



ITEM ID: 2026-199-0

TRANSMITTAL DATE: April 17, 2026

MEETING DATE: April 24, 2026

TO: Board of Directors

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: Transmittal of a Request for a Three-Month Continuing Appropriations Resolution for the Authority's FY2026-27 Budget

Issue

The Authority is required, under the Joint Powers Authority (JPA), to secure authority of the Board of Directors to transmit to the Member Agencies, on or before May 1 of each year, a Proposed Budget for the coming fiscal year for individual agency consideration and approval. Financial constraints presented by Member Agencies on January 5, 2026 and April 2, 2026 and the need for SCRRA's ridership forecasting consultant to rebuild its forecasting model and reforecast for the remainder of FY26 and future years, have significantly delayed the budget development process and impeded the Authority's ability to transmit a completed proposed FY27 Budget by the deadline prescribed by the JPA. Board-approved Finance Policy 1.1 allows the Board to adopt a continuing appropriation resolution until such time as the SCRRA proposed budget is approved.

Recommendation

It is recommended that the Board approve:

1. The request to delay transmittal of the proposed FY27 Budget to the Member Agencies by May 1st and defer consideration and adoption of the proposed FY27 Budget by June 30th as required by the Joint Powers Authority; and
2. Transmission of the request to our Member Agencies for a three-month continuing appropriations resolution in lieu of the Authority's FY27 Budget. This allows extended time for development and transmittal of a Proposed FY27 Budget from the Authority to the Member Agencies by August 1st, with consideration and adoption by Member Agencies by September 30, 2026.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on Member Agency support while bringing our system into a state of good repair and investing in the development of our employees. Providing current and accurate information based on factual data to our Board enhances their oversight and ability to provide direction.

Background

On June 27, 2025, the SCRRA Board of Directors adopted the FY26 Operating Budget for Metrolink. The Budget reflected Operating Revenue of \$76.9M, Expenses of \$352.4M, and Member Agency Support of \$275.5M. The FY26 Budget approved for the Capital Program totaling \$155.88M, consisting of \$137.5M SGR and \$18.4M New Capital.

The Board of Directors also adopted the FY26 Operating Budget for Arrow Service, which reflects Operating Revenue of \$690K, Expenses of \$18.2M, and Member Agency Support of \$17.5M. The Capital Program approved for Arrow totaled \$924K, comprised of \$500K SGR and \$424K New Capital.

On February 27, 2026, the Board of Directors adopted an amendment to the FY26 Metrolink Operating Budget in the amount of an addition to operating expense of \$914,029.

On February 27, 2026, the Board of Directors also adopted an amendment to the FY26 Metrolink Capital Budget (State of Good Repair) in the amount of an additional \$500,000.

Production of the FY27 Budget began in on September 10, 2025. On January 5, 2026, a communication was received from the Orange County Transportation Authority stating that financial constraints limited their ability to support Metrolink Operations to an amount no greater than 10% below their funding for FY26 Budget. On April 2, 2026, a communication was received from the Los Angeles County Metropolitan Transportation Authority that financial constraints limited their ability to support Metrolink operations to an amount no greater than to 3% below their funding for the FY26 Budget. Furthermore, that amount would remain flat for three additional years through FY 2030.

Furthermore, in mid-FY2026 it became very apparent that the ridership forecast that was the basis for fare revenue for the FY 2026 was significantly overly optimistic and would be so in future years. SCRRA's forecasting consultant, Sperry/KMPG, was directed to review their forecasting tool and make adjustments to reflect post-pandemic realities and develop a reforecast with those adjustments factored into the new model. That exercise took several months and with proper vetting by SCRRA staff the new "reforecast" which aligns with current ridership growth was finalized in early February 2026. Unfortunately, the delta between the original forecast and the updated forecast leads to an approximate \$15 million in unrealized fare revenue in FY 2026 with the updated forecast for FY 2027 following that slow fare revenue growth trend.

Discussion

Producing a budget that meets the funding constraints requested by Member Agencies and the now more realistic fare revenue forecast will require a significant reduction in train service to arrive at a balanced budget. Such a service reduction will entail rework of schedules and new costs from our Train Operator and Mechanical Maintenance vendor. In addition, with a new schedule, it will be necessary to obtain a revised revenue forecast from Sperry Capital/KPMG. This last item will require 5 weeks to prepare.

It is important to note that our contract with Alstom requires 6 months' advance notice for the indicated level of schedule reduction and a renegotiation of mechanical fees.

For these reasons, staff will be unable to complete the FY27 Budget in time to forward it to Member Agencies by May 1 and will not be able to bring a FY27 Budget to the June board for approval.

Board approved Finance Policy Section 1.11 states:

The Board of Directors adopts the proposed budget by June 30th of each fiscal year for the following fiscal year commencing on July 1st. In the event that the Board of Directors does not adopt the SCRRA Budget by June 30th, the Board may adopt a continuing appropriations resolution until such time as the SCRRA proposed budget is approved. In approving the proposed budget and any Board-approved amendments, the Board shall authorize SCRRA to expend funds under the direction of the CEO.

A continuing appropriations resolution provides that payments for services performed on behalf of SCRRA shall continue until such time as an SCRRA Budget is adopted.

Transmittal of a request to the Member Agencies for a three-month continuing appropriation resolution will allow the Authority to use funds not to exceed Q1 of the FY2025-26 adopted budget to maintain uninterrupted operations until the FY27 Budget is adopted.

Budget Impact

Approval of this item will provide temporary funding for Metrolink without adoption of a budget. At such time as an FY27 budget is adopted, the amounts due from Member Agencies for the entire year will be as adopted, and any adjustments to 1st-quarter support will be reflected in their 2nd-quarter invoices.

Next Steps

Should the Board approve the recommendations, staff will transmit the request to the Member Agencies by April 30, 2026. Upon approval by all Member Agencies, staff anticipates presenting the formal approval for a continuing appropriation to the Metrolink Board at its June 26 meeting.

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

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Presentation - Approval for Transmission of Continuing Resolution](#)