32.7 B (38.6%)
- Bus Operations/Paratransit: $19.7 B (23.2%)
- Rail & Transitway Capital: $13.2 B (15.6%)
- Bus Capital: $4.5 B (5.2%)
- Rail Operations: $6.7 B (8.0%)
- Debt Service: $6.5 B (7.7%)
- Other*: $1.5 B (1.7%)

Total: $84.8 Billion

Metro Controlled Uses
FY 2015 – FY 2024

- Rail Capital: $12.2 B (22%)
- Bus Capital: $3.5 B (6%)
- Rail Operations: $6.1 B (11%)
- Bus Operations/Paratransit: $16.9 B (32%)
- Debt Service: $6.5 B (12%)
- Highway: $7.8 B (14%)
- Other*: $1.5 B (3%)

Total: $54.5 Billion

* Includes safety net program, agency-wide capital, and regulatory oversight.
Borrowing Key to Transformative Plan

Funding Plan for Metro-Controlled Uses
FY 2015 - FY 2024

Prop A & C Bonds at Risk

* Excludes Beginning Balances
Metro’s Transformative Financial Strategy...

- Capital improvement program exceeds $14 B
  - Transit & Highway
    - Almost all under construction

- Borrowing brings in $6.6 B
  - Debt capacity maximized
    - $1.5 B subordinate federal loans critical to success
      » America Fast Forward Legislation
## Costs Added to SRTP: $1.8B

<table>
<thead>
<tr>
<th>Project (Alphabetical Order)</th>
<th>Cost Update ($’s millions)</th>
<th>Fund Source (Leveraged from Others?)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport Metro Connector Accommodations</td>
<td>$33.2</td>
<td>CMAQ (to be leveraged)</td>
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<tr>
<td>Airport Metro Connector 96th Street Station</td>
<td>$195.7</td>
<td>Measure R 35%</td>
</tr>
<tr>
<td>Business Interruption Fund</td>
<td>Up to $80.0</td>
<td>Meas. R Adm. &amp; Transit/Prop. C 25%</td>
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<tr>
<td>Bus Division 13</td>
<td>$16.1</td>
<td>Prop 1B PTMISEA</td>
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<tr>
<td>I-405 NB Carpool Lane (not including claim 86)</td>
<td>Up to $115.0</td>
<td>RSTP (to be leveraged)</td>
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<tr>
<td>Patsaouras Plaza Busway Station</td>
<td>$14.2</td>
<td>Prop C 25%</td>
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<tr>
<td>Purple Line Extension Section 1</td>
<td>$288.2</td>
<td>Measure R Transit 35%</td>
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<tr>
<td>Purple Line Extension Section 2</td>
<td>$374.3</td>
<td>FTA New Starts (to be leveraged)</td>
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<tr>
<td>Regional Connector</td>
<td>$60.5</td>
<td>Measure R 2% / Lease Rev.</td>
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<tr>
<td>Construction Umbrella Liability Insurance</td>
<td>$20.9</td>
<td>Prop C 25% / Measure R 35%</td>
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<tr>
<td>I-10 Carpool Lanes from Citrus to SR-57</td>
<td>$10.3</td>
<td>CMAQ</td>
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<tr>
<td>P3010 Light Rail Vehicle Options 2 and 3</td>
<td>$114.0</td>
<td>Prop A 35%, STIP</td>
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<td>Bloc/Metro Connection Pedestrian Passage</td>
<td>$4.3</td>
<td>Metro General Fund, Lease Revenues</td>
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<tr>
<td>North Hollywood Orange-Red Line Underpass</td>
<td>$1.1</td>
<td>TDA4</td>
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<tr>
<td>Southwestern Light Rail Yard</td>
<td>$22.0 <strong>11.2</strong></td>
<td>Prop A 35%</td>
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<tr>
<td>Other SRTP Additions</td>
<td>$457</td>
<td>Reserve Needed for TBD items (See Appendix)</td>
</tr>
</tbody>
</table>

**Total =** $1,806.8

1,796.0
Countywide Forecast: SRTP Has $900 M Shortfall

Countywide Operations and Capital Costs and Shortfall
FY 2015 - FY 2024 (millions)

$1.8 B added to SRTP = $900 M shortfall

Countywide Transportation
Capital Costs including State of
Good Repair

Countywide Transit Operating
Costs including Access Services, all
Bus Operations, and Metrolink

Cost Increases
Metro’s Worst Case: Could be Far Worse

• Periodic economic shocks expected
  – Higher bids and other cost increases occurring now
  – Economic recession could occur during plan period

• Borrowing strategies are at risk
  – Transit operating costs rise faster than CPI
  – Fares not keeping pace with costs
  – Access Services demand growing

• New revenue sources are important
  – Federal funding increase needed in reauthorization
  – State Cap & Trade needed for SRTP greenhouse gas reductions
Perfect Storm: Flat Fares, ADA Costs, & Economic Shock

Countywide Operations and Capital Costs Shortfall
FY 2015 - FY 2024 (million)

- $1.8 B added to SRTP = $900 M capital shortfall
- Flat fares + ADA costs + Economic Shock = $2.10 B deficit

Countywide Transportation Capital Costs including State of Good Repair
Countywide Transit Operating Costs including Access Services, all Bus Operations, and Metrolink