



ITEM ID: 2025-273-0

TRANSMITTAL DATE: July 18, 2025

MEETING DATE: July 25, 2025

TO: Board of Directors

FROM: Tom Schamber, Interim Chief Financial Officer

SUBJECT: Financial Results for the First Eleven Months of FY25 - May 2025 Ridership, Revenue, and Operating Results

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 eleven months ended May 31, 2025.

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 that 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 Original FY25 Budget was based on the forecast provided by Sperry Capital/KPMG on February 21, 2024. Ridership and Revenue from the Student Adventure Pass Pilot Program was not included in the original 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 Metrolink Operating budget. The Amendment included revisions to both Operating Income and Expense. Farebox Revenue was based on an updated forecast from Sperry Capital/KPMG, which included current ridership trends, and the removal of Student/Youth revenue, originally budgeted at a 25% discount. The Amendment also included the addition of the Student Adventure Pass Program revenue, which was not included in the original FY25 Budget due to the uncertainty of receiving grant funds to cover the costs of the program.

The amended Metrolink FY25 Operating budget has Operating Revenue of \$66.4M, Expense of \$329.5M, and Support of \$263.1M.

All comparisons in this report are to the Amended Budget. Please note that changes to the budgets for both revenue and expense have been spread equally over the three months of the fourth quarter of the fiscal year.

Discussion

Ridership

Through May 31, FY25 ridership recovery was forecast at 64% or 7.1M boardings, while the actual recovery through May is 64% or 7.0M boardings, under forecast by 0.1M boardings. Total ridership generated by the Student Adventure Pass Pilot program through May was 2.3M.

Revenue

Through May of FY25, the Authority's farebox revenue is budgeted at \$40.0M or a 57% recovery, while the actual farebox revenue is \$36.7M, a 52% recovery, under budget by \$3.3M. These revenue amounts include the Student Adventure Pass Pilot program. The total amount of revenue from the Student Adventure Pass Pilot program for the eleven months ended May 31 is \$7.0M. Revenue has improved partially as a result of our increased claim of Student Adventure Pass funds. Because we were able to identify additional funds, it enabled us to increase the collection rate from 25% to 50% for the fourth quarter.

Operating Results

The Metrolink Operating Statement through eleven months is based on accruals not actuals.

- Operating Revenue is \$59.5M, or \$1.3M under budget.
- Expenses are \$278.7M, below budget by \$22.6M.
- Support required is \$219.1M, below budget by \$21.3M.

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

Cash Issues

Outstanding Receivables

As of May 31, 2025, Metrolink had \$4.6M of past due receivables outstanding.

Available Cash

As of May 31, 2025, cash available was \$79.6M, which exceeds the \$50.0M threshold established by the Board.

Arrow Service

Ridership

For the first eleven months of FY25 ridership was forecasted at 131K boardings, while the actual ridership is 147K boardings, 14k over forecast. Total ridership generated by the Student Adventure Pass Pilot program through May was 79K boardings.

Revenue

Through May 2025, Arrow Service farebox revenue was budgeted at \$184K. Actual farebox revenue was \$359K, over budget by \$175K. This revenue includes \$174K generated by the Student Adventure Pass Pilot program.

Operating Results

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

Total Operating Revenue is \$597K, over budget by \$403K

Expenses are \$14.2M, below budget by \$1.8M
Support required is \$13.6M, below budget by \$2.2M

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

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 Operating Statement May](#)
[Attachment B - Arrow Service Operating Statement](#)
[Presentation - May 2025 Financial Results](#)