



ITEM ID: 2026-224-0

TRANSMITTAL DATE: May 15, 2026

MEETING DATE: May 22, 2026

TO: Board of Directors

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: Proposed FY2026-27 (FY27) Arrow Service Budget - Request to Transmit

Issue

Arrow service provides Diesel Multiple Unit (DMU) transportation over a 9-mile rail corridor from San Bernardino-Downtown to Redlands-University. An approved budget is required to provide funding for this service for FY27. This service is funded solely by SBCTA.

Recommendation

It is recommended that the Board of Directors approve transmittal of the FY2026-2027 Budget for Arrow Services to the San Bernardino County Transportation Authority (SBCTA) for their review and adoption.

Strategic Commitment

This report aligns with the Strategic Business Plan commitments of:

- **Safety is Foundational:** We will stay on leading edge by deploying new technologies and processes to enhance the safety and security of our riders, our fellow employees, and the communities we serve.
- **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.
- **Connecting and Leveraging Partnerships:** We will forge new and enhanced relationships with our public and private partners to integrate and coordinate connecting

services, providing residents throughout Southern California with better, seamless, sustainable alternatives to driving.

- **Advancing Key Regional Goals:** We will grow the role of regional rail in addressing climate change, air quality, and other pressing issues by advancing toward zero emissions, making rail a compelling alternative to single-occupant automobiles and advancing public transit opportunities for all communities throughout Southern California.

Background

Arrow Service began in October of 2022. At that time, third-party agreements were used to cover costs of operations and capital. In FY24, it was determined that a Continuing Resolution would be provided to fund the operating cost for FY24. FY25 was the first year a complete budget was produced for Arrow Service. FY27 is the third year of complete budgeting for Arrow Service.

Discussion

The Proposed FY27 Operating Budget for Arrow Service reflects:

- Operating Revenue of \$608K, which is under FY26 by \$81K or 11.8%
- Expense of \$18.8M, which is over last year by \$0.6M or 3.3%
- Support required of \$18.2M, which is \$0.7M or 3.9% higher than last year.

The comparisons of the Proposed FY27 Budget to the FY26 Budget for Revenue, Expense and Support, including category details are shown in Attachment A. Attachment B shows the historical details of Operating Statements for Arrow Service. The Proposed FY27 Arrow Service Budget in Operating Statement format is presented in Attachment C. Attachment D is a history of actual and budgeted Operating Support with variances.

Capital Budget of \$.5M

A State of Good Repair request in the amount of \$.5M is included in this budget request. A detail of the budgeted SGR amount is in Attachment E.

Operating Revenue

Operating Revenue consists of Farebox Revenue and MOW Revenue. Farebox Revenue has been estimated at a 20% increase from prior year actuals. For Farebox Revenue the FY27 budget is projecting a decrease of \$72K or 19.4% from the FY26 Budget. The Farebox subsidies are also proportionately less. MOW Revenue is up \$6K or 2.4% from the FY26 Budget.

Expense consists of the following major categories:

- Train Operations = \$14.5M
- Maintenance of Way = \$2.1M
- Administration and Services = \$2.1M
- Insurance and Legal = \$0.1M
- CFR = \$23K

The major expense drivers in this budget are:

- Train Operators = \$4.7M, up \$0.5M
- Equipment Maintenance = \$4.8M, up 0.6M
- Materials = \$0.4M, down \$1.0M
- Security- Sheriffs = \$2.5M, up \$0.2M
- MOW = \$2.1M, up \$0.3M
- Operations Salaries and Fringe Benefits = \$0.8M, down \$0.2M

Support required = \$18.2M, up \$0.7M or 3.9%

Details of all elements of the FY27 Budget, comparisons to the adopted FY26 Budget, and Capital Project Details are attached.

Attachment A - FY27 Proposed Operating Budget with Comparison to FY26 - Arrow Service

Attachment B - Historical Actual and Budgeted Operating Statements - Arrow Service

Attachment C - FY27 Proposed Operating Budget - Arrow Service

Attachment D - History of actual and budgeted Operating Support with variances of FY26 vs FY27 - Arrow Service

Attachment E - FY27 Capital Request for Arrow Service (SGR).

Budget Impact

Transmission of the FY27 Arrow Budget will have no effect on the Metrolink Operating Budget.

Next Steps

Upon Board approval of this transmittal, staff will provide the proposed FY27 Arrow Budget to SBCTA for consideration and approval by their Board in May. Staff will present the final FY27 Arrow Budget to the SCRRA Board of Directors for adoption at the June 2026 meeting.

Prepared by: Christine Wilson, Assistant Director, Finance

Approved by: Tom Chamber, Chief Financial Officer

Attachment(s)

[Attachment A - FY27 Proposed Operating Budget with Comparison to FY26](#)

[Attachment B - Historical Actual and Budgeted Operating Statements](#)

[Attachment C - FY27 Proposed Operating Budget](#)

[Attachment D - History of Actual and Budgeted Operating Support with Variances of FY26 vs FY27](#)

[Attachment E - FY27 Capital Request for Arrow Service \(SGR\)](#)

[Presentation - Proposed FY27 Arrow Service Budget](#)