



ITEM ID: 2024-114-0

TRANSMITTAL DATE: February 2, 2024

MEETING DATE: February 9, 2024

TO: Audit and Finance Committee

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: FY24 Financial Results for the Six Months Ended December 31, 2023 - Ridership, Revenue, and Operating Results

Issue

In response to the changed workplace environment and need for timely review of the Agency's financial position staff has committed to a monthly update of ridership and revenue. In recognition of the impact of changes to farebox revenue on Member Agencies Support, staff also committed to monthly reporting on Operational Performance. This report covers these two topics.

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

Ridership and Revenue

This item will report on the ridership and revenue recovery as measured against FY2018-19 Revenue, which was the last full year of operations pre-pandemic. Comparisons and variance are shown between the forecast and actual recovery.

For the FY24, Budget staff continued its engagement with Sperry Capital/KPMG to lend assistance and additional expertise to our ridership forecasting. Sperry Capital/KPMG provided an analysis depicting best-case, mid-case, and worse-case scenarios. The analysis was presented to the Board on February 24, 2023, with a conservative staff recommendation that the worse-case scenario be used in the creation of the FY24 Budget. The Farebox Revenue in the FY24 Budget is based on the worst-case scenario as described above.

Operating Statement

On June 23, 2023, the SCRRA Board of Directors adopted the FY24 Operating Budget. The FY24 Operating Budget reflected revenue of \$52.8M, expense of \$303.4M, and Member Agency support of \$250.7M.

On September 22, 2023, the SCRRA Board of Directors amended the FY24 Operating Budget to include additional service on the Antelope Valley Line (AVL). The amended FY24 Operating Budget reflects revenue of \$54.0M, expense of \$305.9M, and Member Agency support of \$251.9M.

Discussion

Revenue

Through December 2023, the Authority's farebox revenue actuals were greater than the revenue as budgeted for FY24. The month of December was under budget as a result of the systemwide service shutdown for the last week of December. The farebox reduction caused by the shutdown was partially offset by the Student Adventure Pass activity. Fiscal Year-to-Date through December, farebox revenue is budgeted at \$17.0M or 44% recovery, while the actual farebox revenue is \$18.5M, a 48% recovery, exceeding the budget by \$1.5M. Year-to-Date amounts include the Student Adventure Pass program from inception on October 9, 2023, thru the current reporting period. The total amount of revenue from the Student Adventure Pass program through December is \$2.2M.

Ridership

Fiscal Year-to-Date through December, ridership recovery was forecast at 42% or 2.6M boardings, while the actual recovery fiscal Year-to-Date is 49% or 2.9M boardings, exceeding the forecast by 0.3M boardings. Ridership in the month of December was depressed by the system-wide service shut down in the last week of December. The reduction was partially offset by the Student Adventure Pass boardings included in the report. Total ridership generated by the Student Adventure Pass through December is 328K.

Operating Results

The Metrolink Operating Statement for the six months ended December 31, 2023 is based on accruals not actuals:

- Operating revenue is \$30.8M, over budget by \$4.5M.
- Expenses are \$136.6M, under budget by \$15.3M (based on Accruals).
- Support required is \$105.7M, under budget by \$19.9M.

We have revised the Operating Statement to display the special trains we are running which are not included in the Operating Budget. The information includes both revenue and expense, the net of which indicates the effective change to net support required to cover the effect of the running of these special trains.

Outstanding Receivables

As of December 31, 2023, Metrolink had \$11.3M of past due receivables outstanding. A significant improvement over last month; this improvement is reflected in the December cash position as shown in the attached package. In December, cash available is \$52.0M.

Arrow Service

Revenue

Through December 2023, Arrow Service had farebox revenue of \$115K. Ridership through December 2023 is 49K.

The Student Adventure Pass contributed \$13.6K of the Year-to-Date Revenue, and 10.2K of the Year-to-Date Ridership

Operating Results

The Arrow Service Operating Statement through December 2023 is based on accruals not actuals.

- Total Operating Revenue is \$121K.
- Expenses are \$6.0M, under budget by \$3.3M.
- Support required is under budget by \$3.4M.

Amounts for Arrow Service are compared to the Continuing Resolution adopted by the Board of Directors in lieu of a FY24 Budget. On December 6, 2023, The San Bernardino Transportation Authority (SBCTA) Board approved another Continuing Resolution. This additional resolution will increase funding for Arrow Service to a total of \$15M for FY24. This change will be reflected in the reporting for Year-to-Date January 2024.

Next Steps

Staff will continue to report ridership, revenue, and financial results monthly. The FY25 Budget Development is in progress. Staff expects to conduct meetings with all Member Agency CFOs by mid-February. A meeting is being scheduled with SBCTA to discuss final Budgets for both FY24 and FY25. The results of this meeting will be brought to the board for their review and approval.

Prepared by: Christine J. Wilson, Senior Finance Manager

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - Operating Statement
Presentation - December 2023 Financial Results](#)