



**ITEM ID:** 2024-301-0

**TRANSMITTAL DATE:** October 4, 2024

**MEETING DATE:** October 11, 2024

**TO:** Audit and Finance Committee

**FROM:** Arnold Hackett, Chief Financial Officer

**SUBJECT:** FY25 Financial Results for the Two Months Ended August 31, 2024 - Ridership, Revenue, and Operating Results

### **Issue**

"Metrolink Reimagined" is Metrolink vernacular for the transition from commuter rail-based service to a regional provider of general transportation. Initiatives designed to realize the transition require timely review of Ridership and Revenue Performance to provide assessment of the effectiveness of our efforts. Primary among these initiatives are the optimized services we will be providing beginning in October of 2024. This report covers monthly reporting on Ridership and Revenue Performance.

### **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 unflagging 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), which was the last full year of operations pre-pandemic. Comparisons and variance are shown between the forecast and actual recovery.

Comparisons will also be shown between the Ridership, Revenue and Expenses as adopted in the FY25 Budget and actual performance.

For the FY25, Staff continued its engagement with Sperry Capital/KPMG to lend assistance and additional expertise to our ridership and revenue 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.

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

### **Operating Statement Comparisons**

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

On June 28, 2024, the SCRRA Board of Directors also adopted the FY25 Operating Budget for Arrow Service. The FY25 Arrow Service Budget reflects Operating Revenue of \$212K, Expense of \$15.7M, and Member Agency Support of \$15.5M.

On September 13, 2024, the SCRRA 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 expenses and \$0.7 in equipment maintenance expenses. The amended FY25 Arrow Service budget now has Operating Revenue of \$0.2M, Expense of \$17.5M, and Support of \$17.3M.

## **Discussion**

### **Metrolink Service:**

#### **Ridership**

For the two months ended August 2024 ridership recovery was forecast at 59% or 1.2M boardings, while the actual recovery for August is 59% or 1.2M boardings, this is within 1% of the forecast.

Total ridership attributed to the Student Adventure Pass program through August was 0.3M.

#### **Revenue**

For the two months ended August 2024, the Authority's farebox revenue actuals were less

than the revenue as budgeted for FY24. Farebox revenue is budgeted at \$7.3M or a 56% recovery, while the actual farebox revenue is \$6.7M, a 51% recovery, a budget shortfall of \$0.6M. Amounts include the Student Adventure Pass program.

The total amount of revenue from the Student Adventure Pass program through August is \$1.1M.

### Operating Results

The Metrolink Operating Statement for August 2024 is based on accruals not actuals.

- Operating revenue is \$10.8M, a shortfall from budget of \$0.3M.
- Expenses are \$47.5M, below budget by \$7.7M.
- Support required is \$36.7M, below budget by \$7.4M.

### Outstanding Receivables

As of August 2024, Metrolink had \$74.6M of past due receivables outstanding. Staff is currently working with LA Metro to finalize the working capital fund MOU covering \$30.0M of the amount shown.

An additional \$40.0M is related to past due Member Agency support payments from the other four Member Agencies.

### Available Cash

As of August 2024, cash available is \$58.1M, which is over the \$50.0M threshold established by the Board.

### Arrow Service

#### Ridership

For the two months ended August 2024, ridership was forecast at 23K boardings; actual ridership for August is 23K boardings, per the Ridership forecast.

Total ridership attributed to the Student Adventure Pass program through August was 10K boardings.

#### Revenue

For the two months ended August 2024, Arrow Service farebox revenue was budgeted at \$32K. Actual farebox revenue was \$60K, above budget by \$28K. This includes \$24K generated by the Student Adventure Pass program.

### Operating Results

The Arrow Service Operating Statement for the two months ended August 2024 is based on accruals not actuals.

- Total Operating Revenue is \$102K, above budget by \$69K.
- Expenses are \$2.5M, below budget by \$0.2M.
- Support required is \$2.4M below budget by \$0.2M.

### Next Steps

Staff will continue to report Financial Results monthly.

Prepared by: Christine J. Wilson, Assistant Director, Finance

Approved by: Arnold Hackett, Chief Financial Officer

**Attachment(s)**

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

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

[Presentation - Financial Results for August](#)