



ITEM ID: 2026-243-0

TRANSMITTAL DATE: June 8, 2026

MEETING DATE: June 12, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

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

Issue

The Authority is required, under the Joint Powers Authority (JPA), to transmit and adopt Metrolink and Arrow operating budgets by June 30, 2026. Due to delays in preparing the Metrolink Operating Budget and in adopting the Arrow budget, the Authority could not meet the JPA-prescribed deadline. Board-approved Finance Policy 1.1 allows the Board to adopt a continuing appropriation resolution until the SCRRA proposed budgets are approved.

Recommendation

It is recommended that the Committee recommend that the Board approve:

1. The request to delay transmittal of the proposed FY27 Operating Budget to the Member Agencies and defer consideration and adoption of the proposed FY27 Operating Budget by June 30th as required by the Joint Powers Authority; and
2. Approval of a three-month continuing appropriations resolution in lieu of the Authority's Metrolink FY27 Operating Budget. This allows extended time for development and transmittal of a Proposed FY27 Budget from the Authority to the Member Agencies, with adoption no later than September 30, 2026; and
3. Approval of a three-month continuing appropriations resolution for Arrow Service (Operations and Capital), with adoption of a FY27 Budget no later than 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 totals \$155.88M, consisting of \$137.5M in SGR and \$18.4M in 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, comprising \$500K in SGR and \$424K in 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 as well as an amendment to the FY26 Metrolink Capital Budget (State of Good Repair) in the amount of an additional \$500,000.

Preparation of the FY27 Budget began 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 the 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 3% below their funding for the FY26 Budget. Furthermore, they communicated that the amount would remain flat for three additional years through FY 2030.

In mid-FY26, it became apparent that the ridership forecast used as the basis for fare revenue in the FY26 budget was overly optimistic and future years would also likely need to be adjusted downward. SCRRA's forecasting consultant, Sperry/KMPG, was directed to review their forecasting tool, 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 and updated forecasts results in approximately \$15 million in unrealized fare revenue in FY26. The FY27 forecast needed to be adjusted to align with the new ridership endpoint for FY26.

Furthermore, at the April 17, 2026 Member Agency CEO's meeting, Metrolink was asked to prepare two additional budget scenarios for consideration, each with a different service

schedule, for a total of three.

Discussion

Producing multiple operating budgets that meet the funding constraints requested by Member Agencies, developing the requested service scenarios, and preparing three ridership and revenue forecasts have made it challenging to arrive at a balanced budget.

All service schedule modifications require internal development of viable schedules and new cost estimates from our Train Operator and Mechanical Maintenance vendor. Producing multiple ridership and revenue forecasts with an outside consultant required at least 5 weeks. These estimates were received the first week of June.

For these reasons, staff have been unable to complete the FY27 Budget in time to forward it to Member Agencies by May 1 and will not be able to bring the budget to the June board meeting 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 Metrolink and Arrow Budgets are adopted.

Approval of 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 Budgets are adopted.

The support required from the five Member Agencies under this continuing resolution is as follows:

METROLINK

LA Metro	OCTA	RCTC	SBCTA	VCTC	Total
\$42,904,822	\$15,852,862	\$9,411,202	\$9,894,288	\$4,916,875	\$82,980,049

ARROW

SBCTA
\$4,460,699

The Board approved the transmittal of the request for the continuing appropriation resolution for Metrolink on April 24, and on May 14, 2026, the required support amount under the continuing resolution was forwarded to the Member Agencies.

On May 21, 2026, SBCTA advised SCRRA that it will request its Board to approve a continuing appropriation resolution for Arrow Service to allow them time to review the Arrow Budget sent to them.

Budget Impact

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

Next Steps

Upon adoption by the Board of Directors, Members will be billed for the first quarter of FY27, in an amount equal to the first quarter of FY26.

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

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Presentation - Approval of Continuing Resolution](#)