



ITEM ID: 2025-157-0

TRANSMITTAL DATE: March 7, 2025

MEETING DATE: March 14, 2025

TO: Audit and Finance Committee

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Financial Results for the First Seven Months of FY25 - January 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 are the optimized services we began providing on October 21, 2024.

This report covers monthly reporting on Ridership, Revenue, and Financial Operating Performance for the seven months ended January 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 which can be expected as a result of our Optimized Service Schedule. 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 Program Pilot 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 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 and facility maintenance agreement. The amendment added \$1.1M in Stadler Mobilization expense and \$0.7 in equipment and facility maintenance expense. The amended FY25 Arrow Service budget now has Operating Revenue of \$0.2M, Expense of \$17.5M, and Support of \$17.3M.

Staff intends to propose a Mid-Year adjustment to the FY25 budget in the form of an amendment brought to Audit and Finance Committee Meeting, on March 14, 2025 and for adoption in the March 28, 2025 Board Meeting. This amendment has to be adopted, all comparisons are to the current adopted budget.

Discussion

Ridership

For the seven months ended January 31, 2025, ridership recovery was forecast at a recovery of 60% or 4.2M boardings, while the actual recovery through January is 62% or 4.3M boarding, over forecast by 0.1M boardings.

Total ridership generated by the Student Adventure Pass Pilot program through January was 1.3M.

Revenue

Through the first seven months of FY25, the Authority's farebox revenue is budgeted at \$24.4M or a 54% recovery, while the actual farebox revenue is \$23.4M, a 52% recovery, under budget by \$1.1M. These revenue amounts include the Student Adventure Pass Program Pilot.

The total amount of revenue from the Student Adventure Pass Pilot program for the seven months ended January 31 is \$4.4M.

Operating Results

The Metrolink Operating Statement for the seven months ended January 2025 is based on accruals not actuals.

- Operating Revenue is \$37.6M, or <\$0.1 under budget
- Expenses (excluding un-utilized Mobilization) are \$169.8M, below budget by \$17.6M.
- Support required is \$134.4M, below budget by \$21.4M.

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

Cash Issues

Outstanding Receivables

As of January 31, 2025, Metrolink had \$40.5M of past due receivables outstanding.

The majority of the past due amount (81%) is owed for the Working Capital Fund, Member Agency Support is 11%. Staff is in the final stages of approving an agreement for the Working Capital Fund monies.

Available Cash

In January 2025, cash available is \$86.1M, which exceeds the \$50M threshold established by the Board.

Arrow Service

Ridership

For the first seven months of FY25 ridership was forecasted at 81K boardings, while the actual ridership is 85K boardings, 85K over forecast. Total ridership generated by the Student Adventure Pass Pilot program though the first seven months was 45K boardings.

Revenue

Through January 2025, Arrow Service farebox revenue was budgeted at \$114K. Actual farebox revenue was \$217K, above budget by \$103K. This revenue includes \$109K generated by the Student Adventure Pass Program Pilot.

Operating Results

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

- Total Operating Revenue is \$365K, above budget by \$246K.
- Expenses are \$8.9M, below budget by \$1.1M.
- Support required is \$8.6M, below budget by \$1.3M.

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

Next Steps

Staff will continue to report on Ridership, Revenue, and 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](#)

[Attachment B - Arrow Operating Statement](#)

[Presentation - January 2025 Financial Results](#)