



ITEM ID: 2025-216-0

TRANSMITTAL DATE: May 2, 2025

MEETING DATE: May 9, 2025

TO: Audit and Finance Committee

FROM: Tom Schamber, Interim Chief Financial Officer

SUBJECT: Financial Results for the First Nine Months of FY25 - March 2025 Ridership, Revenue, and Operating Results, and Forecast to Year End 2025

Issue

"Metrolink Reimagined" is the Metrolink term for the transition from commuter rail-based service to a regional provider of general transport. Initiatives designed to realize that transition require timely review of Ridership, Revenue, and Financial Operating Performance to provide assessment of the effectiveness of our efforts. Primary among these initiatives is the Optimized Service Schedule which began on October 21, 2024.

This report covers monthly reporting on Ridership, Revenue, and Financial Operating Performance for the nine months ended March 31, 2025.

At the third quarter of each year, staff presents a forecast to year end, which is also included in this report.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitments of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on Member support while bringing our system into a state of good repair and investing in

the development of our employees. Providing current and accurate information to our Board enhances their oversight, and ability to provide direction based on factual data.

- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to bring them on board. Our close monitoring of our ridership is a reflection of our unflinching concern for ridership trends, and to ensure our actions are serving their needs.

Background

This item will report on the ridership and revenue recovery as measured against FY2018-19 (FY19) results, which was the last full year of operations pre-pandemic. Comparisons and variance are shown between the forecast or budget and actual recovery. Comparisons will also be shown between the Ridership, Revenue and Expenses as adopted in the FY25 Budget and actual performance.

For FY25, Staff continued its engagement with Sperry Capital/KPMG to lend assistance and additional expertise to our ridership forecasting. Sperry Capital/KPMG provided an analysis to determine the change in ridership and revenue which can be expected as a result of our Optimized Service Schedule. In the compilation of this forecast, employment, fares, gas prices, service levels and seasonal factors are taken into consideration. The Farebox Revenue in the FY25 Budget is based on the forecast provided by Sperry Capital/KPMG on February 21, 2024.

Ridership and Revenue from the Student Adventure Pass Pilot Program are not included in the FY25 Budgeted Revenue.

Operating Statement Comparisons

On June 28, 2024, the SCRRA Board of Directors adopted the FY25 Operating Budget for Metrolink. The Budget reflected Operating Revenue of \$68.0M, Expenses of \$332.1M, and Member Agency Support of \$264.0M.

Additionally, the Board adopted the FY25 Operating Budget for Arrow Service, which reflects Operating Revenue of \$212K, Expense of \$15.7M, and Member Agency Support of \$15.5M.

On September 13, 2024, the Board approved an amendment to the FY25 Arrow Service Budget to adjust for a new equipment maintenance agreement. The amendment added \$1.1M in mobilization expense and \$0.7 in equipment maintenance expense. The amended FY25 Arrow budget now has Operating Revenue of \$0.2M, Expense of \$17.5M, and Support of \$17.3M.

On March 28, 2025, the Board approved a mid-year adjustment to the FY25 budget. The Amendment included revisions to both Operating Income and Expense. The amended FY25 budget has Operating Revenue of \$66.4M, Expense of \$329.5M, and Support of \$263.1M.

Because this amendment was not approved by the Board until the end of March, comparisons in this report continue to be made to the Budget as originally adopted.

Discussion

Ridership

Through the third quarter of FY25, ridership recovery was forecast at a recovery of 62% or 5.5M boardings, while the actual recovery through March is 63% or 5.6M boardings, over forecast by 0.1M boardings. Total ridership generated by the Student Adventure Pass Pilot program through March was 1.8M.

Revenue

Through the third quarter of FY25, the Authority's farebox revenue is budgeted at \$32.8M or a 57% recovery, while the actual farebox revenue is \$29.3M, a 51% recovery, under budget by \$3.5M. These revenue amounts include the Student Adventure Pass Pilot program. The total amount of revenue from the Student Adventure Pass Pilot program for the nine months ended March 31 is \$5.2M. Revenue is down as a result of a reduced collection of Student Adventure Pass funds, in an effort to allow those funds to cover the entire year. Availability of additional funds will allow us to increase the collection rate from 25% to 50% for the fourth quarter. This will provide significant improvement to the Farebox Revenue reported here.

Operating Results

The Metrolink Operating Statement through the third quarter is based on accruals not actuals.

- Operating Revenue is \$47.5M, or \$2.3M under budget
- Expenses (excluding un-utilized Mobilization) are \$223.6M, below budget by \$21.7M.
- Support required is \$176.1M, below budget by \$19.4M.

A copy of the Metrolink Operating Statement for the period ended March 31, 2025 is attached for your review.

Cash Issues

Outstanding Receivables

As of March 31, 2025, Metrolink had \$14.35M of past due receivables outstanding. Problems preventing payment have now been resolved.

Available Cash

As of March 31, 2025, cash available was \$55.3M, which exceeds the \$50.0M threshold established by the Board.

Arrow Service

Ridership

For the first nine months of FY25 ridership was forecasted at 106K boardings, while the actual ridership is 117K boardings, 11K over forecast. Total ridership generated by the Student Adventure Pass Pilot program though the first nine months was 63K boardings.

Revenue

Through March 2025, Arrow Service farebox revenue was budgeted at \$149K. Actual farebox revenue was \$267K, above budget by \$267K. This revenue includes \$131K generated by the Student Adventure Pass Pilot program.

Operating Results

The Arrow Service March 2025 Operating Statement is based on accruals not actuals.

- Total Operating Revenue is \$457K, above budget by \$301K
- Expenses are \$11.4M, below budget by \$1.8M
- Support required is \$10.9M, below budget by \$2.1M

A copy of the Arrow Service Operating Statement for the period ended March 31, 2025, is attached for your review.

Forecast to Year End FY25

Each year at the third quarter, staff presents a forecast to provide the estimated results at year end. This estimate is constructed by an individual canvass of each cost center to collect their evaluation of the funds to be spent in the last quarter of the year.

Metrolink

For FY25 our forecast shows:

- Operating Revenue of \$66.1M, which is \$0.3M or 0.5% under budget.
- Expenses are \$314.7M, which is \$13.5M or 4.1% under budget.
- Surplus for Member Agencies is \$14.1M which includes the \$895K which was created by our recent Amendment.
- A copy of the FY25 Forecasted Year-End Metrolink Operating Statement is attached for your review

Arrow Service

For FY25 our forecast shows:

- Operating Revenue of \$637K, which is 425K or 201% over budget.
- Expenses of \$16.6M, which is \$1.0M or 5.6% under budget
- Surplus is \$1.4M
- A copy of the FY25 Forecasted Year-End Arrow Service Operating Statement is attached for your review

Next Steps

Staff will continue to report on Ridership, Revenue, and Financial Results monthly.

Prepared by: Christine Wilson, Assistant Director, Finance

Approved by: Tom Schamber, Interim Chief Financial Officer

Attachment(s)

[Attachment A - Metrolink March Operating Statement](#)

[Attachment B - Arrow March Operating Statement](#)

[Attachment C - FY25 Year-end Forecast Metrolink](#)

[Attachment D - FY25 Year-End Forecast Arrow](#)

[Presentation - March 2025 Financial Results](#)